



## Doing Business in Syria: 2010 Country

### Commercial Guide for U.S. Companies

**INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2010. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.**

- [Chapter 1: Doing Business in Syria](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

## Chapter 1: Doing Business in Syria

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

The Syrian Arab Republic, a country the size of North Dakota, is rich in history, culture, and resources, but has an economy desperately in need of reform following decades of failed state planning and mismanagement. Syria is a lower-middle income developing country, with a population of 20.1 million (including refugees) as of early 2009, according to the Central Bureau of Statistics. According to the IMF, the annual per capita income in 2009 was estimated at \$2,590. Proposals to reform the heavily state-controlled and stagnant economy have been only partially implemented, and economic growth has not kept pace with population growth and resulting increases in the labor force. Syria's IMF projected final GDP growth rate for 2009 of 3.9 percent outpaced its estimated 2009 population growth rate of 2.4 percent. Most unofficial sources report that Syria's rate of unemployment exceeded 15 percent, although official government statistics reported a rate of 9.8 percent in 2008.

Syria's primary non-Arab trading partners (imports and exports) are Russia (\$2.3 billion), Germany (\$2 billion), China (\$1.9 billion) and Italy (\$1.2 billion). Syria's largest trading partners within the Middle East are Iraq (\$2.9 billion), Saudi Arabia (\$1.7 billion), Lebanon (\$0.3 billion), Jordan (\$0.1 billion) and Egypt (\$0.1 billion).

The energy sector continues to attract foreign direct investment (FDI), although FDI has decreased commensurate with the Syria's declining petroleum production. After peaking in the late 1990s at 600,000 b/d, Syrian oil production stood at 379,000 b/d in 2009. In 2007, Syria became a net importer of oil as consumption of refined petroleum by-products finally exceeded production. For years the Syrian government's subsidies for the domestic price of diesel contributed to widespread smuggling to neighboring countries and placed a multi-billion dollar burden on the state's budget. In an effort to combat diesel smuggling and reduce costs, the government cut the diesel subsidy by approximately half in May 2008. The cut resulted in a 257% increase in diesel prices, which was reflected across the spectrum of goods and services. Official government statistics place the rate of inflation at 3% in 2009.

The development of many services, mainly in the banking and tourism sectors, continues to be impeded by the Syrian government's own policies and mismanagement. Therefore, the contribution of these sectors to Syria's economy remains limited. In 2009, the total number of private banks operating in Syria increased to 13, of which two practiced Islamic Banking (Cham Bank and Syria International Islamic Bank). A third Islamic Bank (Al-Barakah Bank) is set to take off in the first quarter of 2010. However,

due to Syria's unfavorable regulatory environment, the level of FDI remains low compared to other countries in the region.

In an effort to modernize Syria's economy, President Asad issued a new commercial law in late 2007 to update the regulations for appraising, selling and obtaining a mortgage on commercial real estate. Additionally, the new law authorizes the maintenance of business accounts in electronic format, and declares documents sent by either fax or telex to be legal. In March 2008, the Companies Law was issued by Decree No. 3. The new law provides for new types of companies such as holding companies and offshore companies, (companies whose main activity is contracting for projects outside Syria, but are not entitled to practice business in Syria.) It also provides new details on procedures, including transforming companies from one form to another. Subsequent to the Companies Law, the Arbitration Law (Decree No.4/2008) was issued which allowed the establishment of arbitration centers in Syria, to be registered with the Ministry of Justice. The law entitled public-sector companies to use arbitration to settle disputes.

The Syrian government announced its intention to enact a Value Added Tax (VAT) in 2009 as one means of increasing revenues, but has yet to solve the myriad of details associated with implementation. President Asad issued Decree No. 60 in 2007, authorizing the Central Bank to issue Treasury Bills. Recently, the Governor of the Central Bank announced that T-Bills would be issued in 2010. In theory, the Syrian government would use T-bills to help finance public debt and the instruments would be tradable on the Damascus Stock Exchange, which started operation in 2009.

The United States Government maintains a range of economic sanctions against the Syrian government that makes participation in the Syrian economy by U.S. companies extremely difficult. Since 1979, when Syria was added to the State Department's list of State

Sponsors of Terrorism, U.S. businesses investing in Syria have not been allowed to utilize OPIC or other U.S. government investment insurance programs, or access financing from the Export-Import Bank, the Small Business Administration, the Commodity Credit Corporation or the Trade Development Agency. On May 11, 2004 the President signed an executive order implementing the Syria Accountability and Lebanese Sovereignty Act (SAA), which prohibits the export to Syria of all U.S. products, with the exception of foods and medicines and a few categories of goods that the U.S. Department of Commerce may license on a case-by-case basis. The definition of a U.S. product includes any good produced in or shipped from the U.S., in addition to any good with more than 10 percent de minimus U.S. origin content. In addition to U.S. sanctions, Syria has been under international pressure since the United Nations Security Council began its investigation into the February 14, 2005 assassination of former Lebanese Prime Minister Rafik Hariri.

In 2009, the volume of sanctions-compliant trade between the U.S. and Syria (from January through November) amounted to 565.5 million. A breakdown of U.S. trade with Syria is available at: <http://www.census.gov/foreign-trade/balance/c5020.html#2008>

## Market Challenges

[Return to top](#)

In addition to the obstacles posed by U.S. economic sanctions, U.S. businesses find the current business environment difficult to navigate and a challenging one in which to succeed. U.S. businesses have listed the following challenges as most acute:

- Antiquated policies and regulations that do not favor free-market mechanisms;
- The lack of transparency in implementing laws and regulations and in enforcing contractual obligations, and a dysfunctional judicial system;
- Rampant corruption and cronyism;
- An inadequate banking system that severely limits foreign exchange and project financing; and
- Confusing and inconsistent enforcement of tariffs, customs duties, and taxes for goods and services.

## Market Opportunities

[Return to top](#)

U.S. law prohibits the export of most products of the United States, with the exception of foods and medicines that do not require export licenses and a few categories of goods that must be licensed, which are:

- Medical devices (as defined in Part 772 of the Export Administration Regulations (EAR))
- Safety-of-flight related spare parts and components for civilian aircraft
- Telecommunications equipment and associated computers, software and technology.

In this environment, the U.S. Embassy will not identify any market opportunities for U.S. businesses and will not actively promote U.S. investment in Syria.

## Market Entry Strategy

[Return to top](#)

Pursuant to Executive Order 13338 of May 11, 2004 implementing the SAA, the export of all products of the United States is prohibited, with the exception of the aforementioned five categories. Based on the President's exercise of national security waiver authority under the provisions of the SAA, export license applications for medical devices and equipment as defined in Part 772 of the EAR and for telecommunications equipment and associated computers, software, and technology will be accepted and reviewed on a case-by-case basis by the Commerce Department's Bureau of Industry and Security (BIS). U.S. exporters may request an advisory opinion from BIS as to whether or not an export license may be approved by contacting BIS Foreign Policy Division in Washington, DC, at (202) 482-4252. Specific information on export controls, the EAR, and the SNAP-R export license application process is available at: <http://www.bis.doc.gov/>

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USATRADE**, or go to the following website: <http://www.export.gov>.

The U.S. Government considers the information contained in this report to be accurate as of the date published. However, **the Department of Commerce** does not take responsibility for actions readers may take based on the information contained therein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

[Return to table of contents](#)

[Return to table of contents](#)

## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3580.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

### Using an Agent or Distributor

[Return to top](#)

In order to register a local agency for a foreign company, an application must be filed with the Ministry of Economy and Trade accompanied by the following documentation:

- The agency contract, which must include:
  1. The name and commercial address of the company.
  2. The nationality of the company and where it was founded.
  3. The full name and address of the company headquarters (as well as the name and addresses of branches, if the agency includes them.)
  4. The type of agency (commission, distribution.)
  5. The percentage of commission and the method of determining the agent's financial rights.
  6. The subject and category of the agency.
  7. The duration of the agency license and renewal procedures.
  8. The local agent's name, commercial address, telephone and fax.
  9. Region of the agency: Syrian Arab Republic .

10. The number of the foreign company's commercial register.
  11. The agent's commercial register and where it was registered.
  12. The agent's tax number.
  13. Any other useful and relevant information.
  14. The agency contract must explicitly state that contact with the local agent must be done directly and not through a third-party.
  15. The agency contract must clearly state that the company will not retain any commission due to the Syrian agent abroad and will transfer these commissions through Syrian banking channels.
- The agency documentation should be accompanied by a duly notarized commercial register of the agent.
  - The agency documentation and application must be duly notarized by the following organizations:
    1. The Chamber of Commerce in the applicant company's home country.
    2. The Syrian Embassy in the applicant company's home country.
    3. The Ministry of Foreign Affairs in Damascus.

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

## **Establishing an Office**

[Return to top](#)

To open a branch office in Syria, a firm must file an application accompanied by the following documentation with the Ministry of Economy and Trade:

1. Home country documentation of incorporation.
2. Documentation outlining the applying firm's internal regulations.
3. Financial statements that verify the applicant's capital, including reserves (provided the capital (including reserves) is at least 25 million Syrian Pounds (SYP) (approximately \$500,000).)
4. The company's commercial registration.
5. The type of company.
6. A declaration of the company's decision to open a branch office in Syria, along with a declaration that this branch will be directly affiliated with the company's headquarters.
7. Power of Attorney for the manager of the new Syrian branch granting him/her all managerial, financial, and technical authority in Syria.

8. Copies of the applicant company's latest trade balance sheets.

These documents must be certified by the following organizations:

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

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

In December 2008, President Asad issued Law No. 34 which regulates the operations of foreign companies in Syria. The law, which is a modernization of Law No. 151 from 1952, includes changes that enable a foreign company to open a temporary office for the supervision of only one contract, with the option of renewal; to open a representational office solely for promotion of the headquarters company; to establish a regional office in Syria for supervising activities outside of Syria; and to authorize a commercial middleman to sign contracts with public entities on behalf of the foreign company. The paid-up capital of foreign companies wishing to be established under any of these forms must be at least SYP 25 million (approximately \$500,000.) The Ministry is discussing internally a proposal to reduce the amount further to SYP 15 million. The law also empowered the Ministry of Economy and Trade to supervise agents and branches of foreign companies and gave the Syrian courts the jurisdiction to rule in relevant disputes which must be settled in the Syrian territories. Accordingly, commercial arbitration in Syria is acceptable.

## **Franchising**

[Return to top](#)

While the Syrian Law of Commerce No. 33/2007 did not address the subject of franchising, Decree No. 47/2009 did authorize franchising. In 2009, the French retailer Carrefour opened a store in Aleppo and KFC has opened many branches throughout the country. However, foreign restaurant franchises face the Syrian government's "general policy" of "encouraging" restaurants to use local food products, although imported food ingredients are not explicitly banned. This is but one example of the inconsistent application of Syrian laws and the difficulty foreign businessmen will encounter when navigating the many gray areas of Syrian government bureaucracy.

## **Direct Marketing**

[Return to top](#)

American companies can use a direct marketing approach to their products to end users in Syria. However, it is recommended to work through a local representative. American companies can find local firms that are capable of organizing marketing campaigns for their products through a wide range of media.

## **Joint Ventures/Licensing**

[Return to top](#)

*See Chapter 6: Investment Climate, "Openness to Foreign Investment"*

The lack of regulatory transparency and specificity, particularly when dealing with government-affiliated entities, leads to a climate of bureaucracy, confusion, intimidation, and corruption. Foreign vendors often are hampered by a lack of awareness throughout the tendering process and complain that winning bids are often based more on contacts and relationships than the actual merits of a proposal. Certain ministers in the government have acknowledged this problem within the last few years and have tried unsuccessfully to address it. Similarly, in the judicial system, judgments are subject to external pressures that make it difficult for businesses to ensure that contracts are binding.

The awarding of contracts is often delayed by the lobbying efforts of influential local business interests and groups. Even in cases devoid of external influence, bureaucrats fear accusations of corruption and abuse, and therefore often require additional reviews of investment proposals that are not mandated by law and that inordinately delay projects. The Syrian government has reiterated its commitment to increasing the degree of transparency in the process, but foreign and Syrian firms continue to cite problems. However, a new development took place with the launch of the first arbitration center in Damascus on December 22, 2009. It is anticipated that 11 additional centers will open within a short period once the Ministry of Justice approves the license requests submitted by applicants. Once these centers open, public-sector companies will be able to resort to arbitration.

Although government officials had previously stated that no privatization of state enterprises would take place during the current Five-Year Plan that runs through 2010, in 2008 the Syrian government awarded a contract to privatize the operation of its largest container port, in Lattakia. The tendering process was typically opaque and the winning French company may have benefited from having an influential Syrian partner and an improving political relationship between Syria and France. Also in 2008, the Syrian government awarded a license to a private holding company headed by the Syrian President's cousin to construct the first privately-owned power generation plant in Syria. Recently, the Ministry of Industry was "discreetly" directed by the Prime Minister to shut down 17 public companies operating in the industrial sector. To date, no definite decision has been made as to the fate of these companies, but there were attempts to offer them for private investment.

The Syrian government is currently preparing legislation on Public-Private Partnerships (PPP) in an attempt to attract foreign investment. The British-Syrian Society, in association with the Syrian government, held a conference on PPP from October 30th through November 1st, 2009 which focused on four key infrastructure sectors that have been identified by the government for PPP: oil & gas, electricity, social housing, and transport & infrastructure.

