

Syrian Arab Republic
Prime Ministry
Syrian Investment Agency



The Second Annual Investment Report In Syria For the year 2007

This Report was translated in cooperation
with Enhance the Investment Environment
in Syria Project - UNDP



سورية - Syria

Extracts from the address of Mr. President Bashar Al-Asad before the Parliament
on the second presidency Constitutional Oath

We have commenced a development process of wide scope and dimensions of which required recharging our energies and resources and **investing the time** at a maximum efficiency.

- ✚ The point of departure was providing the appropriate political, intellectual and legislative environments, where the political decisions have been taken, that constituted the suitable atmosphere to perform the required economic reforms, and opened an extensive compass to a new mobility of the national economy.
- ✚ Most of the economic sectors have been opened to the private enterprises. The reform procedures provide an important impetus **for investment in several fields**. A variety of decisions concerning the development of the public sector and dealing with its production, managerial and financial situations have been issued.
- ✚ We have decided to establish a number of industrial cities and off-shore zones which succeeded in **encompassing promising investments**.
- ✚ Within our priorities, there will be provision of the agricultural sector with the prosperity' requirements and shielding it from the adverse consequences, due to its vitality in the Syrian economic sector and its importance to our Food and National Security.
- ✚ **The investments** had multiplied 12 times over, and the Syrian exports have doubled, namely to /505/ billion Syrian Pounds.
- ✚ Tremendous efforts have been put, into **the development of the human resources and the investment in it**, and used the help of the international experts concerning this issue, and we do endeavor to achieve more in this field, so the constant capacity building become a primary heading in our government plans.
- ✚ **It is vital to accomplish the appropriate environment to encourage and diversify the investments and forward it to the promising sectors in our country, and to overcome all the bureaucratic hindrances, which prevent these targets; particularly that we have developed the laws governing the investment, and offered all facilitations. Despite all these circumstances, it was uplifting, that the total amount of the projects licensed in accordance with the Investment Law has reached /470/ billion Syrian Pounds, and a hundred billion Syrian Pounds in the Tourism Sector. Definitely, the result lies in the implementation, and we should strive to translate all these projects into reality.**
- ✚ It is essential to adopt the regional planning in our development policies to orient our future plans towards the right direction by drawing a clear economic, social, educational **and investment map** in the light of the necessities on one hand, and of the functional tasks of the different regions of the country on the other hand. And within the frame of achieving the balanced development that integrates with the trend towards the decentralized administration in our current plans, to guarantee at the end, the comprehensive competent development at the level of every region and governorate in an integrated and harmonized form with the rest of the regions and governorates in the country

17 /7/ 2007

Mr. President Bashar Al-Asad

Syria . . . The Blessed Land

**The Prime Minister
The Head of the supreme
Council of Investment
Eng. Mohammed Naji Otari**

Syria welcomes the Arab and Foreign investors and provides them with all the facilitations. The investment in Syria yields guaranteed outcomes for the investors and high added value.

**Deputy Prime Minister for
Economic Affairs
Mr. Abdullah Al-Dardari**

Syria offers all the facilitations to make the investments successful, and it may benefit from the all the experiences which might profit in the field of business and investment.

**His Honor Dr. Ahmad
Hassoun, Mufti of the
Republic
and His Honor the
Patriarch Agnatious the
Fourth Haziem**

Of the prettiest moments in the opening ceremony of the Second Expatriates Conference, was when the two hands of the Mufti of the Republic, Dr. Ahmad Hassoun, and his Honor Patriarch Haziem Agnatious the fourth entwined indicating the visibly the fraternity of religions in Syria. His Honor Dr. Ahmad Hassoun spoke in a tender way touched the bottom of the hearts. The message is one:

Syria is the land of safety and peace, and it is the duty of the expatriates to invest in it.

His Honor Dr. Ahmad Hassoun concluded his elegant speech with the statement:

“Syria is a Blessed Land. If anyone invests a good piaster, it yields back a hundred for him”

Prince Al-Waleed Bin Talal

- **We have found the investment in Syria fine and profitable, therefore, we did start constructing this international project (The Four Seasons Hotel). We felt so much delighted when we did not face any obstacles.**
- **Syria can enter the world of growth and investment through the widest gates. This is what we are all looking for.**
- **We are fortunate to be in the safe, honest and peaceful Syria, and Syria is fortunate in having the President Bashar Al-Asad.**
- **These are the generous signs that I open this project today to affect in other projects, God willing, on a part of the beloved country. Your Excellency Mr. President, this is my commitment and the commitment of my partners in the hospitality Company of The Kingdom.**

Preface:

The **Syrian Investment Agency** is glad to present its annual report of the year 2007 which aims to introduce an analytical insight about the most important developments the Syrian economy in general, and the investment in particular. This is done through diagnosis its most essential trends and its evolution. The carefulness increases nowadays, that this report shall establish for issuing a national periodical economic report, to assist in following up the implementation of the tenth five-year plan, and supports the efforts of the Syrian government in the economic reform process that has just started yielding its fruits.

The investment in Syria during the last few years has become a story of continual success, represented not only in the amounts of direct investment inflows, but also in its divergence into variety of sectors, particularly the industry, the agriculture, the tourism, the financial services, the ICT sector, which points out the attractiveness and the revenue these Syrian economic sectors have without exception. It also shows the policies the government adopts to motivate the investments to enter productive sectors. The items of this reports comprises of six main chapters:

- The first chapter: introduces an evaluation of the most important developments at the level of Macro-economic indicators.
- The second chapter: concentrates on the real situation of the investment environment enhancement.
- The third chapter: deals with the developments in the investment field under the Investment Law /10/ of 1991, and the Legislative Decree /8/ of 2007.
- The fourth chapter: offers a general insight of the investment situation in the other activities and sectors.
- The fifth chapter: explains the attitude of the Foreign Direct Investment.
- The sixth chapter: includes the concluded proposals, recommendations and results.

We do not claim the perfection of our achievement. However, it is a participation in the activity towards developing the investment data and making it to satisfy the needs of the policymakers, the decision-makers, the business society, the academicians, the researchers and the interested people. We do this leaving a wide room for the ideas, the experiences and the opinions. The report essentially depends on the data available at the Syrian Investment Agency either produced in it or collected from the ministries and the official concerned bodies. We take the advantage of this opportunity to praise the efforts exerted by these ministries bodies, especially the departments of investment or statistics and planning in them. We acknowledge the workers in the Investments Agency, particularly the committee of preparing this report: (Mr. M. Seif Addien, Mr. Haytham Mustafa, Mr. Wael Shihawi, Lina Arrawas and Suad Sama'an) who participated directly in issuing this report.

The best great thanks are presented to Mr. President **Bashar Hafez Al-Asad** (God protects him) for his continual carefulness, concern and observation of the progress of the economic reform process, and the investment in the first place.

The Syrian Investment Agency
The General Manager
Dr. Mustafa Al-Abdullah Al-Kafri

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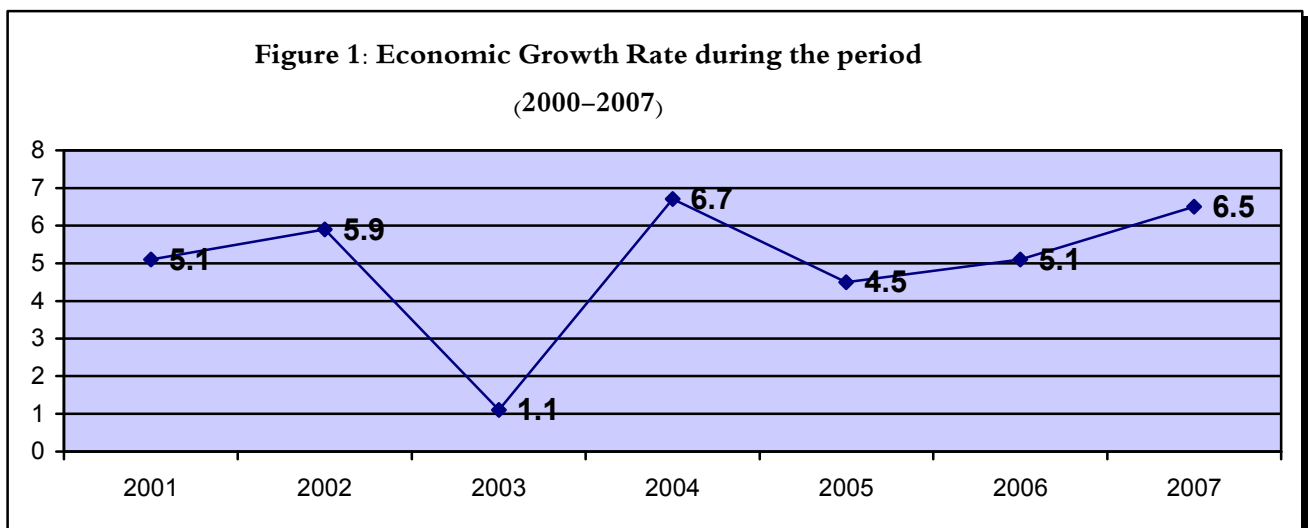
Chapter one: Macro-Economy Indexes

The Syrian economy is experiencing a real transition phase represented in the high economic growth rates witnessed last year. Such high rates are supported by a large group of reformatory procedures initiated by the Government which aim to make the Syrian economy a progressed one based on policies which are characterized by transparency, and working within a strong legal frame and effective institutions in accordance with the international standards.

The economic growth has achieved high rates, which have never been witnessed before, and it is possible that such rates will continue over the coming years. Policies makers spare no effort to maintain the continuity of the high growth rates with particular concentration to ensure that the Syrian business environment is free of obstacles. The following is demonstration of the most important developments in the field of macro economy since the beginning of the third millennium.

1. Economic Growth trends:

The year 2007 has witnessed an increase in the actual GDP to be (%6.5) compared with (%5.1) in 2006. In the light of this rate, the Government is optimistic over the GDP growth over the coming years and that it is an attainable goal.



Resource: SBS data

2. General Budget:

Looking at the development of the state's general budget, there seems the increase of the budget rise (both investment and current) over the last six years by (%30), thus the investment budget was increased by (%8.3), while the rise of the current budget was increased at the same period by (%43.5), this is shown in the following table:

Table 1: State's General Budget Development
For the years 2003-2008 in Billion SYP

Years	Investment	Current	Total
2003	211	209	240
2004	217	233	450
2005	180	208	460
2006	195	300	495
2007	258	330	588
2008	230	370	600
Increment rate	8.3%	43.5%	30%

Resource: Ministry of Finance Data

Table2: executed transactions of the State's general budget for the years 2000-2007(millions SYP)

Description	2000	2001	2002	2003	2004	2005	2006	2007*
Gross incomes	245574	305286	301660	320939	342465	356290	434865	503686
Current incomes	170872	226325	221583	236122	238242	251509	296625	263928
Investment incomes	74702	78961	80077	84817	104223	104781	138240	239758
Gross spending	246193	274831	314050	353651	405145	431402	493700	588000
Current spending	151297	164761	178332	200780	248497	277044	317213	330000
Investment spending	94896	110070	135718	152871	156648	154358	176487	258000
Shortage	-619	30455	-12390	-31607	-62680	-75112	-58835	-84313
Donations	3792	0	0	1105	0	0	0	0
Foreign Loans	15180	11796	11456	9708	11572	14769	14159	17937

* Estimated: Resource: Ministry of Finance Data

3- Fiscal and Monetary sector:

Despite the effect of many adverse factors on the plans set for various economic activities, GDP production and the output did maintain the general growth track in 2007

as demonstrated by the data of the production and output estimates in 2007 which is considered as the second year of the 10th five year plan which included ambitious and actual trends and objectives of the Syrian economy over the coming five years, the most important of which is the fulfilling an economic growth rate of not less than (%7) at the end of the plan and giving to the social service sector especially, education, health, potable water and housing:

A. Total Local Production with the market fixed price for the year 2000:

The GDP rate grew of the fixed prices for the year 2000 has increased from (%40) in 2004 to (%4.7) in (2005-2006) then reached (2169 billion Syrian Pounds) in 2007 which marks an increase by (%5.7) over 2006. The increase included some economic sectors such as trade transportation, banking, insurance and services. The sector of agriculture and irrigation has contributed about (%19.3), extraction industry (%7.9), transformation industry (%21.9), and trade (%13.6), services (%11.7) transportation, communication and storage service (%12.2) and the remaining sectors (%14) this is shown in the following table:

Table 3: GDP with the fixed prices for the year 2000 estimated in millions (SYP)

Economic sectors	2005		2006		Increment rate	2007		Increment rate
	Production Value	contribution	Production Value	contribution		Production Value	contribution	
Agriculture and irrigation	398112	20.3	432713	21.1	9	418096	19.3	-3
Extraction industry	199915	10.2	192594	9.4	-4	171450	7.9	-11
Transformation industry	463869	23.7	473467	23.1	2	473467	21.9	0
Water & Electricity	58707	3.0	64346	3.1	10	81425	3.8	-5
Constructions	93238	4.8	101203	4.9	9	108678	5.0	7
Wholesale and retails	251495	12.8	267983	13.1	7	295041	13.6	10
Transportation & Warehousing	183944	9.4	202233	9.9	10	265473	12.2	31
Banking, insurance & real estates	63305	3.2	45979	3.2	4	106762	4.9	62
Social Service	229013	11.7	239068	11.7	4	252853	11.7	6
fees	17500	9.0	11901	0.6	-32	15153	0.7	27
Sub total	1959098	100	2051487	100	4.7	2169312	100	5.7

Resource: SBS data

In addition, the increase of the private sector contribution in the total local production with the fixed price which increased from (%52.3) in 2000 to (%60.5) in 2007, proportionally with the regress of the private sector contribution in the GDP from (%47.7) in 2000 to become (%39.5) in 2007 as shown on the following table:

Table 4: Private & public sectors GDP contributions in the fixed prices estimated in Millions (SYP)

Years	Production			Production contribution %		
	Public Sector	Private sector	Total	Public	Private	total
2000	742303	814816	1557119	47.7	52.3	100
2001	722007	908607	1630614	44.3	55.7	100
2002	749017	960752	1709769	43.8	56.2	100
2003	720402	1025040	1745442	41.3	58.7	100
2004	779479	1069296	1848775	42.2	57.8	100
2005	789133	1169965	1959098	40.3	59.7	100
2006	809917	1241570	2051487	39.5	60.5	100
2007	856434	1312878	2169312	39.5	60.5	100

Resource: SBS data

B. GDP with the fixed price market for year 2000

The growth rate of the GDP with the fixed prices did increase from (%4.5) in 2005 to be (%5.1) in 2006 and then (%6.5) in 2007. According to the initial data rate in the 2007 GDP amounted to 1269 billion Syrian Pounds with fixed price for year 2000. This was accompanied by an increase in GDP in 2007 for the sectors of (building and construction, transportation and communication, trade, finance and insurance and services).

This affected the rate of the service and economic sectors contribution in forming the GDP as agriculture and irrigation contribution remained about (%23) while rate of the extraction industry contribution regressed from (%16.6) in 2005 to (%13) in 2007. The rate of transport contribution increased to (%12.1), finance and insurance to (%6.5) and service to (%15). The following table states the contribution rate of all the economic sectors in the GDP:

Table 5: GDP in Fixed prices for the years 2005-2007 estimated in millions (SYP)

Economic sectors	2005		2006		Increment rate	2007		Increment rate
	Production Value	contribution	Production Value	contribution		Production Value	contribution	
Agriculture and irrigation	265504	23.4	292457	24.5	10	288486	22.7	-1
Extraction industry	188242	16.6	181662	15.2	-3	163371	12.9	-10
Transformation industry	84545	7.4	90056	7.6	7	96061	7.6	7
Water & Electricity	20992	1.8	24185	2.0	15	25161	2.0	4
Constructions	36438	3.2	39699	3.3	3	51674	4.1	30
Wholesale and retails	210094	18.5	221785	18.6	6	235812	18.6	6
Transportation & Warehousing	125702	11.1	138451	11.6	10	153958	12.1	11
Banking, insurance & real estates	56582	5.0	58208	4.9	3	82631	6.5	42
Social Service	152702	13.5	160795	13.5	5	186212	14.7	16
fees	-5702	-1	-14559	-1	155	-13546	-1	-7
Sub total	1134861	100	1192739	100	5.1	1269820	100	6.5

Resource: SBS data

Data indicate the increase of the private sector contribution in the GDP with the fixed price from (%56) in 2000 to (%65.5) in 2007. In return, the public sector contribution in the GDP proportionally as shown on the table:

Table 6: Private and Public sectors GDP contribution in fixed prices 2000-2007 estimated in millions (SYP)

Years	Production		Production contribution %			
	Public Sector	Private sector	Public Sector	Private sector	Public Sector	Private sector
2000	397560	506384	903944	44	56	100
2001	387529	562716	950245	40.8	59.2	100
2002	401534	604897	1006431	39.9	60.1	100
2003	376123	641496	1017619	37	63	100
2004	424902	661089	1085991	39.1	60.9	100
2005	415717	719143	1134860	36.6	63.4	100
2006	425750	766990	1192740	35.7	64.3	100
2007	438088	831732	1269820	34.5	65.5	100

Resource: SBS data

It is to be indicated that, the noticeable increase of the (Government support) value for a number of the economic activities during the said period has affected the GDP growth rates with the market price as well as the contribution rates of these sectors. A regress was recorded due to the increase of the support amount from 49 billion Syrian pounds in 2004, (185 billion) in 2005 and (257) million in 2006. It is expected to be 374 billion in 2007, still continuous increase.

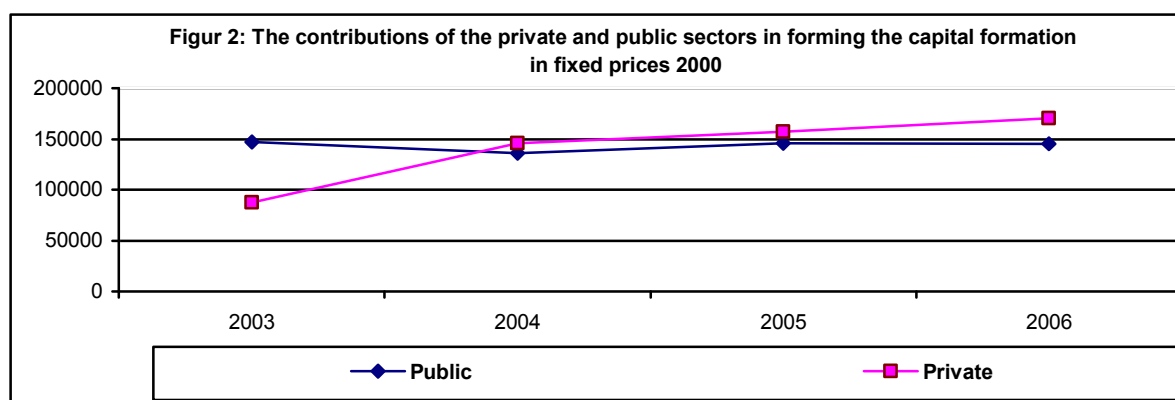
C. Capital formation (public and private sectors investments)

The rate of capital formation of GDP in the national economy amounted to (%26) in 2006 with the fixed prices for 2000 equally (315) billion Syrian Pounds, public sector contribution (%46), of the total formation, private sector (%54) against (%26.2) in 2005 equalling (303) million Syrian Pounds, public sector contribution (%48) and the private sector (%52) of the total formation. The private sector contribution is excelling the public sector in the development process (2003-2006). This is shown on the following table:

Table 7: Capital formation of the public and private sectors investments in millions (SYP)

Years	Capital formation in market fixed prices for the year 2000			Production contribution %		
	Public Sector	Private sector	Public Sector	Private sector	Public Sector	Private sector
2003	147087	87731	234818	62.6	37.4	100%
2004	135770	145649	281419	48.2	51.8	100%
2005	145798	157331	303129	48	52	100%
2006	145000	170232	315232	46	54	100%

Resource: SBS data



4- Inflation:

The statistical data state a change that took place on the inflation rate (200-2007) which amounted to (%9.8) in 2000, then fluctuated to be (%12.9) in 2005, than regressed to be (%9.1) in 2007.

Table 8: inflation rates during the years 2000-2007

years	2000	2001	2002	2003	2004	2005	2006	2007
Inflation rate	9.8	2.5	-1.5	3.8	10.9	12.9	9.1	9.6

Resource: SBS data

5- GDP per capita

Data show an increase in the GDP capita (market fixed price 2000) by (%1.6) in 2004 over 2003 to be (%2.8) in 2005. It is expected that this share will increase in 2007 to be approximately (%3.3).

6- Unemployment rates

The workforce surveys implemented by the Central Bureau for Statistics (2000-2007) indicate a tangible decrease in the unemployment rates starting from (%10.9) in 2003 to about (%9) in 2004, and then to (%8) in 2005 while relatively raised to about (%8.3) in 2007. The number of the unemployed is estimated in mid 2007 at about 468 thousand persons. This was due to the procedures adopted by the Government to limit the unemployment phenomenon and increase investments.

Table 9: Unemployment rates during years 2000-2007

Years	2000	2001	2002	2003	2004	2005	2006	2007
Unemployment rate	9.5	10.3	11.7	10.9	9	8	8.2	8.3

Resource: SBS data

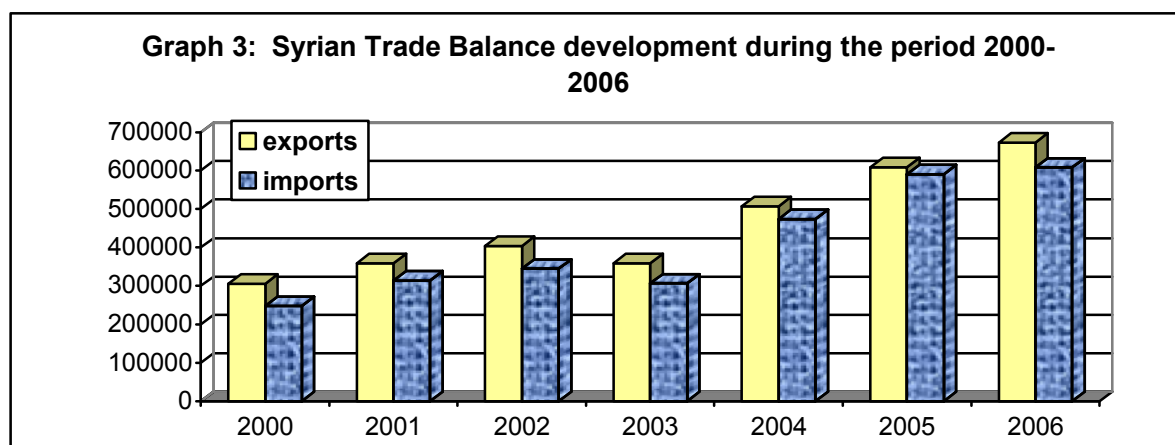
7- Trade Balance

The trade balance tips in favour of the exports of goods with the prices current in (2000-2006) as the value of exports of goods and services increased from (305.7) million Syrian Pounds in 2000. Also, the value of imports has increased from (247.2) million Syrian Pounds to become (607.6) million Syrian Pounds during the same period as shown on the following table:

Table 10: Trade Balance for the years 2000-2006 estimated in millions (SYP)

years	Goods and services in current prices		
	Exports	Imports	Surplus/shortage
2000	305680	247210	58470
2001	359417	313903	455414
2002	403670	345067	58603
2003	359528	306873	52655
2004	507497	474393	33104
2005	608497	589724	18773
2006	673544	607560	65984

Resource: SBS data



8- Balance of Payments

The total balance payments (current account, capital a financial) with current prices of 2000-2006 have recorded a deficit in the balance of payments in 2006 totalling -5851 million Syrian Pounds. This is shown on the table:

Table 11: Balance of trade for the years 2000-2006 in Millions (SYP)

years	The current and investment account results in current prices		
	Credit	Debit	Balance
2000	419327	383308	36019
2001	472765	442508	30257
2002	505178	479821	25357
2003	469070	437870	31200
2004	672290	645827	26463
2005	797762	789564	8198
2006	821060	826911	-5851

Resource: SBS data

9. Taxation System in Syria¹

The taxation system in Syria dates back to the beginning of the 20th century. At the dawn of independence, the features of the Syrian taxation system began to crystallize as various legislations were issued then provided for taxes as well as customs and non-customs duties. In the subsequent decades, other legislations followed and added new fees and duties or amended old fees and duties. In the late 2003, a new phase for developing the taxation system has started. The first law issued was No.24 dated 2003 (Income tax law). This superseded law No.85 dated 1949, and law No.25 dated 2003 (Law of fighting tax evasion). Modern laws and legislations followed in the sector of fees and duties. The number of these new legislations are about 30 currently in force.

A- Features of the Modern Syrian Taxation System

The first phase of reforming the Syrian taxation system concentrated on:

- Abolishment of some old fees and duties which became unsuitable for the existing circumstances. In addition, their economic feasibility became no longer present such as cattle duties, machinery duties, grants and wills duties, expatriation duty, and consular certification duties. And other duties, the Ministry of Finance could through collection mechanism, not only compensate for the resources which used to come from such duties but could also increase them.

