

Syria

Key indicators

Total population (millions), 2006.....	19.5
GDP (US\$ billions), 2006.....	29
GDP (PPP US\$) per capita, 2006.....	3,976
as share of world total (percent).....	0.12
Current account balance (percent of GDP), 2006.....	-1.8
Human Development Indicator rank (out of 177 economies), 2004.....	107

Source: UNFPA, IMF, UNDP

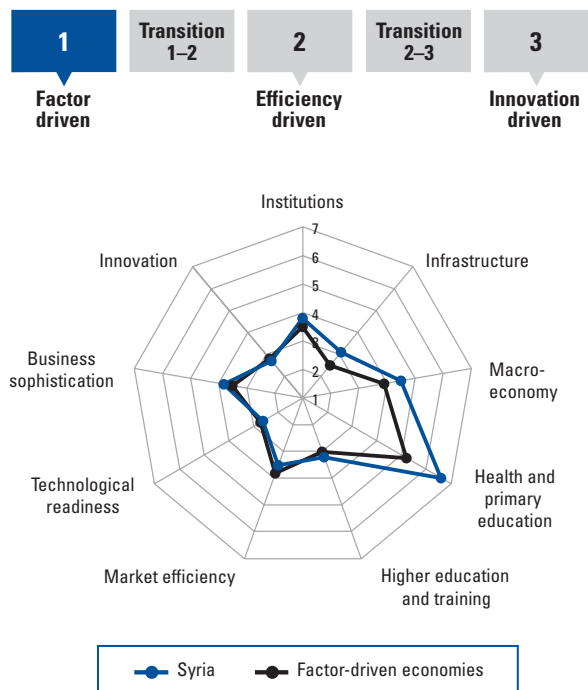
Competitiveness rankings

	Rank within country group 1* (out of 48)	Overall rank (out of 128)	Score (1-7)
Global Competitiveness Index 2007	12	84	3.8
GCR 2005-06 (out of 117 economies).....	n/a	n/a	n/a
Basic requirements	5	69	4.5
1st pillar: Institutions.....	12	73	3.8
2nd pillar: Infrastructure.....	10	78	3.1
3rd pillar: Macroeconomy.....	9	61	4.5
4th pillar: Health and primary education.....	2	45	6.6
Efficiency enhancers	25	104	3.1
5th pillar: Higher education and training.....	19	96	3.2
6th pillar: Market efficiency.....	37	114	3.5
7th pillar: Technological readiness.....	31	109	2.6
Innovation factors	17	84	3.3
8th pillar: Business sophistication.....	12	77	3.8
9th pillar: Innovation.....	25	99	2.7

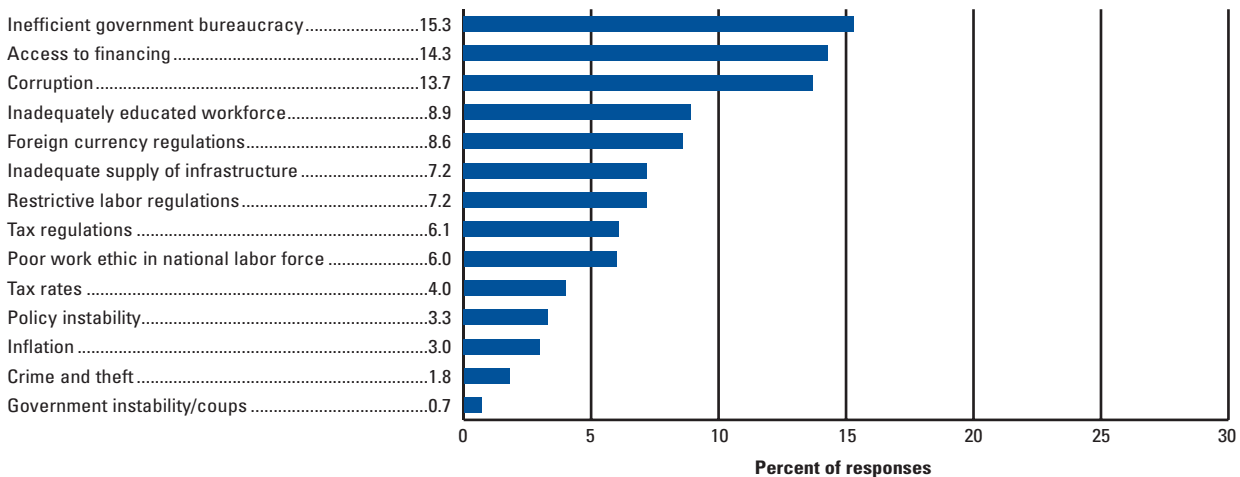
Gender Gap Index 2006 (out of 115 economies) **n/a**

* Country group includes the countries in the same stage of development as well as those transitioning toward it.