The majority of goods enter Syria via the Mediterranean ports of Lattakia and Tartous. Bulk commodities are generally shipped to Tartous, while both ports are equipped to receive containers. A freight railway connection was launched in 2009 between the Lattakia and Tartous ports and Umm Qaser, Iraq. Customs officials at the ports wield

considerable authority and may expect bribes to expedite administrative processing. An operational, albeit antiquated, railroad is available to transport goods from the port cities to major population centers. Syria and Jordan are planning to build a railway linking the Red sea port of Aqaba with the Syrian border starting in 2010. The \$6 billion freight railway could take three years to complete.

Imported goods also enter Syria via truck across the land borders with Turkey, Lebanon and Jordan. Foreign trucks report significant delays at the border while awaiting police escort to their ultimate destinations. The Ministry of Transport extended until December 3, 2009 the call for an "expression of interest" for the design, construction, operation and maintenance of two international motorways linking north to south and east to west: a north-south 432-km road running from Bab Al Hawa on the Turkish border to Nassib on the Jordanian border and a 351-km west-east motorway running from Tartous to Al-Tanf on the Iraqi border. About 14 "expressions of interest" have been received so far from regional and international companies, including France's Bouygues.

Air freight accounts for a small percentage of total goods entering Syria, primarily fragile technological components or time-sensitive equipment. Damascus International Airport is the main passenger point of entry into Syria, although some regional and European carriers do maintain direct routes to Aleppo.

### **Selling Factors/Techniques**

[Return to top](#)

Cost, delivery time frame, responsiveness to Requests for Quotation and credit terms are of significant importance in purchasing decisions. Since the majority of Syrians do not speak or read English, from a marketing perspective it is recommended to have catalogues/brochures translated into Arabic.

### **Electronic Commerce**

[Return to top](#)

Electronic commerce within Syria is complicated by an antiquated IT infrastructure, government censorship, and U.S. economic sanctions. With the exception of mobile telephone service, most Syrian IT infrastructure is at least ten years behind that of Syria's regional neighbors. On February 25, 2009, President Asad issued law No. 4 on Electronic Signature (e- Signature); a law addressing e-Commerce is still under consideration by the Prime Ministry. Parallel to that, the Syrian government has concluded a strategy for the implementation of e-Government targeted for 2020. To meet that end, the Ministry of Telecommunication has moved to the second phase of launching a portal and is currently preparing the terms of reference to be distributed to interested companies.

### **Trade Promotion and Advertising**

[Return to top](#)

The following websites may contain useful information regarding trade fairs, trade promotion exhibitions, and advertising in Syria:

[www.arabiangroup.com](http://www.arabiangroup.com)

[www.buildexonline.com](http://www.buildexonline.com)

[www.simafairs.com](http://www.simafairs.com)

[www.alliedexpo.com](http://www.alliedexpo.com)

[www.syrianfairs.com](http://www.syrianfairs.com) (Arabic only)

## **Pricing**

[Return to top](#)

Local importers base their pricing on the export price, freight costs, applicable import tariffs and taxes, and profit margin. A Value Added Tax (VAT) is expected to be imposed in 2010. It is recommended for U.S. manufacturers and suppliers to coordinate with local representatives before assigning a final price to a product as prices may vary greatly according to the targeted market niche.

## **Sales Service/Customer Support**

[Return to top](#)

In a country where technical skills are scarce, companies offering responsive and competent customer services quickly earn a strong reputation which helps to increase sales. Syrians are becoming more aware of the benefits of customer services and after-sales / guarantee services are now available for most products (e.g. air conditioners, computers, cars).

## **Protecting Your Intellectual Property**

[Return to top](#)

Several general principles are important for effective management of intellectual property rights in Syria. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Syria than in the U.S. Third, rights must be registered and enforced in Syria, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Syria. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Syria require constant attention. Work with legal counsel familiar with Syrian laws to create a solid contract that includes non-compete clauses, and confidentiality/non-

disclosure provisions. It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, including:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

### **IPR Climate in Syria**

Although Syria has recently taken legislative measures to comply with international standards regarding Intellectual Property Rights (IPR), foreign businessmen should be aware that the Syrian judicial system is notoriously corrupt and has no experience in prosecuting IPR violations.

In the past, IPR registration was carried out according to a deposit system whereby an applicant could register any trademark based on his/her word. In a bid to encourage investment the Ministry of Economy started using a verification system in 2007, whereby the IPR Department assumed the responsibility of verifying any violation and was entitled to terminate any “suspicious” trademark registration within 30 days even if the court was hearing the case.

To register a trademark in Syria, it is easier to submit an application with the relevant office in any of the member countries to the Madrid System for International Registration of Trademarks. The application form is available online and is processed once filled out by the applicant and the required fee is wired to the International Bureau of the World Intellectual Property Organization (WIPO) in Geneva, Switzerland. No agent is required if the application is submitted through the Madrid system. Syria has been a member since early 2006, and the Madrid System registration procedures are less tedious and more flexible than those inside Syria.

To register a trademark directly with the Syrian government, a foreign company must first appoint a local Syrian agent. The agency agreement must be notarized by the Syrian Ministry of Foreign Affairs and the Syrian Embassy in the country in which the application was submitted. A declaration of compliance with the Arab League General Boycott of Israel was waived in 2009. Foreign companies that are first-time applicants for trademark registration can now file an application without a prior Israel Boycott Declaration. The total cost of registering a trademark in Syria is SYP 23,000 (\$500).

In addition to being a member of the World Intellectual Property Organization (WIPO), Syria joined the Geneva Act of the Hague Agreement pertaining to the protection of international designs in September 2007 and the treaty entered into force in January 2008. On March 12, 2007 President Asad issued Law No. 8 of 2007, regulating Trademarks, Geographical Indications, Industrial Models and Designs, Unfair Competition and the Protection of Intellectual Property. This law came into force on April 12, 2007, and was amended in 2009 by Decree No. 47 in order to quickly resolve

disputes pertaining to famous trademarks and to protect the owners by allowing them to submit a request to the Ministry of Economy and Trade to prevent others from registering or using an identical or similar mark even if the trademark is not registered in Syria.

### **IPR Resources**

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- For an in-depth examination of IPR requirements in specific markets, toolkits are currently available in the following countries/territories: Brazil, Brunei, China, Egypt, European Union, India, Italy, Malaysia, Mexico, Paraguay, Peru, Russia, Taiwan, Thailand, and Vietnam.
- For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, use the free **Online IPR Training Module** on [www.stopfakes.gov](http://www.stopfakes.gov).
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Syria at: <http://www.buyusa.gov/egypt/en/ipr advisoryprogram.html>

### **Due Diligence**

[Return to top](#)

There are practically no government agencies in Syria that can perform due diligence or provide bona fides services on banks, agents, and/or customers. These services are available upon request on a case-by-case basis by private consulting firms. The

Economic/Commercial Section of the U.S. Embassy in Damascus maintains a list of private entities that may be able to perform due diligence for U.S. firms.

*Disclaimer of Responsibility: The U.S. Embassy in Damascus assumes no responsibility for the professional ability or integrity of the persons or firms whose names appear in the linked document. (Nevertheless, care and selectivity have been exercised in the preparation of this list.)*

<http://damascus.usembassy.gov/media/pdf/econcommercial-pdf/private-consulting-firms-operating-in-syria.pdf>

## **Local Professional Services**

[Return to top](#)

Because Syrian law and Arabic language pose significant obstacle to the conduct of U.S. business in Syria, hiring a local attorney is a sensible and often necessary action. A link to a partial list of Syrian attorneys who provide services to foreigners is included below.

Area covered by list: This list covers the capital, Damascus, and the major cities of Syria, namely Aleppo, Homs, Hama, and Lattakia.

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

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

*Disclaimer of Responsibility: The American Embassy at Damascus assumes no responsibility for the professional ability or integrity of the persons or firms whose names appear in the linked document. Nevertheless, care and selectivity have been exercised in its preparation.*

<http://damascus.usembassy.gov/media/pdf/cons-acs-pdf/list-of-lawyers-in-syria-09.pdf>

## **Web Resources**

[Return to top](#)

Ministry of Economy and Trade: [http:// www.syrecon.org](http://www.syrecon.org)

Ministry of Industry: [http:// www.syrianindustry.org](http://www.syrianindustry.org)

Ministry of Tourism: <http://www.syriatourism.org>

Ministry of Transport: <http://www.mot.gov.sy>

Customs Department: [www.customs.gov.sy](http://www.customs.gov.sy)

<http://www.syriainvestmentmap.org/Introduction.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 4: Leading Sectors for U.S. Export and Investment

The Syria Accountability and Lebanese Sovereignty Act (SAA) prohibits the export and re-export of most U.S. products to Syria. Products of the United States are defined as not only any good that is produced in and shipped from the U.S., but also any good that contains more than 10% *de minimus* U.S.-origin content regardless of where it is produced.

In implementing the SAA, the President specified that certain items are eligible for export under waiver. These items are food and certain medicines, which do not require an export license. The following major categories of items require licenses for export, which are reviewed on a case-by-case basis: (1) controlled pharmaceuticals and medical supplies and devices; (2) telecommunications equipment and associated computers, software and technology; and (3) parts and components intended to ensure the safety of civil aviation and the safe operation of commercial passenger aircraft.

For detailed information on all exempted items and a better understanding of the law, U.S. businesses should contact the U.S. Department of Commerce, Bureau of Industry and Security (BIS) Foreign Policy Division at (202) 482-4252. Specific information on export controls, the EAR, and the SNAP-R export license application process is available at: <http://www.bis.doc.gov/>

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USATRADE, or go to the following website: <http://www.export.gov>

Even though investments are not currently banned under the law, U.S. businesses considering investment in Syria should contact the Office of Foreign Assets Control at the Department of Treasury at: <http://www.ustreas.gov/offices/enforcement/ofac>

Further details and source documents regarding sanctions are available at the U.S. Embassy Damascus website (Trade and Commerce) at: <http://damascus.usembassy.gov/trade-and-commerce.html>

It is worth mentioning that the President of the United States retains the authority to enact additional sanctions under the SAA at any time that could prohibit American citizens from investing in Syria above a designated threshold amount.

- [Agricultural Sector](#)

## Agricultural Sectors

[Return to top](#)

### Overview

[Return to top](#)

<b>Corn</b>	<b>2007</b>	<b>2008</b>	<b>2009 (estimated)</b>
Total Market Size	1,550,000 MT	1,600,000 MT	1,800,000 MT
Total Local Production	150,000 MT	150,000 MT	150,000 MT
Total Exports	0	0	0
Total Imports	1,400,000 MT	1,450,000 MT	1,650,000 MT
Imports from the U.S.	1,287,000 MT	663,000 MT	600,000 MT

(Source: U.S. Department of Agriculture, Syrian Statistical Abstract, and Global Trade Atlas)

Corn has been the leading imported agricultural commodity from the United States for many years. Due to limited domestic production and increasing demand for both feed and the production of starch and glucose, corn imports are forecast to grow in the foreseeable future. However, the United States market share was reduced due to competition from the Black Sea countries in 2008 and 2009.

<b>Soybeans</b>	<b>2007</b>	<b>2008</b>	<b>2009 (estimated)</b>
Total Market Size	310,000 MT	370,000 MT	510,000 MT
Total Local Production	10,000 MT	10,000 MT	10,000 MT
Total Exports	0	0	0
Total Imports	300,000 MT	500,000 MT	500,000 MT
Imports from the U.S.	237,000 MT	344,000 MT	400,000 MT

(Source: U.S. Department of Agriculture, Syrian Statistical Abstract, and Global Trade Atlas)

Syrian soybean consumption rates have increased significantly in recent years due to the increase in domestic soybean crushing capacity. Consequently, demand has increased for soybean by-products, particularly soybean meal that is used as a protein ingredient in poultry feed. Soybean oil is also marketable in Syria as a low-cost alternative to olive oil for cooking. In 2009, American soybean exports to Syria are estimated to exceed corn exports in value for the first time since the unit price of soybeans is more than that of corn.

## Best Products/Services

[Return to top](#)

Due to the ongoing desertification of Syria's rain-fed agricultural lands and increasing cost of plant production resulting from the increase in the cost of irrigation and fertilization, Syria's reliance upon imported agricultural products is expected to grow. While Syria remains a relatively poor country, the economy's overall growth may

increase the average Syrian's standard of living which would enable greater consumption of animal proteins. Consequently, animal husbandry – particularly poultry production – is expected to increase, with a concomitant increase in demand for imported feed. Soybeans and corn are estimated to remain the main U.S. export items to Syria in the foreseeable future.

## **Resources**

[Return to top](#)

Annual cotton, grain and feed, and tree nut reports are available at the U.S. Embassy Damascus Agricultural Section website: <http://damascus.usembassy.gov/agri.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

Syria is a partner to two free trade agreements, the Greater Arab Free Trade Area (GAFTA) which took effect on January 1, 2005, and a bilateral Free Trade Agreement (FTA) with Turkey, which entered into force on January 1, 2007. GAFTA eliminated import tariffs on goods from Arab states. The FTA with Turkey will eliminate tariffs on Turkish goods over a 3-to-12 year period. Syria also has initialed an Association Agreement with the European Union (EU), but a final signature on this agreement is still pending. The Syrian government rejected an invitation to a ceremony on October 26, 2009 in Luxembourg to sign the long-delayed EU Association Agreement. Syrian officials have told the EU that they need more time to study the future impact of the agreement on the Syrian economy. With an eye to eventual WTO membership, the Syrian Ministry of Economy and Trade established in October 2006 an office of administration for WTO membership which is responsible for all trade issues related to accession. In 2007, the Syrian government harmonized its import tariffs and customs duties to bring them into compliance with WTO standards. Most goods from countries with which Syria does not have a free trade agreement are still subject to progressive tariff rates that start at 1 percent and reach a maximum of 60 percent of the value of the good, depending in part on the government's view of the necessity of the product. However, the Ministry of Economy and Trade started the liberalization of import in 2007 and the number of banned goods has been greatly reduced.

