

2020

Guide How to Export Syria

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Acronyms

ADSL	Asymmetric Digital Subscriber Line
ASYCUDA	Computerised Automated System for Customs Data
BOT	Build, Operate, Transfer
BRICS	Brazil, Russia, India, China and South Africa
C&F	Cost and Freight
CIF	Cost, Insurance and Freight
ESCWA	United Nations Economic and Social Commission for Western Asia
EU	European Union
FDI	Foreign Direct Investment
FTTB	Fibre To The Building/Business
FTTH	Fibre To The Home
GAFTA	The Greater Arab Free Trade Area
GDP	Gross Domestic Product
GSM	Global System for Mobile Communications (cellular phone technology)
INCOTERMS	International Commercial Terms
ITC	International Trade Centre
NDP	Net Domestic Product
SCBS	Syrian Central Bureau of Statistics
NDI	National Disposable Income
NPT	Net Profits Tax
SCS	Syrian Computer Society
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Fund
UN ESCWA	United Nations Economic and Social Commission for Western Asia
UNICEF	United Nations Children's Fund (formerly United Nations International Children's E mergency Fund)

Foreword

This study aims to provide Brazilian businesses, especially small and medium enterprises, with a relevant level of socioeconomic and commercial information about the Syrian Arab Republic; an Arab country with which Brazil enjoys good bilateral relations on a political level, but sizeable exchange on a trade level.

Prepared during the second quarter of 2020, the study faced a number of challenges that owe to:

- The ongoing war in Syria which started back in March 2011 and resulted among other issues in lack of accurate and updated data;
- The outbreak of COVID-19 which brought about in mid-March 2020 a number of precautionary measures that culminated in a state of partial shutdown of public and private institutions and disruptions to normal business activities.

These two factors resulted in lack of accurate data and extreme difficulty in arranging meetings and workshops with government officials and business community representatives to acquire the key data needed for the study.

In light of the above, the study team resolved to prepare a first draft based built mostly on desk research (using primary data available on government ministries and international organisations websites) and then on to update and validate the collected data when the situation improves. The release of the SCBS Statistical Abstract 2019 in late May 2020 and the gradual lifting of precautionary measures as of mid-May 2020 have greatly helped to provide the data officially recognised by the Syrian government and enabled the study team to conduct a number of online and physical meetings and workshops with business community support organisations and business representatives to formulate a general understanding of how businesses are coping and managing to conduct imports and exports in a country suffering the heavy impact of compulsory unilateral sanctions imposed by the US and EU and culminating in the entry into force of the US Caesar Act as of 17 June, 2020.

While some controversies may still exist as can be seen in terms of population related data (due to lack of official census) and juxtaposition of commercially related government and ITC data, the final study does, nevertheless, provide an adequate understanding of Syria's socioeconomic situation and commercial landscape for interested Brazilian businesses to build on and conduct additional research using available channels and the services of commercially-related Brazilian institutions.

Introduction

With a total area of 185,180 km², Syria – officially “the Syrian Arab Republic”- is a small but a culturally and politically influential country in the Middle East. The country is comprised of five main regions; these are: the Southern Region, the Northern Region, the Western Region, the Eastern Region and the Central Region.

Syria enjoys a strategic location at the Ancient Silk Road and it is commonly recognised as the heart of the Arab World. The country has two main ports (Lattakia and Tartous) and four international airports located in Damascus (the Capital), Aleppo (Syria’s largest city and its industrial centre), Lattakia and Al Qamishli. It has also a 68,157 km road network linking the country to its five border neighbours, namely: Turkey to the North, Lebanon to the West, Jordan to the South, Israel to the Southwest and Iraq to the East.

Whereas the history of Syria was marked by different milestones including the 400-year Ottoman occupation era ending in 1918, the French Occupation era (1920-1946), the Independence (17 April, 1946) and Socialist Syria (1970 – 2000), any contemporary review of Syria must now be made with two major milestones in mind: Syria before and after the war, i.e. Syria before and after March 2011, which marked the start of the war in Syria, which is ongoing at present.

Following its independence from French occupation back in 1946, Syria underwent a prolonged period of political instability characterised by several military coups and the succession of 10 presidents in a span of just 13 years (1945-1958). Syria was later ruled by Egyptian President Gamal Abdel Nasser following its unity with Egypt (1958-1961) as both countries formed the United Arab Republic. Founded on the 7th of April 1947, the Arab Socialist Ba’ath Party that aims to unite all Arab countries in one free and socialist state seized power in Syria following the 8th of March Revolution in 1963, and functioned from then on as the only officially recognized Syrian political party, but factionalism and splintering within the party led to a succession of governments and new constitutions.

Following a succession of 4 presidents during the period 1963-1970, President Hafez Al Assad became President of the Syrian Arab Republic on the 22nd of February 1971 and ruled Syria until his death on the 10th of June 2000. The 3-decade period was characterised by political stability and a centrally planned socialist economy characterised by a dominant public sector and state owned enterprises on the one hand, and dedicated efforts to reach self-sufficiency, especially in terms of food security on the other.

However, Syria’s socialist outlook, its strong relations with the Soviet Union, its stances with regard to the liberation of Palestine from Israeli occupation, and its war, in collaboration with Egypt, on Israel back in 1973 brought the country in the direct focus of US unilateral sanctions. An attempt to end the rule of the Ba’ath Party and President Hafez Al Assad began in 1980 benefitting from Sunni support and it was enacted by the Islamist radical group known as the Muslim Brotherhood. Powered by US tacit support and flow of arms from Iraq, the Islamists began a series of campaigns against government installations in Aleppo and the attacks turned into an urban guerrilla warfare that spread to other Syrian cities, especially Hama that was the scene of the final showdown by government forces that managed to put an end to this attempt in February 1982.

From then on, Syria witnessed a long period of security and political stability, but the effects of the unilateral sanctions were strongly experienced by the Syrian population, especially in the mid-80s, with shortages of many basic items, long queues on government consumer establishments and smuggling from

neighbouring Lebanon dominating the scene. The situation started to improve following the participation of the Syrian Army in the international coalition to free the State of Kuwait from Iraqi occupation (1991) and the US-moderated Syrian-Israeli peace negotiations (1994). The first ever EU technical assistance programme to Syria took place in 1996 shortly following the Barcelona Declaration of 1995.

Described by the New York Times as the leader who “No lasting peace (*in the Middle East*) could hold without him, but none could be negotiated with him either”, President Hafez Al Assad died in 2000 and was succeeded by President Bashar Al Assad on the 17th of July, 2000.

During the first decade of President Assad’s rule (2000-2010), Syria was “a fast-growing, lower-middle-income country”.¹ The Syrian economy was moving from a closed, globally-disintegrated and centrally planned socialist economy (1970-2000) into a liberal social market economy. The period was characterised by concrete steps to reform the economy, liberalise trade and attract foreign direct investments. Private banks- national and foreign, insurance companies and exchange offices were starting to proliferate, and the Damascus Stock Exchange was introduced. Car imports were allowed, which gave rise to scores of exclusive car dealerships representing almost all international brands, especially following the significant reduction of customs fees on car imports in May 2005 (from over 200% to between 70-100% depending on engine capacity), which contributed immensely to the fast flourishing of this commercial activity.

In 2005, Syria signed in first letters the long negotiated Association Agreement with the EU and was simultaneously negotiating its entry into the World Trade Organisation amidst promising economic outlook that saw it feature for the first time in the World Economic Forum’s 2007-2008 Global Competitiveness Report ranking 80 of 131 countries and moving to 78 of 134 countries the following year.

During the 2000-2010 decade, Syria displayed a solid and promising economic performance with its GDP growing at an average of 4.3% per year in real terms; a growth that was almost entirely driven by growth in non-oil sectors with a reasonable inflation of 4.9% in average.²

The start of the war in Syria in March 2011 in line with the so-called Arab Spring, which started first in Tunisia and moved later to Egypt, Libya, the Kingdom of Bahrain and Yemen, has turned the country into the battle zone of an international power struggle led by the US, the EU and the Arab Gulf States on the one side, and the Russian Federation, China and Iran on the other.

The war, now in its 9th year, has not only resulted in severe damage of the Syrian physical infrastructure, especially the power sector, the transport sector, the health sector, the education sector and the agriculture sector, among others, it has, more importantly, led to disruptions in economic networks that far exceed the effects of physical damage on public service delivery. The US and EU imposed sanctions have been and are still contributing to massive difficulties in terms of financial dealings and trade. The sanctions, intensified by the US SALSA Act³ of 2003, the unilateral sanctions of 2011 and the recent introduction by the US of the so-called Caesar Law, have resulted in significant shortages of fuel, spare parts and other items of vital importance to the Syrian economy.

¹ The Toll of War: The Economic and Social Consequences of the Conflict in Syria, the World Bank Group, 2017.

² The Toll of War: The Economic and Social Consequences of the Conflict in Syria, the World Bank Group, 2017.

³ The Syria Accountability and Lebanese Sovereignty Restoration Act of 2003

Syria is now on a track of early recovery and reconstruction, but the cost is massive. There are no exact figures as to what the cost may ultimately be, but the UN estimates that in the realm of \$250 billion; a figure which roughly equals 4 times the GDP of Syria before the war. According to a report published recently by ESCWA, Syria's economic losses stood at US Dollar 442.2 billion up till the end of 2018. Entitled "Syria at War: Eight Years On", the report indicates that the hardest hit sector was housing, at 17.5% of the total, followed by mining at 16%, transport at 12.6%, manufacturing at 9.9%, electricity at 6.2% and health at 4.5%, with the education and tourism sectors accounting for 3.7% and 3% respectively.

The Syrian government has taken a strategic direction to "Go East" and build on its strong relations with the Russian Federation, China, the BRICS and Iran. Considering the massive size of damage inflicted by the war, Syria, which is described as the largest reconstruction workshop since World War II, could provide a potentially genuine future opportunity in case a political settlement that is satisfactory to all international players is reached on the medium to long-term.

Brazil is traditionally the second trade partner to Syria in the Americas next to the US. However, the bilateral trade between Brazil and Syria has not been significant, though it was on a rising curve before the war. According to SCBS, Brazilian exports to Syria stood at \$142.30 million in 2004 (2.09% of total Syrian imports) and reached \$513.05 million in 2011 (2.56% of total Syrian Imports), whereas Brazil's imports from Syria stood at a meagre \$3.44 million in 2004 (0.07% of total Syrian exports) and \$93.70 million in 2011 (0.89% of total Syrian exports).

The war has culminated in a drastic decline in the trade exchange between Syria and Brazil. Based on ITC data, Brazil's exports to Syria stood at \$74.57 million, \$59.57 million and \$64.56 million in 2017, 2018 and 2019 respectively. Brazil's imports from Syria recorded a meagre \$1.36 million, \$1.80 and \$2.46 million respectively in the same three-year period. Brazilian exports were mostly not roasted coffee beans and raw sugar, which accounted for 94% of total Brazilian exports to Syria during the 2017-2019 period. In comparison, Syria's exports to Brazil were almost entirely spices (i.e. anise and cumin), which accounted for over 97% of total Syrian exports to Brazil during the same three-year period.

Brazilian exporters should keep in mind that Syria at present is attempting, using its limited financial resources and financing from UN related agencies where applicable, to rebuild its infrastructure, industry, services, and the economy at large, and is, therefore, in need for the type of reliable equipment, machinery, tools, and other related items to enable reconstruction happen. Diversification of the export portfolio is key in the process.

Present Day Syria

Syria today is a country that is still aching under the heavy burden of the repercussions of the war. It is still suffering the heavy impact of US and EU sanctions on the one hand, and the negative impact of the financial crisis in Lebanon and the disruptions caused by the outspread of COVID-19 on the other.

I. The Syrian Economy and the Sanctions

While the war has resulted in chronic disadvantages to the Syrian economy, including rising inflation, unemployment, loss of foreign reserves, critical currency depreciation and large-scale impoverishment of the population, the sanctions imposed by the US and the EU are further aggravating the already weakened

structure of the economy with Syrian banks now banned from the international SWIFT transfer system, and with additional restrictions on oil imports. This has already resulted in serious petrol shortages.

Ratified by President Donald Trump on the 20th of December, 2019 and activated against Syria on the 17th of June 2020, the Caesar Act imposes sanctions against third party foreign institutions and individuals that provide “significant” assistance to the Syrian government. The impact of this law can may potentially be very serious, especially that it targets the energy and the construction sector, in addition to other vital sectors like civil aviation. This will, in effect, disrupt the reconstruction process and evade the expectations of foreign construction companies seeking to invest in Syria.

Whereas Syria has managed to some degree of success to manoeuvre under previous sanctions, it is not yet clear whether it will manage to evade this new form of sanctions. The de-risking and over compliance attitude adopted by the Lebanese authorities that have confiscated in October 2020 a vessel loaded with 4 million litres of petrol imported by a Syrian businessman gives a rather pessimistic prospect.

II. The Syrian Economy and the Lebanese Financial Crisis

The financial crisis that started in Lebanon in October 2019 and the ensuing US sanctions imposed on a number of Lebanese banking sector institutions have piled up additional pressure on the Syrian economy as the capital control measures adopted by the Lebanese financial authorities have practically closed the last window through which the Syrian economy was managing to stay active. Estimated to be in the realm of \$50 billion, Syrian deposits in Lebanese banks are currently blocked and Lebanese banks have ceased to process commercial payments and letters of credit for Syrian importers. Hence, Syrian companies established in Lebanon to carry out import and export activities are not able to do business any more. Notwithstanding the grievous implications this may have on the basic needs of Syrians, the Lebanese financial crisis has massively contributed to the further devaluation of the Syrian Pound which is now trading at 2200 SYP against the US Dollar up from 515 in June 2019. It has also contributed to a sharp reduction in remittances of hard currency to Syria.

III. The Syrian Economy and COVID-19

Syria’s first case of COVID-19 was recorded on the 22nd of March 2020. The government was quick to take precautionary measures by enforcing a state of partial lockdown culminating in restricting movement between cities and their rural areas on the one hand, and between cities themselves on the other. Apart from public health challenges, the economic negative implications resulting from the pandemic have further increased the difficulties experienced by all Syrian economic sectors. The devaluation of the local currency and the closing of borders to try to contain the spread of the pandemic led to additional economic pressures and a sharp rise in consumer prices. Unable to sustain the economic pressure, the Syrian government gradually minimised its measures; a process culminated by the re-opening of schools in September 2020 and re-activating the operations of Damascus International Airport as of first of October 2020.

Map



Figure 1: Map of the Syrian Arab Republic

Basic Data

Area: 185,180 km²

Population: 19,398,448 (2020 estimate)⁴

Demographic Density: 104.8 inhabitants/km² with significant population density along the Mediterranean coast; larger concentrations found in the major cities of Damascus, Aleppo, Homs and Lattakia.

Unemployment rate: 30.3% (2018)⁵

Main Cities: Damascus, Aleppo, Homs, Hama, Lattakia, Tartous, Edlib and Deir Ezzor

Currency: SYP (Syrian Pound)

Parity against the dollar: 1 US\$ = SYP 1250 (official exchange rate by the Central Bank of Syria)

GDP at Factor Cost (2018): \$19.4 billion⁶

GDP per capita at current prices: \$900⁷ (2020 estimate)

Real GDP growth: 1.9% (2018 estimate)⁸

Composition of GDP (2018 estimate): Services (52%); Agriculture (23%); Industry (25%)⁹

Production (main products):

Agriculture: wheat, barley, lentils, chickpeas, sugar beets, beef, mutton, and poultry

Agribusiness: cotton, olive oil, canned food

Industry: cement, textiles, pharmaceuticals, car assembly, food processing

Syrian Foreign Trade (2018): Exports: \$718.73 million - Imports: \$6.73 billion¹⁰

Bilateral Trade Brazil-Syria (2019): Brazilian exports: \$64.56 million - Brazilian imports: \$2.46 million

⁴ The World Fact Book, <https://www.cia.gov/library/publications/the-world-factbook/fields/335rank.html>

⁵ SCBS

⁶ SCBS

⁷ Trading Economics

⁸ Trading Economics

⁹ SCBS

¹⁰ ITC

I – General Aspects

1. Geography and Climate

1.1. Geography

With a total area of 185,180 km², Syria is situated in Western Asia at the Eastern end of the Mediterranean Sea and bordered with Turkey to the North, Iraq to the East, Lebanon and the Mediterranean Sea to the West, Jordan to the South, and Israel to the Southwest. The country's borders are political rather than natural with the longest one being with Turkey. The coastline stretches from the Turkish border to the Syrian borders with Lebanon with a total length of 193 km.

