POLICY NOTE

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Reviving Syria’s Textile Industry

Policy Recommendations for Promoting Productive and Investment Partnerships

Summary: The policy note presents a recovery and development vision for Syria's textile sector, based on rebuilding domestic production, promoting investment and partnerships, and restoring export competitiveness across the value chain. It identifies key challenges that require targeted policy action to unlock the sector's economic potential.

BACKGROUND

This policy note, prepared following the dialogue sessions at the NASTEX 2026 Textile Industry Exhibition (18 – 21 July 2026), aims to support Syria’s economic recovery and sustainable growth. It recognises the private sector’s key role in revitalising economic activity, creating jobs, enhancing productivity, attracting quality investments, and leveraging the significant potential of Syria’s textile industry.

The sessions reviewed the current state of Syria’s textile industry, identified challenges to its recovery, and explored opportunities to rebuild its productive, export, and competitive capacities. Discussions emphasised the industry’s strategic role in the Syrian economy, both as a historically productive sector and for its capacity to generate employment, connect agriculture with industry, stimulate domestic value chains, and restore Syria’s presence in regional and international markets.

The sessions further stressed that recovery requires more than restarting factories. An integrated sectoral programme is needed, including modernisation of production lines and technologies, skills development, improvements to the business and regulatory environment, better access to finance for manufacturers, increased use of alternative energy, restored market access, and the development of productive and investment partnerships.

To support government efforts to revitalise production, expand exports, and attract quality investment, this policy note offers recommendations to turn the current momentum in the textile industry into a practical, measurable, and actionable path for recovery and growth.

VISION

The Syrian textile industry has significant potential to become a primary driver of economic recovery in the coming years. Realising this potential necessitates a shift from fragmented, segment-specific interventions to a comprehensive national strategy that manages the sector as an integrated value chain.

This value chain encompasses raw materials such as cotton, polyester, and wool, and includes ginning, spinning, weaving, dyeing, and finishing, ultimately leading to garment manufacturing, design, branding, marketing, and export.

This strategic vision is structured around three interconnected pillars:

1. **Rebuilding the domestic productive base by modernising** machinery and equipment, enhancing operational efficiency, and expanding higher value-added segments within the value chain.
2. **Promoting investment and technology partnerships** by facilitating the transfer of knowledge, technology, and expertise, rather than focusing exclusively on capital inflows.
3. **Restoring export competitiveness** by improving product quality, enhancing trade facilitation, and strengthening the integration of Syrian products into regional and international markets.

Dialogue sessions indicated that Syria's comparative advantage derives from its industrial heritage and its capacity to establish a nearly complete domestic textile value chain, spanning from raw materials to finished products. Achieving this potential requires coordinated efforts to address energy constraints, financing gaps, logistics challenges, skills shortages, and technical standards.

Key Challenges Requiring Policy Action

The sessions identified several critical challenges that continue to constrain the recovery and growth of the textile sector.

1. **Uneven Recovery Across the Value Chain**

Recovery has been more evident in garment manufacturing, while upstream segments including cotton production, ginning, spinning, weaving, dyeing, and finishing continue to require significant investment and accelerated expansion. Without targeted intervention, reliance on imported yarns and fabrics is likely to persist.

2. **Obsolete Production Lines, Outdated Technology, and Low Productivity**

Participants noted that a substantial share of machinery and production lines require modernisation. However, upgrading should extend beyond equipment purchases and include improvements in production management, waste reduction, quality control, maintenance systems, workforce training, and access to spare parts.

3. **Industrial Finance Gap**

Participants emphasised that sector modernisation requires medium and long-term financing instruments, credit guarantees, financial incentives, and banking solutions that support machinery imports and working capital requirements. Private capital alone is insufficient to rebuild an entire industrial sector, particularly given that many manufacturers have experienced significant capital erosion following more than fourteen years of economic disruption and conflict.