### Trade Barriers

[Return to top](#)

Syria has a number of non-tariff trade barriers that include a non-convertible currency, an inadequate banking system, and cumbersome and confusing government regulations. For a more comprehensive understanding of non-tariff trade barriers, please refer to Chapter 6: Investment Climate.

### Import Requirements and Documentation

[Return to top](#)

In order to import goods into Syria from countries other than Turkey and members

of the GAFTA, importers must present the following documents: (1) proof of a clean financial record; (2) a valid import license; (3) a packing list in triplicate; (4) a certificate of origin in triplicate; (5) a letter from the corresponding bank; (6) a commercial invoice in triplicate describing the type of goods imported, price, basic specifications, and method of payment used; (7) Commercial register; (8) a copy of the importer's ID; and (9) a copy of the insurance contract. All documents must be certified by the Syrian Chamber of Commerce (or any Arab/foreign Chamber of Commerce) and the Syrian Embassy in the country of origin, or by another Arab Embassy in that country, in the absence of a Syrian Embassy. Obtaining an import license is required for all imported items.

Proof that payment, by means of documentary letter of credit, has been implemented for commercial transactions is required. The exporter is also required to include a statement on the invoice stating that the exporter has an agent in Syria.

Although Syria enforces the Arab League boycott of Israel and goods of Israeli origin may not be imported into Syria, it no longer requires companies to certify compliance with the boycott. U.S. exporters are advised to obtain competent advice regarding U.S. anti-boycott regulations before proceeding. One excellent source of such information is the U.S. Department of Commerce, Office of Anti-Boycott Compliance, Telephone: 202-482-2381; Fax: 202-482-0913.

## **U.S. Export Controls**

[Return to top](#)

The Syria Accountability and Lebanese Sovereignty Act (SAA), implemented on May 11, 2004, prohibits the export and re-export of most products of the United States to Syria. Products of the United States are defined as not only goods that are produced in and shipped from the U.S., but also goods that contain more than 10 percent *de minimus* U.S.-origin content regardless of where they are produced.

In implementing the SAA, the President specified that certain items are eligible for export under waiver. These items are food and certain medicines, which do not require an export license, and the following major category of items, which require a license. The U.S. Department of Commerce may consider licenses for export on a case-by-case basis for: (1) controlled pharmaceuticals and medical supplies and devices; (2) telecommunications equipment and associated computers, software and technology; and (3) parts and components intended to ensure the safety of civil aviation and the safe operation of commercial passenger aircraft.

In fiscal year 2009, the Bureau of Industry and Security (BIS) at the U.S. Department of Commerce processed 421 license applications, of which 345 were approved, 68 were returned without action, and 8 were denied. The majority of approved applications with the greatest dollar value were for medical supplies and devices (255). Applications for telecommunications equipment (69) and for parts and components for the safety of flight and the safe operation of commercial passenger aircraft (6) accounted for most of the remainder. Of the applications returned without action, most were returned because the application forms were incomplete. The denials were for applications to export items that did not qualify for approval under any of the six waiver categories pursuant to the Syria Accountability Act (SAA).

For detailed information on all exempted items and a better understanding of the law,

U.S. businesses should contact the U.S. Department of Commerce, Bureau of Industry and Security (BIS) Foreign Policy Division at (202) 482-4252.

Specific information on export controls, the EAR, and the SNAP-R export license application process is available at: <http://www.bis.doc.gov/>

Other useful links include the following:

<http://www.bis.doc.gov/forms/rpdfom.html> -- Advisory Opinion Request

[http://www.bis.doc.gov/policiesandregulations/syriaguidance8\\_07\\_09.htm](http://www.bis.doc.gov/policiesandregulations/syriaguidance8_07_09.htm) -- Syria Web Guidance

[http://www.bis.doc.gov/licensing/syriaimplementationmay14\\_04.htm](http://www.bis.doc.gov/licensing/syriaimplementationmay14_04.htm) -- Implementation of the Syria Accountability Act

[http://www.bis.doc.gov/licensing/syriafaq\\_may14\\_04.htm](http://www.bis.doc.gov/licensing/syriafaq_may14_04.htm) -- Frequently Asked Questions - Syrian Accountability and Lebanese Sovereignty Restoration Act (SAA)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USATRADE**, or go to the following website: <http://www.export.gov>

Further details and source documents regarding sanctions are available at the U.S. Embassy Damascus website (Trade and Commerce) at: <http://damascus.usembassy.gov/sanctions-syr.html>

## Temporary Entry

[Return to top](#)

The Syrian government grants temporary entry, free of customs duties and taxes, for the following entities and categories:

*1.- Foreign Projects:* A foreign company executing a project in Syria is entitled to temporarily import any equipment necessary for the completion of the project. When the work is completed, the company must then re-export all equipment and vehicles. However, companies have experienced difficulties re-exporting equipment, especially computers and vehicles. The private sector's temporary entry request must be approved by the Minister of Finance, while temporary imports for the public sector's must be endorsed by the Prime Minister.

*2.- International Organizations:* International organizations are entitled to import vehicles, furniture, and other necessary equipment, duty-free, on the condition that all imported goods be re-exported. For joint projects with the Syrian government, the international organization must transfer ownership of the vehicles, furniture and equipment used in that project to the public entity in charge of the project, or dispose of the items in accordance with the contract signed with the Syrian government.

*3.- Tourists:* Tourists are entitled to bring in passenger vehicles for personal travel for a period of three months, subject to a one-month extension.

4.- *Trade Shows*: Trade show participants may temporarily import goods for display, but must re-export them at the conclusion of the event. Occasionally, the Syrian authorities permit the permanent importation of goods that are displayed during the government-organized annual Damascus International Fair.

5.- *Export manufacturers*: Under a special procedure, local manufacturers are granted temporary entry permit for raw materials duty-free if the resulting manufactured products are wholly intended for export.

6.- *Projects under Investment Law No. 10*: Investment Law No. 10 permits investors duty-free import of machinery, capital equipment, and supplies needed for special projects. Customs duties are imposed on all raw materials for manufacturing. However, in late 2005 the government reduced the duties imposed on certain raw materials to 1 percent. Custom duties for the import of production components do not exceed 5%.

### **Labeling and Marking Requirements**

[Return to top](#)

Medicines, food, dairy, garments, and other consumer products must be labeled. The labeling should include: name of producer/exporter, ingredients, date of manufacturing, date of expiration, as well as the country of origin. Medications also require a batch number. The Ministry of Economy and Trade has enforced the labeling for products designed for local consumption, according to the international standards. In accordance with pending and completed Free Trade Agreements, Syria is working to implement more updated labeling and marking requirements on both imported and exported goods, to bring its requirements in line with WTO standards.

### **Prohibited and Restricted Imports**

[Return to top](#)

On June 1, 2006, the Ministry of Economy and Trade issued a document, called the "negative list", which includes all prohibited imports. In keeping with the government's intention to liberalize trade, some goods were taken off the negative list in early 2007 as the Ministry of Economy and Trade issued new lists of liberalized imports on almost a bi-weekly basis. The previous 73-page "negative list" was reduced to just seven pages dealing with items that pertain to security, health, ethics and religion. In past years, only the government was permitted to import alcoholic beverages and cigarettes for sale on the local market. However, on November 21, 2007, the Ministry authorized the private import of the following alcoholic beverages as shown below with their Harmonized System code:

2204: wine of fresh grapes

2205: vermouth & other wine of fresh flavored grapes

2206: fermented beverages (cider, mead, etc.)

2208: ethyl alcohol, whose alcohol rate is below 80%, spirits and alcohol beverages, etc.

In May 2008, the Ministry of Economy and Trade announced that it had completed the liberalization of the country's import trade. Trade liberalization has reduced the list of prohibited imports for members of GAFTA. For more information on the items prohibited from being imported, please check the (Arabic language only) provided website for the negative list at:

<http://www.syrecon.gov.sy/servers/media/20080505-043418.pdf>

## Customs Regulations and Contact Information

[Return to top](#)

Mr. Mustafa al-Bukaei  
Director General  
Baramkeh, Damascus, Syria  
Telephone: +963 11 – 2127900, 2125751, 2126901, 2129137, 2123937, 2127902/3  
Fax: +963 11 – 2132577, 2126921  
For additional information, please check the website for Syrian  
Customs: <http://www.customs.gov.sy>

## Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

## Overview

[Return to top](#)

Syria has a complex bureaucratic standards system that involves ten different agencies (depending on the nature of the product) and seven ministries, supervised by the Commission for Standards and Measurement under the Ministry of Industry. As a member of the International Organization for Standardization (ISO), Syria incorporates many of the international norms within the local system. While the regulations are well developed, enforcement is not as consistent, with some products and producers enjoying looser enforcement than others.

## Standards Organizations

[Return to top](#)

The primary responsibility for drafting and enforcing standards falls to the Commission for Standards and Measurements under the Ministry of Industry. However, many other agencies and ministries are involved, depending on the commodity in question. Syria officially agreed to host the regional headquarters of the Arab Standardization and Measurement Union, which is affiliated with the Arab League. This approval came upon a decree issued by Syrian President Asad on December 30, 2009. The decree allows the Arab Union to set up its regional office in Syria with Damascus as its base, provided the office works in accordance with the rules of the Arab Standardization and Measurement Union.

### NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member

countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Although Syria is preparing to re-submit its application for admission to the WTO, as of the end of 2009 it was not a member.

### **Conformity Assessment**

[Return to top](#)

Companies interested in obtaining conformity certificates for their products can send their request directly to the Syrian Arab Standards & Metrology Organization (SASMO), affiliated with the Ministry of Industry: <http://www.sasmo.net/en/index.php>.

### **Product Certification**

[Return to top](#)

Locally produced goods, both for the domestic and export market, are required to certify compliance with local standards. Imports can be subject to government testing to check for compliance.

### **Accreditation**

[Return to top](#)

Imported goods subject to mandatory standards require verification through laboratory testing in Syria. Testing varies according to products. For instance, the labs affiliated with the Ministry of Agriculture at the ports of entries undertake the responsibilities of testing grain imports. As for other food products, the Ministry of Health has the final say. The Customs Department also maintains their own labs inside the Syrian ports. The Syrian Arab Standards & Metrology Organization (SASMO) have food, chemical, textile and engineering testing labs, all of which perform the inspection and testing of samples delivered from the control department..

### **Publication of Technical Regulations**

[Return to top](#)

Technical standards are published by the Syrian Arab Standards & Metrology Organization (SASMO).

### **Labeling and Marking**

[Return to top](#)

All products must be properly labeled, including information on the producer, the Ingredients/components, the weight/size, the production license number, the country of origin, and production and expiry dates in Arabic. Specific labeling requirements differ according to the product in question. For measurements, Syria uses the metric system.

## Contacts

[Return to top](#)

Syrian Arab Standards & Metrology Organization:

<http://www.sasmo.net/en/index.php>

Ministry of Industry: [www.syrianindustry.org](http://www.syrianindustry.org)

## Trade Agreements

[Return to top](#)

As of January 1, 2005, the Greater Arab Free Trade Agreement (GAFTA) came into effect and customs duties have been eliminated between Arab states. In addition, Syria has signed a free trade agreement with Turkey, which entered into force on January 1, 2007. Although Syria has begun to take measures to meet the requirements of an association agreement with the EU, initialed in October 2004 and again in December 2008, the EU agreement remains unratified despite the EU's invitation to sign it because Syria asked for more time to study its effect on the Syrian economy. Syria also applied in 2001 for membership in the WTO but its application has not yet been processed. In spite of that, the Syrian government has begun the process of bringing its customs system into compliance with WTO standards. Towards that end, the Prime Minister issued Decision No. 1006 in 2007 to establish the formation of four committees to prepare for WTO acceptance: the general preparation committee, the trade committee for merchandise, the trade committee for services, and the committee for the protection of intellectual rights. Also, there is a WTO directorate in the Ministry of Economy and Trade. In anticipation of WTO membership, the four committees finalized an internal Memo of Foreign Trade Regime (MFTR) in May 2007 and are still updating it with the relevant ministries.

## Web Resources

[Return to top](#)

For more details on the Syria Accountability Act, please visit:

[http://www.bis.doc.gov/Licensing/SyriaImplementationMay14\\_04.htm](http://www.bis.doc.gov/Licensing/SyriaImplementationMay14_04.htm)

For more details on the activity of the Economic/Commercial Section at the U.S.

Embassy in Damascus, please visit: <http://damascus.usembassy.gov/sanctions-syr.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Competition from State Owned Enterprises](#)
- [Corporate Social Responsibility](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### **Openness to Foreign Investment**

[Return to top](#)

Designated by the U.S. government as a state sponsor of terrorism, Syria has been subject to the U.S. Department of Commerce's Export Administration Regulations (EAR) for over thirty years. All dual-use goods and advanced technology items have been controlled and/or restricted from the Syrian market since 1979. These restrictions were enhanced through the implementation of economic sanctions under the Syria Accountability Act (SAA) of May 11, 2004. As currently implemented, the SAA does not ban U.S. investments. However, the current ban on the export of almost all products of the United States has made investments by U.S. businesses more difficult to carry out, and the President has the authority to extend implementation of the SAA to ban all U.S. business and investment activity in Syria at any time.