¹ Reference: a comparative study by Dr. Mohammed Al-Hussein, the Minister of Finance, published in the Ministry of Finance website, 7/10/2007

- **Reduction of fees and duties rates:** The old taxation system was characterized by high rates as income tax rate reached about (%92 and then lowered to about %63 and then to %35 on 1st Jan 2004 and again to %28 in 1st Jan 2007). Such high rates were the main cause for tax evasion in Syria. Duty rates were cut down including customs duties. For example, the highest customs duty rate amounted to %255, while today the highest rate is %60, the average customs tariff rate in Syria is %14.5. Customs duties for raw materials and production equipment were cut down to %1 for the raw materials and it may rise only to %5 for the rest of the half-made or made equipment. This formed such a real support for the Syrian industry and continued to the increase of direct investments over the last years.
- The new legislation have simplified the customs procedures and made the same easier and more transparent. The personal estimate of the finance department staff as well as personal relations was abolished. This was completely fulfilled in income taxes for real profits, wage and salary taxes, contracting, supplies, real estate trade and imports.
- Efforts for fighting tax evasion were launched parallel to the issue of law No.25 of the year 2003 which included deterrent measures against tax evaders. This law could get back important money to the treasury.

B- Results of the Syrian taxation system

Table 12: actual collection of the customs governmental fees including the tariffs for the years 1990-2007 as follows:

Year	1990	1996	2000	2002	2004	2005	2007
Actual collection in billions SYP	49.277	130.315	170.872	221.583	238.242	251.509	297

It is noted that the last years, starting from 2005, have recorded noticeable increases in the actual outcome despite the reduction in rates and the abolishment of some fees and duties and despite the raise of the GDP size with current prices especially in 2005 and 2007. the increases in 2007 has amounted to about 210 billion Syrian Pounds as GDP raised from 143.9for 2005 to 1640.6 Syrian Pounds for 2007² increase rate about %14.6, while the increase in the tax collection output for 2007 amounted to about 47 billion Syrian Pounds or an increase rate %128.7 over 2005.

The actual tax collection output increased, in general, from 26.7.8 billion Syrian Pound in 2005 (Decree No.197 dated 6/5/2005 for reducing cars customs tariff came into effect on 1/6/200500) to 28.580 billion Syrian

² Latest and real statistics of the Central Bureau of Statistics

Pounds in 2007. That means, the increase amounted to about 2 billion Syrian Pounds in one year.

A Comparison of the results of some taxation systems in the world.

- By comparing the Syrian taxation system with the taxation systems in some advanced countries and Arab countries in term of the rate of tax collection output to GDP, we find the following:

Table 13:

Country	tax collection output to the GDP
Sweden	37.4%
Denmark	49.1%
France	27.2%
Germany	22.3%
UK	29.8%
EU	26.6%
USA ³	18.4%
Morocco	21.1%
Tunisia	21.3%
Jordan	19.6%
Egypt	19.5%
Syria	18.1%

Syria aims at raising the share of the tax output to GDP within the limits of %25 over the coming years.

- **Income tax rates**

Table No. 14

Country	Tax rates on Companies	Tax rates on individuals
Sweden	28%	0-25%
Denmark	28%	5.5-30%
France	33.3%	0-48%
Germany	25%	0-42%
USA	15-35%	10-35%
Morocco	35%	0-42%
Tunisia	35%	0-35%
Jordan	15-35%	5-25%
Egypt	20%	0-20%
Syria	0-28%	0-28%

³Resource : Congress Bureau for information and budget CBO year 2007

- Tax output and the individual share of taxes

Table 15:

Country	Incoming tax in Billion Euros	Individual share of the tax in Billion Euros
Sweden	107.71	11952.6
Denmark	102.12	18871
France	465.12	7439.7
Germany	501.08	6073.6
UK	533.71	5861.3
EU	2877.32	5861.3
USA	1846.8	6230.5
Morocco	10.015	305.8
Tunisia	4.948	495
Jordan	2.004	352.9
Egypt	12.9	163.3
Syria	4.5	250

- Structure of the tax revenues distribution

Table 16:

Country	Direct tax %	Indirect tax %	Other taxes	Total
Sweden	% 39.3	% 33.8	% 26.9	% 100
Denmark	% 62.5	% 35.6	% 1.9	% 100
France	% 27.1	% 36	% 36.9	% 100
Germany	% 26.6	% 31.3	% 42.1	% 100
UK	% 45.4	% 35.8	% 18.8	% 100
EU	% 31.1	% 39.1	% 29.8	% 100
USA ⁴	% 58.06	% 5.2	% 36.74	% 100
Morocco	% 39.4	% 43.6	% 17	% 100
Tunisia	% 36.4	% 57.1	% 6.5	% 100
Jordan	% 16	% 66.7	% 17.3	% 100
Egypt	% 49.4	% 36.4	% 14.2	% 100
Syria	% 57.63	% 18.92	% 23.45	% 100

These indicators confirm that the Syrian taxation system keeps pace in the other countries systems and is endeavouring to keep up the International Standards.

4 - The data from 2007 other countries data are for year 2005

C- Main axes for developing the Syrian Taxation System

The taxation system is considered as the essential source for the state revenues treasury and the main funding for expenditure. In addition, it is relied on to make up for the oil revenues and the surplus of the governmental economic institutions as there two sources for revenues witness a big regress. Among the taxes for competing the reform of the Syrian taxation system, the following can be mentioned:

- 1- To continue the efforts for fighting tax evasion: Many hidden taxes were discovered out of which the increase in tax output came despite the cut of fee and duty rates
- 2- Adapting sections for senior tax payers relying on the principle of confidence and self- estimate and offering the best services for them because they contribute about %70 of the total tax output
- 3- Completion of the reform of the taxation department, and establishing an independent committee that steer several taxation departments in the Ministry of Finance. This will provide flexibility for the taxation action. Tax payers will also be arranged as senior, medium and junior tax payers depending on the size of taxes that they pay. This will help concentrate more on senior and medium tax payers.
- 4- To continue to simplify the procedures and transparency and to limit routine: At the same time, work will go on to train the personnel of finance departments. This will help offering the best services to the citizens with the best and easiest ways.
- 5- Introducing the value added tax starting from 2009 provided that the necessary arrangements and preparations, including the readiness of the Syrian economy, are completed beforehand
- 6- Ministry of Finance, through the financial policy instruments, is exerting efforts and will remain ready to use the financial policy instruments to limit inflation and price raise

D. Tax incentives granted according to the regulations of the investment encouragement decree No.8 dated 2007

The Legislative Decree No.8 dated 2007 for encouraging investment, that the licensed projects are subject to the principle of dynamic tax discount according to the Legislative Decree No.51 dated 2006 governing the income tax.

- ❖ The highest tax rate for project will reach %28 on net profits
- ❖ Joint stock companies that have shares at a rate less than %50 will have tax rate of %14'

The projects which are involved in the laws of investment encouragement will have a tax rate of %22. This rate is cut down according to the following:

- **Two degrees⁵** for the industrial establishments founded in the governorates (Raqqa, Deir Ezzor, Hasaka, Idleb, Swayda, Dar'a, Qunitra)
- **One degree** for the industrial establishments that employ 25 workers and more duly registered by the social insurance.

⁵ (Degree = 1%)

- **Two degrees** for the industrial establishments that employ 75 workers and more duly registered by the social insurance
- **Three degrees** for the industrial establishments that employ 150 workers and more duly registered by the social insurance
- **One degree** for the establishments founded within the industrial cities
- **Two degrees** for the industrial projects licensed by the regulations of Decree No.8 dated 2007 in Hassia and Deir Ezzor (two industrial cities)
- **Two degrees** for the power generating projects, projects of alternative energy sources, fertilizers factories
- **Two degrees** in the light of having any of the following:
 - Industrial projects which rely in production on the local primary materials. This will be determined by an organizing decision issued by the Ministry of Finance following an agreement with the Ministry of Industry
 - Industrial projects that save energy consumption. This will be determined by an organizing decision issued by the Ministry of Finance following an agreement with the Ministry of Electricity
 - Industrial that use instruments, means and machinery that preserve the environment and prevent environmental pollution. This can be determined by an organizing decision issued by the Ministry of Finance following an agreement with the Ministry of Environment
 - Industrial projects that export %50 of their production. by an organizing decision issued by the Ministry of Finance following an agreement with the Ministry of Economy & Trade
- **Two degrees** for the investment project licensed by the regulations of Decree No.8 dated 2007 in the eastern region, which include the governorates of (Ar Raqqa, Deir Ezzor, and Hassaka)⁶.

⁶ Granted according to the Prime Ministry's Decision, in its session held on 26/2/2008

Chapter 2- Investment Environment

1- Improvement of the investment environment in Syria

The Syrian Government is committed to its general reformatory policy and to accelerating the move to the "social economy" exerting efforts to improve the economic conditions including of business performance within the context of the economic reform process the features of which became distinct confirming the soundness of trend and the importance of the objectives. The Government is determined to achieve success under the patronage of the **President Bashar Al Assad**.

Reform, as a transitional condition, has required the provision of legislative and institutional environment to create an investment framework that can meet the expectations of the local, Arab and Foreign investors over the last years, a number of legislations was issued to activate the capitals through organizing and facilitating the procedures of implementing investment projects.

The 10th five year plan defined investment as a national economic target to be driving force and a compass for the sustainable development plan as a means to increase growth rates and promote the standard of living for the society. Incentives were made available for various sectors and activities confirming the role and performance of the private sector in the success of development plans depending on the availability of the components of the attractive environment.

Concern was concentrated on improving the Syrian investment environment through developing the legislations required, diversifying investment incentives and guarantees, sharing the private sector in the development process, creating flexibility in the labour market, financing small and medium size projects, continuing the development of the necessary and price acceptable infrastructure, enhancing the new economy by accessing IT technology and communications, making a change in the investment culture for supporting opening and the adoption of change, concluding bilateral, regional, Arab and international agreements, establishing off-shore zones and new industrial cities developing the existing one, and enhancing participation and transparency. Programmes were continued to cut down the rates of unemployment....etc,

The most important features of the Syrian investment environment

- Remarkable geographical location which forms the junction of a three continents
- Stable and safe political structure and the witnessed national intimacy.
- Limited external indebtedness, fixed exchange rate against foreign currencies over long years.
- Advantages, exemptions, facilities and guarantees for investment projects
- Adequate infrastructures, equipped and developing industrial areas, qualified human resources and low wages
- Availability and diversity of natural resources and low production costs.

We need to assure in this context on the following main factors:

- Syrian's membership in the trade and economic Arab and international organisations.
 - ❖ Arab league
 - ❖ Arab Free Trade Organization
 - ❖ CAEU(Council of Arab Economic Unity)
 - ❖ Arab Association for investment guarantee
 - ❖ UNIDO
 - ❖ UN
 - ❖ UNDP
 - ❖ Islamic Conference Organization
 - ❖ Islamic Bank for Development
 - ❖ W.B
 - ❖ IMF
 - ❖ ESCWA
 - ❖ OECD
 - ❖ ANIMA
 - ❖ MIGA Syria became member in July 2002⁷
 - ❖ ICSID offering facilities to settle investment disputes between the foreign investors and the host countries.
 - ❖ Syria has applied to the membership of the World Trade Organisation.
- Syria is now ready more than anytime before to launch in the local and foreign investment and to encourage the private sector participation and for the common investment culture, therefore, it started developing the tools of encouraging investments through improving the institutional capacity, and founding comprehensive strategy for the FDI that pass all of the incentives and the industrial cities to include the provision of the facilitations and sufficient information and the commercial banks which are able to compete with others and dispute resolution systems... etc, and working on promoting for potential investments, and facilitate the coordination between the different in charge and investment concerned parties through out “SYRIAN INVESTMENT AGENCY”.

Building sound economic structure suitable for business and adopting the basic methods used by the effective policies to encourage investment (building the image of modern Syria, and targeting the investor and the sector....etc).

⁷ MIGA (Multilateral Investment Guarantee Agency: founded in 1988. it encourages the investment in the developing countries through offering indemnities to the foreign investors against the non-trade losses. It also provides the technical support that helps the developing countries in enhancing the investment opportunities, and employs its services to reduce the potential obstacles in the way of the investment.

- A comprehensive tendency for positive change that prepares for a bigger momentum and acquires an increasing support at various economic media and activities accompanied by optimism that Syria is capable of facing the challenges and keeping pace with the emerging developments making use of its heritage, long history, rich resources and the leading mentality of its leadership and people.
- The Government's follow-up of its programme for the economic and social reform and the improvement of the investment environment as well as the participation of the Syrian society with its various groups in the decision making process and the economic matter.

2- The most important economic and political developments that positively affecting the investment environment during 2007.

The following events had positive effects on the investment environment

- The visit paid by the President to Turkey and Iran and the promotion of political and economic relations to a remarkable level
- Continuity for enhancing Arab, regional and world relations and concluding several agreements
- Development of diplomatic relations with Iraq
- Arab incomes increasing the growth, especially, oil and gas incomes

Also the following events had its bad effects:

- Security and political conditions in Iraq, and occupied Palestine
- Continuity of external pressures on Syria due to its stable and principle stands
- World raise in the prices for some goods and services (oil, gold, metals, wheat, corn, and fodders)

Since President Bashar Al Assad held his constitutional term of office in 2000, many changes took place which have reflected his determination to merge Syria with the world economy with gradual and steady steps towards economic reform, modernization and adopting the principle of the social market together with allowing an increasing role for the non-governmental institutions, increasing political participation, forming of new parties. This, represented positive signs for the investors and money holders on a local, regional and international level.

Syria has enjoyed in general a stable investment environment as for the macro economics factors, with a clear improvement in growth rates. The inflation pressures disappeared, a reasonable internal and external trade balances and comfortable reserves of hard currencies achieved, besides to the stability of the Syrian pound measured by the international factors related to risk and economic freedom.

Data of the Central Bureau for Statistics refers to a real growth in GDP with amount of (5.1%) in 2006, which rose to (6.5%) in 2007. The declared Tenth Five year Plan (2006-2010) aims to achieve optimistic goals, which it concentrated on launching a number of national programmes for developing and encouragement investment and the export.

Syria have started with a big steps on the way of liberating the economics by entering "Arab major free trade zone" in addition to conclusion a number of mutual free trade agreements. The developments included below refer to the reformative tendencies, which the government follows:

- The ninth regional conference of Socialist Arab Ba'ath Party adopted officially the concept of "socioeconomic market".
- Before that, the national industrial conference held in 2005 reflected a new trend of the government, which it combined the industrialists of the private sector and the government to discuss the obstacles which the investment faces, and to propose ideas for developing the private industrial sector. The meeting led to a series of decisions such as canceling the custom fees on all the raw materials and other production inputs, repealing the consular fee on importing and exporting, reducing all ports charges with a rate of 25%, and reducing the payments of the employer related to personnel health insurance... etc. The second national industrial conference anticipated to be held on May of 2008. Syria also hosted a number of important economic conference and events such as the second expatriates conference and national forums for other sectors such as money, investment, real estate, tourism, transport, information, communications and others.
- On July of 2005, Syria launched the national report of human development in cooperation with UNDP, which is the report that suggested the socioeconomic market as an economy, which makes the man an ultimate object for all efforts, and insisted on the states commitment on limiting the poverty.
- The economic reform programme emphasized on the investment and monetary sector reform (opening private banks, liberating the interest rates, liberating money exchanging, unifying exchange price, insuring the full convertibility to the Syrian pound, opening Islamic banks and private enterprises of insurance, and finding a market for stocks), in the financial sector (reducing the income tax, applying the sales tax to compensate the gradually recession in tax and custom fees revenues), in addition to reforming the juridical system, continuing in corruption control, liberating foreign trade, reducing the bureaucracy and administrative obstacles, and achieving the effective participation of private sector as a real partner in development process.

The first step in any economic reform process to liberating the investment is through providing the legal framework suitable for investment and trade, by reforming the current laws or by issuing new laws and finding the required institutions for developing the legislation and regulative procedures. Syria witnessed a series of such procedures; we include the most important ones:

- Issuing the legislative decree No.60 of 2004 related to abolishing expatriation fee.
- Issuing of Law No.5 of 2005 related to Syria approving on joining the international agreement of fighting terrorism finance.
- Unification of exchange price which Syria applies on the imports and which was divided on three prices, Syria also reduced the internal interest rates twice through 2004 for the first time since 1881, and permitted opening accounts in the foreign currencies.
- Issuing of Law No.23 of 2000 "Monetary and credit council" for supervision on monetary issues and bank regulations.

- Issuing Law No.28 of 2001 which opens the banking sector for the private sector.
- Issuing law No.29 of 2001 related to the banking secrecy.
- Repealing Decree No.33 of 2003 of law No.24 of 1986 and its amendments included in Law No.6 of 2000, which are the Laws restricting the dealing with foreign currencies and considering as obstacles which were faced the foreign investment in the country.
- Issuing of Law No.59 of 2003 related with money laundry, so agency of controlling money laundry (ACML) has been founded.
- Issuing Decree No.55 of 2006 which includes the establishing of Damascus Exchange Market (Borssa)
- Legislative Decree No.35 of 2005 permitted the establishing of Islamic banks in Syria.
- Issuing of Decree No.43 of 2005, which opened the door of insurance, sector for the private investment, and previously the door of health and high education opened for the private investment.
- Issuing Decree No.51 of 2006 which includes the amendment of income tax Law No.24 of 2003 to reduce the income tax to encouraging levels.
- In 2004, civil first instance court has been established (room No.2) in all governorates to look in the lawsuits related to the disputes generated from the investment law. These courts have been directed to resolve the actions without any delay.
- Issuing of Law No.25 of 2006 which includes the Tenth five year plan with its ambitious aims.
- Issuing of the legislative decree No.60 of 2007 which includes the making of government exchange market.
- Issuing of the legislative decree No.38 of 2007 which includes the certification of the financial agreement of settling the indebtedness with Romania.
- Issuing of the legislative decree No.61 of 2007, which include the permission for the companies to re-evaluate their fixed assets and integration.
- Issuing of Law No.41 of 2007 which includes the making of a general authority for taxes and fees.
- Issuing of Law No.9 of 2007 which includes the certification of the agreement of establishing the Syrian-Qatar enterprise for investment.
- Issuing of legislative decree No.9 of 2007 which includes the formation of Syrian investment agency.
- Issuing of decree No.8 of 2007 for encouragement the investment.
- Issuing of Law No.36 of 2007 for trade which cancelled the decree No.149 of 1949 and its amendments.
- Issuing of Law No.32 of 2007 which permits the non Syrian investors, who are the owner of projects licensed by Law No.21 of 1958 in the industrial cities, to own and lease lands and real estates required for their projects for an area more than the defined property line provided that using it for the projects objects exclusively.

The most important reforms made for liberating trade and encouraging exports:

- Signing a number of bilateral free trade agreement (with Turkey, Tunisia, Yemen, Egypt, Iran, China, Jordan, and the countries of Gulf cooperation council... etc.), and forming or activating the high committees joined with a number of states.
- Planning for establishing a special economic zone (Agro polis) at Al-gab plain to invest, produce and export the agricultural products of high efficiency and competitive quality.
- In 2003, the executive instructions of the new law regulated the free zones issued, which permits the investment in all services types in addition to industrial and commercial activities in these areas.
- Establishing the industrial cities at the governorates of (Damascus country side, Homs, Aleppo) and issuing the decree of establishing four cities at Deir ez zour.

3. Future vision of the investment environments.

The tenth five year plan of the state (2006-2010) emphasized on the following strategic objects:

- Encouraging the FDI to enter the Syrian market.
- Facilitating the running of investments and promoting long term investment.
- Increasing the wise management and transparency of fiscal institutions and relevant state departments.
- Increasing the number of products and services.
- Completing the establishment of stock market, and providing the legislative and institutional framework for papering the fiscal assets.
- Providing the occupations and fiscal and consultative services required for the prosperity of financial sector.
- Amending the investment encouragement law and labour law.
- Forming special courts for investment and trade disputes.
- Promoting the FDI.

The tenth five year plan forms a source for the state to draw the policy of Syrian investment agency and the future vision. The plan adopted an optimistic scene for achieving the following objects:

- Average growth rate for GDP (7%)
- High contribution rate of the FDI and the domestic private sector in GDP.
- Creating job opportunities with the limits of (1250) opportunities annually.
- Reducing the unemployment rate to (8%).
- Reducing the rate of population under poverty line to (7.12%).
- Increasing the foreign direct investment rate to (2.9%) of the GDP.
- Increasing the private investment rate to (47%) of macro investment.

The plan emphasized on increasing the production and raising the level of productive capabilities to enlarge the returns and get benefit of the achieved level for enhancing the competitiveness and providing services with a distinct qualitative level. So, the plan has depended on a number of bases in the specializing of the resources and allocating the investments on the sectors to achieve the aimed growth of the tenth five year plan such as:

- Emphasizing on the priority of investment at promising sectors that can achieve quick returns and lead to wide benefits with encouraging the development of the infrastructure to fulfil the industrial and productive requirements of high returns.
- Emphasizing on the role of manufacturing industry in the continuous economic growth process, providing job opportunities and improving the trade balance.
- Insisting on the necessity of increasing the investment at education and health sectors and in field of technological and scientific development and research.
- Promoting the entering of private investments to the fields of communications, information technology, tourism, transport, building and constructing, energy, manufacturing industry and agriculture and working on setting multi patterns for the investment through the partnership with the public sector or the foreign capital.
- Providing more reforms for enhancing the investment environment suitable for attracting the Foreign Direct Investment (FDI) and facilitating the environment of businesses for the national private sector.
- Adopting decentralization, enhancing the local administrative and economic systems and running the public interests with a high capacity to insure the success of regional investments.
- Working on increasing the national savings rates through the insuring of macro economy stability and the developing of capital and fiscal market.
- Working on increasing the production and the productivity through the promotion of using the low costs suitable technology to develop the small and medium planets sector to increase its contribution in the economic growth.

4. The legislations regulated the investment in Syria:

There are several laws governed the policies of investment, license and investment encouragements in Syria, such as:

1. Law No.47 of 1952 related to small industries and handicrafts.
2. Decree No.103 of 1952 related to the financial exemptions of the industrial projects.
3. Law No.21 of 1958.
4. Decree No.10 of 1986 related to the investment in agricultural projects.
5. System adopted by the Ministry of Oil for granting the investment for the oil companies.
6. Decision of Tourism high council No.186 of 1985 related to the tourism investment.
7. Decision of Tourism high council No.198 of 1987 related to the tourism investment.
8. Credit and monetary law decreeing the licensing of the private banks.
9. High education law decreeing the licensing of private universities.

10. Ministry of education decisions decreeing the licensing of private schools.
11. Law of general authority of free zones related to investment at the free zones.
12. Decree No.8 of 2007 for promoting investment.

5- Institutional Capacity building:

Issuing of legislative decree No.9 of 2007, forming the Syrian Investment Agency, formed the institutional and organizational frame work of the investment in Syria, which turns the entity of the investment office to an administrative and financial independent agency which has a big role in developing the work mechanism, simplifying the procedures, providing the facilities and encouragements to the project and raising the promotion of investment.

In the light of the tasks assigned to it, the agency devoted on achieving its new organizational structure, and arranging its internal management home according to a wide vision of serving the investors and the investment. It continued in its adopting of the open door policy and working on developing its numeral cadre and increasing the personnel number from 25 to 100 worker. The investment agency takes an official horizontal organizational structure led by the management board and the general manager. Its structure branched to six directorates:

- Financial and Administrative Affairs directorate.
- Legal Affairs directorate.
- Monitoring and Technical Affairs directorate.
- Investor care and the One Stop Shop directorate.
- Promotion and Public Relations directorate.
- Planning and Studies directorate.

The agency started seeking a better help from a number of authorities and organizations of training and rehabilitation the human cadre working in the field of investment, organizing joined events and activities, transferring the scientific knowledge and comparing with the model practices and getting benefits of them.

With its launching early of 2007, the agency made a number of procedures to develop its role and functions towards simplifying the procedures and overcoming the administrative hindrances such as:

- Authorizing the investment high council with a number of tasks which were assigned to it pursuant to the rules of investment law No./10/ of 1991 to the agency management board to make its role and tasks in a quick and flexible way which serves the investment process.
- Admitting all license applications submitted to the agency and cancelling the work with the activities lists, which do not deserve the advantages and exemptions of the investment encouragement law and presenting all the application to the management board for determination.
- Briefing the license application to 2 pages and dispensing the feasibilities application of the typical projects.

- Defining the developing areas stipulated by the legislative decree No./8/ of 2007.
- Holding periodical meetings to the "investment family" as a mechanism to open the channels of coordination, dialogue and ideas deduction, and it joins all concerned parts and investors care office over all directorates.
- Preparing the project of one stop shop mechanism, which defines the procedures and the required time to finish them and their achievement destination.
- Preparing a promotion plan for 2008 and allocating its required credits.
- Carrying out the project of internal system and personnel system of the agency.
- Authorizing the industrial cities councils (Adra, Hassya, and Al-sheikh Najjar) with issuing the license decisions and their amendments and monitoring their procedures.
- Issuing the circular of the Prime Minister decreeing the joining of investment agency in all activities held by the ministries and other parties in the field of investment.
- Issuing the circular of the Prime Minister, which considers the Syrian investment agency the concerned party, of approving for organising the conferences, forums, workshops and other events related to promoting the investment except the one of tourism sector.

