



# Syrian Banking and Financial Services Conference

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**Will US sanctions affect economic growth?  
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## Deterioration of relations between 2 countries may:

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- Affect diplomatic representation level
- Lower/prohibit socio-economic cooperation

# Pol.reasons: Unfair US Sanctions on Syria

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2003: Accountability Act

2004: Allegation against CBS to be a ML and TF concerns+ first boycott from US & some international banks (intimidation)

2005 US Decision:

- CBS has no right to use the US financial system (prohibiting the maintenance of direct/indirect transactions in \$)
- Intimidating all countries to do the same!
- Threaten any foreign bank transferring dir. or ind. amounts in \$ on behalf of CBS

# Will US sanctions affect economic growth?

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- US direct/indirect monopoly in certain fields affect the acceleration of Syrian development
- Obliging the country to convert its reserves into other currencies may cause great losses
- Too early to consider that current relatively small private banks can execute the huge volume of the CBS business
- If persistent, such boycott may generate illegal forms of business which is undesirable for Syria, USA, or all countries

# Why punish Syria? Despite huge efforts from the government:

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- Oldest tax decision is back to 2003
- Profit tax was 63% now 28%
- Custom tariffs lowered (1-5% RM)
- All pub banks legislations renewed
- Min fin: main role in creating stock markets commission & insurance commission (9 licensed 6 operatives)

# Why punish CBS?

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Automation started 2004: **Hindering such effort may encourages more cash transactions?**

CBS **applies AML procedures** & complies with international requests to **restructure** the bank and combat disguised unemployment

After years of losses or low profits, and despite abnormal circumstances, CBS realized \$90 M profit in 2004, \$300 M in 2005! should we punish or encourage that performance expected to be higher without the sanctions?

**USA refused** all our demands **to offer any evidence** or to envoy an ABA investigation committee

We were always accused of restricting free flow of money, now the **accusation is reversed!**

**SLCB** complies with all well reputed Lebanese regulations of anti money laundering and KYC, **Why punishing it?**

**For the first time in sanctions history, a bank is banned from dealing with an international currency**

# Why punish CBS? (continued)

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Economic theory predict fluctuation (hedging) but **never a coercive disappearance of a currency from the portfolio**

Preventing a bank from dealing with an international currency is unprecedented and if accepted, that would provide the international issuing countries with a **lethal weapon** which maybe used especially against developing countries (**back to keynes prediction to have an independent international issuing institution**)

Such prevention would also cause **instability in the international monetary system**

Being main issuer of int. currency, the **US is provided with supranational power** by intimidating all countries to follow US desires

To achieve its goals, the **US breached the bank secrecy laws of SWIFT org.** Unfortunately, **nobody even dared to question the US actions!**

How come the US demand Arabs not to boycott Israel and at the same time US unfairly boycotts Syria?



# Syria Has Always Promoted Dialogue

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- These sanctions can only mean refusal to our constant invitations for dialogue
- These sanctions can only promote cash transactions which Syria and the whole world are moving away from
- Due to these big accomplishments, the government and the CBS should be supported not punished





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It is time to

Stop

the sanctions