Direction	Country	Km
north	Turkey	822
east	Iraq	605
south	Jordan	375
west	Lebanon	375
southwest	Israel	76

Table 1: Length of Syria's borders with neighbouring countries

Damascus is the political Capital and the country's second largest city, which together with Rural Damascus counts about 5.79 million inhabitants according to SCBS 2019 Statistical Abstract. Distances from Damascus to other Syrian cities and some Middle East capitals:

City	Distance (km)	City	Distance (km)
Quneitra	56	Beirut, Lebanon	112
Sweidaa	92	Amman, Jordan	173
Daraa	97	Baghdad, Iraq	752
Homs	144	Ankara, Turkey	775
Hama	188	Kuwait City, Kuwait	1,198
Tartous	159	Doha, Qatar	1,731
Lattakia	237	Riyadh, Saudi Arabia	1,600
Aleppo	312	Dubai, UAE	2,050
Edlib	273		
Raqqa	372		
Deir Ezzor	412		
Hassakeh	592		

Table 2: Distances between Damascus and other Syrian cities and Neighbouring Capitals

Syria is composed of deserts, plains and mountains and is divided into a coastal plateau in the West and a much larger plateau in the East. The country has 4 valleys and 25 mountains the highest of which is Mount Hermon on the Lebanon-Syria border west of Damascus (2,814 meters).

Syria has a total of 18,517,971 hectares of arable land, of which 6,079,150 are cultivated and 5,728,323 are uncultivated.¹¹ The country has 9 natural and artificial lakes with a total area of 1,174 square km¹², and 21 rivers with a total length inside Syria of over 2,363 km.¹³

The main three rivers in Syria are:

- **The Euphrates River:** it is the longest and one of the most historically important rivers of Western Asia. It originates in Armenian highland east of Turkey and travels through three countries for a total distance of 2,280 km, 610 Km of which are in Syria;
- **Khabur River:** it is an important tributary of the Euphrates River. It originates in the mountains of South-eastern Turkey near Diyarbakır and travels for a total of 477 Km, 402 Km of which are in Syria;
- **The Orontes River:** it originates in Lebanon and travels northward through Syria before entering the Mediterranean Sea near Samandag in Turkey with a total length of 485 km, 366 Km of which are in Syria.

1.2. Border Points

Syria has land, sea and air border points connecting it to the rest of the world. Due to the war in Syria, the border points that are currently under the control of the Syrian government are:

- **Land Border Points:**
Lebanon: Jdeidat Yabous, Al Dabussiyah, Al Jossieh and Al Aridha
Jordan: Nassib
Turkey: Kassab
Iraq: Al-Bukamal
- **Sea Border Points:** Lattakia and Tartous
- **Air Border Points:** Damascus International Airport, Aleppo International Airport, Al Bassel International Airport (Lattakia)

1.3. Climate

Located on the geographic coordinates of 34.8021° N, 38.9968° E, Syria enjoys a Mediterranean climate characterised by rainy winters and dry summers with two short but distinct transitional seasons, and is divided from a climate perspective into four regions:

- **The Coastal Region:** is characterised by heavy rain during winter, medium temperature and high humidity during summer;
- **The Inner Region:** is characterised by rainy winters, hot and dry summers, and significant daily temperature changes;
- **The Mountainous Regions:** with an altitude of more than a thousand meters above sea level, are characterised by heavy rainfall- exceeding 1,000 mm during winter- and a moderate weather during summer.

¹¹ Syrian Ministry of Agriculture and Agrarian Reform, Statistical Dataset, 2018

¹² Syrian lakes are: Tishreen, Al-Assad, Mashqita, Qattineh, Mzeirib, Jabboul, Al-Ottaybeh, Khatouniyeh, Al-Baath

¹³ Syrian Ministry of Water Resources

- **The Desert Region:** locally referred to as “Al-Badiyah”, the desert region is characterised by semi-arid weather, e.g. little rain during winter and hot and dry summers.

Except for the coastal region, the weather in all parts of Syria is characterised by high humidity during winter and low humidity during summer. The coastal region, is the subject of relatively high humidity during summer due to the influence of the Mediterranean Sea, while desert and semi-desert areas are the least humid. Average humidity during summer ranges between 20-50% in the inner region and 70-80% in the coastal region, while in winter it ranges between 60-80% in the inner region and 60-70% in the coastal region.

Most Syrian regions are exposed to a significant variation in day and night temperatures with up to 23°C in the inner region and 13°C in the coastal region. December and January are the coldest months of the year, while July and August are among the hottest. The temperature drops in winter to below 0°C, but it rarely drops below -10°C (except for the mountainous regions). During summer, temperature rises up to 48°, but rarely exceeds 50°C.

2. Population, Urban Centres and Standard of Living

2.1. Population

Throughout its long history, Syria was the target destination for many immigrations, which therefore caused its population to be a mixture of a Syrian Arab majority (80-85%) and a number of ethnic minorities, including Kurds, Arameans, Turkomans, Assyrians, Circassians, Armenians and Greeks. Kurds are the largest ethnic minority group in Syria accounting for about 10% of the total population, followed by Turkmans (4-5%), Assyrians (3-4%), Circassians (1.5%) and Armenians (1%).

More recently, Syria received a large number of Palestinians who were displaced from their homeland during the 1948 Palestinian exodus. According to the Palestinian statistic released by SCBS in 2020, the registered number of Palestinian citizens living in Syria by end of 2018 is 541,965. In 2003, a large number of Iraqis moved to Syria following the US invasion. At one point of time, the number of Iraqis living in Syria amounted to over 2 million, but ultimately dropped due to the ongoing war in Syria and is currently estimated at 30 thousand.

According to SCBS, the estimated population of Syria stood at 25.63 million in 2019. Of this total, 51.1% are males and 48.9% are females.

Year/Gender	Male	Female	Total
*1960	2.34	2.22	4.57
*1970	3.23	3.07	6.31
*1981	4.62	4.42	9.05
*1994	7.05	6.73	13.78
*2004	9.16	8.76	17.92
2009	10.29	9.84	20.13
2010	10.54	10.08	20.62
2011	10.79	10.33	21.12
**2012	11.05	10.59	21.64

**2013	11.33	10.84	22.17
**2014	11.61	11.11	22.71
**2015	11.89	11.38	23.27
**2016	12.18	11.66	23.84
**2017	12.48	11.94	24.42
**2018	12.79	12.23	25.02
**2019	13.10	12.53	25.63

Table 3: Population existing in Syria 1960-2019 (in million inhabitants)¹⁴

*** The number of population according to the date of census;**

**** The population was estimated according to the normal course at a growth rate of 2.45% without taking into consideration the repercussions of the war**

As the following graph shows, the growth of the population of Syria varied in actual numbers between 1960 and 2004 because the data depended on actual census of the population, whereas the steady growth recorded between 2009 and 2019 is based on a population growth rate of 2.45% per annum and is not reflective of the actual numbers and growth rate of the population in Syria, especially taking into consideration the 6.7 million Syrians who immigrated to neighbouring and off-shore countries during the war.

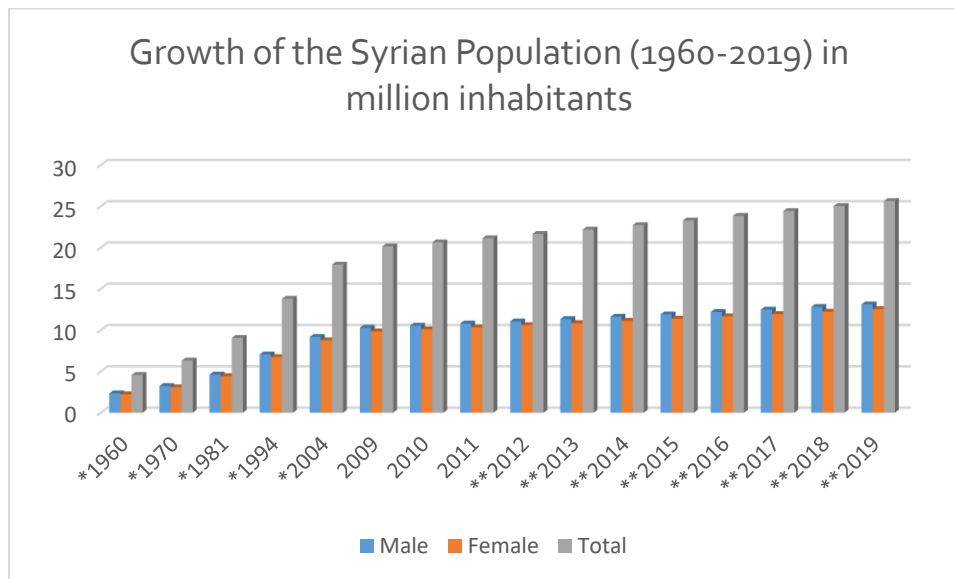


Figure 2: Growth of the Syrian Population (1960-2019) in million inhabitants

The Syrian population is almost evenly split between males and females with higher percentage of males in the age category 0-14 years, compared to higher percentage of females in the other age categories. However, the final ratio is only 1.005 females to 1 male.

¹⁴ SCBS

Age Structure (2020 estimate)	%	Male	Female
0-14 years	33.47	3.32	3.17
15-24 years	19.34	1.87	1.88
25-54 years	37.31	3.56	3.68
55-64 years	5.41	0.52	0.53
65 years and over	4.46	0.40	0.46
Total	100%	9.68	9.72

Table 4: Estimated population of Syrian 2020 by age structure and gender (in millions)

The Syrian population is rather young with over 55% of the population in the 15 to 54 age group, compared to only less than 5% of the population in the 65 years and over age category.

2.2. Urban Centres

Syria is not a highly urbanised country with 54.16% of the population living in cities; a figure that is slightly lower than the 55.6% recorded in 2010¹⁵. However, the war has contributed to increasing urbanisation to about 76% by the end of 2014¹⁶ as a result of massive displacement and relocation to safe cities around the country, with Damascus, Lattakia and Tartous becoming prime hosting communities.

The changing demographics of Syria, as a result of the war, makes it very difficult to arrive at exact statistics truly representative of the actual numbers of citizens living in major cities around the country. According to scenarios made by SCBS, most of Syria's urban population exist as of 2019 in:

- Aleppo: 3.96 million
- Hama: 2.08 million
- Damascus: 2.08 million
- Homs: 1.73 million
- Lattakia: 1.32 million

However, actual numbers may vary significantly compared to the figures officially estimated by SCBS, especially in the case of Damascus, which is believed to host over 5 million inhabitants.

2.3. Standard of Living

According to the World Population Review, Syria's life expectancy in 2020 recorded 73.2 years (68.8 for men and 78.2 for women), which ranks Syria 112 in the world. Compared to 2010 rate of 69.9 years, Syria's life expectancy has improved by about 4 years despite the deterioration in the volume and quality of healthcare services as a result of the ongoing war in Syria.

However, the Syrian standard of living has drastically declined as a direct result of the impact of the ongoing war on the Syrian economy, which resulted among other factors in loss of jobs, depreciation of the Syrian Pound and deterioration of the purchasing power of Syrian citizens.

According to UNICEF Syria's Crisis Fast Facts report published in August 2019, "Four out of five people in Syria live below the poverty line". This is compatible with UN ESCWA reporting that around 83.4 percent

¹⁵ <https://www.statista.com/statistics/455937/urbanization-in-syria/>

¹⁶ UN Habitat

of Syrians live below the poverty line compared with 28 percent in 2010. In 2020, it is believed that over 85% of the Syrian population live below the poverty line.

2.4. Language and Religion

The official language is Arabic, with regional informal dialects across the country. Other languages spoken in Syria include Kurdish, Armenian, Aramaic (the language of Jesus Christ) and Circassian. English is very common among the population of Syria, especially the younger generations.

Though secular in outlook, Syria is a Muslim country, where Muslims account for 87% of the population and are divided into: Sunni 74% and Alawi, Ismaili, and Shia 13%. Christians account for about 10% and Druze for about 3% of the population.

3. Transport and Communications

3.1. Transportation

Syria has an adequate transport infrastructure, especially in terms of road network and well developed motorways, which account for over 96% of the internal transport of goods. Like the rest of the country's infrastructure, the transport infrastructure witnessed damages and disruptions due to the ongoing war in the country, but is now much better off with the government seizing back control of most of the country.

3.1.1. Road Transport

Syria's road network includes asphalt, paved and levelled roads and is classified into one way and two way roads. The 8,280 km network has seen a growth of 17% during the period 2006-2018 according to the Syrian Ministry of Transport.

Road Network (km)	2006	2010	2015	2018
Length of central road network	7,074	8,077	8,102	8,280
One way roads	5,971	6,605	6,583	6,860
Two way roads	1,103	1,472	1,519	1,535

Table 5: Lengths of Syrian road network¹⁷

In 2016, road transport accounted for 96% of land transport of goods in Syria with 5,844,070 ton of goods compared to only 243 thousand ton of goods transported via the rail network.

¹⁷ Syrian Ministry of Transport

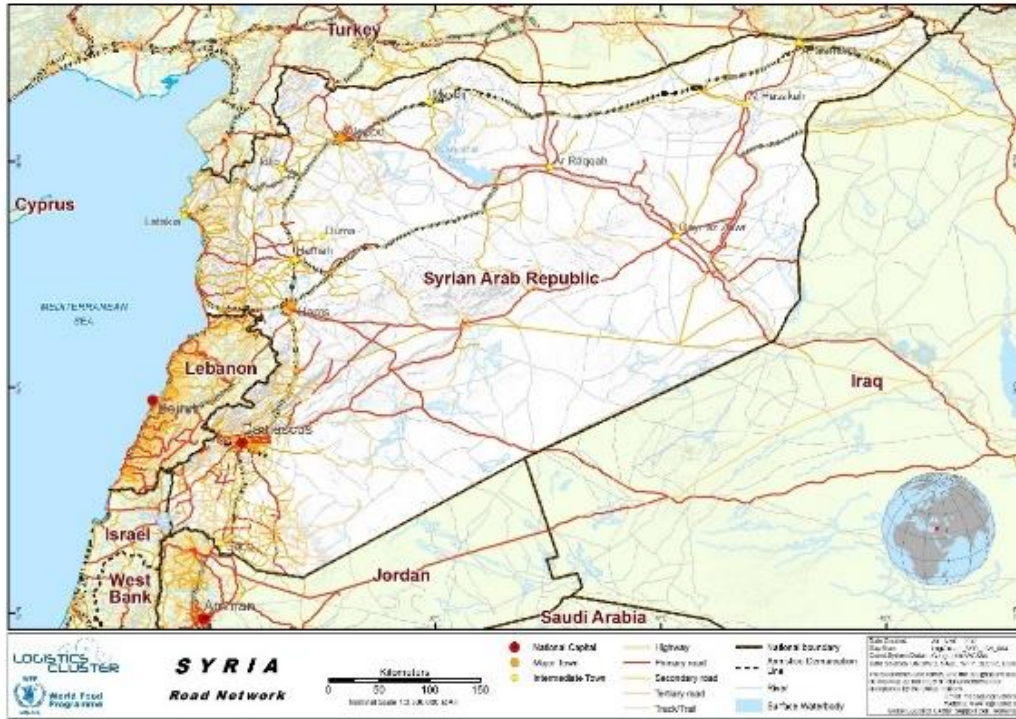


Figure 3: Map of the Syrian road network

Syria’s main motorways are:

- **M1:** runs from Homs to Lattakia for a total length of 174 Km;
- **M2:** runs from Damascus to the Syrian-Lebanese borders for a total length of 37 km;
- **M4:** runs from Lattakia to Saraqib for a total length of 120 km;
- **M5:** is the main motorway in Syria. It runs from the Syrian-Jordanian borders to Damascus and continues to Aleppo for a total length of 474 km.

3.1.2. Rail Transport

The Syrian rail network is not well developed and consists of standard and narrow gauge lines of a total length of 2,841 km. With outdated diesel-electric powertrain locomotives, the rail network plays a much lesser part in the transport of passengers and goods compared to road transport.

In 2018, the number of passengers transported via the rail network in Syria stood at only 0.77 million passengers compared to 3.57 million passengers in 2010, whereas the volume of transported goods stood at 0.71 million ton compared to 8.1 million ton in 2010. The main products transported by the rail network include agricultural and petroleum products.

3.1.3. Air Transport

Air transport in Syria is one of the most affected sectors by US sanctions, which implicates that Syria cannot buy airplanes and airplane spare parts manufactured in the US and cannot also buy same if manufactured elsewhere but contain 10% or more of US made components.

Syria has four international airports, one national carrier (Syrian Air, established in 1946), and two private sector carriers (Cham Wings Airlines, established in 2006 and FlyDamas, established in 2015). There are other private airlines in the pipeline, e.g. Naya Air. From over 48 destinations before the war, US and later on EU sanctions forbidding it from using their airspace, Syrian Airlines flights were reduced to a handful of destinations.

3.1.4. Shipping

Syria's geographic location east of the Mediterranean ensures the country a commercial advantage as a transit hub to some neighbouring countries, e.g. Iraq to the east and Jordan to the south. The country has two main ports. The port of Lattakia is Syria's main port for non-oil imports and exports with a total storage capacity of over 620 thousand containers and 23 docks. The port of Tartous comprises 22 docks and is Syria's main port for oil imports, in addition to its transit importance as a gate to Iraq on the Mediterranean Sea.

