

Documentation

Conference:

Syria and the European Union: Dimensions of Cooperation

October 31st – November 2nd 2008



**FRIEDRICH
EBERT** 
STIFTUNG

SEBC

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About the Conference

From October 31st to November 2nd 2008 the Friedrich-Ebert-Stiftung and the Syrian Ministry of Economy and Trade hosted the joint conference „Syria and the European Union – Dimensions of Cooperation“ under the auspices of the Syrian Deputy Prime Minister Abdallah al-Dardari in Damascus. The conference served as a forum for dialogue between German, European and Syrian decision-makers and experts on the Syrian-European Relations and the Syrian Economic Reform Process.



PROGRAM

06:00 pm

Welcome Reception

for the participants of the conference

Keynote Speeches

Culture and Civilisation Syria and Europe from Historical Perspective to Future Cooperation

Terms of Reference: Role of history, common cultural ground between Syria and Europe, Syria as a bridge between East and West, tourism and communication as an engine for cultural exchange, examples for tolerant co-existence between different religions and sects. present

Dr. Riad Nassan Agha

Minister of Culture

Dr. Andreas Reinicke,

Ambassador of the Federal Republic of Germany to the Syrian Arab Republic, Damascus

09:00 am

10:00 am

Welcoming and Introduction

Hajo Lanz

Head of the Department for the Middle East and North Africa, Friedrich-Ebert-Stiftung, Berlin

Abdullah Al-Dardari

Deputy Prime Minister for Economic Affairs of the Syrian Arab Republic, Damascus

Walter Kolbow

Member of the German Parliament, Deputy Head SPD Parliamentary Group, Berlin

10:15 am

12:00 am

I. Plenary Session

The Economic Reform Process in Syria Concepts and Strategies of Political Economy

Terms of Reference: Examples for social market economy under discussion; Interdependence between economic and administrative reform; Sequencing of reform steps; Balancing social and economic transformation; Discussing challenges of managing economic transformation; Syria as a regional hub.

Aim of the Session: Identifying ways, strategies and promising sectors for economic reform in Syria and elaborating proposals to fine-tune EU assistance programs.

The discussion to be introduced and chaired by

Abdullah Al-Dardari

Deputy Prime Minister for Economic Affairs of the Syrian Arab Republic, Damascus

and co-chaired by

Hajo Lanz

Head of the Department for the Middle East and North Africa, Friedrich-Ebert-Stiftung, Berlin

Dr. Adnad Al-Soukhni

Head of Planning Committee

Veronique De Keyser

Member of the European Parliament, Member of Committee on Foreign Affairs, Brussels

Anja Zorob

Institute of Development Research and Development Policy, Bochum

12:15 am
02:00 pm

II. Plenary Session

Business Sector Development Strategies for Sustainable and Pro-Poor Growth

Terms of Reference: Examples for small and medium enterprise development; Creating a supportive and attractive environment for the business sector; Strategies for pro-poor-growth.

Aim of the Session: Fostering a developmental oriented business sector; Identifying strategies to promote the SME sector; Strengthening EU-Syrian business relations.

The discussion to be introduced and chaired by

Dr. Amer Husni Lutfi

Minister of Economy and Trade

Poul Gadegaard

Syrian Enterprise and Business Centre (SEBC)

Dr. Rateb Al Shallah

President, Federation of Syrian Chambers of Commerce

Dr. Ulrich Thießen

German Institute for Economic Research, Berlin

Dr. Gerhard Heimpold

Halle Institute for Economic Research

03:30 pm
05:00 pm

III. Plenary Session

Globalisation: Challenges and Opportunities

Terms of Reference: Integration into the world market; protectionism vs. liberalisation; Effects of globalisation in the EU and Middle East and strategies to cope with these effects; Prospects

and perceptions on global governance; Discussing the role of multilateral institutions; Influence of the rising powers (as China and India) on domestic markets

Aim of the Session: exchanging perspectives on globalisation and identifying strategies to fuel benefits from globalisation

The discussion to be introduced and chaired by

Emil Lieser

Friedrich-Ebert-Stiftung

Dr. Samir Al Taki

General Coordinator, Orient Center for International Studies

Mr. Soulayman Haddad

Head of Committee of Arab and Foreign Affairs

Dr. Boris Ruge

Head, Middle East Department, Federal Foreign Office of the Federal Republic of Germany, Berlin

Leonidas Tezapsidis

Head of Unit Near East, Directorate-General External Relations, European Commission, Brussels

Closing Remarks

Hajo Lanz

Head of the Department for the Middle East and North Africa, Friedrich-Ebert-Stiftung, Berlin

07:00 pm

Reception

on the Invitation of the German Ambassador
Dr. Andreas Reinicke

Syria in Times of Economic Restructuring

Presently, Syria undergoes far-reaching economic reform and a repositioning in the landscape of international economic and political relationships.

