

Chapter 4 - Syrian Trade Policies

This chapter deals with recent evolution of Syrian institutions and policies relevant for agricultural trade, as well as with the negotiation and implementation of trade agreements by the Syrian government.

A new trade environment is emerging as result of the institutional and macroeconomic policies changes brought about by the economic and administrative reform program. Particularly significant are the reform of the banking sector, the evolution of the exchange rate and currency use regulation as well as the modification of the functions of the related institutions such as the Credit and Monetary Council (CMC).

With specific reference to trade interventions, Syria adopted the Harmonized System (HS) for classifying its tariff schedule consistently with international standards. This will facilitate the implementation of the trade agreements being implemented or negotiated. Indeed, while custom tariff are being reduced within the framework of the Great Arab Free Trade Agreement (GAFTA), various bilateral agreements have been concluded and are being implemented with various Arab countries. Moreover, Syria has recently finalized the technical negotiations of the EU-Syrian association agreement while the application for accession to the WTO was formally received by the Ministerial Conference held in Cancun.

4.1. Recent changes in trade related institutions

The economic and administrative reform program is deeply changing the administrative and macroeconomics setting of national policy making. This section provides an overview of institutional changes of particular relevance for trade regulation and performance.

4.1.1. Credit and Monetary Council

The functions of the Credit and Monetary Council (CMC) have been re-defined under Law no. 23 of March 17, 2002 with the aim of achieving the following objectives:

- consolidating and regulating the monetary and financial capacity in line with national economy needs;
- preserving the purchasing power of the Syrian currency;
- stabilizing the exchange rate of the Syrian Pound and ensure its convertibility;
- ensuring efficient utilization of financial resources and improving national income.

The Council is composed of the Central Bank of Syria (CeBS) Governor acting as chairman, the two deputies of the CBS governor, the deputy ministers of economy and foreign trade, finance, agriculture, and industry members. It acts as the government financial advisor and proposes measures related to financial, monetary, and banking activities, assuming responsibility for:

- setting and managing monetary policy in line with the government overall strategy for price stabilization and preservation of the purchasing power of the Syrian

currency as well as for credit, interest rate, saving, and exchange rate;

- monitoring the performance of the banking system, and supervising banking activities through the CeBS;
- regulating transactions in hard currency including electronic transactions;
- conducting surveys and studies as requested by the executive authority.

4.1.2. Ministry of Economy and Trade

With the aim of simplifying administrative procedures and reducing fragmentation of responsibilities, the Ministry of Economy and Trade (MET) was established under Legislative Decree no. 69 of October 5, 2003 to replace the Ministry of Economy and Foreign Trade and the Ministry of Supply and Domestic Trade. The MET assumed the functions of the two former ministries with the exception of the supervision of banking and insurance which was transferred to the Ministry of Finance.

4.1.3. General Establishment for Foreign Trade

The General Establishment for Foreign Trade was established under Legislative Decree no. 20 of March 22, 2003 in order to better coordinate public operations in foreign trade. To this effect it consolidated in a single institution the following six establishments:

1. the General Establishment for Foreign Trade of Minerals and Construction Materials;
2. the General Establishment for Foreign Trade of Food Stuff and Chemicals;
3. the General Establishment for Foreign Trade of Machinery and Equipment;
4. the General Establishment for Trade and Distribution;
5. the General Establishment for Foreign Trade of Textile; and
6. the General Establishment for Pharmaceutical Trade.

4.1.4. Private banking

Legislative Decree no. 28 of 2002 set the legal framework for the establishment of private banks. It stipulates that:

- a bank can either be exclusively privately owned, or be a joint venture with the Government or a government body or organization;
- a bank must be at least 51% Syrian owned;
- individual investors cannot own share exceeding 5% of the bank's capital;
- a bank should have a minimum capital of 1.5 billions SP and its establishment should be approved by the CeBS, the Ministry of Economy and Trade, and the Prime Minister;
- the CeBS is responsible for the supervision of banking activities and should approve the appointment of the bank's board members;
- banks cannot "engage in commercial, industrial, or other services unrelated to banking, or from issuing loans to board members, bank officials, auditors, and state employees who have regulatory responsibilities".

As of early 2004, the creation of 3 banks has been authorized and two of them started operations, while the applications of two other banks are being processed.

4.2. Recent changes in trade related policies

This section provides an overview of recent changes in macro and sectoral policies that are not exclusively related to trade but have a direct influence on trade performance and, more specifically, on agricultural trade.

4.2.1. Exchange rate and foreign currency use

Syrian exchange rate regulation was traditionally characterized by the existence of multiple exchange rates applied to different types of transactions so as to influence the domestic value of imported commodities according to social and economic considerations. Moreover, the multiple exchange rates were accompanied by equally complex regulations concerning access to and use of foreign currency by public and private agents. These regulations have often resulted in divergences between the official exchange rates and the one prevailing on the market as well as in the need to adopt complex administrative procedure for rationing access to foreign currency. As part of these regulations, exporters were demanded to surrender a variable share (up to 100%) of their exports' proceedings to the Commercial Bank of Syria (CoBS) at an exchange rate usually lower than the prevailing market rate, while importer were expected to demonstrate possess of hard currency obtained from exports' operations before being granted an import license.

Over the past decade the Government has shown an increasing determination to simplify currency use regulations and to unify the exchange rates at a level close to the one prevailing on the market. This process was characterized by a gradualist approach motivated by the concern for possible adverse economic and social impact of the devaluation involved in the unification. However, the process of exchange rate unification and currency use liberalization has been significantly accelerated during recent years with the aim of facilitating external transactions and enhancing transparency of the trading system.

An important step in this direction was represented by the Decision no. 1184 issued by the Ministry of Economy and Foreign Trade on September 19, 2002, allowing exporters to keep 90% of their export earnings so as to reduce to 10% only the obligation to surrender the foreign currency to the Commercial Bank of Syria. Exempted from the surrendering obligation were public and private exporters of fruit, vegetables, table eggs, and medicine, who were already allowed to retain 100% of their export earnings.

A further substantial step forward was made with the Cabinet Decision no. 1100 issued on July 15, 2003 which eliminated the obligation to finance import through export earnings stipulating the following:

- regulations related to the payment of the value of imports from export proceedings are eliminated;
- imports of goods not included in the import ban list can be paid from the importer's account held in the CoBS and replenished by legal means.
- exporters are allowed to retain their exports' earnings as well as to use the them as follows:
 - sell them to the CoBS at the *neighboring countries' exchange rate for non commercial transactions* (currently denominated "free foreign currency exchange rate");
 - cover the value of imports or sell them to other dealers through the CoBS;

- apply the *system of equivalent deal* according to which exporters can cover the foreign exchange commitments by imported goods and according to a custom certificate³⁵.

This decision cancelled the exporters' obligation to sell to the CoBS a share of their revenues in hard currency and, de facto, abolished the so called export proceeding market. Indeed, this market resulted from the linkage between import and export and, more specifically, from the obligation to finance private imports using foreign exchange earned from exports. On this market exporters could sell to importers the part of their earnings in foreign currency that they were not obliged to surrender to the government at a rate usually denominated "export proceeding exchange rate". This rate was determined according to demand and supply. It was usually higher than the private market exchange rate in recognition of a premium for the legal status of the traded currency and, in the past, it even climbed above 60 SP/US\$.

Moreover, on January 1, 2004 the Decision N.3 of the Prime Minister stipulated that:

- the exchange rate applied on the calculation of the state budget revenues and expenditure is the one of the neighboring countries applied on the transactions of public enterprises. Accordingly it will be called "public and state transactions exchange rate";
- this exchange rate will be defined as from January 3, 2004 at 48.5 SP/US\$ for purchase and 48.65 for sale;
- the name "foreign currency exchange rate – neighboring countries for non trade transactions" issued by the CBS will be modified to "free foreign currency exchange rate list";
- the CoBS will adjust the exchange rates included in the free foreign currency exchange rate list so as to reflect the actual value of the Syrian Pound value in the market;
- the "public and state transactions exchange rate" will be applied to collect the custom fees because it replaces the neighboring countries exchange rate;
- the official exchange rate conveyed to the IMF will still be applied on the repayment of the debts and interests installments resulting from payment and credit arrangements.

As a result, the system of exchange rates currently in place can be summarized as follows:

A. Official exchange rate: fixed since early 1990s at 11.20 SP/US\$ for purchase and 11.25 SP/US\$ for sale, only applies to the repayment of the external debt.

B. Public and state transactions' exchange rate set at 48.5 SP/US\$ for purchase and 48.65 for sale since January 3, 2004, replaced the *neighboring countries exchange rate* previously fixed at 46 SP/US\$ for purchase and 46.5 for sale. This rate applies to the following public transactions:

- calculating tariffs on import (replacing the set of rates previously applied and known as "custom exchange rate", see section 4.3.1 below);
- valuing foreign currency earnings of public exporters sold to the CoBS;
- opening letters of credits for public imports;
- valuing transfers among public enterprises and establishments and items in foreign currency included in the state budget.

C. Free foreign currency exchange rate replacing the *neighboring countries exchange rate for non trade transactions*. This rate oscillated around 51.5 SP/US\$ during 2003 and is determined by the CoBS in collaboration with the Central Bank, on the base of the exchange rate

³⁵ The *equivalent deal system* refers to barter trade. Accordingly, the regulation can be interpreted as allowing exporters to keep abroad their earning in foreign currency to be used for finance an equivalent value of imports, to be demonstrated according to a custom certification.

registered in Beirut and Amman (around 52-53 in 2003). This rate is applied to the following transaction:

- foreign currency purchase from Syrians living abroad;
- foreign currency purchase from exporters;
- earnings of tourist establishments transferred to the Commercial Bank;
- foreign currency sold to industrialists to pay for their imported raw materials³⁶;
- foreign currency sold to travelers abroad for medical or religious reasons as well as for tourism up to a maximum of US\$ 2000 per person per year.

4.2.2. Trade Related Agricultural Policies

In 2002, Decision no. 60 of the Supreme Agricultural Council (SAC) adopted the world price for cotton as the price paid by the General Establishment for Cotton Ginning and Marketing for cotton cultivated in the excess to the area indicated in the agricultural plan³⁷. This policy aimed at reducing the cotton cultivated area in such a way to rationalize water use and reduce export costs. Indeed, the latter had been increasing due to the difference between the price granted by the government to domestic producers (constant since early '90s) and the falling price registered on international markets also as an effect of the production subsidy policy adopted by the major producing countries. This adoption of the international market price for the production realized outside the planned area was accompanied by the reduction of the planned area for cotton cultivation and the promotion of the establishment of additional processing plants aiming at reducing export of raw cotton in favor of process cotton products that could capture a larger value added share.

In the olive sector, taxes and other fees imposed on olives and olive oil exporting companies were reduced in order to promote private exports. In particular, the government eliminated taxes and fees levied on olive oil firms with a productivity of less than two tons of olive oil per day. Furthermore, long term loans were granted for the modernization of traditional olive oil extracting units.

4.3. Trade Policies

Syrian trade policies have undergone in the recent years substantial reforms with the aim of promoting private participation in trade, facilitating integration in the international economy and rendering the regulatory framework more homogeneous to the one adopted by main trading partners. In particular, a new tariff system was adopted and non tariff regulations simplified.

4.3.1. The new tariff system

The Syrian tariff system underwent a major restructuring, since the Harmonized System (HS) of products' classification and a new "systematic tariff schedule" was introduced.

With the aim of ensuring consistency between the Syrian and the international trade system, Decree no. 265 of May 9, 2001 adopted the Harmonized System without any addition or modification.

