



**Citizen Centered Participatory Development**  
Society - Economy - Environment

# Highlights on the Syrian Economy and the tenth 5YP Strategy





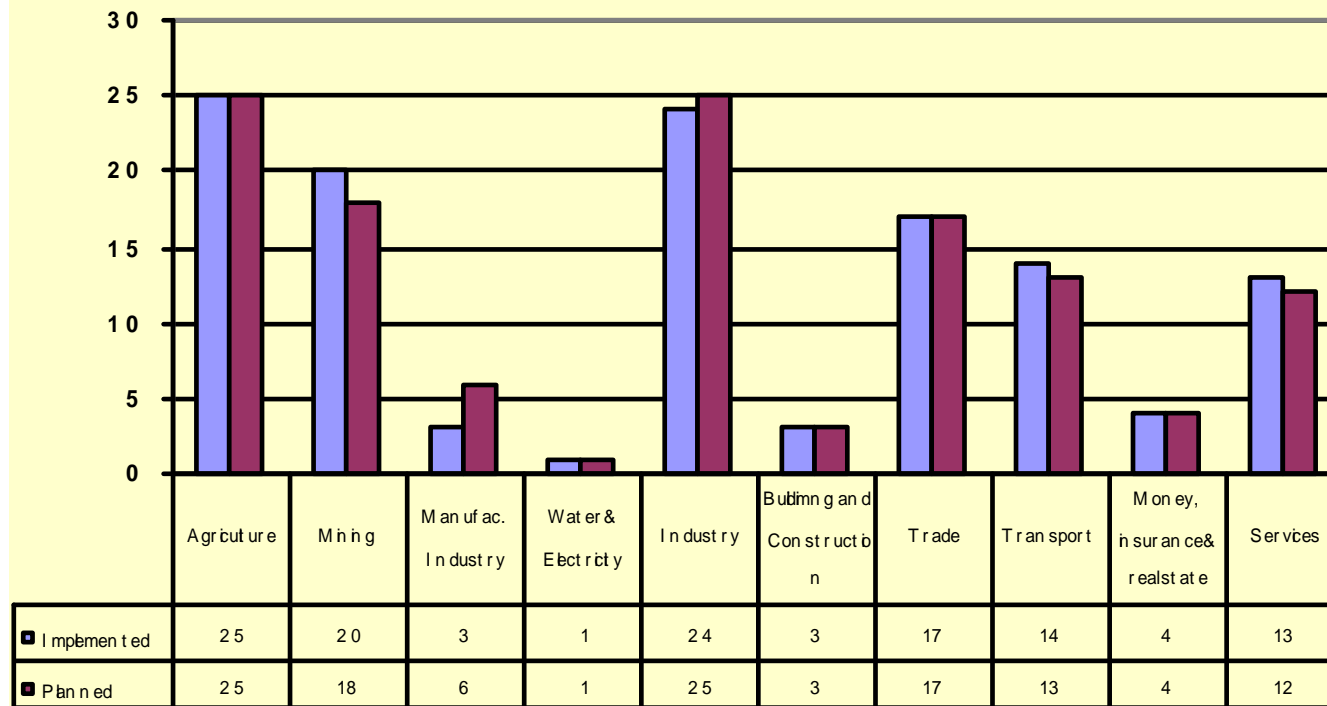
## Main Economic Trends (2000-2005)

- The Ninth Five Year Plan Came in midst of turbulence in the economy (i.e. lowered growth, lowered investment and productivity levels, and aggravated unemployment).
- The economy was in a state of disequilibrium (increasing dependence on mining and agriculture).
- The average GDP growth rate was set to be 3% during 2001-2003 and 4% during 2004-2005 with average of 3.25%.
- We were able to achieve 3.75%
- If we look at the chart we find that the contribution of production sectors to GDP has declined (with the exclusion of mining sector)
- The biggest decline was in manufacturing industries (less than 3% contribution)
- The contribution of financial, insurance and real state sectors also declined.
- The contribution of services sectors, Trade and Transportation doubled.



