

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## ARAB COMMON MARKET

### Progress Report

The secretariat has received from the delegation of the United Arab Republic the following Report on progress achieved in the Arab Common Market.

#### I. General features

The decision establishing the Arab Common Market was issued on 13 August 1964 by the Council of the Arab Economic Unity; responsible for ensuring the achievement of the objectives laid down by the Agreement for Economic Unity Among Arab League States.

Five Arab States, namely the United Arab Republic, Jordan, Iraq, Syria and Yemen, became members to the Common Market. Sudan, which has recently signed and ratified the Agreement for Economic Unity Among Arab League States, is expected to be the sixth member to the Common Market after setting up the necessary arrangements for its undertaking to implement the provisions of the Common Market.

Tariff reductions and measures to liberalize trade among member countries became effective as from 1 January 1965.

#### II. Progress achieved

Successive tariff reductions and other measures to liberalize trade among member States have led to total abolition of all customs duties on agriculture and animal products and natural resources of national origin, with the removal of all import and export restrictions on such products and resources.

Large numbers of manufactured goods were given exemption from all customs duties. The rest enjoy a tariff reduction of 80 per cent reaching 100 per cent by 1 January 1971. In addition, 80 per cent of all manufactured goods were liberalized from all import and export restrictions. The remaining 20 per cent are to be fully liberalized by 1 January 1971.

Classifications of customs tariffs were unified, and a process of averaging on tariffs applied by member States at 1 November 1968 was set up as a preliminary step towards the creation of an Arab Customs Union. This subject is to be studied by the Permanent Customs Committee before a time-table for the execution of this customs union is initiated.

A final plan was drawn up for the establishment of an Arab Payments Union with a proposed capital of 15 million Arab Dinars of Account (ADOA = 2.48828 grs. of fine gold).

A draft project was also drawn up for the establishment of a Central Customs Organization which shall be responsible for the execution of the Unified Tariffs System, the receiving of customs revenues and its distribution among member States according to fixed quotas to be agreed upon later on.

A study on the Unified Customs Legislation, which shall be applied by member States, is to be shortly completed.

An approval was obtained to apply the provisions of the Common Market to manufactured and non-manufactured tobacco, previously excluded. A time-table for tariff reductions on these items is to be set up in the coming session of the COUNCIL.

Means for establishing co-ordination between member States in the field of industrial, agricultural and trade planning are now under thorough consideration and study by special committees.

### III. United Arab Republic trade with Arab Common Market member countries

Although it is difficult in this early stage to give full account to the impact of the Arab Common Market, an upward trend in the volume of trade between the United Arab Republic and the member countries of the Common Market can be illustrated from the following table:

Table 1

Trade between the United Arab Republic and the  
Member States of the Arab Common Market  
(1964-1965)

(LE '000)

Year	Volume of Trade
1964	4,078
1965	8,162
1966	8,338
1967	6,281
1968	11,160

Note: Yemen is excluded.

LE 1 = \$2.3.

These figures indicate an increase in the United Arab Republic trade with the Arab Common Market countries after tariff reductions became effective as from 1 January 1965, with the exception of the year 1967 owing to its special circumstances in the Area.

It is also worth mentioning that the United Arab Republic trade with the Arab Common Market countries has shown a noticeable increase during the first nine months of the year 1969 as compared to the same period of 1968. This increase can be illustrated from the following table:

Table 2

Trade between the United Arab Republic and the  
Member States of the Arab Common Market  
(January-September 1968 and January-September 1969)  
(LE '000)

January-September	Volume of Trade
1968	7,297
1969	10,252

#### IV. Conclusion

Since the establishment of the Arab Common Market, remarkable efforts were paid by member countries in achieving their main targets. Tariff reductions, measures to liberalize trade, means of harmonization and co-ordination are all considered to be of significant importance in gearing towards economic integration.

These efforts are making the Arab Common Market functioning in a parallel manner to the efforts being paid on the international level to liberalize world trade and to ensure rapid and steady economic growth to the developing countries.