³⁶ It is worth mentioning that, following the requests of Syrian manufacturers the Syrian government authorized the Commercial Bank of Syria to provide Syrian industrialists with the foreign currency required to cover the import of raw materials and other inputs required for producing for export (Prime Minister's Decree N. 5336 of 24/9/2002) as well as for the local market (Decision N. 1413 of 25/11/2002 issued by the Ministry of Economy and Foreign Trade). To this effect US\$ 500 Million were made available as cash to finance imports needed for productions demanded on the local market and an equivalent amount was made available as credit in hard currency, with a one year maximum repayment term, to finance imports needed to produce for export.

³⁷ For the 2002/2003 the price of cotton cultivated in the planned area was 30.75 SP/kg, while for the cotton cultivated on area not covered by the agricultural plan the price was 14.40 SP/kg.

The HS came into force in 1988 and, since then, most countries have adopted this system. The HS evolved from the customs tariff nomenclature of the Customs Cooperation Council (now World Customs Organization - WCO). The original customs tariff nomenclature of the Council was the 1983 Brussels Tariff Nomenclature (BTN). The following criteria were adopted and maintained in all revisions of the nomenclature: classification according to raw or basic material, to the degree of processing, by use or function and classification according to economic activity. Presently, the system contains 21 sections, 97 chapters and 1,241 headings at the four-digit level, 930 of which are further divided in sub headings. In total, there are 5,113 separate categories of goods identified by a six-digit code: the most recent revision of the System took place in 2002. Most countries that adopted HS have added one or more digits to further classify products of particular national interest. An overview of the classification is presented in **Tables 4.1** and **4.2**.

Another main breakthrough in the Syrian tariff system is represented by the Decree no. 336 of September 28, 2002, which introduced a substantial simplification in the entry duties. Indeed, under the previous system imports were subject to two main custom duties.

The first one, a product-specific *import tariff*, ranged between 1% and 150% (**Table 4.3**)³⁸ on the base of economic and social consideration, and with special attention to the impact of the tariff on the price of product sensitive for food security and, in the case of raw materials, for industrial development. Accordingly, tariff rates were quite variable for different items and the highest rates were applied on luxury products.

The second one was additional to general import tariff and usually is indicated as *unified tax* because it replaces a set pre existing taxes on import established to finance public expenditure in defense, port, schools, municipality, sea freight, import and export licensing and statistics. The unified tax ranged between 6% and 35% (**Table 4.3**) and was proportional to the product-specific import tariff³⁹.

In addition, custom duties (both import tariff and unified tax) were also heavily influenced by the exchange rate used for computing the value in Syrian Pound of the imported good (the so called *custom exchange rate*). Indeed, different rates (11.25, 23, and 46.5 SP/US\$ during recent years) were applied to different types of goods based on economic and social consideration. For example the lowest rate was applied to calculate the value of basic foodstuff, medicines, infant foods and raw materials⁴⁰, so that by applying the above mentioned import tariff and unified tariff these products would pay duties lower than those paid by products subject to the same tariff rates and higher exchange rates.

In order to reduce complexity and enhance transparency of trading system, the Decree no. 336 of September 28, 2002⁴¹, abolished the custom exchange rate and introduced a single tariff schedule (the *Systematic Tariff*) defined in such a way to leave unchanged total tariff revenues as well as custom duties paid for each imported good when the value in Syrian Pound of the imported good is calculated using the neighboring countries exchange rate (at that time 46.5 SP/US\$, now replaced by the *state transactions' exchange rate* at 48.65 SP/US\$).

An example can help clarifying the correspondence between the old system and the new Systematic Tariff: in the case of fresh fat (code 04013010), the Systematic Tariff is calculated according to the following example:

- (1) the product specific import tariff was 7%;

³⁸ Table 4.3 refers only to selected agricultural products.

³⁹ Imports of specific products, such as flour, were exempted from the unified tax.

⁴⁰ Base on the same criteria, higher rates were applied on luxury products or on products previously included in the import ban list.

⁴¹ A preliminary step toward the unification of the custom duties was taken with the Decree no. 266 of May 9th, 2001 that unified the import tariff and unified tax for agricultural and industrial production inputs and raw materials in a single *ad valorem* duty of 1%.

- (2) the corresponding unified tax was 13%;
- (3) Total tariff is $7 + 13 = 20\%$ of the import value calculated using a custom exchange rate of 11.25 SP/\$;
- (4) The new exchange rate is 46.5 SP/\$;
- (5) The new exchange rate divided by the old one is $46.5/11.25 = 4.13$;

The new Systematic Tariff rate is calculated dividing the old total tariff rate (3) by the exchange rates ratio (5), which gives $20/4.13 = 5\%$. In other words the new Systematic Tariff rate was obtained as the sum of the previously applied import tariff and unified tax for commodities subject to 46.5 SP/US\$ and dividing that sum by 4.13 for the commodities subject to the exchange rate of 11.25 SP/US\$ and by 2.04 for commodities subject to the exchange rate of 23.

The new tariff level for main agro-food products are reproduced in **Table 4.3** together with the old tariff and applicable custom exchange rates.

Notwithstanding the significant simplification and rationalization brought about by the new tariff system, it should be noticed that imports are still subject to other imports fees, additional to the unified tariff, that can be summarized as follows:

- all imports should pay a fee for import documents' authentication of 1% of the imports' value (subject to a minimum of US\$ 16 and a maximum of US\$1500) either to the Syrian Embassies in the country of origin or, whereas an embassy is not existing, to the Ministry of Finance upon entry into Syria;
- goods whose import was previously restricted to public establishments and should now be authorized by the Foreign Trade Establishment pay a commission to the Establishment as follows:
 - 1.5% of the import value for some food commodities, such as rice and sugar;
 - 15 SP per kilogram for oils and ghee;
 - 2% of the import value for vehicles;
 - 2.5% of the import value for minerals and textile fibers;
 - 3% of the import value for medicine and milk.

This non exhaustive list shows that imports are still subject to a some fees additional to the tariff duty. Further simplification of the system is expected to facilitate trade exchanges, but it needs to be conjugated with the need to preserve the fiscal revenues, which, for many of these fees, is directly committed to finance a specific activity. For example the document authentication fee mentioned above is a main source of financing for the activities of the Syrian Embassies abroad.

4.3.2. Non-tariff barrier and sanitary regulations

Syria has been progressively removing non-tariff import constraints on agricultural commodities. The import licenses required from the Ministry of Supply and Internal Trade were cancelled for all goods except wheat, flour, barley, lentil, and chickpea (Ministry of Economy and Foreign Trade, Decision n. 1515 of December 12, 2002). Regarding grains, in 2002 the Ministry of Supply and Internal Trade with its instructions no. 9 of October 9, 2002 and no. 74 of November 11, 2002 decided that:

- wheat, barley, and lentils imports are suspended during the period May 1 – September 1, which is the peak period for domestic harvesting and marketing of these grains
- wheat importers are requested to pay a deposit in Syrian Pounds equivalent to the value of the imported wheat, which is reimbursed upon the presentation of documentation proving that the imported wheat has been either re-exported or milled locally for and sold for domestic consumption;

- imported barley should be colored in order to distinguish it from the domestic one.

The latter regulation was modified with the circular no. 74 of November 14, 2002 so that barley can now be imported both colored and uncolored.

In addition to the above mentioned licenses, agricultural imports are subject to a certification of compliance with the sanitary and phyto-sanitary regulations to be obtained from the Ministry of Agriculture and Agrarian Reform. **Box 4.1** summarizes the main phyto-sanitary requirements, while **Box 4.2** points out the main veterinary requirements for live animals and manure.

Box 4.1.: Phyto-sanitary requirements

The main sanitary requirements for agricultural imports as stated by Law n. 21/T of 1991, modifying Law n. 237 of 1960, can be summarized as follows:

1. The agricultural consignment are allowed to entry the country if the infestation ratio does not exceed the identified ratio. For example:
 - for grains: the infestation does not exceed one living insect or one of its living stages per each kilogram and the ratio of the infestation does not exceed 1% of the agricultural consignment prepared for manufacturing or consumption (excluding flour);
 - for vegetables and fresh fruit: the infestation does not exceed 2% of the consignment;
 - for flour imported for consumption: the ratios of the living infestation or mites or various stages (egg, larva, pupa, and adult) does not exceed in its entirety 15 living insects per 50 kilogram.
2. The documents accompanying the imported agricultural consignments should be as follows:
 - Certificate of origin issued by the official institution of the country of origin;
 - Agricultural health certificate issued by the official institution of the country of origin and compatible with the international agreement adopted in Rome Treaty for plant protection of 1952;
 - The certificate should mention that the consignment is free of viral diseases if intended for cultivation and free of the pests identified in the import license;
 - The certificate will be rejected if it is written more than 15 days before shipment.
3. The documents accompanying the exported agricultural consignments should be as follows:
 - The exporter should submit an application on a specified form to the Agricultural Quarantine Bureau;
 - Each consignment licensed for export will be issued an agricultural health certificate according to the model adopted by the international agreement adopted in the Rome Treaty for plant protection of 1952.
4. It is prohibited to introduce the following products⁴²:
 - Agricultural soil;
 - Live agricultural pests in any stage;
 - Residues of plant material consumed on airplanes, ships, trains and other;
 - Bacterial, fungal or micro-organic cultures harmful to plants;
 - Natural organic fertilizer;

⁴² Specific licenses for the import of these products by scientific institutions are provided by the MARR.

- Cultivated agricultural consignment when it is mixed with prohibited soil difficult to separate.

Box 4.2.: Sanitary requirements for imports of livestock and livestock products.

The veterinary requirements for imports are drawn from Law n. 60/T of 1988, modified by decisions n. 1123 and n. 1618 of 2001 and decision n. 357 of 2002. Accordingly, imports of living animals and manure are subject to the following:

- Imports should obtain a sanitary certification from the Ministry of Agriculture and Agrarian Reform;
- Imports have to be accompanied by the certification of origin from the country of origin;
- The Ministry of Economy and Foreign Trade should be informed of the approval by the Ministry of Agriculture and Agrarian Reform;
- The above-mentioned licenses have a maximum validity of three months;
- Imports have to be accompanied by an international veterinary certification approved by the Syrian embassy in the country of origin not more than fifteen days before arrival in Syria;
- The transit imports of live animals should be in closed carriages and accompanied by official certificates that assures they are free from diseases.

4.4. Trade agreements

During the last two years, Syria consolidated its relations with Arab and foreign countries by implementing past agreements and signing new ones in order to facilitate and increase trade flows, as well as to stimulate economic development in the Region. Most of these agreements aim to eliminate trade barriers and include the agricultural sector.

This section, firstly, considers the most relevant agricultural provisions stemming from the implementation of the GAFTA agreement, as well as the bilateral treaties with Lebanon and Jordan⁴³; then, it describes the most recent agreements concluded with the United Arab Emirates (UAE), Saudi Arabia, Sudan, and the EU.

4.4.1. Great Arab Free Trade Area (GAFTA)

The Great Arab Free Trade Area (GAFTA) constitutes the most recent and until now the most significant step taken by the Arab countries to achieve a significant level of economic integration.

The agreement, whose implementation started in 1998, foresaw a gradual and complete trade liberalization by 2007 to be achieved by reducing all custom tariffs by 10% each year over a 10 year period. Thereafter, the Economic and Social Council of the Arab League decided, in the 68th session held in 2001, to accelerate implementation of the agreement so as to achieve full liberalization by 2005. Accordingly, tariffs will be reduced by 20% in 2004 and 2005.