SAA sanctions are in addition to restrictions under the Grassley Amendment that prevents U.S. corporations from taking advantage of foreign tax credits for taxes paid in Syria. Furthermore, the President has designated more sanctions under the International Emergency Economic Powers Act (IEEPA) and Section 311 of the USAPATRIOT Act regarding financial transactions with the Commercial Bank of Syria. As a result, the transfer of U.S. dollars to and from Syria has become difficult, making investments that much more challenging to execute. Therefore, since the end of 2006, a number of U.S. corporations, notably in the oil and gas sector, made the decision to divest and cease their activities in Syria.

Syrian officials and ministers routinely stress publicly the need for economic reform in order to attract foreign direct investment and thus stimulate economic growth and increase employment. Announced liberalizations are often rescinded or contradicted by other government officials, however, sometimes at the expense of private companies that have made business decisions based on government commitments subsequently annulled. Although a bloated bureaucracy, rampant corruption, and the lack of an independent judiciary are still significant impediments to business, in 2009 the Syrian Arab Republic Government (SARG) did issue new laws in the fields of investment, tourism, shipping, arbitration, intellectual property rights (IPR), banking and finance, real estate, and trade that continue its slow and halting effort to reform the country's economy. Continued political instability in Syria's neighboring countries, however, as well as the international financial crisis, discouraged significant foreign investment.

Investment Law No. 10 (1991) and its amending Decree No. 7 (2000) were the SARG's initial attempts to stimulate foreign direct investment in Syria; unfortunately, the Higher Council for Investment's (HCI) lack of definitive criteria for adjudicating foreign applications left the process open to political pressures, lobbying and corruption. This first attempt at reform brought long delays and was seriously lacking in many areas. Consequently, due to poor implementation, Investment Law No. 10 fell short of its goal of making Syria a more attractive investment venue.

To address the shortcomings of Investment Law No. 10 and its amending Decree No. 7, the SARG announced Decrees Nos. 8 and 9 in January 2007, which resulted in a dramatic year-on-year increase in the number of HCI-approved projects. Decree 8 allows preexisting investment licenses (under Law 10 and Decree 7) to continue unchanged.

Decree No. 8 is designed to enable investors, whether Syrians, Arabs, or foreigners, to own or lease the land required for their projects, and provides for free repatriation of profits, dividends and invested capital on condition that all tax liabilities have been met. If a foreign investor encounters obstacles in setting up a project, and decides to withdraw within six months of receiving a license, all capital invested up to that point may be freely repatriated. Foreign staff will be entitled to repatriate up to 50 percent of their net income and 100 percent of any end-of-service benefits. Additionally, Decree 8 exempts investors from paying customs duties on equipment imported to set up their projects, but they are liable to standard corporation taxes which fall under the jurisdiction of the 2006 Tax Law. However, investors are eligible for tax deductions if they choose to establish their projects in one of Syria's industrial zones. Decree No. 8 offers additional tax deductions for projects that create a high number of new jobs, as well as projects with many shareholders.

To encourage investments in the underdeveloped eastern region of the country, namely in al-Hasakeh, Dayr al-Zur and al-Raqqa, the SARG passed a law in September 2009 exempting investment projects located in those regions from taxes and fees for a period of ten years, provided the projects were licensed before December 31, 2012. Projects licensed after this date would not benefit from the tax exemption.

Most sectors are open for private investment under Investment Law 10, Decree 7, and Decree 8 except for cotton ginning, water bottling, and cigarette production. All investment laws and decrees cover projects in the fields of manufacturing, transport, agriculture, electricity, health and services. Tourism and real estate investments are

covered by separate legal and tax frameworks and governed by the Ministry of Tourism. Oil and gas projects and salt mining must be coordinated directly through the Ministry of Petroleum. The Ministry of Finance governs the establishment of private banks and insurance companies and the Ministries of Education and Higher Education govern the establishment of private schools and universities.

As a corollary to Decree 8, the SARG also passed Decree 9 of 2007 stipulating the formation of the Damascus-based Syrian Investment Agency (SIA). The Higher Council for Investment (HCI) meets only twice per year to review general investment policies, but has delegated operational decision-making to the SIA. The SIA, under the auspices of the Prime Minister's office, has the overall responsibility for supervising national investment policies, developing and enhancing the investment environment in Syria, providing data and statistics to investors, approving projects and annulling licenses for those projects not implemented within the required timeframe. To facilitate investment and overcome bureaucracy, SIA opened branches in several major Syrian cities and plans to open additional branches to cover the whole country by the end of 2010.

Decree 9 also charged SIA with providing one-stop-shopping service to potential investors in order to speed the processing of investment applications and help reduce bureaucratic hurdles. SIA officially inaugurated its One-Stop-Shop in early December 2008. As part of its menu of services, the One-Stop-Shop offers an "Investment Map" of Syria that was produced with the assistance of the United Nations Development Program (UNDP). The map reportedly provides detailed information pertaining to laws and regulations governing investment in Syria, as well as a list of established investment projects and continuing investment opportunities. The map was launched online and is available in eight languages including Arabic, English, French, Chinese, Japanese, Spanish, Turkish and German. SIA plans to translate the investment map into five other foreign languages during the coming year to better promote investment. Furthermore, SIA representatives have been appointed in every Syrian embassy abroad to showcase Syria to potential investors.

The SIA is supposed to meet at least bi-weekly to reduce the review process time to two weeks from application to decision. The SIA board members are appointed by the Prime Minister and include a Chairman, Director General, Deputy Director General, Deputy Ministers of Finance, Local Administration and Environment, Economy and Trade, Agriculture, Transport, Industry, Tourism, Social Affairs and Labor, Housing and Construction, and the State Planning Commission as well as a representative from each of the Federation of the Syrian Chambers of Industry, the Federation of the Syrian Chambers of Commerce, the Federation of the Syrian Chambers of Agriculture, and the Federation of the Syrian Chamber of Shipping, the Director of Legal Affairs at SIA, the Director of the One-Stop-Shop, and SIA's Director of Marketing.

According to Decree 9, HCI members include the Prime Minister, Deputy Prime Minister for Economic Affairs, Ministers of Finance, Local Administration and Environment, Tourism, Agriculture, Social Affairs and Labor, Economy and Trade, Housing and Construction, Transport, and Industry, the Head of the State Planning Commission, as well as the Chairman of the SIA and its Director General.

Despite the government's recognition of the need to change Syria's investment climate, both foreign and local business leaders continue to cite three main obstacles to growth in investment. First, the banking sector remains inadequate to meet the financing needs

of not only multinational corporations, but also local enterprises. Second, the lack of rule of law makes contractual obligations inherently uncertain and potentially impossible to enforce. Finally, the lack of regulatory transparency and specificity, particularly when dealing with government-affiliated entities, leads to a climate of bureaucracy, confusion, intimidation, and corruption.

Foreign investors are often hampered by a lack of awareness throughout the tendering process and complain that winning bids are often based more on contacts and relationships than the actual merits of a proposal. Certain ministers in the government have acknowledged this problem within the last few years and have tried unsuccessfully to address it. Similarly, in the judicial system, judgments are subject to external pressures that make it difficult for businesses to ensure that contracts are binding.

Although government officials had previously stated that no privatization of state enterprises will take place during the current Five-Year Plan, which runs through 2010, in 2007 the SARG awarded a contract to a Philippines-based company to develop and run the small container terminal in the Port of Tartus. Similarly, in 2008, the SARG awarded a contract to a French-Syrian consortium to operate the container terminal at the Port of Latakia. The tendering process was typically opaque and the winning French company may have benefited from having an influential Syrian partner and an improving political relationship between Syria and France.

Despite recent legislative attempts at reform, the economy remains centrally planned, and uncompetitive public-sector companies continue to drain government finances. While government officials publicly reject the notion of privatizing state enterprises on ideological grounds, such positions likely reflect their unstated pragmatic fears of a dramatic increase in unemployment.

However, realizing the need for foreign investment in large infrastructure projects, the Deputy Prime Minister for Economic Affairs, Abdullah al-Dardari, in cooperation with The British Syrian Society, organized a two-day conference in late 2009 to promote Public-Private Partnership (PPP). The concerned authorities are currently preparing a draft law to pave the way for such projects, especially in the electricity, transport and petroleum and gas sectors.

In addition to the challenges mentioned above, business contacts highlighted the following specific difficulties of doing business in Syria:

- The SARG requires import licenses for every item imported, except for raw materials and items imported from Turkey and the GAFTA (Greater Arab Free Trade Agreement) countries. Likewise, foreign companies must acquire permits for each item of equipment intended for temporary use and subsequent re-export (i.e. drilling rigs) to avoid paying import duties. The validity of these permits can be difficult to extend if the company's service contract expires and the company wishes to keep the equipment in the country for stand-by usage. Delays in the re-export of equipment after a temporary permit expires have resulted in heavy fines.
- Syrian corporate, income, and wage tax liabilities for foreign contractors have been unclear for quite some time, and they continue to complicate the operations of many companies.

- The awarding of contracts is often delayed by the lobbying efforts of influential local business interests and groups. Even in cases devoid of external influence, bureaucrats fear accusations of corruption and abuse, and therefore often require additional reviews of investment proposals that are not mandated by law and that inordinately delay projects. The SARG has reiterated its commitment to increasing the degree of transparency in the process, but foreign and Syrian firms continue to cite problems.

- Public-sector employees may demand bribes for required routine services. The average public-sector employee earns wages estimated at USD 215 per month. Public-sector wages have not kept up with rising inflation so many public employees have turned to petty corruption to make ends meet. In addition, labor laws are complex and significantly limit an employer's flexibility to hire and fire employees.

- Syrian property law – at least since the Ba'athists took power in the early 1960s - has been tenant-friendly, which made it difficult for landlords to lease residential properties, negotiate rent rates and evict problem tenants. In addition, at the end of 2004, the government implemented an 18 percent tax on any real estate leased for use by foreign persons or entities. In 2005, however, the SARG began implementing a residential rent law passed in 2000 that affords landlords greater rights and protections.

In 2006, the SARG issued a law permitting commercial real estate owners to lease their properties according to contract terms. The law allows the real estate owners to reclaim their properties after the contract's term of validity has expired. In addition, foreign investors in real estate and the tourism sector have been able to take advantage of decisions of the Higher Council of Tourism that provide foreign landlords with exemptions from labor and tenant laws.

In June 2008, the SARG issued Law 11 regulating property ownership by non-Syrians. The law's objective is to facilitate foreign ownership of residential property as a means of stimulating greater overall foreign investment. Law 11 was followed quickly by Law 15 in July 2008, which established a Real Estate Development and Investment Authority specifically empowered to encourage investment in the real estate sector. Despite these steps, foreign individuals and companies are allowed to rent offices and residences for a maximum period of 15 years, which is not renewable.

In September 2008, the SARG passed Decree 9 in an attempt to curb illegal housing. The Decree applied to any new construction of illegal housing (but not existing housing) and listed a set of penalties that included prison terms from three months to ten years as well as fines of USD 4,000 to USD 87,000.

In December 2008, the SARG passed Law No. 33 authorizing the granting of title/deeds to owners of existing illegal housing units. The registration process took place at special councils established by the law that were entrusted with the task of confirming the property deeds. Beneficiaries had to pay 10 percent of the unit's estimated value to the Treasury as property tax.

To better regulate the real estate sector, the SARG passed Law No. 39 in late December 2009 establishing a Mortgage Finance Supervisory Authority (MFSA). Starting in 2010, the MFSA will be responsible for issuing all mortgage finance related legislations and regulations including standard contracts, licensing instructions to mortgage companies

and funds, as well as the set-up of a national mortgage entity. Law 39 imposes penalties on mortgage firms that violate the existing regulations.

- Enforcement of the Arab League Boycott of Israel (dating from 1967) may lead to difficulties in the importation of needed products or in registering trademarks because the government requires additional paperwork certifying compliance with the boycott. U.S. law prohibits companies from providing this paperwork. Anecdotal reports indicate the SARG has occasionally waived its requirement for boycott compliance certification in order to facilitate business with large U.S. companies. As of September 2009, the Syrian Trademark Office is no longer asking foreign companies to fill out an application declaring their compliance with the Arab League Boycott of Israel.

<b>Index/Ranking</b>	<b>2009</b>
Transparency International Corruption Index	126
Heritage Economic Freedom Index	141
World Bank Doing Business Index	138

## **Conversion and Transfer Policies**

[Return to top](#)

Under the guidelines of the USAPATRIOT Act, the President has designated the Commercial Bank of Syria (CBS) as an institution of primary money-laundering concern. Consequently, the Secretary of the Treasury issued a decision on March 9, 2006 banning correspondent relations between the Commercial Bank of Syria and U.S. financial institutions. Although the U.S. Treasury sanction only targets CBS, many U.S. and European banks subsequently cut off correspondent banking relationships with all Syria-based financial institutions.

In March 2001, the SARG passed Law No. 28, which authorized the establishment of private and joint-venture banks. The law made general provisions for the operation of private banks and set a minimum Syrian ownership requirement of 51 percent. At the same time, a banking secrecy law was also issued that authorizes numbered accounts and restricts asset seizures. To date, eleven private traditional banks are operating in the country and are generally able to carry out the same banking operations that are permissible to the Commercial Bank of Syria. In May 2005, a Presidential decree (Decree 35) allowed the establishment of Islamic banks in the country with a minimum of 51 percent Syrian ownership. At present, two Islamic banks are operating in the country while the third, al-Baraka Islamic Bank, is scheduled to begin operations during the second quarter of 2010.

