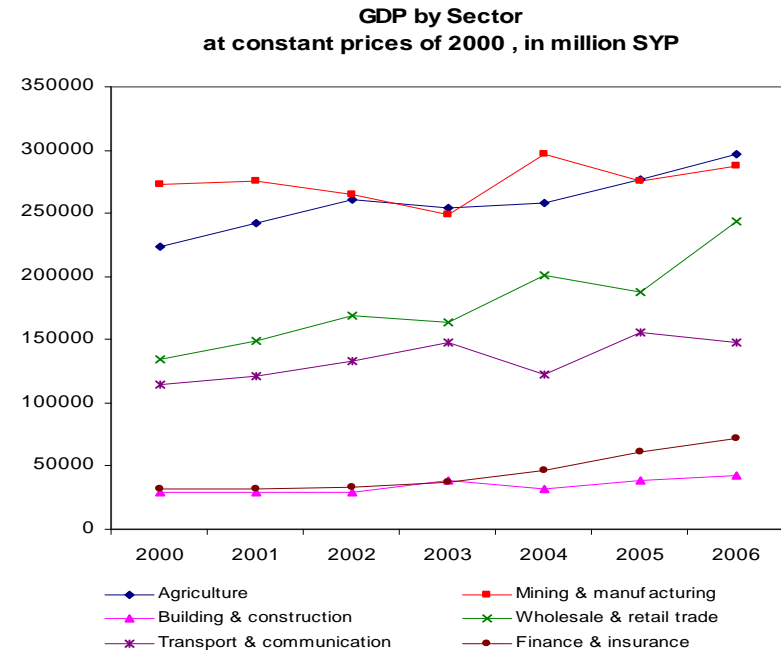
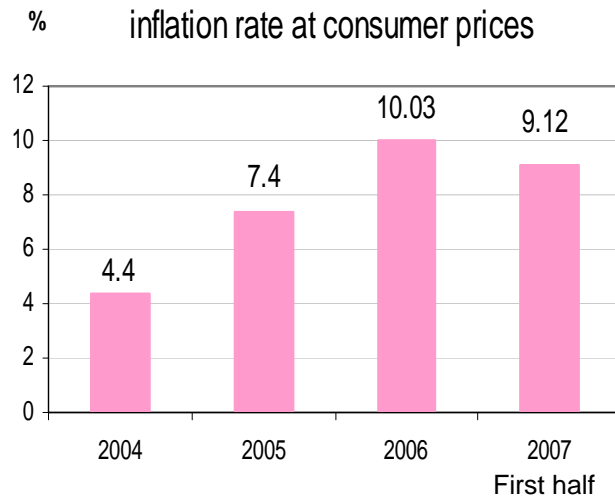
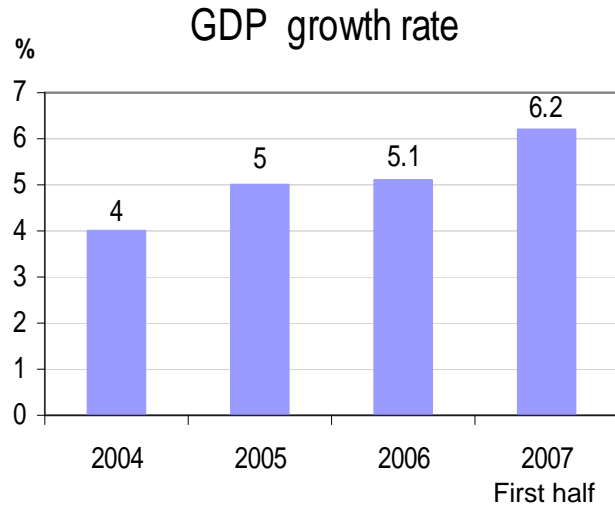




Investment horizon in Syria “ facts & numbers”