# Main Economic Trends (2000-2005)

**Figur 2.2: Structural Formation (%) of GDP by sector during the 9th 5YP**



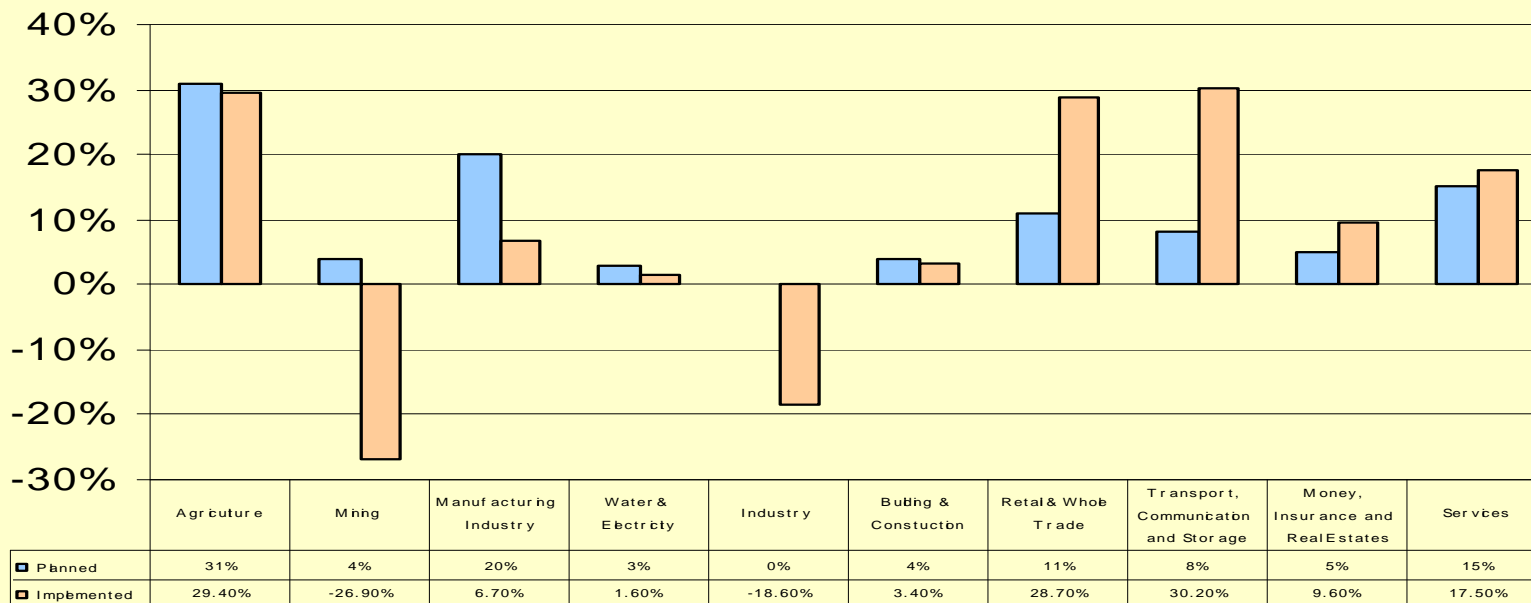


# Contribution to Economic Growth

- **By Sector:**

Major contribution comes from : 37% Trade, 34% Services, 25% Transport, 235 Agriculture (Altogether they contributing 119% of the growth rate which compansate the minus contribution of the mining sector (-29%))

**Chart 2.3 Sectoral contribution in economic growth (%) during the 9th FYP**





# GDP According to Expenditure:

## • Investment:

- Total investment reached 7% (5%) short of the planned target.
  - The reason: Decline in the average of public investment growth rate (12% planned VS 6% Achieved)
- Also, Average Private Investment Growth declined (11% planned VS 7.8% Achieved)
- Accordingly, Actual investment rate to GDP did not exceed 21% (8% private and 13% public).
- This led to the share of private investment not to exceed 35% of total investment.

## • Consumption:

- Average total consumption growth (4.1% Planned V.S 2.6% Actual)
  - Average private consumption growth (3.9% Planned VS 2.3% Actual)
  - Average public consumption growth (5% Planned VS 4% Achieved)
- Average contribution of consumption to GDP growth (3.1% Planned to 1.8% Achieved)



## Export and Import

- Actual average export growth rate was less than 3% and for imports 4%.
- Average rate of export to GDP (32% Planned VS 34% Achieved)
- Average Rate of Imports to GDP: (34% planned VS 31% Achieved)



# Sources of Economic Growth

- **Marginal Productivity of Capital**
  - Average 14% for total investment
  - Average 3% for public investment
  - Average 35% for private investment
- **Job Creation Ability**
  - New comers to the Labor Market were 196 thousands.  
Opportunities were made for 140 thousands.