Since the succession of Bashar Al-Assad in 2000, the Syrian government has embarked on a course of economic reform to restructure its economy which, in the long run, may add up to a full transformation from centrally planned economy to market economy. At the same time Syria seeks to alleviate poverty and promote human development. The tenth and most recent Five Year Plan (10th FYP) covering the years 2006–10 sets out the fundamental priorities on which the reforms are based: Most emphasis is being placed on macroeconomic stabilisation policies through fiscal adjustments focussing on reducing the budgetary deficit. Other measures include reforms in the financial sector to promote private investment and economic growth, liberalisation of international trade to increasingly profit from border-crossing division of labour, and labour market reforms towards more competition. It is widely accepted that, in order to absorb potential adverse effects stemming from the economic adjustments, efforts must also concentrate on the establishment of new measures of social security.

The considerable speed at which the government pursues to implement the reforms is attributable to severe macroeconomic imbalances that threaten to become even worse in the future if there is no profound change in economic policy: Oil reserves are dwindling rapidly and the Syrian economy is burdened by an oversized public sector with inefficient public enterprises. Other challenges lie in the small amount of non-oil revenues to the state budget due to a poor taxation system and a heavy fiscal burden caused by large subsidies. Moreover, future



problems could arise from demographic changes, as an increasing share of the population is under the age of 20 and already confronted with high rates of unemployment and social inequality.

Syria undergoes “interesting times, perhaps too interesting, definitely challenging”, as *Abdallah Al-Dardari*, Deputy Prime Minister for Economic Affairs of the Syrian Arab Republic and former Head of the Syrian State Planning Commission commented in his opening speech.

Al-Dardari: “Syria experiences dramatic economic changes with direct social impacts on poverty alleviation and equality.”

Mr. Al-Dardari briefly outlined the main challenges that Syria faces at three different levels: At the national level dramatic economic changes determine the political agenda, which will have a direct impact on poverty alleviation and equality and consequences in the fields of society and culture. At the regional level the pending European-Syrian Association Agreement (ESAA) promises many economic opportunities. At the same time the risks it entails must not be ignored. European-Syrian trade co-operation should be based on mutual interest and dialogue. The European side should recognize the new

spirit in Syria towards international co-operation and, hence, the willingness of the Syrian government to abandon obsolete economic and political isolation. In return, the United States and some European countries should refrain from military interventions. At the global level, the currently troubled world economy poses a new challenge to the economic reforms in Syria. Meanwhile, the shift towards a multipolar international system grants Syria a leading role as a regional economic and political power in the Middle East.

Walter Kolbow, Deputy Head of the Social Democratic Party's (SPD) Parliamentary Group underlined Syria's role in the region as a bridge between the orient and occident and an outstanding example of peaceful co-existence of different religions. He assured continued German support to Syria's transformation process towards a social market economy acknowledging, however, that it would be a difficult task as sustaining a just social and economic order under conditions of globalization also poses a challenge to Germany's government. Mr. Kolbow made clear that Germany's support for economic reform in Syria is combined with the expectation that it will produce substantial results. Political freedom and human rights have to be guaranteed and Syria should continue to play a constructive role in the Middle East peace process.





I. Plenary Session

Concept and Strategies of Economic Reform

Further detailing the economic reform process *Abdallah Al-Dardari* identified five preconditions for a successful implementation of economic reforms as put forward in the 10th FYP: First, there must be an integrated, carefully planned strategy to guide policy makers. Second, experts are needed who can run the reform process, and third, institutions that are capable of handling the transition have to be set up. Fourth, a balance between the economic and social benefits of the restructuring has to be ensured. Potential negative impacts must be absorbed by corresponding policy measures. Finally, reforms have to be accompanied by political, social and economical dialogue involving the entire society as the impact of reforms will be felt throughout all parts of society.