4. **Shortages in Technical and Managerial Skills**

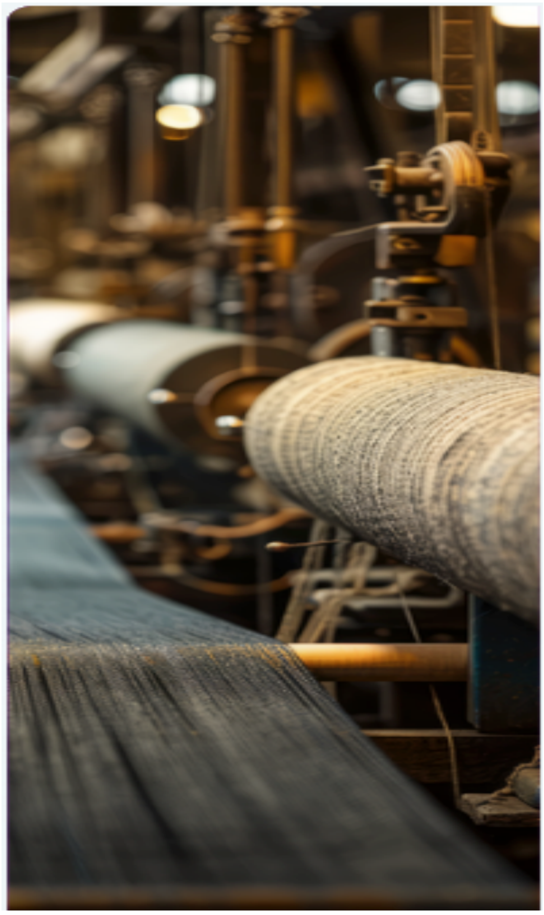
Many enterprises face skills shortages related to operating and maintaining modern machinery, quality management, design, production management, marketing, and export development. Discussions highlighted the need to align vocational training with industry demand and employment opportunities.

5. **Energy Costs and Reliability**

The availability, cost, and reliability of electricity remain among the most important determinants of industrial investment decisions. At the same time, solar energy presents a major opportunity to reduce production costs and improve competitiveness, provided that appropriate technical standards, financing mechanisms, and energy-efficiency programmes support investment.

6. **Limited Market Access and Competitiveness**

Participants noted that market access cannot be achieved through trade agreements alone. It also requires compliance with technical standards, traceability systems, laboratory certification, reliable delivery schedules, and efficient logistics and promotional services that connect producers with buyers.



Priority Policy Recommendations

1. Establish a National Integrated Textile Value Chain Programme

A comprehensive national programme is required to manage the textile sector as an integrated value chain encompassing agriculture, ginning, spinning, weaving, dyeing, garment manufacturing, design, marketing, and exports. The programme should aim to:

- Identify critical bottlenecks across each segment of the value chain.
- Introduce targeted and innovative financing solutions.
- Direct investment toward higher value-added activities.
- Increase domestic value addition.
- Reduce dependence on imported yarns and fabrics where feasible.
- Strengthen Syrian enterprises' ability to meet international market requirements.

This recommendation is consistent with the outcomes of the dialogue sessions, which emphasised the importance of prioritising an integrated programme that links inputs and manufacturing to energy, finance, technology, skills development, and export promotion, rather than supporting individual segments in isolation.

2. Establish a National Textile Sector Steering Committee

A national implementation committee should be established, consisting of relevant government institutions, chambers of commerce and industry, business councils, industrial representatives, financial institutions, and organisations engaged in training, quality infrastructure, and export promotion. The committee should be responsible for:

- Developing an actionable sector strategy.
- Identifying policy, regulatory, and investment priorities.
- Monitoring implementation progress.
- Addressing operational bottlenecks.
- Reporting periodically to the Government on achievements and challenges.

This proposal reflects a key recommendation from the sessions, which called for a national task force to unite government institutions, chambers of industry and commerce, and representatives of industrialists, workers, and technical and vocational training institutions.

3. Conduct a Comprehensive Textile Value Chain Assessment

The discussions recommended undertaking a comprehensive national assessment of the textile value chain, including both operational and non-operational enterprises, the condition of machinery and equipment, employment levels, energy and raw material requirements, production and export capacities, and gaps in financing and skills. This assessment would enable:

- Development of an accurate database for the sector.
- Rapid identification of investment-ready projects.
- Targeting incentives and financing toward priority segments within the value chain.
- Measurement of sectoral progress through clearly defined performance indicators.
- Prevention of sectoral decision-making based on broad assumptions or incomplete data.

The outputs of the sessions emphasised the necessity of a comprehensive assessment of active sectors to establish a robust evidence base for sector planning and investment prioritisation.

4. Establishment of a Dedicated Textile Investment and Financing Window

The sessions proposed establishing a dedicated investment and financing window for the textile sector to provide investors with access to concessional financing and consolidated information on industrial land, production facilities, licensing requirements, taxation, customs procedures, energy availability, and partnership opportunities. This information would be directly linked to relevant financing instruments. The proposed investment and financing window would offer the following services:

- Provision of medium- and long-term loans for equipment modernisation.
- Credit guarantee schemes for scalable and expansion-oriented projects.
- Provision of working capital financing.
- Financing facilities to support the import of machinery and spare parts.
- Financing solutions for investments in solar energy systems and energy efficiency.
- Incentives for projects that enhance local value addition or substitute imports.