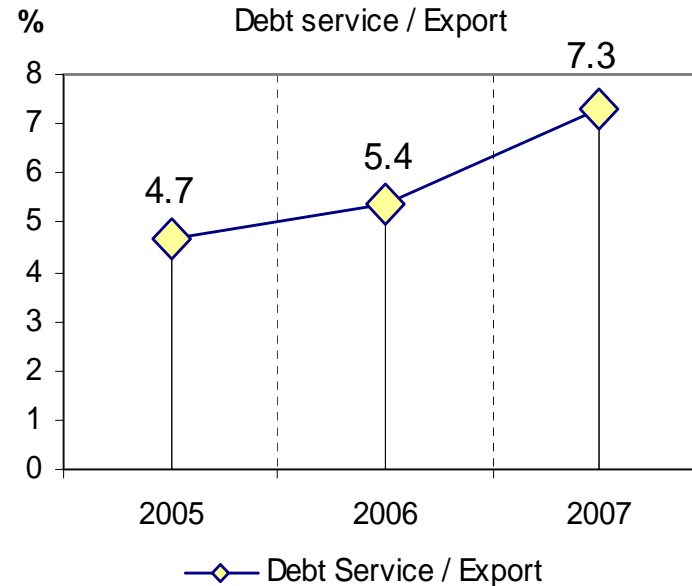
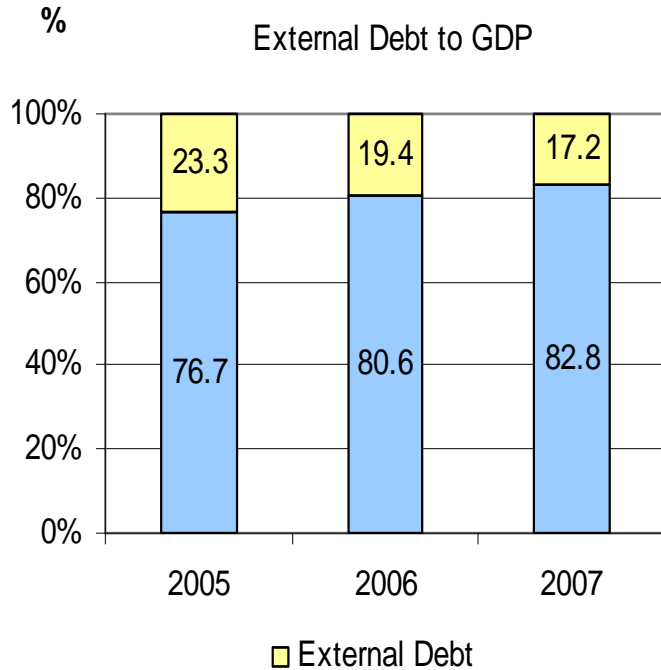
- Syrian economy has achieved a noticeable development in the last few years, through a gradual reform process targets to encourage private sector to play its role in economic and social development. these reforms try to create a suitable environment for foreign direct investment, through supporting market mechanisms, opening economy for international competitiveness, and financial system liberalization, that enhance investment climate and business environment.
- The tenth five year plan play the main role in defining the economic reform policy, through economic indicator, based on reality, enables, and the resources and qualifications Syria has.
- The economic reform process includes many procedures targets to enhance investment climate, such as, facilitating tax system and noticeable improvement in tourism sector performance. And a fully check of business and trade legislations, formulating legislative and regulation framework to start stock exchange activity is going on. In general there is a tangible moving towards widening private sector role and remove the impediments that hamper its action.
- Through analyzing some economic indicators we can judge the efficiency of the economic reform process, and its positive reflection on national economy.