Mr. Al-Dardari remarked that the recent global financial crisis had fostered scepticism within the population and among policy makers about the merits of economic liberalization. A lack of market regulation is the root cause of the financial crisis, which Syria will most certainly try to avoid. Instead, the 10th FYP aims at implementing a social market economy, putting particular emphasis on the attribute 'social'.

Al-Dardari: "Reforms have to be accompanied by political, social and economic dialogue involving the entire society as the impact of reforms will be felt throughout all parts of society."

Social impact and negative effects of the reforms should be anticipated and prevented at an early stage.

Dr. Adnad Al-Soukhni, Head of the Planning Committee of the Syrian Parliament, stressed the role of Parliament in establishing the legal framework for economic reforms. The Parliament or 'People's Council' conducts its work in twelve committees to assess the 10th FYP for every corresponding ministry. In 2007 the Syrian legislative body passed more than six hundred laws related to the reforms. Recent years have also brought some substantial improvements to the Syrian legislature: Instead of adopting the budget of the government for a time span of twelve years, the Syrian Parliament now decides on a yearly basis. Parliament discussions have become more transparent and public. In spite of the remaining potential for further legislative reform the role of the Parliament in the legislation process has been substantially strengthened, a development Al-Soukhni called a 'revolution of legislation'.



Al-Soukhni: “The Parliament has paved the road for the realization of the 10th FYP but still there remains a gap between legislation and implementation”.

The gap between the legislation and implementation still forms a main concern to the Parliament. With European assistance the legislation-implementation gap in fields such as competition law, financial sector, investments, and anti-monopoly regulations could be bridged.

Dr. Veronique de Keyser, Member of the European Parliament (Socialist Party) saw progress in the field of human rights, freedom of speech and freedom of religion, as well as women’s rights in Syria. However, Syria still has a long way ahead in order to meet standards in this sensitive but important field. A milestone on the way could be the signing of the ESAA which explicitly deals with human rights in Article 2 ‘Democracy and Civil Rights’.

De Keyser: “Despite some progress in the field of human rights, Syria still has a long way ahead in order to meet standards in this sensitive but important field.”

Deputy Minister of Information, *Talib Qadi Amin*, disagreed with the allegation of restricted freedom of expression in Syria. He sustained that according to the 10th FYP laws have passed which guarantee the freedom of media. In practice there would be a monthly licensing of private sector media broadcasting across all Syria covering newspapers as well as radio and television channels.

Mr. Al-Dardari took a similar stance regarding private media as a factor of strength for the country even if, occasionally, the government is at the centre of its attacks. Referring to Mrs. de Keyser’s criticism on Syria’s human rights policy, he disagreed. He declared, however, that the differences in positions have become significantly smaller.

Since 1995 relations between Syria and the European Union (EU) have been shaped by the European Mediterranean Partnership Initiative or ‘Barcelona-Process’. The ESAA which includes far-reaching measures of trade liberalisation has been initiated in October 2004 but is still pending for signature. In the framework of the European Neighbourhood Policy Syria is the only Mediterranean partner country that has not yet concluded a EU-partnership or Association Agreement. Syrian President

Bashar Al-Assad's participation in the formal launch of the 'Union for the Mediterranean' in July 2008 in Paris indicated most recently a change in European-Syrian relations. The thaw in relations with France makes the conclusion of the ESAA seem to be back on the agenda at last.

Tezapsidis: "We would be delighted to welcome Syria as an associated member of the EU."

Leonidas Tezapsidis, Head of Near East Unit, Directorate-General of External Relations, European Commission, emphasised the importance of signing the ESAA. Recalling Greece's path to EU accession Mr. Tezapsidis drew a very positive conclusion: By joining the EU Greece had turned its weaknesses into strengths and now is an active member of the international community with an audible voice, a strong democracy, and improved economic performance. Greece now enjoys access to experts, ambassadors and everyday political and technical interaction at all administrative levels, aspects of which Syria could also benefit. Syria could have an intensified dialogue at any moment of time if it became an associated member of the EU. The European Commission would be delighted to welcome Syria in this position.

Dr. Anja Zorob, Professor at the Institute of Development Research and Development Policy, University of Bochum, underlined potential economic opportunities and threats of the ESAA. In fact, scepticism about embarking on a path of far-reaching liberalization of trade has gained ground among many Syrians who are concerned about the risks of the reform.

