



U.S. Department of State FY 2001 Country Commercial Guide: Syria

The Country Commercial Guide for Syria was prepared by U.S. Embassy Damascus and released by the Bureau of Economic and Business in July 2000 for Fiscal Year 2001.

International Copyright, U.S. & Foreign Commercial Service and the U.S. Department of State, 2000. All rights reserved outside the United States.

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY

II. ECONOMIC TRENDS AND OUTLOOK

- Principal Growth Sectors
- Government Role in the Economy
- Balance of Payments
- Adequacy of the Infrastructure System
- Regional Economic Integration

III. POLITICAL ENVIRONMENT

- Nature of Syrian Political Relationship with the U.S.
- Major Political Issues Affecting Business Climate
- Civil Society
- Relations between the Central and Governorate-Level Leaders
- Brief Synopsis of Political System

IV. MARKETING U.S. PRODUCTS AND SERVICES

- Establishing a local Office
- Creating a Joint Venture
- Use of Agents and Distributors
- Finding a Local Partner and Attorney
- Checking Bona Fides of Banks/Agents/Business Partners/Contractors and Subs/Customers
- Distribution and Sales Channels
- Franchising and Direct Marketing

- Selling Factors and Techniques Best Suited to the Local Culture
- Pricing Product and Licensing
- Advertising and Trade Promotion
- Sales Service and Customer Support
- Government Procurement Practices

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

- Best Prospects for Non-Agricultural Goods and Services
- Best Prospects for Agricultural Products

VI. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

- Membership in Free Trade Arrangements, Tariff and Non-Tariff Barriers
- Tariff Rates
- Prohibited Imports and U.S.-Imposed Export Controls
- Import Taxes and License Requirements
- Customs Regulations and Contact Information
- Temporary Goods Entry Requirements
- Special Import/Export Requirements and Certifications
- Labeling
- Warranty and Non-Warranty Repairs
- Free Trade Zones/Warehouses

VII. INVESTMENT CLIMATE

- Openness to Foreign Investment
- Conversion and Transfer Policies
- Expropriation and Compensation
- Dispute Settlement
- Performance Requirements/Incentives
- Right to Private Ownership and Establishment of Enterprises
- Protection of Property Rights
- Transparency of the Regulatory System
- Capital Markets and Portfolio Investment
- Political Violence
- Corruption
- Bilateral Investment Agreements
- OPIC and Other Investment Insurance Programs
- Labor
- Foreign Trade Zones/ Free Ports
- Foreign Direct Investment Statistics
- Capital Outflow Policy

VIII. TRADE AND PROJECT FINANCING

- The Banking System
- Foreign Exchange Controls Affecting Trade
- General Availability of Financing

- Availability of GSM Credit Guarantees
- Availability of Loan Guarantees, Insurance, and Project Financing from the U.S. Export-Import Bank, OPIC and the IFI'S
- Financing and Methods of Payment to Export from the Local Economy to Another Market, Including U.S. Imports
- List of Banks with Correspondent U.S. Banking Arrangements

IX. BUSINESS TRAVEL

- Business Customs
- Travel Advisory and Visas
- Holidays
- Work Week
- Business Infrastructure
- Temporary Entry of Goods

X. ECONOMIC AND TRADE STATISTICS

Appendix A: Domestic Economy

- GDP
- GDP Growth Rate 1998 Estimate
- GDP Per Capita
- Government Spending as a percent of GDP
- Inflation
- Unemployment
- Foreign Exchange Reserves
- Average Exchange Rate for USD 1.00
- Debt Service Ratio
- U.S. Economic Military/Economic Assistance

Appendix B: Trade Statistics

- Total Country Exports
- Total Country Imports
- U.S. Exports
- U.S. Imports

XI. U.S. AND COUNTRY CONTACTS

- U.S. Embassy Trade Contacts
- American Chamber and/or Bilateral Business Councils
- Country Trade or Industry Associations in Key Sectors
- Country Government Offices Related to Key Sectors and/or Significant Trade Related Activities
- Country Market Research Firms

- Country Commercial Banks
- U.S. Department of State
- U.S. Department of Commerce
- U.S. Department of Agriculture, Foreign Agricultural Service

XII. MARKET RESEARCH

XIII. TRADE EVENT SCHEDULE

I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Syria's commercial environment using economic, political, and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

Syria is a country of some 17 million people with a nominal GDP in 1998 of \$17.3 billion at the neighboring country rate of 46 SP/USD.

Major sectors of the Syrian economy, including heavy industry, banking, insurance, and utilities remain firmly in the public sector. Other sectors, including food processing, textiles, pharmaceuticals, and transportation, have slowly been opened to the private sector over the past nine years. Still other sectors, such as retail sales and agricultural production, were never nationalized. Syrian prosperity depends heavily on oil revenues, foreign aid, remittances from Syrian workers abroad, and the vagaries of agricultural production. In the early 90s, rising oil production, record harvests, Gulf War-related aid flows, and government incentives to stimulate private investment spurred annual GDP growth of 7-8%.

In recent years, diminished foreign aid, drought, fluctuating prices for oil and agricultural commodities, and regional recession have hurt the Syrian economy. Furthermore, an uncertain Middle East peace process and sporadic tension over Iraq that diminished investor confidence in the region have also hit Syria. Although growth rates for 1996 were still strong (7.2%), growth rates from 1997 on have been negative, with 1999 growth approximately -2%.

Rapid growth is also hindered by numerous restrictive government policies. A cumbersome and complex multiple exchange rate system remains in place for many classes of transactions, despite incremental efforts over the past 2-3 years to move the most prevalent rate (termed the "neighboring country rate," currently LS 46 = \$1.00) closer in line with the black market or offshore rate, which as of this report's compilation is slightly above 46 but which will likely slide back to the 47-48 range later in the year. Tariffs remain high. Import restrictions are numerous, despite an increase over the past 6-7 years in the number of goods which the private sector can

import. Some local industry is protected by bans on imports. Low interest rates and poor banking services work in tandem to limit in-country deposits. Loan processing fees for the private sector effectively render real interest cost of loans positive. The private sector has very limited access to capital: bank loans require collateral as well as a third-party sponsor. Thus, most investments are heavily equity-financed. The government began in 1996 to resume debt servicing, after reaching agreements with the World Bank and France, and several smaller creditors in 1997-1998. There is still a large external debt overhang (primarily with Russia and Germany) which limits Syria's access to international capital markets and promised loans from the European Investment Bank (EIB). Although some Western countries have resumed export credit lending in Syria (COFACE, EGCD, SACE), coverage is limited in most cases to short-term lending.

Industrial machinery, agricultural commodities, pharmaceuticals, and oil field, telecommunications, power generation, and medical equipment are the most important U.S. exports to Syria. In the near-term, new private sector investments and enabling actions by the Syrian government may lead to rapid growth in demand for information technology, food-processing and textile machinery. A new focus on development of Syria's gas reserves may provide opportunities for U.S. investors. Increased tourism also may provide new demand for U.S. products.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA at 1-800-Stat-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.Stat-usa.gov>; <http://www.state.gov/>; and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRAD (E) or by fax at (202) 482-4473.

II. ECONOMIC TRENDS AND OUTLOOK

PRINCIPAL GROWTH SECTORS

Should the Syrian government act on economic reform, several sectors would show new growth: banking/insurance/finance; tourism; cotton spinning and weaving; advertising; textile manufacturing; food processing; cement and steel production; refineries; agricultural and irrigation equipment; fertilizer production; ready-made clothing; water/wastewater projects; telecommunications; oil and gas.

The banking sector, virtually totally controlled by the government, is very primitive. It provides services mainly to public sector organizations. Private sector access to loans and banking facilities is very limited and the insurance industry is not well developed. Growth in financial services could be dramatic if the government decides to liberalize. Syrian agriculture will continue to provide inexpensive raw materials to nascent agricultural industries. Although the

Ministry of Irrigation has implemented many key projects to improve irrigation acreage, the limited income and access to credit of the average farmer is a major obstacle to the introduction of needed new systems such as drip, sprinkler and subsurface irrigation. Only if the government finances or subsidizes such projects will demand be high. In addition, high growth potential exists for the fertilizer, insecticide, and chemical manufacturing industries.

Blessed by a rich cultural heritage and a Mediterranean coastline, Syria possesses considerable potential for tourism. Investments in this sector will almost certainly pick up if there is new movement on the peace process. With the recent advent of cellular telephony and Internet service, there is large potential for further development of the telecommunications sector, which heretofore has been dominated by European companies. There is also promising potential in the services sector, as Syrians become increasingly aware of the need for developing corporate management skills and technical training.

GOVERNMENT ROLE IN THE ECONOMY

Up until the late 1980's, the government pursued policies aimed at expanding the public sector, virtually shutting the private sector out, except for retail trade and agricultural production. All major industry, including banking and insurance sectors, was nationalized in the 1960s. Arab aid from the "boom years" of the 1970s was used to expand the state's industrial base with the creation of hundreds of public enterprises. Beginning in 1989, the government started to implement some economic reforms. It passed a new investment law in May 1991 (Investment Law #10), amended law # 10 in April 2000 (Decree 7), and has gradually expanded the list of goods that the private sector may produce or import, in some cases (especially textiles and pharmaceuticals) competing with government. The government continues to control all "strategic" sectors such as oil production/refineries, ports, telecommunications, airlines, power generation/distribution, water bottling, banking and chemicals. There is no private sector production of passenger vehicles, and imports by the private sector are very limited.

BALANCE OF PAYMENTS

Given significant and contradictory revisions to balance of payments statistics by the Central Bank of Syria in recent years, all Syrian balance of payments statistics should be treated with extreme caution. The precise balance of payments situation is likely unknown. That said, given upward movement in world oil prices during 1999 and 2000, some recovery in Syrian agricultural exports, and continued repressed import demand, Syria is likely to show a surplus in visible goods trade in 2000 and 2001.

ADEQUACY OF THE INFRASTRUCTURE SYSTEM

Syria has a fairly good road network connecting major cities (Damascus, Aleppo, Latakia, Dayr al-Zur) and neighboring countries, and recently received Gulf funding to upgrade the road link between Latakia and Aleppo. The railroad system is adequate, although the rolling stock is now dated. (It is used mainly to ship commodities such as grains and rock phosphate in bulk).

Discussions with Turkey in mid-1999 showed renewed interest in rehabilitating the Hijaz Railway between the two countries, but this will require as-yet unidentified financing. Passenger rail service to Jordan has improved.

There are three international airports in Syria: Damascus, Latakia, and Aleppo, with a new passenger terminal in Aleppo opened in June 1999. A contract to install new air traffic control systems at all three airports has been pending for several years. In early 2000, SyrianAir (Syria's flag carrier) received the last of six A-320 Airbus aircraft to revamp its fleet. The country's two commercial ports at Latakia and Tartus require upgrades of equipment and dredging for expansion. There has also been talk of construction of a third port for hazardous cargo south of Tartus. In 1998 and 1999, the Ministry of Transport reduced transit fees in an effort to make them more competitive with neighboring ports such as Beirut, but most shippers still find them a disincentive, and efforts to attract goods for transshipment to Iraq (after Syria was declared in 1997 an authorized point of entry for U.N. approved goods) have met with only limited success.

Over the past ten years, Syria has made great strides in developing its telecommunications sector. In June 1998 the Syrian Telecommunications Establishment (STE) awarded an approximately \$110 million contract to Ericsson (Sweden) to complete the last of several awards that are intended by the year 2004 to increase the number of fixed lines by 1 million (to a total of 1.65 million, which will give Syria one of the region's highest telephone penetration rates.) Other elements of the project (a 250,000 line switching system, providing digital microwave links in the cities, installing inter-city fiber optic cross connects links (SDH), billing centers, etc.) were awarded to Ericsson, Siemens, Bosch, and Samsung.

Internet was first introduced at the end of 1996 when it was limited to universities, research centers, government offices, and embassies. In early 1999, STE expanded the network permitting access to 1,200 subscribers. A separate e-mail-only service is available to subscribers who do not want to surf the Internet. About 5,000 Syrians have e-mail and/or Internet access through STE's network as of this report's compilation.

STE launched in February 2000 its cellular telephone service. As a pilot project, Siemens, Ericsson, and Investcom (Lebanese) offered a trial GSM service with a capacity of 60,000 lines, although far fewer actual subscriptions have actually been purchased due to the service's sign-up cost of SP 60,000, or about \$1,300. STE is expected to issue a GSM international tender on BOT basis soon to expand capacity to 500,000 - 800,000 lines. Satellite phone service is still prohibited, although STE has been in discussion with several regional and global satellite providers.

In recent years, Syria's power generation capacity has been upgraded to meet demand, with installed generating capacity now 6,500 megawatts and increasing to 7,000 megawatts by 2001. Electrification in rural areas has been very successful, with 97% of the population presently served through the national grid.

The municipal water supplies in Damascus and Aleppo have been inadequate in recent years, primarily due to prevailing drought conditions in the region. However, the installation of a new

pipeline to deliver Euphrates River water to Aleppo will alleviate that city's shortages in the coming year. Water supply in the oil producing areas (eastern Syria) in most years relies on adequate supplies from the area's rivers (Euphrates and Khabur basins). In recent months, though, the supply of water in the Khabur has substantially fallen. Because much of Damascus city water comes from the Fijeh spring, whose flow is greatly reduced June-December in most years, the city water supply is cut each evening for several hours during those months to force conservation. In 1999 and 2000, due to a severe drought, municipal water authorities announced that water rationing is expected to extend up to 15 hours daily in summer in most areas in and around Damascus. Both Aleppo and Damascus municipalities are working to upgrade city water pipes to reduce water loss, and to install meters in residential areas to better monitor consumption. In the medium- and long-term, Damascus municipal water authorities look to increase the supply of water to the capital via the construction of new pipelines. In June 2000, a tender was announced for the second time calling for feasibility studies for the construction of a pipeline from the northwestern coast of Syria to Damascus.

REGIONAL ECONOMIC INTEGRATION

Syria has amicable trade relations with its Arab neighbors. As of January 1998, it entered into an agreement to form the Greater Arab Free Trade Area under which customs duties on goods produced in Arab countries will be gradually reduced by 10% per year until 2007, when there will be no customs duties imposed. Goods such as electrical appliances, cosmetics, and ceramics formerly prohibited from being imported from all foreign countries are now permitted to be imported from Arab countries.

Lebanon is a different case. Due to a bilateral agreement signed with Lebanon in 1998, customs duties between the two countries are scheduled to be reduced by 25% per year until 2002. Agricultural goods are permitted to be exchanged according to a special timetable.

