

# Agreement to Facilitate and Develop Inter-Arab Trade

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## **Agreement to Facilitate and Develop Inter-Arab Trade**

On the basis of the national belief of Arab League Member States governments in one Arab Nation. They understand the significance of Arab economic integration as a step towards Arab economic unity and critical instrument that enhances Arab comprehensive development within a free, developed, correlated and balanced Arab economic.

Moreover, to achieve what mentioned in article (2) of Arab League Charter, they seek to closely cooperate in economic and financial affairs, including facilitation and widen the scope of commercial exchange in areas of agriculture, industry and services related thereto.

Besides, they pursue execution of articles (7) and (8) of Joint Defense and Economic Co-operation Treaty.

Based on Arab League Economic and Social Council's resolution No. 712 dated February 22<sup>nd</sup>, 1978 on new convention to facilitate trade between the Arab League states in a pursuit to keep up with developed economic status in Arab States,

Arab League governments hereby agreed to the following:

### **Preamble**

### **Definitions**

#### **Article (1)**

For the purposes of this agreement, the following words and expressions shall have the meanings ascribed thereto unless the context indicates otherwise:

#### **1. The agreement**

Agreement on Facilitation and Development of inter-Arab-state commercial exchange entered into by and between Arab League members.

#### **2. Arab states**

States member of Arab League

#### **3. Party state**

Arab state that is subject to the application of the agreement

#### **4. The council**

Economic and Social Council established under article (8) of Joint Defense and Economic Co-operation Treaty executed by and between Arab League members and approved by the Council of the Arab League on 13/ 04/ 1950, as amended.

## **5. Customs duties and taxes of the similar effect**

Duties applied by the party state to the imported goods per customs tariff and other duties and taxes imposed on the imported goods but not applied by the same party state, whatever the duty or tax name.

This definition excludes duties imposed on certain service, such as demurrage, storage charges, transportation fees, shipment charges or discharge fees.

## **6. Non- customs restrictions**

Measures and formalities potentially taken by the party state to control imports for non-regulating and non-statistical purposes.

## **7- Least developed countries**

Party states the council decides to be least developed.

### **Chapter (1)**

#### **Generals**

#### **Article (2)**

This agreement witnesseth as follows:

1. The inter-Arab-state commercial exchange shall be released from duties and restrictions on the following bases:
  - a) Complete release of certain Arab goods and products exchanged between state members from various duties and restrictions imposed on non- Qatari products.
  - b) Gradual decrease of various duties and restrictions applied to some other exchanged Arabic goods and products.
  - c) Provision of integrated protection for Arab goods and products that address the competition of similar or alternative non- Arabic goods.
  - d) Definition of goods and products referred to in paragraphs (a, b, and c) based on the guiding standards stipulated in article (4) or as decided by the council.
2. Producing and exchanging Arab goods shall be coordinated, in every possible way including without limitation to providing financial facilitation required to production.
3. Inter- Arab- state commercial exchange funding is to be facilitated and payment arising out of such exchange settled.
4. Special facilitation shall be provided for services associated with commercial exchange among state members.
5. The principle of direct commercial exchange shall be committed to by state members.
6. Developing status of all agreement's state members, such that least developed country's status, shall be taken into account.

7. Benefits and burdens arising out of this agreement execution shall be fairly allocated.

#### Article (3)

Principles agreed upon hereby shall be deemed the minimum base for commercial cooperation among state members. A party state shall have the right to give relatively more advantages or priority to Arab state(s) under bilateral or multi-party-based agreements.