The war in Syria has heavily impacted both ports resulting in significant reduction of their commercial activities. The movement of ships to Tartous and Lattakia ports in 2018 represents almost 23% and 33% respectively of the numbers recorded in 2010, whereas total volumes handled by Lattakia port in 2018 in terms of transit, export and import represent 2%, 55% and 44% of their levels in 2010, compared to 1%, 13% and 34% in the case of Tartous port.

3.2. Communications

3.2.1. Telephony/Internet

Syria has only two GSM companies, Syriatel and MTN Syria, which together ensure a 98% penetration to cellular services in the country, with prepaid services proving instrumental in encouraging mobile subscriptions by the mass market. However, broadband penetration in Syria in 2019 has only reached around 15% penetration, and while LTE has been launched in 2017, the mobile broadband infrastructure is still predominantly based on 3G.

The government-owned Syrian Telecommunications Establishment (STE) is the sole provider of fixed telephone services and ADSL ports in Syria, though a number of private sector internet service providers exist in the country, e.g. SCS, Runnet, SAWA, AYA, among others.

ADSL speeds range from 1 to 24 mbps, whereas the speeds of FTTB and FTTH services range from 20 to 100 Mbps and from 8 to 16 Mbps, respectively.

4. Political and Administrative Structure

4.1. The Government

Syria's political structure comprises the President of the Republic, the government (headed by the Prime Minister) and the Parliament, which is composed of 250 members.

The current government includes twenty-six ministries:

1. Ministry of Defence
2. Ministry of Interior

3. Ministry of Justice
4. Ministry of Foreign Affairs and Expatriates
5. Ministry of Economy and Foreign Trade
6. Ministry of Internal Trade and Consumer Protection
7. Ministry of Industry
8. Ministry of Social Affairs and Labour
9. Ministry of Local Administration and Environment
10. Ministry of Communications and Technology
11. Ministry of Awqaf (Religious Endowments)
12. Ministry of Tourism
13. Ministry of Electricity
14. Ministry of Water Resources
15. Ministry of Education
16. Ministry of Higher Education
17. Ministry of Transport
18. Ministry of Administration Development
19. Ministry of Culture
20. Ministry of Information
21. State Ministry of National Reconciliation Affairs
22. Ministry of Finance
23. Ministry of Public Works and Housing
24. Ministry of Health
25. Ministry of Agriculture and Agrarian Reform
26. Ministry of Petroleum and Mineral Resources

The planning instrument of the Syrian government is the Planning and International Cooperation Commission.

4.2. The Administrative Division of Syria

Syria is administratively divided into 14 Governorates. Each Governorate (with the exception of Damascus) is divided into districts with each district further divided into smaller sub districts that cover a number of villages. A village is the smallest administrative unit. Governorates' Centres are the key cities after which the Governorates are named.

5. International Organizations and Agreements

Syria is a founding member of the UN and a founding member of the League of Arab States. However, Syria's membership in the League of Arab States was suspended in November 2011 following the war, and the same is true of its membership in the Organisation of Islamic Cooperation.

1. Domestic Economic Environment

1.1. Gross Domestic Product

In 2010 Syria was classified as a middle-income economy. The country was moving from centrally planned economy (1970-2000) to social market economy with solid economic performance that, during the 2000-2010 decade, enabled its GDP to grow at an average of 4.3% per year in real terms; a growth that was almost entirely driven by growth in non-oil sectors.

However, Syria's GDP contracted rapidly at negative figures following the outbreak of the war in Syria in March 2011 hitting a record low of -26.3% in 2012 before recovering gradually to reach 1.9% in 2018¹⁸.

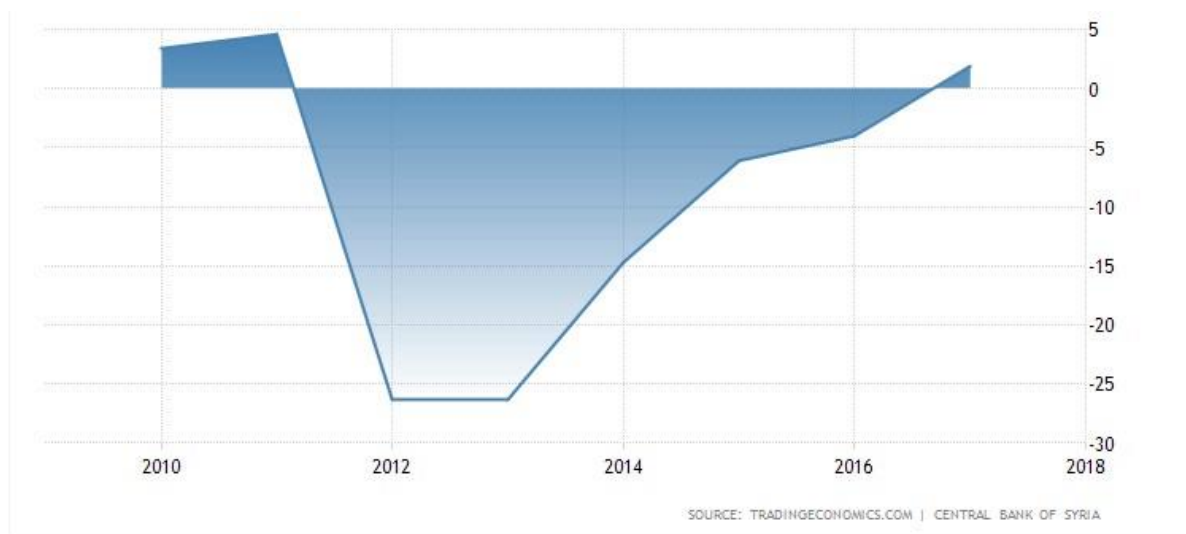


Figure 4: Growth of Syria's Real GDP YoY 2006-2018¹⁹

According to official data from the World Bank, Syria's GDP was worth \$65 billion in 2019, representing 0.05 percent of the world economy.

1.2. Employment

The war in Syria has resulted in a drastic reduction of employment amidst sluggish economic performance. Composed of 5,054,458 in 2010, employment volumes recorded a gradual decline year-on-year to reach 2,611,195 in 2015 (51.7% of its size in 2010). However, these volumes recovered in 2018 and amounted to 3,737,767 employees (74% of its size in 2010).

¹⁸ Trading Economics

¹⁹ Trading Economics

Economic Activity	2010		2015		2018	
	Number	%	Number	%	Number	%
Agriculture	724,013	14.3	247,713	9.5	430,799	11.5
Industry	830,496	16.4	278,337	10.7	276,207	7.4
Building & Construction	820,198	16.2	221,172	8.5	319,031	8.5
Trade, Hotels & Restaurants	902,417	17.9	419,887	16.1	663,500	17.8
Transport, Storage & Communications	393,456	7.8	171,720	6.6	222,105	5.9
Finance, Insurance & Real Estates	132,876	2.6	62,382	2.4	81,393	2.2
Services	1,251,001	24.8	1,209,984	46.2	1,744,732	46.7
Total	5,054,458	100	2,611,195	100	3,737,767	100

Table 6: Employment by Sector 2010-2018²⁰

Public sector share of total employment increased from 30.1% in 2011 to 52.3% in 2014 due to the disruptions faced as a result of the war which resulted in shutdowns and minimisation of the labour force. The gradual improvements recorded afterwards by the private and other non-public sector increased their share to 56.1% in 2018 bringing the share of the public sector to 43.9% in the same year.

Sector	2011	2013	2014	2015	2016	2018
	%	%	%	%	%	%
Public	30.1	41.5	52.3	49.3	43	43.9
Non-Public Sectors	69.9	58.5	47.7	50.7	57	56.1
Total	100	100	100	100	100	100

Table 7: Public Sector & Non-Public Sectors Share of Employment 2011-2018²¹

1.3. Inflation

According to Trading Economics, Syria's most important categories in the consumer price index are food and non-alcoholic beverages (40% of the total weight); housing, water, electricity, gas and other fuels (25.5%) and transport (7%). The index also includes: clothing, footwear (5.6%); communication (4.2%); health (3.8%); miscellaneous goods and services (3.4%); restaurants and hotels (2.0%); alcoholic beverages and tobacco (1.8%); education (1.6%) and recreation and culture (1 %).

Inflation rate by consumer prices reached an all-time high of 52.8 % Year-on-Year in September 2016 and a record low of -0.5 % Year-on-Year in April 2018²². According to take-profit.org, Syria recorded a year-on-year inflation rate of 13.1% in August 2019, and a food inflation rate of 15.6% during the same period²³. According to SCBS, inflation jumped to 34.5% in December 2019 compared to 19.5% in November 2019. Inflation in food and non-alcoholic beverages amounted to 39.1% in December, 2019, compared to 23.1% in November 2019.

²⁰ SCBS, 2019 Statistical Abstract

²¹ SCBS, 2019 Statistical Abstract

²² CEIC Data

²³ <https://take-profit.org/en/statistics/inflation-rate/syria/>

The fluctuation is mainly attributed to depreciation of the Syrian Pound and real wages. Prices started rocketing as of the second half of 2019 due to depreciation of the Syrian Pound, which devaluated by four-fold from around 515 in June 2019 to around 2200 per 1 US Dollar in June 2020. This has reflected on the cost of living of Syrians who are suffering higher levels of inflation compared to officially announced inflation levels. The official exchange rate of the US Dollar controlled by the Central Bank of Syria does not represent the real value of the Syrian Pound. Prices of all products and services are calculated based on the price of the Syrian Pound in the parallel market. Therefore, prices have inflated by over 400% as of June 2020 compared to June 2019.

1.4. Public Expenditure

According to SCBS data 2019 Statistical Abstract, government expenditure represented 19% of NDP at factor cost in 2018, up from 13.3% in 2010. The government subsidises a number of fundamental items including bread, diesel, petrol and gas and provides free medical services and almost free education and higher education services, in addition to free health insurance for public employees.

Faced with shortages resulting from US and EU sanctions, the government restricted its subsidy for diesel and petrol to given amounts, e.g. 400 litres of diesel/year per family and 100 litres of petrol per passenger car per month, provided that taxis receive higher amounts of subsidised petrol. To help implement restrictions on quantities subsidised and limit smuggling of subsidised items to neighbouring markets, the government introduced in 2019 a system depending on a smart electronic card that saw its items increased in 2020 to include some food items provided through outlets of the government-owned “Syrian Trade Company”, e.g. vegetable oil, tuna, sardines, etc.

Description/Year	2010	2015	2016	2017	2018
NDP at factor cost in \$ billion	59.05	10.27	12.54	17.35	18.50
Final Consumption Expenditure by the Government in \$ billion	7.87	1.84	2.36	3.17	3.52
Government Consumption Expenditure	13.3%	17.9%	18.8%	18.2%	19.0%

Table 8: NDP and Government Expenditure 2010-2018 in \$ billion

1.5. Composition of GDP

Based on the 2019 statistical abstract released by SCBS in relation to Gross Production by market prices by sector, the table below shows the decline of the mining, quarrying and manufacturing sector’s contribution to GDP from 22.5% in 2012 to 18.5% in 2018 as a direct result of the war, compared to the rise of the agriculture forests and livestock sector’s contribution from 23.4% in 2012 to 37.9% in 2018.

The Syrian GDP remains dominated by the services sector, which contribution though has contracted from 54.1% in 2012 to 43.6% in 2018 mainly due to the decline of the finance, insurance and real estate; transport, storage and communication services; and building and construction services sectors.

SECTOR/YEAR	2012	2013	2014	2015	2016	2017	2018
Agriculture, forests & livestock	23.4	25.1	26.9	33.5	34.2	40.8	37.9
Mining, quarrying & manufacturing	22.5	20.4	17.4	14.0	15.1	16.1	18.5
Building & construction	2.6	2.7	2.1	1.3	1.0	0.8	0.8
wholesale, retail trade & repair	19.7	14.1	16.0	17.7	20.0	17.3	18.1

Transport, storage & communication services	10.8	13.1	13.1	12.2	9.7	7.5	7.7
Finance, insurance & real estate	6.6	5.0	4.1	3.1	2.7	1.8	1.9
Social and personal services	2.5	4.3	4.8	5.1	5.4	4.4	4.7
Government services	11.8	15.1	15.4	13.0	11.7	11.1	10.2
Non-profit institutions	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total (%)	100	100	100	100	100	100	100

Table 9: Composition of Syrian GDP 2012-2018

1.6. Foreign Direct Investment (FDI)

Keen on attracting FDI, investment law No. 10 of 1991 was issued and followed by the creation of the Higher Investment Council. The law ushered the start for a tendency to open up to private local investments as well as to foreign investments in the country.

The law was amended by legislative decree No. 7 of 2000 and later on replaced by legislative decree No. 8 of 2007 that was accompanied by legislative decree No. 9 of 2007, which regulated the creation of the Syrian Investment Agency (SIA); a legal entity that enjoys administrative and financial independence and reports directly to the Prime Minister.

According to UNDP reports, direct Arab and foreign investment in Syria amounted to about \$1.65 billion during the period 2005-2008, and reached an all-time high of \$2.57 billion in 2009. FDI reached an all-time high of 4.75% of Syria's nominal GDP in 2009, but dropped to 2.4 and 1.19% in 2010 and 2011 respectively according to CIEC data.

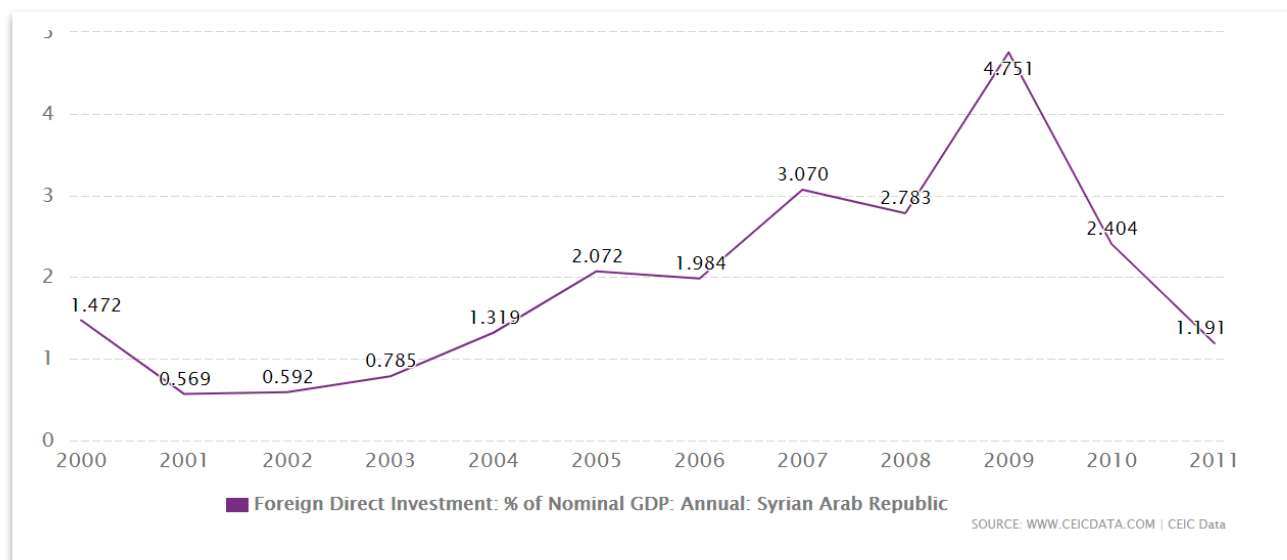


Figure 5: FDI % of Syria's Nominal GDP 2000-2011

In 2010, SIA declared that the total value of projects licensed according to legislative decree No. 8 of 2007 reached \$880 million with industrial projects accounting for the higher share of total investments, followed by transport and agricultural projects. Since 2012, there is no reliable data officially published

on FDI inflows into Syria with the collection of FDI data, as well as the FDI inflows themselves, being particularly disrupted since that date.

Syrian Investment Agency' statistics indicated, however, a significant decline in the number and value of investment projects with only 12 projects for a total amount of \$38 million in Q1 of 2016 compared to 397 projects the Agency received for approval back in 2010. According to UNCTAD 2019 World Investment Report, the stock of FDI in Syria amounted to \$10.74 billion in 2018. The World Bank's 2020 Doing Business report ranked Syria 176th of 190 economies, gaining three places compared to previous year's report with progress made in terms of insolvency settlement.

FDI	2016	2017	2018
FDI Inward Flow (million USD)	0	0	0
FDI Stock (billion USD)	10.74	10.74	10.74
Number of Greenfield Investments	1	3	2

Table 10: Syria's FDI Indicators 2016-2018 according to UNCTAD

In light of the devastating impact of war on the Syrian economy, the government issued the Public-Private Partnership Law No. 5 of 2016 with the aim to attract and facilitate the implementation of mega infrastructure projects to be handled by the private sector.

