

Most Important News – June 2006

1. Throughout the month of June, government-controlled press touted the Syrian government's success in achieving positive economic growth despite the continued strong "U.S.-led pressure" on Syria. Dailies focused on Syrian-Iran economic ties, trumpeted the "Second Syrian-Emirati Economic Forum" held in early June, praised the stability in the value of the Syrian Pound (SYP) in the local market, and lauded the SARG's successful efforts in thwarting smuggling attempts. The state-owned press also widely covered the visit of Minister of Transport Yarob Suleiman Bader to Moscow to discuss the purchase of Russian-manufactured passenger airplanes. Conversely, press articles continued criticizing the SARG for its inability to bridle the increase in prices of commodities in the market. Coverage of corruption has decreased dramatically, with only two new cases cited. End summary.

2. Syria and Iran: State-owned as well as regional press widely covered the four-day visit of Syria's Minister of Defense Gen. Hassan Turkmani to Iran, specifically his visit to the Isfahan Aircraft Manufacturing Complex, where he discussed the possibility of purchasing Iran-140 aircraft. Later in the month, the media reported on an agreement signed between the Syrian Ministry of Agriculture and the Iranian "al-Razi Institute" for the establishment of a joint \$2.5 million Syrian-Iranian project to produce foot and mouth disease vaccines in Syria. Articles cited that Iranian experts will soon arrive in Damascus to begin the necessary procedures for the factory, which will produce an estimated 5 million vaccines per year. Lastly, at the end of June, Tishrin newspaper reported on the formation of a special SARG ministerial committee to carefully study the details of the project offered by the Iranian company, "Amiran", for the provision of 1,200 bio-diesel-fueled mass transit buses.

3. Smuggling: Throughout June, the topic of thwarting smuggling attempts continued to appear in state-owned press. The SARG used the media to laud its success in uncovering and stopping smuggling operations across all of its borders. Dailies reported specifically that customs authorities had thwarted several attempts to smuggle tranquilizer pills from Turkey and Jordan; motorcycles, canned food, detergents, mineral water, and soft drinks from Iraq; and cigarettes, alcoholic drinks, and household electrical appliances from Lebanon. Articles also reported on instances in which customs officials had prevented operations by Syrians to smuggle diesel, gas, cement, and glass to Lebanon. State-owned press reported on a meeting by Damascus Suburbs authorities to discuss means to combat diesel smuggling to Lebanon and Turkey. In addition, local dailies and regional press reported on a meeting by the Syrian-Lebanese Special Committee to discuss cooperative measures to prevent cross-border smuggling.

4. Foreign Direct Investment (FDI): State-owned media continued to depict Syria as an attractive FDI destination, "despite U.S.-led political and economic pressure." Articles in early June reported on the establishment of "Barada Capital One", a 100 million Euro Saudi private investment fund that will focus on investment in Syria's banking, insurance, telecommunications, real estate, and tourism sectors. Local and regional press gave front-page coverage to the "Second Syrian-Emirati Economic Forum" which was held in Damascus on June 10-11, and which was attended by Germany's former Chancellor Gerhard Schroeder and high-level Syrian and Emirati officials. Furthermore, all of the dailies reported on the ground-breaking ceremony for the \$500 million "Eight Gate" real estate project funded by UAE-based "Emaar Group." They also reported on the MOU signed between Emaar Group and the public sector "General Housing Establishment" to build middle-income apartments in different Syrian cities. Late in June, articles reported that UAE-based "Global Investment Group" was establishing an internet city in Damascus. Though initially the cost of the investment was \$600,000, the press reported that the amount had later been increased to about \$2.7 billion.

5. Corruption: Government-controlled al-Thawra newspaper reported in early June that some groups of Syrians were impersonating SARG price control squads in the local markets and collecting large sums of money in the form of bribes from shopkeepers. At the end of June, al-Thawra reported that the Ministry of Finance has seized the assets of two (unnamed) government employees because of corruption.

6. Currency: Government and independent media continued to praise the SARG's ability to stabilize the value of the Syrian Pound (SYP), presently at 51.10 SYP/USD on the black market. State-owned press expressed satisfaction over the intervention of SARG monetary authorities at the peak of the currency crisis early this year, and criticized those Syrians who instead of placing confidence in Syria's economy, rushed to buy U.S. dollars. According to press reports, demand for SYP has increased due to the summer season and arrival of Syrian expatriates from abroad. Alternately, articles in the independent media proposed several measures that would further bolster and stabilize the value of the SYP in the market, including the replacement of imported goods by locally manufactured commodities, an accurate measurement of the inflation rate, the issuance of laws and regulations that would prevent speculative attacks on the currency, the liberalization of banks' credit and loan capacities to encourage investments, and the establishment of futures markets to discourage hedging.

7. Prices: Throughout June, state-controlled press as well as independent media also focused on increased commodity prices in the market. Articles reported on a cabinet meeting to discuss the increase in the prices of some basic commodities, reasons for the increase, and the effectiveness of the measures adopted by the Ministry of Economy and Trade to counter the increase. According to press reports, prices of eggs, chicken, fruits, vegetables, consumable items, and real estate, among others, have sustained a significant increase. Editorials in government-controlled newspapers described Syrian citizens as "helpless victims," of the price increases, and questioned whether the high prices was the price to be paid for moving toward a "social market economy." Government dailies called on the SARG to intervene to control the prices, monitor the market, and prevent monopolies.

8. Syrian Arab Airlines: State-owned press widely covered the visit of Syria's Minister of Transport Bader to Moscow from June 20- 25, to examine Russian aircraft and discuss the possible purchase of seven passenger airplanes: three Il-96 and four Tu-204 aircraft. Government press quoted TransMin Bader as saying that U.S. sanctions have prevented Airbus from concluding a deal with Syrian Arab Airlines – whose fleet badly needs to be updated – and leaving Syria with no choice but to pursue other options. Articles also focused on Syria's proposal to Russia to establish maintenance center in Syria that could service all Russian planes in the region. Independent magazine "Stock Markets and Markets" published an article in late June that claimed that Russian airplanes are banned from flying in Russia due to safety concerns, which subsequently prompted the Russian Embassy in Damascus to reply via government press that Russian airplanes have safety records on par with Boeing and Airbus planes, and that they are more technologically advanced than their Boeing and Airbus counterparts.