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# Focus on Syria

We report on a major conference in the City of London on 7 November organised to address Syria's rapidly changing business climate.



*Roundtable at the Syria conference: Guy Gantley (left), MENA Economic Advisor, FCO, Wafic Said, Chairman, Said Holdings Ltd, Peter Young, Director, Adam Smith International and Bashar Jazmati, Manager Middle East & Africa, HSBC.*

The conference organised by the British Syria Society (BSS) attracted an impressive gathering of executives and representatives from the worlds of industry, commerce, finance, the law and policy making.

The large number of delegates in attendance at London's Haberdashers' Hall, their seniority and the range of sectors represented are all an indication of the increased interest being shown by the city in particular and UK business community more generally in the Syrian market.

In his opening remarks, Alderman Sir Gavyn Arthur, a former Lord Mayor of London, welcomed the transformation of Syria and suggested that the economic and financial reforms that it had been undertaking had now opened up significant opportunities. He stressed that the City of London was now enormously interested in the country.

A high powered delegation from Syria invited to London for the event included influential players headed by H E Dr Abdullah Dardari, the country's Deputy Prime Minister for Economic Affairs, and one of the main dynamic figures driving forward the country's reform process. He was accompanied by the Governor of the Central Bank of Syria, H E Dr

Adib Mayaleh, and Deputy Foreign Minister, H E Dr Faisal Miqdad, as well as some of the country's top businessmen.

The success of the conference, billed as New Investment and Business Opportunities in a Transformed Market, looks set to herald enhanced business links between the UK and Syria. It was the third such conference hosted by the BSS, an organisation that comprises Syrian professionals living in the UK and seeks to raise the profile of the country in the British media. As Dr Fawas Akhras, Co-Chairman of the BSS, pointed out, the conference was the first to be held in London; the previous two being in Damascus.

Dr Akhras pointed out how appropriate it was to be in London given its role as a leading world centre for both financial services and the media. He explained that the focus of the reform agenda had concentrated on banking and finance because this was the basis for wider social transformation that would lead to the reinvigorating of the entrepreneurial tradition that had been a hallmark of Syria in the past.

The conference would provide a real impetus for further change inside Syria and could lead to concrete results, Dr Akhras suggested. It

was later remarked by Ghayth Armanazi, BSS Executive Director, that there had been some remarkable successes with recommendations arising from previous conferences taken seriously by the Syrian authorities with some ideas translated into policy.

Guy Gantley, MENA economic advisor at the Foreign & Commonwealth Office, speaking in a personal capacity, took a hard look at the real progress made by Syria in implementing measures in tax reform, banking services and property laws, required to attract new investors. Some five years ago, he said, the country's legal framework was weak, regulations were complex and infrastructure inadequate to do effective business. Today, there was now a coherent strategy and a real will to change from the leadership in order to achieve the growth that will improve social conditions for the people.

Mr Gantley felt that the country was changing quite fast, investment in manufacturing was picking up, real estate was booming as was consumer spending. However, he thought that transformation would be a long and complex process, pointing out that state enterprises and use of subsidies were challenges that remain to be addressed.

Bashar Jazmati, a young Syrian banking professional working for the HSBC Middle East & Africa section, gave an impressionistic account of the optimistic shift of the country's student population and recalled the uncertainties that Syrian graduate emerging into the jobs market formerly faced. Today, educational choices were far wider and career opportunities were greater with many students being absorbed in the burgeoning private sector enterprises.

Mr Jazmati hoped that Syria would be more effective in attracting funding for its ambitious projects, suggesting that development funding from the major international institutions, including the export credit agencies, could be more successfully tapped.

Other speakers and comments from the floor stressed the dynamic role that small and medium enterprises could play and looked forward to improved banking services to assist this sector's business expansion.

In his keynote address Dr Dardari said that the reform path taken by Syria in the early 2000s was irreversible as it was based on recognition that the status quo was unsustainable. The country did not have a major international sponsor and was too dependent on revenues from oil production that was diminishing.

The minister said that the key aim was to see Syria fully integrated within the global economy and thus to avoid marginalisation. The country possessed the assets, resources and skills to enable it to compete and prosper in this context.

The authorities in Damascus had set targets for achieving growth of not less than 7% GDP by

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2010, the reduction of unemployment to 8%, and reducing poverty. These objectives would be met by the successful implementation of progressive reforms, which had already seen significant steps made. In terms of taxation, ministers had sought to remedy the complex and high tax system that had prevailed in the past; tax was now massively reduced and simplified although there was still a long way to go, Dr Dardari said. For example, the introduction of VAT was scheduled for January 2009. Revenues derived from tax had increased as a result of reforms.

A crucial decision taken had been to open up the economy to foreign trade and in this respect the minister regretted the postponement of the previously agreed Association Agreement with the European Union.

Syria's transformation could be seen from the fact that it was now on the map as far as influential international surveys from the World Bank and World Economic Forum are concerned. He looked forward to greater progress on competitiveness indicators in the next year.

GDP in 2000 was a merely 0.6%, in 2006 it was 5.1% and the estimate for 2007 was 6%, the minister said. Non-oil exports were increasing and the manufacturing base of the economy was diversifying and strengthening. Syria had clearly embarked on major changes in the way it runs the country following principles of greater accountability, efficiency and transparency in decision making and managing public finances.

Future challenges included reform of the public sector enterprises and modernisation of the civil service whose efficiency was a crucial factor in the implementation of reform. Dr Dardari said Syria would set clear principles for how its civil service operates to achieve a transparent, merit-based, pro-business environment. Of importance in this respect were the major educational reforms that were under preparation to improve the skills of the country's labour force.

This programme included the expansion of the university sector with the introduction of new private universities, such as Kalamoon University, whose Dean of the Business Faculty, Dr AlSakka, was one of the many impressive speakers at the conference. This university is working in cooperation with the UK's University of Glamorgan to introduce new business courses.

Dr Dardari strongly indicated that Syria was looking to the UK and London to achieve its future success. It looked in particular to the UK's expertise in education and dynamic financial sector. As Syria worked to modernise its labour market, it looked to the UK with its flexible labour market. Furthermore, Syria hoped that improved relations with the UK and its friends in the City could act as a bridge between Syria and the rest of the world.



*HE Dr Abdullah Dardari, Syrian Deputy Prime Minister for Economic Affairs and HE Dr Faisal Miqdad, Syrian Deputy Foreign Minister.*

Trade between the UK and Syria starts from a low base; for example, at present UK goods exported to Syria each year are worth only £89 million, according to UK official figures. However, historic and cultural relations between the two countries are long and profound. In the area of education, UK expertise is well regarded and universities from this country are beginning to become more involved in the delivery of courses and assisting in the growth of the education sector which Syria has been seeing recently.

The sectors usually identified as offering most potential are variously banking and financial services, healthcare, education, transport and tourism.

UK Trade & Investment, whose senior officers were represented at the conference, describes Syria as a "challenging market". The event sought to address the many challenges and difficulties that remain, while at the same time highlighting the profound changes that have been taking place over recent years and the enormous potential for investment that is now emerging.

The message from the platform of speakers, including many investors and business people with experience working in the market, was overwhelmingly positive but one that carefully considered all the factors and was grounded in realistic assessment of the full picture, including the lingering impact of the wider non-economic issues.

*Proceedings of the conference should be made available on the British Syria Society website: <http://www.britishsyrian.org/fos/speeches.asp>*



*Dr Dardari addressing the conference.*



*Dr Fawas Akhras opening the conference.*