

Syrian Exporters in Turkey

SME Snapshot, July 2021



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Highlights

This month, the Building Markets SME Snapshot features our network of exporting businesses in Turkey. The vast majority (98%) of the 2,200 plus verified SMEs in our Turkey network are owned by and employ Syrians. While Syrian business owners face unique challenges, they have the potential to be significant job creators. Syrian entrepreneurs have also shown that their strong regional networks and language skills offer the Turkish economy an opportunity to increase exports to neighboring countries, contributing to post-pandemic economic recovery.

This SME Snapshot is designed to increase the visibility of this sector in Turkey, highlighting its potential for growth, partnerships and job creation. It provides an overview of common challenges and an outlook on future growth that informs recommendations for members of the business community – whether they are exporters, hoping to become exporters or looking to partner with an exporting business.

The following analysis is based on regularly updated surveys with 820 SMEs operating in Turkey that export to at least one country. It also benefits from a unique survey of 115 exporting businesses interviewed by Building Markets in summer 2020 about the effects of the COVID-19 pandemic.

COVID-19 has caused widespread disruption to international trade. The majority of exporting businesses in our sample report significant challenges, including closed borders and increased shipping times, which either reduced sales or stopped trade entirely. While the economy had largely re-opened at the time of our 2020 survey, nearly 9 in 10 businesses report lower sales in the past 30 days compared to the same month the year before. On average, sales were 50% lower for these exporters. More than half of respondents also report they had recently spent their savings to cover living expenses. While the economy is recovering and the outlook for the future is largely positive, it will still take a long time and targeted support to help SMEs get back on track.

For more on the effects of COVID-19 on Syrian businesses in Turkey, read our full report [here](#).

Look for our next SME Snapshot in August 2021, which will focus on micro-businesses (fewer than 10 employees) owned by Syrians in Turkey.

Spotlight: Syrian Exporters in Turkey

In addition to reviving industries in Turkey that were on the brink of disappearing, such as shoe manufacturing in Gaziantep, many Syrian entrepreneurs have mastered Turkish export regulations, opening their businesses to global markets and currencies.

Whether they are new companies or have been operating for decades, Syrian businesses in Turkey see a huge opportunity in exporting. Entrepreneurs who brought their business from Syria have benefitted from their existing networks with Arabic-speaking buyers in the MENA region. Those who started their first business in Turkey have found success in exporting, as well.

Turkish entrepreneurs are also interested in Syrian companies that export. While the majority of Turkish exports go to Europe, Syrian SMEs export to the Middle East. In 2019, the UN reports that Turkish entrepreneurs often cite the potential to expand into exporting as an incentive to partner with or employ Syrians. Although Turkish–Syrian partnerships remain limited, they are growing in number. This presents yet another opportunity for both types of businesses to economically recover from the pandemic.

Exporting businesses in our network are often very formal and strategic about their operations, with developed business plans and bank accounts. They are more likely than non-exporting SMEs to have received a formal loan in the past. One of the biggest barriers to partnerships with Turkish businesses and finding new buyers is visibility and networking – a challenge that was exacerbated during COVID-19 but is slowly improving.

For more on resources to find new business opportunities, see Recommendations below.

Business Profile - Ramzy Gida

Ramzy Gida advises anyone looking to get into exporting to study their competition. Starting their Turkish retail business in 2016, they have since expanded into wholesale, then manufacturing, and now exporting liquorice. With little competition in Turkey for liquorice candy and an international network from their previous exporting business in Syria, Ramzy Gida was able to avoid some of the biggest challenges of exporting from Turkey – pricing and competition.

The company turned to exporting as a way to expand business. They were very successful and the market before the pandemic was very active. COVID-19 did reduce sales, but they have since been able to increase exporting for Ramadan orders.

Ramzy Gida has expanded their company to new products, like okra and freekeh, and is working to improve their exports and deal with even bigger buyers.