In 2019, the government published on its website a draft for review and public feedback of a potential investment law featuring a number of investment guarantees and incentives to attract local investments and FDI. Depending on previous investment laws and on relevant best international practices, the 28-Article proposed, but not yet officially issued, draft law pledges:

- Equal opportunities and fair treatment between all investors, and non-discrimination among them in terms of rights, duties, benefits and incentives in accordance with the provisions of this law;
- A project may not be expropriated except for public benefit and by means of a decree and in return for payment of a compensation equivalent to the real value of the project;
- Non confiscation of private property except by a court order and for the necessities of war and disasters;
- Freedom to invest and prevention of monopoly in the various economic activities and productive and service sectors available in accordance with the provisions of the laws in force;
- No provisional seizure of the project's assets except by a judicial decision, except in cases where the provisions of the Public Funds Collection Law apply;
- Non-enforcement of decisions, circulars or communications issued by public authorities that could hinder the implementation of the project or the continuity of its activities, during the life cycle of the project;
- The investment license and other obtained licenses and approvals of the project may not be cancelled or withdrawn, and the allocation of real estate to the project may not be stopped, unless a project is deemed in violation of applicable laws, provided the investor is notified and given a period of sixty days to rectify the situation.

In terms of incentives, and contrary to previous investment attraction legislations that grant equal incentives to all investment projects, the proposed draft law uses a preferential scheme focusing on priorities of economic development. Incentives feature the following:

- A. Investment projects benefit from a 25% reduction on NPT for a period of three years.
- B. Existing investment projects and investment projects that manage to obtain investment licenses within a year from the date of the enforcement of this law will benefit from a 50% reduction on NPT for a period of three years.
- C. The following projects are exempted from NPT for seven years:
 - Projects included in the investment map
 - Projects established in developmental areas
 - Projects pertaining to priority sectors
- D. The investment map, priority sectors and development areas are determined by a decision of the Higher Investment Council.
- E. The following projects benefit from a 75% reduction on NPT for a period of seven years:
 - Projects processing and manufacturing exports, provided the share of local components in their inputs or production requirements is equal to or higher than 65% with a value-added equal to or higher than 40%;
 - Projects using production machinery and equipment that develop new high-tech industrial applications;
 - Projects producing machines, equipment, technology and production lines needed by local markets;
 - Projects incorporating scientific research and patents;
 - Projects that develop, produce, provide or enhance the use of new and renewable energy technologies and applications;
 - Projects that contribute to environmental protection and the sustainability of natural resources.
- F. The following projects benefit from a 50% reduction on NPT for a period of five years:
 - Projects that employ and register in social securities a number of workers equal to or higher than 250;
 - Projects involving transport of refrigerated goods, freight, transit goods, or creation and development of logistics services centres for other investment projects.
 - Projects manufacturing production inputs needed by other industries;
- G. An additional 2% reduction is added to the NPT exemption rates for each project subject to the provisions of this law, which employs 5% or more of workers with special needs.
- H. If more than one of the criteria mentioned in paragraphs A - B - C - D - E - F is applicable to one and the same project, the project benefits from the higher NPT reduction rate.
- I. The period of calculating the reduction or tax exemption begins from the end of the establishment period or the start of production, operation or investment, whichever comes first and according to the nature of the project.

Notwithstanding the above, the draft law proposes an additional provisional set of incentives and grants the Higher Investment Council the right to grant special non-tax incentives, e.g. allocation of land for free or in return for reduced prices, to the following investment projects:

- Agricultural and food processing projects established in the less developed regions;
- Projects established in special economic zones;
- Projects using techniques that contribute to reducing pollution;

- Any other investment projects proposed by the Investment Commission and approved by the Higher Investment Council.

In addition, all investment projects have the right to:

- A. Import all their needs of machines, equipment, supplies, production requirements, production lines and non-tourist means of transportation, without being bound by the provisions relating to banning, preventing and restricting imports and the system stipulating direct import from country of origin and the provisions related to hard currency regimes provided these are new and not refurbished and used exclusively for project purposes.
- B. Imports of the projects mentioned in Paragraph (A) above are exempted from all customs duties and financial fees.

Foreign investors, though, have the right to transfer their profits abroad, obtain work permits for themselves and the non-Syrian experts and workers employed by their projects, and obtain residence permits for themselves and family members throughout the life-cycle of their projects. Non-Syrian workers, experts, and technicians are entitled to transfer abroad 50% of their monthly wages and compensations in addition to 100% of their end-of-service compensations.

This draft law is still being debated and revised by the different ministries in order to sort out the conflicting issues imbedded in the law. There is no given estimation as to the period needed to reach a full agreement by the Prime Ministry in order to present the final draft to the Parliament for endorsement and issuance.

1.6.1. Limits on foreign control and the right to private property

According to Article 10 of the Syrian Companies Law No. 29 of 2011, a company's nationality is deemed Syrian when founded in Syria and listed in the companies' register, except for companies established in the Syrian free zones. The companies founded in Syria enjoy the rights granted to Syrians, unless these rights are inherent to natural persons or when there is a special legislative text specifying the rights enjoyed by the company.

A Syrian company has the right to acquire the real estate rights necessary to achieve its purposes regardless of the nationality of its partners. However, it is not permissible to transfer these rights to non-Syrian partners or shareholders when dissolving or liquidating the company without obtaining the legally required approvals to enable non-Syrian partners own these rights.

2. Main Sectors of Activity

2.1. Agriculture

Employing over 30% of the total workforce, the agriculture, forests and livestock sector has traditionally been the focal point of government attention in Syria's quest to ensure food security and self-sufficiency. Before 2011, Syria enjoyed a very productive agricultural system and was one of the key breadbaskets in the Middle East region, with exports of vegetables, fruits and livestock to neighbouring countries, most particularly the Arab Gulf states.

The war has had a strong negative impact on the sector by causing a significant damage to irrigation systems and grain silos, while also leading farmers to abandon their lands due to the deterioration of security conditions. Successive drought seasons (2015-2018) have also contributed to a significant reduction in the production of crops. Notwithstanding that, the unilateral sanctions imposed by the US and EU have further contributed to decline of the sector through restrictions on exports and imports, especially in terms of fertilizers, seeds and spare parts needed for water-pumping stations and agricultural machinery.

The sector's contribution to Syria's GDP grew by over 65% from 14.4% in 2010 to 37.9% in 2018. However, this growth is not attributed to increased production by the sector in as much as it is attributed to decline in the contribution of other sectors.

Nevertheless, and while the total areas of arable and cultivated lands have slightly decreased from 6.081 and 5.73 million hectares respectively in 2014 to 6.08 and 5.728 million hectares respectively in 2018, the total area of actually planted lands grew by about 6.5% from 3.93 million hectares in 2014 to 4.19 million hectares in 2018, according to statistics released by the Syrian Ministry of Agriculture and Agrarian Reform.

Same Ministry's statistics indicated that, compared to 2014, the total production of agricultural crops (wheat, barley, lentils, chick peas, dry broad beans, dry rambling vetch, dry bitter vetch, dry flowering sern, dry peas, maize, sorghum, cotton, dry haricot, sesame, tobacco, sugar beet, peanut, sunflower, tomato, potato, dry onion, watermelon) in 2018 has dropped by about 20% while the total planted area dedicated to these crops has dropped by over 8%.

Year	Total Production (million ton)	Total Area (million Hectares)
2014	4.22	2.88
2018	3.34	2.64
Growth	-20%	-8%

Table 11: Total Production of Crops 2014 & 2018

The following graph illustrates Syria's main crops and their decline in 2018 compared to 2014, where the drop in production is mainly attributed to decline in the production of wheat and barley, and where the production of tomato and potato has recorded positive growth:

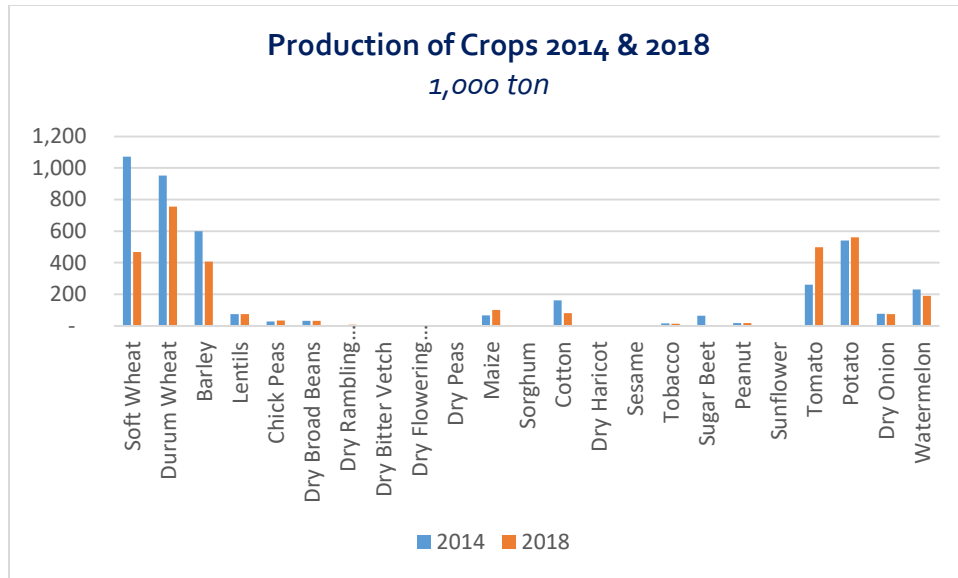


Figure 6: Production of Crops 2014 & 2018

Trees' throughput has recorded a 22% growth in 2018 compared to 2014 despite the decline by 3% in the number of fruit bearing trees and total number of trees, and by 1% in the total area devoted to planting trees. The increase is mainly driven by growth in the production of olive and apple trees.

Livestock milk production fell by 23% in 2018 compared to 2014 due to similar decline in the volume of milked cows, sheep and goats. Poultry recorded a 3% decline in the production of eggs in 2018 compared to 2014 despite a 0.2% increase in the number of layers.

Water management efficiency will be at the heart of any future efforts to revitalise the sector that needs multi-billions of dollars to fully rehabilitate and even improve the country's water systems, including dams, pumping stations and irrigation systems.

2.2. Industry

Syria's industrial production contracted significantly since 2011 due to the severe impact of war on the industrial sector, which witnessed destruction of plants and factories, theft of machinery and increasing drain of skilled workforce as a result of displacement and migration outside the country. In addition, the decline in the production of electricity from 43.02 billion kWh in 2012 to 18.94 billion kWh in 2016 has tremendously affected production levels leading the industrial sector's contribution to GDP to drop by about 12% from 34.7% in 2010 to 18.5% in 2018.

2.2.1. Extractive Industries

According to SCBS, all the main extractive industries, with the exception of marble blocks (which production doubled), dropped significantly in 2018 compared to 2012 with 2018 recording zero production of stone.

INDUSTRIES	UNIT	2012	2018	Production in 2018 as % of 2012
Crude Petroleum	million m3	5.93	4.94	83.3%
Phosphate	million ton	1.53	0.63	41.2%
Sand & Gravel	million m3	15.94	7.17	44.9%
Gypsum	million ton	0.33	0.12	35.1%
Marble Blocks	million ton	0.08	0.16	201.2%
Marble Panels and Pieces	million m2	123.00	69.00	56.1%

Table 12: Production of Main Extractive Industries 2012-2018

2.2.2. Manufacturing Industries

The 2019 Statistical abstract released by SCBS does not include the data of the private sector's contribution to the manufacturing industries sector. Based on that, 2017 is referred to in order to measure the positive or negative developments in terms of production volumes.

Food Industries

Some industries recorded strong growth in 2017 where production volumes, in some instances, exceeded by multi-folds their levels back in 2012. This applies to the production of ghee and vegetable oil (317%); soap (166%); cotton cake (436%); variant conserves (418%); pasteurised milk (317%); biscuits (441%); chocolates; macaroni and noodles; gaseous beverages; other alcoholic beverages; and fruit juice.

On the contrary, some other food industries recorded a significant decline, e.g. the production of flour and bread which fell down by 40% and 14% respectively due to the devastation of wheat fields that required the government to import wheat, when before the war, Syria was a wheat exporter.

With the exception of wine that recorded about 68% decline and beer that recorded zero production due to the destruction and shutdown of the two manufacturing public plants in Damascus and Aleppo, the production of other alcoholic beverages recorded positive growth with the production of Arrack recording about 154% increase compared to 2012, and the production of other alcoholic beverages recording an over four-fold increase in production.

It is to be noted that two private sector beer manufacturers, based in Damascus and Tartous, have started production in 2017 under the brand names of "Afamia" and Aradus, respectively. Both manufacturers rely on Czech raw materials and expertise, but their production is still far from meeting local demand, which represents an opportunity for investments in this re-emerging industry.

Textiles and Clothing

The production of textiles and clothing witnessed significant recovery in 2017 compared to 2012 with cotton yarn, mixed yarn of wool, synthetic yarn and woven fabrics of cotton recording 116%, 162%, 868% and 355% growth respectively.

Pharmaceutical Industries

With the exception of serums, which data is not available, Syria's production of pharmaceuticals picked up pace and displayed strong multi-fold growth in 2017 compared to 2012 with capsules, tablets, ampoules and suppositories recording 338%, 365%, 713% and 795% growth respectively.

Chemical Industries

The chemical Industries sub-sector dropped by about 37% in 2017 down to 187,577 ton compared to 298,542 ton in 2012. This is mainly due to the significant decline in the production of nitrogen fertilisers which dropped by over 90%, the production of urea fertilisers which dropped by 65%, alongside the decline by 82% in the production of phosphate fertilisers. This was offset by significant multi-fold growth in other sub-components of the sector, especially the production of detergents and paints which were up by 4 and 6 folds respectively.

Engineering Industries

With the only exception of the production of assembled TV sets which dropped by over 35%, the production of engineering industries witnessed a very strong growth in 2017 compared to 2012. The production of dry and liquid batteries soared as Syrian citizens resolved to using 12 volt batteries (from 7 to 200 amp) to compensate for the need of electricity, as they suffered from long power outage hours due to failure of electricity stations to provide 24/7 power coverage as a result of the war.

2.2.6. Energy

Before the outbreak of the war, the oil sector was Syria's main source of income with a production volume of over 400 thousand barrel a day generating about \$3.2 billion or the equivalent to 25.1% of the state revenue. The sector, however, was hit hard leading production levels to fall dramatically to about 24 thousand barrels a day in 2020 according to official statements; a figure accounting for less than 0.05% of the global production of oil.

The production of electricity in Syria relies primarily on 11 oil and gas power plants, with limited hydroelectric power generation via three dams located on the Euphrates. The power sector, like the oil sector, was the subject of a drastic decline due to damage and sabotage. According to SCBS, power generation levels fell by over 55% from over 43 million kWh in 2012 to about 19 million kWh in 2016, but recovered in 2018 to 27,409 million kWh; 63.7% of its volume in 2012.

Description	2012	2013	2014	2015	2016	2018
Power generation in billion Kwh	43.03	30.11	24.43	20.24	18.94	27.41

Table 13: Electric Power Generation 2012-2018

2.3. Services

The services sector is Syria's main economic component with a contribution of about 43.6% to GDP in 2018. The sector was focused primarily on trade and tourism, but the war in the country almost limited tourism to local tourist activities and greatly reduced trade, giving rise to other sector players, including communications, banking and insurance.

According to SCBS, the key components of the services sector in 2018 included, but is not limited to, the following: wholesale and retail trade & repair with 18.1% contribution to GDP, followed by government services (10.2%); and transport, storage and communication services (7.7%).

3. Currency and Finance

3.1. Currency

The Syrian Pound is the official currency of the Syrian Arab Republic. During 2000-2010, the Syrian Pound enjoyed a period of stability against the US Dollar trading at less than 50 SYP per 1 US Dollar. However, the ongoing war saw the Syrian Pound depreciate gradually year-on-year reaching an all-time high of SYP 2,500 to 1 US Dollar in the black market in June, 2020. The significant and rapid depreciation of the Syrian Pound in 2020 compared to 2019 owes primarily to the financial and fiscal crisis suffered by the Lebanese banking system which started in the fall of 2019 and led the Lebanese Lira to drop from about 1,500 to 1 US Dollar to over 5,000 in June, 2020. It is also attributed to the impact on businesses of the precautionary measures imposed by the government from mid-March to mid-June to curb the spread of COVID-19, in addition to the enforcement by the US Administration of the Caesar Act against Syria.

Description/Year	MAR 2011	DEC 2012	DEC 2013	DEC 2015	DEC 2017	DEC 2018	DEC 2019	SEP 2020
1 US Dollar = SYP	47.00	100.00	145.00	394.00	460.00	500.00	915.00	2,200.00

Table 14: Non-Official Exchange Rate of SYP to USD

To help INGOs achieve higher impact based on funding, the Central Bank of Syria provided a preferential exchange rate of SYP 1250/1 US Dollar and resolved to that preferential rate to encourage official channelling of remittances following the issuance of legislative decrees No. 3 and 4 of 2020 forbidding the use of currencies other than the Syrian Pound in local commercial dealings.