This recommendation is based on the discussions, which highlighted that the viability and implementation of investments depend on the availability of clear information regarding land, energy, water, environmental requirements, financing options, and incentives. This approach minimises the need for each project to navigate multiple disconnected review and approval processes. The policy note further recommended establishing a dedicated textile investment window to provide investors with integrated information on industrial land, facilities, licensing procedures, taxation, customs regulations, energy availability, and partnership opportunities.

5. Strengthening the Quality, Testing, and Certification Ecosystem

The policy note recommends prioritising the development of textile technology centres, testing facilities, quality assurance systems, and certification services to enhance the competitiveness of Syrian textile products and facilitate their access to regional and international markets. The proposed ecosystem should include:

- Establishment of laboratories for testing yarns, fabrics, dyes, and chemical safety.
- Integration of testing results with customs procedures and standards compliance processes.
- Provision of support to enterprises in obtaining quality and compliance certifications.
- Provision of technical services to small and medium-sized enterprises (SMEs).
- Strengthening of traceability and origin verification systems.

Quality and standards emerged as a central theme in the discussions. Key areas include the development of quality management systems, compliance with national and international standards, enhancement of the competitiveness of Syrian products, and the strengthening of textile technology centres, testing facilities, quality assurance systems, and certification services. The policy note further recommends reinforcing the national quality infrastructure by establishing testing laboratories for fabrics, yarns, dyes, and chemical safety, as well as supporting enterprises in obtaining quality and compliance certifications.

6. Launch a National Export Readiness Programme for Textile SMEs

The policy note recommends establishing a specialised national programme to prepare and equip small and medium-sized enterprises (SMEs) operating in the textile and garment sector (and beyond) to access regional and international markets. While many enterprises possess productive capacity, they often lack the technical, commercial, and organisational capabilities required for successful and sustainable export engagement. The programme would aim to develop a new generation of export-oriented enterprises capable of competing in regional and international markets through:

- Enhancing export readiness among textile SMEs.
- Strengthening capabilities in international marketing and market development.
- Supporting compliance with international standards, technical requirements, and quality specifications.
- Improving capacities in packaging, branding, and product design.
- Increasing knowledge of export procedures, trade contracts, logistics, and supply chain management.
- Enabling enterprises to utilise e-commerce tools and international business platforms.

- Linking export-ready enterprises with buyers, importers, and distributors in target markets.
- Supporting participation in trade fairs, trade missions, and international promotional platforms.

The policy note proposes implementing this programme in partnership with the Ministry of Economy and Industry (through the Export Development Authority), chambers of industry and commerce, business councils, the United Nations Development Programme (UNDP), and other development partners. The objective would be to establish a specialised export incubator for textile enterprises and to provide the technical and advisory support required to transform firms that primarily serve local markets into enterprises capable of exporting on a regular and sustainable basis.

7. Empowering SMEs as the Backbone of the Economy

Small and medium-sized enterprises account for the majority of economic activity and employment opportunities within the sector. Strengthening their capacity for growth requires:

- Improved access to finance.
- Enhanced business development services.
- Greater integration into value chains.
- Improved access to market information.
- Stronger linkages with domestic and foreign investments.

An increased capacity for growth among SMEs enhances the national economy's ability to generate employment opportunities and achieve balanced, inclusive development.

8. Aligning Vocational Training with Industry Needs

The policy note recommends establishing specialised industrial training programmes in collaboration with the private sector and vocational training centres to ensure alignment with enterprise demand and employment opportunities. The priority training areas are as follows:

- Machinery operation and maintenance
- Quality control and quality assurance
- Digital design
- Lean production management
- Marketing and export development
- Industrial management

The discussions emphasised that human capital development is critical to the success of the textile industry. Key components include continuous training, enhancement of technical and managerial skills, retention of national talent, and alignment of training with industry requirements. The policy note further recommends upgrading specialised textile training centres and implementing practical programmes in machinery operation and maintenance, quality control, dyeing and finishing, digital design, factory management, marketing, and export development.

9. Adopting a Balanced Trade Policy

The policy note recommends a balanced trade policy that safeguards domestic production without raising input costs or reducing competitiveness. This policy should be guided by current data on domestic production, prices, imports, and productive capacity. Key measures include:

- Reviewing customs duties on raw materials, yarns, fabrics, finished products, machinery, and spare parts.
- Implementing targeted and temporary protection measures that are linked to quality standards, production levels, employment generation, and export performance targets.

