

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2366

5 March 1965

Limited Distribution

CONTRACTING PARTIES
Twenty-Second Session

Original: English

ARAB COMMON MARKET

The following communication has been received from the Permanent Representative of the United Arab Republic for submission to the CONTRACTING PARTIES.

The Arab League States, recognizing their desire to organize the economic relations between themselves, and their intention to strengthen these relations to realize the best conditions for the development of their economies, and, desiring to increase freedom of trade by the development of closer integration, have agreed to establish a complete unity among themselves.

Following Article XXIV of the General Agreement, I have the honour to enclose herewith the text of the "Agreement for Economic Unity among Arab League States", and the Decisions and Recommendations of the Council of Arab Economic Unity during its second ordinary session in which the Council established the "Arab Common Market".

I would like also to inform you that this Agreement for Economic Unity was signed on 6 June 1962 by the Hashemite Kingdom of Jordan, the Syrian Arab Republic, the United Arab Republic, the State of Kuwait, and the Kingdom of Morocco. It was also signed on 17 December 1963 by the Yemenite Arab Republic. It was ratified on 9 August 1962 by the State of Kuwait, on 25 May 1963 by the United Arab Republic, on 30 January 1964 by the Iraqi Republic, on 22 February 1964 by the Syrian Arab Republic, and on 1 June 1964 by the Hashemite Kingdom of Jordan. In accordance with Article 20 of this Agreement, it came into force on 30 April 1964.

According to Article 3 of this Agreement, the Arab League States established on 13 August 1964, a permanent body to be called "The Council of Arab Economic Unity". This Council decided at its second ordinary session, held from 8 to 13 August 1964, to establish the "Arab Common Market". This decision of the Council establishing the "Arab Common Market" has been signed and ratified, up to now, by the United Arab Republic, the Syrian Arab Republic and Iraqi Republic.

The text of the Treaty for the Facilitation of Trade and Organization of Transit Trade, which is referred to in Articles 10 and 11 of the Decisions and Recommendations (Annex B), was distributed in October 1962 in Document L/1816/Add.3.

ANNEX A

AGREEMENT FOR ECONOMIC UNITY AMONG ARAB LEAGUE STATES

The Governments of:

The Hashemite Kingdom of Jordan
The Tunisian Republic
The Republic of Sudan
The Iraqi Republic
The Saudi Arabian Kingdom
The Syrian Arab Republic
The United Arab Republic
The Lebanese Republic
The United Libyan Kingdom
The Yemenite Kingdom
The Kingdom of Morocco
The State of Kuwait

Declare that it is their ardent desire to organize economic relations among the Arab League States, to strengthen these relations on such bases as shall suit the existing natural and historical ties among them to realize the best conditions for the development of their economies, to exploit their wealth, and to secure the welfare of their countries.

They agree to establish a complete unity among themselves and to implement it gradually in the shortest possible time that will guarantee the transfer of their countries from present to future conditions without harming fundamental interests, in accordance with the following provisions.

CHAPTER ONE

OBJECTIVES AND MEANS

Article One

A complete economic unity shall be established among the Arab League States to guarantee, in particular, for these States and for their citizens on the basis of complete equality:

- (1) freedom of movement of men and capital,
- (2) freedom of exchange of national and foreign goods and products,
- (3) freedom of residence, work, employment and the practice of economic activities,
- (4) freedom of transport and transit and the use of means of transport, ports, and civil airports,
- (5) the rights of ownership, donation and inheritance.