# Labor Productivity

- Very low (2.6% for both public and private sector)
- The highest in construction (16%) and the lowest in manufacturing industries (-5.5%).
- **Reasons:**
  - Various economic, social, and technical constrains. Most important: The decline of educational qualification, and background among the labor force. (More than 66% have primary school degree and less). Only 7% have university degree.



# Revenue

Item		2000	2001	2002	2003	2004	2005
Revenues	planned	239000	284000	304000	295000	306000	356000
	implemented	245574	306288	301658	332044	306000	356000
	%	102.75	107.8	io99.2	112.6	100	100
Expenditures	planned	275400	322000	356389	420000	449500	460000
	implemented	264928	289161	324361	353651	449500	460000
	%	96.2	89.8	91	84.2	100	100
Investment costs	planned	132000	161000	184000	211000	217000	180000
	implemented	94895	110070	135718	152871	217000	180000
	%	71.9	68.4	73.8	72.5	100	100
Current spending	planned	143400	161000	172389	209000	232500	280000
	implemented	170033	179091	188643	200780	231500	280000
	%	118.6	111.2	109.4	96.1	99.6	100
Deficit		2.1-	1.8	2.2-	2-	12.4-	8.9-



# The Tenth Five Ten Plan (2006-2010)

## Future Vision: Syria 2025

- pursue the development of a matured, modernized, and democratic Syrian society, engaged in implementing a state based on institutions, rule of law, political pluralism, and respect of human right.
- Syria should be able to enhance its position within the Arab Order and prove itself as an effective regional power, capable of supporting the orders economic, political and security capabilities. It should also play an influential role within the regional and international blocs.
- Strengthen its international position on the basis of an awareness of common global interests and goals, consciousness of its national interests and security as well as its economic and political links.
- Capable of raising social prosperity and public welfare ,as well as meeting people's ever changing needs.



- Should be able to achieve social equity and ensure an overall effective participation.
- Should achieve diversified national economy with high competitive edge.
- Should enjoy world standard infrastructures and social and economic services.
- Should be equipped with vibrant and effective culture based on high trust.
- Should achieve progress based upon knowledge, science and technology.
- Should depend upon a large amount of human and intellectual capital, characterized by efficiency, critical and creative mind, as well as a Syrian personality character capable of handling the complexities of societal needs of the future knowledge-based society.
- Should depend upon an effective institutional system and a solid enabling environment worthy of achieving sustainable economic development and growth.



## Basic Strategic Goals for the Tenth 5YP

- Good governance and efficient development management.
- sustainable economic growth and economic restructuring, coupled with a revival of productivity and the assurance of an adequate and enabling market environment.
- Uplifting social, services and technical infrastructure.
- Vibrant and proactive economic culture.



## Basic Strategic Goals

- Pursuit of a development course based upon renovating existing public and private enterprises, and adopting science and technology applications adoption of development that complies with fair and equitable distribution of income, wealth, and power.
- Adoption of development outlook that is keen on implementing sound environment management and preserving natural resources.
- Pursuit of a balanced development and well-focused targeted programs that take into consideration revival of least developed areas, as well as fair distribution of resources to the governorates.



# Macro Development Policy for the Transition Towards Social Market Economy

**The Adopted Policy in the Tenth Five Year Plan Stands on four pillars, all of which are market friendly:**

## **1. A stable Macro Economy:**

providing financial discipline, a prudent approach to fiscal management with the review of subsidy, a commitment to low inflation, tax refund, financial sector reform, exchange rates which reflect the true strength of economy and the restructuring and corporatization of state-owned enterprises. Also, modernization of private sector enterprises.

## **2. A competitive Micro Economy:**

Gradual freeing of pricing and markets so that prices act as key signals to producers and consumers, developing a regulatory framework to ensure competition, including elimination unnecessary barriers to market entry, developing legal and property rights that facilitate the enforcement of commercial contracts and investment in information and in physical infrastructure to minimize transaction cost.



### **3. Global linkages through managed overtore**

Openness towards trade, investment and ideas through the reduction in tariff and non-tariff barriers, encouraging foreign investment and the transmission technologies relatively free movement of people, and, on the basis of a realistic exchange rate, encouraging rate, encouraging exports.

### **4. Investing in people (Human Development First)**

Promoting strong public and private investment in the Syrian Citizen health and education, capitalizing on Human Resource Development for the information age and the transition towards knowledge-based society