However, in order to minimize possible adverse effects and to facilitate the adjustment of the national production systems, during the implementation period each member state is allowed to draw up a list of exceptions to the tariff reduction program. As regards agricultural products, the most relevant exception is the opportunity to suspend tariff reductions for sensitive produces during the peak harvest seasons. To this effect each member country was entitled to establish a list of maximum 10 sensitive products exempted from the tariff reduction during periods of the

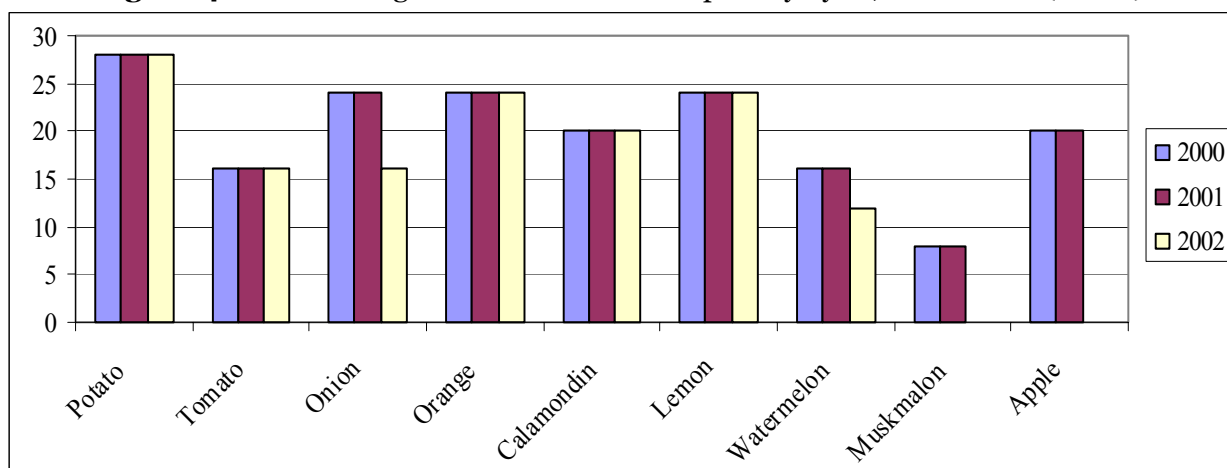
⁴³ These bilateral treaties follow the implementation of the Executive Program of the GAFTA, according to which any two or more members can exchange additional trade concessions in advance relative to the GAFTA timetable.

year specified in an “agricultural calendar”, for a total period not exceeding 45 months. This exemption cannot be used to ban imports of any product, but, during the periods included in the agricultural calendar, imports of the specified products are subject to the full tariff in place before GAFTA implementation started. The Economic and Social Council of the Arab League, in its 68th session, also decided to restrict the applicability of the agricultural calendar as follows:

- a maximum of 7 products can be included in the list by each country;
- each product can be exempted for a maximum of 7 months per year;
- total duration of the exemptions for all products cannot exceed 35 months.

The agricultural calendars adopted by most GAFTA countries over the last years are reproduced in the **Tables 4.4, 4.5** and **4.6**. It can be noticed that the periods during which the tariff reductions are suspended largely coincide with the harvest season of each crop. This significantly limits the trade creation effect expected from the Agreement and is justified only as a transitional measure aiming to smooth the adjustment of national systems to the free trade environment. **Figure 4.1** summarized the calendar adopted for main Syrian imports over the period 2000-2001.

Figure 4.1 - GAFTA Agricultural calendar adopted by Syria, 2000-2002 (weeks).

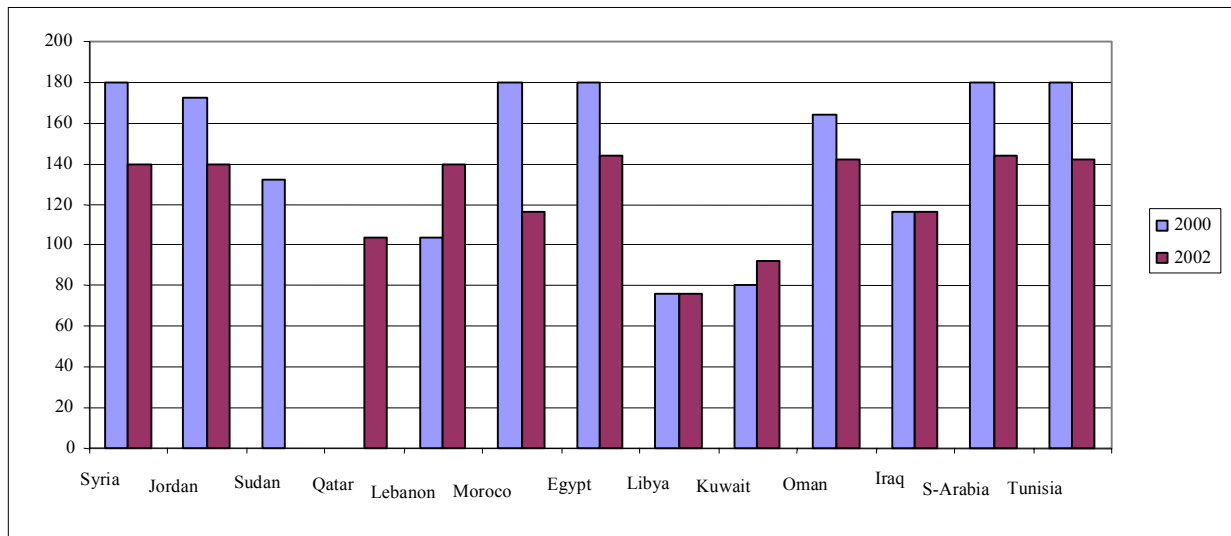


Source: Tables 4.4, 4.5 and 4.6.

Most of the products in the figure do not show any changes in terms of "protected weeks". However, imports of apples and muskmelon were completely liberalized in 2002, while onion and watermelon registered a reduction in the number of protected weeks from 24 to 16 weeks and from 16 to 14 weeks, respectively.

Figure 4.2 reports the total number of protected weeks for all products in each GAFTA country, comparing 2000 with 2002. Most countries reduced the extent of protection, though at an uneven pace. Morocco presents the largest reduction (from 180 weeks to 116 weeks), but also Syria undertook a significant change reducing from 180 to 140 weeks. On the contrary, Lebanon and Kuwait increased the number of protected weeks from 104 to 140 weeks and from 80 to 92 weeks, respectively. Kuwait also adjusted timing of the protection. Potatoes, for example, were protected from October 1 to November 30 in 2000, but from February 1 to April 30 in 2001. This type of change is quite relevant because even if the number of weeks remains the same, the impact on trade could be quite different. Finally, it should be noted that Qatar only joined the GAFTA agreement in 2002, while Sudan delivered its agricultural calendar to GAFTA only for 2000.

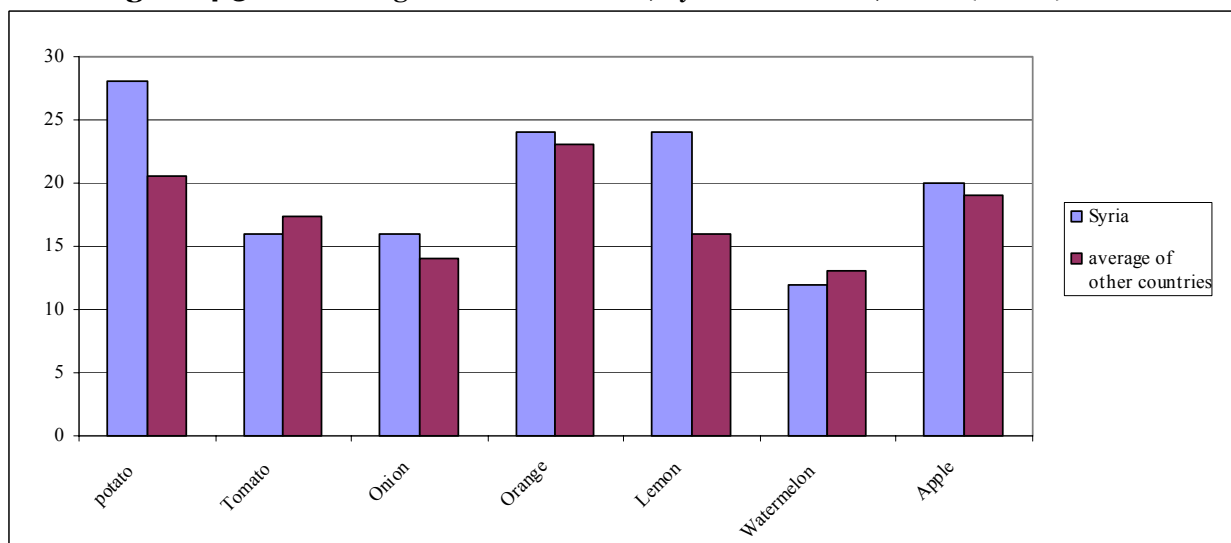
Figure 4.2 - Arab Agricultural calendars by county, 2000-2002 (weeks).



Source: Tables 4.4 and 4.6.

Figure 4.3 compares the protection granted to some products by the Syrian agricultural calendar with the average for other GAFTA members. Duration of protection is rather similar, even if in most cases Syria has adopted a slightly longer period, the only exceptions being tomatoes and watermelons.

Figure 4.3 - GAFTA agricultural calendar, Syria and others, 2002 (weeks).



Source: Table 4.6.

4.4.2. Agricultural trade liberalization with Lebanon

Within the framework of the Fraternity, Cooperation and Coordination Agreement signed by Syria and Lebanon on September 16, 1993, the Prime Ministers meeting held in 1998 decided to accelerate trade liberalization between the two countries relative to the GAFTA provisions, and established joint Ministerial Committees responsible to follow up implementation in the various field.

Concerning agriculture, detailed provisions for implementation of the agreement were agreed upon in subsequent Ministerial Meetings. In particular the meeting of October 11, 1999 decided

to remove with immediate effect all tariff and equivalent fees on plant and animal products with the exception of the following 21 products: live poultry, meat and offal, liquid milk, dairy products, white cheese, poultry eggs, potatoes, tomatoes, onions, cucumber, olives, banana, oranges, clementine, lemon, grapes, water melon, musk melon, apples, pears, and olive oil.

For these products an immediate 50% reduction of tariff and equivalent fees has been followed by annual reductions of 10% per year so as to reach full liberalization in 2004.

The Ministerial Meeting of June 9, 2002 reviewed progress in implementation and decided additional liberalization commitments, including the removal of Syrian import barriers on 14 Lebanese goods, such as sea-fruits, cheese, yogurt, salt, and alcohol, which were not included in the previous liberalization process.

4.4.3. Agricultural trade liberalization with Jordan

Within the framework of GAFTA, Syria and Jordan agreed in 2000 on an initial agricultural calendar that was further developed on August 21, 2002 to foster bilateral agricultural trade flow through defining quotas of products exempted from all custom tariffs during specified periods of the year. Quantities traded in excess to the quota are subject to the tariff specified in the GAFTA agreement. The calendar was defined in such a way that the concessions apply to periods outside the peak production period.

Products, quotas and periods for products originating in Jordan are as follows:

- Eggplant: 9000 ton from 15/11 to 30/4
- Hot pepper: 4000 ton from 15/11 to 30/4
- Haricot: 3000 ton from 1/11 to 30/4
- Watermelon: 5000 ton from 1/4 to 15 /5
- Muskmelon: 2000 ton from 1/10 to 13/12 and from 1 /4 to 30/5
- Grape: 1000 ton from 1/5 to 30/6
- Dried onion: 2000 ton from 1/2 to 30/4
- Squash: 3000 ton from 1/11 to 30/ 4
- Garlic: 1000 ton from 1/3 to 15 /4
- Strawberry: Open quantity from 1/1 to 28/2

Products, quotas and periods for products originating in Syria are as follows:

- Orange variety 'Navel': 4000 ton from 15/2 to 30/4
- Orange variety 'Shammoutee': 8000 ton from 1/3 to 30/4
- Orange variety 'Valencia': 4000 ton from 15/4 to 30/6
- Lemon: 1000 ton from 1/4 to 1/7
- Grapes: 4000 ton from 1/10 to 13/12
- Apple: 5000 ton from 10/2 to 15/5
- Pear: 1500 ton from 1/8 to 31/1
- Cherry: 1500 ton from 15/6 to 30/8
- Apricot: 1000 ton from 1/7 to 15/7
- Onion: 2500 ton from 1/9 to 31/10
- Cocoa: open quantity from 1/9 to 31/1
- Okra: open quantity and open period
- Green peas: open quantity from 1/8 to 1/9

A farther agreement reached in 2003 has doubled the above quotas starting from 2004.