6- Enhance the Investment Environment Project:

The most important executed activities of EIE project, which is implemented in cooperation with the SIA, SPC and UNDP early of the second half of 2006, are the following:

- Organizing training courses in English language for the agency staff.
- Building the IT infrastructure, activating a comprehensive IT network and modern communication network, and installing office computer sets for all agency staff.
- Implementing training courses in the information skills for all the agency staff according to their requirements and charges. Most participants obtained ICDL Certificates.
- Building Information Management System, which includes new database (statistics or archive software) for the investment projects and information related to them to support the decision maker, providing statistics and automating the work mechanism at the agency (accomplished 80%).
- Updating the website of the agency, setting up the tools for managing and developing the site and its information in a simple and practical way, and training a cadre of the agency for this task to insure the continuously updating of the information shown on the site.
- Issuing the primary edition of the investment map which includes the available investment opportunities according to the sector and the region, a new web site designed to make all this information available on the internet and linking it with the agency web site.

- Establishing an electronic library contains currently 89 documents which include reports and local and international studies in the following fields: economic, promoting, legality, statistics, in addition to the documents of the tenth five year plan, to provide the references and information which help the agency staff in preparing reports and studies. The work will be continued in enriching this library.
- Participating in a comprehensive training course which lasted for five weeks and exposed to all legislative and legal issues related to encouraging the investment and achieving the aimed objects of drawing the investments of local private, regional and international sectors. (Held by IDLO).
- Organizing an intensive workshop and training course lasted for five days for enhancing the vocational capability and the institutional structure of the investments promotion systems in Syria in cooperation with the Arabic planning institute in the state of Kuwait.
- Providing a study of proposing an institutional structure for the SIA according to the global criteria as it is presented before by the MIGA affiliated to International Bank.
- Implementing a Corporate Image (promotional logo) and identity for the agency by a specialized designing company.
- Implementing training courses in the following fields:
 - Customer Care
 - Management Skills
 - Project Management Professional
 - Entrepreneurship role in the development process
 - Process Management
 - Marketing Techniques
 - Communication & Negotiation Skills

- Holding a workshop for discussing the challenges, which face the FDI to Syria.
- Executing the works of rehabilitation the electricity network and maintaining the generator.
- Commencing the implementing of promotion strategy.

7. Investment promotion:

The government paid its attention to support the promotion plan and marketing the investment opportunities. So, the last year witnessed a clear improvement in the executed promotion activities, which reflected the certain desire in providing a business environment more suitable for investment. So, Damascus became a capital and pole in hosting conferences, events, exhibitions, forums, seminars, workshops... etc., following the most important promotion events which the SIA participated in 2007:

Table No.(17):

Activity	Participants from SIA	Location
International forum of investment and financial institutions 21-22/11/2007	5	Damascus
First international conference of micro funding 10-11/11/2007	1	Damascus
Wise management of banking sector workshop 12-13/11/2007	1	Damascus
Carthage investment conference 20/10/2007	1	Tunisia
Syrian investment forum in the state of Kuwait	2	Kuwait
Qatar investment forum 8-9/6/2007	2	Qatar
Spanish Syrian businessmen forum	3	Aleppo
Turkish Syrian businessmen forum	14	Turkey
Second expatriates conference	4	Damascus
Training course for promoting in cooperation with Arabic planning institute in Kuwait	10	Damascus
Coordination committee meeting of OECD states	1	Jordan
Ministries meeting of OECD states	1	Egypt
Syrian Egyptian meeting within the framework of cooperation protocol signed in 2006	6	Damascus
Yemen Syrian meeting within the framework of cooperation protocol between the two countries	2	Yemen
Cairo investment forum 9-10/11/2007	3	Cairo
Training course in developing management skills and customer care	8	SIA
Internal training courses (language, networks, IDCL)	22	Damascus
First business and Asia Arab investment forum 27-28/11/2007	3	Damascus
Workshop (investment and legislations)	33	SIA
Orientation workshop of the international bank 18/6/2007	3	Damascus
Emirate Syrian businessmen forum	5	Damascus
Workshop of Greek Arab chamber of commerce (Greece and Arab countries continuous cooperation).	2	Greece
German Arab economic forum	2	Berlin
Customer Care offices meetings	58	SIA
Workshop for discussing Agro-polis project at Al-gab area	3	Damascus
Total participants	195	

Syria is heading, studied steps in the different aspects of investment, the Arab competitiveness report, issued from the global economic forum, mentioned that Syria occupies distinctive positions worldwide out of /128/ states according to strength points indexes in the Syrian economy, the most important are:

- Rank (20) in security and stability index, which is one of the most important factors of drawing the investments worldwide.
- Rank (45) in health and primary education index.
- Rank (43) in the availability of engineers and scientists index.
- Rank (22) in real effective exchange index.
- Rank (73) in the general debt index according to the gross production.
- Rank (24) in the credit and debit interest index.
- Rank (39) in woman private sector employment index.
- Rank (21) in the index of controlling the world allocation of global markets.

Syrian Investment agency set up its promotion ambitious plan of 2008 by getting benefit of UNDP and through the Enhance the Investment Environment project, the plan tends to get more benefit of the **competent** promotion programmes and the tools provided by the Euro-Mediterranean network for ANIMA, MIGA, ESCWA, OECD, Arab Investment Guarantee Organization, Kuwait Arab Planning Institute, and ICIEC the member of the group of Islamic bank for development.

The agency implemented several central workshops; the most important ones were that addressed the new investment legislations, and collecting and using the data of FDI.

In cooperation with all our embassies outside and through the Syrian Foreign Ministry, the new investment legislations prints were distributed in addition to CDs. These embassies made their role in conducting meetings and forums for the investors, businessmen and expatriates outside, in which they explained the opening and development occurred on the different fields especially the economic ones. They agency also started developing the prints and leaflets distributed on the foreign and Arab embassies in Syria in addition to our embassies outside and the local, Arab, International businessmen. It also made a radical development to the agency website, in addition to linking the Internet which became available for all agency staff.

A new logo distinctive logo was designed for SIA, and it released it on the suitable prints and means. Work is still going on developing the national investment map, besides that there is a position for Syria within the Arab investment map which combines about (4000) investment opportunities classified according to the sectors, and contains about /15/ Arab states and about /20/ Arab **agency**.

This map has been published on the Internet at www.arabinvestmap.com. This site included a lot of information useful for the investor such as Arab agreements in the field of investment, regional economics situation, investment laws and others. The agency works hard to establish strong relation and joined cooperation links with different peer agencies in different Arab and world states for exchanging information and experiences and paying more attention to upgrading the level of the promotion process in the method, organization, management and the material and human capabilities.

The agency signed a number of agreements with its counterparts in other countries to exchange experiences and deep cooperation (enclosed a list of the agreements in this report appendix).

It worth mentioning that the cooperation of local official and private mass media was distinctive and clear which conveyed, and still, the situation of investment environment development in Syria.

After the making of investment agency, preparation is proceeding to adopt a distinctive professional dynamic methodology to apply it on all investment encouraging activities (building the state image, searching and serving investors, promoting investment policies), and remembering always that the investors became more selective in choosing the investment locations and more persistence on the accurate information and decent treatment, this done through:

- Maintaining the competitiveness privilege through the distinguished factors (promotion product qualities, supplement investor care, desired picture and reputation, modernization, and harmony), also through prompt response (in the field of adaptation with changes and applying new procedures), reducing business practices costs which increases the economic added value and market growth, and through the best using of information technology and update communications to get full benefit of all electronic promotion methods.
- Communication is a key advantage which must be depended on in building links between investment agency and public sector authorities dealing with investment matters to avoid bureaucratic interventions among the government managements concerned with investment and which are considered a basic element in building a positive picture of the agency, and also in building confidence, enhancing coordination and facilitating main tasks for customer care through all stages, especially the stage after submitting the investment application.

Chapter Three: Investment under the umbrella of investment law No.10 of 1991 and investment encouragement decree No.8 of 2007

Syrian Investment Agency was made pursuant to legislative decree No./9/ of 2007 accompanied with the issuing of investment encouragement decree No./8/ of 2007 which superseded investment law No./10/ of 1991 and its amendments. The agency has been charged with new tasks and authorities fitted with the economic developments which Syria witnesses.

To view the status of monitoring the investment projects covered by the legislative decree No./8/ of 2007 of investment encouragement, following, we can review the harvest of 2007.

The analyzing of the licensed investment projects data shows that the horizons of investment in Syria are still wide and the investment opportunities are still promising and profitable. The investment high council has conducted three sessions through 2007 after the authorizing the management board of investment agency of discussing and issuing license applications approvals and modifying the investment projects. So, according to decree No./9/ of 2007 decreeing the making of SIA, the functions of investment high council became restricted to the following:

1. Setting up the strategies and general policies of the investment in SAR.
2. Considering the laws and regulations related to the investment.
3. Approving the project of SAR investment map.
4. Studying the reports of monitoring the implementing of licensed investment projects and evaluating the results of the agency action.
5. Issuing the special regulations related to the agency action according to the proposing of management board.
6. Discussing subjects submitted to the agency by the management board and resolving them.

Since its forming in the third month, the management board of SIA has conducted /18/ sessions in which it approved on licensing (186) projects of different economic sectors.

The industrial projects possessed alone a great share of them, which reached to (104) projects, agriculture (28) projects and the transport projects (52) projects, in addition to (2) projects for different activities. On other hand, the total value of estimated investment costs of these projects reached to (401.1) billion Syrian pounds (including the Holding Qatar Syrian company with the capital of SYP 250 billion), some of them are with foreign currency (131.1) billion SYP, achieving by that the investment costs rate of these projects, which is (26.8%) out of the total value of the investment costs of all licensed projects since the issuing of investment law in 1991.

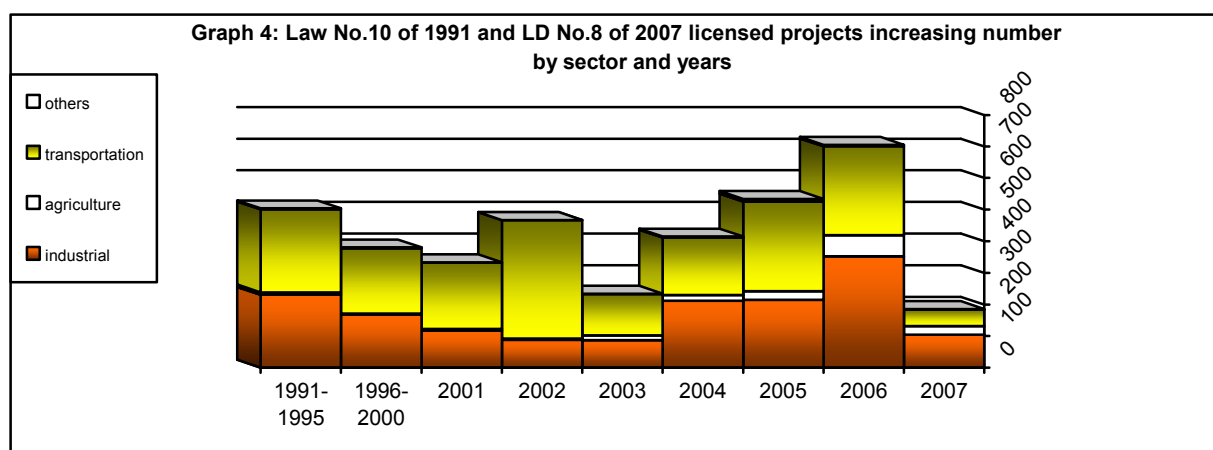
The value of the imported machines and equipments of the same year, which reached to (SYP 107.8 billion), formed in its rate about (16.3%) out of the total values of the machines and equipments imported over the years of (1991-2007).

Regarding the direct job opportunities expected from these projects, they have been reached on 2007 to (14315) direct job opportunities.

Table 18: Licensed Investment Projects by Law No.10 of 1991, and the Legislative Decree No.8 of 2007 according to the years, Economic activity, Investment costs, the imported machinery and the labour used during (1991-2007)

Years	No's of licensed projects by economic activity				Total	Investment Costs In Billion SYP		Machinery and equipment value (bln SYP)	Job Opportunities
	Industrial	Agriculture	Transportation	Others		Investment Costs	In Foreign exchange		
1991-1995	231	8	262	3	504	68.6	50.5	34.1	34736
1996-2000	169	3	206	3	281	56.3	45	26.9	17289
2001	117	6	210	1	334	29	23.3	14.9	10309
2002	88	4	375	0	467	41.5	23.1	20.4	11783
2003	87	15	131	2	235	26.5	20.4	13.1	8812
2004	212	18	182	3	415	135.8	101.5	77.1	26104
2005	215	28	283	8	534	267.3	187.4	122.1	48309
2006	353	66	282	5	706	469.8	347.6	245.9	46741
2007	104	28	52	2	186	401.1	131.1	107.8	14315
Total	1576	176	1983	27	3762	1494.8	929.9	662.4	218398
Percentage 2007%	6.6	15.9	2.6	7.4	4.9	26.8	14.1	16.3	6.6

Resource: SIA data



- ✚ It worth noticing here, that the Syrian-Qatari holding company has been established at the end of 2007 with a capital reached to (250) billion SYP.
- The issuing of any new legislation of investment encouragement, will be accompanied with a period of waiting by the local and foreign investors until all the advantages of this legislation becomes clear in their minds, and this what has happened also through the experiences of the like states.
- The issuing of investment encouragement decree and the agency formation decree came at the end of the first month of 2007, the forming of the management board in the third month, then authorizing it by the investment high council with the necessary competences in the fourth month, which means that the first third of these year is considered as a transitional period.
- In 2006, a number of large costs investment projects have been licensed such as the concrete projects, oil refinery and others... which contributed in raising the year production of gross investment costs, and which are a large projects rarely repeated in the economies of the similar states, consequently, it is unfair to compare the investment costs of the licensed projects with 2006 which formed an exceptional year.
- The issuing of the legislative decree No./51/ of 2006 of the income tax clarified the subjection of the investment projects directly to the principle of the dynamic tax discount throughout the project period, and cancelled the granting of tax exemption period (previously 5-7 years) which made some investors license a number of projects at the end of 2006 a provision to get benefit of the transitional period occurred between the issuing of Decree No./51/ and date of its implementation on (1/1/2007), so that, the licensed projects at this period get benefit of the advantages of the investment law No./10/ at the period of tax exemption and after that they will certainly get benefit from the rules of decree No./51/, which made their benefit more than the other, and which reflected the increasing number and size of the licensed projects in 2006 to reach in their gross investment costs to /470/ billion SYP.

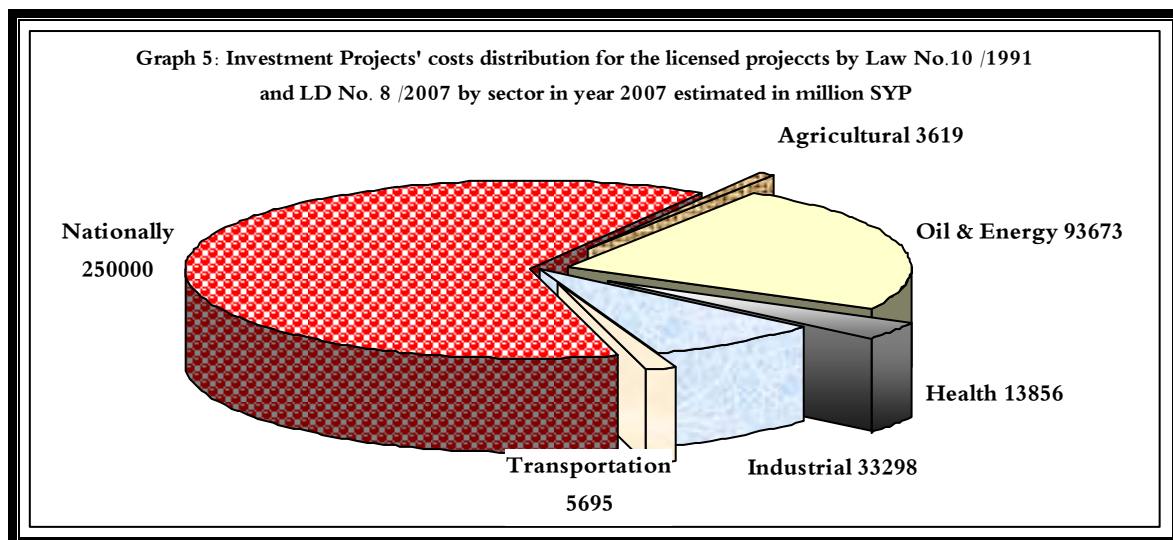


Table 19: Volume of the licensed projects by legislative decree No.8 of 2007 by the economic activity, investment costs, imported machinery and labour used for the year 2007

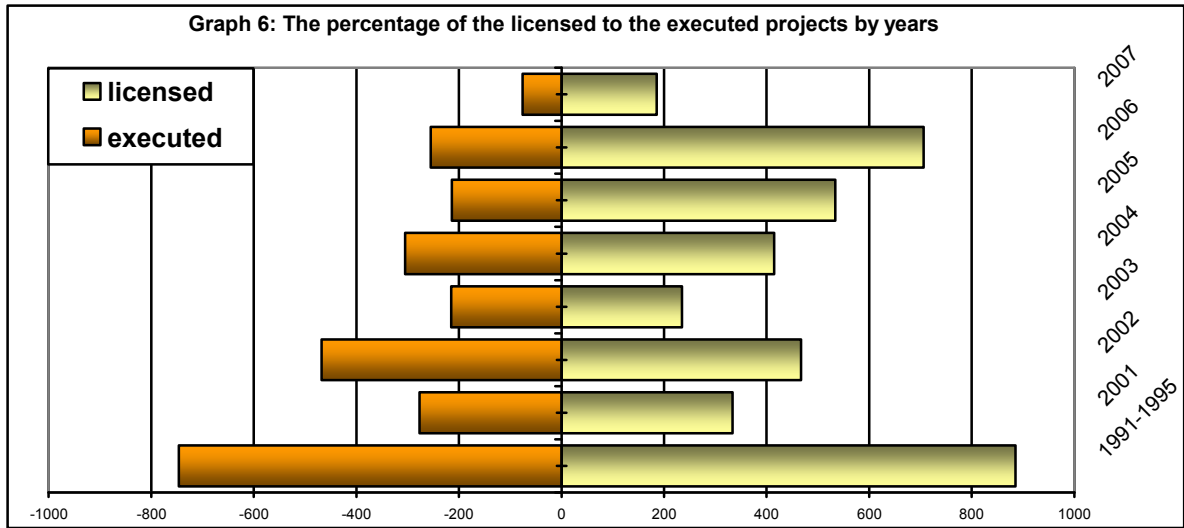
Sector	Projects		Investment costs		Foreign exchange	Value of machinery in Million SYP	Job Opportunities	
	QTY	%	Million SYP	%			Labour	%
Industrial	92	49.5	33299	8.3	24963	17052	6654	46.5
Agricultural	28	15.1	3620	0.9	1749	1924	1051	7.3
Transportation	52	28	5695	1.4	4593	4659	2382	16.6
Oil & Energy	4	2.2	93674	23.4	92297	77666	730	5.1
Health & Medical	9	4.8	13856	3.5	7507	6517	3498	24.4
Others Syrian –Qatari Holding Company	1	0.5	250000	62.5				
Total	186	100	401144	100	131109	107818	14315	100

Resource: SIA data

Table 20: executed projects by Law No.10 and LD No.8 including the Industrial Cities by the project' type for the period 1991-2007

Years	Licensed Projects	Executed or under execution Projects				Total	Execution percentage
		industrial	Transportation	Agricultural	Others		
1991-2000	885	271	466	8	1	746	84.3
2001	334	63	210	2	2	277	82.9
2002	467	89	374	4	1	468	100.2
2003	235	76	131	8	0	215	91.5
2004	415	150	144	8	3	305	73.5
2005	534	132	66	11	5	214	40.1
2006	706	157	69	28	1	255	36.1
2007	186	72	1	2	1	76	40.9
Total	3762	1010	1461	71	14	2556	67.9

Resource: SIA data



- The total investment costs of the licensed projects in (1991-2007) did reach to (1494.8) billion SYP.
- Transportation sector occupies the first position of the total licensed projects during the period of 1991-2007 (1983) projects, whereas the industrial projects come in the second position by (1576) projects.
- There is a clear development in the number of industrial projects since 2000 and following, namely after the amending of law No.10 by the decree No.7 of 2000 which permitted the foreign investors to possess the land and the project, and to open bank accounts.
- It is noticed that the declared job opportunities are less than the real numbers, due to causes related to the evasion from paying the personnel social insurances (previously).
- About of 98% of these projects belong to the private sector, whereas the joint sector forms less than 2%.

Table 21: abolished licensing decisions according to the Law No.10 of 1991 articles by years, economic activities and the investment costs during the period 2000-2007 in million SYP

Years	Industrial Licensing decisions		Transportation Licensing decisions		Other Licensing decisions		Total	
	No's of projects	Costs	No's of projects	Costs	No's of projects	Costs	No's of projects	Costs
2000	44	936	0	0	174	2121	218	357
2001	147	3234	110	1165	0	0	257	4399
2002	43	1204	49	507	9	102	101	1813
2003	68	2023	114	1213	2	16	184	3252
2004	109	2507	372	4129	5	73	486	6709
2005	181	68596	411	22204	26	11068	618	101686
2006	185	245451	280	18885	20	9552	455	273888
2007	76	191815	78	4148	11	2778	165	198741
Total	823	515766	1414	52251	247	25710	2484	593727

Resource: SIA data

- **The Reasons behind the cancellation of the licensing decisions:**

The executive instruction of the investment law No./10/ of 1991 stipulated on: **(cancelling the license decision, if the project entrepreneur did not take the serious procedures to commence the execution during one year from the date of informing him the license decision...)** consequently, what being cancelled are the license decision not the projects as the some believe, and during its action and monitoring of the non implemented projects, the agency founded that the reasons which stand behind the non implementation, which will be cancelled, can be defined in the following:

- 1) Free and easy obtaining of the license decision for any investment project without charging the investor with any cost, the cancelling of this decision will not affect the investor with any financial or procedural consequences.
- 2) The investor non ability of financing his project and his failure in obtaining funding loans from the banks due to several reasons such as his non ability of presenting the requested guarantees to the licensed banks.
- 3) Lack of serious and realistic study of the projects by the investor from the economic, technical and marketing aspects, which exposes him to non-expected obstacles.
- 4) Disputes occurred among the partners when they starting the implementation such as share allocating disputes, the company legal form, management and funding method...etc.
- 5) Some investors seeking for getting license decision for investment projects to trade them and searching for partners, taking into consideration that the investment agency could limit the trading with the license decision through legal ways and enlightening the investors when making any duly cession or partnership.
- 6) None considering the location on which the project will be established as for the land is suitable for this kind of projects. So, there are subjective causes prevents the trusteeship authorities from giving the necessary regular licenses, such as the cement or phosphor factories which are not permitted to be established on arable lands or near protectorates, lakes, residential blocks or tourist locations ... etc. There are environmental conditions and conditions which the project needs such as the availability of necessary water, electricity and others.

First: Industrial Sector:

A- licensed industrial investments:

It seems that the industrial sector has a promising horizon with the increasing of economic reforms in Syria, the flowing of private non local investment and the increasing spreading of the private sector banks required for funding. The industrial private sector has a special government attention because of its importance among all sectors. So, the tenth five year plan concentrated on it and the new legislations gave it the priority as it the strongest wheel in pushing the development process. This sector has maintained its growing with a logical way.

The development occurred in the increasing of the licensed industrial projects is directly consistent with the increasing of the investment costs and securing more job opportunities. It is also accompanied by a development in the investment quality, size and geographical allocation. New important activities are still entering Syria such as power plants, and TV, car and concrete manufacturing, in addition to different projects in the oil services, health care, and others.

Table 22: industrial licensed projects by the law No.10 of 1991 and LD No.8 by years, costs, and job opportunities during the period 2000-2007 in million SYP

Years	No's of Projects	Investment Costs In Million SYP	Job opportunities
1991-2000	400	95270	29792
2001	117	22689	6669
2002	88	34661	7677
2003	87	21139	6611
2004	212	121937	20205
2005	215	142570	24040
2006	353	325877	33716
2007	104	52779	10682
Total	1567	816958	139392

Resource: SIA data

The growing of this projects started to be characterized of gradual increasing with the beginning of new millennium, its growing ways increased through the last two years, where the total of the licensed projects during (1991-2007) did reach to about (1576) projects (except legally cancelled), out of them (104) projects licensed in 2007, achieving by that the rate of (6.6%) of industrial licensed projects total during (1991-2007).