Syria is entering a pivotal stage with a historic opportunity to develop a more open, competitive, and investment-driven economic model capable of generating employment and sustainable growth. The policy note concludes that enhanced bilateral and multilateral economic cooperation can drive this transformation by expanding trade, strengthening industry, enabling technology transfer, and encouraging productive investment. It also emphasises the need for significant domestic efforts to support sector recovery and modernisation.

Syria's Competitive Advantage as a Regional Hub for Textile Manufacturing and Rapid Supply

The restoration of competitiveness in Syria's textile industry should not rely solely on lower production costs or the availability of industrial know-how. It should also capitalise on Syria's strategic geographic location and the unique opportunities it offers for integration into regional value chains and efficient service of neighbouring markets, a prospect repeatedly highlighted during the discussions. As international and regional companies seek to shorten supply chains and reduce reliance on distant suppliers, Syria can position itself as a manufacturing platform for the Middle East, Europe, GCC countries, the Eastern Mediterranean, and North Africa. This competitive position is built around four key advantages:

1. Faster Access to Markets: Syria's geographic location enables producers to respond to regional market demands more quickly than distant production centres. This reduces lead times and gives buyers greater flexibility in inventory management and adapting to seasonal demand, especially in the apparel and fast-moving textile sectors.

2. Lower Logistics and Supply Chain Costs: Proximity to target markets lowers transportation, warehousing, and inventory financing costs, while reducing risks associated with long shipping times and global supply chain disruptions. This strengthens the competitiveness of Syrian products, especially in regional markets where speed and reliability are critical.

3. Flexibility in Production Volumes and Made-to-Order Manufacturing: Syria's industrial base, particularly its network of SMEs operating throughout the textile value chain, is well positioned to meet small, medium-sized, and specialised orders that may not be attractive to large-scale manufacturing hubs. This flexibility represents an important competitive advantage in modern markets, which are increasingly moving toward made-to-order production and customised orders rather than mass standardised manufacturing.

4. An Opportunity to Build a Regional Near-Shoring Hub: Syria has the potential to position itself as a regional near-shoring hub for textile and apparel production, leveraging its location, accumulated industrial expertise, and proximity to large consumer markets. This could attract productive investments seeking a combination of efficiency, flexibility, and rapid market access.

Therefore, developing the textile sector should be seen not only as a means for job creation or export growth, but also as a strategic opportunity to reposition Syria within regional production and trade networks. This approach can turn Syria's geographic location into a lasting economic advantage and increase its appeal for long-term industrial investment.

CONCLUSION

Supporting government efforts to achieve sustainable growth and enhance Syria's position as a dynamic regional economic and trade hub will require a transition from dialogue and diagnosis to practical implementation through institutional partnerships among the government, the private sector, and development partners.

In this context, the policy note proposes that the Ministry of Economy and Industry, in coordination with relevant government institutions, consider developing a joint action programme to support the revitalisation and modernisation of the textile industry. This programme should leverage technical expertise and development initiatives available through development partners, including the United Nations Development Programme (UNDP).

The following areas are identified as potential fields for cooperation with development partners:

- Development of a national roadmap for the textile value chain.
- Conducting sector assessments and studies to identify priorities for investment, development, and job creation.
- Supporting technical and vocational education and training systems aligned with industry needs.
- Strengthening textile technology centres, quality infrastructure, testing facilities, and certification services.
- Developing financing models and solutions to support industrial modernisation and productivity improvements, with particular emphasis on job creation and alternative energy solutions.
- Supporting and empowering small and micro-enterprises operating within the textile value chain.
- Launching a national export readiness programme for textile small and medium-sized enterprises (SMEs).
- Supporting export promotion and market access initiatives.
- Promoting productive partnerships, investment cooperation, and technology transfer.

The policy note further notes that Syria's geographic location, which enables rapid access to regional markets, reduced logistics costs, and greater flexibility in production volumes and delivery schedules, represents a strategic opportunity. This advantage should serve as a central pillar of any future national textile development programme.

Accordingly, the partnership between the Ministry of Economy and Industry and development partners should support a dedicated study on Syria's competitive positioning as a regional textile manufacturing and supply-chain hub. This study should also identify the interventions required to maximise this advantage.

To this end, establishing a practical partnership framework among government institutions, the private sector, and development partners to implement the priorities outlined in this policy note would significantly accelerate the recovery of Syria's textile industry and enhance its contribution to production, employment, and export growth.