

# An Interview with Osama Kadi

*Tell us about your role within the Syrian Opposition Coalition (SOC).*

**Kadi:** I am not a Coalition member, but I was nominated to head the Friends of Syria (FoS) platform addressing Economic Recovery and Development. I also lead the Syrian economic delegation in all conferences and meetings with the FoS. I am the president of Syrian Economic Task Force (SETF), which is in charge of publishing the Economic Roadmap for a New Syria.<sup>1</sup>

In addition, I am the head of the Economic Section at the Syrian Expert House that published the Syria Transition Roadmap. This is an initiative of the Syrian Center for Political and Strategic Studies (SCPSS), a think-tank affiliated with the Syrian opposition.

*What is the greatest challenge facing the Syrian economy? Most immediately and in the longer term?*

**Kadi:** Security comes first, and then the challenge of reconstruction and the return of refugees. After close to three years of revolution, it is vital to transition from a militarized society to a civil one. That will take funding, effort, and political will from an incoming technocrat-led transitional government.

*What will be the economic policies of the SOC to address Syria's economic challenges after the conflict?*

**Kadi:** My main recommended economic policies for consideration by a post-conflict transitional government are the following:

- Continue paying employee wages in the public sector.
- Secure temporary housing for refugees until they can return to their homes.
- Provide the basic services of food, clothing, and medical care for all refugees.
- Secure protection for basic humanitarian needs and public utilities.

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- Prepare for the restructuring of the public sector and the state's administrative structure.
- Work on acquiring frozen Syrian assets and funds from abroad.
- Freeze and confiscate the Ba'ath Party's movable and immovable assets.
- Establish a committee to study the contracts made by the Assad regime with states and international organizations.
- Issue a decision to terminate all the contracts made by the regime between March 2011 and the date on which the transitional government is formed.
- Start a Syrian support and reconstruction fund.
- Enact a law to return all nationalized assets to their rightful owners.
- Change the current Syrian currency to seek stability (which may be impossible to achieve in the short term).
- Make an effort to lift the economic sanctions against Syria.
- Face an anticipated global inflation.
- Create an atmosphere to generate capital investment in Syria in a gradual and deliberate manner.
- Protect the currency from collapse using approaches such as continuing to pay public-sector wages and securing the basic needs of the citizenry. The role of the government should be to control the size of the collapse by adjusting the currency cycle and carefully monitoring the release of hard currency into the Syrian market before the Central Bank starts a forced corrective policy.
- Promote and activate economic relationships with neighboring countries and the rest of the world, especially Syria's friends, in order to generate investments.

- Work on raising the competence of the Syrian labor force in various fields.

*What do you believe are Syria's greatest assets?*

**Kadi:** Syria's greatest assets include:

- Human resources, including local and Syrian expatriates;
- Syria's geostrategic location, including its Mediterranean port at Tartus;
- It's pre-existing industrial capital;
- Syrian investors, particularly from abroad; and
- It's natural resources, such as rich farmland in the west and natural gas in the east.

*What has happened to them during the war?*

**Kadi:** Syria's human capital has been decimated during the war. The atrocities of the Assad regime diverted or destroyed most professional, trained human resources. For example, most agricultural workers are now involved in the revolution, so they are either fighters, captured and jailed, or dead.

The crisis also alienated a high percentage of industrialists, traders, and businessmen. Because of the weakening centralized management of the country, we also lost control over oil wells and other natural resources.

*How can they be restored?*

**Kadi:** Syria needs a strong, technocratic transitional government to uplift the country and to recover its security by restructuring stability and armed forces to form a new National Syrian Military. On the economic side, Syria needs to rebuild its infrastructure. It was

considered weak before the revolution, and the massive level of destruction means exceptional efforts must be quickly mobilized to enable displaced persons and refugees to live normally. Rebuilding trust in the Syrian economy should be on the top of the agenda of the transitional government in cooperation with the Syrian business community.

*One of Syria's greatest problems before the uprising was its unsustainable subsidies program. How do you plan to address this issue?*

**Kadi:** We discussed this issue in the economic section of Syria Transition Roadmap. The government should deal with such a delicate issue by carefully taking into consideration the world's best practices to serve the Syrian people and to uplift the Syrian economy. It should be dealt with as part of a complete economic package.

The transformation of Syria's economy to a free market economy will need to be a gradual process because of the conflict's severe effects on the economy—the dramatic increase in poverty, the complete halt of production, a double-digit unemployment rate, and the collapse of the Syrian lira. This step is closely related to price liberalization, even though it has its own policy. The state can abandon its policy of paying a percentage of the value of certain goods or services that are usually considered a necessity for citizens, such as foodstuffs including flour, bread, sugar, and rice, in addition to fuel, electricity, water, and others. Eliminating subsidies on goods and services can be harmful to individuals, but it is in fact a step that must be taken to build a strong economy.