4.4.4. Economic cooperation with United Arab Emirates (UAE)

An agreement of economic cooperation and trade was signed in 2000 to foster the economic relations between the two countries and enhance trade, by allowing import and export of all industrial and agricultural products. The agreement includes several exemptions from custom duties and related fees, the establishment of trade promotion offices, the realization of co-operation projects and the establishment of committees to follow up the implementation of the agreement.

In line with the process of tariff reduction within the Great Arab Free Trade Area, an accelerated reduction of tariffs and equivalent fees was agreed. The reduction reached 50% on January 1, 2001 and up to 70% on January 1, 2002. On January 1, 2003, customs duties between the two countries were fully dismantled.

4.4.5. Free trade area with Saudi Arabia

According to the agreement, signed on February 2001, the free trade between Syria and Saudi Arabia was anticipated to January 1, 2003. In addition to the removal of all tariffs and other taxes on products traded between the two countries, including agricultural products, this agreement included provisions to support the development of economic and commercial relations between the two countries. As a result, currently trade of all goods between Syria and Saudi Arabia is fully liberalized and no taxes or other equivalent fees are levied. The agreement also specifies that all products that can be specified as originating in the other country according to GAFTA rules of origin are treated as national goods for standards and specification, fees, taxes, sanitary and phyto-sanitary measures.

4.4.6. Memorandum of understanding with Sudan

Within the framework of the GAFTA, an agreement was reached between Syria and Sudan on April 2001. The agreement identifies products that can be free from tariff and other fees in specified periods of the year as follows:

Products originating in Sudan:

- Mango: from 1/3 to 31/8
- Banana: full time
- Grape fruit: from 1/12 to 28/2
- Guava: from 1/10 to 30/12
- Red melon and muskmelon: from 1/12 to 28/2
- Gumbo: from 1/4 to 15/5
- Green bean: from 1/12 to 15/3
- Capsicum: from 1/12 to 28/2
- Dates: full time
- Melon seeds: full time

Products originating in Syria:

- Apple: full time
- Grapes: from 7/1 to 31/11
- Stone Fruits (apricot, gage, peach, and cherry): from 1/6 to 30/9
- Olive (fresh and marinated): full time

- Chickpeas: full time
- Currant: full time

Moreover, a bilateral technical committee was established in order to review the evolution of agricultural trade yearly, with a focus on improving the agricultural calendar and identifying options for enhancing bilateral flows.

4.4.7. Association Agreement with the EU

Syria participated in the Barcelona Conference held in November 1995 approving the Barcelona Declaration through which the 27 Euro-Mediterranean Partners agreed on the establishment of a Euro-Mediterranean Free Trade Area (EMFTA) by 2010. This is to be achieved by means of Euro-Mediterranean Association Agreements (AA) negotiated between the European Union and the 12 Mediterranean Partners. The process will ultimately lead to the creation of the world's largest free trade area covering almost 40 countries and a population of 800 million.

The Association Agreement is not only a trade agreement. It involves broader political, economic and social dimensions with the aim of promoting an area of peace and prosperity around the Mediterranean. In its economic dimension the AA covers trade in goods, services, public procurement, rules for the protection of intellectual property rights, as well as dispute settlement provisions in line with those of the WTO. It also foresees co-operation in a large number of areas including customs, transport, tourism and environment.

The technical negotiations for the Syrian AA started in May 1998 and were completed with the twelfth round held in Damascus on 8 and 9 December 2003. The agreement will help Syria better integrate into the world economy and paves the way for other initiatives, including possible future membership of the World Trade Organization.

Even if the Agreement is quite broad in scope, agriculture was the most contentious issue, given the importance of this sector for the Syrian economy and the political sensitivity inside the EU of the Common Agricultural Policy with its high level of support to agricultural producers (see Chapter 2). Moreover, negotiations were complicated by the difference in trade regulations and in membership in international agreements characterizing Syria and the EU.

In order to offer a quantitative perception of the complexities involved in the negotiations, **Table 4.7** provides a comparison of the tariff protection granted to the agricultural sector in these two countries before the agreement. The table presents some evidence of the differences in the agricultural tariff structure between Syria and the EU, considering the 24 chapters according to the HS, and the number of lines in each of them. Apparently, the EU has a much more detailed classification, and this allows for a higher variability of its tariff structure.

Table 4.7 includes a computation of the Relative Tariff Ratio (RTR) defined as the ratio between the EU and Syrian tariffs. In the "weighted" column, each tariff line is weighted by the bilateral trade flows. In some cases the ratio is not very different from 1, reflecting the fact that both countries have similar tariff protection for a certain product. In other cases, the index is much higher. A ratio of 137, as in the case of chapter 2, means that for every percentage point of duty that EU faces in Syria, Syria faces 137 percent points of duty in the EU. Conversely, when the ratio is below 1, it means that Syrian protection is higher than in the EU.

According to the weighted RTR, the picture is rather mixed, with a few sectors where the EU is more protectionist than Syria, and other sectors where the opposite occurs. The situation changes dramatically if tariffs are compared without weighting them using the trade flows. In such a case, the RTR is almost always largely above 1. This could be interpreted in two ways: either the highest EU tariffs are imposed on goods that are not relevant in terms of trade, or these high tariffs are in many cases "prohibitive", so that the weighted average systematically underestimates the true protection granted to the EU agricultural sector.

After signature, the Agreement has to be ratified by the Syrian and European Parliaments as well as by each EU Member State before it enters into force. This may require various years before the agreement is actually implemented. For this reason, both parties have agreed to an early entry into force, upon signature of the agreement, of a provisional agreement covering the trade and technical cooperation chapters of the AA.

As regards to the agro-food sector, the negotiations included an economic part focusing on trade aspects and a part on technical and scientific cooperation.

Agricultural trade was articulated in three main sections raw agricultural products, processed agricultural products, and fisheries. The main outcome of the negotiation can be summarized as follows:

1) Raw agricultural products:

- Syrian export toward the EU will be granted a preferential tariff treatment compared to the Most Favored Nations rates, as specified in the EU Generalized System of Preferences;
- Syrian agricultural exports exempted from tariffs under previous agreements will continue enjoying the same treatment;
- Some Syrian products will be exempted from tariff to facilitate access to the EU markets;
- Sensitive Syrian products such as olive oil, citrus, apples, grapes, potatoes, tomatoes, and others will be given preferential tariff quota;
- Syrian exports will be exempted from custom tariff for a quota determined according to the traditional flow;
- Syria granted a preferential treatment to some EU exports. Some tariff will be eliminated upon entry into force of the agreements, and some others will be gradually liberalized during a period ending in 2015. Moreover, tariff free quotas will be granted for some EU exports provided that their entry prices are not below the prices prevailing on the Syrian market.

2) Processed agricultural products:

- Syrian export toward the EU will be granted a preferential tariff treatment compared to the Most Favored Nations rates, as specified in the EU Generalized System of Preferences;
- Syrian agricultural exports exempted from tariffs under previous agreements will continue enjoying the same treatment;
- Some Syrian products, such as mineral waters, alcoholic beverages, pastries, pasta, and biscuits, will enjoy tariff quota;
- The EU will dismantle all other custom tariffs during a transitional period of 12 years;
- Syria will dismantle tariffs on import from the EU partly upon entry into force of the agreements, and partly through a gradual liberalization over the 12 years transitional period. As part of the gradual liberalization Syria will establish on three products, alcoholic beverages, mineral waters, and cigarettes, a tariff-quota allowing an immediate reduction of 40% of the tariff on the quantities imported within the quota.

3) Fisheries:

- Syrian export toward the EU will be granted a preferential tariff treatment compared to the Most Favored Nations rates, as specified in the EU Generalized System of Preferences;
- The EU tariff on Syrian fish exports currently not exceeding 6% will be eliminated;

- The EU tariff on Syrian fish exports currently above 6% will be reduced by 60% upon the entry into force of the agreement, by 80% at the end of the first year and 100% at the end of the second year, so that Syrian fish will be exported to the EU duty free after the second year;
- Syria will dismantle custom tariffs on some species upon the entry into force of the agreement and for other species gradually during the transition period.

As regards technical and scientific cooperation, the European Union will assist Syria in several areas including policy support, environmental friendly agriculture, private investment enhancement, training, agricultural research and technology transfer, livestock and plant health, infrastructure modernization, promotion of joint ventures, and integrated rural development, including improvement of basic services.

Overall the agreement is expected to give an important boost to trade and, more broadly, to contribute to the growth of Syria economy and employment also through the support that the EU is expected to provide to the process of Syrian economic reform and modernization.

4.4.8. Accession to the WTO

Syria was one of the founders of the GATT agreement in 1948, but it withdrew for political reasons. In 2001, Syria applied to join the WTO, and the application was formally received in the Ministerial Conference held in Cancun.

However, the working party dealing with the accession procedures (**Chapter 5**) has not been established yet. Nonetheless, Syria is already preparing to follow up its application. In this context, Syria presented the comprehensive memorandum on the state of the Syrian economy and trade related policies required by the accession procedures, including regulations in place for foreign trade, investment, monetary policies, and intellectual property rights. A detailed description of the WTO system and the rules governing the accession to the Organization is provided in the following Chapter.

4.5. Key findings

- Over the last 2 years Syria has implemented a number of institutional reforms including the reformulation of the functions of the Credit and Monetary Council in charge of coordinating finance and monetary policy; the establishment of the Ministry of Economy and Trade, which assumed most functions previously attributed to the Ministry of Economy and Foreign trade and to the Ministry of Supply and Domestic Trade; the consolidation in the General Establishment for Foreign Trade of the public trade operations previously carried out by 6 Establishments; and the definition of a legal framework for the operation of private banks, some of which have formally been established and started operating.
- During the last decade there has been an evolution toward the unification of different exchange rates and the liberalization of foreign currency transactions that has substantially accelerated in the most recent period. Regulations aiming at linking import and exports obligation to surrender exports' revenues in hard currency have been abolished. The exchange rate unification has proceeded in such a way that only three rates are now in place: the official exchange rate applied to the repayment of the external debt, the public and state transactions' exchange rate applied to public operations and accounting, and the free foreign currency exchange rate applied to all other transactions.
- In 2001, a decree introduced a single Systematic Tariff replacing the previous tariffs (i.e., the product specific import tariffs and the unified import tax) and the custom exchange rate was abolished. In preparing the new custom's schedule, the international Harmonized System description and classification was adopted. However, a number of fees, additional to the Systematic Tariff, are still in place.
- Non tariff restrictions on agricultural imports have been substantially simplified. However, most agro-food imports and exports still require a certification of compliance with the sanitary and phyto-sanitary standards adopted by the Syrian Government.
- Syria has confirmed its commitment in farther pursuing implementation of the GAFTA. The agricultural calendar defining the exception to the tariff reduction commitment registered only minor changes for onion, watermelon and apples, with a reduction in the number of protected weeks.
- During the last years, Syria further consolidated its relationships with Arab countries by implementing past agreements (Lebanon) and enhancing bilateral liberalization (Jordan, Saudi Arabia, Sudan, United Arab Emirates) within the framework of the Great Arab Free Trade Area.
- At the end of 2003, Syria completed the technical negotiations on the Association Agreement with the EU. The agreement is expected to bring about significant trade liberalization and to contribute in enhancing relationship with the EU and other Mediterranean partners. As regards agriculture, in addition to an articulated system of reciprocal concession in agricultural, agro-industrial and fishery trade, the AA includes extensive provisions for technical assistance. The two parties also agreed on the early entry into force, upon signature, of the trade and cooperation chapters of the Agreement.
- Syria applied to join the WTO in 2001, and the application was formally received in the Ministerial Conference held in Cancun in September 2003.

