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Dear Reader,

With the continuous support from the Ministry of Agriculture and Agrarian Reform (MAAR) and the FAO Project GCP/SYR/006/ITA funded by the Italian government, the National Agricultural Policy Center (NAPC) contributes to the process of agricultural policy development in Syria. This is being realized through the implementation of policy studies, proposing sound policy options, and creating a policy forum for enhancing the dialogue among policy makers, researchers, and stakeholders.

In its endeavor to ensure the full operation and self-sustainability of NAPC, MAAR has funded the construction of the NAPC new premises and provided it with advanced technology and equipment so as to guarantee the optimal implementation of NAPC current and future activities.

NAPC is pursuing its activities with an ambitious vision and strategy, and is currently placing effort of further improving the quality of its services and outputs and enhancing its outreach to scholars, researchers, and stakeholders, promoting its linkages with similar national and international research institutions as well as upgrading the capacities of its staff through self development programmes and expertise exchange.

We welcome your contributions and look forward to your comments and suggestions.



The Social Market Economy in the Context of National & International Challenges

The 10th Regional Conference of the Baath Party announced the shift for Syria towards a Social Market Economy (SME) System. In the framework of the NAPC Agricultural Policy Forum series, a seminar was conducted to present the main features and challenges that characterize the implementation of the SME in Syria.

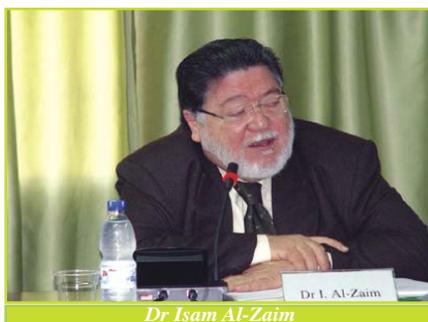
The seminar was delivered by Dr Isam Al-Zaim, Director General of “The Arab Center for Strategic Studies” and Head of “The Syrian Economic Scientific Association”, at the NAPC premises on April 13, 2006.

The SME aims at equitable economic and social growth. Principally, it relies on civil society to control the market mechanisms, redistribute income, and address an increasing share of the aggregate economic revenues for the provision of social services.

Transition to SME is a great challenge to Syria in its process liberalization. SME is conditional to the availability of economic, social, and political resources that allow a considerable economic growth for a substantial share of the revenues to be secured for the implementation of equitable services. These requirements entail decision makers’ intervention to harmonize the SME system with the economic reforms and the development of the scientific, educational, technological, industrial and economic capacities.

Syria’s development and related process of reform suffer from weak economic performance and growth due to lack of investments and unstable productivity coupled with resources depletion finally leading to a low economic surplus to dedicate to social development and equity enhancement.

The possible mechanisms to handle these challenges, as the lecturer suggested, involve implementing overall reforms in the political, administrative,



Dr Isam Al-Zaim

and economic sectors aiming to improve the Syrian economic resources needed to achieve economic growth and social development. It is important to develop a multi-sectoral approach at economic, social, and political levels. by applying management reforms regularly updated in a process of elimination of bureaucratic, legislative, and procedural constraints to create a better regulatory framework stemming from a careful analysis of sectoral needs including public, private, and cooperative sectors to use and benefit from the market mechanism.

The lecturer noted that reducing the cost of production and raising productivity of labor and national economy in Syria require a technological and industrial revolution based on the effective participatory role of the State in various investments. To expand real economic growth, increase national income, and create job opportunities, essential procedure is to activate public investments and provide a conducive environment to encourage private investments too. The key issue here is to adjust the current banking policies and adopt a new long-term credit policy with a moderate and encouraging

interest rate (current interest rates on credit are almost double the rates in some developed countries).

Dr Al Zaim argued that raising the economic growth rate to 7%, which is the goal of the Syrian 10th five-year plan, entails doubling the average of aggregate investments in all-economic sectors to reach at least 40% of the current GDP. He added that it is very ambitious and difficult to achieve this goal unless the State makes some critical policy adjustments.

To target more equal income distribution, the State has to apply a flexible wage scale to be increased in relation to price increases, with the aim of enhancing the purchasing capacity of the people and subsequently the social welfare.

