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MECHANISM OF IMPLEMENTATION OF THE PRIORITIES OF EXTERNAL ECONOMIC RELATIONS OF SYRIA IN MODERN CONDITIONS

МЕХАНИЗМ РЕАЛИЗАЦИИ ПРИОРИТЕТОВ ВНЕШНЕЭКОНОМИЧЕСКИХ СВЯЗЕЙ СИРИИ В СОВРЕМЕННЫХ УСЛОВИЯХ

©Al Humssi A. (Syria)

Peoples' Friendship University of Russia

Moscow, Russia

L6h88@mail.ru

©Аль Хумсси А. (Сирия)

Российский университет дружбы народов

г. Москва, Россия

L6h88@mail.ru

Abstract. The mechanism for implementing the priorities of foreign economic relations (priority investment and trade and other relations) in the chaos and macroeconomic instability is important step and a priority that stands in front of the foreign economic policy of Syria.

International economic relations play very important role in economics of countries, and in the world that external links have become a basic and main engine of life in all countries, under these relations is determined by the level of economic development that does not hide the prominent impact on all levels of social, cultural and even political.

In the period of the war in Syria significantly the financial reserves of the state and capital flight decreased, which led to high external debt (increased 2.5 times in 2014 compare with 2012) therefore must develop a strategy to reduce dependence on foreign debt and develop a mechanism to attract foreign investment.

In period 2004–2012 Syria's foreign trade turnover increased by 3.46 billion U.S dollars or 1.29 times in 2012 amounted to 15.305 billion U.S dollars. But in 2013 it felt to 7.60 billion U.S dollars.

Despite the fact that the Syrian government issued law number 8 — 2007 Syria has been too late in the Doing Business report. In 2011, he engaged in 144th place. Compared with 2009. In comparison between the data table before and during the crisis ranking of Syria in the report Doing Business is not much deteriorated from 144th to 147th place. With the exception of 2014, Syria is engaged in 165th place because no wealth of information about how to obtain a building permit, so she automatically deals Last place 189th.

Аннотация. Механизм реализации приоритетов внешнеэкономических связей (приоритетных инвестиционных, торговых и иных отношений) во время хаоса и макроэкономической нестабильности является важным шагом и приоритетной задачей, которая стоит перед внешне-экономической политикой Сирии.

Международные экономические отношения играют очень важную роль и в экономике страны, и в мире, потому что внешние связи стали основным и главным двигателем жизни во всех странах, в рамках этих отношений определяется уровень экономического развития, который оказывает заметное влияние на все уровни социальной, культурной и даже политической жизни.

В период войны в Сирии значительно снизились финансовые резервы государства и отток капитала, что привело к высокому внешнему долгу (увеличился в 2,5 раза в 2014 году в сравнении с 2012 годом), поэтому необходимо разработать стратегию снижения зависимости от внешнего долга и разработать механизм для привлечения иностранных инвестиций.

В период с 2004 по 2012 г. г. внешнеторговый оборот Сирии увеличился на 3,46 млрд долларов, или 1,29 раза, в 2012 году составил 15 305 млрд долларов. Но в 2013 году он составил 7,60 млрд долларов.

Несмотря на то, что сирийское правительство издало закон №8 — 2007, Сирия не попала в рейтинг Doing Business. В 2011 году она заняла 144-е место. По сравнению с 2009 г. место Сирии в рейтинге (до и во время кризиса) Doing Business не сильно ухудшилось со 147-го до 144-го места. За исключением 2014 года, Сирия занимает 165-е место, но в связи с отсутствием необходимого объема информации о том, как получить разрешение на строительство, она автоматически занимает Последнее 185-е место.

Keywords: International economic relationships, Foreign economic links, macro–microeconomic stabilization, liberalization, External debt.

Ключевые слова: международные экономические отношения, внешнеэкономические связи, макро–микроэкономическая стабилизация, либерализация, внешний долг.

Mechanism of implementation of the priorities of external economic links of Syria in modern conditions

State regulation of processes economic international relationship, especially problematic for Syria, as is done in parallel with the entire spectrum of reforms — institutional reforms, macroeconomic and microeconomic stabilization and liberalization.