It is widely acknowledged that the ESAA follows the logic of the mutual gains through international trade. Potential threats of deeper economic integration and the increased share of the international division of labour, however, are oftentimes little discussed. Risks attributable to so-called static effects may result from at least three different sources: First, as domestic production is replaced by lower-cost imports trade creation may occur. This might increase pressure on domestic producers as well as other foreign suppliers in Syria or even force them out of the market. This effect plays out most powerfully in formerly highly protected industries which do not have international comparative advantages, namely capital intensive branches of import-substitution and agriculture. Trade diversion poses a second substantial risk. Trade flows might be redirected from one region to another if Syrian importers switch from the most efficient provider to less efficient suppliers from Europe. This effect applies in particular to goods for final consumption and also to machines and equipment which in Syria are currently imported mainly from other parts of the world than Europe. Third, the dismantling of customs duties in trade with the EU and the diversion of trade flows will lead to losses of tariff revenues which make up a significant part of the fiscal budget.

In turn, the dynamic effects have to be considered as potential gains from the agreement. Dr. Zorob pointed out that by means of intensified competition on the domestic market and its effects on breaking up monopolistic market structures Syrian enterprises might be forced to improve efficiency. The main potential for Syrian

manufacturers, however, lies in their improved market access to the EU. This enables local firms to switch from import-substitution to export-orientation. Market enlargement could also play a crucial role to attract the flow of foreign direct investment (FDI) to Syria stimulating further investments. Yet, unconditional capital mobility could lead to a so-called 'hub-and-spokes' pattern of investment where future FDI flows will be attracted to the hub, the EU, at the expense of the spokes, symbolizing the Mediterranean partner countries including Syria. Only the deeper integration of the spokes, for instance within the framework of the Greater Arab Free Trade Area (GAFTA), could mitigate this effect. Syria could improve its capability to attract market-seeking FDI and thereby potentially become itself a subregional hub.

Negotiations on the ESAA which had started in May 1998 soon were blocked when some European states influenced by the US called for a tightening of the clause on weapons of mass destruction. A lengthy tug-of-war on the exact wording of the paragraph began. Shortly after the ESAA was finally initiated in 2004 it was put on hold once more, following the killing of Lebanon's former Prime Minister Rafik Hariri. An adequate co-operation of the Syrian government with the international tribunal to investigate the Hariri case was put forward as an additional precondition for the European Council's signature.

Dr. Veronique de Keyser highlighted that Syrian support to Hezbollah and Hamas as well as Syria's close ties to Iran further hampered the process. In the aftermath of the attacks of 9/11 Syria had been classified as a member

of the so-called axis of evil by the U.S. administration – a judgement shared by some European member states at the time. However, the opinion in EU member states today has shifted, acknowledging the crucial role which Syria plays in the Middle East peace process and – more generally – the need for multilateral dialogue. Under the new French President Nicolas Sarkozy the Franco-Syrian relations have been re-established and the road to finalizing negotiations on the ESAA has been paved.

De Keyser: "The road is paved towards finalizing talks on ESAA."

Dr. Rateb Al-Shallah, President of the Federation of Syrian Chambers of Commerce, added that despite political opposition in Europe mainly technical reasons are responsible for the delay of the signature. The EU demanded a modernization of the Syrian administrative body before signing the treaty while at the same time neglecting to provide a sufficient amount of technical assistance and training to the Syrian authorities during this phase of restructuring. Al-Shallah claimed that a reluctance of the European Commission to disclose administrative secrets to their Syrian counterparts is the underlying reason. In other fields of compliance with the requirements of the treaty, however, Syria has made significant progress in recent years: The banking sector has been privatized and private hospitals, institutes of higher education and insurance companies were founded. Syria has opened its doors for foreign investment and successfully increased its non-oil revenues.



II. Plenary Session

Supporting the Syrian Business Sector

Dr. Amer Husni Lutfi, Minister of Economy and Trade, emphasised the crucial role of the private sector on the way towards market economy and praised Europe as Syria's main development partner.