Seeking new sources of energy is also urgent to face the depletion of Syrian oil and its declining returns. The situation could be helped by taking advantage from the strategic location of Syria and allowing pipelines of oil and gas from neighboring countries to pass through the country.

Dr Al-Zaim concluded that the basic factors needed to balance the social market system with socio-economic growth in Syria are currently not yet in place to support the social development policies of a successful SME system. Thus, transitioning to this system is hard to be achieved in a short time, but it is possible in the medium or long term.

Proceedings of the seminar are available at www.napcsyr.org/proceedings.htm



The Palestinian Minister of Agriculture

Dr Mohammed R. Al-Agha, Palestinian Minister of Agriculture, visited the NAPC on 27 June, 2006 accompanied by the Syrian Deputy Minister of Agriculture Mr Husain Al-Haddar.

The visit aimed at getting acquainted with the economic and social researches conducted by the Centre in support of the Syrian agricultural policy making process, as well as at identifying opportunities to develop future collaboration in issues of mutual concern for both countries.



FAO Delegation

A delegation from the Food and Agriculture Organization composed by Dr Mafa Chipeta, *Director of Policy Assistance Division (TCA)*, Dr D. Abdou, *Chief of the Policy Assistance Branch in FAO Regional Office for the Near East*, and Dr S. M. Amber, *FAO Representative in Syria* visited the NAPC on 22 June 2006.

The NAPC Director and Divisions' Chiefs briefed the delegation about the Center's work plan and progress.



INTERNATIONAL EXPERTS



Mr D. Abdou, *Chief of the Policy Assistance Branch at the FAO Regional Office for the Near East*



Mr J. Blas, *FAO Consultant (France)*



Mr C. Cafiero, *FAO Consultant (Italy)*



Mr V. Cistulli, *Project TSO, FAO, TCAS*



Mr F. De Filippis, *FAO Consultant (Italy)*



Mr H. De Haen, *FAO Consultant (Germany)*



Mr D. Francovich, *Counselor for Economic Affairs of the Italian Embassy in Damascus*

Mr J. M. Garcia Alvarez Coque, *FAO Consultant (Spain)*



Mr M. Moussaoui, *FAO Consultant (Morocco)*



Mr N. S. Parthasaraty, *FAO Consultant (India)*



Mr P. T. Perri, *FAO Consultant (Italy)*



Ms M. G. Quieti, *Senior Agricultural Policy Support Officer, FAO*



Mr D. Romano, *FAO Consultant (Italy)*



Mr J. Vercueil, *FAO Consultant (France)*



The Mid-Term Review of the Syrian Agricultural Strategy

In accordance with the instructions provided by the NAPC Steering Commission, chaired by the Minister of Agriculture & Agrarian Reform, and in the light of the NAPC Work Plan, the centre conducted a study on “Mid-Term Review of the Syrian Agricultural Development Strategy”.

After decades of central planning, Syrian economic policies witness a gradual transition towards liberalization, reliance on market forces, and integration into the international economic system. These changes have affected all economic sectors, including the agricultural one, shifting the general objective of public interventions from self-sufficiency to sustainable self-reliance in food security through the enhancement of agricultural productivity and sustainability.

In the light of these economic changes, the Syrian Agricultural Development Strategy (SAS) 2001-2010 issued in December 2000, embodies both a new vision for the sector and a road map to fulfill that vision. SAS is a document that sketches a coordinated set of policies designed to pursue socio-economic development objectives. It includes programmes related to natural resources, plant production, animal production, support services, production inputs, and the policies required for programmes implementation.

Aiming at monitoring and assessing the SAS achievements, the Rural Development Division of NAPC in cooperation with the Department of Statistics and Planning of the Ministry of Agriculture and Agrarian Reform (MAAR), carried out the Mid-Term Review (MTR) for this strategy (from 2001 to 2005). The assessment highlights the weaknesses and strengths of the SAS implementation with the aim of proposing the required modification to the programmes and objectives to be implemented during the period 2006-2010. This activity also aimed at identifying the challenges and constrains to mind in the coming period.

Two tasks were accomplished in the MTR. First, reclassifying the contents of the original SAS into policies, programs, and actions to comply with the evolution and changes that took place since 2000; Second, the assessment of the SAS

achievements through quantitative and qualitative analyses.