Article Two

To achieve the realization of the unity specified in the previous article, the contracting parties agree:

- (1) to consider their countries a unified customs region subject to a unified administration; and to unify the applied customs tariffs, legislations, and regulations in each of them,
- (2) to unify the policy and systems of import and export,
- (3) to unify the transport and transit policies,
- (4) to conclude commercial and payments agreements with other countries collectively,
- (5) to co-ordinate policy regarding agriculture, industry, and internal trade and to unify economic legislation in such a manner as shall guarantee equal opportunities for citizens of the contracting countries engaged in agriculture, industry, commerce, and the professions,
- (6) to co-ordinate legislation concerning labour and social security,
- (7) (a) to co-ordinate legislation regarding taxes, government and municipal dues, and all other kinds of taxations and duties on agriculture, industry, trade, immovable property, and capital investment in such a way as shall guarantee the principal of equal opportunities for all,
(b) to prevent double taxation and duties on the citizens of the contracting states,
- (8) to co-ordinate financial and monetary policies and regulations in the countries of the contracting parties with a view to unifying currency in them all,
- (9) to unify methods of statistical tabulations and classifications, and,
- (10) to take any other necessary measures for the implementation of the objectives specified in Articles I and II.

It is possible to disregard the principle of unification in certain cases and countries provided the approval of the Council of Arab Economic Unity shall be secured. Article III of this Agreement stipulates the formation of this Council.

CHAPTER TWO

MANAGEMENT

Article Three

A permanent body to be called "the Council of Arab Economic Unity" shall be established. Its duties and powers are determined in accordance with the stipulations of this Agreement.

Article Four

- (1) The Council shall be formed of one or more full time representatives of each of the contracting parties.
- (2) Cairo shall be the permanent seat for the Council of the Arab Economic Unity. The Council has the right to convene at any other place it shall determine.
- (3) The duration of the chairmanship of the Council shall be for one year and in a rotating order among the contracting parties.
- (4) The Council shall pass its decisions by a two-thirds majority vote. Each contracting country has one single vote.

Article Five

- (1) The Council shall be helped in its duties by economic and administrative committees which function permanently or temporarily under its supervision. The Council determines their duties.
- (2) The following permanent committees shall be preliminarily formed:
 - (a) the Customs Committee, to consider the technical and administrative customs matters,
 - (b) the Monetary and Financial Committee, to consider matters relating to currency, banking, taxation, rates and other financial questions, and,
 - (c) the Economic Committee, to consider matters relating to agriculture, industry, trade, transport and communications, labour, and social security.

The Council shall have the right to form other committees when necessary and in accordance with the requirements of the situation.

- (3) Each of the contracting parties shall appoint its representatives on the above mentioned permanent committees. Each party shall have one single vote.

Article Six

- (1) A Permanent Technical Advisory Office shall be established for the Council of Arab Economic Unity. It shall be made of experts appointed by the Council and shall function under its supervision.
- (2) The Permanent Technical Office shall execute the study and research work in matters referred to it by the Council or any of its committees. The Office shall submit research work and recommendations that will guarantee harmony and co-ordination in matters within the jurisdiction of the Council.
- (3) The Council shall establish a central office for statistics. This office shall gather and analyze statistics and publish them when necessary.

Article Seven

- (1) The Council of Arab Economic Unity, together with its subsidiary organs, shall constitute one simple unit enjoying financial and administrative independence and having its own budget.
- (2) The Council shall draft its own regulations and those for its subsidiary organs.

Article Eight

During a period not exceeding one month as of the date of the implementation of this Agreement, the governments of the contracting parties shall nominate their representatives on the Council and on the committees specified in paragraph (2) of Article V of this Agreement. The Council shall carry out its functions immediately on its formation. Also, the Council shall immediately form its subsidiary organs.

Article Nine

The Council of Arab Economic Unity shall carry out, in general, all the duties and powers specified in this Agreement and its Appendices of which it shall deem necessary for its implementation. In particular, the Council shall:

1. In administration

- (a) implement the stipulations of this Agreement and its Appendices and all the regulations and decisions issued for the implementation of this Agreement and its Appendices,
- (b) supervise the working of the committees and the subsidiary organs, and,
- (c) appoint the staff and experts for the Council and its subsidiary organs in accordance with the stipulations of this Agreement.