We believe in a crisis is necessary to increase government intervention in the economy. The objective necessity of improving the state regulation of foreign trade all spheres is impossible without the development of an appropriate mechanism to regulate international relations.

The main aim of state intervention in the foreign economic relations is to ensure the economic and political interests of the country during and after the crisis, to increase the export potential in the future. In accordance with this view the words of the Prime Minister of Russia Dmitry Medvedev, who said that the promotion of domestic products to foreign markets requires government involvement, especially in the current environment.

Despite the fact that the Syrian government issued law number 8 — 2007 Syria has been too late in the Doing Business report. In 2011, he engaged in 144th place. Compared with 2009, there was deterioration in the international status of Syria's Doing Business report (Table 1).

In comparison between the data table before and during the crisis ranking of Syria in the report Doing Business is not much deteriorated from 144th to 147th place. With the exception of 2014, Syria is engaged in 165th place because no wealth of information about how to obtain a building permit, so she automatically deals Last place 189th.

In the context of difficulties in attracting foreign investment to the country and the lack of domestic financial resources for public purposes for the development of the housekeeper, in this case the government of the country is one way to borrow from other countries.

Table 1.

RANKING OF SYRIA IN THE REPORT DOING BUSINESS 2009–2014 [1]

| № Indicators | Indicators | Before a period of crisis | | | During the crisis | |
|--------------|-----------------------------|---------------------------|------|------|-------------------|------|
| | | 2009 | 2010 | 2011 | 2013 | 2014 |
| | business organization | 138 | 143 | 144 | 147 | 165 |
| 1 | Beginning business | 125 | 133 | 134 | 134 | 135 |
| 2 | Obtaining a building permit | 131 | 132 | 134 | 139 | 189 |
| 3 | Registering property | 72 | 82 | 80 | 82 | 82 |
| 4 | Access to credit | 180 | 181 | 168 | 117 | 180 |
| 5 | investor protection | 114 | 119 | 109 | 113 | 115 |
| 6 | payment of taxes | 101 | 105 | 110 | 117 | 120 |
| 7 | of foreign trade | 114 | 118 | 120 | 130 | 147 |
| 8 | Execution of contracts | 175 | 176 | 176 | 179 | 179 |
| 9 | enterprise liquidation | 87 | 87 | 95 | 113 | 120 |

Some of External economic indicators

An analysis of the dynamics of the external debt of Syria for the period 1980 to 2014 (Figure 1).

Syria's foreign debt is a duty of the government to other countries. Strategy of foreign debt management in 2004.

This indicator has improved before crisis, and hence independence from other countries.

In the period of the war in Syria significantly the financial reserves of the state and capital flight decreased, which led to high external debt (increased 2.5 times in 2014 compare with 2012) therefore must develop a strategy to reduce dependence on foreign debt and develop a mechanism to attract foreign investment.

