

## Most Important News – January 2006

The SARG used government-owned press throughout the month of January to counter international pressure and bolster the public's confidence in its management of the Syrian economy. Government press highlighted successful SARG efforts to stop the spread of Avian Influenza, prevent commodity smuggling, control the black market and support the value of the Syrian pound. In addition, press gave front-page coverage to the visit of the Iranian President and the heavy international interest in the blocks for gas/oil exploration as proof that Syria was not economically isolated. The private press countered, however, with scathing articles on the SARG's decision to raise the prices of gasoline and cement. End summary.

1- Avian Flu: The SARG used the media throughout the month of January to reassure the public that it was preventing the spread of AI, and limit the potential economic impact on domestic producers. Fear that the disease would spread from Turkey caused prices for Syrian poultry to drop significantly in mid-January to 55 SP/kilo down from 100 SP/kilo. Local press emphasized in lead stories that there were no reported cases in Syria, and that tests conducted by the Ministry of Agriculture on 20,000 blood samples from domestic birds were negative. In an attempt to prop up the domestic industry and prove that Syrian poultry was not infected, al-Thawra reported that the Minister of Agriculture publicly ate chicken in one of Aleppo's most popular squares. All newspapers carried regular front-page updates on the SARG's measures to combat the disease, reporting that quarantine offices had instituted a policy of disinfecting motor vehicle tires as well as the shoes of all people entering Syria. Dailies also reported that the SARG even had ordered the removal of pigeons from all metropolitan areas. Despite the SARG's public affairs campaign, press reports near the end of the month indicated that many Syrian poultry farms were forced out of production by a 50% drop in demand.

2- Syrian-Iranian Summit Meeting: The visit of Iran's President to Damascus on January 19-20 dominated the local press which praised the excellent political relations and called for the enhancement of economic and commercial ties between the two countries. Articles cited that both parties agreed to hold the meetings of the Syrian-Iranian Supreme Committee in Damascus in end February/early March and the agenda to tackle the topics of increasing trade volume, establishing a joint bank, and signing a free trade agreement. According to press news, Syria and Iran agreed to strengthen cooperation in the fields of petroleum, electricity, and land and air transportation. Articles confirmed that both parties agreed to form a joint technical committee to follow up and eliminate difficulties and obstacles faced by Iranian companies operating in the country.

3- Currency: The steady increase in the value of the Syrian pound (SP), after it had hit a record low in early December of 62 SP to the dollar, was daily news throughout the month of January. The SARG used the press to trumpet the success of its intervention to prop up the currency, and urge Syrians to trade in their dollars for SPs. A number of the government dailies reported that the SARG was going to continue its intervention until the pound reached 52 SP to the dollar, which was the prevailing rate until early last year. The Director General of the Commercial Bank of Syria used one daily to challenge those holding foreign currency to convert it back into pounds, warning that they stood to lose money the longer they waited. Other articles also sought to cool demand for foreign currency, stating that the supply of USDs was now much higher than demand.

4- Gasoline and cement prices increased: Private media harshly criticized the Ministry of Economy and Trade's January 25 decision to increase the prices of gasoline and cement by 25% and 50%, respectively. Al-Iqtisadiya ran a number of sarcastic articles that the price increases were in direct contradiction to the government's previously stated intention to improve the standard of living and maintain stability in market prices. The authors warned that Syrians would scream with rage if the SARG adopted further increases in the prices of subsidized commodities, particularly since inflation and the weak currency already had eroded people's purchasing power. The SARG defended its decision through state-owned press, explaining that the price hikes were necessary to combat gasoline smuggling and stop black market trading of cement, and reassured the public that it would not raise the price of heating oil in the near future. However, articles did allude to the possibility that the SARG will lower subsidies in the future in conjunction with an increase in wages.

5- Smuggling: The SARG used the state-owned press to assure the public that it was successfully stopping the trade in smuggled commodities, specifically diesel. Smuggling was front-page news throughout the fall, with the SARG blaming shortages in gasoline and diesel on the high-volume smuggling trade into neighboring countries. Articles praised the efforts of the concerned authorities for their close monitoring of diesel distribution trucks and highlighted specific instances in which authorities were successful in interdicting smugglers before they could leave the country. Articles described smuggling methods, the primary smuggling routes, and provided details of the confiscated quantities and the penalties that the SARG imposed on the smugglers.

6- Foreign direct investment (FDI): Articles in the state-owned press continued to paint Syria as a stable and attractive market for FDI, and focused most of the reporting on the Ministry of Petroleum and Mineral Resources' release of the names of foreign companies that bid for oil and gas exploration projects. The Minister of Petroleum and Mineral Resources, Ibrahim Haddad, stated that 13 international oil companies submitted 23 offers, which are currently under evaluation. Although the published list included two American companies, Hunt Middle East and S.T. Power (USA), press reports did not call attention to their bids. The press also reported that winning offers will be announced within two months.