Syria strictly enforces the Arab League embargo of Israel. Syrian public sector companies ask in their tender announcements that bidders provide certificates stating that the bidders abide by the Arab League Boycott of Israel. However, in 1978, the Ministry of Economy and Foreign Trade issued a decision permitting U.S. companies to submit a "positive statement" stating that goods and their components are 100-percent made in the U.S. This allowed bidders to avoid the previous certification that their products were not produced in Israel, language which violates U.S. anti-Boycott compliance Law. Nonetheless, some companies still encounter problems obtaining import licenses when they refuse to respond to Syrian inquiries about company activities in Israel (including investments, or importing goods on vessels which have made port calls in Israel). Still others have found that they are unable to register trademarks without providing assurances that violate U.S. boycott laws. Although the Embassy maintains a dialogue with the Syrian government to resolve these cases, we have found that the Boycott is sometimes still an effective bar to U.S. investors and exporters.

III. POLITICAL ENVIRONMENT

NATURE OF POLITICAL RELATIONSHIP WITH THE U.S.

Syria, a country that plays an important regional role, has a dichotomous relationship with the United States. On the one hand, Syria and the U.S. are intensely engaged at a high level in the Middle East peace process that began with the Madrid Conference in October 1991. On the other hand, Syria is one of seven countries included on the U.S. State Department's list of state sponsors of terrorism, and thus is subject to several bilateral economic sanctions. Although it has released several thousand political prisoners over the past few years and has lifted restrictions on the foreign travel of Syrian Jews, the protection of human rights continues to be a matter of concern in U.S.-Syrian relations. The USG continues to press the Syrian government to guarantee its citizens fundamental human rights. The U.S. also remains concerned about possible Syrian acquisition of weapons of mass destruction.

MAJOR POLITICAL ISSUES AFFECTING BUSINESS CLIMATE

Syrian citizens (both expatriates and citizens) are estimated to hold billions of dollars outside the country (with some estimates as high as \$60 billion). In recent years, some capital has been repatriated to establish businesses and industries. However, investor concerns about long-term political stability and a poor regulatory environment still prevent rapid return of a large portion of that capital. These concerns affect the business calculations of foreigners even more strongly. U.S. firms looking at business or investment opportunities must also consider a range of U.S. export controls, a lack of guaranteed trade financing, and additional tax implications that stem from Syria's presence on the U.S. list of state sponsors of terrorism.

Additionally, Syria's continued adherence to the Arab League boycott of Israel conflicts with U.S. anti-boycott legislation, complicating the conclusion of sales to the government, foreign trademark registration, and shipping. Given the widespread use of commercial agents in Syria, U.S. businesses must be extremely attentive to the requirements of the U.S. Foreign Corrupt Practices Act.

CIVIL SOCIETY

Syria is an authoritarian state with a one-party system and no formal institutions of civil society. Nevertheless, there are charitable and professional organizations that have managed to establish informal networks of trust typical of civil society. In addition, unfettered access to satellite television and slowly developing Internet connectivity have contributed to the ability of Syrians to communicate among themselves, and to stay informed of events elsewhere in the world - each of which are critical building blocks of civil society.

Syrian non-governmental organizations exist at the sufferance of the ruling Ba'ath Party and the government. All NGOs in Syria must be registered with the Ministry of Social Affairs, which serves as a control mechanism over the activities of these organizations and the individuals who manage them. Nevertheless, the number of social-service organizations -- and their public profile -- continue to grow, and as they do, so does the demand for networking opportunities, training and exposure to NGO experience in other countries.

In addition, groups like the Syrian Computer Society, although closely tied to the ruling elite, also provide a model for NGO development in this society. In Aleppo, the Society for the Preservation of Urban Heritage sponsors lectures and cultural events, in addition to its long-standing focus on improving urban infrastructure. Groups such as these encourage like-minded individuals to gather informally and discuss subjects of common interest, including issues of social and political development that in other fora would be shunned.

RELATIONS BETWEEN THE CENTRAL AND GOVERNORATE-LEVEL LEADERS

There are 14 governates in Syria, and their governors enjoy considerable latitude and decision-making authority in local affairs, although governors are not appointed to districts from which they originally hail to help curb nepotism. Governors and municipal authorities exercise considerable influence in local matters, particularly with respect to the regular courts. The judiciary is constitutionally independent and, unlike the exceptional (state of emergency) security courts, display independence, although political connections and bribery can influence verdicts. As with the federal government, governates are influenced to varying degrees by leaders of the Ba'th Party, whose primacy in state institutions is mandated by the Constitution.

POLITICAL SYSTEM, SCHEDULE FOR ELECTIONS, AND ORIENTATION OF MAJOR POLITICAL PARTIES

Although Syria boasts some institutions of democratic government, such as a parliament and municipal authorities, the Syrian president wields almost absolute authority. Key decisions regarding foreign policy, national security, international politics, and the economy are made by the president with counsel from his ministers, high ranking members of the ruling Ba'th party, and a number of security/military advisers. In the parliament, or People's Assembly, a limited number of legal political parties participate in a ruling coalition with the Ba'th party, known collectively as the National Progressive Front. Despite the appearance of a multiparty system, the Ba'th party is constitutionally guaranteed a majority in Parliament and primacy in state institutions. The other political parties exist primarily to voice approval for Ba'th party policies and in no way constitute political opposition. The People's Assembly itself does not initiate or overturn legislation; it votes on and rarely modifies laws proposed by the executive branch.

President Hafiz al-Asad, who assumed office in 1970, died on June 10, 2000. His son, Bashar al-Asad, was nominated by the Parliament to succeed as President, a choice ratified in a national referendum on July 10, 2000. In keeping with the tradition of his late father, Bashar received over 97% of the votes cast. Elections for the 250-member Parliament are held every four years; the last election was in November 1998. Since 1980, the government has allowed 80 seats in the Parliament to be held by independent (no political affiliation) candidates; the remaining seats (approximately 65%) are guaranteed for the Ba'th-party-dominated National Progressive Front. Many of the independent seats are held by businessmen.

The security services play a very powerful role which extends well beyond strictly security matters. A state of emergency law has been in place almost continuously since 1963, and grants

broad powers to the numerous security services. The government justifies martial law because of the state of war with Israel and past threats from terrorist groups. The numerous branches of the security services operate independently of each other and outside the legal system. Their members often ignore the rights of suspects and detainees and commit serious human rights violations. Special economic courts adjudicate cases of smuggling, illegal possession of foreign currency, and other economic crimes, but in an often arbitrary fashion.

IV. MARKETING U.S. PRODUCTS AND SERVICES

ESTABLISHING A LOCAL OFFICE

To open up a branch office in Syria, an application, accompanied by the following documents, must be filed at the Ministry of Economy and Foreign Trade:

1. Document(s) of incorporation, registration of sole proprietorship, or a contract forming a partnership from the company's home country.
2. Document(s) outlining the firm's internal regulations.
3. Financial statement(s) that demonstrate the company's capital without reserves.
4. Document(s) to verify commercial registration.
5. Declaration from the foreign company that it is not shared or owned by any government or joint-venture (requests to open up a branch office for a government company will be Forwarded to the Prime Ministry for approval).
6. Document(s) announcing the company's management decision to open a branch office in Syria, along with a declaration that this branch will be directly affiliated with the company's Headquarters.
7. Power of attorney for the manager of the Syrian branch giving him all managerial, financial, and technical authority in Syria. The manager can be of any nationality.
8. Company trade balance sheets.

These documents must be certified by the following organizations:

1. A chamber of commerce in the company's national country.
2. The Ministry of Foreign Affairs of the company's country of nationality.
3. The Syrian Embassy in that country.
4. The Syrian Ministry of Foreign Affairs.

All documents must be translated into Arabic by a sworn translator.

CREATING A JOINT VENTURE

There are few joint ventures between Syrian and foreign firms. The largest are in the government-controlled energy sector. They are the Al-Furat Petroleum Company (a joint venture between the government-owned Syrian Petroleum Company, Royal Dutch Shell, and Deminex),

the Dayr al-Zur Petroleum Company (Syrian Petroleum Company and Elf Aquitaine), and the Integrated DEZ Gas Project (Syrian Petroleum Company, Elf Aquitaine, and the U.S. Conoco). Mobil Oil has invested in a small joint venture lube oil blending facility, while Nestle has invested in a food processing facility, and Samsung is manufacturing telephone switchboard equipment in a joint venture with the public sector electronics manufacturing company Syronics.

In the pharmaceutical sector, many leading U.S. firms have licensed products for Syrian production, as have two cosmetics/health care manufacturers, and several soft drink, fruit juice, fertilizer and pesticide producers. The profitability of most licensing and joint venture projects is based on high tariff protection. (See Section VI).

USE OF AGENTS AND DISTRIBUTORS

Foreign firms doing business with the Syrian public sector must have a local address (domicile), but national law does not require foreign firms to have an agent or distributor. If they do, the law requires that a certain agency agreement format, prepared by the Ministry of Economy, be filled out, signed and legalized by a notary public. This agreement afterwards, should be witnessed by the government of the state where the company is located, and by the U.S. Department of State, and finally by the Syrian Embassy in Washington, D.C. For one-off deals, smaller Syrian businesses often order directly from U.S. firms without seeking to establish an agent/distributor relationship.

To develop a long-term presence in the market, it is advisable to engage an agent/distributor who can actively promote the product, follow leads, respond quickly to government tenders, and offer customer service. When a company has decided to enter the Syrian market, and wishes to obtain information on how to do business in Syria, the U.S. Embassy in Damascus strongly recommends that it contact the nearest District Office of the U.S. Department of Commerce. These district offices offer a number of programs to assist American exporters in finding business partners in Syria. Some of the programs offered are: the A/DS (Agent/Distributor Service), which provides American exporters with a list of potential candidate agents chosen by the Embassy to help the U.S. company market its products and/or services in Syria, and the ICP (International Company Profile), which provides background information on individual companies in Syria.

According to Syrian government regulations, public establishments and companies do not accept offers presented through non-registered agents. However, for tax purposes, many Syrian businessmen avoid registering their agency agreements, and ask that agency agreements not be disclosed to the government. If, at any stage during the execution period of the contract, the government discovers the existence of such an agreement, the agent's commission will be deducted from the contract value. The government will then pay the agent his commission at an exchange rate of 46 SP/USD. Moreover, the agent is required to pay income taxes on the collected income, further reducing his commission.

FINDING A LOCAL PARTNER AND ATTORNEY

The Economic/Commercial Section of the U.S. Embassy in Damascus maintains files on local entities that are interested in assisting U.S. firms in finding partners in Syria.

Because Syrian law and the Arabic language pose significant obstacles to U.S. businesses, hiring a local attorney is a sensible and often necessary action.

Correspondence: DHL, Skypak, Federal Express, UPS, and TNT all service Syria. Regular airmail takes approximately 2 weeks.

Specialties: while an attempt has been made in the following list to point out the particular branches of legal work which each attorney generally handles, it should be noted that most attorneys practicing in this country accept all types of cases.

Collection Agencies: There are no firms or individuals operating as collection agencies in Syria; however, most of the attorneys handle collection cases.

Waiver of Responsibility: The American Embassy in Damascus assumes no responsibility for the professional ability or integrity of the persons or firms whose names appear in the following list. Nevertheless, care and selectivity have been exercised in its preparation. The order in which they appear is alphabetical and has no other significance.

This list covers Damascus, Aleppo, Homs, Hama, and Latakia.

List of Attorneys in Syria (as of June 2000)

Damascus:

Mohammed ABDIN: Port Said Street, Awkaf building, No. 6, tel: 221-4798, 333-5285. Citizen of the SAR. Born in Damascus 1925. Graduate of Damascus Law School 1950. Practicing since 1950. Specializes in criminal, civil, banking, commercial CASES, and international arbitration. Former Minister of Social Affairs and Labor 1962. Legal counselor for the Commercial Bank of Syria since 1985. Languages: Arabic, English, and French.

Souheil ABOU RASS: Baghdad Street, Azbakiyeh, next to Awad Gas Station, Building No. 2, 3rd floor, tel: 221-1110, 231-6736, 231-2669. Dual national (Syrian/American citizen). Born in Damascus 1946. Graduate of Damascus Law School 1972. No specialization. Handles all cases. Languages: Arabic and English.

Ousama MOU'AYAD AL-AZEM: Nasr Street, Awkaf building, tel: 222-7633, 222-1684, 371-3608; Fax: 331-6282. Citizen of the SAR. Born in Damascus 1936. Graduate of Damascus Law School 1965. Practicing since 1965. No specialization. Handles all cases. Languages: Arabic and English.

Mazhar ANBARI: Sanjakdar Street, Dessouki building, tel: 221-7017, 333-7017; Fax: 332-1695. Citizen of the SAR. Born in Damascus 1923. Graduate of Damascus Law School 1948. Practicing since 1948. Specializes in criminal and civil cases, insurance, and international arbitration. Former Minister of Justice 1963. Former Vice-President of the Parliament 1965-1966. Former President of the Syrian Bar Association 1972-1974. Languages: Arabic, English, and French.

Farid ARSLANIAN: Balkis Street, tel: 221-8321, 222-0821, 222-7571, 333-1676. Citizen of the SAR. Born in Turkey 1915. Graduate of Damascus Law School 1939. Specializes in criminal, civil, and insurance cases. Secretary General of the Committee of Damascus Bar Association 1958-1959. Controller 1960-1971. Elected Deputy in the Syrian Parliament 1947. Legal consultant since 1964 for the United Nations Relief and Works Agency in the SAR. Languages: Arabic, French, English, Armenian, and Turkish.

Nazmi DERAHAN: Marjeh, Kabbani building, tel: 444-5299, 333-0626; Fax: 444-5299. Citizen of the SAR. Born in Damascus 1939. Graduate of Damascus Law School 1963. Practicing since 1966. Specializes in civil, commercial, and real estate cases. Languages: Arabic and English.

Jacques HAKIM: Victoria Bridge, Mardam building, P.O. Box 5788; tel: 222-3577, 371-0554; Fax: 224-4370. Citizen of the SAR. Born in Damascus in 1931. Doctor of Law (France), graduate in economics (Economics Institute, Univ. of Colorado). Agrege from the French Faculties of Law. Professor, Head of the Commercial Law Department, Damascus University. Practicing since 1952. Specializes in commercial and finance cases along with international arbitration. Languages: Arabic, English, and French.

Hazem JAZZAR: Salhieh Street, Cinema Amir's building, P.O. Box 11089; tel: 232-3007, 331-7397; Fax: 222-5286. Citizen of the SAR. Born in Damascus in 1948. Graduate of Damascus Law School 1971. Has practiced law since 1971. Specializes in commercial and criminal cases. Languages: Arabic and English.

