

Development

EEC—SYRIA COOPERATION AGREEMENT

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EEC - SYRIA COOPERATION AGREEMENT

1. SUMMARY

The main object of the agreement between Syria and the EEC signed in Brussels on 18 January 1977 is to establish a wide area of cooperation between the two sides and to promote Syria's economic and social development. The agreement covers trade, economic and technical cooperation as well as financial aid totalling 60 million European units of account (1ua = 4.45 S~~£~~). [1]

As the agreement is for an unlimited period it provides a stable contractual framework for making long term planning decisions. Projects giving far reaching benefits e.g. investment in basic infrastructure such as roads and power supplies, can be implemented.

The agreement is also dynamic in the sense that it is capable of continuous improvement based on the principles of interdependence, equality and joint management. It is managed by a cooperation council which may set up specialist committees as required. A timetable has been set for examining the results of the agreement and introducing improvements. The first review will take place in 1979 and the second in 1984.

2. INTERIM AGREEMENT

An interim agreement between Syria and the EEC came into force on 1 July 1977. Its object is to bridge the gap between the signing of the cooperation agreement and its ratification by the parliaments of Syria and the Nine EEC Member States. This process should be completed during 1978 [Syria has already ratified the agreement]. Ratification is necessary because the agreement contains financial provisions.

Under the interim agreement the trade section of the cooperation agreement came into force on 1 July 1977. This means that most Syrian agricultural exports to the Community now benefit from substantial tariff concessions. With the temporary exception of a few sensitive items, all Syrian industrial and raw material exports (including those covered by the European Coal and Steel Community) now enjoy free access to the Community market.

While the agreement is being ratified, projects are already being identified so that economic, financial and technical aid can be implemented as soon as ratification is completed.

3. TRADE MEASURES

A. EEC - SYRIA TRADE

Although the overall amount of trade between the EEC and Syria

[1] For copies of the EEC - SYRIA Cooperation Agreement apply to DG X (Directorate General for Information) in Brussels.

is very small Syria still recorded a substantial trade deficit of 381 million ua in 1976. This compares with a slight trade surplus in 1970: since then its trade balance has steadily deteriorated except for a temporary improvement in 1975. Imports rose sharply after the October 1973 war when Syria sought to reequip itself for economic development.

In recent years trade between the EEC and Syria has grown steadily mainly at the expense of the Eastern European countries. About 50 per cent of Syrian trade is now conducted with the EEC. One reason for the shift in trade has been the improvement in Syria's foreign exchange position which meant that it was no longer tied to barter trade. West Germany has replaced the USSR as Syria's main supplier while Italy is now its main export market.

In 1976 Syrian exports to the EEC were worth 649 million ua, of which crude oil accounted for 90 per cent. Oil is the main reason for the fivefold increase in value of Syrian exports to the EEC since 1973. (1) Cotton is Syria's second most important export to the EEC but now represents only 6 per cent of the total. Agricultural products covered by the EEC's common agricultural policy only accounted for 1.8 per cent of Syria's total exports to the EEC in 1976. Similarly only 1.6 per cent of its exports were subject to tariff duties.

Community exports to Syria in 1976 amounted to 1.0 billion u.a. but this only represented 0.7 per cent of its total world exports. The main EEC exports were machines and electrical equipment (57 per cent), manufactures (20 per cent), chemicals (7.7 per cent) and food (7.3 per cent).

Community exports to Syria benefit from most-favoured-nation treatment (MFN) except regarding certain developing countries notably in the Mashreq area. Syria is entitled to grant these countries trade concessions without extending them to the EEC. Syria is also under no obligation to make reciprocal trade concessions to the EEC. It thus has time to consolidate the present trade regime and can even increase tariff protection so as to encourage its own industrialisation programme.

The long term objective of the agreement remains free trade but this will only be possible when the economic gap between Syria and the Community has been reduced.

(1) It is also responsible for a dramatic change in the composition of Syrian exports to the EEC between 1973-76. During this period the share of agricultural to total exports has fallen from 42.2 to 8.8 per cent.

SYRIA'S EXTERNAL TRADE WITH EEC (million U.A.) 1973-76

	1973	1974	1975	1976
IMPORTS	213.6	476.7	583.9	1027.2
EXPORTS	105.8	245.6	464.1	649.2
TRADE BALANCE	-107.8	-231.1	-119.8	- 378.0
INOEX 1970 = 100				
IMPORTS	238	533	652	1148
EXPORTS	114	264	499	697
BREAKDOWN OF EXPORTS %				
AGRICULTURAL PRODUCTS	42.2	12.1	3.9	8.8
INDUSTRIAL PRODUCTS	57.8	87.9	96.1	91.2

SOURCE: statistical office of EEC

SYRIAN TRADE WITH EEC 1976

PRODUCT	EXPORT (millions u.a.)		IMPORT (millions u.a.)	
	value	%	value	%
TOTAL	649.2	100	1,027.3	100
<u>FOOD PRODUCTS</u>	4.4	0.7	74.6	7.3
of which				
Dairy products	-	-	35.5	3.5
Cereals	1.7	0.3	26.6	2.6
<u>INEDIBLE RAW MATERIALS</u>	54.4	8.4	10.3	1.0
of which				
Cotton	39.1	6.0	-	-
<u>CHEMICALS</u>	-	-	79.4	7.7
<u>MANUFACTURERS</u>	2.7	0.4	203.7	19.8
<u>BURNABLE RAW MATERIALS</u>	583.7	89.9	10.3	1.0
of which				
Crude oil	581.9	89.6	-	-

PRODUCT	EXPORT		IMPORT	
	(millions u.a.)		(millions u.a.)	
	value	%	value	%
<u>MACHINERY</u>	1.5	0.2	587.4	57.2
of which				
Non-electrical machinery	0.5	0.1	294.5	28.7
Electrical machinery	0.5	0.1	124.4	12.1
Transport material	0.47		168.3	16.4
<u>OTHERS</u>	1.2	0.4	47.0	6.0

Source: statistical office of EEC

B. OBJECT OF TRADE MEASURES

The object of the trade measures, according to the first article in the trade section of the agreement, is to promote trade between Syria and the European Community and " to ensure a better balance in their trade, with a view to increasing the rate of growth of Syria's trade, and improving the conditions of access for its products to the Community market".

The trade measures, covering both agricultural and industrial goods, took effect from 1 July 1977 under the terms of an interim agreement.

Syrian exports no longer have to pay the EEC 3rd country tariff averaging 6%. With the exception of commodities covered by the EEC's common agricultural policy (CAP) tariff duties on farm imports from Syria were abolished on this date.

Apart from annual ceilings on a few sensitive products, Syrian exports are no longer subject to quantitative restrictions or measures having equivalent effect. Measures having equivalent effect include other non-tariff barriers such as import licenses and packaging norms, etc.

INDUSTRIAL PRODUCTS

ANNUAL CEILINGS ON TWO SENSITIVE PRODUCTS

Annual duty free ceilings for imports of two sensitive products are fixed until 31 December 1979. The two products are refined petroleum products and other woven cotton fabrics.

Unlike tariff quotas, ceilings are a flexible tariff restriction. Once a tariff quota has been exceeded full customs duties are immediately and automatically applied by EEC Member States.