As of June 2020, the Central Bank of Syria's official exchange rate has changed to SYP 1250/1258 to 1 US Dollar.

3.2. Finance

Propelled by growth of national domestic product and net current transfers from the rest of the world, the NDI reached \$24.6 billion in 2018 based on the Central Bank of Syria official exchange rate. Disposable income grew by 38.7% in 2017 compared to 2016 and by 11.4% in 2018 compared to 2017, according to SCBS 2019 Statistical Abstract, noting that 2017 data is estimated, and 2018 data is primary. Net Current transfers accounted for 18% of NDI.

Description (USD billion)/Year	2016	2017	2018
NDP at factor cost	12.54	17.35	18.50
Net compensation of employees from the rest of the world	0.014	0.027	0.047
Net property & entrepreneurial income from the rest of the world	0.028	0.036	0.025
Net indirect taxes (taxes - subsidies)	0.96	1.02	1.83
National income at market prices	13.54	18.42	20.41
Net current transfers from the rest of the world	2.47	3.79	4.34
National Disposable Income	16.02	22.21	24.74

Table 15: National and Disposable Income 2016-2018 in \$ billion

III. Foreign Trade

1. General Considerations

During 2000-2010, Syria was witnessing an economic reform oriented towards social market economy and liberalisation of trade. The country joined GAFTA and was in the process of joining the EU Association Agreement and the World Trade Organisation.

However, the development achieved before the war in terms of trade remained largely inadequate due to structural weaknesses and inability to compete and provide high value-added with raw materials accounting in 2010 for 50% of total exports, while semi-manufactured and manufactured products accounted for 12% and 38% respectively.

The war in Syria has significantly contributed to decreasing exports and imports due to:

- The destruction or shutdown of a significant number of public and private industrial factories and plants that used to provide products for export;
- The dwindling financial resources in hard currency that necessitated reduction in the volume of imports;
- US and EU unilateral sanctions and their negative implications on financial dealings with the Central Bank of Syria and the Commercial Bank of Syria.

In terms of trade indicators, Syria is the 169th largest exporter and 136th largest importer in the world in 2019. According to ITC mirror data, Syria exported \$367 million and imported \$4.23 billion worth of good in 2019, resulting in a negative trade balance of over \$3.86 billion. Syria's main exports include spice seed, pure olive oil, apples and pears, other nuts, non-retail pure cotton yarn. Syria's other exports included fuels, calcium phosphate, sheep, tomatoes, electricity, cotton, chemicals and eggs.

Comparing its trade performance to that of 2018, Syria's imports and exports volumes in 2019 have decreased at an annualized rate of -37% and -49% respectively, whereas the trade balance in the same year stood at a deficit of \$3.87 billion according to ITC mirror data.

2. Recent Developments

Syria's trade performance over the last five-year period shows the trade deficit reduced from \$4.72 billion in 2015 to \$3.87 billion in 2019. However, this does not owe to an improved trade performance, but rather to a government policy of limiting imports to basic needs in the light of dwindling state hard currency reserves and cash flows.

Year	2015	2016	2017	2018	2019
Deficit \$ billion	-4.72	-4.05	-5.46	-6.02	-3.87

Table 16: Syria Trade Balance in \$ billion

According to ITC data, Syria's exports experienced a gradual year-on-year decline as they recorded \$367.23 million in 2019 down by about 57% compared to \$851.77 million recorded in 2015.

2015	2016	2017	2018	2019
851.77	802.68	775.55	718.73	367.23

Table 17: Total Value of Syrian Exports 2015-2019 in \$ million

In turn, imports declined by about 23% in 2019 compared to 2015 recording \$5.48 billion and \$4.23 billion respectively.

2015	2016	2017	2018	2019
5.48	4.83	6.15	6.73	4.23

Table 18: Total Value of Syrian Imports 2015-2019 in \$ billion

2.1 Factors to consider when doing Business with Syria

Brazilian exporters and importers should carefully take into consideration when contemplating any potential dealings with public or private Syrian counterparts that Syria is a country under US unilateral sanctions since the 1970s. These sanctions including the SALSA Act of 2003 and the sanctions imposed since the outbreak of the war in Syria in 2011 were initially forbidding any transactions between the United States and Syria and disallowing any imports by Syria of goods involving over 10% US-made components, in addition to banning any transactions involving the US Dollar.

Brazilian exporters have also to take into account that the EU was quick to follow the US administration in imposing unilateral sanctions on Syria in 2011. These sanctions target individuals responsible for what the EU deems are violent repression of Syrians, in addition to individuals and entities associated with them. Not targeting foreign individuals and entities and providing exemptions for humanitarian assistance including food and medicine, the EU sanctions in place today include:

- Embargo on export and import of oil;
- Freezing the EU-held assets of the Syrian Central Bank;
- Restrictions on certain investments;
- Restrictions on export to Syria of equipment and technology which may be used for internal repression, and on equipment and technology involved in monitoring or intercepting internet or telephone communications.

However, the introduction into force as of 17 June 2020 of the so-called Caesar Syria Civilian Protection Act has taken these unilateral sanctions to a totally new level by also targeting any “significant” transaction, except involving food and medicine, between the Syrian government and any foreign institution, company or individual. This means, in effect, that any foreign institution, company or individual that renders the Syrian government an assistance deemed “significant” by the US is likely to face US sanctions.

Whereas Syrians have managed in practical terms to still do business under US and EU sanctions, the introduction of the Caesar Act makes it extremely difficult, if not impossible, to conduct any commercial exchange with Syria, taking into consideration the de-risking and over-compliance practices exercised by foreign banks, insurance companies, shipping companies, etc. Lifting these sanctions is most likely to take several years and will depend on the US policy and interests in Syria and the political concessions made by the Syrian government in the process.

Given the fact the US was the second most important destination for Brazilian exports in 2019, it is expected that the enforcement of the Caesar Act will contribute to decreasing the already low Brazilian-Syrian trade exchange. Brazilian exporters and importers will likely be very reluctant to deal with Syrian counterparts given the de-risking and over compliance factors, and this may very likely extend to the exempted food and medicine domains.

3. Direction of Syrian Exports

Prior to the war in Syria and based on ITC direct data, total Syrian exports in 2010 reached \$11.35 billion, with Iraq, Italy, Germany, Turkey, Saudi Arabia, France, Lebanon, Jordan, United States and the Netherlands forming the top 10 destinations for Syrian exports. Europe and the Arab World constituted the main trading blocs for Syrian exports with 46.9% and 43.4% share respectively. South America's share of Syrian exports stood at 0.4% and was mainly driven by exports to Brazil.

Region	Europe	Arab World	US & Canada	Asia	South America
Share of Syrian Exports	46.9%	43.4%	3.5%	3.0%	0.4%

Table 19: Share of Syria's Exports by Region in 2010

According to ITC mirror data, Syrian exports, experienced a sharp year-on-year decline in the period 2011-2019 to record just \$367.23 million in 2019, with Turkey, Spain, Germany, Serbia, the Netherlands, US, Italy, France, Sweden and the Russian Federation forming the top 10 destinations for Syrian exports. Europe accounted for 91% of the total value of Syrian exports, followed by the US & Canada (4%), Asia (3%) and South America (2%).

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Value	8.20	2.29	1.50	1.11	0.85	0.80	0.78	0.72	0.37

Table 20: Value of Syrian Exports 2011-2019 in \$ billion

According to SCBS, Syria's total worth of exports in 2018 reached about \$2.41 billion. The Arab World, Asia and the EU constituted the main trading blocs for Syrian exports with 79.7%, 11.5% and 6.9% share respectively. The Americas' share of Syrian exports stood at 0.52% and was mainly driven by exports to the US, Canada and Brazil.

The statistics table below shows that Saudi Arabia, Lebanon and the UAE are the top destinations for Syrian Exports in the Arab world accounting for 15.9%, 13% and 11.6% share of Syrian total exports in 2018. Comparatively, Turkey, India and Iran are the top export destinations in Asia with a 6.6%, 1.5% and 0.5% share respectively; Germany, Spain and Italy are the top export destinations in the EU with a 1.7%, 1.2% and 0.9% share respectively; the Russian Federation is the main non-EU European export destination with a 0.2% share; while the US, Canada and Brazil are the top destinations for Syrian exports in the Americas.

Bloc	Value \$ million	Share %
The Arab World		
UAE	278.67	11.6
Egypt	252.51	10.5

Iraq	124.22	5.2
Jordan	144.36	6.0
Lebanon	312.43	13.0
Saudi Arabia	383.11	15.9
Others	424.52	17.6
Total	1,919.82	79.70
The EU		
Belgium	2.22	0.1
Germany	41.37	1.7
Spain	29.64	1.2
France	8.26	0.3
Italy	21.31	0.9
Romania	14.88	0.6
Others	49.00	2.0
Total	166.70	6.9
Non-EU European Countries		
Switzerland	0.16	0.0
Moldova	0.03	0.0
Russian Federation	4.91	0.2
Ukraine	3.40	0.1
Others	0.40	0.0
Total	8.90	0.4
The Americas		
Argentina	-	0.0
Brazil	1.00	0.0
Canada	1.20	0.0
U.S.A	7.28	0.3
Others	3.12	0.1
Total	12.58	0.5
Asia		
China	1.00	0.0
India	35.57	1.5
Iran	11.73	0.5
Turkey	158.15	6.6
Others	69.62	2.9
Total	276.06	11.5
Other countries	26.08	1.1
Grand Total	2,410.14	100

Table 21: Value and Share of Syrian Exports by Destination in 2018 in \$ million

4. Composition of Syrian Exports

In 2019 and according to ITC mirror data, Syria's total exports reached \$367.23 million. The main bulk of Syrian exports (about 81.6%) consisted of agriculture sector raw material, semi-manufactured or manufactured products, with manufactured agribusiness products accounting for about 7.1% of total Syrian exports. The main bulk of agricultural exports consisted of animal or vegetable fats and oils; grains; and vegetables, fruits and related preparations accounting for about 66% of total Syrian exports. Industrial exports accounted for about 17.5% of total Syrian exports and consisted of extracted raw materials (6.8%) and manufacturing industries articles (10.7%), including textiles and clothing apparel; aluminium products; and soap among other commodities.

Made up of a list of 82 items, the 10 key exports accounted for 79.7% of the total value of Syrian exports in 2019.

Product label	Value in \$ million	% of total exports
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...etc.	91.50	24.9%
Coffee, tea, maté and spices	55.89	15.2%
Edible vegetables and certain roots and tubers	42.10	11.5%
Edible fruit and nuts; peel of citrus fruit or melons	39.00	10.6%
Preparations of vegetables, fruit, nuts or other parts of plants	13.49	3.7%
Salt; sulphur; earths and stone; plastering materials, lime and cement	11.79	3.2%
Articles of apparel and clothing accessories, not knitted or crocheted	10.53	2.9%
Cereals	10.12	2.8%
Wool, fine or coarse animal hair; horsehair yarn and woven fabric	9.70	2.6%
Articles of stone, plaster, cement, asbestos, mica or similar materials	8.72	2.4%

Table 22: Syria's Key Exports in 2019

5. Origin of Syrian Imports

According to ITC, total Syrian imports in 2010 reached a volume of \$17.56 billion. In that year, Turkey was the main exporter to Syria with a 9.52% share, followed by China (8.8%), Italy (7.36%), Ukraine (6.46%), the Russian Federation (6.31%), South Korea (5.27%), Saudi Arabia (4.6%), Egypt (4.22%), Germany (4.21%), Brazil (3.49%) and the US (3.26%). In terms of blocs, Europe supplied 50.42% of total Syrian imports largely propelled by EU exports to Syria. Asia came in second with a 24.14% share, followed by the Arab World (14.79%) and the Americas (9.1%).

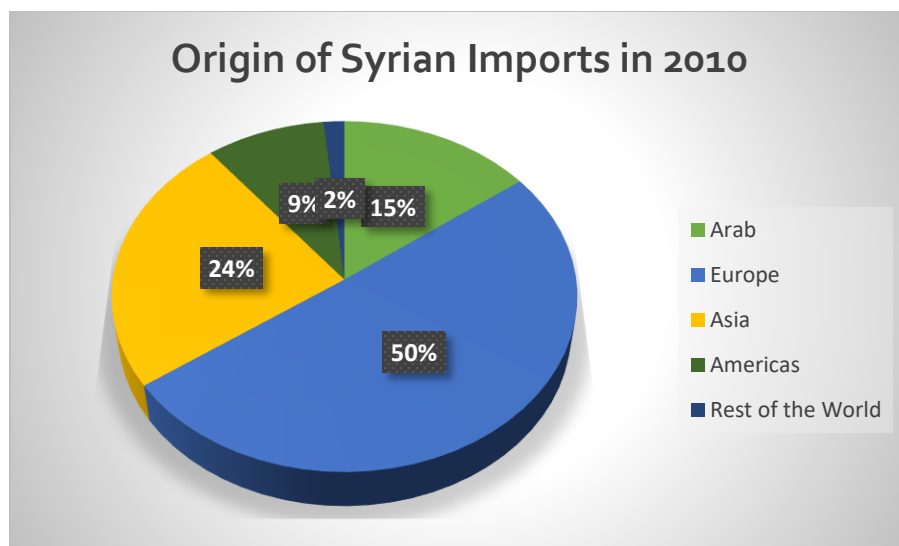


Figure 7: Origin of Syrian Imports in 2010

According to ITC mirror data, Syrian imports increased to \$18.21 billion in 2011 before falling sharply by over 50% to \$8.64 billion in 2012 due to increasing restrictions on imports by the Syrian government in light of the ongoing war in the country. In 2019, the top exporters to Syria were China and Turkey with a 31.1% and 28.9% share respectively. In terms of blocs, Asia was the main source of Syrian imports with a 73% share, followed by the EU (16%), Non-EU European countries (5%) the Americas (4%) and Africa (2%).

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
Value	18.21	8.64	6.43	6.93	5.57	4.85	6.25	6.74	4.23

Table 23: Value of Syrian Imports 2011-2019 in \$ billion

According to SCBS, Syria's total imports in 2018 reached about \$6.88 billion. Asia, the Arab World and Non-EU European countries constituted the main trading blocs for Syrian imports with 19.3%, 18.1% and 10.2% share respectively, followed by the EU (9.6%) and the Americas (2.6%). However, a significant chunk of Syrian imports (40.3%) came from other countries not classified by the statistics.

Egypt, the UAE and Lebanon are the top origins of Syrian imports in the Arab world accounting for 6.18%, 4.01% and 3.23% share of total Syrian imports in 2018. Comparatively, Romania, Belgium and France are the top import origins in the EU with a 1.49%, 1.29% and 1.26% share respectively; the Russian Federation is the main non-EU European import origin with a 7.18% share; Argentina and Brazil are the top import origins in the Americas with a 1.15% and 0.95% share respectively; whereas China, India and Iran are the top import origins in Asia with a 9.74%, 2.07% and 2.04% share respectively of total Syrian imports.

Bloc	Value \$ million	Share %
The Arab World		
UAE	275.70	4.01
Egypt	424.85	6.18
Iraq	4.19	0.06
Jordan	39.61	0.58
Lebanon	222.42	3.23

Saudi Arabia	0.03	0.00
Others	275.24	4.00
Total	1,242.05	18.06
The EU		
Belgium	88.76	1.29
Germany	81.16	1.18
Spain	46.69	0.68
France	86.56	1.26
Italy	69.04	1.00
Romania	102.58	1.49
Others	187.28	2.72
Total	662.07	9.63
Non-EU European Countries		
Switzerland	26.24	0.38
Moldova	4.95	0.07
The Russian Federation	493.50	7.18
Ukraine	162.19	2.36
Others	11.24	0.16
Total	698.12	10.15
The Americas		
Argentina	79.03	1.15
Brazil	65.05	0.95
Canada	10.96	0.16
U.S.A	11.65	0.17
Others	11.68	0.17
Total	178.36	2.59
Asia		
China	669.88	9.74
India	142.64	2.07
Iran	140.13	2.04
South Korea	113.36	1.65
Turkey	2.16	0.03
Others	259.72	3.78
Total	1,327.89	19.31
Other countries	2,769.41	40.27
Grand Total	6,877.89	100.00

Table 24: Value and Share of Syrian Imports by Origin in 2018 in \$ million

6. Composition of Syrian Imports

In 2019 and according to ITC mirror data, Syria's total imports reached \$4.23 billion. Electrical and mechanical machinery, equipment and spare parts, in addition to vehicles accounted for about 20.35% of total Syrian imports. Food and beverage items accounted for over 23.65%.