Zuhayr al-KHANI: Hijaz, Sadalla jabri Street, across from the Central Post Office, Qudsi Building, 2nd floor, tel: 222-2275, fax: 3327709. Citizen of the SAR. Born in Damascus in 1927. Graduate of Damascus University Law School 1951. Former Minister of Economy and Foreign Trade 1969. Specializes in real estate, commercial cases and international arbitration. Languages: Arabic, French, and English.

Daad MOUSA: East Tijara, Building No. 57, ground floor, tel: 445-5479, fax: 442-9648. Citizen of the SAR. Born in al-Hasakeh in 1964. Graduate of Damascus University Law School 1986. Has practiced since 1986. No specialization. Handles all cases. Languages: Arabic and

English.

Robert MULKI: 61 Hussein Street, Abou Roumaneh, P.O. Box 446; tel: 333-3974. Citizen of the SAR. Born in Alexandria, Egypt 1924. LL Diploma (with honours) 1945 and 1949. Admitted to Syrian Bar (Master in Law). Official Syrian delegate to International Lawyers Conferences since 1958. Council member of the International Bar Association (I.B.A.). Specializes in civil, business, and international trade matters. Languages: Arabic, English, and French.

Samer Thomas NOFAL: Mazra'a, Al-Akhdar Al-Arabi Street, P.O. Box 34274; tel: 444-9694, 332-4252; Fax: 442-0781. Dual national (Syrian/German citizen). Born in Damascus 1960. Doctor of Law from the University of Saarbrucken, Germany. Practicing since 1989. Specializes in civil, commercial, real estate, and international cases. Languages: Arabic, German, English, and French.

Mamdouh RAHABY: Salhieh, Dentists' Syndicate Building, 3rd floor, tel: 2221428 (office), 3332905 (home). Citizen of the SAR. Born in Damascus in 1932. Graduate of Damascus Law School 1966. Specializes in civil, real estate, and commercial cases. Languages: Arabic and English.

Souheil SARKIS: 7 Fountain Square, Adel Sharaf building, 2nd floor, tel: 231-8240, 444- 5978; Fax: 231-9975. Citizen of the SAR. Born in Damascus in 1934. Graduate of Damascus Law School 1960. Has practiced law since 1961. Specializes in civil and commercial cases. Languages: Arabic, English, and French.

Mohammed AZIZ SHUKRI: 21 Farabi Street, behind Al-Razi Hospital, Mazzeh, tel: 613-1620, 611-1393; Fax: 611-6503. Citizen of the SAR. Born in Damascus 1937. Dean, School of Law, Damascus University. Professor of International Law and Relations. Doctor Juridical Sciences, Columbia University of New York, N.Y., in 1965. Attorney and Counselor of law since 1968 with specialty in legal drafting in both Arabic and English, transnational transactions, arbitration, internal and international, administrative and comparative law cases, international contracts, and geopolitical consultations. Languages: Arabic and English.

Mamoun TABBA: Seven Fountains Square, Pakistan Street, Building # 154, P.O. Box 5507, tel: 222-7504, 442-4124; fax: 441-3165, Citizen of the SAR. Born in Damascus in 1938. Graduate of Damascus University Law School. specializes in petroleum contracts of foreign firms. Languages: Arabic and English.

Sami WARDEH: Marjeh, Kabbani building, P.O. Box 10355, tel: 221-1767, 311-4892; Fax: 312-3078. Citizen of the SAR. Born in Damascus in 1942. Graduate of Damascus Law School 1965. Has practiced law since 1965. Specializes in commercial and real estate cases. Languages: Arabic, French and English.

Aleppo:

Ghada BISMARJI: Kostaki Homsy Street, Azizieh, P.O. Box 33; tel: (021)- 2219428. Citizen of the SAR, graduate of Damascus Law School in 1962. Practicing since 1962. Sworn translator English-Arabic, and vice-versa. No specialization. Handles all cases. Languages: English, Arabic, French, and some Armenian.

Ihsan KAYALI: Shahba Taawon Street, P.O. Box 16377; tel/fax: (021)-664991, 668404. Citizen of the SAR. Born in Aleppo in 1925. Graduate of Damascus Law School in 1949. Handles all cases with specialization in commercial and insurance cases. Languages: Arabic, English, and French.

Homs:

Mouhammad Mounir AMOUDI: Hashem Atassi Street, Plaza building, P.O. Box 362; tel/fax: (031)-223115, 422683. Citizen of the SAR. Born in 1928. Graduate of Damascus Law School 1949. Practicing since 1949. Specializes in criminal, civil, banking, and insurance cases. Languages: Arabic, French, and English.

Antoun TRABULSI: Abou Al-Alaa Al-Ma'ari Street, tel: (031)-224406, 225286, 224655 (home). Citizen of the SAR. Born in 1919. Graduate of Damascus Law School 1940. Practicing since 1940. Lawyer of the Muhafaza and the Municipality of Homs. Head of Homs Bar Association. General practice. Languages: Arabic and French.

Hama:

Fathallah ALLOUSH: Al-Alamein Street, tel: (033)-223206. Citizen of the SAR. Born in Hama in 1932. Graduate of Damascus Law School in 1955. Practicing since 1955. Specializes in civil, banking, and criminal cases. Languages: Arabic and French.

Latakia:

Hassan MAKHLOUF: P.O. Box 1025; tel: (041)-478055, 469447, 426089, 417646; Fax: 463125. Citizen of the SAR. Born in 1931. Graduate of Damascus Law School 1960. Practicing since 1960. No specialization. Handles all cases. Languages: Arabic, French, and English.

Nazih ABDALLAH: Al-Mutanabi Street, tel: (041)-473777, 419175; Fax: 474700. Citizen of the SAR. Born in 1939. Graduate of Damascus Law School 1963. Practicing since 1964. Specializes in criminal, civil, and commercial cases. Languages: Arabic, French, and some English.

CHECKING BONA FIDES OF BANKS/AGENTS/BUSINESS PARTNERS/CONTRACTORS AND SUBS/CUSTOMERS

There are no agencies in Syria that can perform due diligence or provide bona fides services on banks, agents, and customers. However, The Embassy's Economic/Commercial Section can assist in obtaining some useful information under the various programs offered by the U.S. Department of Commerce such as the International Company Profile requests (ICP).

DISTRIBUTION AND SALES CHANNELS

With a high population growth rate of 3.3% and an energetic private sector, Syrian markets are expanding rapidly. Agents/distributors representing international firms who previously serviced their clientele throughout the country from central offices now need to find new channels of distribution. Many U.S. companies sell products via European distributors, resulting in high prices for the Syrian market.

FRANCHISING AND DIRECT MARKETING

Syrian regulations have made foreign franchising difficult, if not impossible. Registering a franchise is difficult because the local Intellectual Property Protection Office requires international franchise owners to provide, among other things, "Israel boycott language" not permissible under U.S. Anti-Boycott law. Furthermore, repatriation of funds is still a major problem as local banks do not accommodate exchange of local currency into U.S. dollars for repatriation of funds. Most foreign franchisers also find that, in order to operate effectively, they must establish their enterprise as a five-star tourist enterprise to bypass restrictive import laws.

Unfortunately this process has proven extremely lengthy and in most cases, involves additional expenses to meet the higher standard. The investors in one franchise outlet in 1998 encountered substantial difficulties with government authorities invoking little-known (and not universally enforced) regulations prohibiting the use of foreign names in business establishments.

At present, direct marketing does not exist in Syria. The Syrian government forbids the importation of many consumer items, such as toys, finished clothing, processed foods, most types of footwear, cosmetics, and pharmaceuticals that are locally produced, although as earlier mentioned, significant import liberalization is occurring vis-à-vis other Arab countries.

SELLING FACTORS AND TECHNIQUES

For marketing purposes, Syria is best divided into two zones, Damascus and Aleppo. Approximately four million of Syria's 17 million people live in the vicinity of Damascus. As the center of government activity, Damascus is the major contact point for selling to the public sector. In addition, a significant portion of private sector trading and industrial activity is located in the capital.

Aleppo, Syria's second largest city, with a population of about three million, is becoming Syria's main center for private sector industrial development, especially textiles, food processing, pharmaceuticals, glass, and metal production. According to the Aleppo Chamber of Industry, the city boasts over 38,000 industrial firms, over half of which are textile companies (two-thirds of Syria's textile industries are located in Aleppo). The secondary cities of Hama, Homs, Latakia, Tartus, and Dayr al-Zur also offer marketing opportunities. Many Syrian traders are experienced international businessmen. Government bureaucrats, who are somewhat less experienced with global business practices, often prove among the toughest negotiators. Many businessmen are multilingual (Arabic/English/French), while many government officials speak only Arabic.

Negotiations for a sale, whether with a government agency or a private individual, will be extremely protracted and are often exasperating to Western companies. Offering one's best price at the beginning, therefore, is ill-advised.

Government agencies follow a practice called "price-breaking." After tender envelopes are opened, bidders are invited to participate in a meeting in which the purchasing agency requests that each bidder revise his price. Such meetings can become an open auction, and sometimes the company with the lowest original bid does not win the contract. It is fairly common that bidders are able, through agents and other contacts, to gain access to proprietary information about competing bids.

PRICING PRODUCT AND LICENSING

Syrian consumers are very price conscious. U.S. firms considering the Syrian market are advised to review every component in the pricing process. Syrian importers interested in buying U.S. products often complain about the high cost of transporting products from the U.S. to Syria relative to transportation costs from Europe.

ADVERTISING AND TRADE PROMOTION

With the expansion of product availability following the government's relaxation of import restrictions on many consumer goods over the past several years, the Syrian retail market is becoming increasingly competitive. Television and newspaper advertising has become more widespread. Responding to this increase in demand, some private advertising/public relations firms have opened. Employing desktop publishing techniques, they have considerably raised the quality of advertising standards, although the sector is still in its infancy for a market this size. Government-controlled newspapers charge foreigners steep rates, demanding about \$1,900 for a 1/4-page newspaper ad, while the base rate for a 30-second TV spot ranges from \$400 to \$750 plus a 15-60 percent tax and mark-up.

For advertising purposes, the following government-owned local newspapers are available throughout Syria:

TESHREEN: Kornishe al-Midan, P.O. Box 5452, Damascus, Syria; fax: (963-11)223-1374, 224-6860; phones: 224-7049, 2131100/1/2; e-mail: daily@teshreen.com.

AL-THAWRA: Kaffar-Souseh Square, P.O. Box 2448, Damascus, Syria; fax: (963-11)221-6851, 2232018, 2224335; phone: 963-11-221-0850, 222-2399, 221-0850, 222-2911, 222-4369, 221-5645, 221-2436; e-mail: thawra@net.sy.

AL-BAATH: Mazzeh Street, P.O. Box 9389, Damascus, Syria; fax: (963-11)662-2099, 662-2140; phone: 661-7674, 661-8937, 662-2143, 661-7616, 661-7678; e-mail: baath-n@net.sy.

SYRIA TIMES: (an English language daily newspaper targeted at the Western audience), Midan Street, P.O. Box 5452, Damascus, Syria; fax: 963-11-223-1374; phone: 224-7359, 224-7049, 889-6902/3/4; e-mail: syriatimes@teshreen.com.

GOLAN: (the daily bulletin of official tenders), P.O. Box 2842, Damascus, Syria; fax: (963-11)222-0754; phone: 222-5219.

Last year, a private advertising firm, AL-DALIL, began offering advertising services through its own advertising pamphlets at a considerably lower rate of about \$300. They can be reached at the following address:

AL-DALIL: Mazzeh Highway, behind the Saudi Consulate, P.O. Box 5014, Damascus, Syria; phones: (963-11) 611-6250, 611-6206, 611-6210; fax: (963-11) 611-6240

Since 1998, local promoters have held a number of new trade shows in both Damascus and Aleppo. U.S. firms have participated successfully in a number of these shows. Specialized trade shows provided opportunities for market development in computers, medical equipment, industrial goods, tourism, textiles, agricultural and food-processing products and equipment, and construction equipment (see Appendix G). The Syrian government also hosts an annual International Fair of Damascus in August/September and a Book Fair in September.

Since 1995, the privately sponsored SIFA fair has emerged as a significant general trade show in Syria. Under new management and renamed SIMA (Syrian Industrial Marketing Fair) in 1999, the event proved an attractive showcase for many local and foreign companies, as well as foreign embassies' commercial services. In May 2000, the U.S. Embassy for the first time in over 20 years, hosted a U.S. Pavilion in SIMA. In April 2000, for the second time, the Syrian government organized a successful trade show for the petroleum industry. The event drew many U.S. companies, particularly oilfield service companies. In September 1998 and 1999, a Syrian exhibition company, in cooperation with the Canadian Embassy, held a 5-day fair called "Intertech." A follow-on fair "Intertech 2000", is scheduled for September 25 – 29, 2000. A list of Syrian trade events and trade show promoters can be found in Chapter XIII. The Embassy actively promotes Syrian participation in U.S. trade shows, and there is growing interest among the Syrian private sector in these events.

SALES SERVICE AND CUSTOMER SUPPORT

In a country where technical skills are scarce, companies offering responsive, reliable, and competent customer service establish strong reputations which help increase their sales. Hiring a Syrian agent/distributor and/or training customer support staff in the U.S. also provides greater product credibility.

GOVERNMENT PROCUREMENT PRACTICES

Government organizations procure goods and services through complex tendering procedures outlined in Decrees Number 195 (1974) and Number 349 (1980) which can be obtained from the Syrian Ministry of Economy, or it can be requested from the American Embassy in Damascus, Economic/Commercial Section. The buyer must solicit bids by announcing his requirements through the "Daily Bulletin of Official Tenders." (Note: Announcement of tenders with deadlines of less than 45 days is not uncommon). Offers accompanied by a bid bond ranging between 1-5% of the offer value may be submitted either directly by the foreign company, or through the company's registered Syrian agent. Before a Letter of Credit (L/C) is opened, the supplier must submit a 10% performance bond. The Commercial Bank of Syria requires that all bonds (bank guarantees) be issued according to the "Syrian official text." Since 1987, most government tenders have included a clause allowing the bidder to cancel his offer at six-month intervals if a letter of credit is not issued, provided a written notice is rendered in a timely manner. Furthermore, the same regulations allow proportional payment of performance bonds. Nevertheless, it is extremely common for foreign companies to face difficulties in obtaining prompt and complete return of their performance bonds. In recent years, several companies have either taken their cases to arbitration or have abandoned the market because of unsuccessful attempts to recoup this deposit.