In May 2009, the SARG allowed foreign banks to open representative office in Syria. However, no banking or profit-generating activities are allowed as the scope of activities of these offices is limited to providing advisory services as well as representing the interests of the parent banks in Syria. The Turkish Isbank announced that it plans to open a representative office in Damascus by the end of 2010.

In early January 2010, the SARG passed Law No. 3 amending some articles of Law No. 28 of 2001 and Decree 35 of 2005. Law 3 stipulates an increase in the capital of private banks from USD 60 million to USD 200 million and of Islamic banks from USD 100 million to USD 300 million. Law 3 also increased allowable foreign ownership of private

banks from 49 percent to 60 percent. Law 3 gives licensed banks operating in Syria a period of three years to increase their capital to the required minimum.

Under current Syrian laws, investors are permitted to open foreign exchange accounts with CBS, the Real Estate Bank and the eleven existing private banks, and may retain 100 percent of their export revenues. Decree 8 allows the repatriation only through Syrian banks of foreign currency profits generated from the import of capital into the country.

Newly opened private banks can provide the same level of banking services as CBS and Real Estate Bank, including opening saving/checking accounts and issuing Letters of Credit (L/Cs), provided the money originates from outside the country. In some limited instances, private banks are allowed to issue U.S. dollar-denominated L/Cs backed by Syrian pounds.

In 2006, the government allowed private investors to have access to foreign currency through CBS to finance the import of raw materials. In 2007, the SARG authorized foreign investors to receive loans and other credit instruments from foreign banks, and to repay them as well as any accrued interest from the proceeds of their projects using local banks. In February 2008, the SARG permitted investors to receive loans in foreign currencies from local private banks provided that the loans are used to finance capital investment, particularly the import of machinery and production equipment. Debtors are free to repay their loans from their foreign currency accounts in Syria or abroad or by purchasing foreign currency from the lending bank.

To boost investment in the tourism sector, the SARG allowed local banks to provide financing to hospitality projects developed on the Build-Operate-Transfer (BOT) model. Local banks can now fund up to 50 percent of the cost of the project and repayment will begin after the project enters into operation.

Aside from the loosening of controls under the previous Investment Law No. 10, Decree No. 7, and Decree 8, strict foreign exchange restrictions were enforced until mid-2003. Even though relatively recent legal changes permit the possession of foreign currency, overseas borrowing and the export of capital still require the approval of the Central Bank. These restrictions, however, are often disregarded. Foreign companies operating under the provisions of other laws may transfer capital inside Syria only in accordance with special agreements, usually in the form of a Presidential decree. The SARG passed Law 24 in April 2006 which permits the operation of private money exchange companies, provided such operations are licensed. To date, there are ten currency exchange companies and 13 currency exchange offices operating in Syria, although many more continue to operate illegally on Syria's vast black market.

Outward capital and profit transfers are permitted to companies licensed under Decree 8. Otherwise, they are prohibited unless approved by the Prime Minister or arranged separately, as in the case of production-sharing agreements with oil exploration companies. Decree 8 allows free repatriation of profits, dividends and invested capital, on condition that all tax liabilities have been met. In addition, if a foreign investor encounters obstacles in setting up a project, and decides to withdraw within six months of receiving a license, all capital invested up to that point can be freely repatriated. Foreign staff will be entitled to repatriate up to 50 percent of their net salaries, and 100 percent of any end-of-service benefits.

In a bid to liberalize the Syrian Pound and to loosen restrictions on hard currency outflows, in July 2009 the SARG permitted local banks to open accounts for clients to use for their international debit cards. These accounts may hold a maximum of USD 10,000 or its equivalent in Syrian Pounds or any other foreign currency. The holders of these accounts will be able to withdraw up to USD 10,000 per month while travelling abroad.

In the case of foreign oil companies, "cost recovery" of exploration and development expenditure is governed by formulas specifically negotiated in the applicable production sharing agreement. Foreign oil partners in production-sharing joint ventures with the state oil company report delays in the recognition of "cost recovery" claims, although payments are eventually approved.

In February 2007, the President issued Decree 15 permitting the establishment of financial, banking and social institutions that provide micro-financing and insurance to small investment projects. These institutions target clients in the suburbs and rural areas, and are expected to provide loans as small as \$100. Anyone with the required minimum capital of \$5 million may open such an institution, though foreigners must first obtain approval from the Prime Minister. The First Microfinance Bank (FMB), as the bank is named, started operations in November 2008. In January 2010, Bab Rizq Jameel, a Saudi-based microfinance institution, announced it has obtained a license to operate in Syria.

## **Expropriation and Compensation**

[Return to top](#)

The main period of the expropriation of private property occurred from 1964 to 1966, after the Ba'ath Party seized power on March 8, 1963. During this period, as well as in the late 1950s after Syria's brief union with Egypt, the government nationalized many private farms and factories without paying any compensation. To the best of the Embassy's knowledge, no one has been compensated for the material losses that occurred as a result of nationalization, although we have heard anecdotal accounts that there were some offers of derisory sums for compensation that landowners rejected out of hand. Between 1967 and 1986 there were fewer cases of expropriation because the government had already seized the most valuable properties. The Embassy does not have any knowledge of private property nationalized after 1986.

Investment laws enacted in 1985-86 for specific sectors, i.e. tourism and agriculture, included clauses that protected against expropriation and nationalization. Decree 7 of 2000 explicitly stated that projects licensed under Investment Law No. 10 could not be nationalized or expropriated. Likewise, Decree 8 of 2007 explicitly states that projects could not be nationalized or expropriated. Decree 8 opened many sectors to private investment including petroleum refining, electricity generation, cement production, sugar refining, infrastructure, air transportation, environment, and services. Projects in the fields of oil and gas production, private schools and universities, banking and insurance, and tourism and real estate continue to be regulated under separate, specific laws.

In late 2008, the SARG authorized the private sector to invest in salt extraction and mining projects subject to licensing by the Ministry of Petroleum and Mineral Resources. In late 2009, the SARG issued legislation governing the private extraction and investment of quarries. The law allows companies which obtain the required licenses to

invest in a quarry for a period of three years, extendable. The law also permits the formation of partnerships between the private and the public sectors to operate in areas that were previously restricted to the public sector.

Despite these protections, the rule of law is weak in Syria and the SARG does occasionally seize the property and business interests of political opponents and officials who have fallen out of favor. In early 2006, alleging corrupt practices, the SARG confiscated all residential, commercial and business assets of former Vice President Abdul Halim Khaddam, his wife, and all other members of his family, including his children, their spouses and their children. In early 2008, the Ministry of Finance seized the assets of the board members of al-Nama' Company due to corruption and for providing misleading information.

## **Dispute Settlement**

[Return to top](#)

On June 8, 2005, Syria signed the Washington International Convention on Investment Dispute Settlement. In addition, as a party to the New York Convention on Arbitration, the SARG accepts binding international arbitration of disputes between foreign investors and the state in cases where the investment agreement or contract includes such a clause. Otherwise, local courts have jurisdiction. Arbitration cases involving the public sector must be tried by the State Council, which attempts to ensure the integrity of the process; however, they have no authority to enforce their decisions.

In March 2008, the SARG issued the country's first arbitration law. Law 4 authorized the establishment of an official arbitration center in Syria, which was registered with the Ministry of Justice and included a registry of accredited arbitrators. According to the law, public-sector entities were permitted to resolve disputes through arbitration. In December 2009, Syria launched its first economic arbitration center the "Hammurabi Arbitration and Reconciliation Center," for the protection of local, Arab and foreign investments in the country. According to the SIA, 11 new centers are expected to open shortly after applicants obtain the necessary licenses from the Ministry of Justice.

A number of U.S. suppliers and companies have asserted claims against state enterprises for non-payment of goods and services delivered. The government has made an effort since 1996 to settle some of these cases on a case-by-case basis and one American supplier finally received payment in 2002 for goods delivered in 1982. Long delays are common in settling disputes through negotiation and arbitration. In the past several years, fewer investment disputes have been filed or brought to the Embassy's attention as U.S. business activity in Syria has decreased steadily over that period.

While property and contractual rights are protected on paper, the government regularly interferes in the judicial process. Judgments by foreign courts are generally accepted only if the verdict favors the Syrian government. Although an official bankruptcy law exists, it is not applied fairly because a creditor's ability to salvage any investment is contingent on the amount of influence he can exert and not on the letter of the law. Monetary judgments, if granted, are made in local currency and cannot be converted to hard currency.

Investment Law No. 10 and its amendment, Decree No. 7, did not stipulate formal performance requirements as a condition for establishing, maintaining, or expanding an investment or for determining eligibility for tax and other incentives. Decree No. 8, however, raised the minimum investment capital from USD 200,000 to USD 1,000,000 if the investment projects are located in greater Damascus, Aleppo, Homs, Latakia, Tartus or Hama and to USD 600,000 if the projects are located in the rural areas of Dayr al-Zur, al-Hasakeh, al-Raqqa, Dar'a, Quneitra, Idleb, or Sweida. Furthermore, Decree 8 offered tax deductions if investors chose to locate their projects in one of Syria's industrial zones, for high job-creation projects, and for share-holding projects.

To encourage investments in the least developed eastern region of the country, namely in al-Hasakeh, Dayr al-Zur, and al-Raqqa the SARG passed a law in September 2009 exempting investment projects located in those regions from taxes and fees for a period of ten years, provided the projects were licensed before December 31, 2012. Projects licensed after this date would not benefit from the tax exemption.

All three investment decrees do mandate that investors must begin implementing projects within a period of three years or risk losing their investment license. According to official sources, 40 percent of all licensed investment projects are never completed due to financing and other technical problems. More than 120 licenses were revoked in 2009 for projects that were either not executed during the required timeframe or because the investors had requested revocation. Since 2004, the HCI began to review annually the status of licenses granted and automatically annul those which were not implemented. The new SIA has assumed this license review function.

While investors are not required to hire a fixed number of local employees, the SARG looks more favorably on proposals that include a large element of local labor, that use local raw materials, and that are designed for undeveloped rural areas. As a result, informal guidelines on labor and materials are usually negotiated on a case-by-case basis during the approval and licensing process. Syria's labor laws are generally considered an impediment to foreign investment, although some recent investments in the tourism sector were exempted from the SARG Labor Law.

Foreign investors are not required to partner with a Syrian citizen. However, successful foreign investments usually involve a well-connected local partner who can overcome bureaucratic hurdles, frequently by bribing the appropriate official.

The SARG requires a bid bond for all public tenders, usually five percent of the value of the tender. If selected, a bidder must put up a performance bond, which is usually ten percent of the value of the contract. Even though these monies are held in CBS on behalf of the foreign investor, most companies now incorporate the amounts into their overall bid because the monies are rarely, if ever, returned after completion of the contract. In addition to these bonds, the government may also require disclosure of proprietary information before approving a project.

While the Ministry of Economy and Trade has the authority to set prices and/or profit margins on products imported for the local market, it has not usually done so for

products brought in through foreign investments. Similar types of incentives, outlined in various pieces of legislation, include increased flexibility on hard currency, reduced income taxes for share-holding companies, and incentives to promote investments in underdeveloped regions and sectors.

### **Right to Private Ownership and Establishment**

[Return to top](#)

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity after completing sometimes extensive licensing requirements. Moreover, private entities have the right to freely acquire and dispose of interests in business enterprises. All private investment projects must be licensed. Over the past few years, the SARG has opened most sectors formerly reserved for government monopolies to private-sector investment. Key sectors opened since 1994 include flour milling, sugar refining, cotton ginning and spinning (if the project is completely integrated to include manufacturing and finishing), banking, insurance, electricity generation, petroleum refining, aviation, cement production and salt mining. Nevertheless, state enterprises have a comparative advantage in winning bids due to their connections in the HCI and the new SIA. Several projects that have been approved have not reached implementation because investors have failed to produce the necessary resources and/or found the final conditions of the project unsuitable. The HCI and now the SIA revoke licenses if the project is not implemented within three years of receiving a license.

### **Protection of Property Rights**

[Return to top](#)

Violations of intellectual property rights (IPR) are rampant in Syria. Patent, trademark, and copyright laws are all inadequate. As a result, Syria provides minimal protection for local producers and almost no protection for foreign producers.

In July 2002, Syria officially joined the 1967 Stockholm Convention on Intellectual Property Rights. Subsequently, the authorities began to enforce the protection of IPR through raids and confiscations of pirated goods from a number of local vendors and producers. However, direct government action to punish IPR violators ceased by the end of 2003 and the senior official at the Ministry of Culture who was spearheading this effort resigned. In May 2004, Syria became a member of the World Intellectual Property Organization (WIPO). In March 2007, the SARG passed Law No. 8 regulating trademarks, geographical indications, and industrial models and designs. Syria officially joined the Geneva Act of the Hague Agreement pertaining to the protection of international designs in May of 2008.

In August 2009, the SARG passed Decree 47 amending two Articles of the 2007 Trademarks Law No. 8. The new decree allows owners of “well-known and distinctive” trademarks in Syria, even if they are not registered, to submit a request to the Ministry of Economy and Trade to prevent others from registering or using an identical or similar mark. The Ministry of Economy will form an ad-hoc committee to look into such requests.

Furthermore, as of September 2009, the Syrian Trademark Office is no longer asking foreign companies to fill out an application declaring their compliance with the Arab League Boycott of Israel. Previously, all applications were referred to the Boycott Office for clearance.