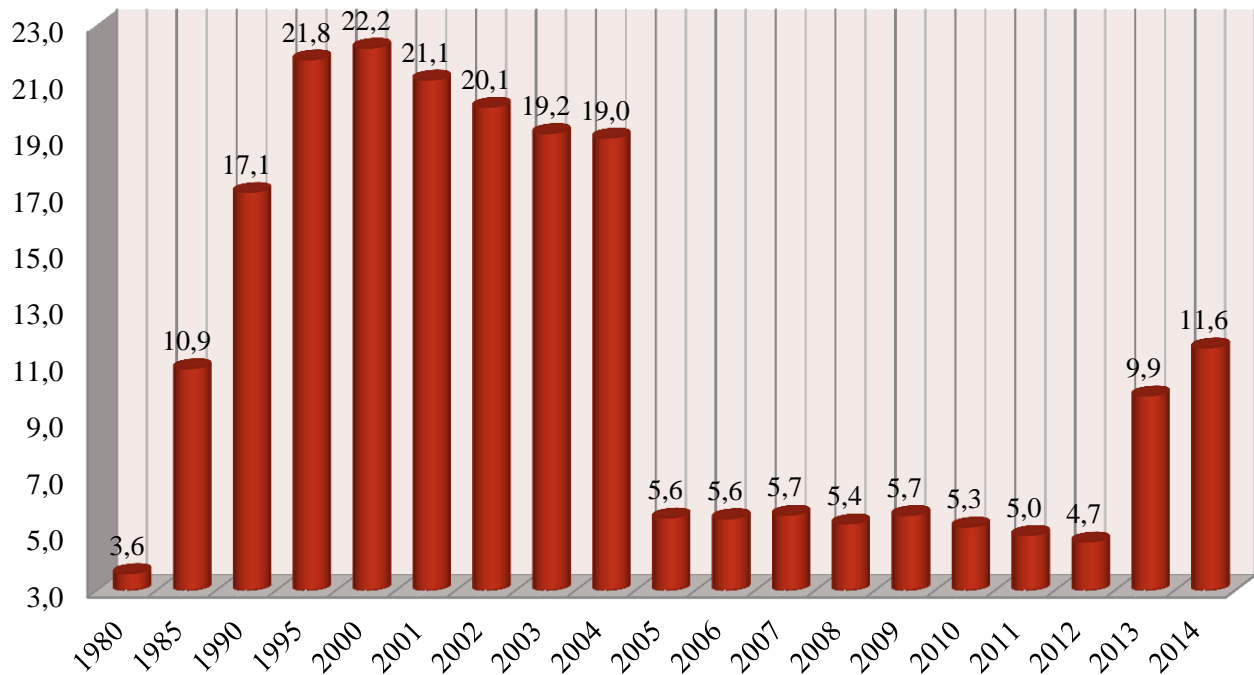


Figure 1. Syria's external debt for the period 1980–2014 billion U.S. dollars [1, page 154; 2, 3]

Syria's foreign trade turnover and economic indicator of the volume of foreign trade of the country, groups of countries or administrative–territorial unit (region) for a certain period of time: monthly, quarterly, annually. Is the sum of the value of export and import (Table 2).

Table 2.