Given these obstacles, few U.S. firms have competed successfully in public tenders outside the oil/gas industry in recent years. Therefore, U.S. firms interested in Syrian public tenders need a clear understanding of the regulations, the bid evaluation process, and oftentimes, a capable and well-connected agent. The Embassy commercial section publishes a document with further guidance on bidding on public sector tenders.

Note: The Embassy has a long-established policy of not permitting the use of its address, or the addresses of commercial officers as a local address (domicile) for U.S. companies bidding for Syrian public tenders. We recommend engaging the services of a local attorney for this purpose.

V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

BEST PROSPECTS FOR NON-AGRICULTURAL GOODS AND SERVICES

1. Oil and Gas Exploration Equipment, Piping, and Supplies (OGM, OGS): The Al-Furat Petroleum Company, which produces 360,000 bpd of crude oil, plans to invest several hundred million dollars in oil and gas infrastructure during the next five years. In addition, the Dayr al-Zur Petroleum company produces 60,000 bpd. They will continue their own development and infrastructure investment program. A \$420 million gas recovery project (gas injection, gathering,

and a pipeline) for fields in Dayr al-Zur was finalized in March 1999 with Conoco of the U.S. and Elf Aquitaine of France. The Syrian Petroleum Company, which produces 130,000 bpd, is looking for foreign investors to help boost recovery rates for heavy crude fields in northeast Syria, and may be more receptive to the concept of granting wider decision-making powers to foreign oil companies than in the past. Mol of Hungary, Elf, and Shell Petroleum signed new exploration agreements in 1997. Seismic work has been completed, and exploration drilling commenced in early 1998. Ina Nafta Plin of Croatia signed an exploration contract in the Palmyra area in June 1998, with seismic works expected in the next several months. Several new pipeline projects have been tendered in 1999.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	200	150	250
Total local production (\$ million)	0	0	0
Total exports (\$ million)	0	0	0
Total imports (\$ million)	200	150	250
Total imports from U.S. (\$ million)	25	40	100

The above statistics are unofficial estimates.

2. Telecommunications (TEL, TES): Nearly all fields of telecommunications in Syria have undergone extensive development and modernization, from voice and data telephone systems to the Internet. Sweden's Ericsson is supplying and supervising the installation of one million telephone lines, a project expected to be completed in 2004. Siemens of Germany is expanding the number of switches to 400,000, and a Syrian-Korean joint venture company is locally manufacturing and installing the last 250,000 rural switches. Ericsson is executing inter-city fiber optic links, while both Bosch (for the microwave component) and Samsung (for the fiber optic component) are conducting the supply and supervision for the installation of the links between rural centers. Ericsson will supply computer equipment for three new billing centers. The Syrian Telecommunications Establishment (STE) also is expected to announce a tender for a GSM cellular telephone network in July 2000 on a BOT (Built-Operate-Transfer) basis for 500,000 - 800,000 lines. Internet in Syria (via STE) is now available to government, public, and private sectors. The Syrian government is expected to permit the private sector to provide Internet services in Syria (ISPs). There is expected to be strong demand for both cell phone service and Internet. STE has announced several tenders including a tender for the modernization of the Syrian public switched data network, VHF radio paging system, GIS, WLL (Wireless Local Loop) and DPS (Digital Pair gain System). Finally, STE will offer pre-paid telephone cards in July 2000.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	150	150	100
Total local production (\$ million)	1	2	2
Total exports (\$ million)	0	0	0
Total imports (\$ million)	149	148	98

Total imports from U.S. (\$ million)	20	15	10
--------------------------------------	----	----	----

The above statistics are unofficial estimates.

3. Electricity (ELP): The Public Establishment for Power Generation and Transportation (PEEGT) continues to pursue its ambitious plans for the coming years. The most important development in the power sector is the regional project to create an electricity grid between Syria, Lebanon, Jordan, Egypt, Iraq, and Turkey. The link-up with Jordan was completed by the Indian KEC company on a turnkey basis. The related 400/230 KV substations are still under construction by Siemens of Germany. The connection with Turkey is being constructed by Galkon of Turkey. During the second half of 2001, PEEGT will announce a tender for the grid connection with Lebanon. In addition, current plans call for the conversion of Syria's existing gas power plants, namely Nasriyeh, Tishrin, Zeizun, Sweidiyeh, and Tayyem, from simple cycle to combined cycle. A tender to convert Nasriyeh plant has already been announced. Financing for these projects has been partially secured from the Abu Dhabi and Kuwait Development Funds. Recently, PEEGT announced a tender for the construction of a \$35 million national control center that will be financed by the Arab Fund for Economic and Social Development. The Technical Committee is expected to complete the evaluation of submitted offers in July 2000. During the second half of 2000, PEEGT is expected to announce a tender for the rehabilitation and upgrading of Baniyas and Mahardeh power stations. The financing to upgrade these plants was secured from Japan and Italy. In addition, PEEGT will soon release tenders for the construction of Gas Insulated Switchgear (GIS) in Damascus and Aleppo as well as outdoor substations. The EU is considering the financing of these \$60 million projects. Finally, PEEGT plans to purchase and import 400 kilometers of 230 KV overhead transmission lines as well as low and medium voltage wooden poles. PEEGT is currently negotiating with Finland and Saudi Arabia for those deals. PEEGT also plans to construct twenty 230 and 66 KV substations, and import 7 transformer stations. Iran and Saudi Arabia will most probably be awarded the tenders. Foreign donors are financing, or will finance, most of these projects. PEEGT is seriously considering the establishment of future power generation plants on the basis of POOT (Pay, Own, Operate, and Transfer). There are numerous commercial opportunities for U.S. companies for the supply of equipment and technology.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	150	120	100
Total local production (\$ million)	1	1.5	1.5
Total exports (\$ million)	0	0	0
Total imports (\$ million)	149	118.5	98.5
Total imports from U.S. (\$ million)	20	10	10

The above statistics are unofficial estimates.

4. Cotton Yarn Spinning: Until recently, cotton yarn spinning was monopolized by the government. Under Investment Law Number 10, the government allowed private sector investors to establish integrated factories (spinning, weaving, finishing, and final garment

manufacturing). As a result, some private investors obtained licenses from the Supreme Council of Investment for establishing such facilities. According to the best available information, however, only one manufacturer has to date started operation. As part of the Syrian government's plan to increase the export of manufactured cotton rather than raw cotton, two public sector cotton spinning facilities were constructed in Latakia and Idlib. A third plant in Jablah will have a production capacity of 24,000 tons. Moreover, another plant in Latakia will expand production by 12,000 tons bringing Syria's cotton yarn production to 90,000 tons per year in 1999. If financing is secured, the SARG hopes to expand its spinning capacity to 300,000 tons of lint per year.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	200	100	100
Total local production (\$ million)	0.3	0.3	0.3
Total exports (\$ million)	12	14	20
Total imports (\$ million)	199.7	199.7	100
Total imports from U.S.(\$ million)	14	15	0

The above statistics are unofficial estimates.

5. Fertilizer and chemical processing plants (AGC, CHM): This sector continues to receive special attention from the Syrian government. Although raw materials (rock phosphate and energy in the form of natural gas) are available, the country still imports over 300,000 tons of fertilizers per year to meet agricultural sector demand. The Ministry of Industry plans to construct a 500,000 ton per year triple super-phosphate (TSP) plant in Palmyra close to the phosphate mines and a 800,000 ton per year urea plant in Al-Hasakah near the oil fields. Arab Development Funds have been earmarked for the partial funding of the TSP project.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	250	250	250
Total local production (\$ million)	45	45	45
Total exports (\$ million)	0	0	0
Total imports (\$ million)	205	205	205
Total imports from U.S. (\$ million)	0.5	0.5	0.5

The above statistics are unofficial estimates.

6. Irrigation Equipment (AGM): Syria's economy is highly dependent on agriculture, yet only 20 percent of the total planted acreage is irrigated. The Ministry of Irrigation has ambitious plans to install irrigation and drainage systems in northeast Syria to increase irrigated areas by about 350,000 hectares, to reach 25 percent of planted acreage. At present, irrigation systems are being installed to cover approximately half this area. There are also plans to install high capacity pumps and systems along the Tigris river to irrigate an additional 150,000 hectares. Improving efficiency over the near-term will allow irrigation of a maximum area with diminishing water

supplies. Utilizing more efficient irrigation systems such as sprinkler or drip irrigation will become increasingly necessary with increased demand.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	50	60	50
Total local production (\$ million)	5	5	5
Total exports (\$ million)	0	0	0
Total imports (\$ million)	45	55	50
Total imports from U.S. (\$ million)	10	12	12

The above statistics are unofficial estimates.

7. Silo Storage for Grain: The Syrian government is progressing with its plan to increase silo storage capacity to meet increasing demand. The General Establishment for Cereal Processing and Trade plans to construct 20-25 metal silos, 12,000 tons capacity each, per year over the next 4 years. The Establishment has completed the construction of 25 silos since 1997 while 20 other silos are currently under construction. The Establishment has contracted with a Spanish company to construct another 20 silos beginning in 1998. In addition, concrete silos are being expanded by about 400,000 tons over the coming few years. Finally, the SARG is discussing the possibility of constructing concrete silos (of one million ton capacity) in cooperation with Iran. Indeed, Syria's debt agreement with Iran in May 1999 provides for financing for the silo project.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	10	10	10
Total local production (\$ million)	0	0	0
Total exports (\$ million)	0	0	0
Total imports (\$ million)	10	10	10
Total imports from U.S.(\$ million)	10	N/A	N/A

The above statistics are unofficial estimates.

8. Pharmaceuticals: Since the implementation of Law No. 10 in 1990, 2,650 products are being manufactured in the local market, out of which only about 100 are covered by the Public Sector. The number of manufacturing facilities at present amount to 55, with a few more to be licensed in the future. These factories cover about 88% of the local market; Saydalaya (formerly Pharmex), a public sector company (Ministry of Health), covers the other 12%. Out of these factories, 13 produce under trademark license to U.S. and European pharmaceutical companies. But most of the medicines produced locally are generic because of the high cost of name brand products. Factories producing under license are not allowed to export their products, except for the allocation given to Iraq under the "Oil for Food Program" by UN agreement (Syria's share in 1999 was \$40 M). Other exports from local factories (not under license) are negligible, and target Yemen and Sudan exclusively. The import of medicines as finished products remains very limited, and is mostly limited to those for diabetes, cancer treatment, injectable hormones and vaccines for human and

animal use. Hence the importance of raw materials for the production of medicines which are imported the Middle East, Europe, the U.S. and recently, South Africa. Other raw materials used in the pharmaceutical industry, such as packaging and cartons, are imported mostly from Turkey and Italy. Production facility equipment, i.e. air conditioners, air-handling units, and production machinery are mainly imported from India, Europe, and the U.S. Analytical laboratory equipment is imported from Germany, the U.S., Japan and the UK, while chemical reagents and solvents are imported, in decreasing order, from Germany (mostly Merck), France and Switzerland.

	1998	1999	2000
	-----	-----	-----
Total Market Size (\$ million)	116	125	125
Total Local Production (\$ million)	0	0	0
Total Exports (\$ million)	0	0	5
Total Imports (\$ million)	110	116	120
Total Imports from the U.S. (\$ million)	6	6	7

The above statistics are unofficial estimates.

9. Medical Equipment and Supplies: Several ideas for medical projects, encouraged by the newly amended Investment Law No. 10, are under consideration, but preliminary feasibility studies are not, as of yet, available. Among the many projects considered: manufacturing of dental accessories; manufacturing of various kinds of vaccines; manufacturing of reactive materials for both the pharmaceutical and medical industries; production of medications for cancer, and blood derivatives; production of medical accessories: gloves, surgical threads, plasters, syringes, etc, and other medical equipment; production of hospital furniture. The decline in imports is due to the fact that there were practically no new hospitals built this year (only one private hospital complex, Al-Abbaseyeen), and no major government tenders were awarded, except for one calling for the supply of optical equipment and supplies, amounting to about \$ 3.5 million. The private sector, through agents, generally does the importing; however, used medical equipment is not permitted.

	1998	1999	2000
	-----	-----	-----
Total Market Size (\$ million)	54	59	30
Total Local Production (\$ million)	3	3	5
Total Exports (\$ million)	0	0	1.5
Total Imports (\$ million)	51	56	25
Total Imports from the U.S. (\$ million)	6	6	3

Above statistics are estimates, and include medical, dental, X-rays and laboratory equipment.

10. Computers (CPT): The latest statistics show a tremendous increase in the computer market, with sales up by 20% for brand name computers, and 40% for components and other assembled products. By the end of 1999, total imports exceeded USD 50 million. Of that amount, 30% was accounted for by brand name products such as Compaq, IBM and Macintosh, 45% for non-brand

products assembled outside Syria, and the remaining 25% for components. Local production has witnessed steep growth, reaching an average of USD 2.5 million monthly (USD 30 million in 1999). Because of the high cost of imported computers, brand name computers are mostly sought after by only the upper segment of the market, hence accounting for the increase in local production. Presently, only 15% of government offices and entities are computerized. But with the recent introduction of the Internet and the promise of the further development in the information technology field, Syria will undoubtedly witness a boom in the demand for computerization. A few government tenders are for bid this year: one for the Agricultural Bank of Syria for USD 1.5 million and three, totaling about USD 1.5 million, for STE (Syrian Telecommunications Establishment).

	1998	1999	2000
	-----	-----	-----
Total Market Size (\$ million)	27	40	80
Total Local Production (\$ million)	10	25	30
Total Exports (\$ million)	0	0	0
Total Imports (\$ million)	17	15	50
Total Imports from the U.S. (\$ million)	7	8	10

The above statistics are unofficial estimates.

11. Tourism: With its strategic location, moderate climate, and historical sites representing several ancient civilizations, Syria possesses wide but largely untapped tourist potential. The government has established a Supreme Council for Tourism to facilitate investments in this sector, and has exempted tourism projects from taxes, fees, and customs duties. There has been a noticeable increase in the number of five-star restaurants in Damascus in the past two years, although none reflecting foreign investments. In 1997, a Saudi investor obtained approval for the establishment of a five-star Four Seasons hotel in Damascus, and construction has recently begun. The first amusement park, also established by a Saudi group, opened in April 1998 and a Kuwaiti backed company opened a hotel in a resort area near Damascus in August 1998. A new hotel is currently under construction/outfitting in Latakia, and will be a welcome addition to the limited accommodations of this Mediterranean city. The Sheraton is planning two new hotels, one in Aleppo and one in Seidnaya, and the Conrad Hilton group is also looking at options. In 1999, the Saudi bin Laden group has been trying to get permission for a large entertainment/shopping complex in Damascus, but negotiations are proving difficult. Syria suffers from a shortage of hotels of all price ranges as well as other kinds of tourism-related facilities such as international restaurants, theaters, major car-rental chains, and entertainment activities. Investors have complained about government regulations that make it difficult to maintain their facilities or upgrade them.