From a general perspective, the main outcomes of this assessment can be summarized as follows:

- Plant production exceeded the planned targets, but livestock production did not meet the growth targets (red meat, fish, milk);
- Marketing actions were almost entirely applied, there is still an urgent need to introduce high value added alternative crops, improve processing and produce suitable quantities of quality products for export;
- International trade policies were relatively improved, however more attention should be given to quality to match with the international specifications and standards;
- Institutional support needs to be further improved, particularly focusing on the establishment of new well equipped training institutions;
- Care for natural resources and rural development still face many constrains, as for example: lack of an appropriate agricultural rotation; slow conversion to modern irrigation and low efficiency of public irrigation network; modest forestation and restoration of Al Badia vegetation cover rates; and lack of wholesale markets in rural areas.

Based on the Mid-Term Review (MTR) outcomes, a further revision of the SAS for the period 2006-2010 was also carried out focusing on the objectives that have not been fully achieved during the period 2001-2005. In addition, new objectives were proposed together with the actions required for the implementation in accordance with the development plans as well as MAAR plans.

The document was sent to the Planning & Statistics Department of MAAR to help in designing executive plans for objectives, policies and programmes implementation of the Syrian 10th five-year plan, and to help in making the required adjustments in the implementation of defined policies.

A policy note about this issue written by Mr Raid Hamzeh, from RDD division of the NAPC, is available at

www.napcsyr.org/division_rdd.htm

Other Briefs

Other Briefs

Other Briefs

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Other Recently Published Briefs

-The Need for Coordination among Concerned Stakeholders regarding Commodity Chains and Index Numbers

www.napcsyr.org/division_afd.htm

-WTO Negotiations: Will Developing Countries Benefit From a New Agreement?

www.napcsyr.org/division_tpd.htm

-The “Euro-Mediterranean Association Agreement”: Is it Worth for Syria?

www.napcsyr.org/division_tpd.htm

-Trade Policy Reform in Syria: What has Changed?

www.napcsyr.org/division_tpd.htm

-Non-Tariff Barriers in the Great Arab Free Trade Area.

www.napcsyr.org/division_tpd.htm

-Exporting in Syria: Business Environment, Trade Reform, and Promotion Activities.

www.napcsyr.org/division_tpd.htm

-The Development of an Economic Model for the Study of Syrian Agricultural Production

www.napcsyr.org/division_afd.htm

-The Recent Evolution of the Syrian Agro-Food Industry

www.napcsyr.org/division_afd.htm

-Hong Kong Ministerial Conference: “Saving the Parties’ Faces”

www.napcsyr.org/division_tpd.htm

-Women’s Role in Agriculture and Gender Issues in Syria

www.napcsyr.org/division_rdd.htm



Sheep Meat Outlook

The sheep meat outlook introduces the commodity chain of sheep meat from primary production until final consumption presenting some insights on its supply and demand analysis as well as an understanding the comparative advantages of this product.

Together with describing the sheep meat commodity chain, the outlook addresses the policies affecting the sheep meat sector. The factors of production and production systems of sheep fattening have been identified to assess the efficiency of the process in the use of resources as well as to determine its level of technology.

The cost factors of sheep fattening have been highlighted to address the evolution of their relative weights through time. The determinants of sheep meat supply and demand through time have been recognized to address the features of sectoral market integration, also considering opportunities for export in the light of standing international trade agreements.

Furthermore, the various functions of the agents of the sheep meat chain such as input suppliers, farmers, slaughterhouses, wholesalers, retailers and the product prices are explained.

In the framework of the agricultural development strategy until 2010 and the tenth five-year plan, sheep meat market related policies for planning, prices, inputs, credits, investments, research and extension, rural development, market information, risk management and environment are presented.

On the aggregate supply side, a



descriptive analysis concerning factors of production, including natural resources, employment and capital (credits, purchased inputs and machinery), production systems and evaluation of production costs has been conducted. In addition, an analysis of the relationship between the sheep meat supply and its determinants incorporating the wholesale price of sheep meat, wages, feed price, rainfall has been performed.

On the aggregate demand side, storage, domestic uses, final consumption, wholesale and retail markets have been discussed. In addition, the differences among governorates regarding expenditure and consumption and the correlation among the per capita demand, the retail price of sheep meat and the time trend using the equation of inverse sheep meat demand have been depicted.