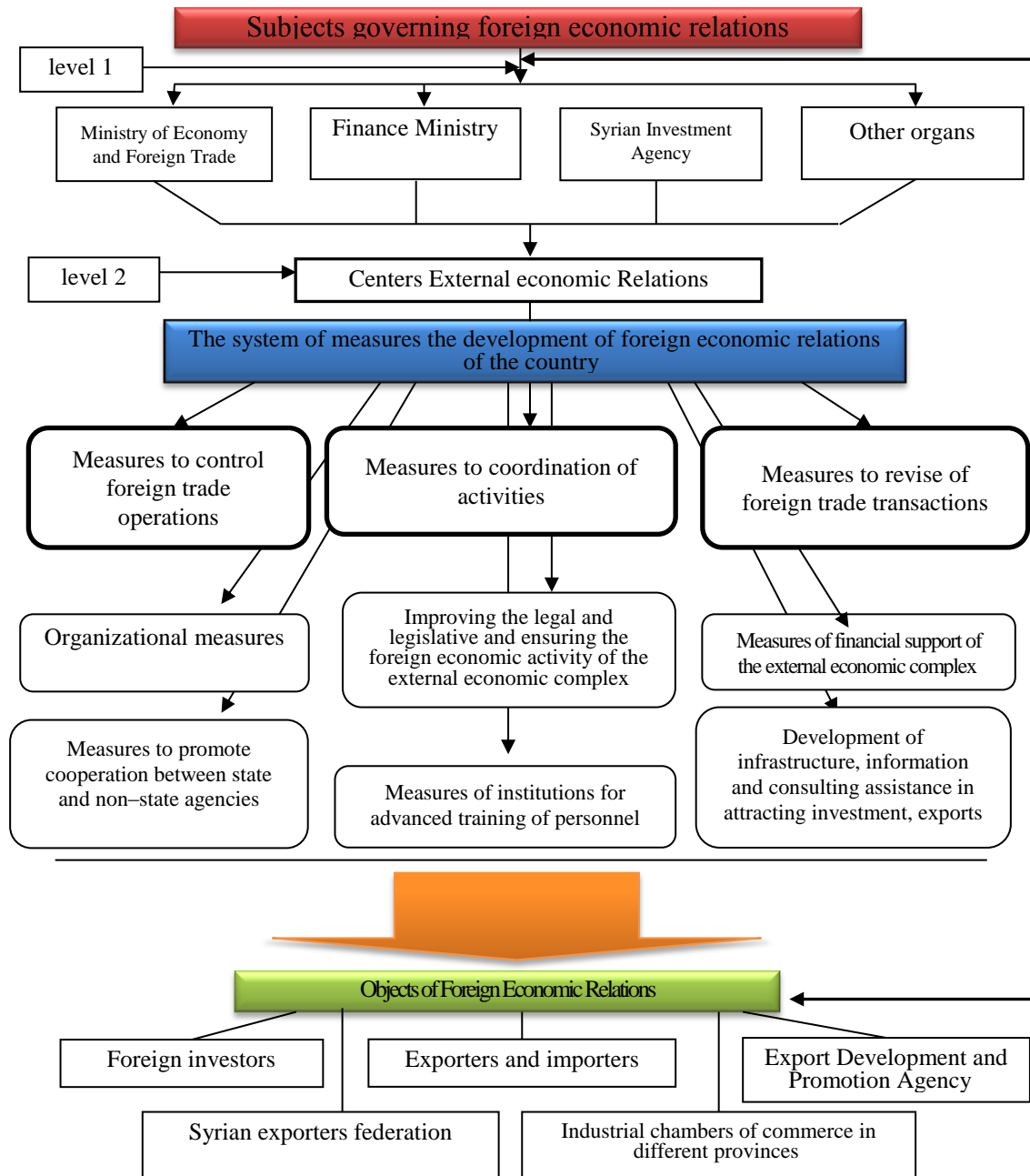
SYRIA'S TRADE BALANCE IN THE PERIOD 2004–2013 BILLION U.S. DOLLARS [6]

| <i>Year</i> | <i>Foreign trade turnover</i> | <i>Exports</i> | <i>Imports</i> | <i>Balance</i> |
|-------------|-------------------------------|----------------|----------------|----------------|
| 2004 | 11,84 | 5,12 | 6,72 | -1,60 |
| 2005 | 18,53 | 8,49 | 10,05 | -1,56 |
| 2006 | 20,73 | 10,10 | 10,63 | -0,53 |
| 2007 | 25,27 | 11,58 | 13,69 | -2,11 |
| 2008 | 33,23 | 15,23 | 17,99 | -2,76 |
| 2009 | 25,73 | 10,48 | 15,26 | -4,78 |
| 2010 | 29,63 | 12,24 | 17,39 | -5,15 |
| 2011 | 30,37 | 10,50 | 19,87 | -9,37 |
| 2012 | 15,31 | 3,05 | 12,26 | -9,21 |
| 2013 | 7,60 | 1,40 | 6,20 | -4,80 |

The data in Table 2 show that for the period 2004–2012. Syria's foreign trade turnover increased by 3.46 billion U.S dollars or 1.29 times in 2012 amounted to 15.305 billion U.S dollars. But in 2013 it felt to 7.60 billion U.S dollars.

The mechanism of regulation of external economic activity of Syria

Thus, the conditions for the reproduction process of internal cooperation with the foreign economic sphere, which favors the progressive development of the national economy of Syria, suggest the following mechanism of state regulation (Figure 2).