12. Port Facilities: The Japanese and Syrian governments are negotiating a \$100 million loan for dredging Syria's two existing ports at Latakia and Tartus, and for the construction of two new ports to the south of Tartus of which one will be for waste products. The Japanese International Cooperation Agency (JICA) has completed a study for the development of the Syrian ports, which currently operate at 60% of their capacity. In addition, Syria plans to purchase two \$16

million vessels from China and two \$43 million vessels from Germany to handle increasing trade. The Islamic Development Fund expressed willingness to finance the purchase of these new vessels.

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

Corn, soybeans and soy products, rice, cigarettes, vegetable seeds, and almonds will continue to be the leading U.S. agricultural exports to Syria. The first soybean crushing facility started operation in October 1995, and is crushing about 90,000 tons of soybeans per year imported from the U.S.

	1998	1999	2000
	-----	-----	-----
Total market size (\$ million)	95	110	120
Total local production (\$ million)	25	25	25
Total exports (\$ million)	0	0	0
Total imports (\$ million)	70	85	95
Total imports from U.S. (\$ million)	30	50	60

The above statistics are unofficial estimates.

VI. TRADE REGULATIONS, CUSTOMS, AND STANDARDS

MEMBERSHIP IN FREE TRADE ARRANGEMENTS, TARIFFS AND NON-TARIFF BARRIERS

Syria has free trade arrangements with Jordan, Lebanon, Egypt, and Saudi Arabia for selected animal products and manufactured goods that do not compete with the local industry.

In concert with certain members of the Arab League, and in a step towards the Greater Arab Free Trade Area, Syria agreed with some Arab countries to reduce customs on industrial products by 10% every year as of January 1, 1998. Similarly, Syria and Lebanon agreed to reduce their customs on locally-manufactured goods by 25% every year as of the same date. Both agreements have entered into force, although there are some exemptions for locally manufactured products. Syria exported a recorded \$84.6 million in agricultural products to Lebanon in 1998, although the volume of unrecorded agricultural exports to Lebanon is unknown. Agricultural imports from Lebanon are negligible.

TARIFF RATES

All goods imported into Syria are subject to customs duty and "unified" tax. Duty rates are progressive and range from 1%-200%, depending on the government's view of the necessity of a product. Food and industrial raw materials carry relatively low rates, while rates between 150%-250% are imposed on luxury items such as automobiles. The unified tax is a surcharge on all imported goods, and its proceeds are allocated to the military, schools, and municipalities. Unified tax rates range from 6%-35% and are collected by the Customs Department. Customs procedures are cumbersome, tedious, and time-consuming because of complex regulations. Producers often complain that it may take up to six months to import spare parts for their plant. Both international financial institutions and the European Union, which is working with the Syrian government on economic and particularly financial sector reforms, have recommended simplification of the customs tariffs and unification of customs exchange rates.

Custom Duty Percentage	Unified Tax Percentage
1	6
2	11
3-6	12
7-11	13
12-18	14
19-23	15
24-28	16
29-30	17
31-36	18
37-40	19
41-45	20
46-50	21
51-55	22
56-59	23
60-64	24
65-69	25
70-74	26
75-78	27
79-83	28
84-88	29
89-93	30
94-98	31
99-100	32
OVER 100	35

Below are examples of custom duties applied to a selection of imported products:

- a. Raw material inputs and medicines are taxed 1% at the rate of 11.2 SP/USD.
- b. Equipment for local factories is taxed between 1-20% at the rate of 46 SP/USD.
- c. Major food products such as rice, sugar, tea, and wheat are taxed between 1-7% at the rate of 11.2 SP/USD, while newly permitted food products are taxed between 30-50% at 46 SP/USD.
- d. Small electronic equipment (such as radios and VCRs) are taxed between 30-50% at 46

SP/USD; medical equipment is taxed at 7% at the 11.2 SP/USD rate; computers at 29% at the rate of 23 SP/USD.

e. Passenger vehicles under 1000 kg in weight are taxed at 150%, over 1000 kg passenger vehicles are taxed at 200% (plus 35% unified tax). Passenger sedans are charged customs duties at 46 SP/USD, and other vehicles are charged at the 23 SP/USD rate.

PROHIBITED IMPORTS AND U.S.-IMPOSED EXPORT CONTROLS

Prohibited imports include weapons, narcotics, furniture, and products that compete with locally produced goods, including cheese and fruits (except for bananas), ready-made clothing, processed foods (except for canned fish), some pharmaceuticals (only the government is permitted to import ready-made medicines), cosmetics, satellite dishes, modems, some toys, beer and tobacco (only the government can import alcoholic beverages and cigarettes), bottled water, soft drinks, and curtains. Recent trade liberalization with Arab countries, however, is gradually narrowing the range of prohibited imports.

Syria appears on the U.S. list of state sponsors of terrorism. The export of high technology products to Syria is, therefore, highly restricted. U.S. exporters of dual use items or high-technology products should apply for export licenses which are considered on a case-by-cases basis.

IMPORT TAXES AND LICENSE REQUIREMENTS

Registered Syrian and resident expatriate merchants and industrialists must obtain an import license issued by the Ministry of Economy and Foreign Trade (or its affiliated directorates) for permitted products. To obtain an import license, about 2-3 weeks are required.

CUSTOMS REGULATIONS AND CONTACT INFORMATION

Prior to December 1993, the Customs Service valued imported articles using the "official" rate of exchange, 11.2 SP/USD. As imports have been gradually liberalized, the exchange rates of applied tariffs have also been modified. For example, duties on imports permitted only recently (such as telephones, fax machines, and previously banned consumer electronic goods) are now valued at the neighboring country rate of 46 SP/USD. For further information, contact:

General Directorate of Customs
Major general Adel Abdul-Al
Director General
Baramkeh, Damascus, Syria
Telephone: 2121701, 2123937, 2121700/1/2,
Fax: 2126921

TEMPORARY GOODS ENTRY REQUIREMENTS

The Syrian government grants temporary entry, free of customs duties and unified tax, for the

following:

1. **Large Projects:** A foreign company executing a project in Syria is entitled to temporarily import any equipment necessary for the completion of the project. When the work is completed, the company must then re-export all equipment and vehicles. Several companies have experienced difficulties re-exporting equipment, especially computers and vehicles.
2. **International Organizations:** International organizations are entitled to import vehicles, furniture, and necessary equipment.
3. **Tourists:** Tourists are entitled to bring in and use for personal travel passenger vehicles (for a period of 3 months).
4. **Trade Shows:** Trade show participants may import temporarily goods for display, but must re-export them at the conclusion of the event. Occasionally, the Syrian authorities permit the permanent importation of goods that are displayed during the government-organized Damascus International Fair.
5. **Exporting manufacturers:** Under a special procedure, local manufacturers are granted temporary entry permit for raw materials duty-free if the resulting manufactured products are destined totally for export. With the first steps towards establishing a free trade union with Lebanon in 1999, the government is reviewing possible easing of tariffs on raw materials.
6. **Projects under Law 10:** 1991 Investment Law 10 permits investors duty-free import of machinery, capital equipment, and supplies needed for the projects. However, customs duties are imposed on all raw materials for manufacturing.

SPECIAL IMPORT/EXPORT REQUIREMENTS AND CERTIFICATIONS

To import to Syria, Syrian traders must present the following documents:

1. Bill of lading.
2. Valid import license.
3. Commercial invoice in triplicate copies describing the type of goods, price, basic specifications, and method of payment. The exporter should also include two statements on the invoice. The first attests to whether the exporter has an agent in Syria, and the second involves the Arab League boycott of Israel. U.S. exporters should obtain competent advice regarding U.S. Anti-Boycott regulations before proceeding from the U.S. Department of Commerce, Office of Anti-Boycott Compliance, telephone: (202) 482-2381; Fax: (202) 482-0913.
4. Packing list in triplicate.
5. Certificate of origin in triplicate.

All documents should be certified by the Chamber of Commerce and the Syrian Embassy in the country of origin. To export, a Syrian company must be registered with a Syrian Chamber of

Commerce. Goods leaving the country must be accompanied by a commercial invoice certified by the Chamber of Commerce and a packing list.

Syria enforces the Arab League Boycott of Israel. Goods of Israeli origin are prohibited for import into Syria. In addition, all imported goods must come directly from the country of origin, with some exceptions. These exempted items include: harvesters, automobiles spare parts, commodities exchanged on the open markets (rice, sugar, coffee), refrigerated containers, and large construction equipment.

The exporting of Syrian goods requires no license. The exporter must prepare the following documentation:

1. An invoice certified by a local chamber of commerce.
2. Certificate of origin.
3. A customs document of description.
4. Except for fruit and vegetable exports, an exporter must produce a bank guarantee stating that hard currency earnings will be returned to Syria within four months (for goods exported to Arab countries), and within six months (for goods exported to other nations). The period for repatriating earnings may be extended up to nine months.

Foreign importers of Syrian goods need not worry about Syrian export controls, as there are experienced local shipping agents who can take charge of all export responsibilities. Exporters are taxed on their export earnings at rates between 1.5% and 3% of the value of the product(s) shipped. Some products are subject to an export retention fee up to 25% which must be deposited at the Commercial Bank of Syria at less favorable exchange rates. This amounts to a 4-7% increase on the net cost of exported goods.

LABELING

Medicines, food, dairy and other consumer products must be labeled. The labeling should include: name of producer/exporter, ingredients, date of manufacturing, and date of expiration. Medications also require a batch number.

WARRANTY AND NON-WARRANTY REPAIRS

Syrian law has no provisions for warranty and non-warranty repairs. However, some producers of certain appliances do provide warranties without provision for government enforcement.

FREE TRADE ZONES/WAREHOUSES

The General Organization of Free Zones (GOFZ) was established in 1972 to promote foreign investment in Syria and to exploit Syria's economic potential and historic role as a "commercial bridge" between East and West. Foreign-owned firms share the same investment opportunities in these areas as indigenous entities.

Free zones are located in the ports of Latakia and Tartus. In addition, there is one free zone each near the border town of Dar'a (a joint venture between Syria and Jordan); in Adra (north of Damascus); in Aleppo; at Damascus Airport; and in Damascus.

The government provides the following benefits to companies operating in the free zones:

- a. No import licensing requirement for inputs and goods entering the zones. Importers need only present a manifest as documentation and for inspection purposes. Only military and other prohibited items are excluded.
- b. No re-export regulations or restrictions are imposed except for military and internationally prohibited items.
- c. All goods entering and stored in the zones are exempt from local taxes and duties.
- d. All foreign exchange operations are free of applicable currency restrictions.
- e. Any commodity permitted to be imported into Syria can be imported from free zone manufacturing facilities, but an import permit is required.

V. INVESTMENT CLIMATE STATEMENT

OPENNESS TO FOREIGN INVESTMENT

The Syrian government has opened the door to foreign investors since 1991 -- and is particularly keen to increase its skills base through foreign companies -- but it has not fully adopted the strong legal framework that both foreign investors and Syrian expatriates demand. Most representatives of foreign firms find Syria's business environment a difficult one, although recent Syrian government moves to improve the investment climate may ameliorate this perception over time.

The government has passed four key pieces of legislation since 1985 to encourage foreign investment. In 1985, the SARG issued "Decision 186" to encourage investment in tourism. In 1986, the government issued "Decree 10" To encourage the establishment of joint-venture agricultural companies. In June 1991, as part of its overall reform program to encourage the private sector, the government passed a new investment law -- "Law number 10" -- to promote investment in all sectors of the economy. The new law offers the same incentives to local and foreign investors. In May 2000, this law was amended by "Decree 7" to make investment in Syria more attractive by extending tax holiday periods, increasing hard currency flexibility, reducing income taxes for share-holding companies, and incorporating additional sectoral and regional incentives.

Specifically, companies that receive licenses under the new laws are accorded duty-free privileges for the machinery and equipment for a project, including vehicles, and a tax holiday for the first five years of operation. Companies that export over 50% of their products enjoy a seven-year tax holiday. All applications for investment under Law 10 and Decree 7 must be screened and vetted through the Higher Council for Investment. The Council meets once a month. Members include the Prime Minister, his two deputies, and the Ministers of Economy,

Agriculture, Transportation, Supply, Industry, Planning, Finance, and the Director of the Investment Bureau. No definitive criteria for approving investment is made explicit under the two laws, but the council is more likely to approve a project if it:

- Maximizes the use of local resources
- Utilizes advanced technologies
- Boosts exports
- Creates jobs
- Advances the government's development plans
- Locates in remote underdeveloped areas such as the governorates of al-Hasaka, al-Raqqqa, and Dayr al-Zur.

Most foreign investment in Syria has been in the oil and gas exploration sector. Beginning in the late 1980s, the government actively courted international energy companies to sign concession agreements for oil and gas exploration. In 1990, twelve foreign firms had production operations in Syria, but today only five remain (Shell, Elf, Mol, Ina Nafta Plin, and Conoco). Western firms departed because of disappointments over dry wells, rising costs, and friction with the Syrian government over contractual terms and tax liabilities.

Foreign company representatives have mentioned several difficult aspects of doing business in Syria, citing both Syrian and U.S. government policies and restrictions.

- The Syrian government requires that export and import licenses be obtained for every single item imported and then re-exported, regardless of value. Likewise, foreign companies must acquire temporary permits for each item of equipment intended for temporary use and subsequent re-export (i.e. drilling rigs) to avoid paying import duties. These permits can be difficult to extend if the company's service contract has expired, and if it wants to keep the equipment in-country for stand-by usage. Delays in the re-export of equipment after a temporary permit expires have drawn heavy fines.
- U.S. foreign policy sanctions and individual validated licensing requirements imposed on "dual use" items such as computer equipment, oil exploration technology (including global positioning systems, telecommunications and direction-finding equipment), often complicate U.S. exporters' efforts to market their goods competitively.
- The "Grassley Amendment" prevents U.S. companies from taking advantage of foreign tax credits for taxes paid in Syria. Note: as of February 1, 2001, the president of the U.S. will have the authority to waive the impact of the Grassley Amendment.
- Syrian corporate tax liabilities for U.S. subcontractors have long been unclear and continue to complicate operations of many companies, particularly in the oil/gas sector.
- The awarding of contracts is often delayed by lobbying efforts of special interest groups. Even in cases where special influence is not brought to bear, the mere perception of systemic opacity also leads to delays. In these cases, government decision-makers fear false accusations of abuse

and often engineer additional reviews of investment proposals that are not required by law and inordinately delay projects. The Syrian government has in recent months, however, reiterated its commitment to increase the degree of transparency in the process.