Stage of development



The most problematic factors for doing business



Note: From a list of 14 factors, respondents were asked to select the five most problematic for doing business in their country/economy and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

The Global Competitiveness Index in detail

■ Competitive Advantage ■ Competitive Disadvantage

INDICATOR	RANK/128
1st pillar: Institutions	
1.01 Property rights	88 ■
1.02 Diversion of public funds	43 ■
1.03 Public trust of politicians	63 ■
1.04 Judicial independence	88 ■
1.05 Favoritism in decisions of government officials	72 ■
1.06 Government spending	78 ■
1.07 Burden of government regulation	86 ■
1.08 Business costs of terrorism	29 ■
1.09 Reliability of police services	46 ■
1.10 Business costs of crime and violence	20 ■
1.11 Organized crime	20 ■
1.12 Ethical behavior of firms	58 ■
1.13 Efficacy of corporate boards	118 ■
1.14 Protection of minority shareholders' interests	92 ■
1.15 Strength of auditing and accounting standards	124 ■
2nd pillar: Infrastructure	
2.01 Overall infrastructure quality	74 ■
2.02 Railroad infrastructure	61 ■
2.03 Quality of port infrastructure	84 ■
2.04 Air transport infrastructure quality	89 ■
2.05 Quality of electricity supply	80 ■
2.06 Telephone lines*	69 ■
3rd pillar: Macroeconomy	
3.01 Government balance*	92 ■
3.02 National savings rate*	61 ■
3.03 Inflation*	90 ■
3.04 Interest rate spread*	24 ■
3.05 Government debt*	73 ■
3.06 Real effective exchange rate*	21 ■
4th pillar: Health and primary education	
4.01 Business impact of malaria	43 ■
4.02 Business impact of tuberculosis	32 ■
4.03 Business impact of HIV/AIDS	24 ■
4.04 Infant mortality*	58 ■
4.05 Life expectancy*	54 ■
4.06 Tuberculosis prevalence*	55 ■
4.07 Malaria prevalence*	56 ■
4.08 HIV prevalence*	1 ■
4.09 Primary enrollment*	49 ■
5th pillar: Higher education and training	
5.01 Secondary enrollment*	95 ■
5.02 Tertiary enrollment*	90 ■
5.03 Quality of the educational system	99 ■
5.04 Quality of math and science education	78 ■
5.05 Quality of management schools	106 ■
5.06 Local availability of research and training services	100 ■
5.07 Extent of staff training	86 ■

INDICATOR	RANK/128
6th pillar: Market efficiency	
6.01 Agricultural policy costs	64 ■
6.02 Efficiency of legal framework	84 ■
6.03 Extent and effect of taxation	78 ■
6.04 No. of procedures required to start a business*	92 ■
6.05 Time required to start a business*	81 ■
6.06 Intensity of local competition	84 ■
6.07 Effectiveness of antitrust policy	76 ■
6.08 Imports*	88 ■
6.09 Prevalence of trade barriers	115 ■
6.10 Prevalence of foreign ownership	127 ■
6.11 Exports*	77 ■
6.12 Hiring and firing practices	93 ■
6.13 Flexibility of wage determination	70 ■
6.14 Cooperation in labor-employer relations	69 ■
6.15 Reliance on professional management	115 ■
6.16 Pay and productivity	68 ■
6.17 Brain drain	86 ■
6.18 Private-sector employment of women	39 ■
6.19 Financial market sophistication	124 ■
6.20 Ease of access to loans	106 ■
6.21 Venture capital availability	99 ■
6.22 Soundness of banks	120 ■
6.23 Local equity market access	123 ■
7th pillar: Technological readiness	
7.01 Technological readiness	87 ■
7.02 Firm-level technology absorption	85 ■
7.03 Laws relating to ICT	121 ■
7.04 FDI and technology transfer	122 ■
7.05 Mobile telephone subscribers*	98 ■
7.06 Internet users*	89 ■
7.07 Personal computers*	81 ■
8th pillar: Business sophistication	
8.01 Local supplier quantity	52 ■
8.02 Local supplier quality	76 ■
8.03 Production process sophistication	93 ■
8.04 Extent of marketing	104 ■
8.05 Control of international distribution	21 ■
8.06 Willingness to delegate authority	109 ■
8.07 Nature of competitive advantage	102 ■
8.08 Value chain presence	73 ■
9th pillar: Innovation	
9.01 Quality of scientific research institutions	109 ■
9.02 Company spending on R&D	108 ■
9.03 University-industry research collaboration	117 ■
9.04 Gov't. procurement of advanced tech products	113 ■
9.05 Availability of scientists and engineers	43 ■
9.06 Utility patents*	80 ■
9.07 Intellectual property protection	91 ■
9.08 Capacity for innovation	108 ■