2. In organization and legislation

- (a) draft tariffs, laws and regulations which aim at the establishment of an Arab unified customs zone and introduce the essential modifications to them when necessary,
- (b) co-ordinate foreign trade policies with a view to co-ordinate the economy of the region vis-à-vis world economy, and to attain the objectives of economic unity specified in this Agreement. The signing of trade and payments agreements with other countries shall take place with the approval of the Council of Arab Economic Unity,
- (c) co-ordinate economic development activities and draft plans for the execution of the common Arab Development project,
- (d) co-ordinate policies regarding agriculture, industry and internal trade,
- (e) co-ordinate financial and monetary policies with a view to attain monetary unity,

- (f) draft unified transport regulations in the contracting countries as well as transit regulations and co-ordinate policy concerning them,
- (g) draft unified labour and social security legislations and modifying them,
- (h) co-ordinate legislations for taxes and rates,
- (i) draft other legislations concerning matters specified in this Agreement and its Appendices which are essential to the implementation of the said Agreement and Appendices,
- (j) draft and approve the budget of the Council and its subsidiary organs.

Article Ten

Expenditures of the Council and its subsidiary organs shall be covered by common revenues. During the period preceding the realization of such revenues, governments shall participate to these expenditures according to rates fixed by the Council.

Article Eleven

The common revenues of the Council shall be distributed among the governments of the contracting parties by agreement among them on the basis of the studies carried out by the Council of Economic Unity. These studies shall be made before the realization of the customs unity.

Article Twelve

The Council shall perform these and other powers entrusted to it by this Agreement and its Appendices by decisions to be issued and implemented by the member States in accordance with their own prevailing constitutional principles.

Article Thirteen

The governments of the contracting parties undertake not to issue in their territories any laws, regulations or administrative decisions contradictory to this Agreement or its Appendices.

CHAPTER THREE

TRANSITIONAL RULES

Article Fourteen

- (1) The implementation of this Agreement shall take place in successive stages and in the shortest possible time.

- (2) The Council of Arab Economic Unity shall, upon its formation, draft a practical plan indicating the stages of implementation and terming the legislative, administrative, and technical measures necessary for each stage, taking into consideration the appendix concerning "... the necessary steps for the realization of Arab Economic Unity ..." attached to this Agreement and constituting an integral part of it.
- (3) On exercising its duties specified in this Agreement, the Council shall take into consideration certain specific circumstances existing in some of the contracting countries. This shall not undermine the objectives of the Arab Economic Unity.
- (4) The Council, as well as the contracting parties, shall carry out the measures specified in paragraph (2) of this article according to the terms of this Agreement.

Article Fifteen

Any two or more of the contracting parties shall have the right to conclude economic agreements among themselves with the object of realizing a unity, wider in range, than that stipulated by this Agreement.

CHAPTER FOUR

RATIFICATION OF, MEMBERSHIP IN, AND WITHDRAWAL FROM THE AGREEMENT

Article Sixteen

This Agreement shall be ratified by the signatory States according to their constitutional systems in the shortest possible time. Documents of ratification shall be deposited with the Secretariat-General of the League of Arab States who shall prepare the necessary minutes regarding the ratification document of each State and who shall inform the other contracting States of it.

Article Seventeen

States of the Arab League who are not party of this Agreement can join it by an application addressed to the Secretary-General of the League of Arab States who shall announce their membership to the other contracting States.

Article Eighteen

Arab countries which are not members in the League of Arab States can join this Agreement subject to the approval of the contracting States. Such countries shall apply for membership to the Secretary-General of the League of Arab States who shall inform the contracting States and request their approval.

Article Nineteen

Any of the contracting parties can withdraw from this Agreement after the lapse of five years as from the end of the transitional period. The withdrawal shall be effective after the lapse of one year from the date of the application for withdrawal to the Secretariat-General of the League of Arab States.

Article Twenty

This Agreement shall enter into force three months as from the date of deposit of the ratification documents by three of the signatory States. Regarding other States, the Agreement shall enter into force after one month as from the date of deposit of their ratification documents or their application for membership.