- The Syrian government continues to set prices on some goods/commodities such as some food products and in transformative industries, which limits the investor's ability to recoup his investment, although the enforcement of such controls has waned.
- Public sector wages are constricted by law and now comprise only about 30-40% of a minimum subsistence wage. Thus, employees in the public sector (with whom dealings are extensive, even for private sector ventures) are often unmotivated and unproductive, or demand "fees" for even the most routine services.
- Labor laws are complex and limit employers' flexibility.
- Zoning and rent laws make it difficult to lease commercial properties and make landlords reluctant to lease residential properties because tenants are not easily evicted.

CONVERSION AND TRANSFER POLICIES

The new investment laws set no limits on the inflow of funds. Beneficiaries under the laws are permitted to open foreign exchange accounts with the Commercial Bank of Syria. An investor must deposit 100% of all foreign exchange capital and hard currency loans secured by the project at the Commercial Bank of Syria. The recently adopted Decree 7 permits exporters to retain 100% of their export revenues.

Outward capital transfers and profit remittances are prohibited, unless approved by the Prime Minister or sanctioned under Law 10 or a specific arrangement, as in the case of production sharing agreements concluded with oil exploration companies. Under Decree 7, the project's actual (not just initial) value may be repatriated after five years from the project completion date (six months, if the project fails due to events beyond the control of the investor). Profits continue to be remittable on an annual basis even if no hard currency was generated. Expatriate employees are permitted to transfer abroad 50% of their salaries, and 100% of severance pay. In the case of foreign oil companies, "cost recovery" of exploration and development expenditures is governed by formulas specifically negotiated in the applicable concession agreement.

Foreign oil partners in production sharing joint ventures with the state oil company report delays in the recognition of "cost recovery" claims, although such payments are eventually approved.

The private sector has had no access to official foreign reserves since 1984. All foreign exchange operations must be generated from company exports and transacted through the investor's foreign exchange account at the Commercial Bank of Syria. No mechanism exists in the parallel "gray" foreign exchange market, funded from permitted private sector retained export earnings, for the repatriation of capital and profits.

Strict foreign exchange restrictions are enforced outside the concessions granted under Law 10/1991 and Decree 7/2000, although recent legal changes now permit the possession of foreign exchange. The export of capital requires the approval of the central bank, as does overseas borrowing (although these restrictions are often breached). Foreign companies operating outside the two investment laws may transfer capital only in accordance with special agreements, usually in the form of a presidential decree, which allow their operation in Syria.

EXPROPRIATION AND COMPENSATION

There have been no expropriations of private property for public use since the mid 1980s. Although protection against expropriation is not explicitly stated in Investment Law 10, older investment laws include such clauses, which presumably remain valid and applicable. Decree 7, adopted in May 2000, explicitly states that projects cannot be nationalized or expropriated.

DISPUTE SETTLEMENT

Few investment Disputes have occurred during the past several years. The few that have transpired have typically been settled (often with long delays) through negotiations or via arbitration clauses in contracts. While a number of U.S. suppliers have asserted claims against state enterprises for non-payment on goods and services delivered, the Syrian government, working closely with the Commercial Bank of Syria, has taken steps since early 1995 to settle some of these debts on a case-by-case basis.

Property and contractual rights are protected by the constitution and enforced by law. However, there is considerable government interference in the court system and judgments by foreign courts are generally accepted only if the verdict favors the Syrian government. Although a written bankruptcy law exists, it is not applied fairly and creditors may or may not salvage their investment. Monetary judgments in such cases are made in the local currency, which cannot be converted to hard currency.

Syria is a party to The New York convention on arbitration. The government accepts binding international arbitration of investment disputes between foreign investors and the state in cases where the investment agreement or contract includes such a clause. Otherwise, local courts have jurisdiction. Arbitration cases involving the public sector must be tried by the "State Council," which has a positive record of ensuring the integrity of the process. Awards to foreign companies have been carried out in Syria.

PERFORMANCE REQUIREMENTS/INCENTIVES

Apart from specifying a minimum investment of ten million Syrian pounds, Investment Law 10 and amendments to it (Decree 7) have no formal performance requirements. For example, foreign investors are not required to employ a fixed proportion of local labor, although there are reports that informal guidelines are negotiated on a case-by-case basis during the licensing process. Investors' access to foreign exchange is limited, as it is a function of the value of a company's exports. Proprietary information may also have to be disclosed for project approval.

The ministry of supply and internal trade has the authority to set prices and/or profit margins for products destined for the local market, but so far, foreign investors have not encountered problems as a result of this practice. Under Investment Law 10 and the changes to it under Decree 7, there are additional incentives for investment in rural areas and for those companies that use local raw materials.

Prior to coming to Syria, all U.S. citizens must obtain an entry visa that may be procured from the Syrian Embassy in Washington. Although there are no discriminatory or excessive visa, residence, or work permit requirements, if an individual wishes to remain in Syria longer than 14 days, that person must register with the government and acquire a temporary residence permit (in addition to the entry visa). The Syrian government will not grant entry to persons with passports bearing an Israeli visa or entry/exit stamp, or to persons born in the Gaza strip or of Gazan descent. U.S. citizens wishing to visit Syria should obtain a consular information sheet for updates on travel information.

RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

All major private investment projects must be licensed. Over the past few years, the Syrian government has steadily opened sectors formerly reserved to government monopolies to private sector investment. Key sectors opened since 1994 include flour milling, sugar refining, cotton ginning and spinning, and cement manufacturing. The Syrian government has stated publicly that the Higher Council of Investment is open to any and all proposals for investment, in any industry and on any scale. Nevertheless, state enterprises with a competing interest in a proposed project are routinely consulted by the Investment Council. Several projects that have been approved have not reached the implementation stage.

The standard of competitive equality is not applied to private enterprises competing with state enterprises in a number of important areas. For example, although a number of state banks, such as the real estate and industrial banks, are authorized to loan local currency to help finance private sector projects, state enterprises continue to have privileged access to local credit and exclusive access to official loans from the Commercial Bank of Syria. However, private companies can sometimes access offshore financing, and if they locate in the country's free zones, may soon be able to access financing from local branches of private foreign banks. Likewise, according to local business sources, state enterprises have priority in the allocation of commodities and material produced by other state enterprises. Public sector firms also appear to have greater access to public services, such as electricity and telecommunications.

The government has rejected privatization of state enterprises as a strategy on ideological grounds, and also because of the unmarketability of most state enterprises and the continued dependence of the national work force on public sector employment. Although the government seems to be working on identifying means to make the public sector more competitive (allowing it to appoint agents to market the products abroad, pursuing ISO certification for some

companies, and freeing others, on an experimental basis, from certain restrictive laws on labor and wages), more steps are needed to improve both profitability and competitiveness.

PROTECTION OF PROPERTY RIGHTS

Syria's legal system recognizes and facilitates the transfer of property rights, including intellectual property rights. Acting on Syrian law, the government has raided shops known to pirate computer software. In April 1995, the Syrian government announced its intention, in principle, to join the Paris Union for the International Protection of Industrial Property. The government also stated that it is considering joining the 1967 Stockholm Intellectual Property Rights Agreement.

Below are specific legal protections for patents, copyrights, and trademarks:

- Patents: These are issued for fifteen-year periods, provided the invention has been utilized within two years after the patent was granted.
- Copyrights: Most books printed in Syria are in Arabic and by Arab authors. However, instances of copyright infringement have occurred, especially of Arabic translations of English texts. Pirated records, cassettes, videos, and CD's are widely available.

Despite government efforts, pirated computer software is also readily available. The amount of revenue lost to U.S. copyright holders has been minimal, but growing use of computers and the high cost of the legal product in a low income market may exacerbate the problem. Enforcement and litigation are not widely pursued, in part because foreign companies do not perceive the threat to be large and in part because the legal protection is assumed to be thin.

The motion picture industry estimates the home video market in Syria is 100% pirated, and has expressed concern over hotel video offerings. Additionally, 100% of both Arab and non-Arab commercial music products are pirated.

- Trademarks: These may be registered for ten-year periods. The first applicant is always entitled to registration. There are several local imitations of U.S. restaurant chains and food products, clothing, footwear, and perfumes.

TRANSPARENCY OF THE REGULATORY SYSTEM

The Syrian regulatory system is not oriented toward promoting competition either among private firms or between private and state enterprises. Regulations enforced by the ministry of supply are aimed at promoting consumer protection by preventing hoarding and price gouging. Nevertheless, to foster competition, the government has put public sector enterprises on notice that they will no longer be permitted to monopolize entire sectors, particularly if private capital, foreign or domestic, can be attracted to finance projects.

As for fiscal and welfare regulations, such as tax, labor, safety, and health laws, these appear to be enforced without discrimination. Bureaucratic procedures for licensing and necessary documentation move slowly and require official approval from many levels within the government. Under-the-table payments are often required as corruption is endemic at nearly all levels of government.

EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

The absence of organized capital, foreign exchange, and financial markets continues to be an important impediment to private investment, both domestic and foreign. In 1994, the Parliament approved legislation authorizing the re-opening of the Damascus stock market; however, it still awaits the president's approval. In a symbolically important first step toward financial modernization, the government issued regulations in June, 2000 for the operation of private foreign banks in Syria's free zones. The government continues to impose strict foreign exchange controls, especially on currency outflows for private sector operations outside the specific concessions granted under the new investment law.

Government policies do not facilitate the free flow of financial resources. Foreign capital can be brought into the country, but must be exchanged at the unfavorable exchange rate of 46 SP/USD, which is about 4-8% less than the free market rate. Additionally, investors wishing to repatriate their funds may only do so from hard currency earnings generated from exports.

There are no foreign banks operating in Syria. In June, 2000, however, the government issued a decision allowing private and foreign banks to establish branches in Syria's seven free zones. All Syrian banks are government-owned and offer only rudimentary banking services. Bank computerization is still in its infancy, and low salaries impede recruitment of talented managers. Local and foreign investors have been able to acquire small loans (in local currency) from local banks through very complicated and impractical procedures. Instances of large loans are rare.

Legal, regulatory, and accounting systems are consistent with international norms in theory. In reality, however, local businesses do not comply with these regulations in order to avoid confiscatory tax rates.

There are no stock or bond markets in Syria.

POLITICAL VIOLENCE

Syria offers an extremely safe environment in terms of personal security, and the country has enjoyed about 30 years of political stability. However, a deteriorating economy, the stalled middle east peace process, regional tension related to Iraq, and uncertainty regarding the transition to a new president after the death of long-time President Hafiz al-Asad give some cause for concern to investors.

CORRUPTION

Syrian laws prohibit corruption and the acceptance of bribes or kickbacks. The Central Commission for Control and Inspection is responsible for oversight and enforcement of these laws, and indeed this agency wields considerable authority. Both the party offering "incentives" and the intended recipient are subject to imprisonment and/or confiscation of property. Beginning in mid-1998, newspaper accounts of misappropriation of public funds and lack of probity among public officials began appearing with increasing frequency, and some officials were jailed for apparent corruption, or placed under investigation for abuse of power. Legal measures taken against former Prime Minister Mahmoud al-Zu'bi, his former deputy and a former minister of transport are prominent recent examples of the government's anti-corruption campaign. However, incomes and benefits are so low in the public sector that fringe benefits and excessive "agency" fees are widely tolerated as means of supplementary compensation, especially in government procurement, investment licensing, and import licensing. The corruption cuts across most sectors of society, and touches certain aspects of the legal system as well.

BILATERAL INVESTMENT AGREEMENTS

Syria and the U.S. signed an investment guarantee agreement on August 9, 1976 that protects investments from nationalization and confiscation. Similar agreements are also in force with Germany, France, Pakistan, China, Indonesia, Russia, Belorussia, Iran, and Switzerland. In addition, since the Gulf War, a number of bi-national committees have been established with Gulf Arab countries to explore private and mixed joint ventures.

OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

U.S. businesses may not utilize OPIC or other official insurance programs due to Syria's inclusion on the State Department's list of state sponsors of terrorism. For the same reason, the Export-Import Bank, Small Business Administration, Commodity Credit Corporation and the Trade Development Agency may not extend financing for U.S. exports to Syria. USAID assistance to Syria was terminated in 1983, a ban that applies to any funds appropriated pursuant to annual foreign operations appropriations acts.

LABOR

The private sector has been able to recruit both skilled and professional labor. On the other hand, state enterprises have difficulty attracting qualified personnel, due to low salaries (the average public sector wage is between \$80-100/month). To resign from their positions, public sector employees must obtain permission, which is often difficult. Low public sector wages also keep wages in the private sector depressed, since there are few options for alternative employment.

The government-controlled Syrian General Federation of Trade Unions (GFTU) oversees all aspects of union activity. The GFTU is affiliated with the International Confederation of Arab

Trade Unions. In the public sector, unions do not normally bargain collectively on wage issues, but there is some evidence that union representatives participate with the representatives of the employer and Ministry of Labor in establishing sectoral minimum wages. In a country whose major industries are state-owned, workers make up the majority of each board of directors and union representatives are always included on these boards. They also monitor and enforce compliance with the labor law. In the private sector, unions are active in monitoring compliance with the laws and ensuring workers' health and safety. Unions can undertake negotiations for collective contracts with employers, but there is no information available on whether such contracts envision that unions can also sue and be represented in court. The government has continued to resist the abolition of the minister of labor's power over collective contracts. Organized unions do not seem to have a role in determining receptivity to foreign investment.

FOREIGN TRADE ZONES/FREE PORTS

In May 2000, a Syrian-Jordanian free zone was inaugurated on the Syrian-Jordanian border. Six other free zones exist in Syria. There are no free ports in Syria.

FOREIGN DIRECT INVESTMENT STATISTICS

Official foreign investment statistics by country are not available. According to press reports, some 1,520 projects -- both foreign and Syrian -- valued at about 311 billion Syrian pounds (approximately USD 6.5 billion at the free market rate) have been approved through June 2000 under the new investment law since its issuance in 1991. About 250 projects occurred in new fields that were either unavailable in Syria or monopolized by the government. However, only a small percentage of approved projects have even begun construction, much less operation.

Currently, several foreign firms have an investment presence in Syria, mainly in the oil and gas exploration field. They are Shell, Conoco, Elf, Mol, and Ina Nafta Plin. Other foreign investors include Mitsubishi, Samsung, Mobil, Nestle, Dupont, Gray-Mackenzie, and Prince Walid bin Talal of Saudi Arabia (Four Seasons Hotel chain). Foreign and joint-venture investment projects in Syria number 320 at a total value of about 140 billion Syrian pounds (USD 2.9 billion).