* Hard data

Note: For descriptions of variables and detailed sources, please refer to "How to Read Country Profiles."

Syria

Increasing the Role of the Private Sector

NUHAD DIMASHKIYYAH, UNDP Business Development Programme, Damascus

Over the past two years, Syria has undertaken a number of reforms with the goal of improving the business environment and opening up the country. Current efforts aim at increasing the share of the private sector in the economy. In the recent past measures have been taken to strengthen insurance and banking regulation, customs procedures, and intellectual property rights.

activity and decision making. It differs from the previous nine plans in opening up economic activities to the private sector, and ensures private-sector participation in decision making and the execution of development plans.

Hence forward, Syria has passed a transitional stage. Decision makers are aware of the new requirements of open market economy and the need for competitive business environment at both micro and macro levels as well as investment-friendly legislative and administrative frameworks. As a result, more than half of the 80 laws and 80 legislative decrees issued in 2005 and 2006 have been targeted toward modernizing and promoting the business environment. These steps covered wide segments of the business sector—mainly licensing private banks (including Islamic banks) and private insurance companies; reviving the Monetary Council; establishing the Syrian stock market; and modernizing intellectual property rights, taxes, and customs duties laws. New business support institutions have also been established, and drafts for competition law, new companies and corporations law, and investment law are being reviewed, to be issued in the near future. Other big steps were taken with respect to modernizing the physical and technical infrastructure (ports, the increasing number of customs clearances, and modern industrial cities), and an increase in budget allocated for higher education and health sector.

Moreover, for the last 15 years, Syria has enjoyed solid macroeconomic conditions as a result of oil revenues. This is reflected in a surplus in the foreign trade balance, low budget deficits, negligible

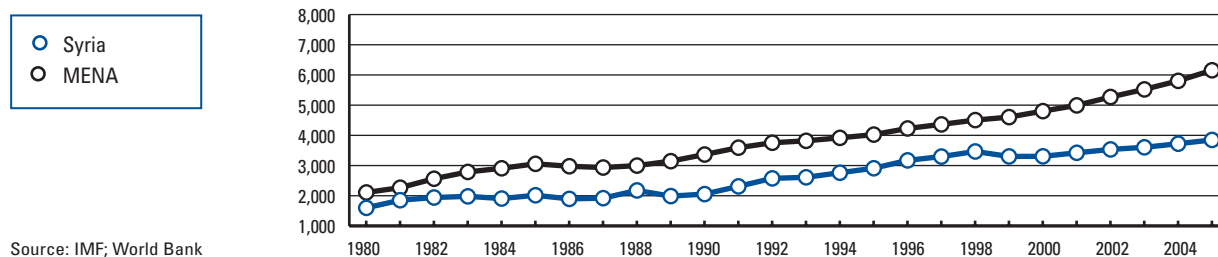
inflation rates, stable exchange rates, low foreign debt, and acceptable liquidity in national banks. However, these solid indicators have been accompanied with rather low GDP growth rates, an increase in unemployment rates, and a decreasing share the industrial sector in GDP. With Syrian oil reserves approaching depletion, more efforts have been targeted toward better functioning of public and private institutions, maximizing the comparative advantage of Syria's geographical location, and free trade agreements. The aim is to position Syria as a promising investment country. This is seen in the cumulative increase in FDI to US\$16.7 billion during the period 2003–06.