However once the volume of imports reaches the specified ceiling, Member States can choose whether to restore full customs duties or to maintain the preference.

Sensitive products are those produced in the Community at a higher cost than in developing countries which possess a comparative advantage in having raw materials and cheap labour.

In 1975 Syria exported only 54,700 tonnes of refined petroleum products and 391 tonnes of other woven cotton fabrics to the EEC. Although neither currently pose a threat to Community production the EEC would like to safeguard itself against a possible major expansion of exports in the future.

The ceilings listed below are based on current export levels and will be raised by 5 per cent annually. Allowance has been made for the fact that Syrian exports fluctuate widely from year to year. When exports to the EEC reach 75 per cent of the ceilings then the EEC Syria Joint Committee should be informed. Once the ceilings have been reached the Community may restore duties at the third country rate until the end of the calendar year. The ceilings are as follows:

<u>REFINED PETROLEUM PRODUCTS:</u>	175,000 tonnes	<u>3rd COUNTRY IMPORT DUTY</u>
- petroleum oils [CCT No.ex 27.10]		3.5 to 6 per cent
- petroleum gases [CCT No.ex 27.11]		17.5 per cent
- petroleum jelly [CCT No.ex 27.12]		
- petroleum wax [CCT No.ex 27.13]		2 to 7 per cent
- petroleum bitumen [CCT No. ex 27.14]		depending on product category
- <u>OTHER WOVEN COTTON FABRICS:</u>	[CCT No 55.09]	13 to 15 per cent
	500 tonnes	

In addition the Community reserves the right to introduce ceilings on the imports of the following products should the market situation make it necessary:

- Phosphates including other polyphosphates other than ammonia [CCT No. 28.40 B II]	11.2 per cent
- Phosphatic mineral or chemical fertilizers [CCT No. 31.03]	2.4 to 4.8 per cent
- Fertilizer compounds containing phosphates [CCT No. ex 31.05]	0 to 8.8 per cent
- Cotton yarn, not put up for retail sale [CCT No. 55.05]	4 to 8 per cent
- Aluminium [CCT Chapter 76]	2.5 to 12 per cent

As regards phosphates, Syria exported 300,000 tonnes in 1975 representing 1.7 per cent of the total value of its exports. Only a negligible quantity went to the EEC but exports should grow as Syria expands production from 650,000 tonnes in 1975 to a target of 2 million tonnes in 1980.

The EEC may change the arrangements concerning petroleum products but only after consulting Syrian representatives in the EEC-Syria Committee. Changes may take place under the following circumstances but in no case may they lead to a reduction in benefits:

- adoption of a common definition of origin for petroleum products
- modification of the common commercial policy
- establishment of a common energy policy

PROCESSED AGRICULTURAL PRODUCTS

The fixed element of charges levied on a number of processed agricultural products has been removed but the variable element is still applied (article 16). For a list of products concerned see Annex A.

The fixed element refers to the normal industrial tariff protection given Community producers. The variable element compensates Community producers for fluctuations between world and EEC prices of the various inputs used. For example cocoa is processed into chocolate using fats, milk and sugar: EEC sugar and milk prices are considerably higher than world prices and compensation is necessary if Community producers are to remain competitive.

O. AGRICULTURAL PRODUCTS

GENERAL PROVISIONS

Under the 1977 Cooperation Agreement tariff reductions of between 50 and 80 per cent are accorded Syrian agricultural exports to the Community. According to the year about 40 to 60 per cent of Syrian farm exports already enter the Community duty free. Reductions are only made on the remainder which explains why there are comparatively few products covered compared with the EEC's agreements with the other Mashreq countries. For a full list of concessions see Annex B.

Through the Cooperation Agreement Syria was granted privileged access to the Community market for most of its farm exports which did not already enjoy free access. Three other Mashreq countries - Lebanon, Jordan and Egypt - enjoy similar concessions. Other Mediterranean countries also enjoy agricultural trade benefits under the Community's global Mediterranean approach.

SAFEGUARDS :

Because the concessions cover some highly sensitive agricultural products they are subject to certain safeguards in order to protect the interests of Community producers. These concern those products grown in the Community e.g. apricots which directly compete with Syrian products. They are often in surplus or have unstable markets. The safeguards are:

- Respect for the Community's Common Agricultural Policy (CAP)
This means respecting the Community's reference prices for fruit and vegetables.
- Import Calendars: Tariff reductions valid only for certain periods of the year.
- Safeguard Clause: To protect the interests of Community producers in the event of market disruption. The EEC can use this clause to suspend imports of certain sensitive products.

EEC - SYRIA FARM TRADE

Syrian farm exports to the EEC not only form a very small percentage of its total exports to the EEC but they also fluctuate greatly from year to year. In 1976 they accounted for only 8.8 per cent of total exports. Between 1970-76 their share of total exports has varied between 0.8 and 12.5 per cent of total exports and in value between 3.4 and 12.3 million u.a. The reason for this is Syrian agriculture's heavy dependence on rainfall. In bad years such as 1973 when production fell 30 per cent nearly all farm produce is consumed locally.

Despite being mainly an agricultural country (50 per cent of the labour force) Syria normally imports far more than she exports to the EEC. In 1976 Syria imported 76 million u.a. from the EEC (mainly cereals and dairy products) but exported only 4.6 million u.a. to it. This was despite the fact that the harvest was 40 per cent up on the previous year. However from the EEC perspective its farm trade with Syria is minimal accounting for less than 1 per cent of its total world farm trade.

For the most part Syrian farm exports compliment Community production either by providing different produce e.g. liquorice roots or the same produce out of season e.g. onions. In only a few cases is there direct competition e.g. apricots but the quantities involved are negligible.

Between 1975-76 the value of Syrian farm exports to the EEC covered by Annex II of the Treaty of Rome (CAP) tripled to 11.6 million u.a.

Animal guts, bladders and stomachs (for making sausages) were by far the most important export amounting to 4.8 million u.a. (42 per cent of Annex II exports). These products already enjoyed duty free entry to the EEC but were included in the cooperation agreement so as to conform with the EEC's agreements with other Mashreq countries.

Liquorice roots (for pharmaceuticals and confectionery) were Syria's second major farm export in 1976 (823,000 u.a. - 7.1 per cent of Annex II exports). Dried onions were the third major farm export covered by the agreement (734,000 u.a., 6.7 per cent of Annex II exports). They now have to pay a residual duty of 15 per cent compared with 18 per cent previously.

Sowing seeds, fruit and spores were the only other products included in the agreement which were exported in 1976 (34,000 u.a. - 0.3 per cent of Annex II exports).

In addition the following products not included in the agreement are exported to the EEC. In 1976 they represented 40 per cent of Annex II exports but this varies considerably from year to year. Some of these products already enjoy duty free access to the EEC/

The products concerned are:

	CCT. N°	DUTY levy	VALUE 1976 (million u.a.)	% ANNEX II
Barley	10.03 B	13 %	1.7	15.2
Groundnuts	12.01 B	-	1.2	10.7
Oil-cakes (maize, linseed, sunflower)	23.04 A.B.	-	1.1	10.3
Other potatoes	07.01 A III	18%	0.4	3.7

Syria also normally exports dried peas and lentils to the EEC (31,000 u.a. in 1975) though 1976 was an exception.