Table 23: The development of the licensed industrial projects by activity during the period (2007-1991)

Industrial activity during the years	Engineering	Food	Chemicals	Textiles	Total
1991-1995	67	75	56	33	231
1996-2000	50	47	29	40	166
2001	47	14	21	35	117
2002	28	15	18	26	87
2003	34	20	16	19	89
2004	60	54	23	77	214
2005	43	79	29	66	216
2006	85	148	52	68	353
2007	19	44	25	14	102
Total	433	496	269	378	1576
Percentage %	27.5	31.5%	17.1%	24%	100%

Source: SIA database.

Food industries, packing and dehydration occupied the head of the industrial projects list licensed with the rules of investment encouragement law, for their number reached (496) projects, forming the rate of (31.5%) of the industrial projects total during (1991-2007), out of them (44) projects have been licensed in 2007 only. The technical development occurred in the food industries accelerate within the context of the international competitiveness and the wide diversity of food industries with vegetal and animal origin. This led to develop the production methods and applying the method of packing, boxing and wrapping and depend on the quality rules. The increasing number of packing, dehydration and manufacturing food materials projects is may be due to the government encouragement for this activity because of its major importance in serving the agricultural sector which is considered the base of Syrian economy stability and providing what this sector needs of the manufacturing, services, sorting and preparation necessary for the inside and outside marketing process. This activity is considered also as a complement of the agricultural activity which it secures the services of dehydration and manufacturing the food products of vegetables, fruits, citrus, and the animal products of meat, and dairy products, extends their validity and turns them to manufactured products which fulfil the need of the inside and outside market, and provides the farmers with the opportunities of selling their products, avoiding them the recession and product accumulation in the seasons. Besides that these industries are needed by the Syrian economy to achieve its food safety and increase its exports. These industries are distinguished with their low investment costs, speed turnover of their capitals, secured revenues and easy management, besides to their providing of more job opportunities.

The next ,as for the numbers, are the engineering industries projects, which reached to (433) projects, then the industries of spinning, textile, fabrics, soft goods and garments which reached to (378) industrial projects, including the projects which have been licensed at the three industrial cities. This explains what this industry is characterized of experience and originality, whereas the raw materials for its successful are available, such as cotton, wool, and silk, in addition to the professional experience which the work hands enjoyed with in this field, besides to the opening of the new markets thanks to many agreements signed by Syria with different world states especially the European states to exempt textile manufactured goods from the custom fees and removing the quantity restrictions from them, which formed a motivation for the investors in this profitable industrial activity, and made some world companies heading to them (such as Peniton Company, NafNaf, Adidas, Keitry, Lord, Best mountain, and MG) and made others world fashion centres granting their trade marks to the Syrian products, which clearly shows the confidence of these companies in the quality of these products and in the ability of the Syrian manufacturer to deal with the best world specifications and market them successfully.

The next, as for number, are the chemical, plastics and detergents industries which reached to (269) projects, achieving the rate of (17%). The entering of a large number of the investors to the industries which were limited to the public sector continued, such as power projects, electricity generating, and the industries of cables, TV, reinforced bars, metal plates, galvanization, rolling, concrete and others. The thing which supported these sectors and the policy of economic multiplicity in the industrial sector with new industries, which helped on widening the

collection of the Syrian industrial products prepared for local marketing or for outside exporting, affected in our economy in general and the collection of our imports and exports in particular, and contributed in modernizing and developing our industries, transferring new technologies and very important commercial and administrative experiences and allowing more field for new job opportunities.

B. Implemented industrial investments:

The feature of achieving industrial contraventions appeared in 2007, which the data referred to an increasing in the rate of implementing the industrial projects in particular to reach in this year to (69.2%) out them there are distinctive projects. The President of the Republic opened the factory of the Iranian Syrian Company for manufacturing cars Syamco at Adraa industrial city, and in December of the same year he opened the factory of Iranian Syrian company for (SAPA) cars at Homs with a productive capacity reaches /15000/ cars annually in its first stage, and Hama new concrete factory which its productive capacity reaches one million and one hundred thousand tons annually with a gross cost /250/ million Dollars. Experiments of operating the first projects of the private sector for sugar production started with the capacity of million tone annually, a factory for reinforced iron with a capacity of million tons annually, which secure (40%) of the country need, in addition to the factory of flat glass at Aleppo... etc., and from the aspect of implementing the industrial projects, the number of implemented projects or which take executive procedures (industrial license, partial industrial record, final industrial record) reached to (1010) industrial projects, including the projects of the industrial cities, achieving the rate of (64.1%) of the gross projects licensed during (1991-2007) which reached to (1576) industrial projects, in case of exclusion what have been licensed or implemented in 2007 which considered as new projects and the period of their implementation did not finish yet, so, the rate becomes (69%).

Years	Licensed Projects	Executed or under execution Projects			Total	Execution percentage
		Industrial License	Partial License	Full License		
1991-2000	400	16	46	209	271	67.8
2001	117	15	21	27	63	53.8
2002	88	19	18	52	89	101.1
2003	87	9	29	38	76	87.4
2004	212	68	43	39	150	70.8
2005	215	70	28	43	132	61.4
2006	353	75	67	15	157	44.5
2007	104	47	19	6	72	69.2
Total	1576	319	271	420	1010	64.1

Source: SIA Data

It is worth, to mention that the investment law No.10 of 1991 and its amendments, and the investment encouragement Decree No.8 of 2007 have granted the licensed projects (except the current transport projects) a period of three years as an establishment period, which means that what has been licensed in 2005, their implementation can be monitored after the passing of three years from the date of its licensing.

C. Other industrial investments:

Table 25: Implemented Industrial Projects under the law No.21 of 1958 for the years 2000-2007 in Million SYP

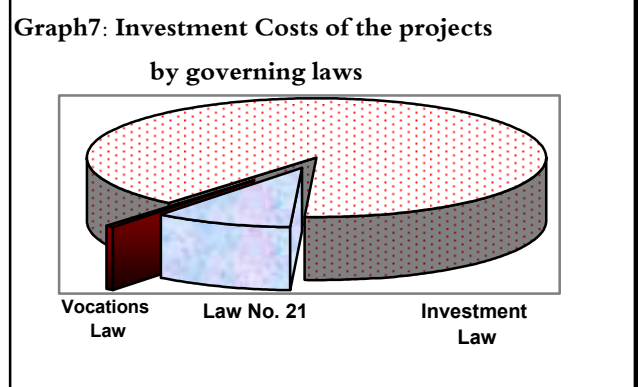
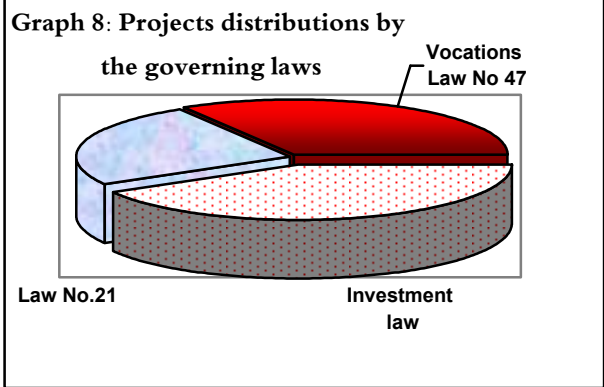
Activity	Description	2000	2001	2002	2003	2004	2005	2006	2007
Engineering Industries	No's of Projects	102	100	119	123	127	140	117	131
	Capital	749	726	929	502	599	951	3192	1752
	Labours	603	614	935	760	727	792	1455	935
Chemical Industries	No's of Projects	149	159	162	175	207	247	246	162
	Capital	1785	2082	1324	1463	2761	2496	5235	4622
	Labours	621	1363	1201	1119	1835	1604	2504	1491
Food Industries	No's of Projects	122	145	206	210	328	380	333	246
	Capital	1147	1421	1260	1611	2580	2838	3415	2795
	Labours	578	1169	845	1342	1906	1724	1983	1442
Textile Industries	No's of Projects	217	196	227	187	244	227	240	146
	Capital	633	625	540	862	1220	1259	4331	819
	Labours	1001	1268	1263	952	1752	1773	1857	1247
Sub total	No's of Projects	590	600	714	695	906	994	936	685
	Capital	4313	4854	4053	4439	7160	7544	16173	9988
	Labours	2803	4414	4244	4173	6220	5893	7799	5115

Source: Ministry of Industry 2007 data

Table 26: Implemented Vocational Projects for the period: 2000-2007

Industrial Activity	No's of Projects	Capital in Million SYP	No's of Labour
Engineering	5583	2281.4	10951
Chemical	923	1065.9	2574
Food	1973	1291.5	4312
Textile	1125	545.4	3142
Total	9604	5184.2	20979

Source: Ministry of Industry 2007 Data



Second: Industrial cities:

The industrial cities follow a speed steps towards achieving the objects which they have been established for. These cities achieved big success in achieving the time programmes in the fields of implementation and investments, and contributed clearly in drawing the local, Arab and foreign investments.

The first stages of implementation have been finished at the three industrial cities (Adra, Hasia, and Al- sheikh Najjar), commencing the second stage at (Hassya, Adra) and the third stage at Al- sheik Najjar, net revenues of the three cities reached to /9.2/ billion SYP through the lands allocation and the investors building of the plants where the following factors recorded:

- The number of investors allocated with buildings are 5673 investors
- The number of investors received their buildings are 5322 investors
- The number of factories commencing their buildings 2343 factories
- The number of factories commencing production are 313 factories
- The number of Arab and foreign companies are 168 companies
- The number of workers in building the plants are 45229 workers
- The volume of factories investments under production 74 billion SYP
- The volume of factories investments under implementing 77 billion SYP
- The volume of allocated factories investment not commenced 45 billion SYP

The city of Deir Ezzour was established pursuant to the decree No./110/ of 2007. The city extends on area of /1260/ hectare, the detailed organizational surveys and diagrams were accomplished and their investment regulation was issued, the shareholders number of its industrial buildings were about (190) local shareholders to the end of 2007.

The number of the industrial projects licensed under the provisions of the Investment Promotion Law in the three industrial cities of Damascus countryside, Homs and Aleppo (whose boards of directors were delegated by the Supreme Council of Investment to prepare the inclusion decisions for the industrial projects to be established in them since early 2004) mounted to 156 projects during the period 2004-2007. The following is a review about the current situation of investment in the three industrial cities:

A. Industrial City of Hassya (governorate of Homs)

Table 27: actual implemented licensed projects under the Investment law no.10 of 1991 and its amendments and the LD No.8 of 2007 in Industrial City of Hassya for the period 2004-2007

Years	Licensed Projects	Executed or under execution Projects				Execution percentage	Executed Investment costs in millions	Job opportunities
		Industrial License	Partial License	Full License	Total executed			
2004	11	6	4	0	10	% 91	16840	2630
2005	10	6	0	4	10	% 100	2104	303
2006	33	7	0	1	8	% 24.2	25214	2902
2007	11	5	0	0	5	% 45.5	1852	449
Total	65	24	4	5	33	% 50.8	46010	6284

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 28: Licensed Industrial Projects distribution under the investment law in Industrial City of Hassya by the Activity type during the period: 2004-2007

Years	Food Industries	Textiles Industries	Engineering industries	Chemical Industries	Other industries	Total
2004	4	1	3	3	0	11
2005	0	1	0	4	5	10
2006	8	1	8	15	1	33
2007	2	0	1	3	5	11
Total	14	3	12	25	11	65

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 29: executed investment plants in the industrial city of Hassya under the law 21 for the years 2004-2007 in million SYP

Activity	Description	2002	2003	2004	2005	2006	2007	Total
Engineering industries	No. of Projects	0	2	3	60	49	30	144
	Capital	0	13	40	1326	1116	807	3302
	Labours	0	7	40	1127	843	376	2393
Chemical Industries	No. of Projects	0	1	4	32	22	33	92
	Capital	0	5	12	856	270	629	1772
	Labours	0	4	59	239	176	311	789
Food Industries	No. of Projects	1	3	1	38	10	16	69
	Capital	35	139	70	394	454	691	1783
	Labours	4	29	40	312	201	269	855
Textile Industries	No. of Projects	0	0	2	7	4	7	20
	Capital	0	0	80	84	288	568	1020
	Labours	0	0	30	116	111	173	430

Sub total	No. of Projects	1	6	10	137	85	86	325
	Capital	35	157	202	2660	2128	2695	7877
	Labours	4	4	169	1794	1331	1129	4431

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

B- Sheikh Najjar Industrial City (in Aleppo Governorate)

Table 30: Actual implemented licensed projects under the Investment law no.10 of 1991 and its amendments and the LD No.8 of 2007 in Industrial City of Sheikh Najjar for the period 2004-2007

Years	Licensed Projects	Executed or under execution Projects				Execution percentage	Executed Investment costs in millions	Job opportunities
		Industrial License	Partial License	Full License	Total executed			
2004	21	0	11	2	13	% 61.9	3322	1202
2005	17	0	5	2	7	% 41.2	3389	984
2006	14	0	10	0	10	% 71.4	8268	1266
2007	3	0	1	0	1	% 33.3	773	134
Total	55	0	27	4	31	56.4	15752	3586

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 31: Licensed Industrial Projects distribution under the investment law in Industrial City of Sheikh Najjar by the Activity type during the period: 2004-2007

Years	Food Industries	Textiles Industries	Engineering industries	Chemical Industries	Total
2004	0	17	3	1	21
2005	0	11	3	3	17
2006	3	8	1	2	14
2007	0	1	1	1	3
Total	3	37	8	7	55

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 32: Implemented Industrial Projects under the law No.21 of 1958 for the years 2000-2007 in Million SYP

Years	No's of Projects	No's of Executed industrial Projects	Investment costs in millions	Job opportunities
2004	0	0	0	0
2005	795	6	11109	4394
2006	280	43	18426	1847
2007	560	56	8558	3558
Total	1635	105	38093	9799

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

C- Adra' Industrial City (In Rural Damascus Governorate0

Table 33: Actual implemented licensed projects under the Investment law no.10 of 1991 and its amendments and the LD No.8 of 2007 in Industrial City of Adra for the period 2004-2007

Years	Licensed Projects	Executed or under execution Projects				Execution percentage	Executed Investment costs in millions	Job opportunities
		Industrial License	Partial License	Full License	Total executed			
2004	2	0	0	2	2	% 100	3105	179
2005	7	0	5	2	7	% 64.3	2382	421
2006	23	0	23	0	23	% 50	16147	2530
2007	4	0	4	0	4	% 50	1803	387
Total	36	0	32	4	36	% 55.6	23437	3517

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 34: Licensed Industrial Projects distribution under the investment law in Industrial City of Adra by the Activity type during the period: 2004-2007

Years	Food Industries	Textiles Industries	Engineering industries	Chemical Industries	Other Industries	Total
2004	1	0	1	0	0	2
2005	0	3	4	0	0	7
2006	2	0	19	1	1	23
2007	3	0	0	1	0	4
Total	6	3	24	2	1	36

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 35: Implemented Industrial Projects under the law No.21 of 1958 for the years 2004-2007 in Million SYP in the industrial City of Adra

Years	Licensed Projects	Executed or under execution Projects				Execution percentage	Executed Investment costs in millions
		Industrial License	Partial License	Full License	Total executed		
2004	0	0	0	0	0	0	0
2005	146	140	0	6	146	1400	1743
2006	646	635	4	7	646	602	5009
2007	334	319	5	10	334	16066	5514
Total	1126	1094	9	23	1126	18068	12256

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

D- Gross investments of the Industrial Cities:

Table 36: Actual implemented licensed projects under the Investment law no.10 of 1991 and its amendments and the LD No.8 of 2007 in all of the Industrial Cities for the period 2004-2007

Years	Licensed Projects	Executed or under execution Projects				Execution percentage	Executed Investment costs in millions	Job opportunities
		Industrial License	Partial License	Full License	Total executed			
2004	34	6	15	4	25	% 73.5	23267	4011
2005	34	6	10	8	24	% 70.6	7875	1708
2006	70	7	33	1	41	% 58.6	49629	6698
2007	18	5	5	0	10	% 55.6	4428	970
Total	156	24	63	13	100	% 61.1	85199	13387

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 37: Development of the executed industrial projects in the three industrial cities by the type of activity for the period: 2004-2007

Years	Food Industries	Textiles Industries	Engineering industries	Chemical Industries	Other Industries	Total
2004	5	18	7	4	0	34
2005	0	15	7	7	5	34
2006	13	9	28	18	2	70
2007	5	1	2	5	5	18
Total	23	43	44	34	12	156

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Table 38: Implemented Industrial Projects under the law No.21 of 1958 for the years 2004-2007 in Million SYP in all of the Industrial Cities

Years	No's of projects	No's of executed investment projects	Executed Investment costs in million SYPs	Job opportunities
2004	17	17	394	411
2005	1078	289	15169	7931
2006	1011	774	21156	8187
2007	980	476	27319	10201
Total	3086	1556	64038	26730

Source: Ministry of Local Administrations & Environment (Industrial Cities 2007)

Third- Transportation Sector:

A- Licensed investments of the transportation sector:

The number of land, maritime and air transportation projects licensed under the provisions of Law no.10 of 1991 and its amendments and the Investment Promotion Decree No.8 of 2007 mounted to 1983 projects during the period 1991-2007, of which 51 projects were licensed in 2007. The total number of the implemented transportation projects was 1461 that created about 34928 direct job opportunities with realized investment costs that mounted to SYP 52.345 b.

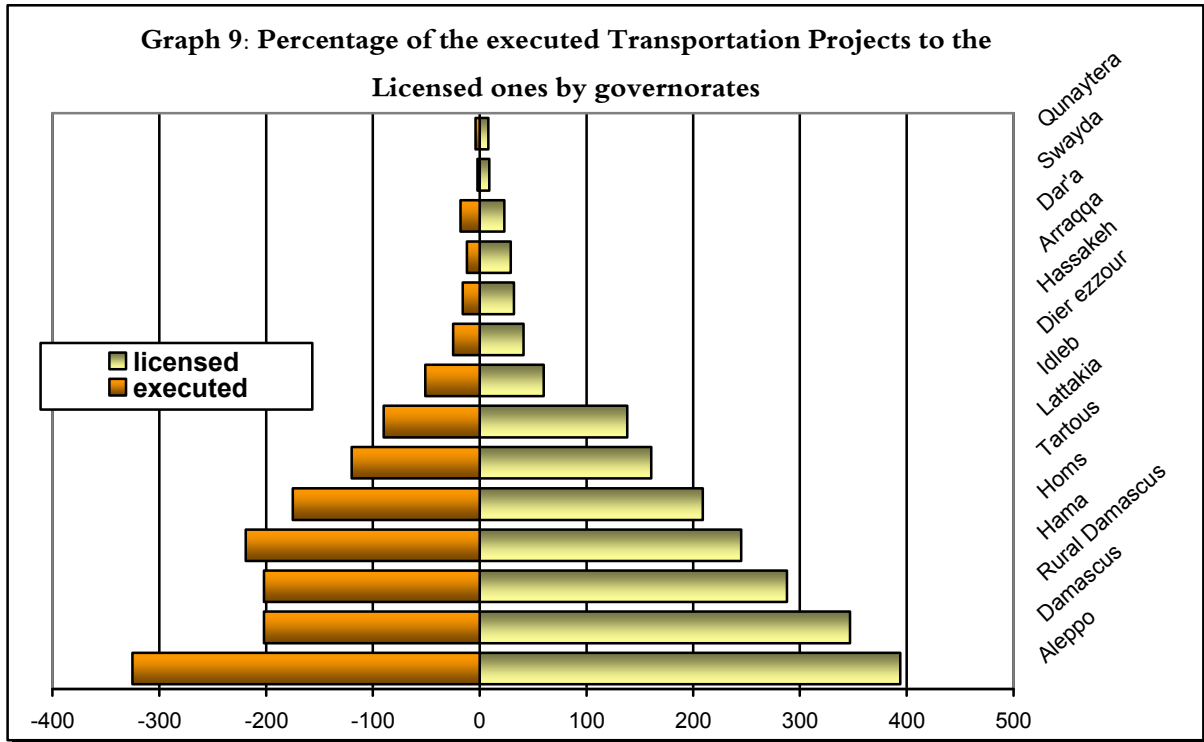
Thus the total implementation percentage of the passengers and goods transportation projects was 73.7% in terms of the number of projects and 33.1% in terms of investment costs.

In addition to the a.m. land transportation projects 44 planes were licensed as ideal unprecedented projects in Syria for air transportation (the Charter) the implementation procedures of some of which began actually.

Table 39: No's of the licensed and executed transportations projects under the law 10 of 1991, its amendments and the LD No.8 of 2007 by governorates for the period 1991-2007

General	1995-1991			2000-1996			2006-2001			2007			Sub total		
	Licensed	Executed	Execution %	Licensed	Executed	Execution %	Licensed	Executed	Execution %	Licensed	Executed	Execution %	Licensed	Executed	Execution %
Damascus	116	116	%100	41	41	%100	178	45	%25	11	0	0	346	202	58.4
Rural Damascus	27	27	%100	26	26	%100	228	149	%66	8	0	0	288	202	70.1
Aleppo	43	43	%100	51	51	%100	290	231	%80	10	0	0	394	325	82.5
Hama	27	27	%100	25	24	%96	192	168	%88	1	0	0	245	219	89.4
Homs	16	16	%100	14	14	%100	176	145	%82	3	0	0	209	175	83.7
Lattakia	8	8	%100	21	21	%100	105	61	%58	4	0	0	138	90	65.2
Tartous	6	6	%100	10	9	%90	138	104	%75	7	1	%14	161	120	74.5
Idleb	5	5	%100	6	6	%100	47	40	%85	2	0	0	60	51	85.0
Arraqa	1	1	%100	2	2	%100	25	9	%36	1	0	0	29	12	41.4
Dier Ezzour	6	6	%100	4	4	%100	29	15	%52	2	0	0	41	25	61.0
Hassakeh	4	4	%100	1	1	%100	27	11	%41	0	0	0	32	16	50.0
Dar'a	2	2	%100	4	4	%100	15	12	%80	1	0	0	22	18	81.8
Swayda'	1	1	%100	0	0	0	7	1	%14	1	0	0	9	2	22.2
Qunaytera	0	0	%100	1	1	%100	7	3	%73	0	0	0	8	4	50.0
Total	262	262	%100	206	204	%99	1464	994	%68	51	1	%2	1983	1461	73.7

Source: Ministry of Transportations and SIA Data



B- The implemented investments of the transportation sector:

Table 40: Actual implemented licensed projects under the Investment Law No.10 of 1991 and its amendments and the LD No.8 of 2007 by years, investment costs and job opportunities for the period 1991-2007

Years	No's of licensed projects	No's of executed projects	Execution percentage%	Licensed investment costs in million SYP	Executed investment costs in million SYP	Execution %	Job opportunities
-1991 2000	468	466	99.6	27093	27048	99.8	20851
2001	210	210	100	4573	4573	100	2959
2002	374	374	100	7026	7006	99.7	4245
2003	131	131	100	2585	2585	100	1432
2004	182	144	79.1	6810	5009	73.6	2660
2005	283	66	23.3	31900	2942	9.22	1527
2006	282	69	24.5	20882	3110	14.9	1231
2007	51	1	2.0	57059	72	0.13	23
Total	1983	1461	73.7	157928	52345	33.1	34928

Source: Ministry of Transportations and SIA Data

Fourth- Projects of Real Estate Complexes:

The real estate sector is particularly important for the national economy since it has front and back connections with 80-100 other minor economic activities particularly with the sub-sector of manufacturing building materials and transactions...etc. The Prime Minister's Office ratified the draft Investment and Real Estate Development Law that is aimed at creating a suitable legislative environment for the development of the sector of real estates and residences. In line with the current requirements of the development process in all development fields the Supreme Council of Investment took the initiative of including projects of new nature that are important and that meet the government ambitions in developing and promoting real estate investment. Those complexes consist of districts in which the main elements of residence, commerce, business and tourism are available according to international standards including residential towers, hotels, bourse, commercial offices, and malls; therefore it included 4 projects of this nature in 2005. And it is hoped that a new legislation will be issued regulating the real estate investment to complement this step and to further proceed in this type of new projects.

Table 41: real estate complex projects licensed by the investment law No.10 of 1991 and its amendments in 2005

Investing party	Governorate	Investment costs in million SYPs		Total	Job Opportunities
		Local currency	Foreign currencies		
World Trade Centre project	Rural Damascus	277.3	6232	6509	3600
The eighth gate project	Rural Damascus	26440	3161	29601	700
Rwad Alshahba' project	Aleppo	1528.3	6651	8179.4	1000
Business and money's street Project	Rural Damascus	585	16300	16885	2000
Total		28830.6	32344	61174.6	7300

Source: SIA Data

Some of these projects did really start buying the required lands for their projects and to set its plans, and the eighth gate project has already commenced and the execution is about 15%.

Fifth- The Agriculture Sector:

The agriculture sector is still taking the lead in the structure of the Syrian economy as it employs one third of the labour force and maintains a high level of self-food sufficiency but the unfavourable climate circumstances of the last two years accompanied with slow application of new irrigation methods and the use of old

production techniques led to both qualitative and quantitative recession in the harvest particularly of wheat and cotton. And we don't need of course to say that the development of the other sectors largely depends on the extent of development achieved in the agricultural one. Anyway this sector was given exemptions and incentives to which the Investment Promotion Law added new incentives the most important of which was the possibility of digging wells, allowing foreign investors to own the project, and promoting modern irrigation projects. The number of the agricultural projects that were licensed within the period (1991-2007) was 176 of which 28 projects were licensed in 2007. Those projects included 143 projects for livestock breeding, 33 projects for agricultural production, services and irrigation and they are expected to create about 10542 job opportunity within the period 1991-2007 among them 1051 job opportunities are expected in 2007 with total investment costs of about SYP 4156 b. of which SYP 3619.7 m. in 2007.