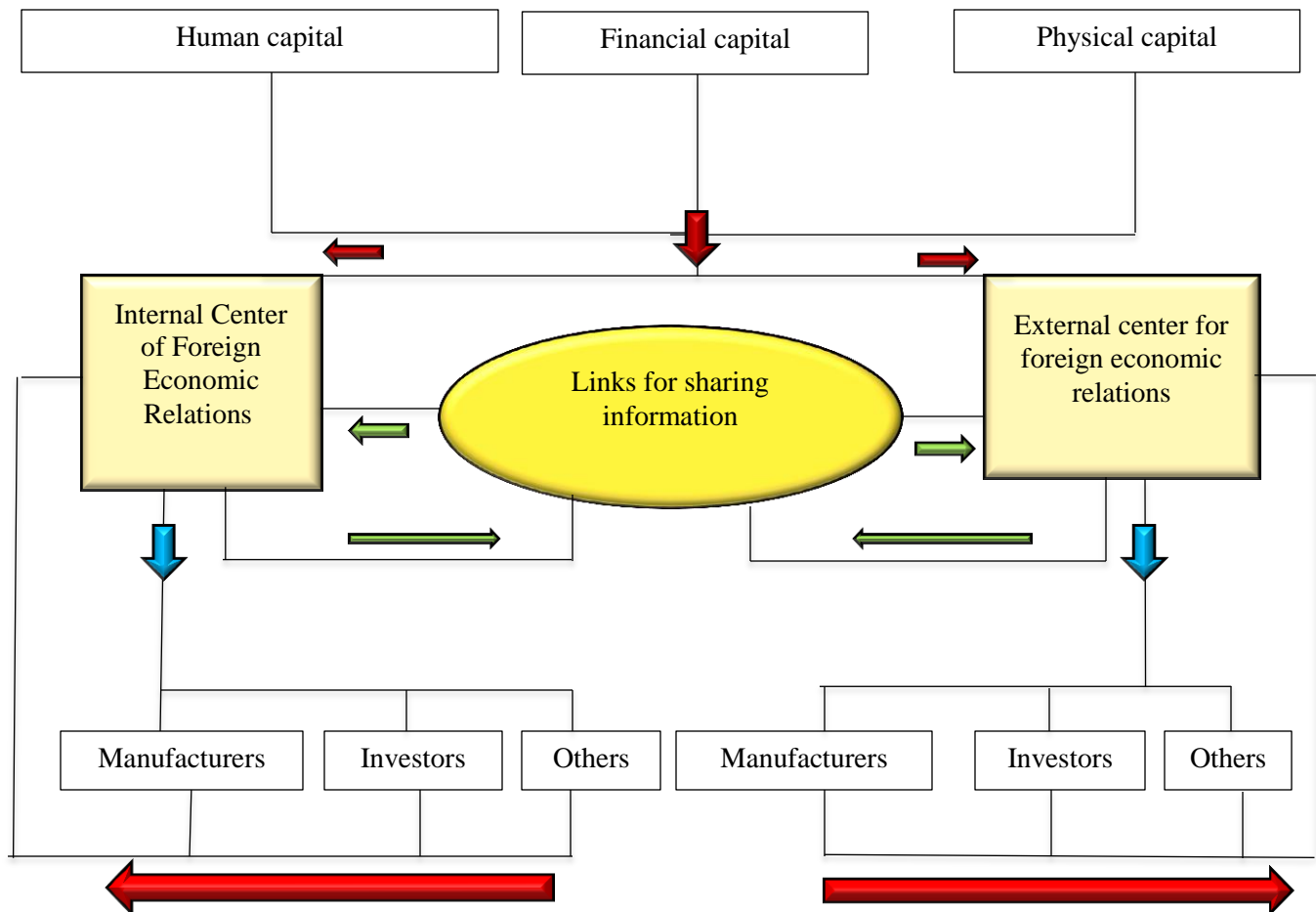


Source: compiled by the author.

Figure 2. The mechanism of state regulation of external economic activity of Syria

Centers of External Economic Relations

To ensure and controlling foreign economic relations Syria is necessary to provide special centers coordinating foreign economic relations between the parties is to provide a single window for links between different entities within and outside the country such as the Center for International Economic Relations (Figure 3).



Source: compiled by the author.