Chapter 5 - Special issue: accession to the WTO

The World Trade Organization (WTO) is the international body dealing with the rules of trade among nations. At its heart there are the agreements, negotiated and signed by the members of the Organization. These documents provide the legal rules for international commerce. These rules have to be “transparent” and predictable to give confidence to the international partners. The WTO most important function is to serve as a forum for trade negotiations. Negotiations lead to the signature of contracts, binding governments to keep their trade policies within agreed limits. The system’s overall goal, as a matter of fact, is to foster freer trade. Another important feature of the WTO is the dispute settlement procedure. The WTO was established on 1 January 1995, but since 1947 the General Agreement on Tariffs and Trade (GATT) had provided the rules for the trading system.

5.1. The multilateral trading system

5.1.1. Objectives of the WTO

The system of rules encompassed by the WTO agreements is lengthy and complex because they are legal texts covering a wide range of activities. They deal with: agriculture, textiles and clothing, banking, telecommunications, government purchases, industrial standards and product safety, food sanitation regulations, intellectual property, and much more. But a number of simple, fundamental principles run throughout all of these documents. These principles are the foundation of the multilateral trading system. According to the WTO principles, the trading system should be:

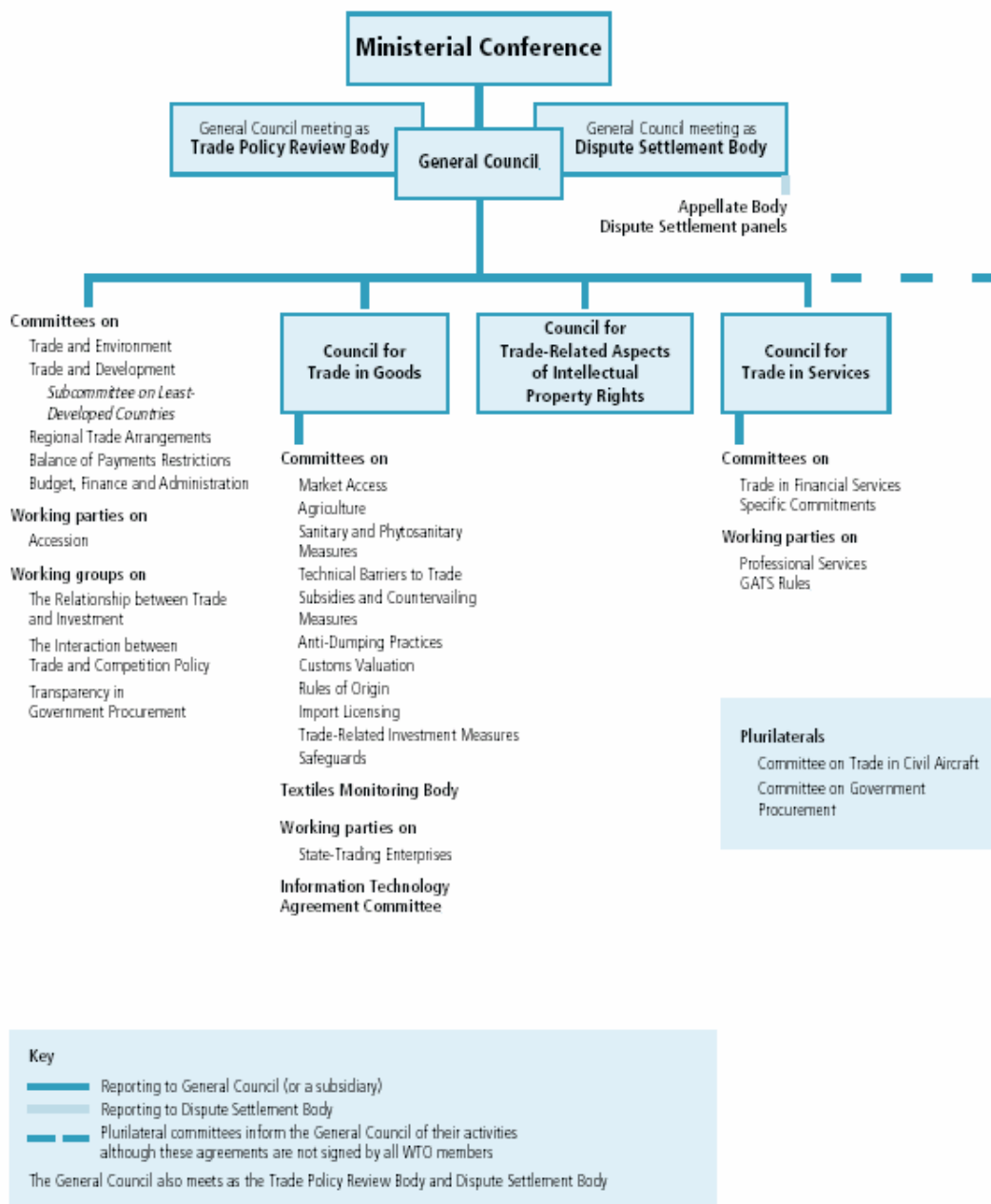
1. Without discrimination: a country should not discriminate between its trading partners (they are all granted “most-favored-nation” or MFN status), and it should not discriminate between its own and foreign products (“national treatment” principle).
2. Freer - with barriers coming down through negotiation: lowering trade barriers is one of the most obvious means to encourage trade. The barriers concerned include customs duties (or tariffs) and measures such as import bans or quotas that restrict quantities.
3. Predictable: foreign companies, investors and governments should be confident that trade barriers are not raised arbitrarily. Hence, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition, choice and lower prices. All this means a higher degree of market security for traders and investors.
4. More competitive, by discouraging “unfair” practices such as export subsidies and dumping operations to gain market shares. Consequently, it is a system of rules dedicated to open, fair and undistorted competition.
5. More beneficial for less developed countries: by giving them more time to adjust, greater flexibility, and special privileges. This policy was established since more than three

quarters of WTO members are developing countries and countries in transition to market economies.

Regarding discrimination, some exceptions apply. For example, countries within a region can set up a free trade agreement, or lower tariffs can be applied only to imports from developing countries (*preferential agreements*). Or a country can raise barriers against products from specific countries that are considered to be traded unfairly ("dumping"), but the agreements only permit these exceptions under strict conditions.

5.1.2. Institutional structure of the WTO

The following diagram illustrates the structure of the WTO. A director general heads the WTO Secretariat.



The WTO is run by its member governments. All major decisions are made by the membership as a whole, either by ministers (who meet at least once every two years) or by officials (who meet regularly in Geneva). Decisions are normally taken by consensus. In this respect, the WTO is not like some other international organizations. When WTO rules impose disciplines on countries' policies, as result of negotiations among WTO members, the same members enforce the rules according to procedures agreed as result of negotiation.

Where consensus is not possible, the WTO agreement allows for voting — a vote being won with a majority of the votes cast and on the basis of “one country, one vote”. The WTO Agreement envisages four specific situations involving voting:

- An interpretation of any of the multilateral trade agreements can be adopted by a majority of three-quarters of WTO members.
- The Ministerial Conference can waive an obligation imposed on a particular member by a multilateral agreement, also through a three-quarters majority.
- Decisions to amend provisions of the multilateral agreements can be adopted through approval either by all members or by a two-thirds majority depending on the nature of the provision concerned. But the amendments only take effect for those WTO members which accept them.

A decision to admit a new member is taken by a two-thirds majority in the Ministerial Conference, or the General Council in between conferences.

Reaching decisions by consensus among 148 members can be difficult. The main advantage is that decisions made in this way are more acceptable to all members. And despite the difficulty, some remarkable agreements have been reached. Nevertheless, proposals for the creation of a smaller executive body — perhaps like a board of directors each representing different groups of countries — are periodically made. Nevertheless, for the time being, the WTO is a member-driven, consensus-based organization.

Countries take their decisions through various councils and committees, whose membership consists of all WTO members. Topmost is the ministerial conference which has to meet at least once every two years. The ministerial conference can take decisions on all matters under any of the multilateral trade agreements. The V Ministerial Conference since 1995 was held in Cancun in September 2003.

The second level is the General Council, which deals with daily work. It consists of all WTO members. They report to the Ministerial Conference. The General Council acts on behalf of the ministerial conference on all WTO affairs. It meets as the Dispute Settlement Body and the Trade Policy Review Body to oversee procedures for settling disputes between members and to analyze members' trade policies.

The third level is represented by the councils for each broad area of trade. There are three more councils, each handling a different broad area of trade, reporting to the General Council:

- The Council for Trade in Goods (Goods Council)
- The Council for Trade in Services (Services Council).
- The Council for Trade-Related Aspects of Intellectual Property (TRIPS Council).

The fourth level is represented by the subsidiary bodies of each of the higher level councils. The Goods Council has 11 committees dealing with specific subjects (such as agriculture, market access, subsidies, anti-dumping measures and so on). Again, these consist of all member countries. Also reporting to the Goods Council are the groups dealing with notifications (governments informing the WTO about current and new policies or measures) and state trading enterprises.

Coming to the voting mechanisms, the WTO continues GATT's tradition of making decisions not by voting but by consensus. This allows all members to ensure their interests are properly considered even though, on occasion, they may decide to join a consensus in the overall interests of the multilateral trading system.

5.1.3. Transparency and dispute settlement

Individuals and companies involved in trade have to know as much as possible about the conditions of trade. It is therefore of fundamental importance that regulations and policies are transparent. In the WTO, this is achieved in two ways: governments have to inform the WTO and fellow members of specific measures, policies or laws through regular "notifications"; and the WTO conducts regular reviews of individual countries' trade policies – the trade policy reviews. In practice, the reviews have two broad results: they enable outsiders to understand a country's policies and circumstances, and they provide feedback to the reviewed countries on their performance in the system.

Settling disputes is the responsibility of the Dispute Settlement Body (the General Council in another guise). The Dispute Settlement Body has the sole authority to establish "panels" of experts to consider the case, and to accept or reject the panels' findings or the results of an appeal. It monitors the implementation of the rulings and recommendations, and has the power to authorize retaliation when a country does not comply with a rule. Panels are like tribunals, but unlike tribunals, the panelists are usually chosen in consultation with the countries in dispute. Only if the two sides cannot agree, the WTO general director appoints them. Panels consist of three (occasionally five) experts from different countries. Usually, the panels' reports are passed to the Dispute Settlement Body, which can only reject the report by consensus.

5.1.4. Special and differential treatment for developing countries

About two thirds of the WTO members, around 140 countries, are developing countries. They are expected to play an increasingly important role in the WTO because of their number and because they are becoming more and more present in the global economy. Nevertheless, the WTO recognizes that these countries have special needs and tackles their peculiarities in three ways:

- Allowing special provisions within the agreements;
- Overseeing the activities in this area through the Committee on Trade and Development;
- Providing technical assistance (mainly training of various kinds) through the WTO Secretariat.

Furthermore, the least-developed countries receive extra attention in the WTO, being the Subcommittee on Least Developed Countries in charge of this (a body in its own right that reports to the Trade and Development Committee). The work of the Subcommittee focuses on two related issues:

- Conceiving ways of integrating least developed countries into the multilateral trading system;
- Providing technical cooperation.

The WTO agreements include numerous provisions dealing with developing and least developed countries (WTO, 2001). The concept of non-reciprocity⁴⁴ between developed and developing countries is widely diffused in trade negotiations pertaining to GATT. The "special and differential treatment" (see chapter 2) is also part of these special provisions. Developing

⁴⁴Developed countries granting trade concessions to developing countries should not expect developing countries to offer the same treatment in return.