CONCESSIONS ON SYRIA'S MAIN FARM EXPORTS TO EEC

PRODUCTS	C.C.T. N°	CONCESSION %	DUTY LEFT %	VALUE OF IMPORTS 1976 000 EUA
Guts, Bladders stomach of animals (other than fish)	05.04	80	-	4,881
Onions	07.01	50 from 1.2 to 30.4	6	-
Garlic	07.01	50 from 1.2 to 31.5	6	-
Dried vegetables other than those for seeding (plas, lentils)	07.05 B	80	0.9	-
Water melons	Ex 08.09	50 from 1.4 to 15.6	5.5	-
Dried apricots	08.12 A	60	2.8	-
Seeds of anise, etc.	09.09	80	0.2	-
Seeds fruits and spores	12.03 F	50	5	34
Pyrethrum	12.07 A	80	0.6	-
Liquorice roots	12.07 B	80	0.4	823
Tonquin beans	12.07 C	80	0.6	-
Camomile, mint etc.	12.07 ex D	80	-	-
Fresh or dried locust beans	12.08	80	1.6	-
Dried onions	07.04		15 % residual duty	734

Source: statistical office of EEC

E. RULES OF ORIGIN FOR SYRIAN GOODS

1. In the Syria-EEC Agreement products originating in Syria and not covered by the EEC's Common Agricultural Policy enjoy duty free access to the Community (see page 5). In order to enjoy this advantage Syrian products must satisfy certain conditions laid down in the second protocol to the agreement. This not only defines the concept of

"originating products" but also how it should be applied (1).

In certain circumstances (see 2 B) these rules also apply to EEC products exported to Syria even though no preferences are given.

Refined petroleum products are not covered by the origin protocol and separate rules of origin apply in each EEC Member State. However any refined petroleum product based on Syrian crude oil will have originating status.

2. Definition of an originating product

a. A product is considered to be "originating" if it has been entirely produced ("wholly obtained") in the country concerned e.g. a tomato picked from a plant growing in Syria is an originating tomato. In addition a product can also be considered to be "originating" if sufficient work has been carried out.

b. Sufficient working or processing

Sufficient working or processing is defined as that working or processing which places the final product under a different tariff heading in the Customs Cooperation Council Nomenclature. However there are exceptions to this general rule because if it was applied literally it could produce some anomalies between the amount of work necessary for different products. This is because the nomenclature was not constructed for the purpose of fixing the origin of products.

There are two lists of exceptions called Lists A and B. List A states that in addition to the change in tariff heading products must also fulfill some extra conditions. On the other hand List B states that alternative conditions to the change of tariff heading may be fulfilled.

The rules in Lists A and B are either "specific rules" relating to special processes and inputs which must be used or cannot be used or else "percentage rules" specifying the proportion of the value of the product which must come from the country concerned.

Some products are listed in both Lists A and B in which case the conditions of both lists must be fulfilled. If both lists refer to a percentage rule then the proportion of non-originating imported parts cannot exceed the higher percentage. In no circumstances can the two percentages be added together.

The rule of sufficient working or processing of imported products does not apply to those inputs imported by Syria from the Community provided that they are "originating".

[1] A further more detailed guide to the rules of origin is planned for 1978.

c. Minimal Processing

Whether or not a change of tariff heading has taken place and the List A and B rule has been satisfied, more than a minimal amount of processing must take place. For example the following processes are considered as "minimal" and do not involve sufficient processing to give originating status:

- I) preservation of goods during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts and like operations).
- II) simple operations such as removal of dust, sifting or screening, sorting, classifying, matching (including the making up of sets of articles), washing, painting cutting up.
- III) simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in the Protocol to enable them to be considered as originating.
- IV) simple assembly of parts of articles to constitute a complete article.

d. Direct shipping or "Direct Transport"

In addition to meeting to the above criteria an originating product must also be transported directly from the country of origin to the country of destination. This means that products may not pass through another country unless this is necessary for geographical reasons and then only subject to the following stringent conditions:

- I) Nothing more than trans-shipment or temporary warehousing is involved i.e. unloading and reloading. However any process to keep the goods in good condition is allowed.
- II) The goods do not "enter into the commerce of the transit country" e.g. they are not bought or sold there
- III) The goods are not used domestically e.g. are not cleared through customs
- IV) The goods remain under customs control in the country of transit.

Evidence must be shown that the above conditions have been met. This is normally done by presenting a through bill of lading.

There are slightly different rules for goods sent to exhibitions in other countries.

3. EXPORT DOCUMENTATION

Normally a certificate EUR I is used. This is issued by the customs authorities after the exporter has filled in the application forms.

If the consignment is to be sent by post, which includes parcel post, and does not exceed 1000 units of account in value [S.L. 2450] the exporter may choose to use a form EUR 2 which he either fills in himself or allows an authorised representative to complete. The form is then placed in the parcel and does not have to be seen by the customs of the country of export.

No document is required whatever the means of transport if the consignment is:

- less than 60 units of account in value
- contains goods destined for the personal use of the recipient, does not have any commercial purpose and quantity and represents an isolated case.

Information on the detailed application of the rules of origin can be obtained from the appropriate Syrian authorities or from the customs administrations in the EEC Member States.

LOGICAL TREE TO ESTABLISH WHETHER A PRODUCT HAS ORIGINATING STATUS

Q 1 Is your product entirely produced in Syria ?

YES - originating product

NO - Q 2

Q 2* Are the imported parts used originating parts of the EEC ?

YES - originating product

NO - Q 3

Q 3* Do the imported parts not of EEC origin, have a different 4 figure CCCN classification than the final product ?

YES - Q 4

NO - Q 6

Q 4* Is your product listed in List A ?

YES - Q 5

NO - originating product

Q 5 Does your product satisfy the additional criteria set out in List A ?

YES - originating product

NO - non_originating_product

Q 6x Is your product listed in List B ?

YES - Q 7

NO - non_originating_product

Q 7 Does your product satisfy the alternative criteria set out in List B ?

YES - originating_product

NO - non_originating_product

N.B. : At the head of List B in the last column is a general 5% waver for some products chapters 84 - 92, 73.37, 97.07 and 98.03

* If your answer is YES and NO you have to follow through both the YES and NO possibilities. Only if all the answers come out to be originating product do you have one.

F. SYRIAN IMPORT REGIME

MFN TREATMENT

Under the Cooperation Agreement Syria is not obliged to make reciprocal trade concessions with the EEC. Instead it will grant the Community most-favoured-nation treatment (MFN). This means that Syria will extend to the Nine any favourable trading terms offered in subsequent agreements with other countries. The only exceptions are if Syria forms a customs union or a free trade area with the other Mashreq countries. The same applies if Syria joins a larger regional group of developing countries whose aim is to promote economic integration.

In order to meet its own industrialisation and development needs Syria may introduce new customs duties or quotas on Community exports. Alternatively it may increase existing duties and quotas but only after consultations have first been held in the Cooperation Council. The quotas must apply to the Community as a whole and in no case may there be discrimination between EEC Member States.

ANTI-DUMPING PROCEDURE

Should either Syria or the Community find that dumping is taking place in their trade with each other then it can take action under Article VI of the General Agreement on Tariffs and Trade. Similar action can be taken against bounties and subsidies.