Growth & inflation rates



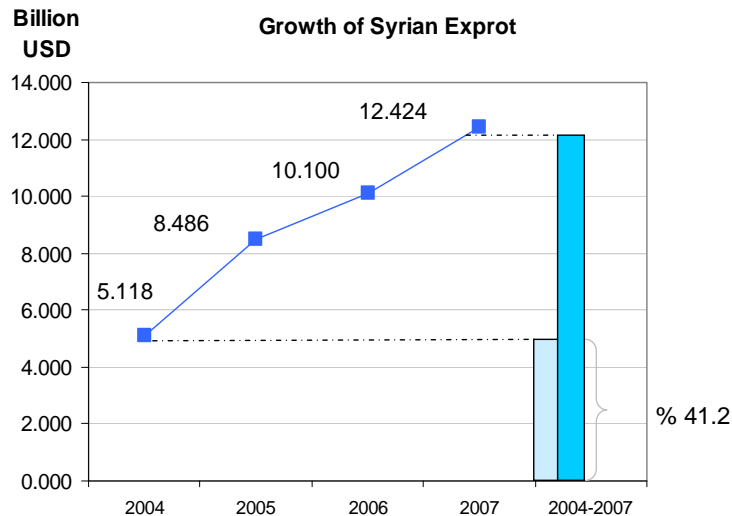
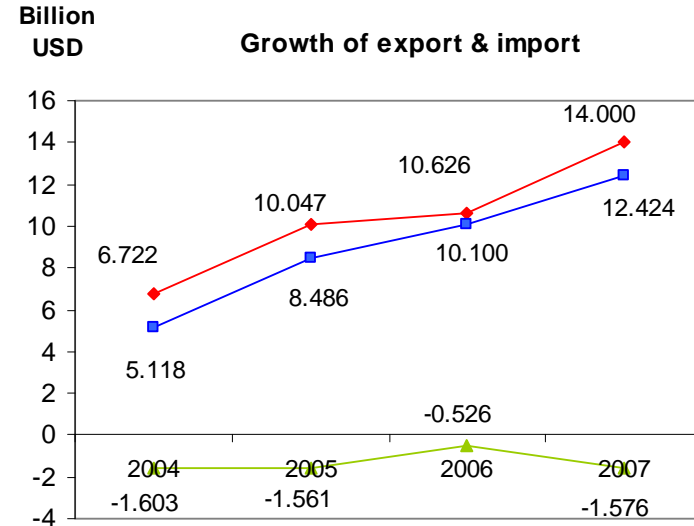
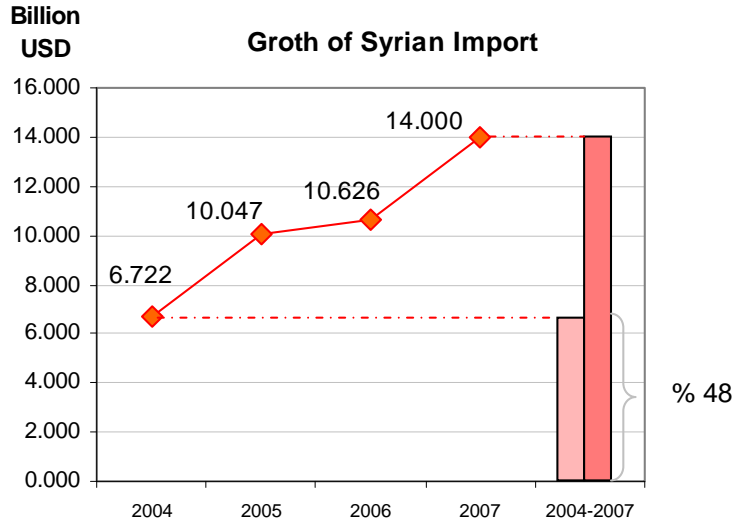
- Estimated GDP growth in 2007 is 6.2%, that close to the targeting growth rate in the 10th five year plan which equal to 7%.
- GDP component between 2004-2006 shows that mining contribution decline because of the decrease in oil production, and an increase in trade , transportation ,communication and finance and insurance contribution, especially after allowing to issued private banks and insurance companies.
- recession in 2007 is estimated, in spit of the increase of products prices all over the world.