The low number of agriculture projects in comparison to other projects is due to the fact that – as we said earlier- they are given government support and full facilities to push this sector forward and to promote it as the agricultural and animal production is not subject to any tax. The implementation percentage of investment agricultural projects was 40.3% during the period 1991-2007 in terms of the projects number, but if we exclude the number of projects licensed in 2007 as new projects that are still being established and did not enter the legal implementation phase the implementation percentage would be 49% creating about 3690 real and direct job opportunities.

Table 42: Actual implemented licensed agricultural projects under the Investment Law No.10 of 1991 and its amendments and the LD No.8 of 2007 by years, investment costs and job opportunities for the period 1991-2007

Years	No's of agricultural projects			Investment costs in million SYPs			Job opportunities	
	Licensed	Executed	%	Licensed	Executed	%	Licensed	Executed
2000-1991	11	8	72.7	1057	833	78.8	529	380
2001	6	2	33.3	1008	140.3	13.9	374	103
2002	4	4	100	263.6	263.6	100	143	143
2003	15	8	53.3	2638.8	684.6	26	602	283
2004	18	8	44.4	6137.1	803	13.1	1311	360
2005	28	11	39.3	13381.1	1985.3	14.8	2645	733
2006	66	28	42.4	13350.8	6337	47.5	3887	1601
2007	28	2	7.1	3619.7	467.5	12.9	1051	87
Total	176	71	40.3	41456	11514	27.8	10542	3690
2007%	15.9	2.8		8.7	4.1		10	2.4

Source: SIA data

Six- The Health Sector:

A- Specialized Hospitals:

This type of service projects is new for the Investment Law No.10. The Supreme Council of Investment started in 2001 to include specialized hospitals with advanced and qualitative specializations or that have high levels of current medical specializations within specific standards defined by the Ministry of Health. Thus the number of the licensed hospitals reached 25 during the period 2001-2007 with a total investment cost of about S.P. 35646 m. The number of the job opportunities they create is estimated at around 7741. It is worth mentioning that all those hospitals have new specializations or high levels of existing medical specializations such as cardiac surgeries, treating cancer tumours, test-tube babies, and treating people with special needs...etc.

Table 43: Actual licensed private Specialised Hospitals projects under the Investment Law No.10 of 1991 and its amendments and the LD No.8 of 2007 by years, investment costs and job opportunities for the period 2002-2007

Years	No's of hospital	Investment costs in million SYPs	Job opportunities
2001	1	980	323
2002	2	626	148
2003	1	265	115
2004	3	3632	708
2005	5	3321	914
2006	11	18402	2659
2007	2	840	2874
Total	25	35646	7741

Source: SIA data

B- Manufacturing projects of pharmaceutical and medical equipments:

The pharmaceutical and medical equipment manufacturing projects are considered industrial projects and I have allocated this paragraph to represent the data of this industry separately in order to look at it from a medical perspective.

Table 44: Number of licensed investment projects under the Investment LD No.8 of 2007 by economic activity, investment costs and job opportunities for the period 1991-2007

Activity	No's of projects	Investment costs in million SYP	Job Opportunities
Pharmaceutical industry	29	12169	2519
Medical industry	18	6092	1658
Total	47	18261	4177

Source: SIA data

Seventh: The Oil, Mineral Resources and Energy Sector:

In the light of the continuous retreat of oil production, the Syrian government is trying its best efforts to develop oil refinement projects by means of investment in exploration and drilling in order to boost the production activities and at the same time it exerts efforts aimed at increasing the refinement capacities since both refineries of Banias and Homs do not meet the local demand, therefore, Syria seeks to renovate the oil refineries and it has set plans for this purpose and the same time an MOU was signed to establish a new joint refinery in the east of Homs among Syria, Iran, Venezuela and Malaysia with a capacity of 140000 barrel a day. Another MOU was signed with the Kuwaiti Nour Co. for fiscal investments to build a refinery with a value of SYP 88074 m. in Deir Ezzor with a capacity of 140000 barrel a day under the umbrella of the Investment Promotion Law and it is now in the phase of making the required implementation studies. A contract was also signed for a joint venture between the General Co. for Marble and Asphalt and Knawf Co. of Germany to rehabilitate the gypsum factory in Lattakia. The government promotes as well the private sector investments in the field of oil and energy and provides the required facilities to encourage this crucial sector.

Sites have been delivered for ten projects for Portland cement production whose total production capacity mounts up to 24300 thousand tons a year. Some of those projects began to examine and contract on machines in order to prepare their infrastructures in the region of Abu Al Shamat, Homs and Al Raqqa and the operation experiments of some of them is expected to start in 2009.

Hama cement factory moved to the production phase this year with a production capacity of 1m/ton a year. The companies licensed under the Investment Promotion Law that have petroleum and wells measurement and digging activities began the implementation of their studies and maps that indicates their seriousness and that makes them considered among the projects that have actually begun.

Table 45: Oil, minerals and energy licensed under the law No.10 of 1991 and the LD No.8 of 2007 by the investment costs and the value of the imported machinery and job opportunities

Activity	No's of Projects	Investment Costs in Million SYP	Investment Costs in Foreign Currencies	Machinery Value in m SYP	Job Opportunities
Portland Cement Production	21	196207.4	151930.6	120230	9152
Oil Service Joint Syrian-Egyptian Company	1	50	43	37	70
focal measurement Services Joint Syrian-UAE Company	1	482	450	426	32
Ground Liquids engineering Joint Syrian Egyptian Company	1	98	82	26	44
Dier ezzour Oil Refinery Noor Kuwaiti Company	1	88074	66020	64240	1200
Lattakia's Gypsum enhancement Joint Syrian-German Company	1	330	301	263	54
Winds Electricity Generator Farms	1	23767.3	22324.1	18444	120
Electricity generation Station	1	15178	15042.3	15000	200
Winds Electricity Generating	1	88049.6	88010	74434	470
Total	29	412237	344205	293100	11342

Source: Ministry of Oil and Mineral Resources & SIA Data

Eighth- Distribution of Investment Projects by Governorates:

The distribution of the investment projects on the geographical area of the governorates can be considered in terms of the numbers of those projects and in terms of their estimated investment costs.

In terms of the distribution of those projects by their numbers we find that the three governments that include industrial cities (Aleppo, Damascus countryside, and Homs) have attracted about 55% of the total projects that were licensed during the period (1991-2007) of which Aleppo governorate got (849) projects of the total licensed ones that means it got about 22.6% of the other governorates' share. In the second place we have Damascus countryside that got 847 projects, and then we have the governorate of Homs in the third place that got 371 projects, Damascus governorate got 358 projects, Hama got 345 projects, Lattakia got 216 projects, Tartous got 215 projects, Idleb got 124 projects, Al Raqqa got 113 projects, Daraa got 104 projects, Deir Ezzor got 87 projects, Al Hassaka got 68 projects, Swayda got 54 projects, and Al Quneitra got 11 projects.

We find contradiction in the arrangement of the licensed projects in terms of the investment costs as Damascus countryside governorate moved to the first place and got 31.3% of the total investment costs of the projects that were licensed during the period (1991-2007), then we have Homs governorate in the second place that got 20.3%, Aleppo 12.2%, and Deir Ezzor governorate moved forward to the fourth place as it got 9.4%, then we have Lattakia that got 5.4%, Tartous 4.8%, and the governorates that got the least shares were Daraa, Swayda, and Quneitra whose share was 2.2% of the total estimated investment costs.

Table46: Licensed investment projects distribution under the Investment LD No.8 of 2007 in the Governorates respectively by economic activity, investment costs and job opportunities for the period 1991-2007

Top to less projects number by governorates			Top to less investment costs by governorates		
Governorate	Number of projects	Distribution %	Governorate	Costs in million SYP	Distribution %
Aleppo	849	22.6	Rural Damascus	390020	31.3
Rural Damascus	847	22.5	Homs	253350	20.3
Homs	371	9.9	Aleppo	159508	12.8
Damascus	358	9.5	Dierezzour	117194	9.4
Hama	345	9.2	Lattakia	67546	5.4
Lattakia	216	5.7	Tartous	60346	4.8
Tartous	215	5.7	Hama	49931	4
Idleb	124	3.3	Damascus	38456	3.1
Arraqqa	113	3.0	Arraqqa	36505	2.9
Dar'a	104	2.8	Hassakeh	22484	1.8
Dier ezzour	87	2.3	Idleb	22418	1.8
Hassakeh	68	1.8	Dar'a	18293	1.5
Swayda'	54	1.4	Swayda'	7348	0.6
Qunaytera	11	0.3	Qunaytera	1676	0.1
Total	3762	100	Total	1245072	100

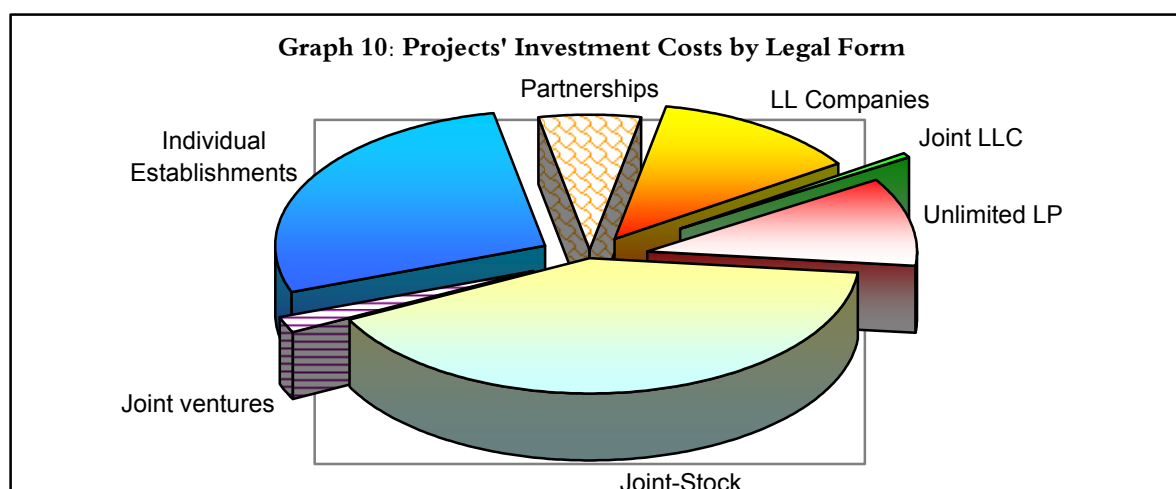
Source: SIA Data

Ninth: The Distribution of the Licensed Investment Projects by legal status:

Table47: Licensed investment projects under the Investment LD No.8 of 2007 respectively by legal form for the period 1991-2007

Legal Form	Number of projects	Distribution %	Costs in billion SYP	Distribution %
Individual Establishments	1992	53	340.1	27.6
Joint-Stock Companies (PLC)	148	3.9	504.2	40.9
Limited Liability Joint Ventures	11	0.3	7.4	0.6
Joint Ventures Companies	5	0.1	23.6	1.9
Limited Liability Companies	214	5.7	154	12.5
Partnerships	483	12.8	73.7	6.0
Unlimited Liability Partnerships	909	24.2	131	10.6
Total	3762	100%	1234	100%

Source: SIA Data



The Individual Establishments dominated in the licensed projects from a legal point of view and their percentage mounted to 53% of the total number of enterprises, followed by Unlimited Liability Partnerships with a percentage of 24.2%, and then other legal forms came with lesser numbers of Partnerships which formed about 12.8%, then we have companies of limited liability 5.7%, then come the JOINT-STOCK Companies at 3.9% respectively, and there are 11 Joint LLC Companies as well, and 5 LL Joint Ventures that shows objective and subjective reasons that hinders the establishment of Joint Ventures primarily, due to an incomplete bourse that is the main pillar for associations of capitals, in addition to the firm and long procedures the company goes through, during its establishment, and on the top of which we have the subjective factor on the part of the investors who prefer to establish persons or family companies to manage their funds directly that makes them have more peace of mind. Some investors would also transform their

companies into Individual Establishments in order to dodge from paying the stamp fee.

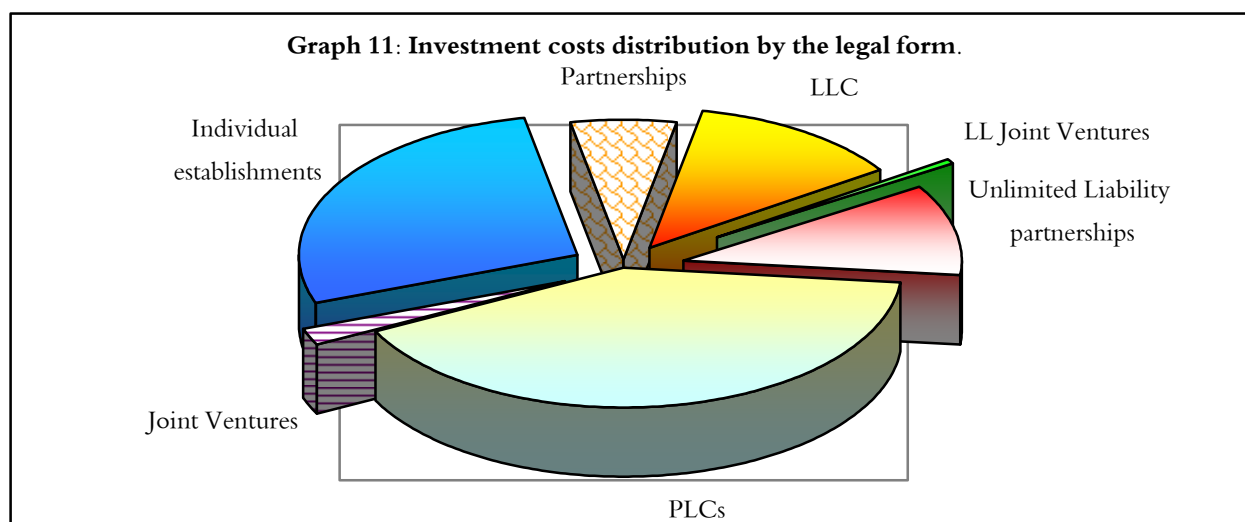
But if we consider the distribution percentages of the investment costs by legal status we find that anonymous companies have 40.9%, persons companies have 27.6% and the LTD companies have 12.5%.

Moreover, there are 10 holding companies with a gross capital of SYP 292445 m. that is equal to US\$ 5848.9 m. the last of which is the Syrian-Qatari Co. whose capital is US\$ 250 m.

Table 48: Holding Companies Licensed by law No.10 of 1991 and LD No.8 of 2007 and its Working Capitals for the period of 1991-2007

Holding company's Name	Capital SYP millions	Equivalent US\$
1. Syrian-Qatari Investment Company	250000	5000
2. Alzaeem Holding company	1000	20
3. Offoq for investments holding company	1250	25
4. Insha'a holding company	1000	20
5. Sham holding company	18025	360.5
6. Syria Holding Company	4000	80
7. The Kuwaiti Holding Company	10000	200
8. The Investment Fund of Alsharq Holding company	4000	80
9. Castle Invest Holding company	1000	20
10.Maoad All'mar Holding Company	2170	43.4
Total	392445	5848.9

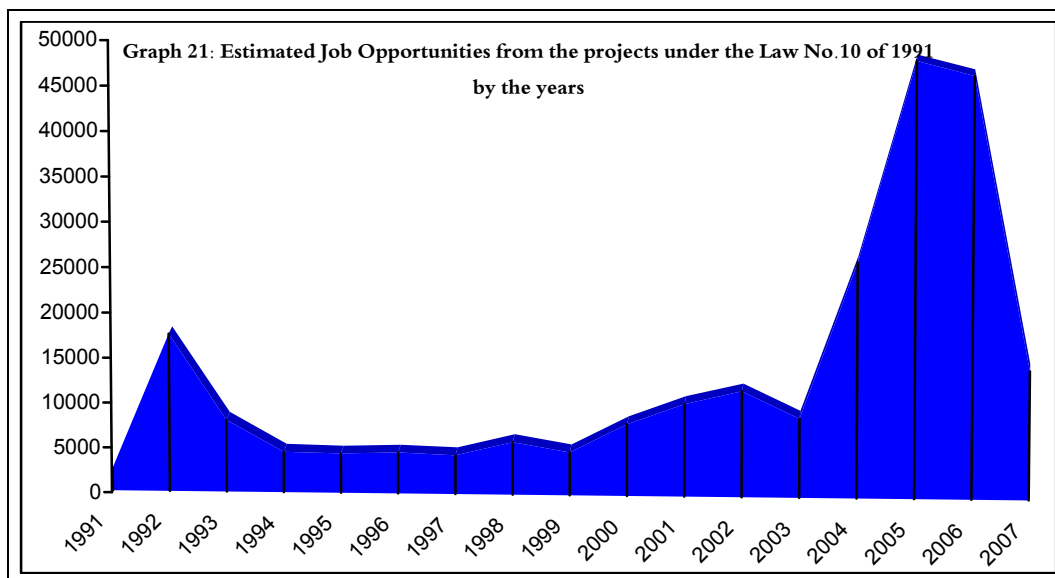
Source: SIA Data



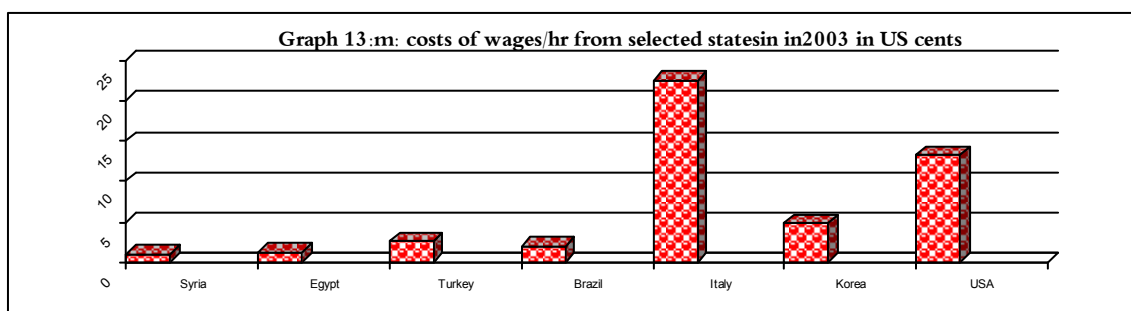
Tenth- Job Opportunities estimated for investment projects:

Creating job opportunities is still one of the most elements the countries look for by attracting investment projects when they include them under investment laws, and that's the subject of continuous care by the government. It is proved by experience that the numbers declared in the feasibility studies of those projects or the inclusion decisions are lower than the actually employed ones for reasons that have become well known such as to avoid registering them at the Social Insurance Institution, and that's what was avoided by Legislative Decree No.8 of 2007 for investment promotion when it gave certain grades of additional tax exemption for the enterprises whose employees are registered at the Social Insurance Institution. It is well known that the investment projects of whatever activities create about 3-5 indirect job opportunities for each direct job opportunity it creates.

The direct job opportunities created by projects licensed under the investment law are estimated to be 218398 in the period 1991-2007 of which 14315 are thought to be from the projects licensed in 2007 and the number of the actually realized ones from the total number of the implemented projects is about 128488 direct job opportunities during the period 1991-2007, among them 69173 in the industrial sector, 43928 in transportation projects and 15387 in the agricultural sector and projects of other sectors. It is worth mentioning here that the projects that were licensed in the last two years are still in the establishment phase.



Syria has a relative feature in terms of the average wage costs per hour. The following chart shows the wage costs in Syria in comparison with a number of other chosen countries⁸.



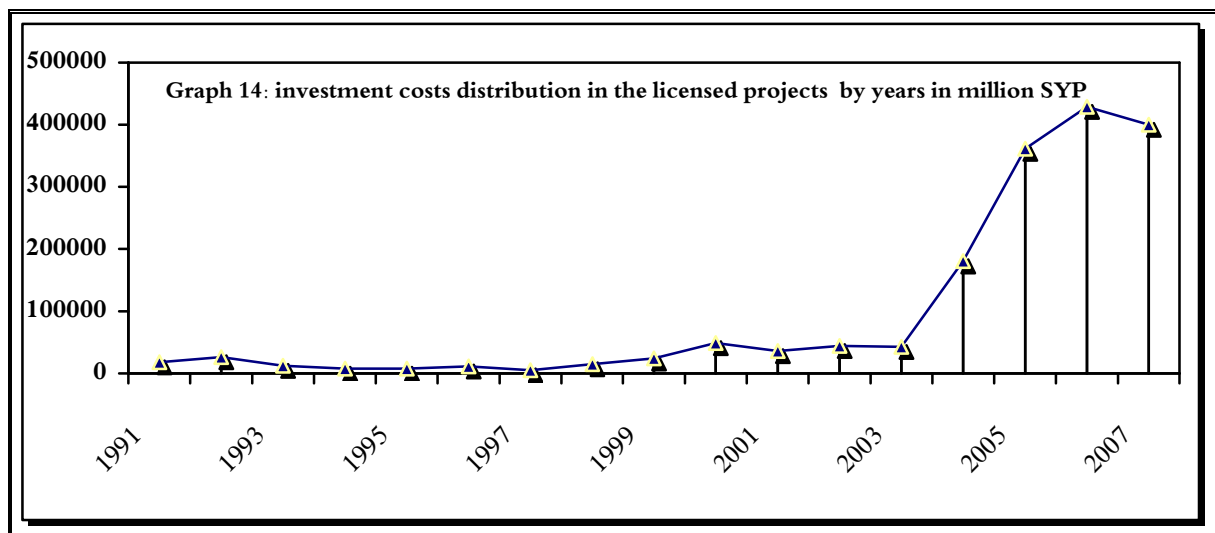
⁸ Source: Competitiveness Mind-set Project of the UNDP report to cotton clothes, p.36

Eleventh- Machines and equipments imported for investment projects:

The value of machines and equipments imported for the projects licensed during the period 1991-2007 is estimated at SYP 662.4 b. of which SYP 107.8 b. in 2007, from which SYP 128 b. are actually realized in the field of industry, SYP 44 b. in the field of transportation, SYP 24 b. in the field of agriculture, and SYP 11.5 b. in other sectors, that makes in total SYP 207.5 b. with an implementation percentage of 31.3% and that indicates the large volume of modern imported techniques, machines and equipments that are made available for the Syrian industry particularly to keep up with international technologies, and it is a positive point provided by the investment law, in addition to the value of transportation means imported for transportation projects that are all new and not renovated.

Twelfth: The Investment Costs of the Investment Projects:

The investment costs of the investment projects licensed under the Investment Law no.10 of 1991 and its amendments during the period 1991-2007 are about SYP 1494.8 b. of which SYP 929.9 b. are in foreign currency, whereas the investment costs for 2007 alone mounted to SYP 401.1 b. that is about 26.7% of the total investment costs of the total number of the projects that were licensed since the investment law has been issued.



Thirteenth: Expansion in Existing Projects:

Once they succeed, the implemented projects tend to expand their production capacities by means of adding new production lines that lead to increase their investment costs, the values of machines and the number of employees. The number of the existing industrial projects that doubled their production capacities and their investment costs in 2007 is more than 64 projects with amended investment costs that reached about SYP 17.9 b. such as (Al Sweidi co. for Cables, the French Bel Majory co. for Cheese, and a large number of food, textile and metallurgical companies...etc), in addition to 14 transportation projects with amended investment costs that mount to SYP 400 m.

Chapter Four: Investment in Activities and Other Sectors

1- Tourism Sector:

Tourism investments developed in two main fields one of them the investments in tourist establishments (hotels, restaurants) that are in service and the other one is the tourist investments of projects (hotels, restaurants) that are under construction and their total investments in 2007 mounted to SYP 355.4 b. of which SYP 11 b. were in 2004, SYP 32 b. in 2005, and a quantum leap in 2006 as those investments reached to SYP 109 b. and SYP 68.1 b. in 2007 as a result of the tourist investment markets that include preparing lands free of buildings but feasible ones in addition to adopting new contracting formulas and a new approach to promote investments, improve the legislative environment, provide funding and infrastructure and ease procedures.

