

## Syria edges closer to Europe

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Officials from the Syrian government and the European Union took a step closer to signing a partnership agreement when they met in Damascus at the weekend, but analysts say more reforms – political as well as economic – will be needed to clinch the deal.

On December 14, the two sides initialed a revised version of the original partnership agreement that dates from 2004 but has remained unsigned because of political differences, such as allegations that Damascus was implicated in the assassination of former Lebanese prime minister Rafiq Hariri in 2005.

Syria's deputy prime minister for economic affairs Abdullah al-Dardari insisted the prospective deal would not entail Damascus making concessions on points of principle.

"We would never sacrifice any of our interests for an agreement," he told the pro-government website Syria News on December 15.

The meeting was a sign of just how far Syria's relationship with European states, France in particular, has warmed in recent months. French president Nicolas Sarkozy, the outgoing head of the EU, has praised recent Syrian actions such as opening diplomatic relations with Lebanon and engaging in indirect peace talks with Israel.

"Syria regards the latest step [initialing of agreement] as a political victory," said a Damascus-based political analyst who asked to remain anonymous. "After several years' isolation, it's very important for Syria to become a normal partner in the international and regional community."

The analyst warned that the final agreement, which is now expected to be signed in the first half of 2009, could be derailed because there were still many conditions that needed to be met.

The agreement is mainly about trade and economic cooperation, but it comes with certain conditions, principally progress in the area of economic reform. The analyst said it was unlikely that the EU would sign the final agreement unless reforms on the table.

"For now, Syria has done nothing obvious to make it deserving of such a deal, since it hasn't entirely stopped intervening in Lebanese affairs, nor has it made other concessions to the international community," said the political analyst. "But the European Union would not have taken this step unless it expected that Syria was going to make certain reforms."

The analyst said he doubted the regime would give any ground when it came to political changes, but predicted that the EU might not press as hard on this issue.

"Europeans fear any political reform in our region, maybe more than the regimes themselves," he said. "They believe in guaranteed stability more than the less certain results of democratic reform".

However, an economic analyst also based in Damascus said economic reform could not take place without political changes as well.

"To apply the agreement, comprehensive economic reform is needed at all levels, but that can't happen without political reform," he said. "The Syrian regime has lost the last four years, perhaps not deliberately, but because it tried to pursue economic reforms without instituting political reform, in an effort to protect special interests."

These “special interests”, he explained, were those of the lucky few who had benefited from being on the inside track of privatisation as Syria tried to shift from socialism to market economics.

“Our economy used to be monopolized by the government,” he said. “When the regime started to liberate the market, the economy became monopolized by a handful of wealthy and powerful figures. This has prevented a wider swathe of society from enjoying the benefits of a more open economy”.

Even the purely economic reforms are going to be hard to manage. The limited economic opening that has taken place so far has led to a flood of imported goods, rising inflation and falling real incomes, and mounting unemployment.

After the document was initialed, al-Dardari warned that its terms could prove a threat to some industries in Syria and weaken others, although he insisted it would lead to the creation of new industries as well.

The agreement envisages a range of measures to open up the Syrian economy, for example by lifting custom tariffs on agricultural products and creating a free trade relationship with EU member states. The economic analyst said it was hard to imagine the government doing so, and that it would be unwise to abandon protectionist measures all of a sudden.

“The European Union is a market of 430 million people and our goods have to be not only keenly priced but also of a higher quality to be able to penetrate it,” said the economist. “Many Syrians could be hurt by increased competition, and the government needs to put in place some safeguards for the Syrian people before the full agreement takes effect.”