In late 2005, the Syrian Association for Intellectual Property (SIPA), an NGO, was established with a USD 50,000 grant from the UNDP. In November 2006, the NGO became an observer in the WIPO. SIPA's main objectives include increasing public awareness about IPR issues and supporting the execution of IPR laws and regulations. Among their activities are a quarterly newsletter; issuance of a geographical indicator list to protect national industries (e.g. Ifrin oils, Aleppo soap); evaluating protection rights in public and private companies (with Ministry of Industry assistance); issuing certificates regarding compliance with non-pirating/counterfeiting laws; and maintaining their website at [www.sipa-sy.org](http://www.sipa-sy.org).

The Syrian regulatory system is not sufficient to provide the necessary legal framework to actively protect and enforce IPR. The Ministry of Economy and Trade traditionally processes the registration of patents and trademarks, while the Ministry of Culture is responsible for copyrights. Books in English are frequently translated into Arabic and published without any royalties paid to the copyright holder. In addition, music, software, and video CDs, CD-ROMs and DVDs are copied and sold ubiquitously. Film industry contacts estimate that the home video market alone is 80 percent pirated, although the amount of revenue lost to U.S. IPR holders is unknown and very difficult to measure.

To enhance Syria's IPR efforts, WIPO agreed in late 2009 to modernize the Patent Office in Syria and proposed setting up a technology innovation center as well as entrusting it to translate WIPO documents and publications into Arabic. In addition, WIPO gave Syria permission to make 2000 copies of a CD for small and medium-sized businesses of a guideline program on intellectual property issues offered by the Patent Office in North Korea. Syria earlier completed the translation of the WIPO book entitled "Learn from the Past, Create the Future."

While IPR protection is almost non-existent, the protection of real property rights is much more developed, and therefore legally and socially accepted. Since bank financing and mortgage lending does not exist, real estate is bought through cash payments in full or through installments. Property ownership is not transferred until it is paid in full.

## **Transparency of Regulatory System**

[Return to top](#)

The Syrian regulatory system is not transparent on any level. As described by local private business leaders, corruption is endemic at nearly all levels of government. Decisions are made without consulting consumers, producers, or suppliers. Government regulations do not promote competition, either among private firms or between private firms and state enterprises.

In April 2008, the SARG issued Law 7, the first Syrian legislation addressing Competition and Anti-Trust. The law established a Competition Authority, managed by a Competition Council, empowered to ban or permit mergers and to impose fines. Law 7 states that prices will be defined by free competition, cartels are prohibited, and economic entities will be prevented from abusing their dominant positions in the market. The Competition Council has been ineffective in its enforcement of Law 7, as enforcement is financially detrimental to many senior regime officials and prominent business elites.

To foster competition, the government has informed public-sector enterprises that they will no longer be permitted to operate as a monopoly, particularly if private capital,

foreign or domestic, can be obtained to finance projects. However, there are no regulatory processes managed by non-governmental organizations or private-sector institutions to provide a system of checks and balances on government directives. As a result, legal, regulatory, and accounting systems are incompatible with international standards. Local businesses do not comply with what are perceived to be arbitrary regulations. They also avoid paying taxes because they consider payment as a means of official confiscation of their profits.

## **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

Syrian government policy does not facilitate the free flow of financial resources. The lack of a fully convertible currency and the absence of an adequate capital market continue to impede both domestic and foreign investment. However, to attract investment and to ease access to credit, the SARG issued Decree 4 in 2007 allowing investors to receive loans and other credit instruments from foreign banks, and to repay the loans and any accrued interests through local banks using project proceeds. Furthermore, in February 2008, the SARG allowed investors to receive loans in foreign currencies from local private banks to finance capital investment and, in particular, the import of machinery and production needs. Debtors are free to repay their loans from their foreign currency accounts in Syria or abroad or through the purchasing of foreign currency from the lending bank.

In October 2006, President Asad issued Decree 55 formally establishing the Damascus Stock Exchange (DSE), and has since named a governing board. DSE started official operations in March 2009.

The government has loosened its strict foreign exchange controls on currency outflows for private-sector operations that are not under the legal umbrella of Investment Law No. 10, Decree No. 7 and Decree No. 8. Foreign capital can be brought into the country and can be exchanged for commercial purposes at the daily rate established by the Central Bank of Syria. One-way, non-commercial foreign exchange transactions are currently available at branches of CBS and the Real Estate Bank at a set rate, which is close to the real or market rate.

In a bid to liberalize the Syrian Pound and to loosen restrictions on hard currency outflows, in July 2009 the SARG permitted local banks to open accounts for clients to use for their international debit cards. These accounts may hold a maximum of USD 10,000 or its equivalent in Syrian Pounds or any other foreign currency. The holders of these accounts will be able to withdraw up to USD 10,000 per month while travelling abroad.

The assets of the Syrian banking sector as a whole increased from USD 34.3 billion in 2007 to USD 36.5 billion in 2008, a 7.7 percent increase. Total assets of Syrian banks increased to USD 37 billion at the end of March 2009, a 1.4 percent rise. The deposits of these banks increased from USD 19.9 billion in 2007 to USD 22.7 billion in 2008. Total deposits stood at USD 23.3 billion at the end of the first quarter of 2009, a growth rate of 2.5 percent. Syrian banks are playing an increasing role in providing the business sector with foreign currency to finance imports and as a source of credit for business and individuals. However, the sector's development is hampered by the continuing lack of human expertise in finance, insufficient automation and communication infrastructure, regulations that limit Syrian banks' ability to make money on their liquidity, and restrictions on foreign currency transactions.

## Competition from State Owned Enterprises

[Return to top](#)

Government regulations do not promote competition, either among private firms or between private firms and state enterprises.

The standard of competitive equality is not applied to private enterprises competing with state enterprises in a number of important areas. For example, although a number of state banks such as the Real Estate Bank and the Industrial Bank are authorized to loan local currency to help finance private-sector projects, state enterprises continue to have privileged access to local credit and exclusive access to official loans from the Commercial Bank of Syria. In previous years, private companies could sometimes access offshore financing and, if they were located in Syria's "free zones," could access financing from the few local branches of private foreign banks operating in the free zones. However, in December 2007, the Central Bank of Syria gave the six Lebanese banks operating in "free zones" the option of either ceasing operations within six months or becoming branches of onshore banks. This action aimed to ensure that all banks in Syria operate under uniform regulations monitored by the Central Bank.

To foster competition, the government has informed public-sector enterprises that they will no longer be permitted to operate as a monopoly, particularly if private capital, foreign or domestic, can be obtained to finance projects. However, there are no regulatory processes managed by non-governmental organizations or private-sector institutions to provide a system of checks and balances on government directives. As a result, legal, regulatory, and accounting systems are incompatible with international standards.

## Corporate Social Responsibility

[Return to top](#)

Until recently, there had not been a general awareness of corporate social responsibility among both producers and consumers. Local and foreign enterprises did not follow generally accepted corporate social responsibility. However, the SARG is currently more aware of the need to create necessary community projects and therefore has been adding clauses to that effect in its new contracts with foreign companies, especially in the petroleum and gas sector. Syria Shell Petroleum Development (SSPD) has been very active in this field during the past few years and has targeted social investment in health, safety, environment and human capacity building. Among its key social investments projects during 2008/2009 were enhancing road safety and public awareness (police, bus drivers, truck drivers) in cooperation with the Ministry of Transport, enhancing road safety awareness for elementary school children in the Dayr al-Zur area in cooperation with the Ministry of Education, awarding scholarships in cooperation with the British Council, developing entrepreneurs through SSPD's "Intilaaqah" program in cooperation with the Ministry of Labor and Social Affairs, developing Dayr al-Zur through the Shell-sponsored Dayr al-Zur Development Fund in cooperation with the Ministry of Petroleum, and supporting NGOs by sponsorship of events or through direct donations.

The French Total Petroleum Company has also contributed to the community during the past couple of years. Beyond its Exploration and Production activities, Total has worked closely with local communities, authorities, and international organization, especially in the Dayr al-Zur region, to support development projects in health, education, local

economic development, environment, energy, heritage preservation and scholarship programs.

PetroCanada has played an active role as a good corporate citizen and neighbor in Syria by sponsoring contemporary Syrian art and supporting creative activities to better promote Syria internationally.

## **Political Violence**

[Return to top](#)

Syria is an autocratic police state that severely restricts political dissent. Protests are rare and usually dispersed quickly. Syrian security services routinely jail protestors and outspoken political opponents for indefinite periods of time. In February 2008, a senior Hizballah operative was assassinated by a car bomb in a residential neighborhood of Damascus. In August 2008, a Syrian military officer was assassinated by a sniper in the coastal city of Tartus.

In September 2006, the U.S. Embassy was attacked without warning by a small group of terrorists using automatic gunfire and grenades. They attempted, unsuccessfully, to detonate a vehicle-borne improvised explosive device at the embassy's rear gate. One local guard was seriously injured. A Syrian bystander, one Syrian security officer, and all four attackers were killed in the ensuing gunfight. Government-orchestrated demonstrations involving thousands of Syrians damaged Embassy property in December 1998 and October 2000.

For American citizens travelling to Syria, the Embassy's American Citizen Services Section in Damascus is located in the Embassy's Consular Section in Abou-Roumaneh, Al Mansour Street, 2, between Rawda Square and Malki Street. The telephone number is (011) 3391-4444. The mailing address is Abou Roumaneh, Al-Mansour Street No. 2, P.O. Box 29, Damascus, Syria. Services provided include passport applications and renewals, notary services, child custody assistance, victim assistance, federal benefits claims, affidavits of support, arrest assistance, death certificates and consular reports of birth abroad. In the event of an emergency, the Embassy telephone number (011) 3391-4444 is available. The Consular Section in Damascus covers all of Syria.

## **Corruption**

[Return to top](#)

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/docs/dojdocb.html>.

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. In December 2003, Syria signed (but has not yet ratified) the UN Anti-Corruption Convention.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Syria is not a party to the OECD Convention.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international

cooperation, and asset recovery. In December 2003, Syria signed but has not yet ratified the UN Convention.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>). Syria is not a party to the OAS Convention.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco).) Syria is not a party to the Council of Europe Conventions.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Syria does not have a free trade agreement (FTA) in place with the United States.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at [http://tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the antibribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Syria was ranked 126 out of 180 countries in the London-based Transparency International's 2009 corruption perception index. Syria's ranking has improved for the first time in more than five years as it ranked 70<sup>th</sup> worldwide in 2005, 93<sup>rd</sup> in 2006, 138<sup>th</sup> in 2007 and 147<sup>th</sup> in 2008. Of the Arab countries in 2009, Lebanon, Libya, Yemen, and Iraq had lower rankings.

Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Syria. Corruption cuts across most sectors of Syrian society and affects the legal system as well. Bureaucratic procedures for receiving required documents and for obtaining licenses can cause protracted delays and often involve official approval from many levels within the government. Under-the-table payments are commonplace, as corruption is endemic in nearly all levels of government.

After 1998, state-run newspapers began publishing articles about the misappropriation of public funds and the lack of probity among public officials. As a result, a number of officials were jailed for corruption after an investigation into their abuse of power. Even with these public cases, however, corruption is prevalent, and the SARG often uses its anti-corruption campaigns to target its critics or those who have fallen out of favor. Wages and benefits in the public sector are insufficient to meet the cost of living, thus fringe benefits and excessive "agency" fees are widely tolerated as a means of supplementing income, especially during the procurement, investment licensing, import licensing, and customs clearing processes.

In an effort to reduce public graft, President Asad issued Decree 22 in April 2008 subjugating any embezzlement or corruption to the Economic Punishment Law and increasing the penalty from five to ten years of imprisonment.

In December 2003, Syria signed (but has not yet ratified) the UN Anti-Corruption Convention. The government-affiliated Central Commission for Inspection and Control is responsible for monitoring corruption in all government entities in Syria.

In February 2008, President Bush issued Executive Order (E.O.) 13460, which authorizes the U.S. Treasury Department to sanction individuals or entities found to be engaging in, facilitating, or profiting from official corruption with the government of Syria. Subsequently, the Treasury Department used this E.O. to designate Rami Makhlof, Syria's most prominent businessman and President Asad's first cousin. The designation prohibited American individuals and companies from transacting business with Makhlof. In July 2008, the Treasury Department listed two companies owned by Makhlof, SyriaTel and RAMAK, as "blocked properties." SyriaTel is the largest mobile phone provider in Syria and RAMAK is a chain of duty-free shops present at Syria's land border terminals and airports.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/departement/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.

- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## Bilateral Investment Agreements

[Return to top](#)

On August 9, 1976, Syria signed an investment guarantee agreement with the United States that protects investments from nationalization and confiscation. Similar agreements are also in force with Germany, France, Switzerland, Pakistan, China, Indonesia, Russia, Belarus, Iran, Italy, Bulgaria, Ukraine, Romania, Kuwait, the U.A.E, Morocco, Sudan, Yemen, Egypt, Lebanon, Jordan, Tunisia, Algeria, Bahrain, Turkey, Cyprus, Greece, Senegal, Tajikistan, India, Nigeria, North Korea, Serbia, Armenia, Austria, Azerbaijan, Slovakia, and Libya. In addition, a number of bi-national committees have been established with Arab, Asian, and European countries to explore private and mixed joint ventures, and improve bilateral trade.

The U.S does not have a bilateral taxation treaty with Syria.