indebtedness



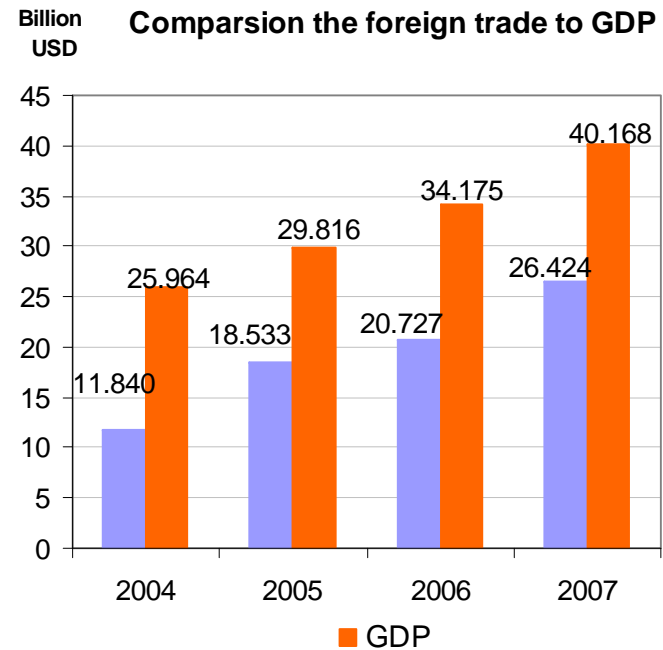
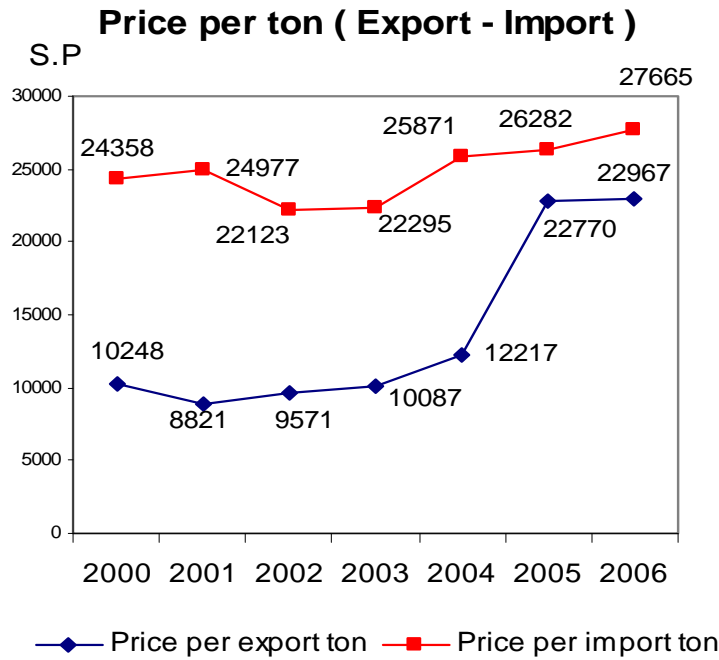
- It is estimated that the ratio of debt service to exports would remain in a lower level in 2007. that reflects stability in the Syrian economy, particularly after Syria had solve the problem of indebtedness towards other countries, which led to lower external debt ratios significantly to a very normal, even Syria is far less indebted nations of the world.
- We also note the decline in the ratio of external debt to GDP is would be at the lowest in 2007. This confirms the stability of the financial situation.

Foreign trade



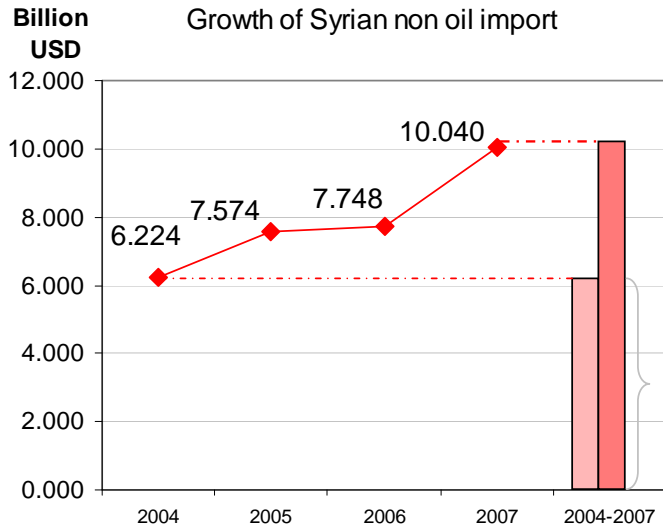
—◆— Import —■— Export —▲— Trade deficit

- Preliminary data shows growth in the overall exports and imports to double the volume of foreign trade in 2007 than it was in 2004.
- Rising oil prices played a role to increase the value of exports, and the value of imports rose by easing restrictions on imports and reduction of customs duties and provide greater flexibility in financing imports by the private banks ...
- trade balance deficit decline in 2006 to hit low levels with the potential increase in the deficit in 2007, because of the growing volume of imports, particularly oil, in addition to trade liberalization, and the high exchange rate of Syrian pounds.