Finally, lack of information at all levels of the commodity chain constrained the implementation of more accurate, advanced and effective methods of supply and demand estimation, which would help in improving the decision making process by assessing the policy impact on the agents of the commodity chain.

The full brief prepared by Mr Samir Grad, coordinator of AFD division of the NAPC, is available at:

www.napcsyr.org/division_afd.htm

Other Briefs

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-The State of Food Security: Recent Trends in Syria

www.napcsyr.org/division_rdd.htm

-Sustainable Water Use in Syrian Agriculture

www.napcsyr.org/division_rdd.htm

-The Main Challenges to the Field-Crop Farming Area

www.napcsyr.org/division_rdd.htm

-Agricultural Support Policies in EU for Selected Products

www.napcsyr.org/division_tpd.htm

-Indicators for Syrian Potentials to Increase Exports

www.napcsyr.org/division_tpd.htm

- Wheat Perspectives in Syria

www.napcsyr.org/division_tpd.htm

- Tomato Perspectives in Syria

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- Cotton Perspectives in Syria

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- Sheep Trade in Syria

www.napcsyr.org/division_tpd.htm

- Table Grape Trade in Syria

www.napcsyr.org/division_tpd.htm

- Selected Fruits in Syria – an Outlook

www.napcsyr.org/division_tpd.htm

- Lentils and Chickpeas in Syria

www.napcsyr.org/division_tpd.htm

- Commodity Bulletin No1: Sheep Meat in Syria

www.napcsyr.org/division_afd.htm

Syrian Agricultural Trade (SAT) 2005

Syrain Agricultural Trade (SAT) 2005 – the fourth annual report in this series – presents the features of the agricultural trade of Syria, also illustrating

Syria and the Middle East Region.

Chapter 2 presents the main features of the Syrian economy and the factors influencing Syrian total and agricultural trade.

Chapter 3 provides a more in-depth illustration of the features of Syrian agricultural trade, exploring trade performance and the position of Syria with respect to its main trading partners.

Chapter 4 discusses the latest developments in relevant international trade agreements and policies, critical to Syria.

Chapter 5 presents recent developments in trade policies in OECD countries focusing on EU and USA, investigating the most important factors affecting international markets and determining the opportunities for developing countries to benefit from international trade.

Chapter 6 provides an overview of the recent

relevant aspects of

agricultural trade in the world. It provides a picture of agricultural trade issues, with relevant indicators and most recent data and information for use by policy-makers, private sector, academics, and the public.

Chapter 1 describes the main trends in total world and agricultural trade focusing on the global economic environment, with specific reference to

developments in Syrian economic policy not exclusively related to trade, but with an influence on trade performance.

Finally, a special issue in Chapter 7 discusses the economic ties in the MEDA Region, focusing on the agricultural trade related aspects of the Syrian-EU Association Agreement.



Visit the Syrian Agriculture Trade online at:
[http:// www. napcsyr.org/pubs/periodical/reports.htm](http://www.napcsyr.org/pubs/periodical/reports.htm)

In France

Ms Basima Atiya and Mr Mahmoud Al Shareef, Agro-food Division, conducted in July 2006 a two-week internship at the Policy Market Research Unit at the “Centre de Coopération Internationale en Recherche Agronomique pour le Développement” (CIRAD) in Montpellier, France.

In connection with the update of the study on comparative advantages of Syrian agricultural products, the CIRAD economist Mr. Frederic Lancon delivered on-the-job training for the implementation of the study focusing on Policy Analysis Matrix (PAM) and Sensitivity Analysis of the new crops selected for the study.

In Italy

Ms Samira Soubh, Rural Development Division, went on a study tour to Italy from Jun 26 to July 14, 2006. she visited the Instituto Agronomico Mediterraneo (IAM), of the CIHEA in BARI, and, the Interdepartmental Center for Agro-Environmental Research “Enrico Avanzi” (CIRAA) of the University of Pisa, and the FAO Head Quarter in Rome.

The visit aimed at participating in research activities at post-graduate level on gender and rural development including field visits to projects for women entrepreneurs in rural area, and to meet representative of local institutions for women empowerment and with women stakeholders of rural organizations and cooperatives.