Countries are also allowed extra time to fulfill their commitments, or are offered opportunities to of greater market access.

5.2. Rules governing the accession process

5.2.1. Establishment of the *working party* and fact-finding

Any State or separate customs territory which possesses full autonomy in the conduct of its external commercial relations, and of the matters provided for in the WTO Agreement and the Multilateral Trade Agreements (MTAs) annexed, can accede to the WTO on terms to be agreed. The process of accession to the WTO starts when an applicant submits a communication to the Director-General of the WTO expressing its desire to accede to the WTO under Article XII. The General Council then considers the application and establishes a working party. The standard terms of reference of working parties are "to examine the application for accession to the WTO under Article XII and to submit to the General Council/Ministerial Conference recommendations which may include a draft Protocol of Accession". Any member of the WTO can join the working party. A Chairperson selected after consultations with WTO Members and the applicant chairs the working party.

The procedures for accession to the WTO under Article XII require the examination of the foreign trade régime. Thus, once the working party is established, the applicant provides a Memorandum describing in detail its foreign trade regime, together with information on the currently applicable tariff schedule and copies of relevant laws and regulations in one of the WTO official languages (English, French and Spanish). The Memorandum provides also relevant statistical data for circulation to all Members. In particular, the Applicant should deal with the following points:

- foreign trade statistics,
- main economic indicators,
- government procurement statistics,
- import licensing procedures,
- implementation and administration of the customs valuation agreement.

The Secretariat should check the consistency of the Memorandum with the "outline format" (reported in the Appendix at the end of this chapter) and inform the Applicant and members of the working party of its views. At the same time, copies of the Applicant's currently applicable tariff schedule in the harmonized system (HS) nomenclature and other laws and regulations relevant to accession are made available to members of the working party. The customary practice in this respect has been that the Applicant submits a complete and comprehensive copy of the relevant laws and regulations to the Secretariat. If the textual material is short, it should be entirely translated by the Applicant into one of the WTO official languages (English, French and Spanish); if it is long, the Applicant should provide a detailed summary in one of the official languages. The Memorandum on the Foreign Trade Regime covers, but is not necessarily limited to, the topics listed in the outline format. The Secretariat would assist any Applicant that may so request in the technical preparation of its Memorandum and of subsequent documentation.

Following the circulation of the Memorandum, members of the working party ask questions in relation to it, to obtain more information about the applicant's foreign trade régime. At the end of the first and any subsequent meeting of the working party, the Chairperson outlines the next steps required for future meetings. Thereafter, additional questions in writing, replies and further information papers are exchanged. Especially in the case of least developed and small economy applicants, technical assistance at each stage of the accession process can be obtained from the Secretariat.

5.2.2. Negotiations and entry into force

When the examination of the foreign trade regime is sufficiently advanced, members of the working party and the applicant start bilateral market access negotiations on goods and services, as well as on the other specific terms of accession. It is bilateral because different countries have different trading interests. The negotiating phase and the fact-finding work on the foreign trade regime usually overlap and proceed in parallel.

The negotiations on market access constitute the most critical element of the accession process as Members want to ensure that acceding governments grant concessions which are comparable to the concessions that they will be benefiting from in the markets of Members. The talks can be highly complicated. It has been said that in some cases the negotiations are almost as large as an entire round of multilateral trade negotiations. The resulting market-access commitments of acceding governments can be considered to be the payment for the entry ticket into the WTO.

Briefly, the procedures for negotiating schedules may be summarized as follows:

- (i) In the case of goods and services, either interested Members submit requests and the Applicant then tables initial offers; or, as a means of expediting the work, the Applicant tables its draft Schedule of Concessions and Commitments to provide the basis for negotiations. In either case, negotiations then proceed bilaterally. Members expect that, in general, the Applicant will ensure that its proposed bindings are at commercially viable levels and reflect the general benefits the Applicant will enjoy upon membership.
- (ii) Following the conclusion of bilateral negotiations between interested Members and the Applicant, the Schedule of Concessions and Commitments is prepared, reviewed multilaterally, and annexed to the draft Protocol of Accession as an integral part of it.

The summary of the discussions in the working party is contained in the Report of the working party together with a draft Decision and Protocol of Accession. The Protocol of Accession contains the terms of accession agreed by the Applicant and members of the working party. Following the conclusion of bilateral negotiations between interested Members and the Applicant, the Schedule of Concessions and Commitments on Goods and the Schedule of Specific Commitments on Services are prepared. These Schedules are annexed to and are part of the draft Protocol of Accession. When the Draft Report, Draft Protocol and Schedules on Goods and Services, have been finalized, the working party submits the package to the WTO General Council/Ministerial Conference for approval. If a two-thirds majority of WTO members vote in favor, the applicant is free to sign the protocol and to accede to the organization. Following the decision of the General Council/Ministerial Conference to adopt the package, the Protocol of Accession enters into force. In some cases, the country's own parliament or legislature has to ratify the agreement before membership is completed. Thirty days after acceptance the applicant becomes a WTO Member.

5.3. Recent Experiences with the accession process

In September 2003, the Cancun Ministerial Conference approved the Protocol of Accession for Cambodia and Nepal. Accordingly, these countries will be the 147th and 148th member of the WTO. Other 24 countries are in the process of negotiation to become members of the WTO. These countries are (arranged by the date of their application): Algeria, Russian Federation, Saudi Arabia, Belarus, Ukraine, Sudan, Uzbekistan, Vietnam, Seychelles, Tonga, Kazakhstan, Azerbaijan, Andorra, Lao People's Democratic Republic, Samoa, Lebanon, Bosnia Herzegovina, Bhutan, Cape Verde, Yemen, Serbia and Montenegro, Bahamas, Tajikistan and Ethiopia. Requests for accession have also been received from Iran, Syria and Libya but working parties on these applications have not yet been established.

Accessions remain a major challenge for the WTO. It is in the interest of WTO Members that as many governments as possible participate in trade negotiations. In the negotiation between the acceding government and WTO Members, then, the final goal is to accommodate the special situation of the acceding government on one hand, and to maintain the credibility of the WTO system on the other.

It has been generally recognized that accession to the WTO involves wide-ranging and, often difficult, legislative and executive action by acceding governments. Many acceding governments have stressed the fact that accession would encourage and consolidate their own internal reform process and accelerate their economic development. Therefore, it has been emphasized the importance of bringing the applicant governments into the system as rapidly as possible.

In order to assess the difficulties that Syria may face on the accession process to the WTO, in the following, we are going to discuss some of the issues emerged in the most recent cases of accession. In this respect we will especially refer to the experience of those countries that could have some similarities with the Syrian case (as in the case of Jordan).

5.3.1. Market access

As it was mentioned in the previous section, a crucial phase in the negotiation process is the one of fact finding, designed to give WTO Members an understanding of the applicant country or territory, its economy and, in particular, its trade regime. This phase is usually also one of mutual education during which the applicant gains a better understanding of the WTO and its requirements. This process is inevitably demanding, especially on the applicant side, but is an essential preliminary to, and basis for the negotiation of the terms of accession.

Experience to date shows that, usually, it is the Applicant which initiates the market access negotiations by presenting both basic factual information and offers on goods, including agriculture, and/or services.

The expectation of WTO Members has been that the applied rates will be taken as the base rates in the negotiations on the tariff concessions to be included in the Goods Schedule of the Applicant. Members also ask that import data be supplied on a tariff line level, broken down by country. As the details of the tariff are mainly used in the negotiations on the Tariff Schedule, these details have often been provided to the WTO only when these negotiations are about to begin.

Negotiations on tariffs take place on a bilateral basis following submission of an offer by the applicant. New members bound all items in their tariffs. These bindings have been made at different HS levels (including 4, 6, 8 digit).

As far as agriculture is concerned, **Table 5.1** shows that:

- Jordan has bound a number of specific or compound rates;
- Overall, the simple average of agricultural tariffs ranges from 10.4% to 34.9%⁴⁵. In order to draw a comparison, it can be recalled that the average Syrian tariff on agricultural imports equals 33.9%, while the average binding level accepted by Jordan and Oman was 25% and 30.5%, respectively.
- Some countries such as Mongolia and Panama have listed and bound only some of their agricultural tariffs individually, the remaining items, on which no specific requests were received, being bound at a single rate. For Mongolia, the simple average of the rates bound individually is 18.4%, while the remaining items are bound at 20%. For Panama the corresponding figures are 26.1% and 30%;

⁴⁵ In the case of non-agricultural goods, the simple average of bindings of the new Members ranges from 4.8 per cent to 20.1 per cent.

Of the governments under examination, only the Schedules of Panama, Bulgaria and Chinese Taipei include special safeguard clauses. China was also allowed to maintain tariff rate quotas.

5.3.2. Agricultural domestic support and export subsidies

It appears that to be accepted the draft commitments on agricultural domestic support and export subsidies are dealt with from a relatively early stage in plurilateral meetings conducted by the Applicant with interested WTO Members. These commitments are of more general systemic interest than concessions on specific tariff lines of interest to individual Members.

The Memorandum will contain a description of the range of policies affecting foreign trade in agricultural products. In addition, acceding Governments have been required to present factual information, normally for each of the three most recent years, on their domestic support and export subsidy measures actually in place in agriculture according to the notifications commitments specified in the Uruguay Round Agreement on Agriculture.

The preparation of these data involves a thorough grasp of complex WTO requirements and detailed technical work. Members have also made clear the importance that they attach to the full and accurate presentation of support actually granted and not, for instance, budgetary estimates. It is therefore not surprising that these data are often presented at a fairly advanced stage of the accession process. Nor is it unusual that data are revised several times before they are acceptable to members of the Working Party and that the revision of the tables becomes a part of the process of negotiation dealt with below. Acceding governments often hold plurilateral meetings with interested WTO Members to assist in revision of these tables.

Negotiations on agricultural supports and export subsidies crucially hinge on the selection of a representative base period for the computation of the maximum allowed expenditure. The most recent period for which data were available was used in all cases except Bulgaria, where it was agreed that the most recent period was not representative and a different period was taken as the base.

The Agreement on Agriculture provides that domestic support measures in the "green box" are not subject to limitation, whereas domestic support measures in the "amber box" must be reduced and bound if they are above the relevant "*de minimis*" levels (**Chapter 2**).

While there are some differences in the way in which these are scheduled, Ecuador, Mongolia, Kyrgyz Republic, Latvia, Estonia, Albania, Oman, Lithuania and China all undertook "*de minimis*" domestic support commitments. In the case of China, the *de minimis* exemption for domestic support was set equal to 8.5 per cent of the total value of production of a basic agricultural product during the relevant year.

The Agreement on Agriculture lays down that export subsidies maintained in the base period must be reduced and bound. Many countries, including Jordan, Chinese Taipei did not grant export subsidies during the relevant period, and their Schedule binds these at zero.

Given this scenario, it can be expected that Syria will be involved in demanding negotiations for some of the policies presently implemented in support of its agricultural sector.

5.3.3. Rules

The discussions on rules arise naturally from the fact-finding stage of the work and recently the decision to move to examine the commitments that the Applicant should undertake in the rules area has been taken less formally than in the past. While bilateral meetings with some Members may deal with the commitments on rules, discussions on these are mainly conducted multilaterally in the Working Party because the application of WTO rules is a matter of common concern.

The main aim of the discussion on WTO rules is to establish if the Applicant's regime conforms to WTO rules and, in particular, how it is to be brought into conformity where necessary. It is

the position of some Members, however, that acceding governments do not have the automatic right to the treatment laid down in the WTO Agreements for original Members of the WTO,

Among the subjects that have given rise to most discussion in Working Parties is whether or not the Applicant in question should receive the special and differential treatment reserved in the WTO Agreements to developing economies. Similar discussions have not taken place in the case of least-developed countries because these are clearly identified in the United Nations list of LDCs which is accepted by the WTO. As it has been difficult to resolve this issue, participants in a number of Working Parties have taken the view that it is more productive not to discuss the principle involved but to concentrate on the terms that are appropriate in each accession case and in relation to each subject dealt with by the Working Party.