However the matter must first be discussed in the cooperation

council, and all necessary trade information provided so that the matter can be fully examined. Any proposed safeguard measures must be discussed by the Council. Such measures must disturb the functioning of the agreement as little as possible and be withdrawn as soon as circumstances permit.

In the event of serious balance of payments difficulties similar safeguard measures can be taken by Syria or individual EEC Member States.

4. ECONOMIC COOPERATION

The aim of the Syria - EEC Cooperation Agreement is to promote the economic and social development of Syria through economic, technical and financial cooperation. This should complement the Syrian government's own development plans and programmes and give special emphasis to regional projects.

Types of Cooperation

Cooperation between Syria and the EEC can take the following forms:

- Development of economic infrastructure e.g. water and power supplies, communications etc. so as to encourage economic diversification; industrial promotion and the modernization of agriculture.

- Industrial Cooperation: The Community can help in several ways to develop Syrian industry:

Participate in Syria's Industrial development programmes

Promote business contacts between Syria and the Community both in the public and private sectors

Facilitate the transfer of technology by arranging favourable terms for the purchase of patents, licenses, etc.

Eliminate non-tariff barriers e.g. packaging, health and safety regulations, impeding exports to either market

Scientific, technological and environmental protection

Assistance in the exploration, production and local processing of Syria's natural sources e.g. oil, gas.

Help develop Syria's fishing Industry e.g. expansion of fishing fleet, training of fishermen, construction of fish processing factories

Encouragement of mutually beneficial private investment through political and economic guarantees against nationalisation, tax rebates, repatriation allowances etc.

Exchange of economic and financial information

The Cooperation Council is responsible for defining the various methods of cooperation outlined above and supervising their implementation.

Financial aid provided by the Community shall be provided in

accordance with Protocol No 1 on Technical and Financial Cooperation and take account of the possibility of triangular cooperation.

COOPERATION GUIDELINES

As the agreement is not expected to be ratified until sometime during 1978 it was agreed to draw up aid programmes beforehand so as to speed up the commitment of Community aid. Accordingly a Community fact finding mission visited Syria in May 1977 to study the economic situation and discuss development needs with the Syrian authorities. This was followed by a Community project identification mission in February 1978.

In October 1977 the Commission sent the EEC Council of Ministers proposals concerning guidelines for technical and financial cooperation. After the Nine have adopted the guidelines they will be submitted to the Syria-EEC Joint Committee for approval.

General objectives

- More training schemes to develop Syria's human and technical potential.
- Expansion of industrial and agricultural production which will also reduce regional imbalances
- Promote industrial cooperation between firms so as to improve the transfer of technology and the creation of joint ventures
- Develop basic infrastructure

Community aid should be used to support the various forms of economic cooperation defined in article 4 of the agreement e.g. exploitation of natural resources. It should also serve as a catalyst to attract aid from other sources and to encourage triangular cooperation i.e. Syrian projects, OPEC capital and Community know-how.

ECONOMIC PRIORITIES

AGRICULTURE

DEVELOPMENT OF PRODUCTION

- increase productivity and extend the area of cultivated land through drainage and irrigation schemes etc.
- Exploit water resources
- Modernise the stocking, transport and distribution of the main agricultural products so as to meet local and regional demand.

INDUSTRY

- Modernise and develop industries to meet local and regional demand
- Develop local raw material processing industries

BASIC INFRASTRUCTURE

- Develop infrastructure such as roads and power supplies so as

to promote regional development and the achievement of industrial and agricultural objectives outlined above.

TRAINING AND TECHNICAL ASSISTANCE

- Technical and professional training schemes in the industrial, agricultural and tourist sectors.
- Technical assistance to help identify, prepare and manage projects.

5. TECHNICAL AND FINANCIAL COOPERATION

As stated in article 1 of Protocol No 1 of the Agreement, the object of Community financial aid is to contribute towards Syria's economic and social development.

AMOUNT AND DURATION OF AID

The aid totals 60 million units of account (1) (S£ 260 million) and extends until 31 October 1981. However the aid can only be released once the agreement has been ratified by the parliaments of the Nine Member States and Syria. This process is expected to be completed by the end of 1978.

Although the aid will be distributed as evenly as possible during the period of application a relatively greater amount may be committed during the first couple of years so as to compensate for the delay over ratification. Any funds remaining at the end of October 1981 can still be used according to normal procedure.

The aid is made up as follows :

EIB Loans	:	34 million eua	(S£ 151.3 million)
Loans on special terms	:	7 million eua	(S£ 31.15 million)
Grants	:	19 million eua	(S£ 84.5 million)
TOTAL	:	60 million eua	(S£ 260.0 million)

The EIB loans will be covered by Community rather than national guarantees. The grants and special loans will come from the Community budget which from 1 January 1978 uses the new European Unit of Account.

The EIB loans come from the bank's own resources and usually benefit from a 2 per cent interest rebate financed by the 7 million eua set aside for grants.

The loans on special terms will be issued for a period of 40 years at a nominal interest rate of 1 per cent. There is a 10 per cent grace period before repayment starts.

Both types of EIB loan may be granted to the Syrian government or appropriate Syrian organisations e.g. Development Banks, for onlending. They must however observe the terms laid down in the Financial Protocol.

[1] 1 eua = S£ 4.45

Purpose of financial aid

EEC financial aid can be used to wholly or partly finance :

- Production and economic infrastructure investment projects especially those aiming to diversify the Syrian economy, promote industrialisation and modernize agriculture. These will usually be financed by EIB loans, loans on special terms or a combination of both. However the use of grants for financing capital projects is not precluded.
- Technical cooperation connected with the above projects e.g. feasibility studies, planning, choice of technology. This will normally be financed by grants.
- Training of staff to work on and later operate the above projects. As with other forms of technical cooperation, training will be financed by grants.

EEC aid should only be used to cover the cost of executing the projects. It may not be used to cover administrative, maintenance or running costs.

Given the modest volume of Community aid in relation to Syria's development needs, co-financing is of special importance. The EEC may jointly finance projects along with Syrian credit and development organisations, EEC Member States and International Finance Organisations e.g. Arab Funds.

Aid Beneficiaries

The following are eligible for EEC financial aid:

- The Syrian government which in turn can authorise aid for the following bodies:
 - Official Syrian Development Agencies
 - Private Syrian Development Agencies
 - Private enterprise in Syria
 - Syrian producer groups
 - Syrian Industrial trainees and scholarship holders

Presentation and Appraisal of Projects

With the approval of the Syrian government each of the above groups may submit a formal request for aid to the EEC. It will then be jointly considered by the EEC and the Syrian government. On the European side it has not yet been decided how this task will be shared between the European Commission and the European Investment Bank. The exact procedure for appraising projects and making financial decisions has also still to be worked out.

The Syrian government or other beneficiaries shall be responsible for the execution, management and maintenance of projects financed by the Community. The Community will check that the aid is used efficiently as possible and in accordance with the objectives laid down in the Protocol.

Award of Contracts

All Syrian and EEC citizens are eligible to tender for contracts for projects financed by the Community.

For projects worth less than 1 million eua (S£ 4.45 million) an accelerated procedure will be used so as to encourage Syrian firms. This means a shorter time limit for the submission of tenders for small projects of special interest to Syrian firms.