CAPITAL OUTFLOW POLICY

Except for transfers made under 1991's Investment Law 10 and 2000's Decree 7, capital outflow is absolutely prohibited. According to these laws, investors who would like to repatriate their capital or transfer their profits may do so. This hard currency must then be generated from export proceeds. The private sector depends heavily on illegal money transfers to finance its imports, transactions which subject importers to the risk of imprisonment.

VIII. TRADE AND PROJECT FINANCING

BANKING SYSTEM

Syria's government-controlled banking system consists of five banks: The Commercial Bank of Syria, the Agricultural Cooperative Bank, the Industrial Bank, the Real Estate Bank, and the People's Credit Bank. The Central Bank of Syria manages the money supply. According to Syrian bank regulations, only the Central Bank and the Commercial Bank may engage in international transactions and hold foreign exchange deposits outside Syria. Within Syria, only the Commercial Bank may sell Syrian pounds for foreign currencies. Except for a few exemptions, unused Syrian pounds cannot be sold back to the Commercial Bank.

Recently, the Ministry of Economy and Foreign Trade announced that foreign banks could be established in Syrian free zones. However, as of this writing, none has been established.

FOREIGN EXCHANGE CONTROLS AFFECTING TRADE

Besides monopolizing the exchange of foreign currencies, the Syrian government maintains one of the last remaining fixed, multiple exchange rate systems in the world. At present the government conducts some of its calculations at the "official" rate of 11.2 SP/USD, while it conducts some others at the "neighboring country" rate of 46 SP/USD. However, virtually all transactions occur at either the "neighboring country" rate, the "offshore" rate, negotiated in the free markets of Amman or Beirut, which until recently ranged between 48 and 50 SP/USD but has now moved closer to 46 SP/USD, or the "export dollar" rate, which ranges between 50 and 53 SP/USD.

GENERAL AVAILABILITY OF FINANCING

Because Syria remains on the list of state supporters of terrorism, U.S. Eximbank and OPIC financing and insurance are unavailable to U.S. exporters. For the same reason, USAID is not present in Syria. Although Syria resumed payments to the IBRD in 1996, project loans will not be approved until the 5-year repayment schedule is completed. The World Bank Group's IFC, however, has begun to finance private sector projects in Syria. Syria has received some project financing from Japan, the EU, and various Arab national and multinational institutions. Projects financed include upgrading the national telephone system, construction of several electrical power plants, purchase of heavy equipment for land reclamation, and road construction.

AVAILABILITY OF GSM CREDIT GUARANTEES

Not applicable in Syria.

AVAILABILITY OF LOAN GUARANTEES, INSURANCE AND PROJECT FINANCING FROM THE U.S. EXPORT-IMPORT BANK, AND OPIC

Not applicable in Syria.

FINANCING AND METHODS OF PAYMENT TO EXPORT FROM THE LOCAL ECONOMY

In general, private Syrian traders finance imports from their own resources or through their own credit. Major importers dealing with large foreign firms may also have established credit lines. Contracts with the private sector are negotiated on an individual basis with little or no interference from the government. All documentary transactions for imports must be by a letter of credit (L/C) opened at the Commercial Bank of Syria. Typically, the Bank requires the importer to cover 100% of the transaction from his own resources offshore or from funds generated by exports.

Syrian importers often require that one of the following two clauses be added to the pro forma invoices and bills of lading as payment conditions, "free of payment" or "180-day credit facilities." In this case, the importer pays through his offshore bank, either cash in advance, or via L/C, and the bill of lading is then sent to the Commercial Bank of Syria. In such instances, U.S. exporters are well advised to avoid delayed payment or the "cash against documents" mechanism, since the U.S. exporter has no protection under such a transaction and the Commercial Bank of Syria has no authority to release funds under such a clause. Moreover, the importer could simply walk away from the contract even after the goods are shipped.

Alternatively, an importer may use foreign exchange earned from exports (export dollars) and deposit it in the Commercial Bank of Syria. The foreign exchange used to cover an L/C opened at the Commercial Bank may be his own, or purchased in an informal secondary market. Beginning in 1994, and in successive rounds in following years, the Syrian government has transferred goods from the list of items that can be financed from offshore accounts to the list of items that must be purchased with export dollars. Whatever the source of funding, it is strongly recommended that U.S. exporters sell their goods to Syrians under "cash in advance" or

"confirmed irrevocable letters of credit" until a satisfactory relationship with the Syrian importer has been established.

For its contracts, the Syrian government will open an L/C only after the contractor has posted a five to ten percent performance bond to ensure that goods will be delivered within the stated time of delivery, free of defects, and identical to the offer in both quality and quantity. Posting these bank guarantees has been a constraint for U.S. firms wishing to do business in Syria because suppliers' banks often lack correspondence arrangements with the Commercial Bank of Syria. Again, U.S. commercial financing is not a practical way to do business with Syrian firms because foreign exchange impediments make it impossible to guarantee a loan or credit facility for a Syrian beneficiary.

LIST OF BANKS WITH CORRESPONDENT U.S. BANKING ARRANGEMENTS:

- Central Bank of Syria
- Commercial Bank of Syria

U.S. Banks in New York with known correspondent Syrian banking arrangements:

- Arab American Bank, New York
- Bank of New York, New York
- Morgan Guarantee Trust Company, New York
- Credit Lyonnais, New York
- Citibank, New York

IX. BUSINESS TRAVEL

BUSINESS CUSTOMS

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; telephone: (202) 512-1800; fax: (202) 512-2250. Business travelers to the Syrian Arab Republic seeking appointments with U.S. Embassy Damascus officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at (963-11) 333-1342 or fax at (963-11) 224-7938.

TRAVEL ADVISORY AND VISAS

1. Personal entry requirements

Passport: Required

Visa: Required

Health & Immunization: Certificates are required of all travelers arriving from infected areas. Currently there are no AIDS test requirements for short-term visitors. The Syrian government will not grant entry to persons with passports bearing an Israeli visa or entry/exit stamp, or to persons born in the Gaza Strip or of Gazan descent. Dual national males are subject to Syrian military duty laws.

2. Embassy information

Syrian Embassy in the United States:

Address: Embassy of the Syrian Arab Republic,
2215 Wyoming Ave., Washington, D.C. 20008
Telephone: (202) 232-6313, Fax: (202) 234-9548

U.S. Embassy in Syria:

Address: Abou Roumaneh, 2 Al-Mansour Street, P.O. Box 29, Damascus, Syria
Telephone: (963-11) 333-1342, Fax: (963-11) 224-7938
After hours emergencies: (963-11) 333-3232

Holidays

The Syrian Arab Republic will observe the following holidays in 2001:

January 1	(New Year's Day)
March 8	(Revolution Day)
March 5-8	(Muslim Feast of the Sacrifice)1/
March 21	(Mother's Day)
March 25	(Muslim New Year)1/
April 15	(Easter)
April 17	(Independence Day)
May 1	(Labor Day)
May 6	(Martyrs' Day)
June 3	(Prophet's Birthday)1/
October 6	(October War)
December 16-18	(Al-Fitr Holiday)1/
December 25	(Christmas Day)

1/ Based on lunar calendar. Exact date to be confirmed.

Work week:

Government: Saturday through Thursday, 8:00 am - 2:00 pm.

Private Sector: Saturday through Thursday, 9:00 am - 2:00 pm and 5:00 pm - 8:00 pm.

Embassy: Sunday through Thursday, 8:00 am - 4:30 pm.

X. ECONOMIC AND TRADE STATISTICS

Appendix A: DOMESTIC ECONOMY

	1998	1999	2000
	-----	-----	-----
- Real GDP (billion USD)*	15.9	N/A	N/A
- Real GDP growth (percent)**	7.8	N/A	N/A
- GDP per capita (USD)***	1,020	N/A	N/A
- Government spending as percent of GDP****	35	N/A	N/A
- Inflation (percent)	-0.8	-1.7	N/A
- Unemployment (percent)*****	7	7	7
- Foreign exchange reserves	N/A	N/A	N/A
- Average exchange rate for USD 1.00*****	49.27	48.78	N/A
- Debt service ratio (million USD)	N/A	N/A	N/A
- U.S. economic/military assistance	0	0	0

Notes:

All figures above reflect official Central Bank and/or Central Bureau of Statistics data. Given multiple exchange rates and other issues affecting official data, their reliability is subject to question.

* Given ongoing recession since 1997, GDP certainly fell in 1998 and 1999. The magnitude of the drop is unknown at this time.

- ** The official figure of 7.8% is not credible, and calls into question several other official data.
- *** Given the likely overstatement of GDP itself in official statistics, GDP per capita is likely in the \$800-900 range, and likely fell both in 1998 and 1999 by a magnitude of up to 4% each year. In addition, official population and population growth figures are also subject to question.
- **** Actual revenues and expenditures are unknown, detracting from the significance of this figure.
- ***** According to private sources, the unemployment rate is 20% or higher.
- ***** This reflects a weighted average determined by the Central Bank. The average of the semi-official “Neighboring Country” buy and sell rates remains 46.25. The official rate of 11.25, as well as other rates, remain in effect for certain transactions and accounting procedures. The parallel rate ranged from above 51 in 1998 to less than 47 in mid-2000.

Appendix B: TRADE STATISTICS

(In billions of USD)

	1998 1/	1999 1/	(Jan-Mar) 2000 2/
	-----	-----	-----
- Total Exports	2.9	3.5	1.0
- Total Imports	3.9	3.8	1.0
- U.S. Exports	0.18	0.17	0.06
- U.S. Imports	0.05	0.10	0.03

1/ Imports and exports are calculated at the official rate of exchange of 11.2 SP/USD

2/ As of January 1, 2000, the SARG began calculating imports and exports at the neighboring country rate of 46 SP/USD

XI. U.S. AND COUNTRY CONTACTS

U.S. EMBASSY TRADE CONTACTS:

Telephone: (963-11) 333-1342; Fax: (963-11) 224-7938

Daniel Rubinstein: Economic/Commercial Head of Section
Mary Brett Rogers: Economic/Commercial Officer
Christopher Molnar: Economic/Commercial Officer
Benjamin Watson: Economic/Commercial Officer

Thomas Pomeroy
Agricultural Counselor
U.S. Embassy Cairo
Tel: (20-2) 357-2388
Fax: (20-2) 356-3989

COUNTRY TRADE ASSOCIATIONS/ CHAMBERS OF COMMERCE

The Federation of Syrian Chambers of Commerce: President: Dr. Ratib Shallah, P.O. Box 5909, Damascus, Syria; Telephone: 963-11-3311756, 3337344, 3311504; Fax: 963-11-3331127

Damascus Chamber of Commerce: President: Dr. Ratib Shallah, P.O. Box 1040, Damascus, Syria; Telephone: 963-11-2245475, 2232348, 2211339; Fax: 963-11-2225874

Damascus Chamber of Industry: President: Dr. Yahya Hindi, P.O. Box 1305, Damascus, Syria; Telephone: 963-11-2222205, 2213475, 2215042; Fax: 963-11-2245981

Aleppo Chamber of Commerce: President: Mr. Mohammed Saleh Al-Mallah, P.O. Box 1261, Aleppo, Syria; Telephone: 963-21-2238236, 2269910, 2238237; Fax: 963-21-2213493

Aleppo Chamber of Industry: President: Mr. Muhammad Oubari, P.O. Box 1859, Aleppo, Syria; Telephone: 963-21-3620600/1/2, 3639700; Fax: 963-21-3620040

Homs Chamber of Commerce and Industry: President: Mr. M. Walid Tuleimat, P.O. Box 440, Homs, Syria; Telephone: 963-31-471000, 469440; Fax: 963-31-464247

Hama Chamber of Commerce and Industry: President: Mr. 'Izzat Habbal, P.O. Box 147, Hama, Syria; Telephone: 963-33-233304, 517700; Fax: 963-33-517701

Latakia Chamber of Commerce and Industry: President: Mr. Kamal Ismail Al-Assad, P.O. Box 124, Latakia, Syria; Telephone: 963-41-479530/1; Fax: 963-41-478526

Tartus Chamber of Commerce and Industry: President: Mr. Abdul-Razak Mansour, P.O. Box 403, Tartus, Syria; Telephone: 963-43-329851/2; Fax: 963-43-329852

Dayr Al-Zur Chamber of Commerce and Industry: President: Mr. Bashir Tu'meh, Dayr Al-Zur, Syria; Telephone: 963-51-222091; Fax: 963-51-224756

SYRIAN GOVERNMENT CONTACTS

Organization: Ministry of Petroleum and Mineral Resources

Contact Name: Dr. Mohammed Maher Jamal

Contact Title: Minister

Address: Adawi, Damascus, Syria

Telephone: 4415921, 4455972, 4445610

Fax: 4457786

Ministry of Irrigation

Mr. Taha al-Atrash

Minister

Fardous, P.O. Box 4451, Damascus, Syria

Telephone: 2228571, 2221400/1/2/3

Fax: 2246888

Ministry of Agriculture and Agricultural Reform

Mr. Ass'ad Mustafa

Minister

Hijaz Square, Damascus, Syria

Telephone: 2221513/4, 2213613/4

Fax: 2244078

Ministry of Transport

Mr. Makram Obeid
Minister
Abou Rumaneh, P.O. Box 134, Damascus, Syria
Telephone: 3316840, 3336801/2/3
Fax: 3332172

Ministry of Finance
Dr. Mohammed Khaled Mahayni
Minister
Seven Fountains Square, Jul Jammal Street, P.O. Box 13136, Damascus, Syria
Telephone: 2220200/1/2/3, 2211300/1/2/3,
Fax: 2224701

Ministry of Economy and Foreign Trade
Dr. Mohammed Al-Imadi
Minister
Salhiyeh, P.O. Box , Damascus, Syria
Telephone: 2225695, 2215172, 2213513/4
Fax: 2225695

Ministry Supply and Internal Trade
Mr. Usama Ma'albared
Minister
Barzeh, Damascus, Syria
Telephone: 5137266, 5137466, 5137271, 5137334, 5137338/9
Fax: 5122390

Ministry of Electricity
Mr. Muneeb Sa'em Al-Dahr
Minister
Jisser Victoria, Kouwatly Street, P.O. Box 4900, Damascus, Syria
Telephone: 2248111, 2223086
Fax: 2227736

Ministry of Health
Dr. Iyad Shati
Minister of Health
Najmeh Square, Parliament Street, Damascus, Syria
Telephone: 3339600/1/2, 3322226/6, 3311020/1/2/3
Fax: 3311114

Syrian Petroleum Company (SPC)
Dr. Ahmad Mou'alla
Director General
Fardos, Mutanabi St., P.O. Box 2849, Damascus, Syria
Telephone: 2235566, 2314850/1,2/3/4
Fax: 2225648, 2225643, 2210953