Figure 3. The mechanism of state regulation of foreign economic relations
 (centers of external economic relations)

Economic relations between internal and external organizations (internal and external companies, manufacturers and foreign, investors etc.) is not direct but through the Center of international relations. The purpose of this mechanism includes the following:

- Examine the implementation of foreign trade agreements and contracts between Syria and other countries, to inform about violations;

- Monitor the external economic transactions of domestic subjects (especially big deal), because the loss of Syrian housekeeper more millions of dollars. Due to the direct connection between domestic and foreign entities, and bribes paid by foreign intermediaries Syrian importers for adoption of the proposal;

–Information support of foreign and domestic investors and producers about the state of the country. To create such centers is necessary to adopt laws to regulate the activities of these centers.

To improve the work of the centers, in our opinion the following suggestions: Create a data bank that includes collecting information on all the costs of production factors, and many others; Creation of an information network on the foreign markets are alternative markets for traditional markets; Preparation of initial studies of economic feasibility of investment projects, which will be put forward as a possibility, including comparable to those plans and priorities of the scene with the definition of the location of each design specifications, and advantages, the region and property and contract formulas and additional benefits and incentives for development, to assembled and the necessary permits from the relevant authorities to display as possible, willing to invest; Provide good infrastructure scaling and placement of developments in e-work; the existence of a complex organism site contains information, data and legislation of interest to investors and raises a number of investment opportunities that are available and have been translated into 12 foreign languages. Centers should work under the supervision of the Syrian embassies in other countries; funding apparatus through the Embassy of income; canoes centers must have their extensive experience in the field.

Obligatory centers of foreign economic relations:

–Not to violate the laws of other states; collection of information; strengthening foreign economic relations through economic cooperation and exchange of experience with other countries;

–In our opinion, in the case of the creation of the center both of the two countries (for example Syria and Russia), it is a fact helps considerably to economic integration. We believe this process is the best method (first step) to create economic alliances, which in its essence is the liberalization of foreign economic relations (valid in the international division of labor).

Thus, the priority areas for foreign investment in Syria should be implemented in coordination with the public areas of the public and private sectors.

The first step is to direct investment in the agricultural and industrial sectors. Investment in industry and agriculture are the priorities of the national targets, as Syria belongs to the group of developing countries with low productivity housekeeper.

In the second step, the government should protect the domestic small and medium businesses. At the same time, foreign investment should be directed to the rehabilitation and modernization of priority of domestic enterprises.

In the third step, the government should encourage investment in the development of technologies that will play an important role in the production of goods with high quality but low price.

In the fourth step, foreign investment should be directed to human development: the creation of institutions, universities and educational institutions. Development of human capital is an important lever for the development of the devastated economy, and therefore it is the most important priorities of economic development of the country during and after the war.