Table 49: Tourism investments indicators for the years 2003-2007

Descriptions	Till 2003	2004	2005	2006	2007	Total
1. Tourism investments in billion SYP	136	11	32	109	68.1	355.4
2. Investment in-service in billion SYP	136	7	23	20	7	193
3. Projects under constructions	0	4	8	89	61.4	162.4
Licensed projects hold construction license	0	4	8	34	35.4	81.4
Projects resulted from tourism investment markets	0	0	0	26	13.3	39.3
Projects resulted from Tourism agreements	0	0	0	29	12.7	41.7

Source: Ministry of Tourism

First: Tourist Investments in the framework of the 10th five-year-plan:

The tourist investments implemented in the first year of the 10th five year plan till 2007 were SYP 177.1 b. of which SYP 27 b. for in-service projects that form 28% of the total investments of the 10th five year plan that mount to SYP 90 b. and SYP 150.7 b. for projects under construction as it is shown in the following table:

Table 50: Tourism investments indicators during the period of: 2006-2007

Descriptions	2006	2007	Total
4. Tourism investments in billion SYP	109	68.1	177.1
5. Investment in- service in billion SYP	20	7	27
6. Projects under constructions	89	61.4	150.4
Licensed projects hold construction license	34	35.4	69.4
Projects resulted from tourism investment markets	26	13.3	39.3
Projects resulted from Tourism agreements	29	12.7	41.7

Source: Ministry of Tourism

A- In-service Projects:

The in-service investments in 2005 mounted to SYP 166 b. and in 2006 about 567 establishments became in-service ones with about SYP 20 b. and the in-service investments that were implemented in 2007 mounted to SYP 6781 m. with an accommodation capacity of 144 establishments, 1554 beds, 18828 chairs as it is shown in the following table:

Table 51: in-service investments developments during the period of 2005-2007 in million SYP

Description		No's of constructions	Capacity		Tourism investments in billion SYP
			No's of beds	No's of seats	
Hotels	2005	566	43262	64893	118970
Restaurants		1780	0	157436	47231
Total		2346	43262	222329	166201
Hotels	2006	56	2261	3135	8488
Restaurants		511		46089	11603
Total		567	2261	49223	20091
Hotels	2007	29	1554	3403	3475
Restaurants		115	0	15425	3306
Total		144	1554	18828	6781

Source: Ministry of Tourism

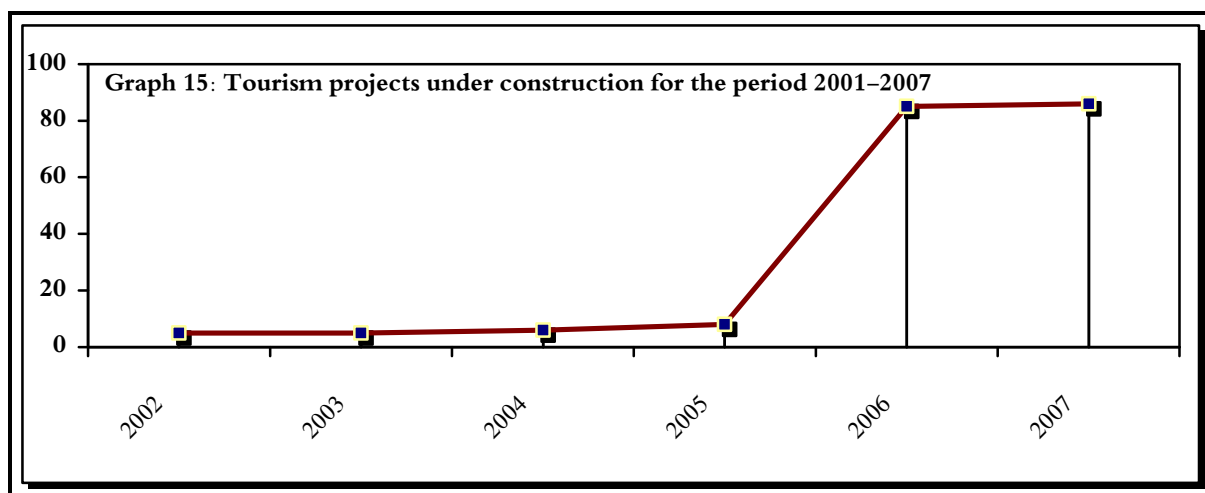
B- Projects under construction:

The tourist investments under construction with establishment licenses in 2004 were about SYP 4237 m. before the base year that is going to be licensed in service since 2007, the investments of 2005 the base year that is going to be licensed since 2008 were about SYP 7930 m. the investments of 2006 that is going to be licensed in service by 2009 were about SYP 89305 m. the investments of 2007 that is going to be licensed in service by 2010 were about SYP 61502 m. distributed as follows:

Table 52: Development of the under construction projects for the period 2004-2007 in million SYP

Years	Restaurants		Hotels		Total	
	No's of rest's	Investment value in million SYP	No's of hotels	Investment value in million SYP	No's of investments	Investment value in million SYP
2004	20	820	19	3417	39	4237
2005	28	2491	19	5439	47	7930
2006	71	5943	80	83362	151	893.5
2007	47	5034	59	56468	106	61502

Source: Ministry of Tourism



C- The geographical distribution of in-service and under-construction tourism investments:

The tourism investments that are in service are mainly located in 6 governorates with a percentage of 88.3% and 95.9% for the projects under construction. There is a positive inclination in tourism investments from in-service projects to under construction ones in Damascus countryside with an increase of 9%, Tartous with an increase of 12%, Lattakia with an increase of 2%, and a decrease in Damascus of about 14.7% that indicates that the investments are mainly located in Damascus city and distributed to other governorates as it is shown in the following table:

Table 53:

Investments	Damascus	Rural Damascus	Lattakia	Tartous	Aleppo	Homs	Other Gov's
In-Service Investments	% 29.2	% 20	% 14	% 8	% 10	% 7	11.8 %
Under construction	% 13	% 27	% 15	% 24	% 11	% 6	% 4

Source: Ministry of Tourism

Second- Job opportunities:

The tourism investments realized about 145323 job opportunities from in-service projects and 35429 job opportunities from under construction ones.

Table 54:

Job opportunities	Till 2003	Executed 2004	Executed 2005	Executed 2006	Executed 2007	Total
Direct opportunities	106166	5220	15036	12625	6276	145323
Annual opportunities	0	2453	4285	6615	22077	35429

Source: Ministry of Tourism

Third- Main indicators of the tourist sector:

- Flow of Arab and foreign investments implemented in the tourist sector (FDI): the Arab and foreign licensed and contracted investments in 2006 were about SYP 69737 m. that were for investors from: Kuwait, UAE, Qatar, Saudi Arabia, Jordan, Russia, Britain, and Turkey. They are expected to be implemented during the period 2007-2010 with an investment flow of SYP 19266m. during the a.m. years.
- The country's earnings of foreign currency: the country's earnings of foreign currency in 2007 till the third quarter of it were about SYP 114 b. of which SYP 65 b. were from Arabs, SYP 15 b. were from foreign investors, and SYP 34 b. were from Syrian expatriates.
- The tourist sector contribution to GDP: the GDP from the revenues of the tourist sector till September 2007 were about SYP 114312 m. with an accomplishment percentage of 83% of the domestic product planned for that is SYP 137266 b. in 2007, of which SYP 63622 m. are for hotels and restaurants (both public and private ones).
- The value of the production requirements in the tourist sector till 2007 was about SYP 62872 m. of the requirements planned for that amount to SYP 75496 m. of which SYP 39838 m. are for private and public hotels and restaurants.
- The value of the domestic product from the tourist sector till 2007 was SYP 51440 m. with an accomplishment percentage of 83% of the product planned for that is SYP 61770 m. of which SYP 23784 m. were for public and private hotels and restaurants.

Table 55: Development of the accumulated investments by the type of ownership title during the period of: 2000-2007

Years	Hotels activity		Restaurant activity		Totals in the public sector	Totals in the private sector	Total of hotel investments	Total of restaurant investments	Sub total
	Value Public sector	Value Private sector	Value Public sector	Value Private sector					
2000	11029	67652	2166	30343	13195	97995	78681	32509	111190
2001	11029	68407	2166	31683	13195	100090	79436	33849	113285

2002	11029	70053	2166	33134	13195	103187	81082	35300	116382
2003	11029	78506	2166	43638	13195	122144	89535	45804	135339
2004	11029	80937	2166	49240	13195	130177	91966	51406	143372
2005	11029	88474	2166	64533	13195	153007	99503	66699	166202
2006	11029	93674	2166	79300	13195	172974	104703	81466	186169
2007	11029	97149	2166	82606	13195	179755	108178	84772	192950

Source: Ministry of Tourism

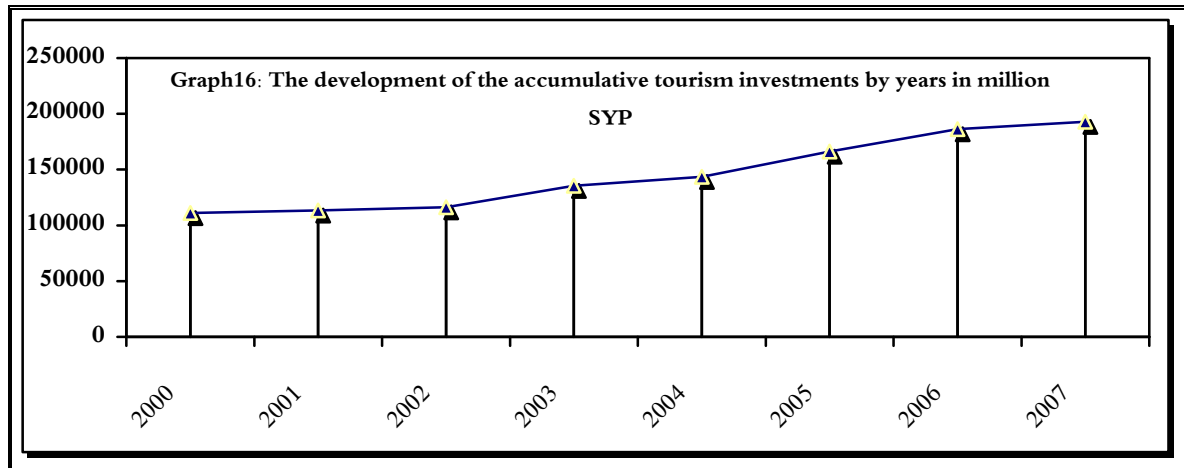


Table56: In-service constructions by regions and governorates in2007

Regions	Governorates	Capacity		Tourism investments in million SYP	Investment %
		No's of beds	No's of seats		
Southern Region	Damascus	15038	73290	56265	29.2
	Rural Damascus	8724	63929	38705	20.1
	Dar'a	505	4120	2387	1.2
	Swayda'	20	2275	706	0.4
	Qunaytera	25	490	205	0.1
	Total	24312	144104	98268	50.9
Costal region	Lattakia	6911	38166	26833	13.9
	Tartous	2936	23739	15190	7.9
	Total	9847	66905	42023	21.8
Middle Region	Homs	3856	14768	12900	6.7
	Hama	1027	10916	6508	2.9
	Total	4883	25684	18508	9.6
Northern Region	Aleppo	4815	27739	19166	9.9
	Idleb	392	6428	2769	1.4
	Total	5207	34167	21935	11.4
Eastern Region	Dier ezzour	1733	6170	5837	3
	Hassakeh	781	8429	4163	2.2
	Arraqa	314	4921	2188	1.1
	Total	2727	19520	12218	6.3
Over all		47077	290380	192952	100%

Source: Ministry of Tourism

Table 57: Projects under construction by regions and governorates during the year 2007

Regions	Governorates	Capacity		Tourism investments in million SYP	Investment %
		No's of beds	No's of seats		
Southern Region	Damascus	3744	6322	21162	13
	Rural Damascus	10759	34647	43784	26.9
	Dar'a	417	2404	829	0.5
	Swayda'	218	5057	798	0.5
	Qunaytera	0	0	0	0
	Total	15138	48430	66573	41
Costal region	Lattakia	7193	24404	24292	15
	Tartous	8744	21906	38506	23.7
	Total	15937	46310	62797	38.6
Middle Region	Homs	3756	15021	9599	5.9
	Hama	152	6200	1186	0.7
	Total	3908	21221	10786	6.6
Northern Region	Aleppo	3669	22768	17479	10.8
	Idleb	16	2753	617	0.4
	Total	3685	25521	18096	11.1
Eastern Region	Dier ezzour	320	510	636	0.4
	Hassakeh	510	7545	1972	1.2
	Arraqqa	607	6731	1643	1
	Total	1347	14786	4251	2.6
Over all		40015	156268	162503	% 100

Source: Ministry of Tourism

2- Private Banking Sector:

The monetary authority kept directing its policies to the realization of monetary stability and exchange rate stability for the Syrian pound. The funding system of the importation process was expanded through the banking system and the Syrian pound became no more linked with dollar as it became linked with the unit of the private withdrawal rights that give the exchange rate more stability. The operating banks in Syria are 15 banks today including 6 public banks and 9 private ones that include two Islamic banks that have started their operations in the Syrian market and established branches in the governorates. Some exchange companies were licensed as well and some of them have actually started working. Thus the banking sector witnessed positive growth in the last two years in line with the general economic activity. The total assets, clients' deposits, the private sector credits and the capital accounts increased as well, in addition to the foreign currency deposits that increased more than the local currency ones. At the same time the increasing number of banks and the expansion of the existing ones led to a tangible rise in capital accounts that was more than three times what it was before according to the statistics of the Central Bank of Syria.

The adoption of stimulating arrangements for this sector and the positive performance of the working banks contributed to attract new investors to the market. A list of the licensed traditional and Islamic banks in Syria is shown in the following table.

Table 58: The Private Licensed Traditional and Islamic Banks for the year 2006-2007 for the government delegation

Private Traditional Banks		
Bank' Name	License Decision	No's of branches
France Bank –Syria	32 of 2007	1
Bank of Jordan	36 of 2007	Not yet opened
Syria & the Gulf bank	32 of 2007	1
Private Islamic Banks		
Bank' Name	License Decision	No's of branches
Syria International Islamic Bank	67 of 2006	4
Alsham Bank	66 of 2006	1
Albarakeh Bank –Syria	48 of 2007	Not yet opened

Table59: Volume of the investments and the FDI percentage and number of labours in the private licensed banks at the government delegation.

Private Traditional Banks			
Bank' Name	Capital in m SYP	Forex %	Staff
Bemo Saudi-Frensi Bank- Syria	1750	49%	367
Bank of Syria and Overseas	3000	49%	242
International Bank of Trade and Finance	1500	49%	242
Audi Bank – Syria	2500	49%	173
Arab Bank – Syria	1500	49%	367
Byblos Bank –Syria	2000	49%	172
Syria Gulf Bank SA	1500	49%	47
Total	12250	49%	849
Private Islamic Bank			
Bank' Name	Capital in m SYP	Forex %	Staff
Syria International Islamic Bank	5000	49%	68
Alsham Bank	5000	49%	135
Total	10000	49%	203

Source: CBS data

Syria Commission on Financial Markets and Securities is the governing authority for the banknotes sector in Syria and hold all the authorities required to perform its tasks and missions in order to achieve its main objectives of controlling and developing the financial markets and activities attached to it, to secure the just and effectiveness and transparency, and participate in stopping the risks linked to the banknotes dealings, in addition to protecting the civilians, and the forex investors from the unfair or illegal practices, and encourage the saving and investing activities, to serve the national economy.

Syria Commission on Financial Markets and Securities supervises and monitors the following authorities:

- 1- Companies issuing banknotes (Bills, Orders,.....)
- 2- Service and licensed middleman companies
- 3- Banks and investment companies and licensed investment funds.
- 4- Financial Markets
- 5- Accredited auditors and accounting companies

Also, the commission is in charge for issuing the instructions and directives, and do all required functions to achieve its objectives, and has all means to control and monitor the bills declaration and information concerning the financial bills.

The (Closed) Joint-Stock Companies are mounted to 310 companies, whilst the JOINT-STOCK Companies (which released some of its shares to the public) are mounted to fifty companies, and the total value of its capitals are: SYP48.634.4000, with a reference that this number rise enormously in the near future, after the issuance of the new Company Law, whereas all investment funds, there are no licensed one in the Syrian market, although the commission has prepared the draft of investment funds system which shall be implemented upon the launch of Damascus Foreign Exchange Market.

Following the formal establishment of Damascus Bourse in 2006 efforts are focused now on establishing systems of management, programming and staff training. The bourse is going to provide funding for the new and developing establishments, improve companies accounting and financial and declaration approaches with a view to enhance its ability to attract capital sources that will be of added value to the Syrian economy.

3- The Insurance sector:

An Insurance Control Authority has been established in order to develop a regulatory framework for the local insurance market with all its activities, define administrative standards and the requirements of quality assurance of insurance services, and to protect clients and investors in this sector. 13 insurance companies are working now in the Syrian market in addition to the Syrian General Organization of Insurance as a government organization, of which four companies adopt an Islamic insurance approach.

Table60: Private Insurance Companies and external contributions till end of 2007

Company's Name	Capital in m SYP	External contributions in m SYP	External contributions %
United Insurance Company	850	255	30%
Syrian-Arab Insurance Company	1000	600	60%
The National Insurance Company	850	272	32%
Arope Syria International Insurance Company	1000	340	34%
Arabia –Syria Insurance Company	1050	535	50.59%
Syrian Kuwaiti Insurance Company	850	424	49.9
Arab Orient insurance Company	850	340	40%
Trust Insurance Company	850	833	98%
Alakila for Cooperative Insurance	2000	740	37%
The Cooperative Union for Insurance	1000	400	40%
Noor for Cooperative Insurance	1500	501	33.4%
Adeer for Insurance	1250	700	56%
The Syrian Islamic Company for Insurance	1000	540	54%
Total	14050	6480	46.12%

Source: Syrian Supervisory Commission

4- The Off-Shores Sector (Free Zones):

Data coming from the General Organization of Free Zones indicate that the total investments in the Syrian Free Zones were about SYP 514m. in 2002, that developed to reach SYP 706 m. in 2007. During this period the number of people working the free zones increased from 4829 in 2000 to 9455 in 2007, the number of foreign investment companies in the free zones reached to 63 ones, and the number of establishments increased from 610 in 2000 to 1009 in 2007.

Table 61: actual indicators in the general establishment of the free zones(Off-shore Governmental Administration) for the years 2000-2007

Years	2000	2001	2002	2003	2004	2005	2006	2007
Incomes in m SYP	426	498	607	560	705	786	925	1077
Commercial Trade (transactions) in Billion SYP	44	70	88	104	125	158	206	230
Working Capital invested in the free zones in Million US\$	514	524	535	546	557	627	653	706

No's of invested plants	610	630	654	678	712	786	932	1009
Staff employed in the plants	4829	4927	5535	6219	6345	7081	8266	9455
Foreign investing companies	0	0	32	41	52	58	62	63

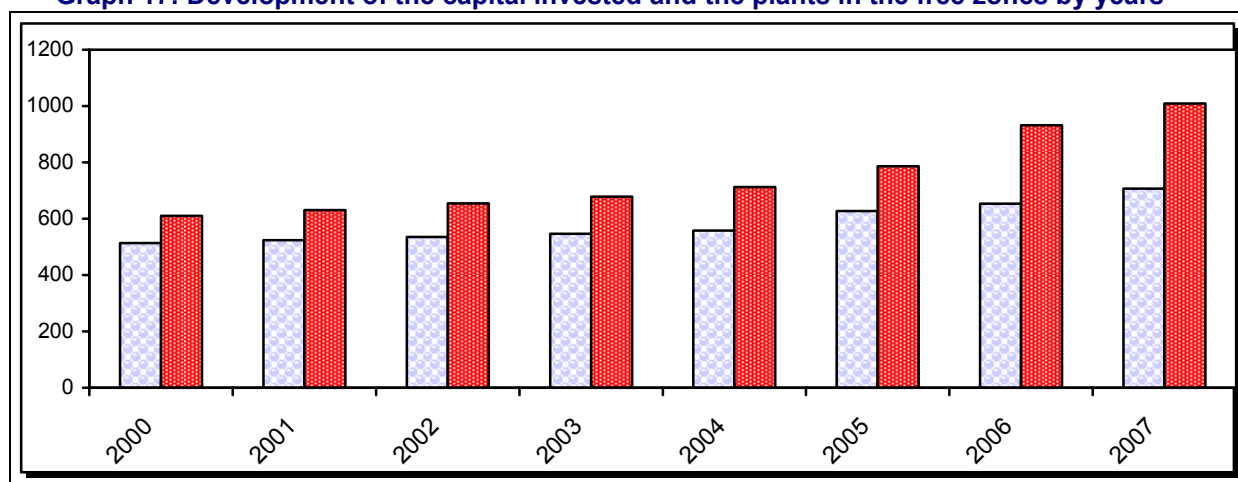
Source: General Establishment for the free zones (off shore)

Table 62: FDI's in the Free Zones till mid of year 2007

Branch	No' of projects by activity					Capital in Thousand US\$
	Trading	Industrial	Banking	Services	Total	
Lattakia	0	1	0	0	1	1193
Seaports	0	1	0	0	1	2500
Airports	1	0	0	0	1	100
Tartous	12	1	0	0	12	44807.3
Adra	6	8	0	0	14	60092
Aleppo	3	0	0	0	3	3154
Damascus	14	8	7	1	30	85000
Total	36	19	7	1	63	196846.3

Source: General Establishment for the free zones (off shore)

Graph 17: Development of the capital invested and the plants in the free zones by years



Chapter five: Foreign Direct Investment (FDI)⁹:

The FDI is one of the most important economic pillars in the current age as it has a serious role to play in the economic and social development process in the countries since it is a main channel through which the capitals and technical and scientific expertise flow. Therefore, the countries and the international community organize dealing with the (non-national) investment and make guarantees to it on the basis that it is linked with the capitals circulation and internal and external use¹⁰.

It is considered as well a basic source to support the national capabilities whose role enhancement is focused on by the 10th five year plan in the light of the limited available local resources, and it is an important instrument to accelerate the manufacturing processes and to develop the sectors of tourism, services, infrastructure, transfer advanced technology and administrative skills, and to explore foreign markets for the Syrian products. And in order to make Syria a harbour for foreign investment the plan takes into consideration the necessity of designing and providing programmes capable to compete with similar countries in the region.

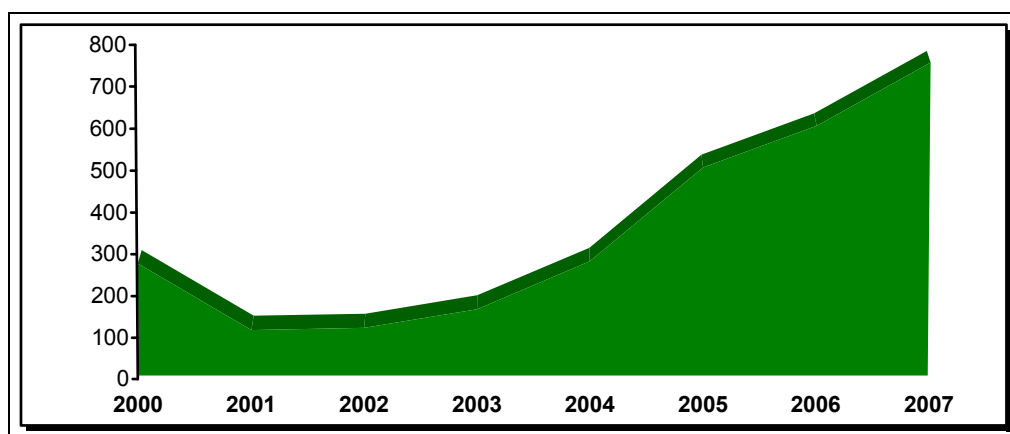
A- Net FDI inflow:

Table 63: Net FDI inflows to Syria for the period 2000-2007 in million US\$

Years	2000	2001	2002	2003	2004	2005	2006	2007*
FDI Net Inflow	270	110	115	160	275	500	600	750

Source: CBS Data
*Estimated for 2007

Graph 18: Net FDI in million US\$



⁹ The Balance of Payments Guide issued by the IMF, 5th edition of 1993 defines the foreign direct investment as the investment that reflects a long relationship and continuous care of a residential entity in another economy other than that of the investor. The aim of the direct investor is to practice some kind of influence on the management of the establishment that is in the other economy. A percentage of 10% or more of the rights ownership (ex. normal shares or the voting strength at the establishment) is adopted so that the investment can be called an FDI.

¹⁰ Foreign Investment: Barriers and Legal Guarantees, publications of the Center of Arab Unity Studies, Dr. Dureid Mahmoud AL Samerraei.

Table 64: FDI inflows under the Law No.10 of 1991 and its amendments for the period: 1991-2006

Currency	1991-2000	In million SYP	2001-2006	In million SYP	Gross of 1991-2006
US\$	370198972	12957.0	861728146	43086.4	56043.4
Euros	178952	8.9	130932480	7855.9	7864.9
Other Currencies equivalence in Euros	2212135	110.6	4794	0.3	110.9
Total		13076.5		50942.6	64019.2

Source: CBS Data

B- Foreign Direct Investment Licensed Projects:

According to the statistics the foreign investment is on the rise as the number of foreign investment projects that include Arab or foreign partners and that are licensed under the Investment Promotion Law reached to 226 projects during the period 1991-2007, with total investment costs of SYP 442.8 b. that is 29.6% of the total investment costs of the licensed projects.

The number of countries having investments in Syria reached to 35 countries. The Turkish investors got the first place on the list of the incoming investments as they have 30 projects, the Iraqi investors were the first among the Arab states with 28 projects, followed by the Lebanese investors with 26 projects, then the Saudi ones with 22 projects, the Kuwaiti investors with 21 projects and the Jordanian investors with 16 projects.