In special cases other countries may be permitted by mutual consent to submit tenders. This could apply to co-financed projects.

For the execution of these contracts Syria will apply fiscal and customs arrangements at least as favourable as those applied to other international organisations.

The Community may require a guarantee before granting a loan to a non-governmental body.

Throughout the duration of EIB loans the Syrian government will make available the foreign currency needed for the payment of interest and commission as well as for the repayment of principal.

The Cooperation Council will be responsible for the overall supervision of financial and technical cooperation. It will examine annually how the aid is being used and will examine before 31 October 1981 how the cooperation can be extended for a further period.

EUROPEAN UNIT OF ACCOUNT

The European Unit of Account (EUA) used to express the amounts of aid in Protocol no. 4 of the Syria/EEC agreement is defined as a "basket" of the currencies of the Community's 9 Member States.

The proportion of each member currency in the basket reflects that country's productive and trading importance and is as follows:

German Mark	:	0.828
Pound sterling	:	0.0885
French franc	:	1.15
Italian lira	:	109
Dutch guilder	:	0.286
Belgian franc	:	3.66
Luxembourg franc	:	0.14
Danish krone	:	0.217
Irish pound	:	0.00759

The value of the unit of account in each of the 9 currencies

is calculated daily by the European Commission using market exchange rates.

The daily value of the EUA in each of the Community currencies is published each afternoon and telexed to central banks and financial and press agencies. They are also published periodically in the Official Journal of the European Communities [Part C Communications and Information].

The EUA is calculated as follows. First of all, it is calculated in Belgian Francs according to the official daily exchange rate in Brussels. Then, this initial value of the EUA in Belgian Francs is multiplied by the official national daily exchange rate of member currencies to give the value of the EUA in each of the 9 currencies.

The value of the EUA is not calculated in Syrian pounds because financial transfers will normally be made in the currency of one of the EEC Member States and then converted into Syrian pounds.

The value of the European Unit of Account (1 e.u.a.) on 1 July 1977 was \$ 1.10.

6. INSTITUTIONS

COOPERATION COUNCIL

The agreement is managed by a Joint Committee composed of representatives of the European Community and the Syrian government. The Cooperation Council normally meets annually though extra meetings can be held at the request of either side. The Council is chaired alternately by a representative of the EEC and of the Syrian government.

Functions

The Cooperation Council has the power to take decisions to reach the objectives laid down in the agreement. It may also recommend measures to ensure the smooth running of the agreement. Decisions are taken by mutual consent and are binding on both sides..

The Cooperation Council can set up other specialist committees to help it carry out its duties.. It can also organise meetings between members of the European and Syrian parliaments so as to encourage an exchange of views at a more democratic level.

If either side fails to honour the agreement then the other may take appropriate action. But it must first inform the Cooperation Council and supply it with all relevant information so that the problem can be thoroughly examined beforehand. Any measures taken must affect the smooth running of the agreement as little as possible.

Neither side is obliged to disclose information which it considers classified and essential for its own security.

Non-Discrimination

Both Syria and the EEC agree not to discriminate between each others citizens, companies or firms (art. 34). However under article 24 certain trade restrictions are allowed for reasons of public policy or public security etc. but they must not " constitute a means of arbitrary discrimination or a disguised restriction on trade".

In an exchange of letters on the above two articles the Syrian government says that ".....its undertakings do not require it to repeal laws and regulations in force insófar as they remain necessary for the protection of its essential security interests. Syria will ensure that such laws and regulations are applied in such a way as to ensure compliance with Article 34 of the Agreement "

For its part the EEC "..... expects the principles set out in the Agreement, including those in Articles 24 and 34 of the Agreement, to be put into full application."

The European Community considers in particular that the application of the principle of non-discrimination should ensure the correct and smouth application of the Agreement."

Review of Agreement in 1979

As the agreement is of unlimited duration, reviews will be made firstly in 1979 and secondly in 1984. This will provide an opportunity to examine the effectiveness of the agreement and to propose possible improvements.

Finally the agreement may be terminated twelve months after either side has handed in notification.

ANNEXES

ANNEX A

PROCESSED AGRICULTURAL PRODUCTS

CCT Heading No	Description
ex 17.04	Sugar confectionery, not containing cocoa, but not including liquorice extract containing more than 10 % by weight of sucrose but not containing other added substances
18.06	Chocolate and other food preparations containing cocoa
19.01	Malt extract
19.02	Preparations of flour, starch or malt extract, of a kind used as infant food or for dietetic or culinary purposes, containing less than 50 % by weight of cocoa
19.03	Macaroni, spaghetti and similar products
19.04	Tapioca and sago, tapioca and sago substitutes obtained from potato or other starches
19.05	Prepared foods obtained by the swelling or roasting of cereals or cereal products (puffed rice, corn-flakes and similar products)
19.06	Communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products
19.07	Bread, ships' biscuits and other ordinary bakers' wares, not containing added sugar, honey, eggs, fats, cheese or fruit
19.08	Pastry, biscuits, cakes and other fine bakers' wares whether or not containing cocoa in any proportion
ex 21.01	Roasted chicory and other roasted coffee substitutes extracts, essences and concentrates thereof: - Excluding roasted chicory and extracts thereof
21.06	Natural yeasts (active or inactive); prepared baking powders: A. Active natural yeasts: II. Bakers' yeast
ex 21.07	Food preparations not elsewhere specified or included, containing sugar, dairy products, cereals or products based on cereals (1)

(1) This heading covers only products which, on importation into the Community, are subject to the duty laid down in the Common Customs Tariff, comprising an ad valorem duty constituting the

fixed component and a variable component.

CCT Heading No	Description
ex 22.02	Lemonade, flavoured spa waters and flavoured aerated waters and other non-alcoholic beverages, not including fruit and vegetable juices falling within heading no 20.07 - Containing milk or milk fats
29.04	Acyclic alcohols and their halogenated, sulphonated nitrated or nitrosated derivatives: C. Polyhydric alcohols: II. Mannitol III. Sorbitol
35.05	Dextrins and dextrin glues; soluble or roasted starches, starch glues
38.12	Prepared glazings, prepared dressings and prepared mordants, of a kind used in the textile, paper, leather or like industries: A. Prepared glazings and prepared dressings: I. With a basis of amylaceous substances
38.19	Chemical products and preparations of the chemical or allied industries (including those consisting of mixtures of natural products), not elsewhere specified or included; residual products of the chemical or allied industries, not elsewhere specified or included: T. Sorbitol, other than that falling within sub-heading 29.04 C III

ANNEX B

CONCESSIONS ON SYRIAN AGRICULTURAL PRODUCTS

Customs duties on imports into the Community of the following products originating in Syria shall be reduced by the rates indicated for each of them

CCT heading No	Description	Rate of reduc tion
05.04	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof	80 %