Private firms in Syria should improve the efficiency of their production and build up research and development capacities to be able to compete in an open market economy as envisioned by the ESAA. To assist the private sector in this endeavour the EU allocated a sum of 130 Million Euro to Syria until 2010. The biggest share of these funds was channelled into specific structural programmes, such as for trade enhancement, business environment simplification, business development, support for small and medium enterprises (SME), the Syrian European Business Centre (SEBC) and reform of the finance sector. Especially the EU-funded SEBC, which in 2006 was renamed to 'Syrian Enterprise and Business Centre' and since then is maintained as a national institution, earns great merit for its support of the private business sector, export promotion, access to information, mana-

gerial training, and assistance to the implementation of other EU-programmes.

Lutfi: "The informal sector represents approximately 40% of Syria's economy and is as such of prime concern to Syria's economic well-being."

Minister Lutfi emphasized that SME are the backbone of Syria's economy, many of them located in the informal sector. The informal sector represents approximately 40% of the economy and therefore is of prime concern to Syria's economic well-being. Integrating the informal sector into the formal economy would raise economic growth rates and generate employment. Support to this sector should be provided by extended direct financing or indirect financing through existing programmes. With respect to promoting investment, Mr. Lutfi pointed out that a new law facilitates investments and a Syrian Investment Commission has been established replacing the former Syrian Investment Bureau.

The call for European assistance to support the transition process was expressed unanimously by the Syrian discussants. *Dr. Rateb Al-Shallah* stressed that with the current resources and capabilities Syria could not manage the restructuring on its own as required by the provisions of the ESAA. European funding, technical support, and – more than everything else – investments are needed. In this context, he called upon the FES to actively support European assistance to the business sector in Syria. High priority measures should aim to facilitate trade between EU and Syria, to develop the administration and business sector, and to attract big enterprises for transfer of knowledge and technology.

Poul Gadegaard from the SEBC highlighted the institute's outstanding role in the private sector development. Founded as part of the EU-Barcelona initiative by the European Commission, SEBC has been operating successfully in Syria for more than 10 years now. From 1996

until today SEBC supported several hundreds of Syrian companies in the form of direct business upgrading. The Centre accompanied many firms in exposing themselves to the global market on international trade fairs, promoted export activities, provided managerial training, supported the formation of business chambers and directly consulted Ministries and Government institutions on policy issues. The biggest obstacle to sustainable private sector development is the 'unfriendly' business environment in Syria. SME's economic success is seen as crucial to the development of Syria. Thus, it is of utmost importance that direct support to private enterprises continues. A 'national development' institution which operates independently of the political system would enforce this development.

Gadegaard: "Today, SEBC plays an even more important role than ever before in the private sector development."



Dr. Gerhard Heimpold, senior economist at the Halle Institute for Economic Research, illustrated policies of SME support using the example of economic policy in the Eastern part of Germany after German reunification in 1990. With respect to the structure of the economy similarities existed with a relatively small private sector and a large public sector. Large state owned enterprises with obsolete production facilities and a onesided orientation towards the Eastern Bloc markets dominated the industrial landscape. Thus, supporting SME became one of the major instruments of structural support to East Germany.

Support in this segment of the economy is needed: SME are confronted with business size related obstacles which might hinder market entry and the business development. Likewise, small firms often suffer from a lack of information, reputation, and managerial experience and face difficulties regarding access to loans. Therefore Germany provides comprehensive support at different levels: At the federal and state level support schemes include loans, guarantees, provision of venture capital, investment grants and support for research and development (R&D). Part of the latter is co-financed by the EU. At the regional level 'self-government systems' made up of regional chambers of industry and commerce play an important role in strengthening SME. At the local level the city or district administration maintains administrative units which are responsible for business support, such as provision of sites, information, advice, etc.

Heimpold: "Financial support to SME is necessary but not sufficient."

Dr. Heimpold pointed out that financial support to SME was necessary but not sufficient as support in the form of information and advice was needed, too. A particular challenge is the lack of entrepreneurship that has to be overcome. Moreover, support to SME should exceed the narrow scope of direct policy measures. Crucial factors are macroeconomic stability, reduction of bureaucracy and corruption, business friendly state regulation in terms of taxation and labour market law, and improving the infrastructure including a more effective educational system. Further *Dr. Heimpold* noted that a one-sided

focus on SME is not justified as economies always consist of a mixture of small, medium-sized and large enterprises, each of them possessing a crucial role in the development process. Successful support requires the inclusion of stakeholders, such as private banks or business chambers, and regional particularities have to be taken into account as different regions possess different economic strengths and weaknesses.