In confirmation of the aforementioned stipulations, the delegated members, whose names are specified hereinafter, have signed this Agreement on behalf and in the name of their governments.

This Agreement is written in Arabic on 3 June 1957.

One original form to be kept with the Secretariat-General of the League of Arab States, copies of which shall be given to each of the contracting States to this Agreement or joining it.

On 6 June 1962, the delegates of the following States have signed this Agreement:

1. The Hashemite Kingdom of Jordan
2. The Syrian Arab Republic
3. The United Arab Republic
4. The Kingdom of Morocco
5. The State of Kuwait

SPECIAL APPENDIX
RELATING TO THE BILATERAL ECONOMIC AGREEMENTS WITH A COUNTRY
OTHER THAN THE CONTRACTING PARTIES TO THIS AGREEMENT

With reference to paragraph (4) of Article Two and to Section 2, paragraph (b), of Article Nine (regarding organization and legislation) of the Agreement for Economic Unity among Arab League States signed by on the contracting parties have agreed that the stipulations of this Agreement do not affect the right of any of the contracting parties to conclude, individually, bilateral economic agreements for extraordinary political or defence purposes with a country other than the contracting parties to this Agreement provided that the objectives of the present Agreement shall not be undermined.

SPECIAL APPENDIX
REGARDING THE ESSENTIAL STEPS FOR THE IMPLEMENTATION
OF ARAB ECONOMIC UNITY

In accordance with paragraph (1) of Article Fourteen of the Arab Economic Unity Agreement which stipulates that the implementation of the said Agreement shall take place in successive stages in the shortest possible time, the contracting parties have agreed to the following:

Firstly

The Council for Arab Economic Unity stipulated in Article Three of this Agreement shall be established within the period fixed in Article Eight of the same Agreement.

Secondly

The said Council shall carry out, during a preparatory stage not exceeding five years, the study of the essential steps for the co-ordination of policies relating to economic, financial and social matters contributing to the realization of the following objectives:

- A. freedom of movement of individuals, work, employment, residence, rights of property, guardianship and inheritance,
- B. unconditional freedom of transit trade without any discrimination in means of transport relating to kind or nationality,
- C. facilitation of the exchange of Arab goods and products,
- D. freedom of the exercise of economic activities provided the interests of certain of the contracting parties during the transition, shall not be endangered,
- E. freedom of the use of ports and civil airports in a manner contributing to their development.

If it deems necessary, the Council can recommend to the governments of the contracting parties to extend this stage for another period not exceeding five additional years.

Thirdly

The Council shall study the necessary steps to the realization of the objectives of the Arab Unity in its various stages. The Council shall submit its recommendations in this respect to the governments of the contracting parties for approval in accordance with the constitutional systems in force in each of them.

Fourthly

Two or more of the contracting parties can agree to end the transitional stage or any of the other stages and to move directly to complete economic unity.

ANNEX B

Decisions and Recommendations of the
Council of Arab Economic Unity during its
Second Ordinary Session
(Cairo: from 8 to 13 August 1964)

The Arab Common Market

In accordance with the provisions of the Agreement for Economic Unity among Arab League States, the Council of Arab Economic Union, desirous of achieving social progress and economic prosperity for the contracting parties and of establishing economic union on the sound foundations of continuous and harmonious economic development in keeping with the natural and historical links that exist between them; wishing to achieve economic integration among the contracting countries and to consolidate their efforts for the attainment of the most favourable environment for the development of their resources, the raising of their living standards and the improvement of working conditions, has decided to establish the Arab Common Market with the aim of accomplishing the following:

- (1) Freedom of movement of persons and capital;
- (2) Freedom of exchange of national and foreign commodities;
- (3) Freedom of residence, work, employment and the undertaking of economic activities; and
- (4) Freedom of transport and transit as well as the use of means of transport, seaports and civil airports;

in accordance with the following provisions.