The Syrian economy is a multi-resourced, factor-driven (according to the World Economic Forum classification) developing economy, where GDP per capita is US\$ 1,580 for 2005 (market prices).

From the 1950s through the 1980s Syria had planned economic policies that framed its business environment and economic activities, where the state retained a large degree of control over the economy and the public sector was the major actor. The basic economic model witnessed a huge change with the introduction of Investment Law No. 10 of 1991, which passed a number of investment privileges to increase the share of the private sector in the economy.

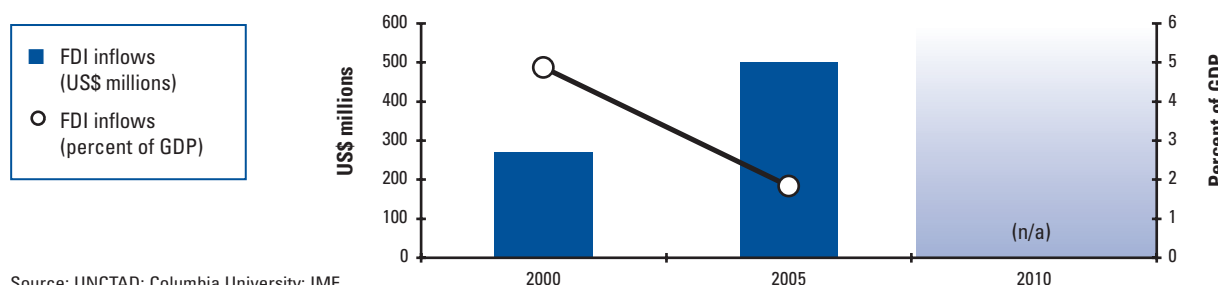
This step was followed by a number of bilateral and multilateral regional free trade agreements, which placed Syria between a planned and an open market economy until recently. In June 2005, Syria defined its new economic identity as a "social market economy" and adopted the "Tenth Five Year Plan 2006–2010." This plan highlights the greater expected role of the Syrian private sector in both economic

GDP (PPP US\$) per capita, 1980–2005



Source: IMF; World Bank

Foreign direct investment (FDI)

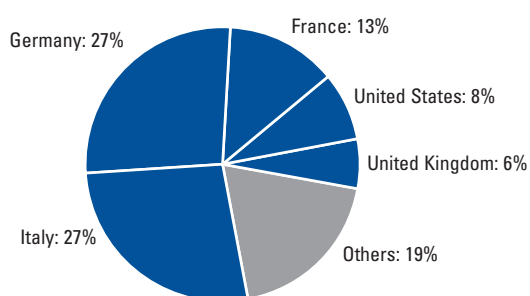


Source: UNCTAD; Columbia University; IMF

Trade

Exports by country of destination

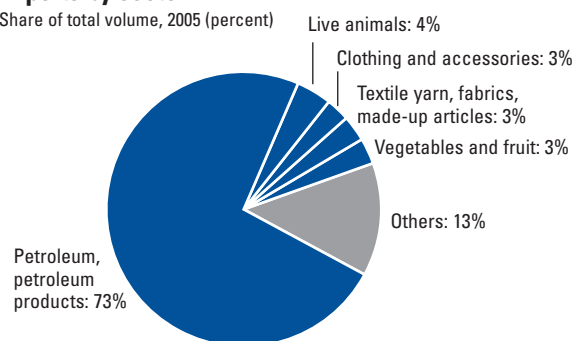
Share of total volume, 2005 (percent)



Total value of exports (US\$ millions): 4,201

Exports by sector

Share of total volume, 2005 (percent)



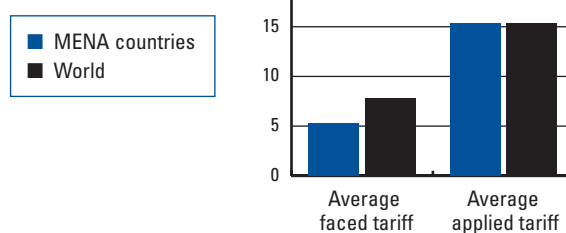
Trade diversification

Number of exported product groups out of 261

2001	2.4
2005	2.4

Tariffs

Percent



Source: International Trade Centre; UN Comtrade

Note: For descriptions of variables and detailed sources, please refer to "How to Read the Country Profiles."