The process of removing subsidies will provide substantial savings, which will in turn help in rebuilding priority services and projects. Furthermore, lifting subsidies and liberating the market from the state's daily control can be the key step on the path to transforming Syria into a free economic system. The citizens will be more independent if other measures of reform are taken, such as removing certain tax breaks and voiding customs tariffs. Though critical, the subsidy removal process should be analyzed carefully before being gradually implemented.

*How are Syrians earning a livelihood and making money today?*

**Kadi:** The public sector employs almost one third of the Syrian labor force, and the regime is still paying salaries to most of them. Syrian remittances and support from relief organizations help Syrians survive during the crisis. Syrian economic activity has declined to less than one-third of its pre-war capacity. Some Syrians are working in very basic services, such as running food stands, to make a living after having lost their jobs. Unemployment has reached more than 70 percent in Syria, many have lost their savings, and many factories of Syrian industrialists have been robbed, looted, and/or destroyed.

*What new black markets have emerged? And how will SOC prevent corruption in the post-war environment?*

**Kadi:** We have to distinguish between two areas in Syria one: The semi-liberated areas (north and north eastern Syria, which counts more than half the country's land area), and

two: areas which are completely under regime control.

In liberated areas there is no central administration. It is a stateless area, and there is a very open market with no control by any government of any kind. However, in the other areas controlled by the Syrian government, there is a black market emerging because of the pressure of controlling the Syrian currency. The Syrian Central Bank is keeping the Syrian Pound under its market price by jailing most workers in unauthorized currency exchanges. People will naturally look for a black market in this field that can meet their demands for foreign currency that the government's banks cannot meet.

*What can be done to reverse capital flight, prevent potential hyperinflation, and protect the Syrian currency?*

**Kadi:** The Syrian Economic Task Force published a detailed report about fiscal and monetary policies in post-conflict Syria. It outlines an emergency plan for the first six months, a mid-term plan, and long-term plan. Most importantly, the transitional government should take important measures in its fiscal and monetary policies. For example, it should continue to pay public-sector wages and secure the basic needs of the citizenry. The role of the government here should be to control the size of the collapse by adjusting the currency cycle and carefully managing the pumping of the hard currency into the Syrian market. Then, the Central Bank can start on a corrective policy.

It is important that Syrians should understand that getting the Syrian currency back to its normal price - as before March 2011 - will be very difficult. So any effort should manage

Syrian expectations of any coming transitional government, because rebuilding trust in the Syrian economy and its currency after the abnormal destruction of this prolonged crisis might take 5-10 years.

*What other country or countries provide economic models that we can use to understand Syria's current economic situation? What country or countries provide a model for Syria after its conflict subsides?*

**Kadi:** Each country is unique. The ability of Syrians to overcome the crisis and rebuild its economy is different than countries to which it is often compared, like Libya or Yugoslavia. It is neither Iraq nor Afghanistan, nor any African countries that have undergone internal conflicts.

I am more optimistic. I believe Syrians will surprise the world if they are able to come up with a technocratic transitional government that works day and night with full transparency to uplift its economy within less than a decade. The Syrian economy will benefit from studying successful economic development cases, such as UAE, Turkey, and Singapore.

*Syria will have a significant debt once the conflict subsides, and will likely need international assistance. Given that, what do you think of the turmoil in Egypt over accepting a loan from the IMF?*

**Kadi:** We tried to avoid any borrowing in the SETF plans for economic reconstruction by empowering the local and international private sectors, and by receiving grants and assistance from allies. I expect that Syria might need financial support from the Friends of

Syria, because our foreign reserves have been depleted by the Assad regime.

*Please describe the regional economic impact of the Syrian crisis.*

**Kadi:** The spillover of the Syrian crisis has reached all neighboring countries including Turkey, Iraq, Jordan, Egypt, and Lebanon. Millions of refugees went to these countries looking for safe havens for their families. That migration impacted their economies by increasing real estate prices and the cost of health care. It puts their economies at great risk, especially with the Syrian regime threatening instability through violence, such as the bombings in Tripoli, Lebanon and Reyhanli, Turkey.

*What role do you foresee for the international community in post-conflict reconstruction in Syria?*

**Kadi:** I believe that the coming transitional government will give priority to the real “friends” of Syria. It will favor Arab and international companies that belong to those countries and provide them with a good governance business climate. The business community will be welcomed in Syria, particularly to avoid borrowing to rebuild and reconstruct Syria.

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<sup>1</sup> See here for the printed article: [www.syrianeconomic.org](http://www.syrianeconomic.org)