Transition periods have been the subject of considerable discussion in accession Working Parties. The transition periods granted to original WTO Members have not automatically been made available to new members, regardless of their level of economic development. A few transition periods have been granted in limited areas and for short periods of time following submission of a detailed plan ensuring WTO consistency (by enactment of needed legislation, training of personnel responsible for implementation, etc.) by the date of accession in all other areas.

Several applicants have requested to be granted transitional periods of the kind provided in WTO Agreements for developing Members and, in some instances, for Members in the process of transformation from a centrally-planned into a market, free-enterprise economy. It is the position of some WTO Members that only original Members of the WTO are entitled to use the transitional periods referred to, which form part of the single undertaking of the WTO Agreement. Some members state that a transitional period should not ordinarily be granted. In this connection, some Members make it plain that where existing legislation is deficient or lacking, draft laws and regulations in full conformity with WTO rules be presented to the Working Party for examination, together with a timetable for their implementation.

Others say that they are not, a priori, opposed to transitional periods for applicants but that applicants must demonstrate that they have done as much as they can to bring their system into line with WTO requirements before asking for transitional periods. Some others urge flexibility in this matter, especially for small developing economies and least-developed countries.

In practice, acceding governments usually present a plan and timetable showing, for each of the main subjects dealt with in the Working Party, what steps they have taken towards conformity, what remains to be done and how and when they expect to complete this process.

During the negotiating phase the applicant must table the necessary offers and be ready to revise these when necessary. The long intervals between different stages of the process are often due to different factors - delays in provision of needed input from the applicant government, delayed reactions to offers during the negotiating stage of the work, and members of the Working Party with differing positions on significant issues. Indeed, some Members may be tempted to use the negotiations to resolve bilateral disputes not relevant to WTO accession, hence sometimes blocking accession negotiations.

Table 5.2 shows time elapsing between application and accession as well as between presentation of Memoranda and accession. As mentioned in the previous section, presentation of the Memorandum marks the beginning of the substantive activity of the Working Party. The length of time taken to present Memoranda is an indication of the fact that its preparation represents a considerable investment of time and resources for the applicant. However, the presentation of a complete and accurate document greatly helps to simplify and facilitate the subsequent stages of the accession procedure.

Overall, the shortest total time of the accession process was 2 years 10 months (Kyrgyz Republic) and the longest 15 years 5 months (China). The accession process is often seen as

lengthy and too demanding for certain acceding governments. The fact finding stage, particularly, appears to be unduly long, inquisitorial and frequently repetitive. Many accessions have been moving too slowly, as in the case of China, so that someone thinks that the overall process should be simplified.

5.3.4. Technical Assistance

It has been recognized from the outset that, given the demands made by the process on applicants, the provision of technical assistance starting from the earliest stages of the accession procedure is of critical importance. The need for this assistance ranges from help in the preparation of documentation and in the negotiation of the terms of accession to the setting up of adequate legislative and administrative infrastructures to ensure that the new members become effective participants in the WTO as soon as possible. As we mentioned, special attention has been given to technical assistance for least-developed countries that are acceding to the WTO; however, it is clear that more needs to be done.

The technical assistance, including assistance given to acceding governments, is currently provided by the Secretariat and is summarized in the annual reports it prepares for the Committee on Trade and Development. These reports have noted that the process is demand-driven and, within existing human and financial resource constraints, the Secretariat has been trying to deal with greatly increased requests both from acceding governments and from governments contemplating accession.

The Secretariat assists any Applicant that so requests with the technical demands of the accession process as such, in particular in the preparation of its Memorandum and of subsequent documentation required by the accession process. The complexity of the accession negotiations also requires acceding governments to provide highly technical data and information on the specific sectors mentioned above, such as tariffs and agriculture, as well as notifications on customs valuation, technical barriers to trade, sanitary and phytosanitary measures and State-trading. Both during missions and from Geneva, the Secretariat assists in the compilation and tabling the necessary information in agreed formats, such as those for replies to questions from WTO Members, market access offers and tables of support measures in agriculture.

Applicants also avail themselves, to the extent possible, of the WTO training courses as part of their preparation for accession negotiations. Representatives of acceding governments have taken part in the regular twelve-week training courses in Geneva on trade policy, international trade law and the multilateral trading system which are organized alternatively in English, French and Spanish for officials from developing economies' Members or Observers of the WTO.

Finally, it is worth mentioning that several international agencies play a major role in helping developing countries in preparing for multilateral trade negotiations. In particular, the FAO has a broad programme for training and capacity building on trade-related issues in food, agriculture, fisheries and forestry. It aims at bolstering the negotiating capacity of developing countries in the new round of trade talks. Launched in 1999, the programme offered participants, mainly government officials dealing with agricultural trade matters, an introduction to the key trade and food security issues relating to the WTO.

Notwithstanding these support programs, it is apparent that the task undertaken by any country (such as Syria) in joining the WTO and complying with its obligations and commitments is an extremely difficult one, involving a revamping of legal, commercial and trade structures. Moreover, the acceding country will have to address the issues of corruption and establish legal systems effective in protecting foreign investors' rights. Resolution of these issues will be crucial to open competition. However, it is encouraging to notice that several countries of the Middle

East region have successfully completed the process, and are presently integrated in the international trading system.

5.4. Appendix, the outline format

The applicant provides the secretary with the outline format, attached with the memorandum, as reported hereafter.

Outline Format for a Memorandum on the Foreign Trade Regime

I. INTRODUCTION

Statement on the general objectives of the Applicant's trade policy regime and their relation with the objectives of the WTO.

II. ECONOMY, ECONOMIC POLICIES AND FOREIGN TRADE

1. Economy:

- (a) General description (territory, population, economic specialization, main economic indicators);
- (b) Current economic situation.

2. Economic Policies:

- (a) main directions of the ongoing economic policies, tactical and strategical goals of the economic policies, pricing policy, economic development plans, privatization plans, scrotal priorities, regional development plans, etc;
- (b) Monetary and fiscal policies;
- (c) Foreign exchange and payments system, relations with International Monetary Fund, application of foreign exchange controls if any;
- (d) Foreign and domestic investment policies;
- (e) Competition policies.

3. Foreign trade in goods and services: volume and value of trade, exports and imports, foreign trade balance, structure of trade, trade by geographic areas and dynamics of trade, accompanying statistical data and information on publications (Annex 1 refers).

4. Domestic trade in services including value and composition of foreign direct investment.

5. Information on financial movements related to nationals working abroad, remittances, etc.

6. Information on growth in trade in goods and services over recent years and forecasts for years to come.

III. FRAMEWORK FOR MAKING AND ENFORCING POLICIES AFFECTING FOREIGN TRADE IN GOODS AND TRADE IN SERVICES

1. Powers of executive, legislative and judicial branches of government.

2. Government entities responsible for making and implementing policies affecting foreign trade.

3. Division of authority between central and sub-central governments.

4. Any legislative programmes or plans to change the regulatory regime.

5. Laws and Legal Acts (Annex 2 refers).

6. Description of judicial, arbitral or administrative tribunals or procedures, if any.

IV. POLICIES AFFECTING TRADE IN GOODS

1. Import Regulation:

- (a) Registration requirements for engaging in importing;
 - (b) characteristics of national tariff (the most recent edition of which should be supplied), customs tariff nomenclature (HS), types of duties, general description of the customs tariff structure, weighted average level of duties on main customs tariff groupings; application of m.f.n. tariff rates, tariff preferences;
 - (c) Tariff quotas, tariff exemptions;
 - (d) Other duties and charges, specifying any charges for services rendered;
 - (e) Quantitative import restrictions, including prohibitions, quotas and licensing systems;
 - (f) Import licensing procedures (Annex 3 refers);
 - (g) Other border measures, e.g. any other schemes that have border effects similar to those of the measures listed under (e) above;
 - (h) Customs valuation (WTO Customs Valuation Agreement (Annex 4 refers), the Brussels Definition of Value, or any other system) whether used only for purposes of levying ad valorem rates of duty or for other purposes;
 - (i) Other customs formalities;
 - (j) Pre-shipment inspection;
 - (k) Application of internal taxes on imports;
 - (l) Rules of origin;
 - (m) anti-dumping regime;
 - (n) Countervailing duty regime;
 - (o) Safeguard regime.
2. Export Regulation:
- (a) Registration requirements for engaging in exporting;
 - (b) Customs tariff nomenclature, types of duties, duty rates, weighted averages of rates;
 - (c) Quantitative export restrictions, including prohibitions, quotas and licensing systems;
 - (d) Export licensing procedures;
 - (e) Other measures, e.g. minimum export prices, voluntary export restrictions, orderly marketing arrangements;
 - (f) Export financing, subsidy and promotion policies;
 - (g) Export performance requirements;
 - (i) Import duty drawback schemes.
3. Internal policies affecting foreign trade in goods:
- (a) Industrial policy, including subsidy policies;
 - (b) Technical regulations and standards, including measures taken at the border with respect to imports (Annex 5 refers);
 - (c) Sanitary and phytosanitary measures, including measures taken with respect to imports;
 - (d) trade-related investment measures;
 - (e) state-trading practices (Annex 6 refers);
 - (f) Free zones;
 - (g) Free economic zones;
 - (h) trade-related environmental policies;

- (i) Mixing regulations;
 - (j) government-mandated counter-trade and barter;
 - (k) Trade agreements leading to country-specific quotas allocation;
 - (l) Government procurement practices, including general legal regime and procedures for tendering, dealing with tenders and award of contracts;
 - (m) Regulation of trade in transit.
4. Policies affecting foreign trade in agricultural products:
- (a) Imports - i.e. comprehensive description of the types of border protection maintained: customs duties and/or any other border measures;
 - (b) Exports - i.e. description of, and the budgetary expenditure and any revenue foregone involved in each of the export subsidy measures in place;
 - (c) Export prohibitions and restrictions;
 - (d) Export credits, export credit guarantees or insurance programmes;
 - (e) Internal policies - i.e. description of, and the budgetary expenditure and any revenue foregone involved in each of the domestic support measures in place.
5. Policies affecting foreign trade in other sectors:
- (a) Textiles regime;
 - (b) Policies affecting foreign trade in other major sectors.
- V. TRADE-RELATED INTELLECTUAL PROPERTY RÉGIME
1. General:
- (a) Intellectual property policy;
 - (b) Responsible agencies for policy formulation and implementation;
 - (c) Membership of international intellectual property conventions and of regional or bilateral agreements;
 - (d) Application of national and m.f.n. treatment to foreign nationals;
 - (e) Fees and taxes.
2. Substantive standards of protection, including procedures for the acquisition and maintenance of intellectual property rights:
- (a) Copyright and related rights, including rights of performers, producers of phonograms and broadcasting organizations;
 - (b) Trademarks, including service marks;
 - (c) Geographical indications, including appellations of origin;
 - (d) Industrial designs;
 - (e) Patents;
 - (f) Plant variety protection;
 - (g) Layout designs of integrated circuits;
 - (h) Requirements on undisclosed information, including trade secrets and test data;
 - (i) Any other categories of intellectual property.
3. Measures to control abuse of intellectual property rights.
4. Enforcement:
- (a) Civil judicial procedures and remedies;
 - (b) Provisional measures;
 - (c) Any administrative procedures and remedies;
 - (d) Any special border measures;

- (e) Criminal procedures.
- 5. Laws, decrees, regulations and other legal acts relating to the above.
- 6. Statistical data on applications for and grants of intellectual property rights, as well as any statistical data on their enforcement.