Part One: Definitions and Terminology

Article 1

The following definitions, wherever they occur, shall mean:

- (1) Contracting parties: These are the member States of the Council of Arab Economic Union.
- (2) Restrictions: These are the administrative restrictions imposed by any of the contracting countries on its imports and exports and include the prohibition of importation and exportation, quotas, licences and all other similar restrictions on trade.

- (3) Customs and other duties: Customs duties are those duties embodied in the schedule of customs tariffs, while other duties are all duties and taxes, whatever their nomenclature, imposed on imported goods. The following shall not be considered as duties or taxes:
- (a) All duties, taxes or payments in return for services; and
 - (b) All duties or taxes imposed on products, or on raw materials used in the manufacture of such products, imported from contracting countries where similar domestic products or raw materials are subjected to the same duties and taxes.
- (4) Agricultural and animal products and natural resources: These are the products and resources which originate from one of the contracting countries and which are imported in their natural form.
- (5) Manufactured goods: These are the goods manufactured in any of the contracting countries and whose domestic cost of production is not less than 40 per cent of their total cost. Materials imported from any of the contracting countries shall be deemed a part of the domestic cost of production.

Part Two: General Principles

Article 2

There shall be freedom of exchange of agricultural and animal products, natural resources and manufactured goods between the contracting parties in accordance with the principles and provisions of the following articles.

Article 3

Restrictions, duties and taxes on imports and exports - at present in force in the contracting countries - shall remain unaltered. None of the said countries shall introduce new duties, taxes or restrictions, or increase existing duties, taxes or restrictions on agricultural and animal products, natural resources and manufactured goods exchanged between themselves.

Article 4

The governments of the contracting parties shall apply the "most-favoured-nation" principle as between themselves where this treatment is accorded to countries which are not members of the Agreement for Economic Unity, provided that the provisions of this Article shall not apply to existing agreements.

Article 5

The governments of the contracting countries shall not impose duties or taxes on agricultural and animal products, natural resources and manufactured goods exchanged between themselves which exceed the duties or excise taxes imposed on similar domestic products or on the raw materials used in the manufacture of such products.

Article 6

No export duties shall be levied on agricultural and animal products, natural resources and manufactured goods exchanged between the contracting countries.

Article 7

- (1) The re-exportation, outside the market of agricultural and animal products, natural resources and manufactured goods, which have been exchanged between the contracting countries, shall be prohibited, unless permission from the exporting country shall be obtained and provided that the said products, resources and goods have not undergone any manufacturing process which has given them the characteristics of domestically manufactured goods, in the importing country.
- (2) The re-exportation, to any contracting country, of agricultural and animal products, natural resources and domestically manufactured goods which have been exchanged between the contracting countries shall be prohibited, where the said products, resources and goods have been subsidized and there exists similar domestic production in the country to which these products have been re-exported.

Article 8

Sub-division - Contracting countries shall not grant any subsidy whatsoever to domestic products exported to other contracting parties, where similar products exist in the importing countries.

Article 9

Concessions and monopolies in existence in the contracting countries, shall not obstruct the application of the provisions of the Arab Common Market.

Part Three: Exchange of Agricultural and Animal
Products and Natural Resources

Article 10

The following provisions shall apply until a technical committee, formed by the Council of Economic Union, shall prepare more detailed tables for the Arab Common Market:

- (1) Agricultural and animal products and natural resources listed in Table A which is annexed to the Treaty for the Facilitation of Trade and Organization of Transit Trade and its first three amendments, concluded between the Arab League States, and which originate from one of the contracting parties shall be exempt from customs and other duties and taxes when exchanged between the contracting countries. As regards agricultural and animal products and natural resources which are not included in the aforementioned table, these shall enjoy a reduction of 20 per cent per annum in all duties and taxes as from the beginning of 1965.
- (2) All contracting countries shall endeavour to remove restrictions on the said products at a rate of 20 per cent of such products, in five annual stages, as from the beginning of 1965.