Dr. Ulrich Thießen, German Institute for Economic Research, Berlin, focussed on lessons learnt from the Eastern European transition process towards market economy. The introduction of exchange rate flexibility could prevent currency and banking crises. The trade liberalization, which has been impeded by high non-tariff trade barriers, and an increased use of foreign capital could strengthen the Syrian economy. *Mr. Thießen* insisted, that in spite of the criticism it often faces, privatisation had shown tangible results in the transformation process from centrally planned economy to market economy, e.g. pro-



duction increases in Russia's gas and oil industry. Further reforms should include the establishment of a truly independent central bank with a singular focus on price control, the break-up of monopolies and the improvement of the social security system. With regard to fiscal policy Dr. Thießen recalled the importance of phasing out subsidies, the introduction of a modern taxation system, an independent court of auditors, budget laws and the need for fiscal federalism. He recommended the use of foreign knowledge, e.g. by means of foreign investors or foreign members in supervisory boards. Three comparative advantages might facilitate Syria in profiting

from liberalization: low wages in international comparison, unexploited natural gas resources and significant potentials of tax revenue. In many aspects Syria could profit from China's unconventional way towards integration into the global economy.

Minister Dr. Lutfi however, pointed out that the Syrian case of economic development is not comparable to the experience in China or other big emerging countries like India or Brazil due to the different sizes of the respective economies.



III. Plenary Session

Syria's Role in a Globalized World

Syria is facing many challenges at the same time. Amidst racing globalization, it stands on the edge of becoming a full credited member of the international economic community. It must cope with the spill-over effects of the global financial crisis while balancing its economic and social transformation. Meanwhile, the Arab Republic assumes responsibility as a regional political power and takes over a key role in reaching a peace agreement for the Near- and Middle East.

With respect to Syria's role in the region's peace process *Soulayman Haddad*, Head of the Committee of Arab and Foreign Affairs in the Syrian Parliament, reported about aspects of progress and stagnancy and put the blame for so far little success in reaching a comprehensive peace accord on Israel and the U.S. administration. He pointed out that part of the Syrian territory had been occupied by Israel and called upon the EU to take legal actions in order to restore the status of the land according to UN resolutions. Generally, he said, the Syrians would like to see

Europe play a more decisive and effective role in the future in the peace process.

Dr. Boris Ruge, Head of the Middle East Department in Germany's Federal Foreign Office, underlined that globalization is not a theoretical concept but of direct practical relevance in the economic, social and political spheres. As in comparison to other countries Syria is even more exposed to globalization, adjustments for Syrian the economy and society cannot be avoided. This process of change is painfully known by the Germans who in the early 1990s transformed its Eastern part of the country from a centrally planned into a social market economy.

Leonidas Tezapsidis agreed that globalization in the MENA region is a challenge since it poses a threat and an opportunity for democracy at the same time. Even the EU as the worldwide biggest trader and provider of technical and financial assistance seriously struggles with the implications of global capitalism. Capitalism's efficiency is

indispensable, but its side effects are instability and inequality. With the 2005 'Lisbon Strategy', however, the EU has paved the road to find solutions to these challenges by addressing the problems of low economic competitiveness, negative demography, growing social inequalities, climate change and energy security.

Doubts that worldwide economic integration is the most important factor for Syria's future well-being were raised by *Dr. Samir Al-Taki*, General Co-ordinator of the Orient Centre for International Studies at the University of Damascus. Developments of regional integration, such as Arab League's initiative GAFTA, are of higher relevance. A viewpoint vigorously shared by Walter Kolbow in the later discussion.

Al-Taki: "The Arab League is the best tool of integration in the Arab region."

If political and economic power eventually shifts from the U.S. and Europe to regions endowed with energy reserves, namely the Gulf Region and Africa, GAFTA would gain even more importance. A closer co-operation between MENA states but also stronger ties between

Syria and the EU are needed from a Syrian perspective. Mr. Al-Taki outlined three global challenges to which he referred as the 'three Fs': the food crisis, the fuel crisis, and the financial crisis. He stressed that Syria was not able to solve these problems on its making assistance from Europe indispensable.