VI. TRADE-RELATED SERVICES RÉGIME

1. General

General description of the overall market and regulatory structures of the most prominent services sectors (e.g., financial services, telecommunications, professional services, construction, tourism, transportation). A complete list of services sectors is found in document MTN.GNS/W/120, the "Services Scrotal Classification List" (Annex 7 refers).

2. Policies affecting Trade in Services

General reference to main laws, regulations, rules, procedures, decisions, administrative action and other legal instruments and a description of specific measures affecting trade in services. Distinctions based on modes of supply and/or sectors could be made whenever relevant:

- (a) Government departments, agencies, professional associations or other bodies with authority or a role relevant to the conduct of service activities;
- (b) Judicial, arbitral or administrative tribunals or procedures providing for the review of, or remedies in relation to, administrative decisions affecting trade in services;
- (c) Provisions, including those in international agreements, concerning qualification requirements and procedures, technical standards and licensing and/or registration requirements for the supply of services;
- (d) Provisions governing the existence and operation of monopolies or exclusive service suppliers;
- (e) Provisions relating to safeguard measures as they apply to trade in services;
- (f) Provisions relating to international transfers and payments for current transactions of services;
- (g) Provisions relating to capital transactions affecting the supply of services;
- (h) Provisions governing the procurement by governmental agencies of services;
- (i) Provisions concerning any form of aid, grant, domestic subsidy, tax incentive or promotion scheme affecting trade in services.

Market Access and National Treatment

Limitations or conditions applied to market access and national treatment. Please specify, whether applied on a horizontal (e.g., measures relating to foreign investment regime, movement of persons supplying a services, real estate ownership and conditions of establishment) or a sectoral basis:

- (a) Limitations on the number of service suppliers;
- (b) Limitations on the total value of service transactions or assets;
- (c) Limitations on the total number of service operations or on the total quantity of service output;
- (d) Limitations on the total number of natural persons that may be employed in a particular service sector;
- (e) Restrictions on, or requirements of specific types of legal entity through which a service may be supplied;
- (f) Limitations on the participation of foreign capital;
- (g) Measures providing for less than the treatment accorded to national services or service suppliers.

Most-Favoured-Nation Treatment

Indicate any existing measures inconsistent with m.f.n. treatment.

VII. INSTITUTIONAL BASE FOR TRADE AND ECONOMIC RELATIONS WITH THIRD COUNTRIES

1. Bilateral or plurilateral agreements relating to foreign trade in goods and trade in services (Annex 8A refers).
2. Economic integration, customs union and free-trade area agreements (Annex 8B refers).
3. Labour markets integration agreements.
4. Multilateral economic cooperation, membership in the multilateral economic organizations, trade-related programmes of other multilateral organizations.

Methodological annex

Annual rate of growth (AGR)

The AGR is defined as the annual percentage change through definite period.

$$AGR = \left[\left(\frac{Y_T}{Y_0} \right)^{\frac{1}{T-1}} - 1 \right] * 100$$

Y_T = last year value

Y_0 = first year value

T = number of years

Equivalent number

The EN is a theoretical value which represents the number of markets of identical size that would lead to the degree of export concentration exactly equal to the observed one for the product i . It is equal to the inverse of the Herfindahl-Hirschman Index, a commonly accepted measure of market concentration, which is calculated by squaring

the share of each export market and then summing the resulting numbers. Calculating market differentiation by means of the equivalent number distinguishes for each country the equivalent number of destinations of equal importance (within each product) leading to the same concentration of exports. The larger the index value, the greater the diversification of exports.

$$EN_i = \frac{1}{\sum_j \left(\frac{E_j}{\sum_j E_j} \right)^2}$$

E_j = value of exports of the product under consideration to the j th destination market.

Export (Import) Quantity Index (QI)

The QI represents the changes in the price-weighted quantities of products traded between countries. The weights are the unit values in the base year (i.e., it is a Laspeyres price index).

$$QI = \frac{\sum_i p_0 q_t}{\sum_i p_0 q_0} * 100$$

p_0 = base period (1989-1991) average unit value

q_t = current quantity

q_0 = base period (1989-1991) average quantity

Export Value Index (EV)

The EV represents the change in the value of exports f.o.b. (i.e., calculated *free on board*) with respect to the base period (the 3-year mean of the period 1989-1991).

$$EV = \frac{\sum_i p_t q_t}{\sum_i p_0 q_0} * 100$$

i = commodity index

p_t = current price

p_0 = base period price

q_t = current quantity

q_0 = base-period quantity

Import Value Index

The IV represents the change in the value of imports c.i.f. (i.e., including *cost, insurance and freight*) with respect to the base period.

$$IV = \frac{\sum_i p_t q_t}{\sum_i p_0 q_0} * 100$$

i = commodity index

p_t = current price

p_0 = base period price

q_t = current quantity

q_0 = base-period quantity

Import (Export) Unit Value Index (UV)

The UV represents the change in the quantity-weighted unit values of products traded between countries. The weights are import (export) quantities in the base year (i.e., it is a Laspeyres price index).

$$UV = \frac{\sum_i p_t q_0}{\sum_i p_0 q_0} * 100$$

i = commodity index

p_t = current unit value

p_0 = base period (1989-1991) average unit value

q_0 = base period (1989-1991) average quantity

Relative unit value (RUV)

The RUV of each product is calculated as the ratio of the average unit value of Syrian exports to the world average unit value. The reference point or average RUV is 1 (the unit value for Syria equals the unit value in the world market). If the RUV is below (above) 1, then Syria exports its product at a lower (higher) “price” than the world average “price”. Higher unit values are considered as reflecting a higher quality, other things being equal, and not as an indication of poor price competitiveness.

$$RUV = \frac{E_{is}/Q_{is}}{E_{iw}/Q_{iw}}$$

i = commodity index

E_{is} = value of exports of good i for Syria

Q_{is} = quantity of exports of good i for Syria

E_{iw} = value of exports of good i for the world

Q_{iw} = quantity of exports of good i for the world

Revealed comparative advantage (RCA)

The RCA shows if an exported commodity performs above the average Syrian export product in terms of world market shares. If the product has a large world market share, adjusted for the total participation of Syrian exports in world trade, it is said to reveal a *comparative advantage*.

$$RCA = \frac{E_{is}/E_{iw}}{E_s/E_w}$$

i = commodity index

E_{is} = value of exports of good i for Syria

E_s = value of total Syrian exports

E_{iw} = value of exports of good i for the world

E_w = value of total world exports

Spread index

The SI calculates for each product *i* the dispersion between the highest and lowest market share and compare it with the average export value. Being a weighted standard error, the greater the dispersion (i.e. spread) of exports from a country as compared to the average, the higher the value of the index.

$$SI_i = \frac{\sqrt{\frac{\sum_j E_j^2}{n} - \left(\frac{\sum_j E_j}{n}\right)^2}}{\sum_j E_j}$$

n = total number of destination markets

E_j = value of exports of the product under consideration to the *j*th destination market.

Standardized Trade Balance (STB)

The STB is defined as ratio of trade balance (exports minus imports) to trade volume (imports plus exports).

$$STB = \frac{E - I}{E + I}$$

Terms of Trade (ToT)

The ToT is defined as the ratio between the unit price indexes of export and import.

$$ToT = \frac{UV_E}{UV_I}$$

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Web sites

<http://www.europa.eu.int>: the EU website provides with comprehensive information about EU, its institutions, policies, general information. It contains many useful pages including:

- www.europa.eu.int/comm/external_relations/euromed/index.htm: comprehensive information about “The Euro - Mediterranean Partnership”.
- www.europa.eu.int/comm/trade/miti/devel/ft_eba.htm: provides information about EU common trade policies.
- www.europa.eu.int/comm/agriculture/index_en.htm: this link is very useful for details about the agricultural sector in the European Union and the agricultural policies.
- www.europa.eu.int/comm/enlargement/intro/index_en.htm: detailed information about European Union enlargement.
- http://www.europa.eu.int/comm/external_relations/euromed/free_trade_area.htm: a very important source for information about The Euro-Mediterranean Free-Trade Area.
- <http://europa.eu.int/scadplus/leg/en/lvb/l04000.htm>: Common Agricultural Policy with a special emphasis on Agenda 2000.
- <http://europa.eu.int/rapid/start/cgi/guesten.ksh>: this a good link for searching the EU Institutions press releases.
- http://www.europa.eu.int/comm/agenda2000/index_en.htm: it is the main link about agenda 2000
- http://www.europa.eu.int/comm/external_relations/syria/intro/index.htm: this link is an important source about the EU relations with Syria.
- http://www.europa.eu.int/comm/agriculture/external/wto/index_en.htm: this is a page of agricultural links in the website dealing with international trade relations especially WTO.
- http://www.europa.eu.int/comm/external_relations/med_ass_agreements.htm: it provides comprehensive information about euromed association agreements.

<http://www.Euractive.com> = this is a useful link for the EU Commission economic news day by day.

<http://www.ers.usda.gov> = the website of United States Department of Agriculture (USDA) provides information about US farm sector, policies, and a wide range of related information. Useful pages within this site includes:

- <http://www.ers.usda.gov/briefing/wto/genuraa.htm>: this is a link about the Uruguay round agreement on agriculture.
- <http://www.ers.usda.gov/Features/farmbill/titles/title1commodities.htm>: it provides a comparison between the old and the new farm bill.
- <http://www.ers.usda.gov/Features/farmbill/2002Glossary.htm>: it is another page on farm policy dealing with the glossary of policy terms with a very comprehensive information.

<http://www.ictsd.org/>: the website of the International Center for Trade and Sustainable Development. It provides information about the WTO and related subjects. It has many useful links like:

- <http://www.ictsd.org/weekly/03-04-10/story1.htm>: weekly trade news digest
- <http://www.ictsd.org/iprsonline/> or <http://www.iprsonline.org>: it is an internet portal on intellectual property rights (IPRs) and sustainable development.

<http://www.ITS.org>: this website provide a very good information about trade in general including statistics.

<http://www.fao.org>: the website of Food and agriculture Organization includes many useful links as:

- <http://apps.fao.org/page/collections>: it is the address of FAOSTAT, providing comprehensive statistics about the agricultural sector (production, trade, food, land, irrigation, etc.).

<http://www.wto.org/>: this is the website of the World Trade Organization. It contains all the information needed about WTO and its activities. Some useful pages are the following:

- http://www.wto.org/english/trtop_e/agric_e/negoti_mod2stadraft_e.htm: this page deals with agricultural negotiations in the WTO.
- http://www.wto.org/english/trtop_e/agric_e/agric_e.htm: it is a page presenting agricultural trade statistics in WTO.
- http://www.wto.org/english/tratop_e/dda_e/dda_e.htm: it provides all the information about Doha Declaration.

<http://www.iqtissadiya.com>: this is the Syrian magazine “aliqtissadiya” which deals with the economy issues in Syria and the world.

<http://www.syecon.org/announce.php>: this website presents the text of the new Syrian laws.

<http://www.dcc-sy.com/pkg8/index.php>: the website of Damascus Chamber of Commerce with a very important informations for any trader about Syrian trade details.

[http:// www.Arableagueonline.org/arableague/index.jsp](http://www.Arableagueonline.org/arableague/index.jsp): the League of Arab States website. It provides information about the Arab Free Trade Area.

<http://www.oxfordbusinessgroup.com>: this is a UK-based firm specializing in economic and business publishing and consultancy in the emerging markets of the Middle East.

<http://www.sana.org>: Syrian Arab News Agency website, it is useful to search about news, laws, and articles related to Syria.

Datasets

<http://www.amad.org/files/index.htm>: Agricultural Market Access Database (AMAD)

<http://www.usitc.gov/tr/DATA1.HTM>: United States International Trade Commission

<http://unstats.un.org/unsd/comtrade/default.aspx>: United Nations (COMTRADE data)