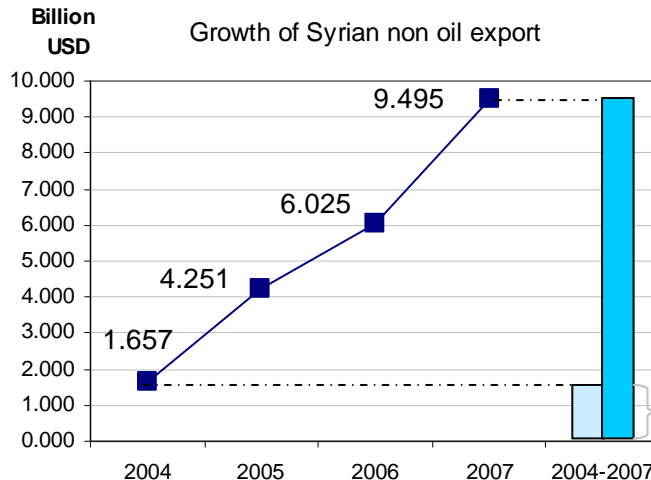
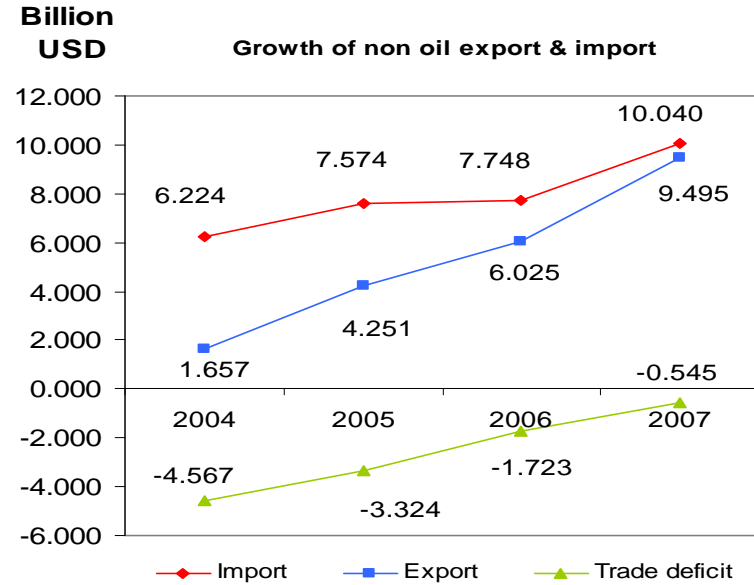


- It was clear that the contribution of foreign trade in GDP has clearly risen between 2004 and 2006-2007 respectively due to high oil prices on one hand and the application of trade liberalization on the other. And it is expected that the volume of trade exchange in 2007 will exceed the GDP in 2004.
- the gap between the price per ton of exports and imports reduced to its lowest levels in 2006, and the price per ton of imports and exports is expected to stay at the same indicators achieved in 2006, and this reflects the evolution in the quality of importing and exporting materials, and the development in the level of its production techniques.

Non oil trade balance



% 62



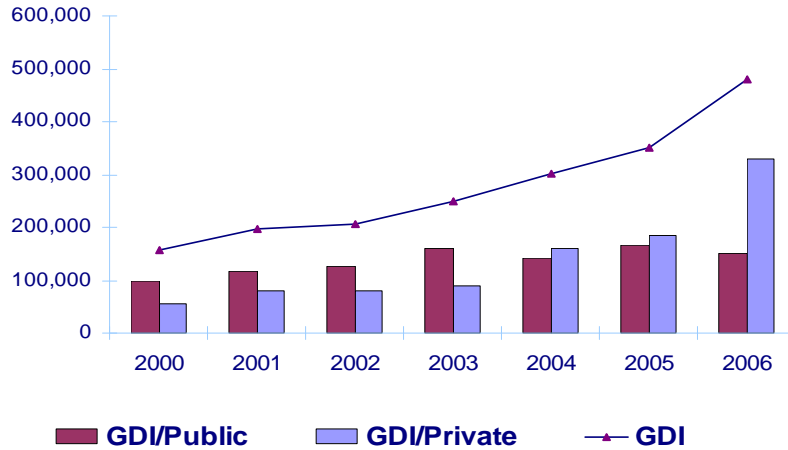
% 17.4

In the framework of easing restrictions on foreign trade, we can notice the significant growth in non-oil exports estimated for the year 2007 comparing with 2004 so:

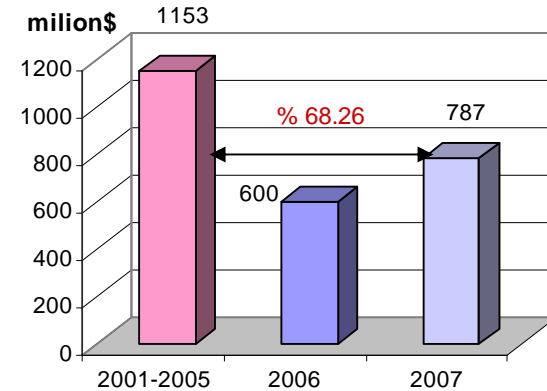
- exports estimated for the year 2007 doubled 5 times than it was in 2004
- imports estimated in 2007 increased by 61.31% than what it was in 2004.
- the non-oil trade deficit reduced to its lowest level

investment

Gross domestic investment
in Million S.P at constant prices of 2000

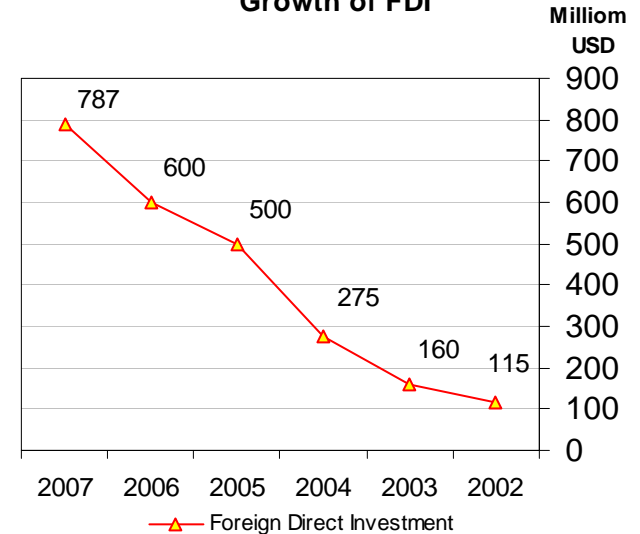


foreign direct investment



- The volume of foreign investments in 2006 was nearly \$ 600 million (mostly in the industry). While the total foreign investments made during the period 2001 – 2005 was nearly 1,153 billion dollars, and thus we find that what has been achieved in 2006 exceeded half of what was attracted during the last period
- It is expected that investments in 2007 will form 68.2% of the total investments between 2001 - 2005. Hence the foreign direct investment is estimated to have doubled in 2007 to more than six and a half times as in 2002.
- Syria's share of the total FDI inflows to Arab countries is about 9.9%, as indicated by the report of the investment climate in Arab countries.
- the flow of foreign direct investment in 2006 was significantly improved due to what has been done to simplify procedures, and the gradual opening up of the Syrian economy, as part of an ongoing policy of reform, and continuing encouragement to private investment in Syria.