The full list of Syrian imports in 2019 included 96 items, of which:

- Textiles and clothing products accounted for 7.15%;
- Plastics accounted for 4.83%;
- Pharmaceutical Products accounted for 2.37%;
- Tobacco and manufactured tobacco substitutes accounted for 1.43%;
- Beverages, spirits and vinegar accounted for 0.76%.

The following table indicates that the top 10 imports accounted for about 43.3% of the total value of Syrian imports in 2019.

Product label	Value in \$ million	% of total imports
Machinery, mechanical appliances, boilers; parts thereof	349.06	8.25%
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...etc.	273.15	6.45%
Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	238.75	5.64%
Plastics and articles thereof	204.31	4.83%
Commodities not elsewhere specified	149.71	3.54%
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...etc.	145.26	3.43%
Coffee, tea, maté and spices	126.65	2.99%
Cereals	125.04	2.95%
Products of the milling industry; malt; starches; inulin; wheat gluten	114.00	2.69%
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...etc.	106.64	2.52%

Table 25: Syria's Key Imports in 2019

IV. Economic-Commercial Relations Brazil-Syria

1. Recent Developments

Despite the low volume of trade between Brazil and Syria, Brazil is Syria's main trade partner in South America and more recently in the Americas. According to ITC direct data, the last decade witnessed Brazil's exports to Syria grow by over three-folds from \$193.20 million in 2001 to \$613.42 million in 2010, and its share of Syria's total imports jump from 1.03% in 2001 to 3.49% in 2010, according to ITC primary data. Trade volumes were improved thanks to the visit of the President of Brazil, Luiz Inácio Lula da Silva, to Syria in December 2003, and the visit of the President of Syria, Bashar Al-Assad, to Brazil in June 2010. The two visits were accompanied by significant business delegations.

Description	2001	2005	2010
Value of Brazil Total Exports to Syria (\$ million)	193.20	131.40	613.42
Value of Brazil Total Exports to the world (\$ billion)	58.29	118.53	201.92
Syria's Share of Brazil's total exports to the world	0.33%	0.11%	0.30%
Value of Syria's total imports from the world (\$ billion)	18.76	7.90	17.56
Brazil's Share of Syria's total imports from the world	1.03%	1.66%	3.49%

Table 26: Brazil's Total Exports to Syria 2001-2010

However, the ongoing war in Syria has led to a significant reduction in the volumes of Syrian imports from the world and seen Brazil's exports to Syria plummet to only \$64.56 million in 2019, which represents only 0.03% of Brazil's total exports to the world. In 2019, Brazil's exports to Syria accounted for 1.53% of Syria's total imports.

Description	2017	2018	2019
Value of Brazil Total Exports to Syria (\$ million)	74.57	59.57	64.56
Value of Brazil Total Exports to the world (\$ billion)	217.74	239.89	223.99
Syria's Share of Brazil's total exports to the world	0.03%	0.02%	0.03%
Value of Syria's total imports from the world (\$ billion)	6.15	6.73	4.23
Brazil's Share of Syria's total imports from the world	1.21%	0.89%	1.53%

Table 27: Brazil's Total Exports to Syria 2017-2019

Despite falling in value from \$50.83 million in 2001 to \$44.27 million in 2010, Brazil's share of Syria's total exports grew from 0.24% in 2001 to 0.33% in 2005 and 0.39% in 2010, but Syrian exports to Brazil accounted for only 0.02% of Brazil's total imports from the world in 2010 down from 0.09% in 2001.

Description	2001	2005	2010
Value of Brazil's imports from Syria (\$ million)	50.83	21.34	44.27
Value of Brazil's Imports from the world (\$ billion)	55.60	73.60	181.77
Syrian exports share of total Brazilian Imports	0.09%	0.03%	0.02%
Syria's exports to the world (\$ billion)	20.80	6.45	11.35
Brazil's Share of total Syrian exports to the world	0.24%	0.33%	0.39%

Table 28: Brazil's Total Imports from Syria 2001-2010

More recently, Brazil's imports from Syria stood at only \$2.46 million in 2019 despite having registered growth compared to 2017 and 2018 when they recorded \$1.36 million and \$1.80 million respectively.

Description	2017	2018	2019
Value of Brazil's imports from Syria (\$ million)	1.36	1.80	2.46
Value of Brazil's Imports from the world (\$ billion)	150.75	181.23	177.34
Syrian exports share of total Brazilian Imports	0.0009%	0.0010%	0.0014%
Value of Syria's exports to the world (\$ million)	775.55	718.73	367.23
Brazil's Share of total Syria's exports to the world	0.17%	0.25%	0.67%

Table 29: Value of Brazil's Imports from Syria 2017-2019

2. Brazilian Exports

Brazilian exports to Syria during the last three years (2017-2019) consisted, according to ITC direct data, of a total list of 39 items: 24 items in 2017, 27 items in 2018 and 30 in 2019. This means that Brazilian exports to Syria registered a horizontal growth in terms of item diversification, but failed to vertically materialise in terms of value growth as the total value of exports dropped by over 13% from \$74.57 million in 2017 to \$64.56 million in 2019.

However, the greatest bulk of Brazilian exports to Syria consisted of only two products, namely not roasted coffee and raw sugar, which both accounted for 95%, 97% and 93% of total Brazilian exports to Syria in 2017, 2018 and 2019 respectively.

Product label	2017		2018		2019	
	Value	%	Value	%	Value	%
All products	74.57	100%	59.57	100%	64.56	100%
Coffee, not roasted or decaffeinated	39.71	53%	34.27	58%	37.93	59%
Raw Sugar	31.37	42%	23.19	39%	22.16	34%

Table 30: Value and Share of Top Brazilian Exports to Syria (2017-2019) in \$ million

3. Brazilian Imports

Brazilian purchases from Syria showed an increasing behaviour in the last years from 2017-2019. Brazil's list of imports from Syria witnessed a decreasing curve from 10 items in 2017 to 8 items in 2018 and only 3 items in 2019. However, the negative growth in terms of horizontal diversification of items was contrasted by a significant growth in terms of value which grew from \$1.36 million in 2017 to \$2.46 million in 2019.

The major bulk of Brazil's imports from Syria is composed of only two products, namely anise and cumin which both accounted for about 95%, 97% and 100% of total Brazilian imports from Syria in 2017, 2018 and 2019 respectively.

Product label	2017		2018		2019	
	Value	%	Value	%	Value	%
All products	1.36	100%	1.80	100%	2.46	100%
Anise and Cumin	1.28	95%	1.74	97%	2.46	100%

Table 31: Value and share of Top Brazilian Imports from Syria (2017-2019) in \$ million

4. Potential Brazilian Products to the Syrian Market

Taken as a model year in terms of including all needed data, 2018 showed that Brazil accounted for only 0.89% of Syria's total imports, which value amounted to \$6.73 billion. Based on data from ITC, the following table matches total Syrian imports from the world and total Brazilian exports to the world using item categories already exported to Syria by Brazil. The potential increase in the value of Syrian imports from Brazil is the result of deducting the value of Brazilian exports to Syria from the total Syrian imports in the same item category.

Product description	Syrian Imports Totals	Brazilian Exports Totals	Potential Increase in Value of Syrian Imports from Brazil
Cane or beet sugar and chemically pure sucrose, in solid form	153.08	6,525.78	129.90
New pneumatic tyres, of rubber	71.24	1,134.84	71.17
Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, ...etc.	69.34	2,214,057	69.32
Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes ...etc.	45.65	4,371.25	11.38
Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, ...etc.	36.71	803,059	36.71
Maize or corn	30.38	4,109.86	30.30
Air or vacuum pumps (excluding gas compound elevators and pneumatic elevators and conveyors); ...etc.	20.52	633.45	20.51
Parts suitable for use solely or principally with internal combustion piston engine	19.15	1,408.68	19.15
Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and ...etc.	13.23	6,008,518	12.69
Undenatured ethyl alcohol of an alcoholic strength of \geq 80%; ethyl alcohol and other spirits, ...etc.	0.11	892.10	0.09
Potential Increase Total			401.23

Table 32: Potential Growth in Value of Current Brazilian Exports to Syria in \$ million in 2018

5. Potential New Items to be exported by Brazil to Syria

The following table matches key Syrian imports in the fields of agribusiness; medicine; chemical industries, vehicles, machinery and heavy machinery; electric equipment and appliances; and textiles with corresponding Brazilian exports and shows the value of Syrian imports of these item categories and their percent of Brazilian exports of the same.

Item label	Value of Syrian Imports In \$ million	Value of Brazilian Exports In \$ million	% of Brazilian Exports
Agribusiness			
Preparations of a kind used in animal feeding	82.99	278.06	29.85%
Rice	66.31	467.91	14.17%
Medicine			
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, ...etc.	78.13	850.19	9.19%
Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; ...etc.	39.61	80.73	49.06%
Antibiotics	17.34	43.27	40.07%
Chemical Industries			
Polymers of ethylene, in primary forms	82.853	1,034.96	8.01%
Organic surface-active agents (excluding soap); surface-active preparations, washing preparations, ...etc.	41.98	149.31	28.11%
Mixtures of odoriferous substances and mixtures, incl. alcoholic solutions, ...etc.	40.81	57.39	71.11%
Petroleum oils and oils obtained from bituminous minerals (excluding crude oil); ...etc.	40.57	4,183.55	0.97%
Vehicles, Machinery & Heavy Machinery			
Motor cars and other motor vehicles principally designed for the transport of persons	64.91	5,141.23	1.26%
Motor vehicles for the transport of goods, incl. chassis with engine and cab	51.22	2,272.71	2.25%
Motorcycles, incl. mopeds, and cycles fitted with an auxiliary motor, with or without side-cars, ...etc.	20.79	141.82	14.66%
Motor vehicles for the transport of >= 10 persons, incl. driver	20.17	329.52	6.12%
Self-propelled bulldozers, angle dozers, graders, levellers, scrapers, mechanical shovels, excavators, ...etc.	16.87	2,582.11	0.65%
Electric Equipment & Appliances			
Electric accumulators, incl. separators therefor, whether or not square or rectangular; parts thereof	36.87	131.43	28.05%
Electrical transformers, static converters, e.g. rectifiers, and inductors; parts thereof	32.77	231.83	14.13%
Monitors and projectors, not incorporating television reception apparatus; reception apparatus	20.14	36.07	55.85%

Textiles			
Synthetic filament yarn, incl. synthetic monofilaments of < 67 decitex (excluding sewing thread ...etc..	42.51	50.06	84.92%
Textile fabrics impregnated, coated, covered or laminated with plastics (excluding tyre cord)...etc.	20.37	24.68	82.55%

Table 33: Sample Item Categories for Potential Brazilian Exports

When the war in Syria ends with a political settlement that would be acceptable by international and regional parties involved in the Syrian crisis, potential Brazilian exports to Syria may then be enlarged qualitatively and quantitatively to respond to the reconstruction process, and may include among other vital exports:

- Short and medium range passenger aircraft manufactured by the Brazilian Aerospace Industries (Embraer);
- Building materials and related heavy machinery;
- Medical/hospital equipment and supplies;
- Agricultural machinery and equipment.

6. Current Import Needs to Consider by Brazilian Exporters

6.1 Export of Oil and Oil Derivatives

During the early 2000s, Syria used to produce over 400 thousand barrels a day of crude oil; a production that was enough to meet local needs and to support the foreign trade balance through exporting the surplus. Exports of oil accounted for about 71% of total Syrian exports in 2002, but diminished to roughly 45% of total exports in 2010 as a result of the decline in the production to about 112 thousand barrels a day. Reports indicated that Syria's oil reserves were gradually depleting and forecasted that Syria will be a sheer importer of oil by 2030. In addition to natural and geological issues related to low gas pressure in the oil fields, the decline in oil production is also attributed to an effort to reduce production with the aim to sustain production for a longer period of time, while depending on other sectors to fill the gap in terms of contribution to the Syrian economy.

In the meantime, the share of oil derivatives increased from about 3% in 2002 to over 19% in 2010 as a result of the limited production capacity of the country's two refineries located in Homs and Banyas, and their inability to meet the rising demand on oil derivatives. As a result, the Syrian oil sector trade balance came within 8 years to suffer a decline by over 50% from a surplus of \$4.7 billion to a surplus of \$2.1 billion.

The war in Syria and the ensuing US unilateral sanctions of 2011 in addition to loss of government control on oil fields have all contributed to an oil sector deficit of about \$4.4 billion (2012) and \$4 billion (2013), and culminated in making Syria a sheer importer of oil as of 2014. The government tendency to gradually reduce oil and oil derivatives imports (from over \$5 billion in 2012 to \$2.6 billion in 2018) has led to bottlenecks in meeting local demand on fuel, diesel and petrol, which in effect negatively impacted

- The production of electricity;
- The heating and irrigation of agri-business related industries;
- Transportation cost;

- People’s living standards.

In 2018 and according to SCSB, Syrian imports of oil and oil derivatives reached over 4.5 million ton and amounted to \$2.6 billion, as follows:

Description	Quantity (million Ton)	Value \$ billion
Petroleum oils , crude	2.65	1.53
Petroleum oils for gasoline engines, including petroleum oils for aircrafts	0.55	0.40
Base oil, not prepared for retail sale, in can’s weight <= 20L.	0.08	0.05
Solar or distilled diesel	0.50	0.33
Fuel oil	0.73	0.27
Lubricating oil	0.00	0.01
Other of petroleum oils & oils obtained from bituminous minerals	0.01	0.01
Total	4.52	2.60

Table 34: Syria’s Oil and Oil Derivatives Imports in 2018

Syria’s imports of oil are provided by Iran through the Iranian credit line. The potential of exporting Brazilian oil and oil derivatives to Syria should take the following considerations into account:

- The sector is at the very heart of the US unilateral sanctions, especially the Caesar Act, which is likely to sanction any third party involved in providing significant assistance to the Syrian government;
- Cost and delivery time compared to Iranian oil exports; and
- The great difficulties involved in payment, especially after excluding Syria from the SWIFT, while meagre Syrian exports to Brazil are not likely to even consider the potential of barter agreements.

However, Brazilian export of lubricant oils to private sector counterparts maybe considered to compete with locally-made and foreign-made lubricants imported from the UAE, KSA, Germany, France and South Korea.

6.2 Export of Halal Frozen Poultry, beef and Mutton meats

The first half of 2020 witnessed an unprecedented increase in the prices of mutton, beef and later on poultry meats due mainly to:

- The rising costs associated with live-animals feeding and breeding;
- Reduced numbers of live-animals;
- Reduced number of breeders;
- Smuggling of sheep to Lebanon.

Up by over 100% compared to 2019 and coupled with the depreciation of the Syrian Pound against the US Dollar, the prices of locally processed fresh meats became beyond the purchasing capacity of the great majority of local consumers, who had to change their purchasing habits from buying in kilograms to buying in small quantities of 50-200 grams.

This is likely to directly impact the restaurants and fast food industry and its cluster businesses and lead in the short to medium-term to shutting down a significant number of its businesses, eventually increasing unemployment.

If allowed by the Syrian government with the previous precedence of importing frozen poultry from Iran, importation of halal frozen poultry, beef and mutton by public and private sector enterprises may, therefore, offer a viable alternative to fresh meats and help meet demand and reduce the prices of fresh meats; hence representing a good opportunity for Brazilian exporters to further assess the opportunity given the fact that food products are not within the scope of the recently enforced Caesar Act.

6.3 Export of Medicines and Hospital Equipment

The emerging spread of COVID-19 has exposed the fragility of the health sector in Syria after long years of war and unilateral sanctions affecting the country. The sector requires a process of rehabilitation on the medium-term to be able to adequately respond to the health needs of the population in terms of capacity and equipment, especially the provision of mechanical ventilators and other equipment related to the treatment of pandemic patients.

There is currently a controversy surrounding the production and/or pricing of locally made supplements as manufacturers of pharmaceutical products claim the Ministry of Health has banned local production of supplements and this may lead to depending entirely on imports of such products when the current stock of locally made products is depleted.

7. Investment Opportunities in Syria

Investment opportunities in Syria are published by the Syrian Investment Agency based on the Investment Map which is classified by sectors into: agriculture, industry, transport, mining, health, energy, tourism, construction, housing, and miscellaneous.

There are currently 114 projects divided across 5 sectors into: industrial (76), agricultural (5), mining (11), energy (7) and tourism (15).