Al-Furat Petroleum Company (AFPC)
John Macolm
General Manager
Mazze, Writers' Union Building, P.O. Box 7660, Damascus,
Telephone: 6181688, 6183333
Fax: 2238104, 6184444
e-mail: afpc@net.sy

Syrian Petroleum Transport Company
Mohammed Duba
Director General
P.O. Box 13, Baniyas, Syria
Telephone: (043) 711300
Fax: (043) 710418

Syrian Crude Oil Transport Company
Nizar Shmaliyeh
Director General
P.O. Box 331, Homs, Syria
Telephone: (031) 516417
Fax: (031) 470167

Public Establishment for Power Generation and Distribution
Zaki Odeh
Director General
P.O. Box 3386, Damascus, Syria
Telephone: 2248965, 2119934/5/6/7
Fax: 2229062, 2129981

Public Establishment for Power Distribution and Exploitation
Mr. Najati Jawdat
Director General
Jissre Victoria, Kouwatli Street, P.O. Box 35199, Damascus, Syria
Telephone: 2245926
Fax: 2223686

General Organization for Engineering Industries
Ziad Qatini
Director General
P.O. Box 3120, Damascus, Syria
Telephone: 2121824/5, 2121816, 2122650
Fax: 2123375

Syrian Telecommunications Establishment (STE)
Mohammad Ma'rouf
Director General
Mezzeh, Damascus, Syria
Telephone: 2240300, 6122210
Fax: 2242000

General Organization for Cement and Building Materials
Ziyad Kalash
General Director
Mazzeh, Western Villas, P.O. Box 5265, Damascus, Syria
Telephone: 6117333, 6117666, 6117444, 6118444
Fax: 6117111

General Organization for Textile Industries
Ghazi Khadra
Director General
P.O. Box 620, Damascus, Syria
Telephone: 2215262, 2216200, 2227158
Fax: 2216201

General Organization for Chemical Industries
Zaid Al-Hariri
Director General
Baramkeh, P.O. Box 5447, Damascus, Syria
Telephone: 2127654, 2123363, 2122743, 2122917, 2122362
Fax: 2128289

General Organization for Food Industries
Dr. Khalil Jawad
Director General
P.O. Box 105, Damascus, Syria
Telephone: 2244021, 2225290/1
Fax: 2234428

Foreign Trade Organization for Machinery and Equipment (SAYARAT)
Muhammad Salim Dalloul
General Director
P.O. Box 3130, Damascus, Syria
Telephone: 2218223, 2218156
Fax: 2211118

Supreme Council for Investment
Mr. Mohammed Sarakbi
Director
Baghdad Street, Dahdah stop, Damascus, Syria
Telephone: 4410448, 4412039
Fax: 4428124

General Directorate of Ports
Mr. Ali Razouk
Director General
P.O. Box 505, Latakia, Syria
Telephone: (041) 471577, 473333, 473876
Fax: (041) 475805

General Establishment for Cereal Processing and Trade
Hunein Al-Nimer
Director General
P.O. Box 4106, Damascus, Syria
Telephone: 2317541, 2318364, 2318713
Fax: 2312369, 2319561, 2314785

Cotton Marketing Organization
Dr. Ahmad Sohad Jbara
Director General
P.O. Box 729, Aleppo, Syria
Telephone: (021) 2239495/6/7/8
Fax: (021) 2218617

Foreign Trade Organization for Chemical and Foodstuffs
Riyadh Malek
Director General
P.O. Box 893, Damascus, Syria
Telephone: 2228521, 2218919, 2213524
Fax: 2226927

General Organization for Free Zones
Mohammad Ghatfan al-Rifai
Director General
Jamarek Square, Damascus, Syria
Telephone: 2122951, 2123834
Fax: 2134104

Directorate of Trade and Industrial Property Rights
Mohammad Ghazi Noor
Acting Director General
Barzeh
Telephone: 5121104
Fax: 5120107

COUNTRY MARKET RESEARCH FIRMS

Arthur Andersen
Mr. Fuad Horani
Tel: 6110539, 6117441, 6118042
Fax: 6113006

Saatchi & Saatchi
Mr. Haytham Joud
P.O. Box 34737, Damascus, Syria
Tel: 5426546
Fax: 5426547

Architectural Consulting Engineers (A.C.E.)
Mr. Louai Rajab & Mr. Usama Nahas
Tel: 5122910
Fax: 5113938

Economic & Trade Studies and Consultancy
Mr. Mounir Al-Hemish
P.O. Box 12376, Damascus, Syria
Tel: 3312392
Fax: 3312401

Administrative, Finance, and Economy
Dr. Khaled Abdulnoor
P.O. Box 1859, Aleppo, Syria

Tel: (021) 2666956
Fax: (021) 2313571

Marketing & Management Studies Center
Dr. Hassan Al-Nouri
P.O. Box 10246, Damascus, Syria
Tel: 2210068
Fax: 2210067

The Syrian Consulting Bureau
Dr. Nabil Sukkar
P.O. Box 12574, Damascus, Syria
Tel: 2225946
Fax: 2231603

Commerce and Engineering Consultants
Dr. Ramez Raslan
Malki, P.O. Box 6136, Damascus, Syria
Tel: 3733956, 3730771
Fax: 3733955

Consulting, Management, and Contracting Company
Mr. Hani Sawaf
P.O. Box 3858, Damascus, Syria
Tel: 3331226, 3321466, 3324887
Fax: 3333031

The Syrian Center for Consulting, Research, Training, and Business Administration
(Financial, Investment, Banking, Economic, & Management Consulting Services)
Dr. M. Ayman Midani
P.O. Box 7825, Damascus, Syria
Tel: 3316075
Fax: 3313000

Arab Quality Makers
Mr. Hassan Hamwi
P.O. Box 3304, Damascus, Syria
Tel: 3316522, 3316137
Fax: 3316522

COMMERCIAL BANKS

Commercial Bank of Syria: Director General: Mr. Mahmoud Mithqal, Yousef Al-Azmah Square, P.O. Box 933, Damascus, Syria; Telephone: 221-4508; Fax: 221-6975, 222-8524

WASHINGTON-BASED USG CONTACTS

U.S. Department of State
Office of Business Affairs
Telephone: (202) 647-3953

U.S. Department of State
NEA/ARN, Syria Desk
Jillian Burns
U.S. Department of State
Washington, D.C. 20520
Telephone: (202) 647-1131
Fax: (202) 647-0989

U.S. Department of Commerce
Office of the Near East
Thomas A. Sams
U.S. Department of Commerce
Washington, D.C.
Telephone: (202) 482-1860
Fax: (202) 482-0878
e-mail: tom_sams@ita.doc.gov

Office of Antiboycott Compliance
Bureau of Export Administration
U.S. Department of Commerce
HCHB, BXA, Rm 6098
14th St. & Constitution Ave, N.W.
Washington, D.C. 20230
Robert Diamond
Policy Director
Tel: (202) 482-2381
Fax: (202) 482-0913
e-mail: rdiamond@bxa.doc.gov
www.bxa.doc.gov

Office of Export Licensing/Enforcement Support
Bureau of Export Administration
U.S. Department of Commerce
Mark D. Menefee
Tel: (202) 482-2252

Fax: (202) 482-0964
e-mail: eemm@bxa.doc.gov

Office of Strategic Trade and Foreign Policy Controls
Bureau of Export Administration
U.S. Department of Commerce
Tel: (202) 482-0092
www.bxa.fedword.gov

U.S. Department of Commerce
Bureau of Export Administration
Foreign Policy Controls Division
14th & Pennsylvania Avenue, N.W.
Room 2620, Mail Stop 2705H
Washington, D.C. 20230
Karen Vogel
Tel: (202) 482-2365
Fax: (202) 482-6088
e-mail: kvogel@bxa.doc.gov

U.S. Department of Treasury
Office of Foreign Assets Control
Tel: (202) 622-2000
Fax: (202) 622-6415
e-mail: dennis.wood@do.treas.gov
www.treas.gov/ofac

Mr. Paul Hoffman
Africa and Middle East Area Officer
Room 5094-S
U.S. Department of Agriculture
14th & Independence St., S.W. 20250
Tel: (202) 720-7053
Fax: (202) 720-5183
e-mail: hoffmanp@fas.usda.gov

XII. MARKET RESEARCH

USDA/FAS/Commodity Reports and Market Briefs:

- Grain and Feed Annual Report
- Cotton Annual Report
- Tree Nuts (pistachios) Annual Report

USFCS Reports and Market Briefs:

- The Country Commercial Guide Report (CCG)
- Investment Climate Statement (ICS)
- The Trade Act Report
- American Firms Operating in Syria and their Representatives
- Translation of Law Number 195 (Tender Regulations)

XIII. TRADE EVENT SCHEDULE

World of Beauty 2000: Cosmetics, Perfumes, Gifts, Hair & Body Care. July 21 - 24, 2000 (Intraco)

Ideal Home Exhibition: August 5-8, 2000 (Al-Bajaa)

International Fair of Damascus: August 28 - September 15, 2000 (Directorate of the Damascus Fair)

Syria Motex: August 30 - September 3, 2000 (Al-Yaman)

Intertech 2000: September 25 – 29, 2000 (Arab-Canadian Company for Trade and Exhibitions)

FoodExpo: The 5th International Exhibition for Food Filling and Packaging, Hotel and Restaurant Equipment and Supplies, September 26-29, 2000 (United)

Matex: October 4 - 8, 2000 (Al-Yaman)

International Book Fair: October 11 – 21, 2000 (Al-Asad Library)

Made in Syria: October 13-17, 2000 (Al-Yaman Fairs)

World of Beauty 2000: November 2000 (Intraco)

Detergents, Soaps. and Cosmetics Fair: November 1 - 5, 2000 (Al-Yaman)

The 10th Central Agricultural Exhibition: November 8 - 12, 2000, (Ministry of Agriculture)

Food, Printing & Packaging Exhibition: November 15 - 19, 2000 (Al-Yaman)

Computer, Communications, & Office Equipment Exhibition: November 18-21, 2000 (al-Bajaa)

Computers Exhibition: November 21 - 24, 2000 (Al-Yaman)

Damascus Tourism Fair: November 23 – 25, 2000, (Ministry of Tourism)

Motex 2001: February 21-25, 2001 (United)

SyrAuto 2001: April 2001, (Allied)

Al-Basel Exhibition for Inventions: April 2001, (Ministry of Supply and Internal Trade)

Agrimex 2001: April 11 - 15, 2001 (Al-Yaman)

Syrian Information Society Exhibition: April 24 - 30, 2001, (Syrian Information Association)

Architex 2001: April 25 - 29, 2001 (Al-Yaman)

Supermarket 2001: May 1 - 15, 2001 (Arab-Canadian Company for Trade and Exhibitions)

Cominex 2001: May 4 - 8, 2001 (Al-Yaman)

Buildex 2001: May 10-14, 2001 (Arabian Group)

SIMA: May 25-29, 2001, (SIMA)

Syria Medicare 2001: June 20-24, 2001, (United)

World of Beauty: July 1 - 4, 2001 (Intraco)

Agritex 2001: July 2001, (Atassi)

Plastex 2001: July 2001, (Atassi)

Kids 2001: August 9 - 13, 2001 (Al-Yaman)

Intertech 2001: September 24 – 28, 2001 (Arab-Canadian Company for Trade and Exhibitions)

Gatimech 2001: October 3 - 7, 2001 (Al-Yaman)

International Book Fair: October 11 – 21, 2001 (Al-Asad Library)

Made in Syria 2001: October 17 - 21, 2001 (Al-Yaman)

World of Beauty 2001: November 2001 (Intraco)

Plastic 2001: November 1 - 5, 2001 (Al-Yaman)

Foodex 2001: November 8 - 11, 2001 (Al-Yaman)

Contact Information for Trade Show Organizers:

United for Exhibitions and Media Services

Mr. Ayman Shama'a

P.O. Box 6454, Damascus, Syria.

Tel: 963-11-331-2123

Fax: 963-11-331-2423

The Arabian Group

Mr. 'Ala' Ra'eef Hilal

P.O. Box 2683, Damascus, Syria

Tel: 963-11-3737444/8/9

Fax: 963-11-3737446

Allied Trading Enterprises

Mr. Nawar Succar

P.O. Box 3993, Damascus, Syria

Tel: 963-11-3324801/2/3

Fax: 963-11-3321250

Media Line

Mr. Mohieddin Sa'diyeh

P.O. Box 25877, Damascus, Syria

Tel: 963-11-4454510

Fax: 963-11-4428217

Al-Yaman fairs

Mr. Ahmad Ajam

P.O. Box 3225, Aleppo, Syria

Tel: 963-21-3623000, 3623200, 3623400

Fax: 963-21-3623401

Al-Baja'a for Fairs & International Conferences

Mr. Mohammad Nabil Marzouk

P.O. Box 30463, Damascus, Syria

Tel: 963-11-2245890
Fax: 963-11-2233119

Al-Atassi for Exhibitions
Mr. Ghazi Atassi
P.O. Box 7904, Damascus, Syria
Tel: 00963-11-231-9797
Fax: 00963-11-231-2693

The Directorate of the Damascus International Fair
Mr. Imad Zu'bi
Tel: 00963-11-223-2116
Fax: 00963-11-224-5546

SIMA
Mr. Basel Hamdoun
P.O. Box 33743, Damascus, Syria
Tel: (963-11) 3325235, 3325245
Fax: (963-11) 3325223

Arab-Canadian Company for Trade and Exhibitions
Dr. Moudar Hweijeh
P.O. Box 36699, Damascus, Syria
Tel: 3311040, 3311060
Fax: 3334103

Syrian Information Association
Dr. Mazen Arafeh
Tishrin Park
Damascus, Syria
Tel: (963-11) 3736156
Fax: (963-11) 3736155

Ministry of Agriculture & Agricultural Reform
Mr. Ass'ad Mustafa
Minister
Hijaz Square
Damascusm Syria
Tel: (963-11) 2221513/4, 2213613/4
Fax: (963-11) 2244078

Ministry Supply & Internal Trade
Mr. Usama Ma'albared
Minister

Barzeh
Damascus, Syria
Tel: (963-11) 5121104, 5138199, 5137266
Fax: (963-11) 5122390

Al-Asad Library
Dr. Ghassan Laham
Omayad square
Damascus, Syria
Tel: (963-11) 3320803
Fax: (963-11) 3320804

Intraco for Trading & Exhibitions
Mr. George Mousleh
P.O. Box 5698, Damascus, Syria
Tel: 963-11-4427456, 4428100, 4449999
Fax: 963-11-2763100