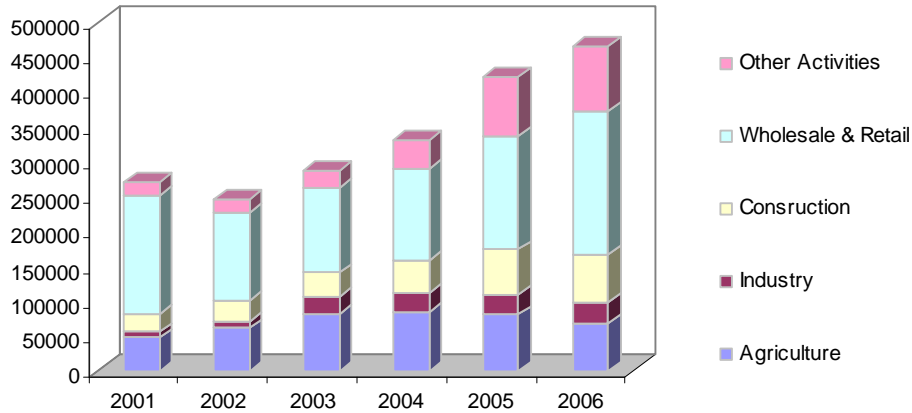
Growth of FDI



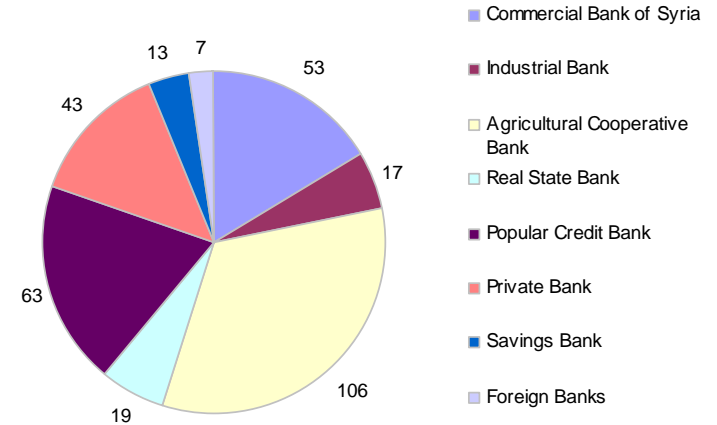
- The issue of decrees no8&no9 which link to investment create a new phase in economic reform, the ultimate basis in decree no8 are the following:
 1. giving foreign investors the right to transfer their profits outside.
 2. giving foreign investors the right to own the capitals and lands that they need for investment, during investment period.
 3. Tax break for project requirements including non tourism and collective transports.
 4. shift all tax concessions to decree no 51 (dynamic tax system)

Banks contribution

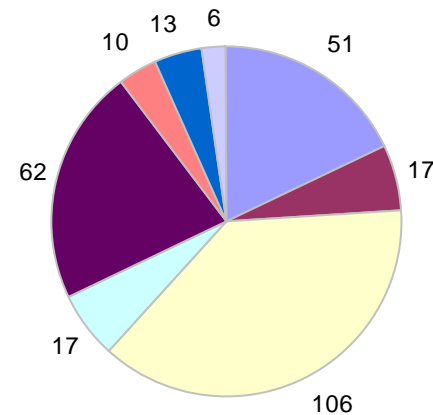
Distribution of local banks credit by economic activities (2001 - 2006)



Branches of Local Banks (2006)



Branches of Local Banks (2004)



- The share of the total trade volume to credits was 39.8% in 2004, so it occupied the first rank, followed by 25.9% for agriculture sector, and 14.4% for building and construction. It notes the declining share of agriculture to 14.8% in 2006 for the benefit of trade, which amounted to 44.4%
- the number of bank branches between 2004 and 2006 increased by 39 branches, 33 of them return to the private sector, which shows harmonize legislative environment for the development of private sector activity in the banking area. .

- In the last period , government made a lot of procedures aiming to improve financial sector , through a) allowing private banks , insurance companies and financial services companies to work in Syrian market and finance import and export deals in hard currency, b) modernize public banks in order to reinforce competition in banking sector, and issuing securities exchange in Damascus, all this procedures are made to increase investors' confidence in Syrian economy, and attract more foreign direct investment. And the government still working to increase banking system efficiency in transforming savings into investments through productive and efficient projects reinforce economic development and growth.
- Also, reforming taxes allowed to emerging growth in private sector, decree no51 supported business sector in general, because of the dynamic tax deduction for industrial enterprises, imposition of benign tax rates on cooperative and limited companies, and also because it limits the tax standards from 7 to 5 with reforming tax rates between 28% to 14% according to the company type.

Ultimate legislation , laws and procedures to enhance business environment

Laws and legislations that will issue in the near future:

- Companies law.
- Establishing Exports Development and Promotion Agency law.
- Registration for the branches and agents of foreign companies Law.
- Digital Signature law, electronic trade law, law on Electronic Communications.
- Patent law.
- Competition and Anti-Monopoly Law
- Food Law.
- Improvement of Export / Import Procedures.
- Facilitating SME's licensing law.
- Enforcement of Contracts and Property Rights. Training of Commercial Lawyers and Establishment of Commercial Courts.

issued Laws:

- Anti dumping law.
- Domestic production protection law.
- Intellectual property law.
- Investment decree no8.
- Investment agency establishing decree no9.
- Create Islamic banks decree.
- Create Insurance and reinsurance companies decree.
- Definition of money laundering law.
- Stock exchange board creation decree.
- Trade law.
- Free zones and industrial cities decrees.
- provisions of the confidently banking profession decree.
- to allow licensed banks to sale foreign currency assets to citizens.
- Decree of exemption certificates of origin belonging to the national origin of goods imported from the Greater Arab Free Trade Area of consulate ratification.

Thank you

