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## Syria

**Post:** Cairo

### Commodity Market Update

**Report Categories:**

Agricultural Situation

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**Report Highlights:**

Syria, a country of 23 million people and a growing population at a rate of 2.45 percent, is good for about 2.0 million tons of corn, 800,000 tons of soybeans per year, as well as one million tons of wheat and one million tons of barley.

The United States used to supply about 80 percent of the Syrian corn requirements as well as 50 percent of Syria's soybean requirements. Competition from other suppliers mainly Eastern European countries started to become fierce a few years ago. However, the internal problems Syria is passing through now seem to be more serious than the tough competition. Poultry production, the most important consumer of corn and soybeans/soybean meal is fluctuating and may eventually decrease significantly if the security situation does not improve in the near future. The low income of the average Syrian is actually decreasing due to the political situation. Many industries are closing down. The tourism business, contributing 12 percent of GDP, has completely collapsed. Per capita consumption of poultry products, estimated at 8 kilograms per year may decrease instead of increasing due to the economic problems Syria is going through at the present time. This may have a drastic impact on corn and

soybean/soybean meal imports from the United States.

The Syrian government is planning to reduce government subsidies as a measure to eliminate all subsidies in the foreseeable future, this action may be a little late. Subsidies for fuel, bread and electricity cost the Syrian government about 400 billion SP/year (8 billion dollars/year, about half the Syrian budget). This cannot continue forever. An announced increase in the price of fuel oil (the main fuel used in soybean crushing and starch/glucose production) will raise the price from 8,500 SP/MT to 13,000 SP/MT (53 percent increase) on September 15, and will adversely affect the starch and glucose production industry that uses about 500,000 MT of American corn per year. The soybean crushing industry also consumes about 500,000 MT of American soybeans per year. The production capacity of starch and glucose was planned to double with the operation of a new factory that is under construction in Central Syria. A new soybean crushing facility in Hama (much of the recent violence has been centered here) in Central Syria is also under construction. If fuel oil prices are no longer subsidized in the long term, the business will not develop and may eventually shift from processing into trading of the imported final product as was the case with the textile industry.

Wheat exports to Syria are expected to resume slowly if the Syrian policy of zero tolerance for ergot is adjusted to match international standards. Barley exports to Syria are not expected as long as European barley prices are much more competitive.

**General Information:**