In Japan

Mr Basheer Al Hamwi, Trade Policy Division, attended a Seminar on “Multifunctionality of Agriculture in the Context of WTO Negotiations on International Agricultural Trade”. The Afro-Asian Rural Development Organization (AARDO) and the Institute for the Development of Agricultural Cooperation in Asia (IDACA) jointly organized the seminar during the period 9 - 21 July 2006, in Tokyo, Japan.

The seminar defined and clarified the concept of multifunctionality of agriculture, which in addition to the agricultural commodities produces other positive intangible products that cannot be estimated in monetary terms, such as environmental improvement, landscape, erosion control, enhancement of biodiversity, rural development, forestation and reforestation, etc. This concept entails the need to valorize the agricultural products taking into account factors external to market forces solely.

In Belgium

Mr Mohamed Ali, Trade Policy Division, participated in an intensive course on “Introductory & Practical Open Economy General Equilibrium Modeling with General Algebraic Modeling System (GAMS)”, which was held at EcoMod Modeling School in Brussels, Belgium on July 10-15, 2006.

The course covered all the basic tools for constructing and implementing large-scale models applied in general equilibrium for policy analysis.

In Spain

Ms Hajar Bagasa, Mr Basheer Al Hamwi and Mr Yaser Al Issa of the Trade Policy Division attended a seminar conducted by the European Center for the Regions (ECR) and the Antenna of the European Institute of Public Administration (EIPA), in the context of Euro-Med training (MEDA) in Barcelona, Spain from 11 to 15 September 2006.

The workshop focused on the EU Advanced Module “Common Agriculture Policy”, in which the NAPC members were acquainted with the sophisticated conditions required for imports of agricultural and food commodities to the EU, as well as the experiences of some Mediterranean countries exporting to the EU.



The 8th Scientific Committee Meeting

The Scientific Committee (SC) of the National Agricultural Policy Center held its eighth meeting on 19 and 20 June 2006 at the Center's premises.

The SC is composed of two international members, Mr Hartwig De Haen, Emeritus FAO Deputy Director General, and Mr F.



De Filippis, Professor of Agricultural Economics, University of Rome, Italy and two national members, Mr M. Yassin, Professor at Damascus University, Faculty of Agriculture, and Mr M. Khazma, Director of the Marketing Department of the Ministry of Agriculture.

The SC reviewed the NAPC progress report referring to the period from October to June and the sustainability monitoring system (SMS) for 2005, and evaluated the technical and research activities conducted by the center through meetings with the NAPC staff.

The 8th Steering Commission Meeting

On 19 July 2006, the NAPC Steering Commission, chaired by HE Husain Al Haddar, Deputy Minister of Agriculture and Agrarian Reform, and composed of representatives of other



ministries, held its eighth meeting at the Ministry of Agriculture and Agrarian Reform premises. The Commission discussed the NAPC Progress Report for the first half of 2006 and the sustainability monitoring system for 2005

FAO Project 3rd Steering Committee Meeting

The Forth Steering Committee Meeting of the FAO Project GCP/ SYR/006/ITA-Phase III "Sustainable Capacity Consolidation of the National Agricultural Policy Center (NAPC)" took place on 20-21 September 2006 at the NAPC premises.

The Steering Committee is composed by representatives of FAO, Government of Syria, and Government of Italy.

The formal opening ceremony saw the participation by H.E. Ms Salwa M. Amber, FAO Representative in Syria, H.E. Dr Nabi Rasheed Mohammed, Deputy Minister of Agriculture and Agrarian Reform, Dr. Dyaa Abdou, Chief of the Regional Policy Assistance Branch of FAO, RNEP and Mr D. Francovich, Counselor for Economic Affairs of the Italian Embassy in Damascus. They congratulated the Project and the NAPC for the progress made and stressed their commitment towards consolidating the NAPC as a self-sustainable institution for agricultural policy analysis and formulation in Syria.

The meeting discussed recent progress in Project implementation, the activities carried out from March to August 2006, as well as the detailed Project work plan up to October 2007. The work plan includes institutional support to NAPC, staff training, assistance to policy analysis activities and to the production and dissemination of information relevant for the economic analysis of Syrian agriculture.

On the second day of the meeting, an exchange Session between NAPC and the Steering Committee members took place, in which the NAPC Division Chiefs briefed the Steering Committee members on each division's work plans and activities conducted.

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