CCT heading No	Description	Rate of reduction
07.01	Vegetables, fresh or chilled: ex h. Onions, shallots and garlic:	
	- Onions, from 1 February to 30 April	50 %
	- Garlic, from 1 February to 31 May	50 %
07.05	Dried leguminous vegetables, shelled, whether or not skinned or split:	
	B. Other (than for sowing)	80 %
ex 08.09	Other fruit, fresh:	
	- Watermelons, from 1 April to 15 June	50 %
08.12	Fruit, dried, other than that falling within heading n° 08.01,08.02,08.03,08.04 or 08.05:	
	A. Apricots	60 %
09.09	Seeds of anise, badian, fennel, coriander, cumin, caraway and juniper	80 %
12.03	Seeds, fruits and spores of a kind used for sowing:	
	E. Other (a)	50 %
12.07	Plants and parts (including seeds and fruits) of trees, bushes, shrubs or other plants, being goods of a kind used primarily in perfumery, in pharmacy, or for insecticidal, fungicidal or similar purposes, fresh or dried, whole, cut, crushed, ground or powdered:	
	A. Pyrethrum (flowers, leaves, stems, peel and roots)	80 %
	B. Liquorice roots	80 %
	C. Tonquin beans	80 %
	ex D. other:	
	- Camomille, mint, cinchona, bark, assia amara (wood and bark), calabar beans, cubeb powder, coca leaves, other wood, roots and bark; mosses, lichens and algae	80 %
12.08	Locust beans, fresh or dried, whether or not kibbled or ground, but not further prepared; fruit kernels and other vegetable products of a kind used primarily for human food, not falling within any other heading	80 %

[a] This concession is solely for seeds complying with the provisions of the Directives on the marketing of seeds and plants.

Customs duties on imports into the Community of the following products originating in Syria shall be applied at the following rates:

CCT heading No	Description	Rate of duty
07.04	Dried, dehydrated or evaporated vegetables, whole, cut, sliced, broken or in powder, but not further prepared: A. Onions	15 %

ANNEX C

BASIC DATA ON SYRIA

Land Area: 185,000 sq. km. of which 45 per cent is arable land

Climate: Sub-Tropical on coast, cold frosty winters in central mountains, desert to the east

Temperature: (Damascus 720 mt. altitude) Hottest month Aug.
18 - 37°C

Coldest month Jan.
2 - 12°C

Time: 2 hours ahead of GMT (Greenwich Mean Time) - summer 3 hours ahead

Monetary Unit: 1 eua = 4.45 SL

1 US dollar = 3.92 SL

PEOPLE, RESOURCES AND EQUIPMENT

Population: 8 million (1978)

Annual growth of population (1970-77) = 3.3 per cent

Density: 43 people per km²

96 people per km² of arable land

Cities: Damascus (capital) 923,000

Aleppo 639,000

Homs 215,000

Hama 137,000

Latakia 126,000

Labour Force: 1.8 million (1975) of which agriculture 916,000 (50 %)

National Income per Person: 670 US dollars (2,630 SL) in 1976

Mineral Reserves: Crude Oil 181 million tonnes (1973)

Natural Gas 35 billion cubic mts. (1973)

Petroleum Refinery Capacity: 5 million tonnes (1976)

Power: 4,032 MW (1977) of which 60 per cent gas and oil, 40 per cent electricity

Oil pipelines: Qarachuk via Homs to Baniyas and Tartus - 700 km
Iraq (Kirkuk) via Homs to Lebanon (Tripoli) - 500 km
Jordan (Saudi Arabian Oil) to Lebanon (Sidon)

Ports: Baniyas (oil), Tartus and Latakia

Airports: Damascus, Aleppo

PRODUCTION

Gross Domestic Product (1976) = 10,000 million SL (2,551 US \$)
(constant 1963 market prices)

Growth in Real Terms (1963-76) = 7.3 per cent

Structure of Gross Domestic Product (1976)	Agriculture	18.2%
	Industry	20.3%
	Trade	19.3%
	Government	11.9%
	Transport and Communications	8.1%
	Construction	5.7%
	Finance	0.1%
	Other services	16.0%

ANNEX O

MAIN ECONOMIC SECTORS

1. AGRICULTURE

Agriculture occupies an important place in the Syrian economy employing 50 per cent of the labour force and contributing 18 per cent of the gross domestic product (GDP). Between 1963-76 the average growth rate was 3.3 per cent. Agriculture is of even greater importance because many industries - cotton spinning, food processing, textiles and leather - are agro-based. Agricultural exports, especially cotton, also make a significant contribution to export earnings.

The total irrigated area is 555,000 hectares out of a total cultivable area of 8.7 million hectares (46 per cent of land area). Most of the remainder is mountains, desert and nomadic pastures. The irrigated area will be substantially increased during the 1977-80 Development Plan (about 70%).

Agricultural production is still highly dependent on rainfall/ and fluctuates greatly from year to year. Cotton, wheat, barley lentils and tomatoes are the main crops grown in the North and West where rainfall is highest. Tobacco, olives and fruit are also grown. Meat, eggs and milk production is still at a low level but is being developed. Production of citrus fruit other than oranges and lemons is increasing rapidly.

As the table belows shows, production of wheat, fruit and vegetables and poultry rose between 1966-75. On the other hand barley, cotton, sugar beet and milk production has either remained static or declined. Syria is usually self-sufficient in cereals though land reforms in the early sixties did not encourage production.

TABLE A
Agricultural production by main crops
(1 000 tons)

	<u>1966-1970</u>	<u>1971-1975</u>	<u>Index [a]</u>
Wheat	767	1 286	168
Barley	433	465	107
Cotton	373	406	109
Sugar Beet	185	192	104
Vegetables	937	1 583	169
Fruits	480	628	131
Milk	529	472	89
Eggs(mln)	275	411	149

[a] 66-70 = 100

In normal years Syria has a positive farm trade balance; cotton exports outweighing imports of fruit, vegetables, meat and animal products. In 1976 Syrian cotton exports to the EEC were worth 39 million ua representing 6 per cent of total exports. In 1973 cotton represented 33 per cent of Syria's world exports most of it going to the East European countries.

Although Syrian farm production has grown steadily its continued dependence on the weather coupled with the land reforms in the sixties means that its full potential has still to be realised. Syria could become a major exporter of cereals and other food crops and achieve self-sufficiency in food products.

PETROLEUM

Production of crude oil has risen from 1 million tonnes in 1968 to 10 million tonnes in 1976. Although it is of low quality due to a high sulphur content there has been a ready market and oil now accounts for 70 per cent of world exports (90 per cent of exports to the EEC). Prospects are good as so far only a small fraction of potential oil bearing land has been explored and the Syrian government has now decided to set up joint ventures with foreign firms.

The main Syrian oil refinery is at Homs and has an annual capacity of over 5 million tonnes.

A second refinery with an annual capacity of 6 million tonnes is being built at the port of Baniyas.

MINING

Phosphate exports are growing rapidly since production started in 1972 at the mine near Palmira. In 1975 900,000 tonnes of phosphate rock were exported and in 1980 production is expected to reach 2 million tonnes.

In addition Syria is thought to possess uranium among its phosphate deposits. It also has 100 million tonnes of iron ore and substantial deposits of chromite and salt.

MANUFACTURING

This sector employs 12 per cent of the labour force and contributes 20 per cent of the GOP. Between 1963-75 the average growth rate has been 9.4 per cent and is now the leading sector in the economy. In all four Syrian Development Plans Industry has been given a prominent place.

The nationalisation of about 65 per cent of Syrian Industry in the early sixties slowed down industrial growth but in 1972 the government changed its policy and started to encourage private enterprise again. Construction has been the main beneficiary and the level of private investment has started to rise again. All the main sectors - food, textiles, chemicals and engineering - are still nationalised.