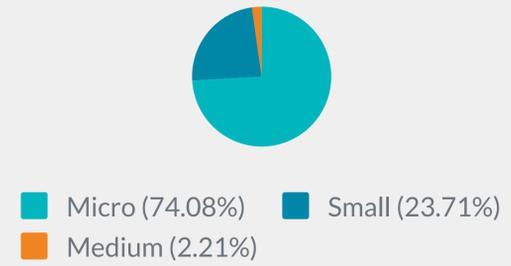
Small Business Environment

More than 1 in 3 SMEs (38.4%) in the Building Markets Turkey network export goods or services. On average, these exporters have been operating for about 4 years. Almost three-fourths (74%) are micro-enterprises with fewer than 10 employees.

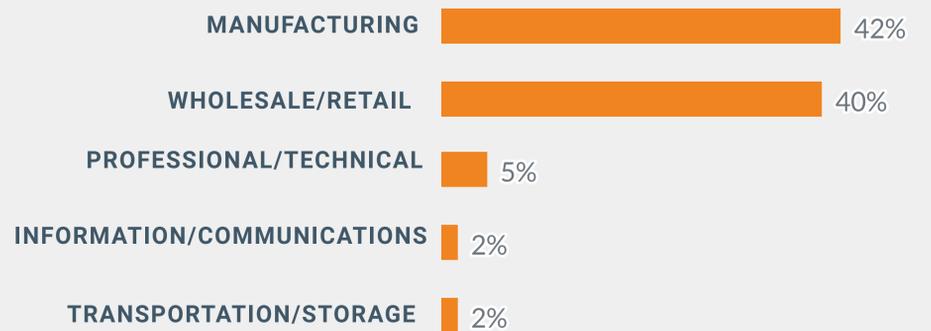
Exporting businesses in our survey sample are largely concentrated in two sectors: manufacturing and wholesale. In manufacturing, SMEs are most likely to make apparel or food products. For wholesalers, goods vary but food, beverages and apparel are common.

Exporting businesses are spread across Turkey. As with many Syrian-owned SMEs in the Building Markets network, however, they are concentrated in Istanbul (38.2%) and Gaziantep (28%).

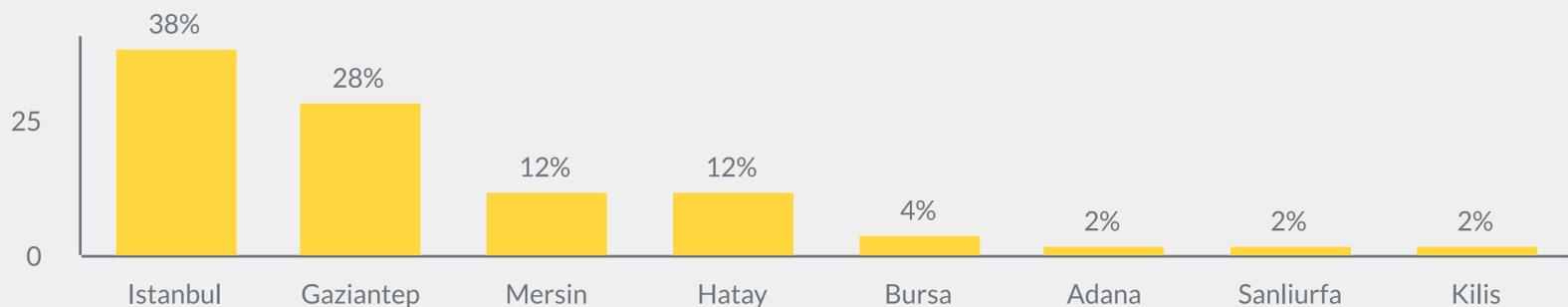
BUSINESS SIZE BY EMPLOYMENT



TOP BUSINESS SECTORS



TOP SME LOCATIONS BY REGION



HAVE AN ENGLISH SPEAKER

56.8%

HAVE A TURKISH SPEAKER

55.1%

Female employment rates among exporters are low. Of the 12,640 people employed by this business sample, less than 12% are women. This follows broader trends on female business ownership and management in the Building Markets SME network in Turkey.