This is attributed to the facilitation and improvement of systems and procedures related to dealing with investments, enhancing efforts made for investment promotion and creating an internal and external network of Syrian government and businessmen whose aim is to attract investors and bring back Syrian expatriates' funds. The annual report on the investment climate in the Arab states of 2005 included that 8 Arab countries witnessed an increasing share of FDI flow among which Syrian got the 6th place as it has attracted \$ 2.7b. And a share of 9.9% of the total foreign investments coming to the Arab states.

Table 65: Licensed Projects under the Law No.10 of 1991 and LD No.8 of 2007 by years, investment costs, labours and the economic activity for the years 1991-2007

Years	Licensed projects by economic activity				Total	Investment costs in million SYP	Job Opportunities
	Industrial	Agricultural	Transportations	Others			
1995-1991	7	2	1	0	10	3063	947
2000-1996	20	1	2	1	24	5856	1749
2001	7	4	2	0	13	3684.4	1457
2002	10	0	2	0	12	18437.5	2913
2003	3	1	0	2	6	8322.2	1764
2004	19	1	5	1	26	40107.7	4175
2005	20	2	18	5	45	104984.7	13160
2006	35	6	21	3	65	120646.4	6927
2007	18	1	5	1	25	135580	4184
Total	139	18	56	13	226	442795	37276
Sub total (project)	1576	176	1983	27	3774	1494800	218398
FDI %	8.8	10.2	2.8	48.1	% 6	29.6	17.1

Source: SIA Data

Graph19: development of the licensed FDI under the Law No.10 of 1991 by years

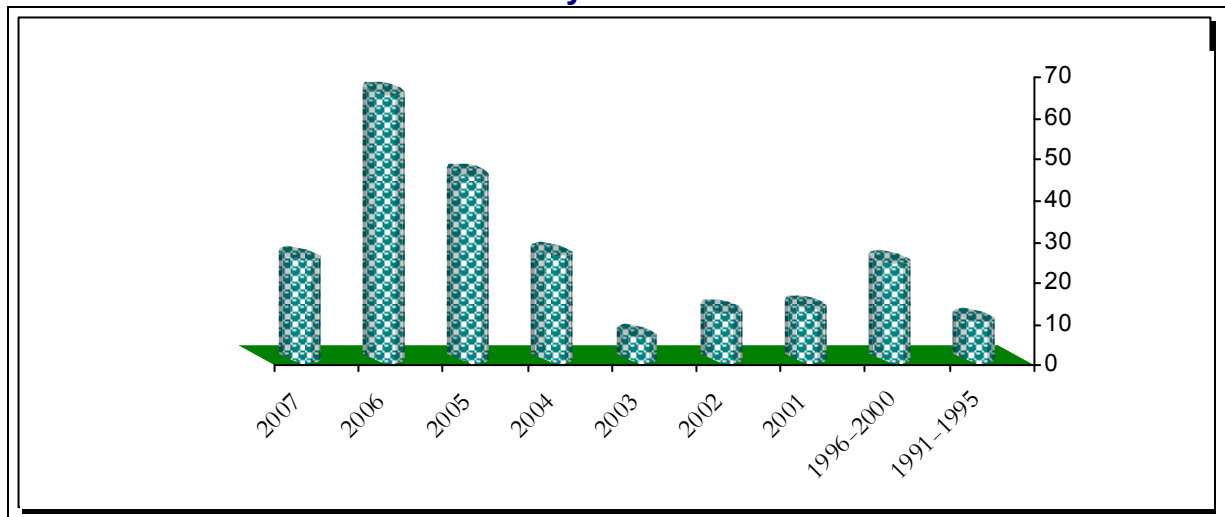


Table 66: Licensed FDI's under the law No.10 of 1991 and LD No.8 of 2007 from Arabian States by activity, investment costs for the period 1991-2007 in comparison with 2007

State	1991-2007						In 2007					
	Type of Activity				Total	Costs in m SYP	Type of Activity				Total	Costs in m SYP
	Industrial	Agricultural	Transportations	Others			Industrial	Agricultural	Transportations	Others		
Iraq	12	2	14	0	28	13945.9	8	1	4	0	13	2324.6
Lebanon	18	3	5	0	26	9698.8	1	0	0	0	1	128.3
Saudi Arabia	15	1	5	1	22	68959.8	0	1	0	0	1	788.8
Kuwait	15	4	1	1	21	55073.6	1	0	0	0	1	5199.3
Jordan	10	0	6	0	16	3362.8	1	0	0	0	1	809.9
Egypt	2	0	1	3	6	1121.3	0	0	0	0	0	0
UAE	4	0	0	2	6	38587.8	1	0	0	1	2	226.3
Palestine	2	0	4	0	6	1129.9	1	0	0	0	1	500
Algeria	2	0	0	0	2	315.9	0	0	0	0	0	0
Bahrain	1	0	0	0	1	120.4	0	0	0	0	0	0
Libya	0	1	0	0	1	56.7	0	0	0	0	0	0
Qatar	0	0	0	1	1	125330	0	0	0	1	1	125000
Morocco	0	1	0	0	1	241.3	0	0	0	0	0	0
Total	81	12	36	8	137	317944	13	2	4	2	21	134977

Source: SIA Data

Table 67: Licensed FDI's under the law No.10 of 1991 and LD No.8 of 2007 from Foreign States by activity, investment costs for the period 1991-2007 in comparison with 2007

State	Years 1991-2007						2007					
	Activity				Total	Costs	Activity				Total	Costs
	Industrial	Transportations	Agriculture	Others			Industrial	Transportations	Agriculture	Others		
Turkey	16	11	3	0	30	21191.2	2	0	0	0	2	383.4
Germany	9	0	0	1	10	29724.8	1	0	0	0	1	155
Iran	6	0	0	2	8	25607.3	0	0	0	0	0	0
Russia	4	0	2	0	6	1824.8	0	0	0	0	0	0

Switzerland	2	1	1	0	4	2108.5	0	0	0	0	0	0
Cyprus	2	1	0	0	3	650.9	0	0	0	0	0	0
China	3	0	0	0	3	5082.1	0	0	0	0	0	0
UK	2	1	0	0	3	15026	0	0	0	0	0	0
France	3	0	0	0	3	2974.1	0	0	0	0	0	0
S.Korea	3	0	0	0	3	7349	0	0	0	0	0	0
USA	0	2	0	0	2	481.3	0	0	0	0	0	0
Italy	1	1	0	0	2	1246.4	0	1	0	0	1	64.3
Sweden	0	1	0	0	1	49	0	0	0	0	0	0
Malaysia	1	0	0	0	1	65.3	0	0	0	0	0	0
Uzbekistan	1	0	0	0	1	60.8	0	0	0	0	0	0
Belgium	0	1	0	0	1	23.8	0	0	0	0	0	0
Austria	1	0	0	0	1	649.2	0	0	0	0	0	0
Holland	0	0	0	1	1	68.1	0	0	0	0	0	0
Canada	1	0	0	0	1	94	0	0	0	0	0	0
Pakistan	1	0	0	0	1	156.4	0	0	0	0	0	0
India	0	0	0	1	1	2437.9	0	0	0	0	0	0
Spain	0	1	0	0	1	105.6	0	0	0	0	0	0
EU	1	0	0	0	1	7874.6	0	0	0	0	0	0
Total	57	20	6	5	88	124851	3	1	0	0	4	602.7

Source: SIA Data

Table 68: Gross Licensed FDI's under the law No.10 of 1991 and LD No.8 of 2007 from all States by activity, investment costs for the period 1991-2007 in comparison with 2007

state	Years 1991-2007						2007					
	Activity				Total	Costs in million SYP	Activity				Total	Costs in million SYP
	Industrial	Transportations	Agriculture	Others			Industrial	Transportations	Agriculture	Others		
Arabian Gulf States	35	5	6	5	51	288071.6	2	1	0	2	5	131214.4
Other Arab States	46	7	30	3	86	29872.6	11	1	4	0	16	3762.6
Total States	81	12	36	8	137	317944	13	2	4	2	21	134977
Non Arab States	57	20	6	5	88	124851	3	1	0	0	4	602.7
Total	138	32	42	13	225	442795	16	3	4	2	25	135580

Source: SIA Data

C- Implemented Foreign Investment Projects:

Syria witnessed big foreign investments during the last three years as the Iranian investments were estimated to be about \$ 60m. And the Turkish investments were over \$ 50m. In several sectors.

Table 69: Executed FDI during the period 2004-2007

Sector	Executed FDI in 2004	Executed FDI in 2005	Executed FDI in 2006	Executed FDI in 2007
Oil Sector Investments	157	100	111	126
Tourism Sector Investments	60	300	225	370
Investment Encouragement Law Investments	13	55	77	100
Insurance Sector Investments	0	0	93	24
Banking Sector Investments	45	45	94	130
Off-shore Sector Investments	11	70	26	53
Other Sectors Investments	17	18	21	25
Total	303	588	647	828

Source: Balance of payment CPS

Table 70: executed FDI under the Law No.10 of 1991 for the period 1991-2007

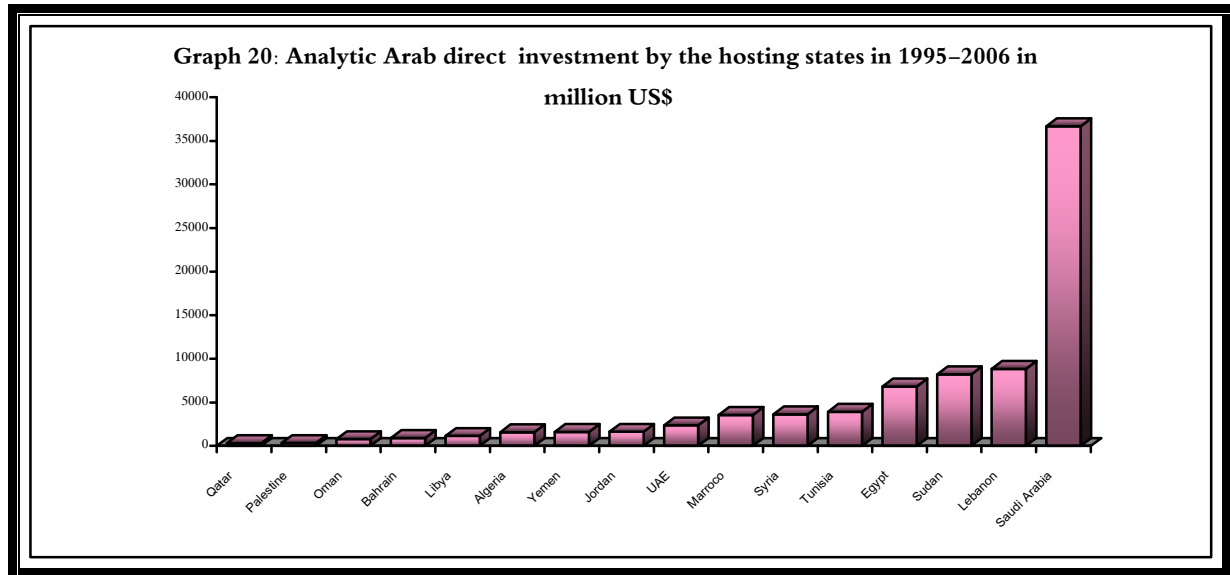
Job Opportunities	Investment Costs in Million SYP	Execution percentage	No's executed projects
14595	93489	% 52	117

Source: SIA data

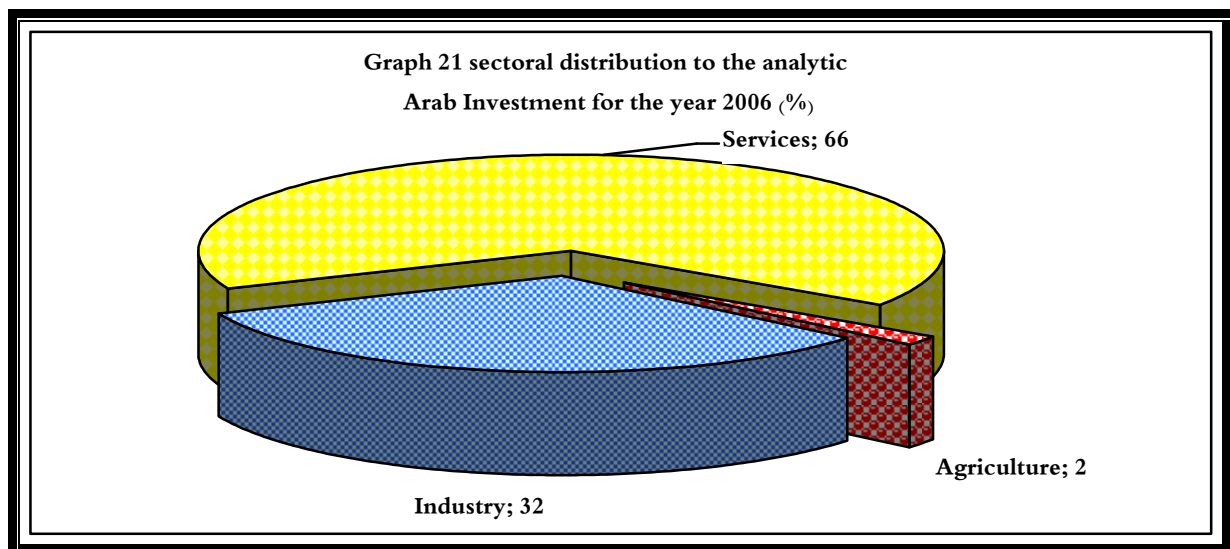
D- Arab-Arab Investment Trends:

The private Arab investment movement witnessed great progress during the last few years as the Arab-Arab private investments reached about \$ 35.5 b. in 2005 in comparison with very modest levels they had in previous years that ranged from \$

2b. In 2000 and \$ 4b. in 2004. The Investment Climate Report of 2006 issued by the Arab Organization for Investment indicates that private Arab-Arab investments of 9 Arab countries: Jordan, Tunisia, Saudi Arabia, Sudan, Lebanon, Libya, Egypt, Morocco, and Yemen reached about \$ 17.6 b. in 2006.



Most of those investments were in the service sector that had 66%, industry sector 32%, agriculture 2% of the total Arab-Arab private investments¹¹. The development of the Arab trade in the service sector contributed in the last few years to a new and qualitative increase in the Arab economic integrity.



¹¹ Source: Al Emran Al Arabi Magazine, issue no.85 Feb.2008, p.78.

Chapter Six

Proposals, Recommendations and Conclusions

- 1) Continue to improve the investment climate and to complete the legislative system in this regard particularly in settling disputes in the field of trade and investments.
- 2) Enhance investment supporting services particularly in infrastructure fields such as transportation, telecommunications, electricity and energy.
- 3) Provide sufficient funding for feasibility studies and pre-feasibility ones for Arab joint projects and support the establishment of joint-ventures by making their funding resources available on commercial bases.
- 4) Establish an Arab Funding Corporation (AFC) for private sector funding.
- 5) Promote available investment opportunities:
"A dollar spent on promotion brings about revenues more than a dollar spent as an aid or given through tax incentives programme"¹².

We have now more than 174 investment promotion organizations in developed and developing countries. They are members of the World Association for Investment Promotion Agencies (WAIPA) that is a forum for sharing expertise and practices. The Syrian Investment Authority has taken several points into consideration in preparing for the next phase the most important of which:

- Benefit from the available training opportunities in the fields of languages and informatics in order to use internet services, and use electronic promotion, marketing, telecommunications, and negotiating skills in the future...etc.
- Work on informing all relevant employees continuously about the investment climate in Syria, the sectors of priorities, the emerging trends and the private sector activities...etc.
- Improve Syria's position and deliver the right image of it on the basis of its distinctive components and that it is the right destination for investment and provide many stimulating incentives.
- Benefit from all bilateral agreements on investment protection and promotion, avoid tax duplication, and benefit from high joint committees Syria has with several countries.
- The necessity to cooperate with the Syrian Investment Authority to succeed in its role and functions at different sectors (public sector, private sector, trade unions, chambers of commerce and industry, embassies, support centers, UN organizations, embassies of donor countries, national universities...etc), for the good of the investment climate in Syria.
- Maintain cooperation and scientific coordination with the councils of the industrial cities and the other government organizations in order to guarantee one equal treatment with potential investors.
- Enhance the contribution of the Investment Authority to all relevant training workshops and skills and capacity building activities that

¹² Professor Lewis Wales, 2003.

transfer scientific knowledge and optimal practices in the field of investment promotion.

6) Activate the one-stop-shop concept in investment:

In order to facilitate and streamline procedures for investors particularly after the issuance of the Decree on establishing the Investment Authority that provided for establishing a One-Stop-Shop Directorate that works through authorized representatives at the relevant ministries and organizations to handle requests, procedures and licenses of investment projects, that means the necessity to show the best care and attention for the investors efforts by means of making it an optimal service point by activating it and expanding its authorities to give licenses

7) Activate the qualitative training on investment promotion methods and instruments:

The human resources are the most important factor of success for the investment as they are the front line in the implementation of the investment promotion policy, receiving investors, responding to their inquiries, and there is a great and urgent need for capacity building on the core functions of promoting and marketing investment on the basis of professional skill in the business field.

In order to formulate strategies and local instruments for investment promotion in line with the international standards, Syria needs a wide-scale process of capacity building and supporting programmes: (EU-ANIMA, UNDP, UNIDO, UNCTAD, FIAS, and WAIPA). It is necessary as well to link those programmes with well-defined purposes so that to subject them to a monitoring mechanism integrated in their structure. Thus the accumulated bloc resulted from those concentrated programmes on the micro level will by time reach a level in which it achieves the desired change (quantum leap) on this micro level. The Syrian private sector may participate in this process to confirm its sense of social responsibility by means of providing the required support to the Syrian Investment Authority in the field of consultative services, publicity and advertisement, market information and logistics...etc.

8) Active participation in regional programmes:

There is an urgent need for Syria to enhance its participation in regional and international programmes such as ANIMA and OECD...etc since the type of exchange and the participation in model practices accumulated by those programmes is highly useful for the quick development of the Syrian experts' capacities.

Weaknesses of the investment climate:

- There are some administrative barriers the investors still face in getting licenses due to the several procedures in relation to businesses the investor must handle and the circles of routine that has started to get gradually less intensive, and that entails more costs and time.
- Poor funding for industrial projects as the funding provided by specialized government banks requires conditions and additional heavy guarantees, whereas the private banks are still of limited readiness in this field.
- Poor registration mechanism in the social insurance system for people working in the investment projects in general to prevent the investors

from evading from registering their workers or not to give right declarations about their real wages and to better regulate the labour market in order to benefit from the available human capacities in unemployment absorption.

- The necessity to establish branches for the Investment Authority in the governorates to follow up the procedures required for the investors without having to refer to the main headquarter.
- The incomplete process of developing and modernizing the laws and legislations that provide a healthy investment environment such as the Real Estate Investment Law and the incomplete land use plans that enable us to see a future investment plan for Syria, knowing that efforts are still going on towards drawing a developed investment plan that guides the investors to the available investment opportunities, the competitive sectors and the investment projects of priorities.

According to what we have said, Syria has adopted a new methodology of thinking and keeping up with the international practices in the field of investment promotion and building up an image that shows its location's distinctive features among those who compete to attract direct foreign investment, and here lies the necessity to develop all marketing and advertising tools, unleash the Syrian Investment Authority, and take steps towards building up the existing capacities. It would be useful to mention the following points in this regard:

- The successful empowerment of the new Investment Authority to implement a coherent strategy (that is linked with national priorities and flexible enough to accommodate change as necessary) depends on the well collaboration of efforts made by government and NGOs. Cooperation should be made as well to succeed in its marketing plan, the one-stop-shop principle in addition to the intensive and continuous training including attending international activities and events.
- Syria should think of joining the World Association for Investment Promotion Agencies (WAIPA) that is a forum that includes more than 174 investment promotion agencies from all over the world.

Conclusion:

The report of this year indicates that Syria today has become a main gate for investment as the recent years witnessed a quantum leap. We do not claim here that the investment environment has become complete since we still have big tasks to improve this environment and that are related to dealing with other important and supporting aspects such as the regulatory, legal and judiciary structure and going on in the administrative reformation process, facilitating the regulations and combating bureaucracy. And that's what we are working on and that guides us in the next step so that the stimulating points the investment has got will not lose their efficiency by time, and we are totally aware that any development strategy is based on clear visions and perseverant work.

Therefore realizing our ambitions in increasing the investments and guaranteeing the continuity of this increase in order to realize the economic development pushes us to give our utmost care for the investment climate through enhancing all procedures that would help in this regard and following up what is not implemented of them.

Investment has special status and importance in the 10th five year plan with which the development directions of the country are built as well as the desired growth amount, rate and levels on a national level or on the level of the economic activities. This care reflects the seriousness of the society in rationalizing the employment of its government and private funds to increase the productive capacities of the country and to absorb more unemployed labour force, pave the way for the foreign investment flow in order to get them involved in pushing forward a comprehensive development movement by means of development and modernization process led competently by Mr. President Bashar Al Assad.

The noticeable development monitored by investment indicators of 2007 in all sectors whether in terms of projects numbers or their investment costs or the job opportunities they create in addition to the direct foreign investment flow all that confirm the fact the steps taken by the Supreme Council of Investment through its decisions and recommendations including the authorizations it gave to the Board of Directors of the Investment Authority helped a great deal in facilitating procedures and in improving the investment climate in Syria.

All those aspects cannot be considered aside from the tough surrounding political circumstances in the region as the international circumstances have their effects on them, and that makes us more determined than ever to push our economy forward and to move on in our economic reform process towards the realization of our development objectives for the good of our country and citizens.

Damascus in 13\2008.