Growth in recent years has been hampered by heavy military expenditure, war damage, problems of over-centralisation and coordination of economic planning. However it is still higher than in other sectors.

As the table below shows, Syria's manufacturing sector is mainly agro-based. Food and tobacco processing account for 30 per cent of manufacturing output while textiles based on locally grown cotton account for another 30 per cent. Chemicals, cement, glass and other products make up the rest.

TABLE B
PRODUCTION OF THE MAIN MANUFACTURING INDUSTRIES IN 1971-1975
(000 tonnes)

Types of industry	Unit	1975	Index (a)
<u>Food industries</u>			
Canning	ton 000	9.8	172
Olive oil	ton 000	33.2	150
Vegetable oil	ton 000	22.2	85
Margarine	ton 000	6.7	92
Sugar	ton 000	117.1	90

Types of industry	Unit	1975	Index (a)
Alcohol liquids	Mil. meters ³	12.6	177
Tobacco, Tombac	ton 000	6.7	152
<u>Textile industries</u>			
Cotton yarn	ton 000	31.7	135
Woolen cloth	ton	1 536	128
Silk and Cotton textiles	ton 000	36.7	126
Wool carpets	M2 000	287	184
Silk carpets	M2 000	531	135
<u>Chemical industries</u>			
Fertilizers (Azotic)	ton 000	86	-
Soap	ton 000	28.9	124
Cement	ton 000	994	109
<u>Engineering industries</u>			
Liquid gases	M3 000	1 444	170
Glass products	ton 000	25.4	167
Refrigerators	one	52 108	279
Washing machines	one	17 914	111
T.V. sets	set	39 065	319

TRANSPORT AND COMMUNICATIONS

This sector contributes 8 per cent of the GDP and employs 4 per cent of the total labour force. Syria's geographical position means that it plays an important role in the international transit trade, especially for oil. The deep water tanker port of Baniyas is capable of handling 20 million tonnes of Iraqi oil piped via the refinery of Homs. At present the pipeline is not operating due to a dispute between Syria and Iraq over transit dues. Two other pipelines carry Iraqi and Saudi Arabian oil to the Lebanon.

Since the troubles in the Lebanon the importance of Syria's ports in the transit trade has increased considerably. The main general cargo ports of Lattakia and Tartous are being expanded to have an annual capacity of 3 million and 2.5 million tonnes respectively.

TOURISM

The industry has been affected by the war and a negative government attitude during the 1960's. However since 1973 there has been a change in policy and the number of tourists has risen from 450,000 to 680,000 in 1976. Shortage of hotel accommodation is one factor limiting growth.

SYRIA'S 4TH DEVELOPMENT PLAN 1977-80

Syria's ambitious 4th Development Plan has set an annual growth target of 12 per cent per year and involves an

expenditure of 14 billion dollars.

This will involve doubling national savings as well as 1.3 billion dollars of foreign aid. Apart from financial and physical problems in implementing the projects the ultimate success of the plan will depend upon the political situation in the Middle East. About 16 per cent of Syrian GDP is currently spent on defence. Peace is also vital to restore business confidence and promote investment.

In the 1977-80 Plan, Agriculture is given priority. The sectorial allocation of investment is as follows (per cent):

Agriculture:	23.9
Industry:	20.8
Housing and public utilities:	14.9
Energy:	14.7
Services:	13.1
Transport and Communications:	10.4

AGRICULTURE: The Euphrates basin development programme accounts for one third of investments in this sector. It involves the irrigation of 640,000 hectares (of which 240,000 in the next 5 years), land reclamation, roads, housing, water supplies, storage facilities etc. Rice, cotton and fruit are among the crops that will be grown.

There are also irrigation schemes on the Orontes river in the North West and the Khabur (a tributary of the Euphrates) in the North East.

The remainder is allocated for expanding food crops and animal husbandry. The plan aims to increase cereals production by 50 per cent and achieve self-sufficiency in meat, milk and eggs. Cotton production will remain constant at 400,000 tonnes per year but fruit and vegetable production should rise by 70 per cent during the plan period mainly to satisfy the needs of the local canning industry.

INDUSTRY: The main aim is to develop industries based on local raw materials such as textiles and fertilizers. Exports of unprocessed raw materials will therefore be limited. The creation of 5 industrial free zones should encourage the development of the manufacturing and food processing industries. The main sectors concerned are:

Chemicals: 3 new fertilizer plants of 0.6 million tonnes capacity each, 2 superphosphate factories, one paper and one tyre factory.

Textiles: 8 spinning and weaving factories using locally grown cotton.

Food processing: 4 sugar refining factories which should help achieve national self-sufficiency by 1980, several fruit and vegetable canning plants and one brewery.

Cement: 11 new factories which will raise production from 1.2 to 7 million tonnes annually.

MINING: Raise phosphate production from 1.2 to 3 million tonnes by 1980.

POWER: Increase power supply by 5,000 MW about 40 per cent of which will be hydrobased.

ENERGY: Oil production will remain at its current level of about 10 million tonnes per year. A new oil refinery planned for Baniyas will double refining capacity to over 11 million tonnes annually. Gas production will start in 1979-80 at about 250 million cubic metres annually.

TRANSPORT: Syria's port system will be greatly expanded. The capacity of Lattakia will be raised to 4 million tonnes p.a. by 1980 and Tartous to over 3.5 million tonnes p.a. mainly with Russian aid. Syria's railway system is being greatly extended and a single gauge system introduced.

SYRIAN WORLD TRADE

Syrian trade is marked by two main features in recent years: firstly a growing trade deficit and secondly a shift in trade away from the Eastern European countries towards Western Europe.

Between 1970-76 the trade deficit has grown from 643 million SL [10% of GDP] to 4,685 million SL [21% of GDP]. This is despite an improvement in the terms of trade due to increased crude oil and phosphate prices. Since 1974 oil has emerged as the leading export earner and now accounts for 70 per cent of total exports. It is followed by food, cotton and textiles.

Although exports have tripled in value between 1973-76 imports have grown even faster. Main imports are transport equipment, machinery and metal goods (45 per cent of total) followed by chemical products.

As regards the direction of trade, Western Europe has since 1974 replaced the Eastern European countries as Syria's main trading partner and now accounts for about 50 per cent of its trade. Western Germany is the main exporter to Syria followed by Italy, France and the USA. Italy is the main importer of Syrian products followed by France and West Germany. Trade with EEC countries is carried out on a monetary basis instead of the barter system used with the USSR and other East European countries.

The closing of the Iraqi pipeline in 1976 meant the loss of oil transit dues and a dramatic drop in invisible earnings. Coupled with a big drop in remittances from Syrians working abroad and the trade deficit balance of payments has swung dramatically into a deficit of 2 billion SL.