Although COVID-19 created many issues for international trade, 83% of exporters report having an international client in the past 6 months. Exporters are also more likely to have English and Turkish-speaking staff compared to non-exporters.

Small Business Challenges and Future Plans



1% of exporters have received a formal loan in the past. 27% are interested in receiving one.



Nearly half (46%) of the SMEs interested in loans are looking for more than USD 50,000.



37% are interested in an investor or business partner.



60% have a business plan for at least the next 6 months

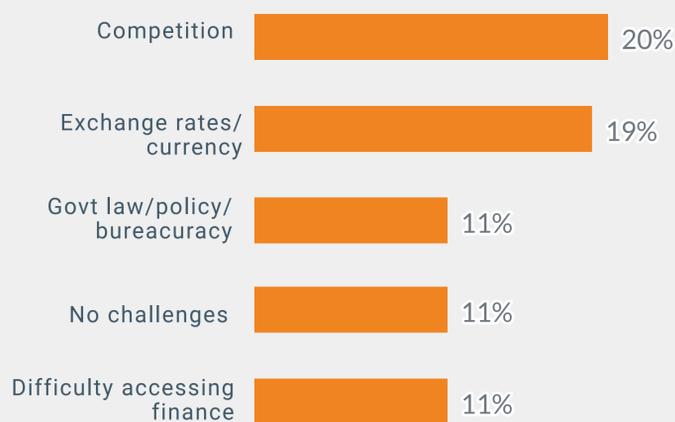


44% of SMEs believe their profits will increase over the next 6 months. Only 2% expect a decrease.



40% believe their total number of staff will increase over the next 6 months. Only 1% expect a decrease.

TOP CHALLENGES, NEXT SIX MONTHS



While COVID-19 caused a series of complications for international trade, exporters have a positive outlook for the future. The most frequently cited business challenge for this survey sample is competition. Further discussions with businesses highlight their struggle to find and develop relationships with new buyers.

Nearly half (48%) express interest in receiving training. Of those, more than 50% report that they are most interested in attending a training session related to sales and strategic marketing. The next most cited training topic is procurement and bidding, with 13% of responses.

Business Profile - Natural Care Pro

Natural Care Pro prioritizes the quality of their product to establish their brand and trademark. Their Istanbul-based company manufactures a range of nutritional supplements and cosmetics from natural herbs. Initially, the business focused only on Turkey's domestic market. However, payment methods in Turkey, such as credit and long-term payments, made it difficult for the company to grow, so they turned to exporting.

Working with Building Markets, the company found their first international buyer during the COVID-19 pandemic. After this, more requests came. Expanding into exporting during an international lockdown required double effort - they could not travel or meet face-to-face with customers, and many financial and legal processes were delayed. However, with business and travel opening up, the company is positive about the potential the future holds.



Small Business Operations



40% of exporters reported having at least one manager. In total, 533 people are employed as managers in this sample.



In nearly 2 out of 3 SMEs, the owner manages all finances. Less than one-third employ a full-time finance staff in-house.



More than a quarter (26%) have additional branches of their business.



62% of SMEs know what a tender is, but only 13% of the sample have ever submitted a bid.

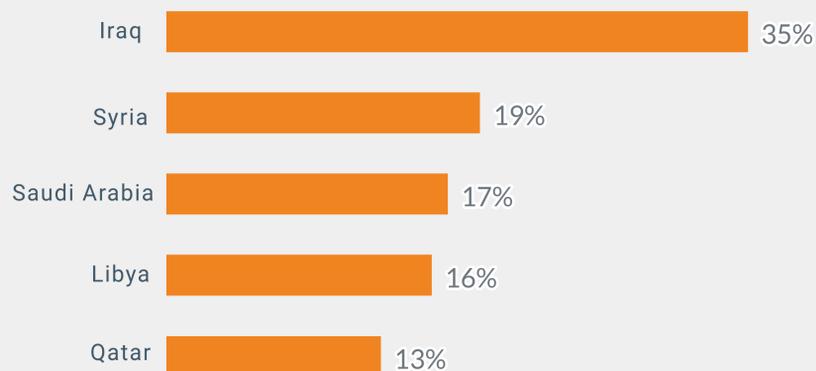


15.4% of SMEs import goods or services, with most of the highest-costing imports coming from China.



