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The Way Leading to Business

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Current and perspective Business Opportunities in MENA and Far East Countries."

10 November 2011
ROME

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AGENDA

1. COUNTRY OVERVIEW

- POLITICAL OUTLOOK
- ECONOMIC OUTLOOK
- FOREIGN TRADE

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

- CURRENT AND PERSPECTIVE LOCAL BUSINESS OPPORTUNITIES
- CONSULTANT ROLE AND SUPPORT

1. COUNTRY OVERVIEW: POLITICAL OUTLOOK

BASIC DATA:

- Population: 20.5m
- GDP $61.2bn
- Foreign Exchange Reserves $16.4bn

- Economists believe that the regime of Syria’s president, Bashar al- Assad, and his ruling Baath party will be unable to retain power in the face of ongoing anti-regime protests through its current method of heavy-handed repression and superficial reforms.

- The international community, including the U.S., the E.U. and even the U.N. (with the exception of Russia and China), are getting close to declaring that Mr. Assad has lost legitimacy.

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1. COUNTRY OVERVIEW: POLITICAL OUTLOOK

- An alternative scenario for Syria would entail Mr, Assad taking up the challenge from the western governments and leading the transition to democracy. However, for this to be credible he would need to conduct an internal purge of his regime, getting rid of many members of his immediate and extended family, who control key positions in the security services and in businesses. It is doubtful whether Mr. Assad is capable of this.

- Syria is relying on its non-western allies for support to veto any western-led resolution condemning Syria’s actions at the U.N. Security Council.

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1. COUNTRY OVERVIEW: ECONOMIC OUTLOOK

- Syria's external debt is $8bn(2011). Before the current crises, the Central Bank's foreign exchange reserves covered 12 months of import ($16.4bn).
- Growth is forecasted at 1.1% in 2011 and 3.2% in 2012.
- Inflation for 2011 is forecasted at 7% and will drop to 5.5% in 2012 as commodity prices stabilize and the number of Iraqi nationals in Syria decline, lowering demand.
- If the regime survives, grants from regional allies may be sought, if Syria begins to face a financing crises.
- New spending commitments including the promised increase in the subsidy of diesel by 25%, forecast for 2011 deficit will rise to 7.7% of GDP. In 2012 higher current spending and lower oil prices will lead to further widening of the deficit to 8.4% of GDP.
- The Syrian pound has been loosely pegged to the IMF special drawing rights since 2007 and is tightly managed by the Central Bank. As international pressures mount, the Central Bank has threatened to shift its dealings from Euro to the Russian Ruble and China's Yuan.

1. COUNTRY OVERVIEW: FOREIGN TRADE

- Exports are expected to grow to $12.5bn in 2011-12 provided that the unrest does not affect the crucial trade routes to Turkey and Iraq.
- Syria’s oil output will pick-up in 2011-12 averaging 392,000 barrels a day. However, transport of oil from Syria’s ports is costing increased insurance Premiums.
- Imports will decline as political uncertainty limits consumer spending.
- Political instability is likely to deter investment in most Areas, except the oil and gas sector.
- Syria’s imports of refined oil products are about equal in value to its export of crude oil.

1. COUNTRY OVERVIEW: FOREIGN TRADE

- Trade deficit forecast is averaged at $1.4bn or 2.2% of GDP in 2011-12.

- The current account deficit will widen to an average of $2.3bn(3.7% of GDP).

- 2010 Destination of Exports

Destination of Exports	
Iraq	30.2%
Lebanon	10.0%
Germany	9.3%
Italy	9.3%
Others	41.2%
(Total Exports: $12.8bn)	

Origin of Imports	
Saudi Arabia	11.2%
China	10.6%
Turkey	8.0%
Italy	5.8%
Others	64.4%
(Total Imports: $13.5bn)	

1. COUNTRY OVERVIEW: FOREIGN TRADE

Primary Exports

Crude oil
Minerals
Petroleum products
Fruits & vegetables
Cotton fiber
Textiles, clothing
Meat, live animals
Wheat

Primary Imports

Machinery
Transport equipment
Electric power machinery
Food & livestock
Metal products
Chemicals
Plastics
Yarn
Paper

1. COUNTRY OVERVIEW: FOREIGN TRADE

Italy – Syria 2010

- Total Imports: Eur 1.133 Mln
- Total Exports: Eur 1.171 Mln

1. COUNTRY OVERVIEW: FOREIGN TRADE

- The Central Bank of Syria has recently indicated its decision to suspend the imports of products that are subject to tariffs, if more than 5%. The ban will cover 25% of Syria’s total import bill. It will affect various products such as cars, furnishings domestic appliances clothes, food items. This measure is intended to protect Syria’s foreign currency reserves.

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

CURRENT AND PERSPECTIVE LOCAL BUSINESS OPPORTUNITIES

- The continuation of the prevailing political unrest in Syria is having a direct negative impact on the economy and is resulting in tense relations with the western and regional countries.
- Direct Foreign Investment will remain on hold until the country stabilizes. In September 2011, the EU banned investment in Syria’s oil sector and put a ban on Syrian crude oil imports on top of an embargo. The EU foreign ministers are set to call again on President Assad to step down and allow for a political transition.
- Other challenges facing companies doing business with Syria, include the newly imposed import ban on certain products to save the country $6bn of its foreign currency reserves.
- Some of the projects that the Syrian government projects include the Syria-Iraq joint Free Zones, and the Iraqi-Syria Rail Link which is completed and is expected to start operation in 2012.

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

CONSULTANT ROLE AND SUPPORT

- Act as an intermediate between Banca UBAE and Italian Exporters to furnish contact and communication between Italian companies interested in doing business with counterparts in the Levant region.
- Identify business opportunities.
- Facilitate meetings through UBAE between the Italian companies and local counterparties.

2. BUSINESS OPPORTUNITIES FOR ITALIAN COMPANIES

CONSULTANT CV

- 1999 – 2010 — Senior Vice President – Regional Head EMEA – North America - Australia - New Zealand Financial Institutions Mashreqbank Dubai - U.A.E.
- 1995 - 1999 — Vice President Bank of Bermuda - Representative Office Manama – Bahrain
- 1977 – 1995 — Senior Director Head Financial Institutions Middle East Region New York (1977 – 1992) Manama - Bahrain (1992-1995)