## OPIC and Other Investment Insurance Programs

[Return to top](#)

U.S. businesses are not allowed to utilize OPIC or other U.S. government investment insurance programs because Syria is on the State Department's List of State Sponsors of Terrorism. In addition, the Export-Import Bank, the Small Business Administration, the Commodity Credit Corporation, and the Trade Development Agency cannot extend financing for U.S. business activities. USAID terminated its assistance to Syria in 1983; subsequently, all funds appropriated through the annual foreign operations legislation are banned. While the Syria Accountability Act does not currently prohibit investments, the President can decide to ban U.S. investments at any future date. As a result, the U.S. Embassy does not actively promote U.S. investment in Syria.

The SARG reported an unemployment rate of 12.6 percent in 2009. However, more accurate independent sources estimated unemployment as high as 25 percent. It is worth noting that most public-sector entities suffer from over-employment, resulting in high costs of production and low rates of efficiency. Close to one-half of the population lives on less than USD 150 per month per household. In May 2005, the UNDP announced that around 20 percent of the Syrian population lives below the poverty line. The average public-sector salary is USD 215 per month, and public-sector employees constitute over one quarter of the total labor force. Many public-sector employees resort to accepting bribes or taking a second job in order to afford basic commodities.

Compared to the public sector, the private sector offers higher wages and better benefits and has usually been able to recruit and hire more skilled labor. However, recent developments in information technology have outpaced the level of competency among Syrian engineers. Syrian universities continue to teach many technical courses in Arabic and use outdated Soviet-era curricula. In recent years, several private universities have opened and provide competition for public institutions. As a result of the deficiencies inherent in the Syrian education system, both private- and public-sector firms are looking abroad to find qualified technicians for their IT needs. While the public sector is not competitive, the private sector is struggling to compete in the international marketplace for qualified engineers. Syria is continuing to lose a large number of highly skilled workers who leave the country for higher wages abroad.

Government officials acknowledge that the economy is not growing at a pace sufficient to create enough new jobs annually to match population growth. According to official Syrian statistics, the economy grew at about 4.5 percent in 2009, although others estimated real GDP growth below three percent. During the same time, population grew at 2.45 percent. Since 2001, the SARG has tried a number of initiatives to promote job growth without much success, including job fairs and loans for small and medium-sized investment projects.

Independent labor unions do not exist in Syria. The General Federation of Trade Unions (GFTU) is government-controlled and oversees all aspects of union activity.

**Foreign-Trade Zones/Free Ports**

There are eight existing public free-trade zones throughout Syria. Through December 2009, the total capital invested in Syria's free zones reached USD 884 million, with 84 foreign investment companies operating there at a total capital investment of USD 6.3 million.

The General Organization of Free Zones (GOFZ) has plans to establish four additional public free zones in Damascus, Dayr al-Zur, Idleb, and the port of Tartus. Homs Free Zone is scheduled to be officially inaugurated during the first quarter of 2010. Moreover, GOFZ has licensed the first privately owned and managed free-trade zone in the Damascus suburbs for use by the textile industry to produce exports for Europe and the U.S. In May 2000, a free-trade zone was inaugurated near the Syrian-Jordanian border as a joint venture between the two countries. The government is preparing international

tenders to establish similar zones with Lebanon and Turkey. Both major ports in Latakia and Tartus have free trade areas; however, there are no free trade ports in Syria.

Both China and Iran have announced plans to build free zones in Syria; Iran later dropped this idea in favor of pursuing a Preferential Trade Agreement with Syria. "China Town," designed to house roughly 200 Chinese companies and act as a gateway to Syria for Chinese goods, was officially inaugurated in the Adra free zone in July 2008. Recently, a Syrian investor, in cooperation with Gulf partners, obtained preliminary approval for the establishment of a private free zone in the al-Tanf border area in Dayr al-Zur to promote trade with Iraq but, so far, this plan has not been finalized.

## **Foreign Direct Investment Statistics**

[Return to top](#)

A total of 273 local and foreign investment projects were licensed in 2009 at an estimated total capital of USD 4.5 billion and they are expected to create more than 22,000 new job opportunities. Of those 273 projects, 41 were foreign investments amounting to some USD 385 million that were expected to create 4,246 job opportunities. To accommodate these investments, eight new industrial zones have been approved with investment costs exceeding USD 40 million. The HCI and SIA have adopted a policy of reviewing the status of projects on a yearly basis and annulling licenses of those projects which are not implemented within the required period of three years. Accordingly, more than 120 licenses were revoked in 2009 for projects licensed but not executed.

In 2009, the Ministry of Tourism licensed several new tourism and real estate projects. In addition, work on several hospitality projects began in 2009 including al-Khurafi of Kuwait's USD 217 million Kiwan project, Souria Holding's USD 319 million "Syria Towers" project, and the Kuwaiti al-Jaz Investment group's USD 360,000 tourism project located on the Euphrates River in Dayr al-Zur. Several tourism projects were also begun in 2009 including the Rotana Afamia Hotel in Latakia as well as many boutique hotels and restaurants in Damascus and Aleppo.

To boost investment in the tourism sector, the SARG allowed local banks to provide financing to hospitality projects developed on the Build-Operate-Transfer (BOT) model. Local banks can now fund up to 50 percent of the cost of the project and repayment will begin after the project enters into operation.

According to government statistics, 263 foreign investment projects valued at USD 7.51 billion were licensed from 1991-2009, excluding joint ventures in the petroleum and tourism sectors. Major foreign investors include companies from Turkey, Germany, Russia, Iran, Switzerland, the U.K., the U.S., France, Cyprus, Spain, China, Canada, South Korea, Belgium, Pakistan, Brazil, Venezuela, the Netherlands, Malaysia, Italy, Austria, Sweden, India, Saudi Arabia, Kuwait, Jordan, Lebanon, Iraq, Egypt, the UAE, Algeria, Bahrain, Qatar, Libya, Denmark and Morocco.

In August 2009, the U.S. International Investment Group, a Syrian-registered company, announced plans for a series of industrial projects worth USD 35 million to be established in Dayr al-Zur. The Group plans to build factories for the production of beverages, cosmetics, mineral oils, and feed.

The largest foreign investors are in the petroleum sector and include Shell (UK/Dutch), Total (France), INA Nafta (Croatia), Dublin (Canada), Dove Energy Ltd. (U.K.), PetroCanada, Gulfsands Petroleum (U.K.), and Stroytransgas (Russia). The government began to actively court international energy companies in the late 1980s. By 1990 twelve foreign firms had production or exploration operations in Syria; however, most departed as a result of dry wells, rising costs, and major disagreements with the government over contractual terms and tax liabilities.

The government redoubled efforts to attract foreign energy companies by opening five blocs in 2001 and eleven blocs in 2002 for international tenders. In an effort to reverse the downward trend in production, the government opened additional blocs for international bids in January 2003. As a result, Dublin, IPR (U.S.), Devon Energy / Gulfsands Petroleum (U.K.), INA Nafta, Tanganyika Oil Company (Canada), the Chinese National Petroleum Corporation, and Zarubezhneft (Russia) have all been awarded exploration and/or production sharing contracts. In November 2005, nine additional blocs were opened for exploration resulting in signed contracts and/or production sharing agreements with Shell (UK/Dutch), Maurel & Prom (France), Hunt Middle East (U.S.), Loon (India), Unkranadra Oil (Ukraine) and Soyuznaft (Russia). In 2007, GroundStar (Australia) was awarded exploration rights to two additional blocks in southern Syria. In November 2009, the Minister of Petroleum and Mineral Resources revealed that the SARG would soon announce twelve new blocs available for exploration by major international oil companies.

After the imposition of U.S. economic sanctions in May 2004, a number of major U.S. corporations made the decision to divest and pull out of Syria. These companies included ExxonMobil, Devon Energy, 3M (for household products), Conoco Philips, Marathon, and Veritas. In April 2008, the American oil field services firm Weatherford also ceased all its Syrian operations.

## Web Resources

[Return to top](#)

Transparency International Corruption Index:

[http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009)

Syrian Investment Agency:

<http://www.investinsyria.org/>

Syrian Investment Map:

<http://www.syriainvestmentmap.org/>

World Bank Doing Business Index:

<http://www.doingbusiness.org/EconomyRankings/>

Heritage Foundation Economic Freedom Index:

<http://www.heritage.org/Index/Ranking.aspx>

Consular Information:

<http://www.travel.state.gov>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

In March 2006, the Department of Treasury issued a final ruling designating the Commercial Bank of Syria (CBS), along with its subsidiary Syrian-Lebanese Commercial Bank, as a financial institution of primary money laundering concern under Section 311 of the USAPATRIOT Act. This action, completing a process begun on May 11, 2004, bars U.S. banks and their overseas subsidiaries from maintaining a correspondent account with the CBS; it also requires banks to conduct due diligence to ensure the CBS is not circumventing sanctions through its business dealings with them. As a result, many Syrian and foreign investors have been complaining about the difficulty of transferring money from and to Syria. According to the Director General of the Commercial Bank of Syria (CBS), since the final ruling against the CBS was implemented, nearly 20 international banks have decided to end all transactions with the Syrian banking system.

In general, the Syrian economy operates on a cash basis and private traders finance imports either from their own resources or by resorting to the black market. Major importers dealing with large foreign firms often also have established credit lines with banks outside Syria. Contracts with the private sector are negotiated on an individual basis with little or no interference from the government. All documentary transactions for imports must be done by a letter of credit (L/C) opened at the Commercial Bank of Syria or one of the new private banks. In October 2006, the government decided to allow the CBS and the ten newly established private banks to provide 100 percent of the hard currency that importers need to finance their imports. As of January 2008, foreign investors are permitted to receive loans and other credit instruments from foreign banks and financial institutions using a local bank as an intermediary. Investors are required to repay the loan and the accrued interest, however, through the local bank. In February 2008, the Syrian government authorized investors to receive loans in foreign currencies from local private banks provided that the loans are used to finance capital investment, particularly the import of machinery and production equipment. Debtors are free to repay their loans from their foreign currency accounts in Syria or abroad or by purchasing foreign currency from the lending bank. On January 4, 2010, President Asad issued Decree No. 3 to allow foreign financial institutions to own more than 50 percent of the capital share of local banks, paving the way for the arrival of global players into the Syrian banking industry. Presidential Decree No. 3 also increased the minimum capital requirements for all private banks operating in Syria. The minimum capital requirement for conventional banks was increased from SYP 1.5 billion (approximately \$30 million) to SYP 10 billion (approximately \$200 million) while for Islamic institutions the level was

raised from SYP 5 billion (approximately \$100 million) to SYP 15 billion (approximately \$300 million).

## How Does the Banking System Operate

[Return to top](#)

Despite the ongoing efforts to upgrade and develop the services of the nascent private banking sector, Syria's banking system remains inadequate for most commercial needs. However, investors are optimistic that private banks are intent on developing their services and thirteen private banks, including two Islamic banks, have opened since Decree 24 was issued in 2002. The number of branches and offices run by the private banking sector increased to 166 as of the middle of December 2009, with Damascus hosting the largest number of branches.

Government-owned and operated public banks continue to dominate the banking sector, consisting of the Central Bank of Syria and five specialized banks: the Commercial Bank of Syria, the Agricultural Cooperative Bank, the Industrial Bank, the Real Estate Bank, and the Popular Credit Bank. In 2007, the Central Bank of Syria announced the establishment of a clearing house for Euro and U.S. dollar transactions in order to reduce the time and cost of inter-bank transactions. In November 2009, a Presidential decree increased the nominal capital of the Real Estate Bank, the Industrial Bank, the Savings Bank and the Popular Credit Bank from SYP 1.5 billion (approximately \$30 million) to SYP 10 billion (approximately \$200 million) each. This increase, which should be carried out within three years, aims to strengthen the capital base of the banks and assist in financing development.

According to Syrian banking regulations the Central Bank, the CBS, and the newly licensed private banks may engage in international transactions and hold foreign exchange deposits outside Syria. In February 2006, the Syrian government decided to replace the U.S. dollar with the Euro for export, import and services payment transactions. The public and private banks are also permitted to provide commercial banking services, including letters of credit. An April 2005 decision by the Ministry of Economy and Trade permitted private banks to issue U.S.-dollar letters of credit backed by Syrian pounds for the importation of certain items. Within Syria, the Commercial Bank and the private banks may sell Syrian pounds for foreign currencies, but, with few exceptions, Syrian pounds cannot be sold back to the Commercial Bank.

The ability and willingness of retailers to accept credit card payments remains almost non-existent because of the lack of infrastructure. Most retailers that accept credit card payments (with the exception of luxury hotels) have an ad hoc relationship with banks in Lebanon or Jordan and must manually phone in the details of the transaction. This "service" usually entails a surcharge on the value of the goods purchased. Some establishments use Point-Of-Sale processing inside Syria (through the Real Estate Bank), although most customers still use cash. The security of banking account information has improved in recent years with the development of private banking, although there have been cases where credit cards used for purchases in Syria have been illegally duplicated and fraudulently used. With the growth of the private sector banks and reciprocal upgrades in the public sector banks, growing numbers of ATM machines are becoming available throughout the country, especially in urban areas.

## Foreign-Exchange Controls

[Return to top](#)

On January 13, 2007, the Governor of the Central Bank announced that the unification of the exchange rate entered into effect as of January 1, 2007. The Central Bank is now responsible for setting the daily exchange rate for commercial and non-commercial transactions. The exchange rate applied by the government for import and export tariffs will be set quarterly by the Central Bank, and will be the average of the daily rates announced by the Central Bank during the previous quarter. Limited quantities of foreign currency can be exchanged for Syrian pounds at branches and kiosks of the CBS, as well as at private banks. The Syrian Pound is not a fully convertible currency. Syrians traveling outside of the country may now exchange Syrian Pounds up to \$3,000 in value from the Commercial Bank or the private banks at the daily exchange rate. The daily exchange rate announced by the Central Bank is currently very close to the black market rate.