Some key projects currently on offer include:

Sector	Project Description	Location	Estimated Cost in \$ million
Energy	Electricity generation based on solar energy sources with different capacities ranging from 1 to 10 megawatts	Sweidaa	11.5 per 10 megawatts
Energy	300 megawatts steam power plant	Deir Al-Zour	327.00
Energy	Steam power plant with a capacity of 2X300 megawatts	Aleppo	654.00
Energy	Rehabilitation of steam power generation units number 2,3, and 4 at Aleppo Power Plant	Aleppo	218.00
Industry	Production of tires for passenger and public transport vehicles	Homs	20.00

Industry	A plant for the production of serum and oxygen for medical purposes	Quneitra	3.6
Industry	Production of cancer and blood drugs	Rural Damascus	20.00
Industry	Production of cancer and hormone drugs	Aleppo	7.15
Mining	Zeolite investment project	Rural Damascus	7.70
Mining	Silica production from the concentration of artificial quartz sand	Homs	3.50

Table 35: Key Investment Opportunities

8. Main Bilateral Agreements

Syria and Brazil concluded 12 bilateral agreements, but none of which is trade related. It would be important to Syria in particular to reintroduce the Framework Agreement on Establishing a Free Trade Zone with MERCOSUL; an agreement that was signed, in Foz do Iguazú – Brazil, on December 16, 2010.

V. Market Access

1. Tariff System

1.1. The Legal Framework

Law No. 38 of 2006 provides the legal framework for the customs regime in Syria and for the functioning of the General Directorate of Customs which is managed by a board including representatives from the Ministries of Finance, Economy and Foreign Trade, and Industry. Article 11 of the law stipulates that all imported or exported goods are subject to custom duties, fees and other applicable taxes save for exceptions and exemptions based on agreements, articles of the customs law and other legal texts in force. The law provides for preferential tariffs applicable based on agreements and within the limits set forth by each of these agreements.

1.2. Classification of Goods

The Syrian customs authorities use the World Customs Organisation's Harmonized Commodity Description and Coding System (SH) and has successfully completed the implementation of ASYCUDA designed by UNCTAD to administer the country's customs.

1.3. Tariff Structure

The Syrian tariff system falls in 21 sections and 97 chapters that correspond to the Harmonized Commodity Description and Coding System. The current tariff system comprises 8 tariffs ranging from 1% up to 80%: 1%, 3%, 5%, 10%, 20%, 30%, 50% and 80%. In general, tariffs applied to intermediate products and raw materials, especially those forming inputs to local industries, are low compared to final manufactured products which tariffs are high. The greatest majority of products classified under the current tariff system are subject to 1%, 5%, 10%, 20% and 30% tariffs. The other 3 tariffs are used for a limited set of products:

- a) **3%:** 2912.41.00-- Vanillin (4-hydroxy-3-methoxybenzaldehyde), 2912.42.00-- Ethyl vanillin (3-ethoxy-4-hydroxybenzaldehyde) and 2912.49.00—Other;
- b) **50%:** 8419.19.10-- Solar Water Heaters;
- c) **80%:** 6210.50.00 - Other women's or girls' garments.

Legislative Decree No. 10 of 2020 has exempted all materials imported as inputs for local industries and subject to 1% tariff from all customs duties and other related fees and taxes for a period of one full year starting from 1st of June, 2020.

Legislative Decree No. 14 of 2020 has exempted all production requirements and raw materials that are part of the production of local human pharmaceuticals from customs tariff duties and all related import taxes and fees for a period of one year as of 1st of August 2020.

The full tariff system can be downloaded in PDF format from the following link:
http://www.customs.gov.sy/file_store/English%20Tariff%20Final%209-4-2015.pdf

1.4. Goods Value Subject to Tariff

The value of imported goods subject to the application of the tariff includes the value of the goods and all the expenses incurred until the goods leave the country of origin. The value does not include:

- The taxes and fees imposed on exports;
- Internal taxes, production taxes and other taxes refunded upon export of goods.

1.5. Preferential Tariffs and Special Fees

Based on Customs Law No. 38 of 2006, goods may be subject to:

- a) **Preferential Tariffs:** applicable based on bilateral agreements and within the limits set forth by each of these agreements;
- b) **Maximum Custom Fees:** imposed on imports from some countries by means of a decree provided these do not exceed two-fold the normal tariff;
- c) **Compensatory Fees:** imposed on imports based on recommendation of the Tariff Council when:
 1. Goods enjoy direct export subsidy at country of origin;
 2. Prices of goods are lowered by some countries for dumping purposes.

1.6. Generalised System of Preferences

Syria does not have a general system of preferences that apply to major imports from developing countries, but provides preferential tariffs to imports from the countries with which it has trade/customs agreements, such as:

- The Trade and Economic Cooperation Agreement signed between Syria and Venezuela in 2009 with Article 3 stipulating that each party shall provide the other party with “most favoured nation treatment” with respect to the customs tariffs applicable to exports and imports and to the rules and administrative procedures applicable to the customs clearance of goods originating in the country of any of the two parties and exported directly to the other.
- The Free Trade Agreements agreed between Syria and Azerbaijan and Syria and Ukraine with the aim to create free trade zones and gradually reduce/remove customs tariffs in line with the procedures and time schedules indicated in Annexes A and B of the respective agreements.

1.7. Anti-dumping and Countervailing Duties

Anti-dumping and countervailing precautions are regulated by Law No. 42 of 2006 on the “Protection of the National Production” and are in line with Article VI of the General Agreement on Tariffs and Trade. The duties apply to

- a) goods that are imported at prices below the prices of equivalent or similar locally manufactured good;
- b) goods that have received, directly or indirectly, a financial bounty or subsidy from the government of the country of origin, whether the subsidy has been granted to the manufacturer, transporter or exporter or a group of same.

Article 4 of the law regulates that anti-dumping duties shall be commensurate with the margin of dumping in respect of such goods. Anti-dumping duties shall remain imposed for as long as the dumping in question remains in place.

Article 5 of the law regulates that countervailing duties shall be commensurate with the granted bounty or subsidy and shall remain valid for 5 years from date of issue or date of last review.

1.8. Taxes and Fees

Imported goods were also subject to a unified tax ranging between 6 and 35% depending on the tariff, i.e. the unified import tax goes up commensurate with the tariff itself, e.g. if the tariff is 1% the unified import tax is 6% and if the tariff is 30% the unified import tax is 17%.

This unified tax levied on imports was cancelled, however, by means of legislative decree No. 663 of 2005, which decreed the merging of tariffs and unified import tax into one. Hence, tariffs now include the unified import tax.

Nevertheless, imports are still subject to other non-tariff fees including Consumer Consumption fee, consular fee, local administration fees and import license fee, among others. The application, length and value of these non-tariff fees can be determined using the ASYCUDA system.

2. Import Regulations

Before the war, Syria managed to significantly reduce its long list of banned imports, which used to include for example electric machinery, clothing and textiles, plastic and rubber products, leather products, vegetable oils, etc. However, the negative impact of war on the country's economy and hard currency reserves has seen the list comprehensively increase its scope again with the effect that the allowed list of materials is now almost limited to basic food items, materials for the reconstruction process and raw materials that form inputs to local industries, with the government seeking to gradually replace imports wherever possible by locally made products.

2.1. Prohibited, Confined and Restricted Imports

In general, Syrian regulations prohibit import of:

- All foreign goods that carry a trademark, label or any other mark indicating they were made in Syria or in any other location other than their real country of origin;
- All foreign goods that fall short of meeting the provisions stipulated by the agreements, laws and regulations related to the protection of origin or property rights.

Apart from banned or prohibited imports, there are goods, e.g. petroleum and its derivatives, which import is confined to given authorised entities, and restricted goods which import is subject to special restrictions issued by entities authorised by law.

The Ministry of Economy and Foreign Trade is the government entity responsible for continually updating and communicating the list of banned and allowed imports based on the interests of the national economy. Under present regulations, import licenses are granted by the Ministry of Economy and Foreign Trade on a case-by-case basis and not for given periods of time.

2.2. Foreign Currency Exchange Regime

In order to meet the demand in the local market for basic consumer goods and production inputs, the Central Bank of Syria used in 2019 to finance imports according to two exchange rates:

- **Official Exchange Rate of SYP 437 per US Dollar:** applies to all contracts concluded with either the Syrian Trade Company or the General Establishment for Foreign Trade to import 10 basic consumer goods (such as sugar, rice, tea, tuna, and sardines);
- **Preferential Exchange Rate of SYP 700 per US Dollar:** applies to financing about 45 goods that are either:
 - a) Imports of basic commodities and requirements for industrial and agricultural production through the public and private banks authorized to deal in foreign currencies;
 - b) Imports licenses related to contracts signed with public entities for the provision of imported goods needed by these entities.

2.3. Import by Post

Goods can be imported and exported by regular mail or courier services according to the Arab and international postal agreements and legal texts in force.

2.4. Goods for Fairs and Exhibitions

Materials for fairs and exhibitions may be imported on a duty free temporary admission basis provided they are not sold on the local market during the event and are re-exported following the termination of the event.

3. Documents and Formalities

3.1. Documentation

3.1.1. Import Documents

The documentation required for the import process includes:

- Import License: any Syrian importer should obtain an import license from the Ministry of Economy and Foreign Trade on a case-by-case basis and for a six-months validity;
- B/L (Bill of Lading) / AWB (Airway Bill of Lading) / CMR for land transport;
- Commercial invoice: (original and copies) must contain statements of legitimacy and authenticity of the products, complete description of the goods, quantities, unit price, HS codes, delivery procedures, country of origin, payment terms, etc., in addition to clarifying that no component of the product is of Israeli origin, besides the data (including the registration) of the agent;
- Pro Forma Invoice: specifying the cost of freight and insurance separately, name of the importer, unit price, quantity, delivery/payment method, etc.;
- Certificate of Origin: issued by the relevant chamber of commerce in country of export and certified by the Syrian Embassy in country of export;
- Health/phytosanitary certificate: when imported goods include food stuff, plants, seeds, live animals and products of animal origin that may affect public health.

3.1.2 Customs Clearance Documents

The documentation required for customs clearance include:

- Commercial invoice indicating the unit price;
- Inventory: indicating the contents of each box/package with their corresponding net and gross weights;
- Certificate of Origin;
- B/L (Bill of Lading) / AWB (Airway Bill of Lading) / CMR for land transport;
- Free Sample Invoice/Promotion Catalogues must be presented separately, with indications to their customs value and should not have a commercial value.

The documents required to import products to Syria by sea include:

- Valid export license (if required);
- Two originals of the commercial invoice, plus six copies. The eight copies must be signed and stamped by the importer. The two originals must be certified by the corresponding Chamber of Commerce and the Embassy of Syria in the country of export;
- Commercial invoices must also contain statements of legitimacy and authenticity of the products, clarifying that no component of the product is of Israeli origin, besides the data (including the registration) of the agent;
- A set of blank boarding passes, in addition to a non-negotiable copy addressed to the Commercial Bank of Syria (including branch number) and marked with "In order to (as applicable to)" and "freight prepaid";
- Five copies of the Certificate of Origin, certified by the Syrian Embassy in the country of origin and the Chamber of Trade to which the company is affiliated;
- Three copies of the Certificate of Analysis are required for the import of some chemical products. Certificates must contain the production and expiration date;
- Six copies of the packing list specifying the gross and net weight, the contract number and the number of the lot.

3.2. Customs Clearance Formalities

Importers should provide the customs authorities with a detailed manifest upon the customs clearance of any goods, even if the imported goods are exempted from customs duties and fees. The manifest is registered and given a serial number. Following registration, it is not possible to modify the content of the manifest. However, an importer could apply for correction of quantities, measurements, weight or value provided this is done before forwarding the manifest for inspection and within 24 hours from submitting the manifest.

Imports are then subject to inspection by the customs authorities in the customs campus in the presence of importers or their authorised representatives, and the customs authorities have the right to perform analysis of goods to ensure compliance with specifications and standards.

After inspection and payment of customs duties and fees, the release of goods is immediate. Public entities' imports, however, can be released prior to payment of customs duties and fees. Clearance formalities are generally performed by licensed customs clearance agents.

4. Special Regimes

4.1. "Customs Warehouse" Regime

Customs warehouses allow importers to store their goods for up to three years without paying customs duties and fees. Following the completion and submission of a storage manifest by the importer, goods are inspected and then stored. Real and private warehouses are then closed by means of two different locks with the key to one of the locks remaining in the custody of the importer, and the other remaining in the custody of the customs authorities.

4.2. Temporary Admission

Payment of customs duties and fees may be suspended temporarily for a period of six months, subject to renewal, in relation to foreign goods intentionally imported for manufacturing or completion of manufacturing purposes, provided their owners undertake to re-export them or place them in customs warehouses, other warehouses, or free zones.

Customs may grant temporary admission in one of the following cases:

- a) Machinery, equipment and tools required to carry out state, public, private and joint sector projects or to conduct scientific and practical experiments including maintenance and testing equipment;
- b) Items imported temporarily for stadiums, theatres, exhibitions or the like, and the necessary equipment for cinematic, musical, media and other groups;
- c) Machinery, apparatuses, means of transport and other items that are imported for repair purposes;
- d) Containers imported for filling purposes;
- e) Livestock imported for grazing purposes, and
- f) Commercial samples.

4.3. Free Zones

Syria has currently 9 free trade zones carrying out commercial, industrial and services activities. Free trade zones are located in the City of Damascus, Adra, Damascus International Airport, Hessa (Homs), Tartous, port of Lattakia, city of Lattakia, Aleppo and Al-Yaroubia (Hassakeh).

Free Zone	Location	Area in million m ²	Type of Activities
Adra	25 km northeast of Damascus on the Baghdad motor highway	1.028	Commercial, industrial, services and cars
Tartous	In the vicinity of Tartous port on the Tartous-Lattakia highway	0.436	Commercial, industrial and services
Damascus	In the city of Damascus close to Omayyad Square	0.077	Commercial, industrial and services

Aleppo	Close to Al Msalamya village and the Turkish borders	1.150	Commercial, industrial and services
Hessia	Within the Industrial City of Hessia, Homs	0.852	Mostly industrial
Al-Yaroubia	Close to the Yaroubia border point with Iraq, Al Hassakeh	1.030	Commercial, industrial and services
Damascus Intl. Airport	In the vicinity of Damascus International Airport, 20 km from Damascus	0.024	Commercial, industrial and services
Port of Lattakia	Within the port of Lattakia	0.303	Commercial, industrial and services
Lattakia	On the eastern entrance of the city	0.284	Commercial, industrial and services

Table 36: Syrian Free Trade Zones

Established in 1971 and acting according to Legislative Decree No. 40 of 2003 that regulates the investment system of the free zones in Syria, the General Establishment of Free Zones has the exclusive right to invest, manage and develop all free zones and duty-free shops, according to a number of activities including commercial activities and duty-free shops; industrial activities; banking activities; hospitality activities; media cities and centres; e-commerce and information activities; commercial and cargo bureaus; services activities; and healthcare activities including the establishment of hospitals and health resorts.

The laws and regulations applicable to free trade zones are only those related to security, public morals, public health and suppression of smuggling.

Foreign goods of any kind, origin or source can enter the free trade zones and duty-free shops and exit same to other than the customs area without being subjected to the provisions of foreign trade, customs duties and taxes, with the exception of the following:

- a) Goods of Israeli origin or source and goods that are banned in implementation of the decisions related to boycotting Israel and goods of other commercially banned countries;
- b) All kinds of drugs and their derivatives, with the exception of those related to the manufacturing of drugs and pharmaceuticals;
- c) All kinds of weapons, ammunition, and explosives, with the exception of arms and ammunition used for hunting purposes; and
- d) Stinking or flammable materials excluding when these meet storage conditions in the free zones, provided these conditions provide the prerequisites for security, safety and public health.

Temporary admission may also be granted to the vehicles of non-Syrian employees and experts of Arab and foreign diplomatic missions to Syria; the United Nations; and the League of Arab States and their affiliated organs, whether these vehicles are shipped from abroad or purchased from customs' warehouses, other warehouses or free zones.

The advantages and incentives granted to investors within the free zones include:

- a) Full exemption from taxes and fees;
- b) The right to transfer foreign capital and resulting profits outside the country and vice versa;
- c) The right to use Syrian or foreign labour;
- d) Granting a Syrian certificate of origin or a certificate denoting a Syrian free trade zone origin to products manufactured in the free zones;
- e) Certifying invoices of foreign goods stored in the free zones;
- f) The provision of the needed infrastructure for projects established in the free zones, including water, electricity, communications, sanitation, roads, etc.;
- g) The right to secure building materials, machinery and necessary equipment for projects from Syria or abroad;
- h) The right of concession with respect to an investor's right to invest a facility in the free zones;
- i) The free movement of goods within the free zones;
- j) Granting commercial or industrial registers;
- k) Registering and protecting commercial or industrial trademarks;
- l) Establishing and registering companies in the free zones;
- m) Opening current accounts in foreign currencies, whether in private banks or branches of the Commercial Bank of Syria operating in the free zones;
- n) The provision of fully-equipped warehouses to store non-investors' goods, with non-investors then benefitting from the facilities granted to investors;
- o) Allowing export of local raw materials to free zones by means of regular export manifest and within the limits of foreign trade applicable provisions;
- p) Allowing 25% of the value of exports to enter Syria, as an exemption from the provisions of foreign trade.

