

Most Important News – July 2006

1. Throughout the month of July, the SARG used its control of the press to counter concerns about the effect of the Lebanese crisis on the Syrian economy. Government press gave front-page coverage to the war in Lebanon as well as to the aid provided by the SARG and Syrian private sector to the Lebanese refugees. Dailies lauded the strong Syrian-Iranian economic ties, highlighted the continuous increase in FDI, trumpeted the stability in the value of the Syrian Pound (SYP), and praised the SARG's successful efforts in stopping smuggling operations. On the other hand, press articles continued reprimanding the SARG for its inability to curb inflation and to stop rampant corruption. End summary.

2. Syria and Iran: Coverage of the July 16-18 Tehran meetings of the Syrian-Iranian Industrial Committee, co-chaired by both countries' ministers of industry, dominated the local press. The coverage praised the continuous strengthening of economic and commercial relations between the two countries and quoted Iran's Industry Minister that his country is carrying out 16 different major industrial projects in Syria valued at more than \$1 billion. Front-page reports listed the large number of industrial memoranda of understanding signed at the conclusion of the meetings and highlighted the ministers' statements that "this session was exceptionally important due to the current events going on in the region". Press articles repeated the Syrian Minister's announcements that the production of the Iranian "Samand" car in Syria will begin in November 2006 and that the much-touted \$198 million Iranian cement plant in Hama will begin experimental operations on November 15. Dailies reported on several meetings held throughout the second half of July between Syrian officials and Iranian delegations to discuss the current events in Lebanon as well as ways to deliver humanitarian aid to Lebanon. Later in the month, government press reported on the visit of an Iranian businessmen delegation to Damascus to discuss the possibility of establishing joint venture projects including a joint bank to finance SMEs.

3. Smuggling: The SARG continued to use state press to laud the success of the concerned authorities in stopping smuggling attempts across all of its borders. "Tishrin" newspaper reported specifically that, through June 2006, the Syrian Anti-Drug Authority, in cooperation with the Directorate of Customs, was able to confiscate huge amounts of hash, heroine, opium, cocaine, and other kinds of tranquilizer pills. Press reports highlighted the success of the customs squads in thwarting several attempts to smuggle in electrical appliances, glass, cigarettes, pharmaceuticals, and frozen fish. Articles also reported on instances in which customs officials had prevented operations by Syrians to smuggle out diesel, cement and metal scrap.

4. Foreign Direct Investment (FDI): Articles in the government-controlled press continued to paint Syria as a stable and attractive place for FDI, despite the war conditions in the region. Dailies trumpeted Syria's success in attracting more than \$3.9 billion in investment during the first six months of 2006. Local press gave front-page coverage to the visit of a Saudi businessmen delegation to Damascus to discuss with high Syrian officials the possibility to establish joint industrial and banking projects. Late in July, al-Thawra newspaper interviewed the Head of the Investment Bureau, Dr. Mustapha al-Kefri, who stressed that the war conditions in the neighboring Lebanon did not have an adverse effect on the overall investment climate in Syria since most FDI came from other Arab countries. On the other hand, editorials encouraged the return of Syrian expatriates' capital because it is unsafe for Syrians to invest abroad.

5. Corruption: In early July, the government-controlled al-Thawra newspaper reported that someone had impersonated a high official and requested an increase in the quantity of diesel allocated for a specific gas station located near a Syrian-Lebanese border crossing. In addition, Tishrin newspaper reported late in the month that the Prime Minister fired 47 employees, including the Director General of the General Establishment for Cereal Processing and Trade, due to corruption cases. At the end of July, dailies reported on a workshop held in cooperation with the UNDP concerning the role of the Parliament in combating corruption.

6. Currency: The stability in the value of the SYP, despite the on-going war in Lebanon, was daily news throughout the second half of July. The SARG used the press to remind citizens that any fluctuations in the value of the SYP is temporary and is caused by non-economic reasons. Government and regional press quoted the Governor of the Central Bank of Syria's statement that the financial authorities will not allow any

great fluctuations in the foreign exchange market. On the other hand, editorials discouraged citizens from converting their national currency to foreign exchange and called on people to show patriotism and to place confidence in their national economy during the current crisis. Late in July, state-owned, independent, and regional media praised the stability in the value of the SYP in the local market and quoted the statement of the Chairman of the Commercial Bank of Syria that “there are no unusual or exceptional bank withdrawals” and that “the demand for USDs or other foreign currencies is normal”.

7. Prices: The topic of commodities prices in the local market appeared often in the state-controlled as well as in the quasi-independent press, especially after the break of the war in Lebanon. In early July, articles in public and private media reiterated the assurances of the Finance Minister that there are no plans to abolish subsidies in the foreseeable future and that any such decision will imply some compensation plan, particularly to those who are most in need. According to press reports, prices of most commodities, especially fruits, vegetables, and other consumables were stable while the prices of red meats and lemons had significantly increased. In late July, articles in local press reported that the supply of basic goods and commodities in the local markets is ample and the arrival of thousands of refugees from Lebanon did not lead to any shortages of these goods nor to an increase in prices.

8. Lebanese Crisis: All government-owned and private media had front-page coverage of the war in Lebanon. Articles widely covered the fleeing of thousands of Arab and foreign tourists and Lebanese citizens from Lebanon to Syria which opened its borders to facilitate their entrance into its territories. Dailies published the SARG's decisions issued to facilitate the accommodation of the fleeing Lebanese: extending the temporary entrance of private Lebanese cars from 15 days to one month and of Lebanese taxis from 72 hours to one week, exempting all vehicles carrying humanitarian aid to Lebanon from all fees and taxes, permitting Lebanese staying in hotels to pay for their accommodations in Syrian pounds instead of foreign currencies, transporting Lebanese refugees from all border crossings to different cities in Syria free of charge, providing free medical services and pharmaceuticals, and supplying Lebanon with 150 megawatts of electricity around the clock though this is causing an electricity shortage in some Syrian areas. Government and private media posted phone numbers designated by private and public entities for Lebanese who need any kind of assistance. Articles highlighted the heavy traffic at the Damascus International Airport and reiterated the Minister of Transport's statement that the three Syrian airports were operating at full capacity trying to facilitate the departure to their home countries of tourists coming from Lebanon. Press articles highlighted the fact that the Damascus International Airport opened its runway for the Lebanese national carrier MEA to operate an average of seven flights per day. Late in July, articles highlighted that the health directorates are vaccinating Lebanese against several diseases and are closely monitoring potable water and sanitary conditions in order to prevent the spread of contagious diseases. All press had daily interviews with Lebanese refugees who expressed gratitude to Syria and Syrians for all the help and support they provided.