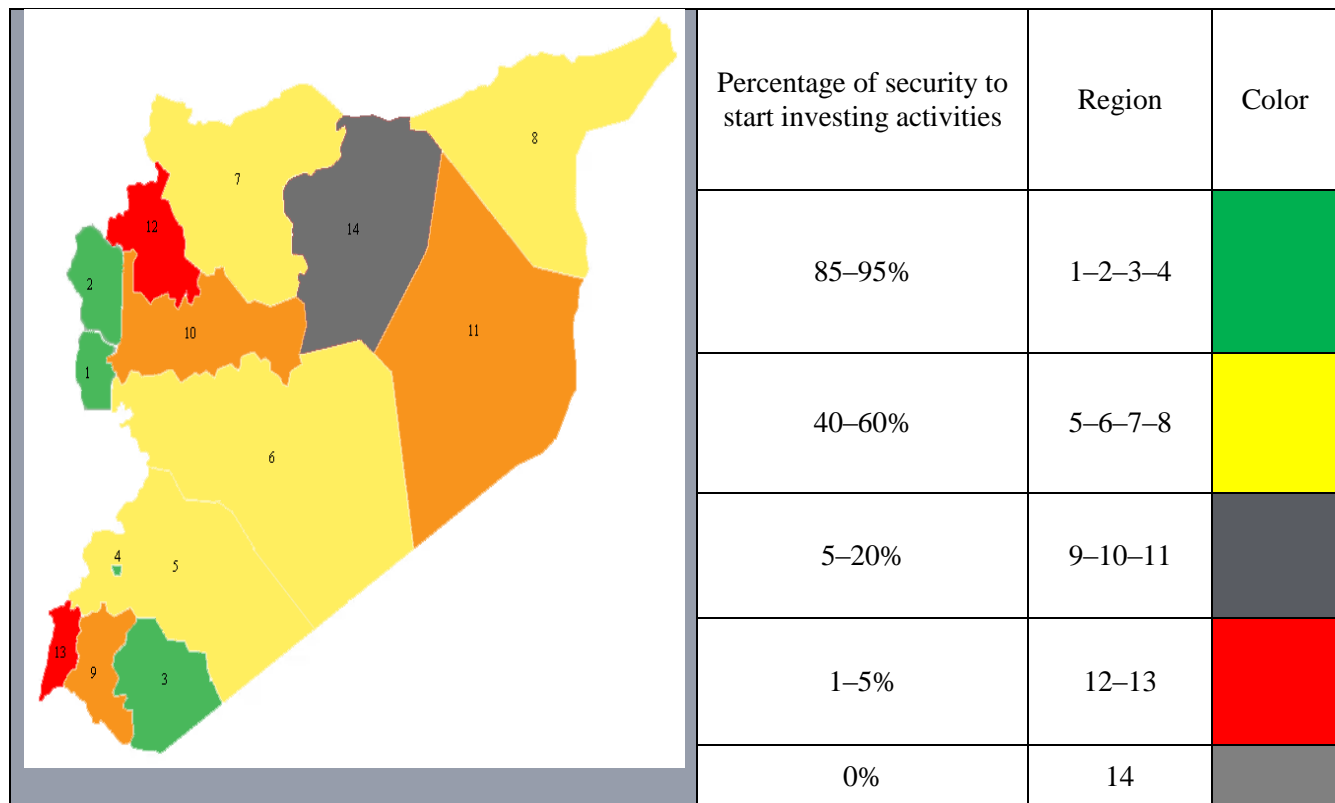
Overall, coordination between the national objectives of the Syrian economy and foreign direct investment will play an important role in restructuring the devastated economy, especially after the war. Improving the investment map provided possible through research to determine the absolute and relative advantages of each city.

Foreign direct investment by directing investment map

Such high research to ensure a safe state in Syria, we believe through the separation of the card to the following parts of Syria on the state of security in Syria (Figure 4).

In our opinion, in order to attract foreign investments in conditions of war it is necessary to ensure the safe zones to protect these investments.

In our investment map of the cities were divided into 14 cities in Syria with regard to the safe state. At this point the area is considered stable 1, 2, 3, 4 zones. Thus the Syrian government should transfer these domestic and foreign factories in the past referred to the region (these factories require heavy industrial machines and equipment in the production process). In the areas of number 5, 6, 7, 8, heavy and light industrial machineries and equipment, which in the case of instability zone may move to other areas.



Source: compiled by the author.

Figure 4. An investment map of the area of Syria regarding the safety of the state

If the Syrian government failed to provide a safe area within the country, then we must consolidate the production and economic relations with the countries of the squad (for example with Russia, Iran, etc.).

Realization of these relations through secure joint industrial cities abroad. This requires the strengthening of economic cooperation with other countries in the first place with the neighboring countries (Lebanon, Iran), in the second stage with further countries (Russia, Algeria, and etc.).

Expected benefits of these cities can be achieved as follows: authorization between Syria and other countries in the case of external debt; attracting foreign investors in the first stage of the Syrian, then investors of the other country; exchange of experience between the two countries; reducing unemployment in those countries; increase in production in these countries; ability to integrate third country, and the fourth, and many other countries.

To create these cities should be required to achieve conditions that are considered essential for the development of these cities:

- Division of labor in these countries: for example, the country provides financial capital, and the second country with operating power and the third provides resources for production;
- Ensure that co-administration to examine the possibility of these cities;
- Development for the attraction of investors (including who went to Western countries);
- Ensure the production environment;
- Improvement of macroeconomic indicators.

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