## U.S. Banks and Local Correspondent Banks

[Return to top](#)

All U.S. banks have terminated their correspondent accounts with the Commercial Bank of Syria. Private banks are in the process of setting up correspondent accounts, usually through their headquarters in a neighboring country. Private banks in Syria report that finding correspondent banks is difficult due to the stigma associated with U.S. sanctions against the Commercial Bank of Syria, but not impossible.

## Project Financing

[Return to top](#)

Export-Import (ExIm) Bank and OPIC financing and insurance are unavailable to U.S. exporters because Syria remains on the list of state sponsors of terrorism. For the same reason, USAID has not been in Syria since 1983. The World Bank Group's IFC, however, has begun to finance private-sector projects in Syria. Syria has received some project financing from Japan, the EU, and various Arab national and multinational institutions. This financing includes money for projects improving the potable water delivery system in Damascus, upgrading the national telephone system, constructing electrical power plants and connecting the Syrian electricity grid with neighboring countries, purchasing heavy equipment for land reclamation, constructing roads, constructing hospitals, encouraging environmental awareness, modernizing ports, and restoring archeological and historical sites.

## Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

U.S. Government report on money laundering in Syria:  
<http://www.state.gov/p/inl/rls/nrcrpt/2008/vol2/html/100809.htm>

U.S. Treasury Department "Designation" of Commercial Bank of Syria:  
<http://www.fincen.gov/noticeoffinalrule03152006.pdf>

U.S. Treasury Department Office of Foreign Assets Control (OFAC):  
<http://www.treas.gov/offices/enforcement/ofac/>

Syria Investment Map:  
<http://www.syriainvestmentmap.org/Introduction.htm>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

### **Business Customs**

[Return to top](#)

There are few specific etiquette rules for business contacts. However, it is appropriate for a visitor to wear business attire for official meetings. A business card is needed for first meetings. Meetings with private-sector businessmen tend to be less formal. Meetings with government officials, however, observe the rules of protocol.

### **Travel Advisory**

[Return to top](#)

American citizens visiting Syria are encouraged to register at the Consular Section of the U.S. Embassy in Damascus and obtain updated information on travel and security within the country. American citizens should also consult the Department of State's Consular Information Sheet for Syria, the Worldwide Caution Public Announcement, and the Middle East and North Africa Announcement, which are located on the Department's Internet website at <http://travel.state.gov> or on the U.S. Embassy's website at <http://usembassy.state.gov/damascus>.

### **Visa Requirements**

[Return to top](#)

To enter Syria, U.S. citizens must have a valid Syrian visa. Instructions for applying for a Syrian visa are provided below:

1. Passports must be submitted to the Syrian Embassy in Washington or to one of the Honorary Syrian Consulates in California, Texas, or Michigan. Two visa forms must be submitted with the passport along with two photos of the applicant.
2. Visa fees must be paid by MONEY ORDER ONLY. Note: *Other types of payment will not be accepted.*
3. Visas are valid for three months from the date of issuance.
4. Visa fees for either one, two or multiple entries are as follows:

- American Citizens: \$131
- Non-United States passport holders please call the Syrian Embassy at 202-232-6313 ext.106 for more information.

5. Please include a self-addressed return envelope (FedEx or Express Mail).

6. The Consular Section of the Syrian Embassy in Washington accepts visa application forms submitted in person from 9:15 AM to 3:15 PM Monday through Friday.

\* Any passport must be valid for six months on submission.

## Telecommunications

[Return to top](#)

Some foreign mobile phones, particularly those using GSM providers located in other Arab countries, will function in Syria. (All GSM mobile phones with established roaming agreements between the host country and Syria will work properly). Personal Digital Assistants (PDAs) are, for the most part, not compatible with the local GSM network. (A Blackberry can operate in Syria as an ordinary cell phone but cannot download e-mail.)

Local cell phones can be purchased through two providers, SyriaTel or MTN, along with phone cards for temporary use while in Syria. A third provider is expected to enter the market in 2010. Prices for phones start at around \$40, and SIM cards can be purchased for around SYP 400, approximately \$8. Prepaid phone cards can be purchased for around SYP 200 (\$4). Prepaid vouchers range in price from SYP 78 (for 100 units over five days) to SYP 2000 (for 2600 units over six months). Local calls cost 8 units per minute (mobile to mobile) or 10 units per minute (mobile to fixed line). International calls to the U.S. cost 25 units per minute.

Internet connections are available at five-star hotels in Damascus, most "brand-name" coffee shops, and in Internet cafés, where connection speed can reach 3.5 MB. Both GSM service providers, SyriaTel and MTN, offer "third generation" (3G) wireless modems of Chinese origin and subscription Internet service. The modems sell for approximately \$200 and subscription rates vary according to quantity of usage. Foreign customers should be aware that Internet speeds slow significantly below 3.5 MB during peak usage hours, and foreigners may be subjected to an additional "deposit" when purchasing modems. Many networking and shopping websites, such as Amazon.com and facebook.com, are blocked by the Syrian government.

## Transportation

[Return to top](#)

SAA sanctions prohibit Syrian commercial airlines from flying into U.S. airspace. U.S. and Syrian airlines do not have bilateral transit agreements. Some major European airlines have regular flights into and out of Damascus. Some also have regular flights to Aleppo and Latakia as well. The list of airlines with regular flights to and from Syria includes Air France, BMI Airways, Austrian Airlines, Alitalia, Royal Jordanian, Emirates, Gulf Air, Qatar Airlines, Turkish Airlines, , Oman Air, Czech Airways, Sudan Airways, Maldives Airlines, Cyprus Airways, Tunisian Airlines, Saudi Airlines, Libyan Airlines, Egypt Air, Yemen Airways, Etihad Airlines, Aeroflot and Syrian Arab Airlines. Kuwait

Airways, Air Algeria, Iran Air, Sama Air, Air Arabia, Jazeera Airways and Sham Wings operate charter flights.

As of 2009, Syrian Arab Airlines is currently operating just three Airbus A320s due to difficulties in obtaining necessary spare parts. While the airline is attempting to upgrade the fleet with newer aircraft, the continuing political environment has limited their options. As a result, Syrian Arab Airlines' performance record is suffering with resulting implications for safety. Road travel is possible throughout most of Syria, particularly on the highways that connect the major cities. Gasoline is available on the highways and in all cities and towns. Unleaded gasoline is available in Damascus and the major cities. Road markings and rules are not adhered to, and vehicles often drive without lights, making driving conditions hazardous, especially after sunset.

## Language

[Return to top](#)

Arabic is the official language of the Syrian Arab Republic. Kurdish, Armenian, Aramaic, and Circassian are spoken in various parts of Syria. Most business executives speak French and/or English. However, knowledge of Arabic or the assistance of a translator is valuable for conducting business.

## Health

[Return to top](#)

Hospital facilities in Damascus are not up to U.S. or European standards and facilities outside Damascus are extremely limited. However, there are private clinics in Damascus run by American or European-trained doctors that provide quality care with new equipment. Doctors and hospitals often expect immediate cash payment for health services, and U.S. medical insurance is not always valid in Syria. Generally speaking, however, medical treatment and medication are quite inexpensive relative to comparable care in the U.S. or Europe.

Vaccinations are not required for Syria; however, they are recommended. Information on vaccinations and other health precautions may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax: 1-888-CDC-FAXX (1-888-232-3299); or via their Internet site at <http://www.cdc.gov/>.

## Local Time, Business Hours, and Holidays

[Return to top](#)

Syria is two hours ahead of Greenwich Mean Time (GMT) from October 1 through March 31, and three hours ahead during Daylight Savings Time from April 1 through September 30. Syria is seven hours ahead of U.S. Eastern Standard Time (EST).

Friday and Saturday are the weekend days in Syria. All government offices are closed on these two days and are open the rest of the week from 8:00 am to 3:30 pm. However, private companies and most shops are closed on Friday and open on Saturday. Most private offices work from 9:00 am to 2:00 pm, take a break for lunch, and return to work at 5:00 pm until 9:00 pm.

Public Syrian (SAR) and American (US) Holidays (2010) when the U.S. embassy will be closed:

## Date /Day/Holiday

(US)	January 01, Friday *	New Year's Day
(US)	January 17, Sunday	Martin Luther King Jr. Birthday
(US)	February 14, Sunday	Presidents' Day
(SAR)	March 08, Monday	Revolution Day
(SAR)	March 21, Sunday	Mother's Day
(SAR)	April 04, Sunday	Easter Day
(SAR)	May 06, Thursday	Martyrs Day
(US)	May 30, Sunday	Memorial Day
(US)	July 4, Sunday	Independence Day
(US)	September 05, Sunday	Labor Day
(SAR)**	September 12, Sunday	Al-Fitr Holiday (End of Ramadan)
(US)	October 06, Wednesday	Tishreen Liberation Day
(US)	October 10, Sunday	Columbus Day
(US)	November 11, Thursday	Veterans Day
(SAR)**	November 16-18, Tues-Thurs	Al-Adha Holiday
(US)	November 25, Thursday	Thanksgiving Day
(SAR)**	December 07, Tuesday	Islamic (Hijra) New Year's Day
(US)	December 26, Sunday	Christmas Holiday

\* Holiday will be observed on Thursday December 31, 2009

\*\* Based on Lunar Calendar. Exact date will be confirmed by the religious authorities on a later date and may be subject to change.

## Temporary Entry of Materials and Personal Belongings

[Return to top](#)

Customs regulations are restrictive and strictly enforced. Personal baggage may be subject, at the discretion of the customs officials, to a thorough search and x-ray both on arrival and departure. Personal belongings can be brought into the country duty free; however, they must be taken out of the country upon departure. Syrian law contains no limit to the amount of foreign currency that can be brought into Syria; however, the amount of foreign currency upon departure cannot exceed the quantity brought into the country.

In July 2009, the SARG abolished the collection of an airport departure tax of SYP 1500 (\$30) and decided instead to include it in the ticket price. However, the SYP 1500 departure tax is still collected for charter flights. An exit fee of 550 SYP (\$12) is collected upon departure from a land border. Foreign travelers within Syria should expect to have their passports checked at all domestic airport arrivals and departures.

## Web Resources

[Return to top](#)

State Department Travel Advisory: <http://travel.state.gov>

Online Internet Registration for U.S. citizens: <http://travelregistration.state.gov>

Syrian Embassy in Washington (Consular Section):  
<http://www.syrianembassy.us/consularsection.htm>

Syrian Visa Requirements:  
[http://www.syrianembassy.us/syrian\\_visa\\_requirements.htm](http://www.syrianembassy.us/syrian_visa_requirements.htm)

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States - Visas.gov <http://www.unitedstatesvisas.gov/>

U.S. Companies that wish to invite foreign businesspersons to the United States should be advised that Syrian citizens may require from two weeks to six months to obtain a U.S. visa. For more information on obtaining a U.S. visa, please refer to the website of the Consular Section at U.S. Embassy Damascus:  
<http://damascus.usembassy.gov/visas.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

The Embassy of the United States of America, Damascus, Syrian Arab Republic  
Telephone: +963-11-3391-4444; Fax: +963-11-3391-3999  
Website: <http://damascus.usembassy.gov/>

Economic/Commercial Section of the U.S. Embassy  
Telephone: +963-11-3391-4175  
Website: <http://damascus.usembassy.gov/trade-and-commerce.html>  
E-mail: [damascuseca@state.gov](mailto:damascuseca@state.gov)

Consular Section of the U.S. Embassy:  
[http://damascus.usembassy.gov/information\\_for\\_travelers.html](http://damascus.usembassy.gov/information_for_travelers.html)

Bureau of Industry and Security, Department of Commerce, Washington, D.C.:  
<http://www.bis.doc.gov>

Office of Foreign Assets Control, Department of Treasury, Washington, DC:  
<http://www.ustreas.gov/offices/enforcement/ofac>.

Syrian Ministry of Tourism: <http://www.syriatourism.org>

Syrian Ministry of Economy and Trade: [http:// www.syrecon.org](http://www.syrecon.org)

Syrian Ministry of Industry: [http:// www.syrianindustry.org](http://www.syrianindustry.org)

Federation of Syrian Chambers of Commerce: [http:// www.fedcommsyr.org](http://www.fedcommsyr.org)

There are no independent trade associations in Syria. There are many government affiliated chambers of commerce, which fall under the umbrella of the Federation of Chambers of Commerce and Industry. There is no American Chamber of Commerce in Syria.

### Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

Due to the imposition of trade and financial sanctions against Syria, the Commercial Office at the U.S. Embassy in Damascus, Syria:

- Enforces the implementation of sanctions by explaining American export regulations and licensing processes to Syrian importers.
- Conducts post-shipment verification, as requested by the Department of Commerce, to verify that Syrian importers of U.S. origin products are complying with the conditions of the export license.

The Commercial Office provides advice and assistance to American companies by offering the following services:

- Briefing American countries on Syria's current economic and political environment.
- Helping American companies access appropriate Syrian government officials and resources.

Please note that since the imposition of trade sanctions in 2004 under the Syrian Accountability Act, the Commercial Office suspended the following services:

- Alerting American companies to trade and investment opportunities.
- Advising U.S. companies on best strategies for entering the Syrian market.
- Sharing information on the commercial agenda and strategies of foreign companies and governments.

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.