Notwithstanding the above facilities, provisional seizure or executive seizure decisions do not apply to any establishment located in the free zones and the goods and other belongings existing within it unless the seizure is related to a dispute involving an investor in the free zones.

VI. Structure of Commercialisation

1. Distribution Channels

The major distribution channels in the Syrian market are composed of:

- Exclusive wholesalers, multi-product and multi-brand wholesalers;
- Special, multi-product and multi-brand distributors;
- Retailers, popular stores, and door-to-door sales;
- Shopping malls, supermarkets and public sector cooperatives, and
- Growing social marketing channels.

Distributors usually provide preferential treatment for some brands at the expense of others simply because these provide higher sales commissions. This may cause some better-quality brands to be absent from the local market. In the pharmaceutical sector, some doctors act as sales intermediaries prescribing certain medicines on commission basis. Hence, some manufacturers and wholesalers prefer to distribute their products themselves without the intervention of distributors.

Despite the fact that retail prices are controlled by the Ministry of Internal Trade and Consumer Protection, prices in shopping malls and supermarkets are fairly higher than retail outlets and popular stores when it comes to locally made products, and disproportionately higher in the case of imported items. Shopping malls were growing rapidly before 2011, but the war has significantly affected their proliferation. During the past nine years, only two new shopping malls were opened in Damascus.

The government intervenes in the retail market based on its “positive intervention policy” through providing competitive products for up to 30% reduced prices. The intervention is done through outlets of the government-owned “Syrian Trading Company”. With a view to direct government subsidies to the most fragile segments of the society, the government has as of 2020 started a process of increasingly selling subsidised items through the “Smart Card” system at specified quantities per family per month. The list currently includes rice, sugar, ghee, tea, mate, vegetable oil, sardines, tuna, and most recently, bread.

Social marketing is increasingly gaining momentum especially through Facebook and WhatsApp and is being preferred by consumers due to home delivery services. Small size manufacturers resolve to social marketing channels to sell their products directly to customers, and the same goes for individual traders who do this themselves or through specialised social marketing service providers.

2. Sales Promotion

2.1. Promotion Channels

Some of the most used practices on the Syrian market are:

- **Facebook Lotteries**
This is specially used to attract the attention of consumers to new valuable products, including electronics, electric household appliances, furniture, cars, etc. For example, posts announcing new cell phones are published and the local Facebook community is invited to like, comment and

share the post in a number of Facebook groups with the chance to win a new several hundred Dollar worth cell phones.

- **TV Lotteries**

This is used to promote exclusive dealers and their available products on offer during the Islamic Holy Month of Ramadan when people are home mostly watching TV after breaking the fast. Consumers are invited to send SMS messages, register through certain Apps or even call during live broadcast of the sales promotion event with the potential to win a new cell phone, car, etc.

- **Tasting Events**

This is done for food and beverages in a number of ways:

- Food and beverages events organised in public parks or other convenient downtown settings where visitors/consumers pay an entry fee that entitles them to buy a certain item on a reduced cost basis, where afterwards they can still buy other items also offered at reduced prices;
- Sponsorship of NGOs social activities, e.g. cancer marathons, where the attending audiences are offered free of charge chance to taste a new food or beverage item like noodles, cappuccino, express coffee, etc.; or
- Specially set tasting events at some crowded city points inviting passers-by to taste for free a new item, mostly a new beverage.

- **Fairs & Exhibitions**

General and dedicated fairs and exhibitions provide a good way to promote products. This is especially true of the annual Damascus International Fair, which is heavily visited as a kind of family picnic. Other dedicated fairs, including but not limited to Medicare, Buildex, Syriatec, Agritex and Motorshow, are visited by specialised audiences, including manufacturers, merchants, promotion agencies, company representation agencies, etc.

Organised on a display area of more than 100 thousand square meters, the 61st Edition of the Damascus International Fair held in 2019 has attracted 1,700 companies from 38 countries and 1.46 million visitors. It is to be noted that the Arab-Brazilian Chamber of Commerce, based in the city of São Paulo, Brazil has been co-participant in the Damascus International Fair and other commercial events since 1998.

The following table lists some Syrian exhibitions that have confirmed their date and venue for 2021:

Name	Description	Date		Venue
		From	To	
Aleppo International Fair	A general purpose exhibition	01 APR	07 APR	Aleppo
Syrian Medicare	17 th International Medical Exhibition & Conference	03 JUN	07 JUN	Damascus Fair Ground Damascus, Syria
Syria HiTech	Exhibition of Information and Communication Technologies	14 JUN	18 JUN	Damascus Fair Ground Damascus, Syria

Agritex	An agricultural specialised annual exhibition	17 JUN	20 JUN	Damascus Fair Ground Damascus, Syria
BUILDEX	International exhibition for Construction	24 JUN	28 JUN	Syrian Expo Centre Damascus Fair Ground Damascus, Syria
Damascus International Fair	Multi-sectorial exhibition	<i>Not fixed yet</i>		Damascus Fair Ground Damascus, Syria
Healthcare	International exhibition for health and medical care	13 OCT	16 OCT	Damascus Fair Ground Damascus, Syria
Dental Care	International exhibition for dental care	13 OCT	16 OCT	Damascus Fair Ground Damascus, Syria
Syria Lab	International Exhibition for lab technologies and equipment	13 OCT	16 OCT	Damascus Fair Ground Damascus, Syria
Rebuild Syria	An annual exhibition specialising in reconstruction material and machinery	29 OCT	03 NOV	Damascus Fair Ground Damascus, Syria

Table 37: Fairs and Exhibition Calendar 2021

2.2. Publicity

The state-owned “Arab Advertising Organisation” is the main provider of advertisement services through state-owned TV, radio and newspapers. By law, the organisation is responsible for regulating the advertisement industry in the country and ensuring free competition in this sector. It is also responsible for monitoring advertisement products in all information and advertisement channels and granting licenses to natural and/or legal persons to invest in the field of advertisement.

However, the internet and social marketing channels like Facebook, Twitter, WhatsApp, etc. have caused TV, radio, printed media and billboard advertisements to subside as they offer a better direct and interactive medium to advertise products, not to mention cost reduction considerations.

3. Business Practices in Syria

3.1. Conducting Business

Syrian importers and exporters conduct business with overseas partners using the English language and INCOTERMS. Contracts are agreed on C&F or CIF basis to ports of Tartous or Lattakia. In Syria, the business code is equal to valid laws and businessmen abide by gentlemen agreement when conducting business deals. The most used means of communication for conducting import and export business deals are electronic mail and fax messages. Price negotiations are carried out according to INCOTERMS. Payment, delivery date, warranty period and availability of spare parts are negotiated and agreed between the companies.

While there is still no government or private sector strategy to deal with additional restrictions imposed as a result of the recent entry into force of the Caesar Act, the Syrian import and export trade sector has managed with some degree of success to move around earlier EU and US unilateral sanctions including the US SALSA Act of 2003 and the unilateral sanctions introduced in 2011 by resolving mainly to:

- Ease down on country of origin requirements as manifested by the increased share of imports with no identified origin from 1% in 2010 to 32% and 40% in 2014 and 2018 respectively;
- Increased tendency to transform a significant share of Syrian imports to the informal sector;
- The above two measures enabled Syrian importers to involve intermediaries and intermediary markets, mostly involving neighbouring countries, where shipments were made to these markets and then re-exported to Syria;
- To finance commercial dealings when the mainstream official channels were impossible to use, financial transactions shifted to the informal money transfer method, locally known as “Hawala”, and similar means involving intermediary financial agents in countries of origin and destination as well as in intermediary countries; a process often necessitating that deals are concluded in multiple small quantities.

3.2. Commercial Dealings

Commercial dealings are regulated by Law No. 33 of 2007 replacing legislative decree No. 149 of 1949. The law stipulates that all companies founded and based in Syria should be registered in the competent commercial register regardless of the nationality of the company. Registration of commercial companies founded and based outside Syria is subject to the provisions of Law No. 34 of 2008, which stipulates that it is not permissible for any foreign legal person to perform its activity, do any commercial business in Syria or establish a branch or office unless it is registered in accordance with the provisions of this law and after obtaining a permit to operate in accordance with the laws and regulations in force. The law provides for the provisions of founding:

- a) Branch
- b) Temporary Office
- c) Representation Office
- d) Regional office

It is highly recommended to appoint a competent lawyer to conduct registration of branches, temporary offices, representation offices or regional offices in Syria to avoid lengthy bureaucratic procedures and payment of any fees not mandated by the law and its administrative procedures.

VII. Recommendations for Brazilian Companies

Syria is currently making its first steps towards economic recovery and reconstruction of the country's infrastructure after long years of war. Despite the fact that the market size may look pretty small at the moment, doing business with Syria now holds significant medium to long-term opportunities for the taking by Brazilian businessmen, especially in light of the Syrian government stance to build on its relations with the countries that have taken a constructive and non-biased approach of dealing with the war in Syria. Nevertheless, it should be noted that this can only materialise in the case an internationally recognised and acknowledged political settlement is reached concerning Syria.

Due to the conflicting stances at local, regional and international levels, this political settlement may need several years in the making and will require at the onset a comprehensive national reconciliation process involving constitutional reforms and the realization of elections according to UN Resolution 2254 of 2015 as a prologue to an international process that will see Syria free from US and EU unilateral sanctions, especially the Caesar Act.

However, it is still hard to figure out the shape of the Syrian economy following the war, and there is no clue as to what identity it will take; i.e. will Syria go back to its past century socialist and centrally planned economy with strong role of public sector entities and enterprises? would it re-attempt its social economy practices that marked the first decade of the 21st Century? or would it take a more liberal form based on capitalist economy practices? The answer shall depend to a large extent on the final internationally reached solution to end the war in Syria and the extent of financial aid pledged for the reconstruction process in the country.

Hence, interested Brazilian investors and/or exporters are advised to meticulously consider their approach in relation to when and how to engage in the Syrian market. In other words, they should weigh the advantages and disadvantages of choosing to engage now despite the challenges involved, or opting to wait until the situation in Syria is fully resolved. There is no one-strategy-fits all solution as the strategies will differ depending on sector, market size, potential share, international competitors, local players, etc. In addition, the strategies should consider that:

- The war has resulted among other factors in a high level of corruption and market monopolies. Hence, Brazilian investors and/or exporters are advised to carefully plan their steps and make sure they are dealing with trustworthy counterparts. Consulting chambers of commerce and industry is one recommended choice of ensuring a first-hand knowledge of the targeted market and potential Syrian partners;
- The Syrian market is dominated by Chinese goods that usually offer low quality, but competitive prices. Therefore, to be able to penetrate the Syrian market, it is best to provide the winning formula of "good quality at affordable price". To better compete, it is also recommended to ensure the availability and competitiveness of spare parts and after sale services when applicable, i.e. export of vehicles, machinery, heavy machinery, equipment, etc. Technical training of local agent technicians and periodic visits by Brazilian experts, when applicable, is also a good practice to win and increase local market confidence.

The first contact with Syrian counterparts can be made by email, phone or through social communication and marketing channels. Though replaced by online marketing collaterals, catalogues, samples, technical

specifications and other informative materials exchanged with Syrian counterparts should preferably be in the English language and should contain clear and accurate information about the products intended to be exported to the Syrian market.

Participation in seminars, presentations, sectorial exhibitions and commercial fairs represents a good practical technique and a great opportunity to initiate contact with future counterparts and enhance knowledge of and presence in the local market. However, all local fairs have been postponed to 2021 due to the spread of the coronavirus disease.

Brazilian businessmen wishing to invest in Syria are advised to:

- Periodically map the requirements of the Syrian economy at time of potential investment as priorities may always change depending on context. At present, the priority is for infrastructure (water and energy sectors), reconstruction and provision of essential raw materials that provide inputs to local production;
- Mega infrastructure and reconstruction projects are published by the respective ministries and the priority is for bidders who can acquire funding from international donors or finance projects themselves on BOT basis for instance;
- Contract the services of competent legal and tax advisors and rely on the advice and information provided by the Commercial Section of the Embassy of Brazil in Damascus, in order to save time and cost and avoid any misunderstanding of the Syrian applicable primary and tertiary legislation and administrative formalities.

Exporters are always urged to gain accurate knowledge of the set of local standard specifications, if any, in order to ensure their products intended for the Syrian market fully comply with these standards.

Travelling to and across Syria for business and other purposes is safe now, but for those keen on perfect security precautions, the services of one of numerous professional private security companies licensed in Syria can be contracted by businessmen who can afford its rather high cost.

Visiting Syria can be made through a number of ways, but most commonly now through Rafik Al Hariri International Airport in Beirut, Lebanon, and then taking a 2-hour road trip to the Syrian Capital Damascus.

Notwithstanding the current travel complexities associated with the COVID-19 pandemic and involving the requirement of conducting PCRs, a passport valid for at least six months and a visa are required for Brazilian citizens wishing to visit Syria. Visas must be obtained prior to arrival in Syria from a Syrian diplomatic mission located in the traveller's country of residence.

Annexes

Useful Contacts

Entity	LOCATION	Code	TEL	FAX	EMAIL & Website
Government Entities					
Prime Ministry	Damascus	+96311	2226000		info@pministry.gov.sy pministry.gov.sy
Ministry of Finance	Damascus	+96311	2211300 2216300 2224700	2224701	fd_damas@mail.sy syrianfinance.gov.sy
Ministry of Economy & Foreign Trade	Damascus	+96311	2324680	3323317 3332172	syrecon.gov.sy
Ministry of Internal Trade & Consumer Protection	Damascus	+96311	5161100		info@mitcp.gov.sy mitcp.gov.sy
Ministry of Agriculture & Agrarian Reform	Damascus	+96311	23497533 2244729	23497534	info@moaar.gov.sy moaar.gov.sy
Ministry of Communications & Technology	Damascus	+96311	2221133		moct.gov.sy
Ministry of Electricity	Damascus	+96311	2133972 2133955 2131259		moe@net.sy moe.gov.sy
Ministry of Water Resources	Damascus	+96311	5318968		ministry@irrigation.gov.sy mowr.gov.sy
Ministry of Foreign Affairs & Expatriates	Damascus	+96311	2181000	2146252	info@mofaex.gov.sy mofa.gov.sy
Ministry of Public Works & Housing	Damascus	+96311	2211494 2211493	2259400	diwan@mohc.gov.sy mopwh.gov.sy
Ministry of Industry	Damascus	+96311	2256700 2231841 2231845	2231096	nfo@moid.gov.sy moid.gov.sy
Ministry of Information	Damascus	+96311	6624220 6624217	6665166	moi.gov.sy
Ministry of Interior	Damascus	+96311	2220101 2220102	2223428	syriamoi.gov.sy
Ministry of Petroleum & Mineral Resources	Damascus	+96311	3137930	3165023	it@mopmr.gov.sy mopmr.gov.sy
Ministry of Social Affairs & Labour	Damascus	+96311	2325387 2325384		info@mosal.gov.sy mol.gov.sy
Ministry of Tourism	Damascus	+96311	2215916	2242646	min-tourism@mail.sy syriatourism.org
Ministry of Transport	Damascus	+96311	3336801	3323317	min-trans@net.sy mot.gov.sy
Syrian Investment Agency	Damascus	+96311	4473012	4428124	syinvest@mail.com sia.gov.sy
Syrian Customs	Damascus	+96311	21905130 21905130		gm@customs.gov.sy customs.gov.sy
Syrian Competition & Antimonopoly Commission	Damascus	+96311	4431231	4431238	info@competition.gov.sy competition.gov.sy

Public Establishment for International Fairs and Exhibitions	Damascus	+96311	9274	5667166	peife@peife.gov.sy peife.gov.sy
Chambers of Commerce & Industry					
Federation of Syrian Chambers of Commerce	Damascus	+96311	3311504 3337344	3331127	fedcommsyr.sy
Federation of Syrian Chambers of Industry	Homs	+96331	2455006	2455009	info@fsci.org.sy
Damascus Chamber of Commerce	Damascus	+96311	2211339	2225874	dcc@net.sy dcc-sy.com
Damascus Chamber of Industry	Damascus	+96311	2215042 2222205	2245981	dci@mail.sy dci-syria.org
Aleppo Chamber of Commerce	Aleppo	+96321	2214076	2214076	aleppochamber.sy
Aleppo Chamber of Industry	Aleppo	+96321	3620600	3620040	alepchmb@mail.sy aci.org.sy
Homs Chamber of Commerce	Homs	+96331	2471 000	2464 247	hcc@homschamber.org.sy homschamber.org.sy
Homs Chamber of Industry	Homs	+96331	2458555		hci-homs@scs-net.org hci-homs.org
Lattakia Chamber of Commerce & Industry	Lattakia	+96341	479530	478526	cha-lat@net.sy chamberlattakia.com
Tartous Chamber of Commerce & Industry	Tartous	+96343	329851		tartous.chamber@hotmail.com

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The Syrian Ministry of Water Resources

The Syrian Ministry of Transport

International Trade Centre

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