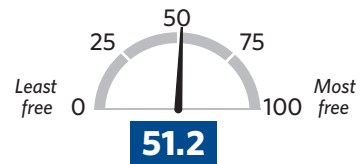


SYRIA

Economic Freedom Score



World Rank: **139**

Regional Rank: **14**

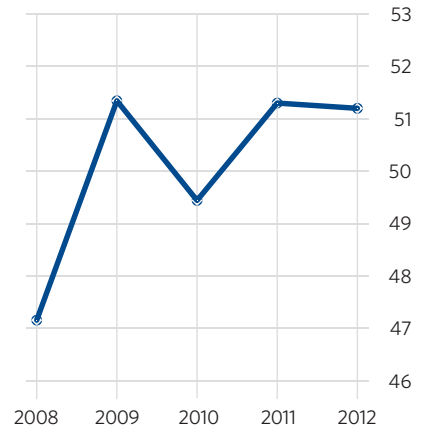
Syría's economic freedom score is 51.2, making its economy the 139th freest in the 2012 *Index*. Its score is 0.1 point worse than last year, with lower scores in four of the 10 economic freedoms, including government spending and labor freedom. Syria is ranked 14th out of 17 countries in the Middle East/North Africa region, and its overall score is lower than the regional average.

The Syrian economy falls below world averages in many of the 10 economic freedoms. The fragility of the country's foundations of economic freedom is reflected in very low scores for property rights and corruption, and erratic and politically motivated enforcement severely undermines the rule of law.

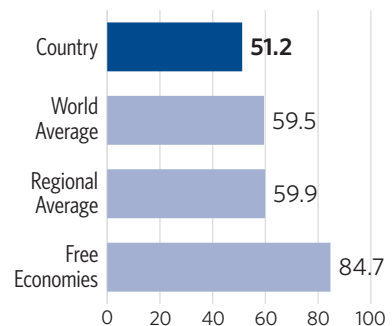
Many aspects of the entrepreneurial framework that are critical to economic dynamism have been weakened by intrusive and inefficient state action. The state dominates many areas of economic activity, and a generally repressive environment marginalizes the private sector and prevents the sustainable development of new enterprises or industries. Monetary freedom has been gravely marred by state price controls and interference. Opaque regulations drive up the cost of investment and production, and layers of complex non-tariff barriers have added greatly to the cost of trade.

BACKGROUND: Hafez al-Assad's son Bashar, who succeeded him in 2000, has failed to deliver on promises to reform Syria's socialist economy and ease political repression. The regime responded to anti-government protests throughout 2011 with a combination of brutal crackdowns and promises of future reforms, and the situation has been gradually deteriorating. Growing political instability poses a significant threat both to the Assad regime and to future economic development. Foreign investment has been constrained by the increasingly violent atmosphere, government restrictions, economic sanctions, and Syria's growing international isolation. Syria's economy remains hobbled by state bureaucracy, high unemployment, falling oil production, rising budget deficits, and inflation.

Freedom Trend



Country Comparisons



Quick Facts

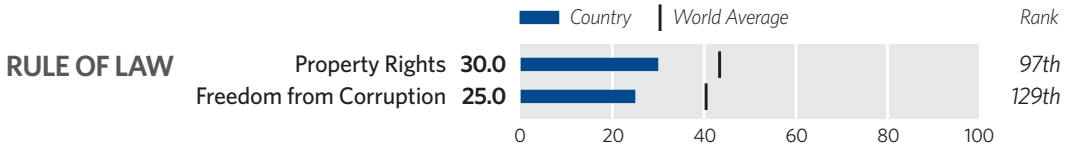
Population: 20.6 million
GDP (PPP): \$107.4 billion
 3.2% growth in 2010
 5-year compound annual growth 4.9%
 \$5,208 per capita
Unemployment: 8.3%
Inflation (CPI): 4.4%
FDI Inflow: \$1.3 billion
Public Debt: 29.7% of GDP

How Do We Measure Economic Freedom?

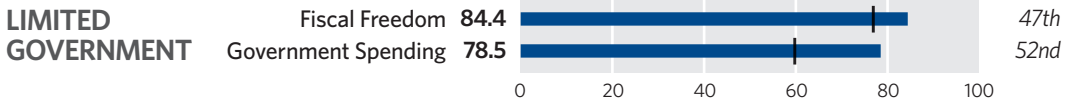
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

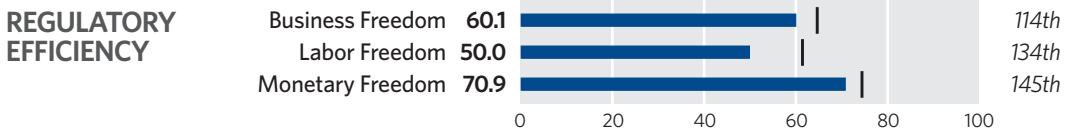
THE TEN ECONOMIC FREEDOMS



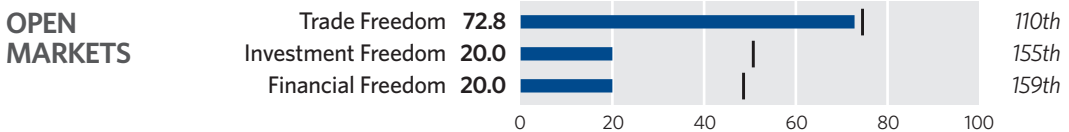
The rule of law remains fragile and uneven across the country. The legal framework is inefficient, and protections for private property rights are not strongly enforced. The judiciary lacks transparency and is not independent of political interference. Pervasive corruption has exacerbated the weak rule of law, severely undermining the foundations of economic freedom and slowing progress in modernizing the economy.



The top income tax rate is 22 percent, and the top corporate tax rate is 30.8 percent. Other taxes include an inheritance tax and a property transfer tax, with the overall tax burden amounting to 11.5 percent of total domestic income. Government spending is equivalent to 26.8 percent of GDP. The budget balance has turned to deficits in recent years, and public debt amounts to about 30 percent of total domestic output.



The business environment has improved only marginally. The regulatory framework lacks transparency and efficiency. The repressive business environment, burdened by heavy state intervention, continues to retard entrepreneurial activity and prolong economic stagnation. Labor regulations are rigid, and the labor market suffers from state interference and control. Monetary stability has weakened, and inflation remains volatile.



The trade weighted average tariff rate is 6.1 percent, but systemic non-tariff barriers severely constrain freedom to trade. Private investment is deterred by heavy bureaucracy, direct state interference, and political instability. Although the number of private banks has increased steadily since they were first permitted in 2004, government influence in the financial sector remains extensive.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.2	Business Freedom	+4.2	Trade Freedom	+7.4
Freedom from Corruption	-1.0	Government Spending	-6.8	Labor Freedom	-5.8	Investment Freedom	0
				Monetary Freedom	+1.2	Financial Freedom	0