86% of SMEs pay their suppliers within 30 days, and 9% within 60 days.

TOP DESTINATIONS OF EXPORTS



Participation in tenders is low among exporting businesses, as they prefer to focus on direct sales to the international market. Exporters cite the ease of operating internationally and the stability of international currencies as reasons for avoiding domestic trade.

In general, businesses export to at least one country in the Middle East, with 1 in 3 SMEs citing Iraq as one of the destinations for their goods and services. On average, exports account for nearly 60% of business revenue.



Recommendations

Exporters have had a very difficult 18 months, given trade and travel restrictions stemming from COVID-19. Nonetheless, these businesses are positive about the future, anticipating sales and employment to increase by the end of 2021. The following recommendations are designed to support Syrian SMEs in Turkey, bring visibility to their operations and direct them to resources for capacity building services. Recommendations are also provided for international businesses looking to source goods from these suppliers.

FOR SMEs THAT EXPORT:

- **Attend networking events to meet new buyers** – The Building Markets business development team works with buyers to host events with the goal of increasing their supplier diversity and facilitating contracts with businesses in our verified network. Learn more about supplier diversity [here](#).
- **Develop an online presence to increase visibility** – By having your own profile on our matchmaking platform (<https://entrepreneurs.buildingmarkets.org/>), your business will be shared with buyers who can look for businesses that fit their specific needs.
- **Access training on sales and strategic marketing** – Building Markets offers classroom-style and self-paced online learning courses on a range of topics, including digital marketing and E-commerce.

For SMEs that want to export:

- **Sign up for mentorship to refine your business plan** – Mentorship partners entrepreneurs with technical experts for one-on-one sessions designed to fit each business's needs, such as adapting a business plan to incorporate exporting.
- **Learn about Turkish exporting laws and regulations** – We offer classroom-style and self-paced online learning courses on a range of topics, including Turkish import and export regulations.
- **Get introduced to buyers looking for exported goods** – Use Building Markets matchmaking services to match your business with interested buyers via events, an online matchmaking platform, and matchmaking requests direct from buyers.

For international businesses looking to import goods from Turkey:

- **Browse our network of over 2,000 verified SMEs** – Our matchmaking platform, entrepreneurs.buildingmarkets.org, has over 2,000 verified Syrian suppliers operating in Turkey with information about registration, services, and contact details.
- **Submit a matchmaking request** – Contact our matchmaking team (turkey@buildingmarkets.org) with a specific procurement request to receive a list of verified suppliers in our network that can meet your needs.
- **Co-host a networking event** – With Building Markets, co-host an in-person event or online webinar to meet with potential new suppliers.

How We Work

Founded in 2004 and headquartered in New York City, Building Markets creates jobs and encourages economic growth by finding, building and connecting competitive local SMEs to supply chains and investment. Through its model, the organization has supported more than 26,000 SMEs, assisted those businesses in winning USD 1.35 billion in contracts, \$21 million in loans, and helped create 70,000 full-time equivalent jobs.

In Turkey, Building Markets has built a unique network of more than 2,000 Syrian-owned SMEs. Verified businesses can access services that increase their visibility, improve their performance, and connect them to new opportunities. Since 2017, our programs in Turkey have led to SMEs winning over USD \$3 million in new contracts and capital.

Are you a small business operating in Turkey?

INCREASE VISIBILITY



Get verified and create a unique profile on our business directory

ACCESS TRAINING



Enroll in online and in-person courses that target your company's growth

CONNECT TO OPPORTUNITIES



Locate tenders in your sector and win new contracts and capital

Interested in Learning More?
Contact our supply chain and finance experts:

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