Dr. Ruge, too, emphasised the importance of signing the ESAA and to put the Syrian European co-operation on new feet. Germany is Syria's number one partner in the field of technical co-operation, a fact that should create a sufficient amount of trust among the Syrian partners in order to deepen the interaction. This kind of promising, open and honest dialogue as at the occasion of this conference lays the proper ground on which Syria and Germany and Syria and Europe can build their future relationship.

Syrian, European and German participants of the conference agreed that the dialogue on social market economy has to be continued. The Friedrich-Ebert-Stiftung will provide a platform for the much needed exchange of ideas.

THE FRIEDRICH-EBERT-STIFTUNG IN THE MIDDLE EAST AND NORTH AFRICA



DIALOGUE BETWEEN SOCIETIES AND PROMOTING SOCIAL DEMOCRACY

Idea and Mission

The Friedrich-Ebert-Stiftung's Division for International Development Cooperation feels a particular responsibility for contributing to development and democracy in the countries of Africa, Asia, Latin America, the Middle East and North Africa. Looking towards the future, we regard it as our task to help

- safeguard democratic structures by involving as many social groups as possible,
- promote economic reform and a policy of social justice,
- formulate common basic values to guide socio-political development.

Our challenge as we see it is to adapt the focus and instruments of our work continuously in response to social developments.

Founded in 1925 as Germany's first political foundation, the Friedrich-Ebert-Stiftung (FES) is a private, non-profit organisation committed to the precepts of social democracy. It bears the name of the first democratically elected president of Germany, Friedrich Ebert, preserving his legacy: the promotion of freedom, solidarity and social justice through the political process. The FES undertakes to carry out this mission in Germany and abroad through its programmes promoting political education, international cooperation, study and research.

The Middle East and North Africa

An Abundance of Resources – and Conflicts

The region of the Middle East (Mashrek) and North Africa (Maghreb) includes the Arab world, Israel, Iran and Turkey (a borderline case). It is characterised by conflicts: the most recent international conflict in Iraq, two major regional conflicts – the territorial conflict in the Middle East and the conflict around a struggle for hegemony



„Development policy is the peace policy of the 21st century.“

Willy Brandt's affirmation has become the philosophy behind our daily work.

over the Persian Gulf – and a plethora of sub-conflicts throughout the region, some national and others between states. The region exhibits sharp disparities with respect to endowments in labour force, capital, natural resources and per capita income. The political systems of countries in this region, with its relatively insular conflicts and lagging integration, are extremely heterogeneous. In terms of language, culture and religion, on the other hand, the countries of the region are very homogeneous and, historically speaking, tightly interlinked. From the German and European perspective, the Middle East and North Africa are of exceptional importance. In historical moral terms, Germany bears a genuine responsibility for the state of Israel. As a result of the geographic proximity, however, the security, economic, social and cultural interests of Germany and Europe also play a major role. The Department for the Middle East and North Africa in the Division for International Development Cooperation pays heed to this importance.




Objects and Focus

Through its work, the FES pursues the goal of promoting pluralism and democracy, supporting healthy, sustained economic and social development and contributing to a more sustainable approach towards the environment and natural resources in the region. Equality for women and the promotion of human rights in general are of particular significance in this process. The FES has undertaken to make a contribution to achieving lasting peace between Israel and the Palestinians and broad security relations between Israel, the Arab world, Iran and Turkey. The security of Israel can only be guaranteed in enduring fashion through a just, comprehensive reconciliation between Israel and its neighbours. A constructive, co-ordinated, credible policy on the part of the European Union – within the framework of the Barcelona Process since 1995 – must support this process of reconciliation and conflict resolution over the long term.



FES Offices in the Region

The Friedrich-Ebert-Stiftung is represented in the region through its ten offices: Morocco, Algeria, Tunisia, Egypt, Sudan, Israel, Palestine, Lebanon, Jordan and Yemen. At the same time the FES has been working with select partners in Syria, Iraq and Iran without thus far having a standing representation in these countries. The project offices are staffed by nine expats and more than 50 local skilled and management employees. The Friedrich-Ebert-Stiftung receives about 6 million Euro per year from the German Ministry of Economic Cooperation and Development (BMZ) for its work in the region. The FES also draws projectrelated funding from the European Union, the German Foreign Office and several federal states in Germany.

-  Countries with FES-Offices
-  Countries without FES-Offices
-  In Coordination with the responsible

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