TABLE
SYRIAN BALANCE OF PAYMENTS 1973-76 (million \$)

	1973	1974	1975	1976
1. Goods and Services				
Exports (FOB)	1 339	2 914	3 441	4 141
Imports (CIF)	- 2 341	- 4 176	- 5 697	- 8 826
<u>Trade balance</u>	<u>- 1 002</u>	<u>- 1 262</u>	<u>- 2 256</u>	<u>- 4 685</u>
Oil transit dues	+ 563.2	+ 479.2	+ 505.1	+ 117.8
Shipping and Transport	+ 2.8	+ 13.7	- 34.9	- 19.7
Travel and tourism	+ 52.1	- 363.1	- 296.5	- 186.8
Investment income	+ 12.8	+ 99.8	+ 50.3	- 28.5
Government	+ 54.6	+ 18.9	- 57.3	- 13.2
Others	+ 60.4	- 81.2	- 178.1	+ 47.2
<u>Net Services</u>	<u>+ 746.1</u>	<u>+ 167.3</u>	<u>- 11.4</u>	<u>- 83.2</u>
<u>Unrequited Transfers</u>	<u>+ 1 530.4</u>	<u>+ 1 714.4</u>	<u>+ 2 611.4</u>	<u>+ 1 765.8</u>
<u>Balance on current account</u>	<u>+ 1 274.5</u>	<u>+ 619.7</u>	<u>+ 344.0</u>	<u>- 3 002.4</u>
2. <u>Capital account</u>	<u>+ 95</u>	<u>+ 227</u>	<u>- 35</u>	<u>1 048</u>
Private	- 99	+ 62	+ 68	+ 280
Official	+ 194	+ 165	- 103	+ 768
3. Net errors and omissions	- 185	- 409	- 19	50
4. Overall surplus or deficit (-)	+ 1 089	+ 846.7	+ 379	- 1 954.4

Source: Central Bank of Syria and IBRD

ANNEX E

FOOD AID

Food Aid is not covered by the Syria-EEC Cooperation Agreement. However between 1970-77 Syria has received aid worth about 21 million u.a. from the EEC's Food Aid Programme. This represents about 13 per cent of the value of EEC Food aid given the four Mashreq countries during this period. In 1976 EEC Food Aid for the Mashreq represented 12 per cent of its total food aid.

In February 1977 the EEC gave Syria the following emergency food aid: cereals - 5000 tonnes, powdered milk - 700 tonnes, butteroil - 500 tonnes.

EEC food aid is allocated according to several criteria such as the size of the food deficit, per capita gross national product and balance of payments deficit.

<u>FOOD AID</u> (metric tonnes)	<u>1970-77</u>	<u>1978</u>
Cereals	69,806	No proposals yet
Powdered milk	6,833	"
Butteroil	3,014	"

The European Commission has proposed emergency food aid of 3,500 tonnes of cereals for Syria in 1978. According to the FAO Syria's wheat and cereals harvest in 1977 was only 1.2 million tonnes in 1977 compared with 1.8 million tonnes in 1976.

ANNEX F

E.E.C. EMBASSIES ACCREDITED TO SYRIA (In Damascus unless otherwise stated)

BELGIUM: Rue Ata Ayoubi, Imm. Hachem

DENMARK: Beirut, Lebanon

FRANCE: Rue Ata Ayoubi

GERMANY FEDERAL REPUBLIC: 53, rue Ibrahim Hanano (Imm. Kotob)

ITALY: 82, Avenue Al Mansour

NETHERLANDS: Place Abou Ala'a Al-Maarri

UNITED KINGDOM: Malki, Rue Muhammed Kurd Ali

FINANCE

BANKING

CENTRAL BANK OF SYRIA: 29 Ayar Square, Damascus

AGRICULTURAL BANK: Baghdad St., Damascus

COMMERCIAL BANK OF SYRIA S.A.: P.O.B. 933, Moawia St., Damascus

INDUSTRIAL BANK: Damascus

POPULAR CREDIT BANK: Darwishich Harika, P.O.B. 2841, Damascus

REAL ESTATE BANK: Damascus

INSURANCE

SOCIÉTÉ D'ASSURANCES SYRIENNE: Taghiz St., Damascus

TRADE AND INDUSTRY

CHAMBERS OF COMMERCE

DAMASCUS CHAMBER OF COMMERCE: B.P. 1040, Mou'awiah St.,
Damascus

ALEPPO CHAMBER OF COMMERCE: Al-Moutanabbi Str., Aleppo

CHAMBERS OF INDUSTRY

ALEPPO CHAMBER OF INDUSTRY: Moutanabbi St., Aleppo

DAMASCUS CHAMBER OF INDUSTRY: P.O.B. 1305, Harika-Mouawiya St.
Damascus

EMPLOYERS' ORGANIZATIONS

FEDERATION GENERALE A DAMAS: Damascus; F. 1951; Dir. Talat
Taglubi

TRADE UNIONS

ITTIHAD NAQABAT AL-'UMMAL AL-'AM FI SURIYA (General Federation
of Labour Unions) Qanawat St., Damascus

TRADE

FOIRE INTERNATIONALE DE DAMAS: 67, Bld. de Baghdad, Damascus,
Held annually from July 25th to August 20th

DIL

SYRIAN PETROLEUM COMPANY: P.O.B. 2849, Damascus

TRANSPORT

RAILWAYS

SYRIAN RAILWAYS: B.P. 182, Aleppo

TOURING CLUB DE SYRIE: P.O.B. 28, Aleppo

CIVIL AVIATION

SYRIAN ARAB AIRLINES: P.O.B. 417, Red Crescent Bldg, Yousef
Al Azmeh Square, Damascus

TOURISM

MINISTRY OF TOURISM: Abou Firas El-Hamadani St., Damascus

USEFUL ADDRESSES IN THE EEC

1. The Directorate General of Development
Commission of the European Communities
200, rue de la Loi
B-1049 Brussels
2. The Directorate General of Information
Commission of the European Communities
200, rue de la Loi
B-1049 Brussels

3. European Investment Bank
2, Place de Metz B.P. 2005
Luxembourg

4. The Official Journal of the EEC comes out every day. Subscriptions and sales of issues can be obtained from the following addresses:

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3. FRANCE: Chambre de Commerce de Paris
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7 Clare Street - Dublin 2
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7. Luxembourg: Chambre de Commerce
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8. NETHERLANDS: Nederlandse Organisatie voor de Inter-
nationale Kamer van Koophandel
Prinses Beatrixlaan 5 - The Hague
9. UNITED KINGDOM: Association of British Chambers of
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68 Queen Street - London EC4

ABBREVIATIONS

- ACP : The African, Caribbean and Pacific States which are
signatories to the Lomé Convention
- CAP : Common Agricultural Policy
- CCT : Common Customs Tariff
- EUA : European Unit of Account
- EIB : European Investment Bank
- EEC : European Economic Community
- GATT : General Agreement on Tariffs and Trade
- GNP : Gross National Product
- GSP : Generalised Scheme of Preferences
- MCA : Monetary Compensatory Amount
- O.J. : Official Journal of the European Communities

GLOSSARY

- CAP : The Community's Agricultural Policy is designed to
rationalise agricultural production and establish
a Community wide system of supports and import
controls. It covers more than 95% of the Community's
agricultural production.
- EUA : The monetary unit used by the Community in giving
financial aid to Syria. It is composed of a basket
of currencies of the EEC's nine Member States and
reflects a weighted average of their market values.

- MCA : These take account of basic price differences in intra-Community trade.
- Levies : These are equivalent to countervailing duties and are import duties designed to offset an export subsidy imposed by another country.
- Reference price : This applies to the prices of fruit and vegetable imports and is designed to protect Community producers. It acts as a guide to the Community's internal market price.

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