(Annex)

Table 71: List of the Large Investors of the executed investments under the investment encouraging lass whose investment costs exceeds the half billion SYP

Project' owner	Project purpose	Place of the investment	Costs in m SYP	Staff	
1	The National White Sugar Joint-stock Company	Processing the row molas to produce yeast, and medical alcohol	Homs	13387	2312
2	Engineering Industry and Iran Khodro Company and Alsultan trading Company	Assemble and make the passenger' cars	Rural Damascus	2989	127
3	Mahmood Sulayman Tlass Ferzat and Co.	Hydrate the Cotton oil and the sunflower and the Soya's	Homs	2689	100
4	Saipa Irani Co. and Hamisho Trading Co.	Assemble and manufacture the passenger' cars	Homs	2427	606
5	Ahmed Swaydi and Badi Droubi & Co's	Manufacturing electrical cables, antenna, connections and pluggers.	Rural Damascus	2360	350
6	Nael Daleel Bin Ahmed	Producing, preparing and processing Curtains & furniture's.	Aleppo	2248	46
7	Hama' Chamber of Industry and Commerce & Co's	Hydronating, food oils, ghee, butters and dairy.	Hama	2234	370
8	Fromojory Bel & Sopaique French Co	Production of cooked cheese (The laughing Cow, Regal Becon, Keri...)	Rural Damascus	2219	318
9	Amber AsbitSanjian son of Georgy	Craving Jewelleries, and precious stones	Aleppo	2137	35
10	Bassam Olabi &Mhd Zehdi Olabi Co.	Circular cotton and compined yarn production	Aleppo	1967	126
11	Issam Enpoba	Food oil and animal feeds, and soupes production	Homs	1753	254
12	The Swiss Nestle	Manufacturing Milo, ketchup, fine pasta, soups and dry bonbon	Rural Damascus	1711	109

13	Mhd Labib Bros' Co.	Agricultural products' fill up bags	Homs	1573	338
14	Ali Mhd Ismael & Partners	Producing fresh and dried drinks & squeezes	Lattakia	1393	453
15	Mhd Mazen Dabool & Partners	Producing plastic chips for irrigation tools, and food, health chips	Rural Damascus	1266	50
16	Saeb Nahhas & Partners	Pharmaceutical industry	Rural Damascus	1264	143
17	Mhd Samer Akkad & partners	Fizzy and non-fizzy drinks from artificial and natural concentrates and condensed drinks, and CO2	Rural Damascus	1253	270
18	Mhd & Muafaq & Mhd Mumtaz Daboul & Partners	Process and paint aluminium and steel bars	Rural Damascus	1197	76
19	Mhd Mahran Blushi	Babies and lady' nappies	Dara'a	1039	45
20	Ali Ismael & Partners	Citruses squeezes vgs and fruits and concentrate it	Lattakia	930.6	157
21	Sabbagh & Sharabati Company Noor Establishment	Produce and process the textiles and cotton threads	Aleppo	917.5	538
22	Tahseen Abdulrazaq & Partners (Saudi)	Metal and steel bars and blocks	Lattakia	914.5	124
23	Mhd Sheikh Omar & Partners	Synthetic, cotton, Viscose & Polyester threads production	Aleppo	873.2	200
24	Isam son of Khair alla Inpuba & Partners	Squeezing Soya grains, and sunflower to produce plants ghee and margarine, butter, mayonnaise lysine, and Soya wheat	Homs	868.3	113
25	Mhd Mutaz Tarabishi & Partners	Produce aluminium pipes and metal profiles.	Rural Damascus	849.9	300
26	Wael Naqri	Produce and yarn and dye and process acrylic threads and twisted threads	Aleppo	788.2	168
27	Mustafa Mutaf Oghlu son of Ahmad (Turkish)	Produce and process acrylic and Channel and Fantasia threads	Aleppo	745.5	48

28	Mhd Mamoun Malt & Mhd mazen Malt	Produce metal profiles and electrical cable holders	Rural Damascus	712.4	62
29	Palancia Joint-Stock Company for industry & trading	Produce circular , printed and dyed textiles	Aleppo	704.9	200
30	Khaldoon ALEK	Produce poly ethylene pipes and accessories	Aleppo	688.2	150
31	Mhd Aref son of Hasan Mahayni & partners	Produce Grasp, pull, and twist the Polyester and fibbers blowing	Rural Damascus	686.1	200
32	Abraham Muselli Kurdi	Produce food pure oils and refine it, and produce ghee	Hama	679.7	78
33	Waleed Tabba & partners (German & Arab)	Produce Grasp, pull, and twist the Polyester and fibbers blowing	Rural Damascus	674.1	318
34	Mahmood Shbarek & Bros' sons of Adel	Produce mixed and circular threads in all thicknesses	Idleb	660.4	78
35	Mustafa Muselli Kudi	Extract food oil and process its produce for soupes	Hama	658.1	65
36	Jamal Qunburieh & Hassan Debs & partners	Produce tissues from paper paste	Rural Damascus	634.0	100
37	Bakri Farwati & Partners	Produce pasta and Pastries and ethyl	Aleppo	627.2	335
38	Khaled Olabi son of Ahmad	Polyester Threads Manufacturing and preparing	Aleppo	620.4	99
39	Mhd Bader & Ryadh Touma & Partners	Produce glycerine and soupes	Rural Damascus	618.5	91
40	Muneer Nahas son of Mustafa & partners	Produce poly ester and Nylon threads by processing half made threads POY	Aleppo	609.5	125
41	Mhd Sheikh Taha & Partners	Producing stoned coloured glasses in all types	Aleppo	601.2	90
42	Nizar Asa'ad & Habib Betinjaneh & Partners	Produce food oil, ghee, and artificial butter	Tartous	594.6	146
43	Hassan Hasan Hajar & Partners	Produce 100% acrylic threads	Rural Damascus	587.9	327
44	Yousef Aswad &	Produce fibre pipes and	Aleppo	585.2	66

	Partners	storages			
45	Mahmoud Mhd Zo'ubi & Partner	produce Chemical and natural medicines	Rural Damascus	584.1	107
46	Hani Kamil Azooz	Produce Formica boards and fibres and papers	Aleppo	567.9	125
47	Almateen & Alkhurafi Kuwaiti Companies & partners	Produce PET capsules to manufacture plastic containers	Homs	547.9	60
48	Shehade Salahudeen & Partners	Produce ciders, Tomato, and concentrates	Swayda'a	530.0	63
49	Abdullah Jarboo	Produce Grasp, pull, and twist the Polyester	Aleppo	508.4	61
50	Naela Karbooj dtr of Najeeb	Produce the artificial and mixed threads	Aleppo	507.4	44
51	Mustafa Abdulqader Fakhuri & partners	Producing slaughtering, cleaning, and cooling, freezing, and processing chickens	Hama	503.8	114
52	Haytham Sobhi Jood & partners	Home appliances	Lattakia	503.5	140
53	Munther haj Maf son of Kazem	Manufacturing and printing Croject Zigzag cartons	Rural Damascus	502.2	49

Table72: Signed and Valid Arab and international agreements
A- Investment Agreements:

State	Date of signing the agreement	Ratification number and date	Status
Senegal	14/11/1975	Decree 589 on 3/3/1976	Valid
USA	9/8/1976	Decree 33 on 1/8/1977	Valid
Switzerland	22/6/1977	Decree 24 on 12/7/1978	Valid till date of renewal
Germany	2/8/1977	Decree34 on 11/9/1978	Valid
France	28/11/1977	Decree 30 on 31/7/1978	Valid
Pakistan	25/4/1996	Law No.5 on2/7/1997	Valid from 4/11/1997
China	9/12/1996	Law No.10 on 4/8/1998	Valid from1/10/1999
Indonesia	27/6/1997	Law No.19 on 31/12/1997	Valid from 20/2/2000
Iran	5/2/1998	Decree No.3 on 11/2/1998	Valid from 16/11/2005
Belarus	11/3/1998	Decree No.8 on 4/8/1998	Valid from1998
Bulgaria	21/5/2000	Decree No.10 on12/5/2001	Valid from 10/11/2001
Italy	20/2/2002	Decree No.43 on 13/7/2002	Valid from 13/11/2003
Ukraine	21/4/2002	Decree No.56 on 8/9/2003	Valid from 16/3/2003
Greece	23/2/2003	Decree No.39 on 27/7/2003	Valid from 27/2/2004
Spain	20/10/2003	Decree No.19 on 12/4/2004	Valid from 14/12/2004
Turkey	6/1/2004	Decree No.40 on	Valid from 3/1/2006
Russia	27/1/2005	Law No.21 on 16/6/2005	
Republic of democratic Korea	14/5/2006	Law No.51 on 5/12/2006	Valid from 20/12/2006
Federation of Nigeria	10/12/2006	Law No.14 on 17/6/2007	Under procedural completion
Tajikistan	10/2/2007		Under verification
Cyprus	10/6/2006		Under procedural completion

Source: Ministry of Economy and Trade

B- Trade agreements:

State	Date of signing the agreement	Ratification number and date	Status
Sri Lanka	9/10/1966	Decree No.29 on 19/10/1966	Valid
Pakistan	11/8/1969	Decree No.342 on 23/11/1969	Valid
Tanzania	12/2/1974	Decree No.166 on 15/3/1974	Valid from 10/8/1975
Indonesia	18/3/1976	Decree 1220 on 9/7/1977	Valid
India	20/4/1978	Decree 1570 on 1978	Valid from 5/3/1979
Guinea	22/1/1979	Decree 1209 on 23/1/1979	Valid
Albania	17/6/1979	Decree 1252 on 8/2/1980	
Niger	26/6/1980	Decree 2661 on 22/12/1980	Valid
Democratic Korea	28/6/1982	Law No.5 on 8/2/1983	Valid
Argentina	6/9/1989	Decree 127 on 8/11/1989	Valid from 21/6/1993
Chile	27/2/1990	Decree No.12 on 24/5/1990	Valid from 21/4/1992
Turkmenistan	21/8/1992		
Azerbaijan	28/3/1992	Decree No.10 on 11/7/1992	Valid
Armenia	30/3/1992	Decree No.7 on 11/7/1992	Valid
Vietnam	12/5/1994	Decree 12 on 27/6/1994	Valid from 26/10/1994
Pakistan	25/4/1996	Decree No.172 on 15/6/1997	Valid
Iran	21/8/1996	Decree 241 on 10/11/1997	Valid from 10/4/2002
Cuba	28/10/1998	Decree No. On 19/10/2000	Valid
Tajikistan	29/3/1992	Decree No.11 on 11/7/1993	Valid from 16/9/1993
Ukraine	21/4/2002	Decree No.56 on 8/9/2003	Valid from 16/3/2003
Malaysia	18/8/2003	Decree No.49 on 15/8/2004	Valid from 15/8/2004

Source: Ministry of Economy and Trade

☀ All European states are governed by the cooperation Agreement signed on 1977

C- Commercial, trade and technical Cooperation Agreements

State	Date of signing the agreement	Ratification number and date	Status
Russia	15/4/1993	Law No.11 on 22/6/1993	Valid from 13/7/1993
Armenia	30/4/1995	Decree No.177 on 15/6/2002	Valid
Belarus	11/3/1998	Decree No.8 on 4/8/1998	Valid from 1998
Cuba	20/10/1998	Decree 142 on 9/5/2002	Valid
China	11/1/2001	Decree No.40 on 26/8/2001	Valid from 18/10/2001
Ukraine	21/4/2002	Decree No.8 on 25/1/2003	Valid from 16/3/2003
Venezuela	11/1/2007	Decree No.2 on 11/2/2007	Under verification
Nigeria Federation	10/12/2006	Law No.13 on 17/6/2007	Under completion of the validation procedures

Source: Ministry of Economy and Trade

D- General Table of the agreements draft under consideration and negotiation

State	Agreement Subject	Notes
South Africa	Investments' mutual protection and encouragement agreement plan	
South Africa	Commercial, Trade and Technical Cooperation Agreement	
Senegal	Investments' mutual protection and encouragement agreement plan	With the Senegal side and waiting for a response
Brunei	Trade agreement plan	With the Brunei side and waiting for a response
Guyana	Trade agreement plan	Under consideration and negotiation in both states
Malaysia	Investments' mutual protection and encouragement agreement plan	Under consideration and negotiation in both states
Brunei	Investments' mutual protection and encouragement agreement plan	With the Brunei side and waiting for a response
Finland	Investments' mutual protection and encouragement agreement plan	With the Finish side and waiting for a response
Belgium	Investments' mutual protection and encouragement agreement plan	Signed with the initials
Austria	Investments' mutual protection and encouragement agreement plan	A final form was reached
Japan	Investments' mutual protection and encouragement agreement plan	With the Japanese side & waiting for a response
Check Republic	Investments' mutual protection and encouragement agreement plan	Notes are exchanged
Slovakia	Investments' mutual protection and encouragement agreement plan	Notes are exchanged
Albania	Investments' mutual protection and encouragement agreement plan	Two agreement drafts where submitted by the Albanian
Kazakhstan	Investments' mutual protection	Waiting for Kazakhstan side

	and encouragement agreement plan	
Granada	Trade agreement plan	Waiting for the Grenadian response
Japan	Trade agreement plan	With the Japanese side and waiting for the response
Sweden	Investments' mutual protection and encouragement agreement plan	With the Swedish side and waiting for a response
Norway	Investments' mutual protection and encouragement agreement plan	With the Norwich side and waiting for a response
Croatia	Investments' mutual protection and encouragement agreement plan	With the Croatian side and waiting for a response
Denmark	Investments' mutual protection and encouragement agreement plan	Under consideration in both sides
Cuba	Investments' mutual protection and encouragement agreement plan	Under consideration in both sides
Georgia	Investments' mutual protection and encouragement agreement plan	The agreement is under consideration by both sides
Lithuania	Investments' mutual protection and encouragement agreement plan	Under consideration in both sides
Bosnia & Herzegovina	Investments' mutual protection and encouragement agreement plan	Waiting for the Bosnian response
Turkmenistan	Investments' mutual protection and encouragement agreement plan	Waiting for the other party response
Romania	Investments' mutual protection and encouragement agreement plan	Reaching the semi- final draft
The Netherlands	Investments' mutual protection and encouragement agreement plan	With the Dutch side & waiting for a response
Vietnam	Investments' mutual protection and encouragement agreement plan	With the Vietnamese side and waiting for a response
Hungary	Economic Cooperation Agreement plan	Signed by initials
Bulgaria	Economic Cooperation Agreement plan	Under finalizing the draft

E- Free Trade agreements and prioritising trade

- the Euro-Med Agreement for a free trade zone signed with Turkey on 22/12/2004 in Damascus and ratified by the Decree No.37 on 4/5/2005, and was valid since 1/1/2007
- Prioritising trade agreement signed with Iran on 23/2/2006 in Damascus
- Free Trade area established by the partnership agreement with the EU marked with the initials on 19/10/2004
- There are a suggestion for a prioritising trade agreement with Pakistan
- There are as suggestion for free trade zone with Ukraine

Cooperation protocol signed between the SIA and other States and Corporate			
State	Signing Party		Date of signature
	Syria	Other party	
Tunisia	Ministry of Economy & Trade	The Foreign Investment Promotion Agency	23/1/2001
Jordan	SIA	Jordan Investment Board	29/6/2006
Libya	Ministry of Economy & Trade	Libyan Foreign Investment Board, L.F.I.B	10/5/2007
Egypt	Ministry of Economy & Trade	Ministry of Trade & Industry	14/12/2006
Malaysia	Malaysian Ambassador in Syria	Industrial Development Agency	3/6/2007
Kuwait	SIA	Kuwait investment Authority	12/2/2007
Sudan	Ministry of Economy & Trade	Ministry of Investment	31/5/2001
Kuwait	SIA	IAIGC: Inter Arab Investment Guarantee Corporation	18/2/2008

Source: SIA Data

List of Government Offices and Important parties

<p>Syrian Investment Agency Alshahbander St. Tel: +96311 2062 Tel: +96311 4412039 Fax: +96311 4428124 syinvest@mail.sy www.investinsyria.org</p>	<p>Prime ministry Kafersouseh St. Damascus Damascus Tel: +963112459093/2137529 Fax: +963112456680 www.youropinion.gov.sy Businessgroup@postmaster.co.uk</p>
<p>Ministry of Information Dar alba'th AlmazzeH Autostrade Damascus Tel: +963116624220/6624217 Fax: +963116665166 www.moi.gov.sy</p>	<p>Ministry of Industry Maysaloon St. Damascus PO Box 12835 Tel: +963112231834/2231845 Fax: +963112231097 www.syr-industry.gov.sy Min-industry@mail.sy</p>
<p>Ministry of interior AlmarjjeH , Damascus Tel: +963112220102/2220101 Fax: +963112223428 somi@net.sy</p>	<p>Ministry of Foreign Affairs Muhajereen Shwra Damascus Tel: +963113331200/1/2/3 Fax: +963113327620 Syr-mofa@scs-net.org</p>
<p>Ministry of oil & Mineral Resources Adawi, Damascus Te: +963114445610/4455972 Fax: +963114457786 www.mopmr-sy.gov.sy mopmr@net.sy</p>	<p>Ministry of Electricity Alquatly St, Damascus Tel: +963112119934/5/6 Fax: +963112227736 peegt@net.sy</p>
<p>Ministry of labour & Social Affairs Yousef Azma, Damascus Tel: +963112210355/2225948 Fax: +963112247499</p>	<p>Ministry of Economy & Trade Maysaloon Street, Damascus Tel: +963112213513/4/5 Fax: +963112225695 www.syrecon.org econ-min@net.sy</p>
<p>Ministry of Tourism Alquatly Street, Damascus Tel: +963112237940/2210122 www.syriatourism.org Min-tourism@mail.sy</p>	<p>Ministry of Agriculture and agrarian reform Hijaz Square –Aljabery st Damascus Tel: 2213613/4 www.syrian-agriculture.org agre-min@syriatel.net</p>
<p>Ministry of Housing & Public Utilities Yousef Azma Square Te: +963112217570/1/2 Fax: +96311 2217570 mhu@net.sy</p>	<p>Ministry of Transportations Abo remaneH Damascus Tel: +963115447101/2/4 Fax: +963115426477 www.min-trans.net Gcpt-dam@min-trans.net</p>
<p>Chamber of Commerce Federation</p>	<p>Ministry of finance</p>

<p>Musa bin Nusair Street Damascus Tel:+963113337344/3311504 Fax:+963113331127 Syr-trade@mail.sy</p>	<p>Tajreeda Square Damascus Tel:+9631122163001/2/3 Fax:+963112224701 mof@net.sy</p>
<p>Industrial City of Adra Adra, Rural Damascus Tel:+963115850018 www.aic.org</p>	<p>Ministry of Local Administration and Environment Yousef Azma Square, Damascus Tel:+963112317911 Fax:+963112316921 www.mlac-sy.org</p>
<p>Industrial City of Sheikh najjar Sheikh najjar , Aleppo Tel:+963214769011 Fax:+963212272479 www.aic.org.sy Alp-city@net.sy</p>	<p>Industrial City of Hassya Hassya, Homs Tel:+96331536000 Fax:+96331530003 www.ic-homs.sy customer@ic-homs.sy</p>
<p>Central Bureau of Statistics Nizar Kabbani St. Abo Remaneh Damascus Tel: +963113335830 Fax:+963113322292</p>	<p>Central Bank of Syria Tajreeda Square, Damascus Tel:+963112216802 Fax:+963112248329 www.cbs.gov.sy</p>
<p>United Nations Development Programme –Syria MazzeH. Damascus Tel:+963116129811 Fax:+963116114541 www.undpprojects.sy Investment.staff@undpprojects.sy</p>	<p>State Planning Commission Ibn Alnafees, Damascus Tel:+963115161024 +963115161035 Fax:+963115161011 www.planning.gov.sy</p>

Important web links in Syria

Syrian Investment agency	www.investinsyria.org
Ministry of Irrigation	www.irrigation.gov.sy
Ministry of industry	www.syrianindustry.org
Ministry of Agriculture and Agrarian Reform	www.syrian-agriculture.org
Ministry Of Expatriates	www.ministryofexpatriates.gov.sy
Ministry of Tourism	www.syriatourism.org
Ministry of Culture	www.moc.gov.sy
Ministry of Higher Education	www.mhe.gov.sy
Ministry of Education	www.syrianeducation.org.sy
Ministry of Transportations	www.mot.gov.sy
Ministry of Information	www.moi.gov.sy
Ministry of Communications & Technology	www.moct.gov.sy
Ministry of Health	www.moh.gov.sy
Ministry of Finance	www.syrianfinance.org
Ministry of Local Administration & Environment	www.mlae-sy.org
Commercial Bank of Syria	www.cbs-bank.com
Syrian Petroleum Company	www.spc-sy.com
The Syrian Company For The Storage and Distribution of Petroleum Products	www.mahrukat.gov.sy
Housing General Establishment	www.ghe-syria.com
The Real Estate Bank	www.banquecentrale.gov.sy/ban-sup/Syrian-banks/syrien-banks-fr.htm#3- Real Estate Bank
Federation of Syrian Chamber of Commerce	www.fedcommsyr.org
Damascus Chamber of Commerce	www.dcc-sy.com
Damascus Chamber of Industry	www.dci-syria.org
Aleppo Chamber of Commerce	www.aleppochamber.com
Lattakia Chamber of Commerce	www.chamberlattakia.com
Aleppo Chamber of Industry	www.aleppo-coi.org
Homs Chamber of Commerce & Industry	www.homschamber.org.sy
Tartous Seaport Administration	www.tartousport.com

Syrian Arab Republic General Indicators

Indicator	2005	2006	2007
Population in millions	18356	18941	19.405
GDP at constant prices (m SYP)	1134861	1192739	1269820
Average GDP per capita at constant prices in SYP	61384	62971	65438
GDP at current prices (m SYP)	1490798	1708748	1993233
Average GDP per capita at current prices in SYP	80636	90214	102717
Urban %			53.5
Population growth rate%			2.37
Family member average			5.3
Population density			102
Area in Km ²			185.180
Capital			Damascus
No's of governorates			14
Official Language			Arabic
National currency			Syrian Pound
Government system			Republican
Week holidays			Friday & Saturday

Quiz and Answers concerning the Investment Law

1- Can the non-Syrian individual own and rent lands and properties, needed to settle up his investment?

- ✚ Yes the investor can own and hire lands and properties needed to settle up his new investment or expansion even if the owned area exceeded the limits declared in any other laws and regulations.

2- Do the Investments enjoy the protection from expropriation ex-confiscation or expropriation or use reduction act?

- ✚ Yes, the investments enjoy the protection from any expropriation, confiscation or use reduction act in their ownerships or limitation from the ownerships and its returns unless it is for the public usefulness, and in return for suitable compensation and fair for the investor equal to the general value of the investment right before the expropriation in a transferable currency with the foreign fund, and with reservation to the rules and regulations of the taxation law No.341 of 1956, where there are no way to expropriate anything unless in a court decision.

3- Can the investor transfer the money and profits gained by the foreign investment (repatriation)?

- ✚ Yes, the investor shall have the right to re-transfer the outcome of dealing with his/her share of the enterprise in a convertible currency after paying the taxes levied on the process of dealing.

4- Can the investor transfer the profits and interests gained by the foreign investment abroad in convertible currency?

- ✚ Yes, the investor shall have the right to re-transfer annually transfer abroad the profits and interests resulting from the invested foreign capital in a convertible currency upon payment of the tax levied on these profits and interests.

Six months after the foreign capital transference, an investor shall have the right to retransfer his foreign capital abroad, if difficulties and conditions beyond the investor's ability prevented him from investing that capital. These difficulties and conditions are estimated by the Board, which, in exceptional circumstances, shall have the right to approve transferring the foreign capital without conforming to the aforementioned period.

- Arab and Foreign experts, workers and technicians working for any approved enterprise, shall have the right to transfer abroad 50% of their net wages, salaries and bonuses, and 100% of their end-service allowances, in a convertible currency, on the condition that they pay the taxes levied on these wages, salaries and bonuses.

5- Can the investor import and export back the tools used for settling up or execution of his investment?

- ✚ Yes, an investor shall have the right to import and export back the tools used for the execution of the investment assets pursuant to the approval of the Board.

6- Can the investor use insurance company for his investment?

- ✚ Yes, an investor shall have the right to insure his enterprise at any of the insurance companies licensed in Syria.

Provisions of international bilateral and multilateral investment and investment insurance-related agreements effective in Syria and signed with other countries or Arab

And international organizations shall be taken into consideration.

7- How investment disputes can be solved in case it occurred?

- ✚ Investment-related disputes between an investor and Syrian public bodies and institutions shall be **settled amicably**. If the disputing parties could not reach a solution amicably in three months from the date of making a written notification for an amicable settlement by one of the disputing parties, each of them shall have the right to take the case to one of the following ADR means:

1- Arbitration.

2- Competent Syrian Courts.

3- Arab Investment Court formed upon the Allied Treaty for Investment of Arab Capitals in the Arabic Countries in the year 1980.

4- Investment Insurance and Protection Agreement signed by Syria and the Investor's country, or any Arab or international organization.

- ✚ * All investment-related disputes shall be considered by the competent court as Summary proceedings.

The incentives of the FDI in Syria

8- Which activities and sectors benefit from the Investment Law' guarantees and incentives?

✚ The investments in the following sectors benefit from the exemptions stipulated in the Effective Income Tax Law and its amendments and all the advantages and guarantees Stipulated in this Legislative Decree:

- ✓ Agricultural and land reclamation enterprises.
- ✓ Industrial enterprises.
- ✓ Transport enterprises.
- ✓ ICT enterprises.
- ✓ Environment enterprises.
- ✓ Service enterprises.
- ✓ Electricity, Oil and Mineral Wealth enterprises.
- ✓ Any other enterprise the Supreme Council decides to cover a proposal by the Board.

9- Can the investments import all of its machinery and tools?

✚ Yes, Enterprises shall have the right to import all their needs, without being restricted to the provisions of import suspension, prohibition or restriction, direct import from the country of origin system and exchange system provisions.

10- What are the customs exemptions can the investment enjoy?

✚ The imported assets shall be exempted from customs duties including machines, tools and equipment used in production process and no tourist transportation means, on the condition that they are exclusively utilized in the investment.

11- What are the developing regions in Syria?

✚ The developing regions in Syria are just categorized in two areas:
The first Developing areas which includes the following governorates: Damascus, Rural Damascus, Aleppo, Lattakia, Tartous, Homs, Hama
The Second developing areas include the following governorates: Dara, Swaydaa, (Qunaytera, Deir ezzour, Arraqqa, Alhassakeh, Idleb)
The minimum limit for the value of the assets in the first developing area is SYP 50 m, and in the second one is SYP 30 m.

12- What are the tax exemptions, investors may enjoy?

Legislative Decree (8) of 2007 for investment promotion includes that the investment projects licensed under its regulations shall benefit from the dynamic levy deduction Pursuant to the provisions of the Income Tax Legislative Decree of 2006 as follows:
The tax shall be imposed on the net profits according to the following rates.
– The income tax is imposed on the net profits achieved by a joint stock company whose shares are placed on the market for underwriting at a percentage not less than 50% with

A rate of 14% including all the additions, whilst the investments who won the license of the investment laws are taxed on the rate of 22%, this **rate is reduced up on the following bases:**

A- **2 degrees** for the industrial enterprises established in the remote areas. The areas are:

Idleb, Deir Ezzour, Ar Raqqa, Al-Hasakah, Dara'a, As Suwayda' and Al Qunaytirah.

B- **1 degree** for the industrial enterprises which employ 25 workers or more legally registered at the National Insurance Scheme.

C- **2 degrees** for the industrial enterprises which employ 75 workers or more legally registered at the National Insurance Scheme.

D- **3 degrees** for the industrial enterprises which employ 150 workers or more legally registered at the National Insurance Scheme.

E- **1 degree** for the industrial enterprises established within the industrial cities.

– **2 additional degrees** of deduction shall be granted to the following enterprises:

All the licensed industrial enterprises under the provisions of the Legislative Decree

(8) of 2007 in the industrial cities of Hesa and Deir Ezzor.

13- Which industries hold the obligation to pay the taxes and tariffs:

- The artificial and combined textile industries which depend on its production on the imported threads.
- Pure circular yarn
- Production of the Alcoholic and non-alcoholic beers.
- The woolen carpets.

14- Can the previous licensed investments under the law 10 of 1991 and its amendments continue enjoying the tax exemptions and benefits obtained till its last exemption period?

Yes, the previous licensed investments under the law 10 of 1991 and its amendments can continue enjoying the tax exemptions and benefits obtained till its last exemption period.