Part Four: Exchange of Manufactured Goods

Article 11

The following provisions shall apply until a technical committee, formed by the Council of Economic Union, shall prepare detailed tables for the Arab Common Market:

- (1) Customs and all other duties on manufactured goods which originate from one of the contracting countries shall be reduced by 10 per cent per annum as from the beginning of 1965. As regards manufactured goods listed in Table B which is annexed to the Treaty for the Facilitation of Trade and Organization of Transit Trade and its first three amendments, and which at present enjoy a reduction of 25 per cent in customs duties, and also manufactured goods listed in Table C and which at present enjoy a reduction of 50 per cent in customs duties, the following percentage ~~outs~~ shall be applied:

Date of reduction	Percentage reductions in customs and all other duties on manufactured goods listed in Table B	Percentage reductions in customs and all other duties on goods listed in Table C
1/1/1965	35%	60%
1/1/1966	45%	70%
1/1/1967	55%	80%
1/1/1968	65%	90%
1/1/1969	75%	100%

- (2) The contracting parties shall endeavour to remove restrictions on manufactured goods exchanged between them at a rate of 10 per cent per annum of these goods, in ten annual stages, as from the beginning of 1965.

Part Five: Common Provisions

Article 12

Two months before the commencement of each annual stage of the Arab Common Market, all contracting parties shall submit to the Council of Economic Union the following:

- (1) A list of the agricultural and animal products and natural resources which shall be liberalized during the next stage and which represents 20 per cent of said products; and
- (2) A list of the manufactured goods which shall be liberalized during the next stage and which represents 10 per cent of such goods.

Article 13

All contracting countries shall submit to the Council of Economic Union, not later than 1 November 1964, the following lists:

- (1) A complete list of all the restrictions imposed on imports or exports of agricultural and animal products and natural resources and manufactured goods;
- (2) A complete list of all customs and other duties and taxes imposed on imports and exports;
- (3) A complete list of all excise taxes and duties levied on manufactured goods and agricultural and animal products;
- (4) A complete list of all duties charged in return for services; and
- (5) A complete list of all national products which receive any subsidies whatsoever and the amounts of such subsidies. The Council of Economic Union shall be informed of any changes which occur in this list.

Article 14

Each contracting country shall have the right to apply to the Council of Economic Union for the exclusion of certain products from the duty and tax exemptions or reductions applied and from the removal of restrictions by reason of real and justifiable causes. The Council of Economic Union shall have the power to approve such exceptions and shall determine their duration for specific periods of time which shall not exceed the stages stipulated.

Article 15

Certificate of origin: All goods which enjoy exemption or customs preference shall be accompanied by a certificate of origin issued by a responsible government authority. The certificate of origin of manufactured goods shall be drawn up as follows:

"I certify that the goods herein mentioned are of origin and that the local cost of production thereof, including the Arab materials which have originated from one of the contracting countries of the Arab Common Market, is at least 40 per cent of the total cost of production."

The customs authorities of each contracting country shall have the power to take all the necessary measures to ensure the conformity of the goods with the certificate of origin.

Part Six: Settlement of the Value of Current Transactions
between the Contracting Parties

Article 16

Until the contracting parties shall establish an Arab Payments Union and an Arab Monetary Fund to enable the convertibility of their currencies, as between themselves, the following provisions shall apply:

- (1) Payments for goods and services exchanged between the contracting countries shall be settled in accordance with the bilateral payments agreements in effect between them; and
- (2) Where no bilateral payments agreements exists between two of the contracting parties, settlement of the payments in the foregoing paragraph shall be effected in United States dollars, Sterling pounds or in any other convertible currency acceptable to the two parties concerned. In such circumstances, the two parties undertake to permit the transfer of all sums due to the exporting country without delay.

Part Seven: Executive Provisions

Article 17

In fulfilment of the provisions of Article 12 of the Agreement for Economic Unity Among Arab League States, the contracting parties shall implement the provisions of this decision, in accordance with the constitutional principles of their respective countries.

Issued in Cairo, on Thursday 13 August 1964, by the Council of Arab Economic Union during its Second Ordinary Session.