#### Article (4)

Regarding selection of Arab goods and products referred to in paragraphs (3) and (5) of articles (6) and (7), the following standards shall serve as a guidance:

1. Goods shall form a strategic necessity in consumption pattern meeting population's needs.
2. Goods shall be greatly and regularly demanded.
3. The profits of such goods shall represent significant percentage in GDP for a party state.
4. Goods shall represent an important factor in interrelationships of a party state's production system.
5. Increase of goods exchange results in increase in technological capacity and localization and development of appropriate technology.
6. Goods shall be of great importance for a party state export.
7. Goods shall be necessary for development of a party state and confronted with discriminatory or restrictive formalities in foreign markets.
8. Goods exchange increase is to lead to full contribution to Arab economic integration.
9. Goods exchange increase is to lead to ensuring national security, in general, and military security, in particular.
10. Any other standards adopted by the council shall serve as guidance.

#### Article (5)

Economic sanctions may never be adopted by and between party states regarding commercial transactions regulated hereby, unless otherwise decided by the council for supreme national reasons.

### **Chapter (2)**

#### **Substantive provisions**

#### Article (6)

The following goods shall be exempted from customs duties, taxes of the equivalent effect and non-customs duties imposed on imports:

1. Agriculture or animal goods, be it raw material or changed in order to be consumable.

2. Mineral and non-mineral raw materials, be it in raw material or proper manufacturing form.
3. Semi-manufactured goods set out in lists approved by the council, which goods are used to produce other manufacturing goods.
4. Goods produced by Arab common projects performed within the framework of Arab League or affiliated organizations.
5. Manufactured goods agreed upon per lists approved by the council.

#### Article (7)

1. Concerned parties are to negotiate the matter of gradual decrease of customs duties and taxes of the equivalent effect imposed on Arab imported goods according to values, methodologies and lists approved by the council.
2. Relative decrease shall be gradual and take determined periods that, upon expiry, revoke all customs duties and taxes of equivalent effect imposed on commercial exchange between party states.
3. Without prejudice to paragraphs (1) and (2) of the current article, products of party states- determined by the council to be least developed- shall be given a preferential treatment per standards and limits adopted by the council.
4. Any party state shall be entitled to give any additional benefits to other Arab state(s) under bilateral or multi-party-based agreements, be it a party thereto or not.
5. A party state may not give any preferential benefit to any non-Arabic state as more as that giving to party states.

#### Article (8)

1. Concerned party is to negotiate to set a unified and proper minimum for customs duties, taxes and restrictions of the equivalent effect applied to goods imported from non- Arabic states, given the fact that such goods compete with or potentially take place of Arab goods. A resolution thereof shall be issued by the council that in turn assumes the responsibility of the gradual increase- of such customs duties, taxes and restrictions- from time to time in consultation with the mentioned states.
2. Party states shall determine a relative benefit for Arab goods against competing or alternative non-Arabic goods. Governmental procurements shall be given the priority in terms of applying this benefit. The council determines such relative benefit according to the status of every state or a group of party states giving the priority to benefit granted to Arab goods associated with food security in particular or national security in general.
3. The council has the right to determine any other formalities that might go beyond the provisions mentioned in this article to stand against dumping and discrimination policies taken by Arab states.
4. In the event that party states' products failed to cover market needs of imported party states, the latter shall be entitled to import quantity of similar

products as far as the failure is remedied without prejudice to the restrictions prescribed per this article.

#### Article (9)

1. For the purpose of this agreement, the goods shall be deemed Arabic only when the origin rules determined by the council are satisfied and the added value resulted out of production inside the party state is, at least, 40% of the final goods value upon production. Such percentage is to be reduced down to 20% as minimum as compared to Arab assembly industries. The council determines a schedule for the gradual increase of both percentages.
2. A party state may request the council to reduce the percentage mentioned in paragraph (1) of the current article should the goods have strategic nature or special importance for the producing party state. The council's approval shall be determined by a period of time.

#### Article (10)

1. The party states encourage, through their funding and banking policies, the inter-commercial exchange, facilitate the required financing and widen the respective basis on preferential and facilitated terms.
2. According to its establishment agreement, Arab Monetary Fund (AMF) determines the appropriate system required to facilitate payment arising out of the commercial exchange among party state. AMF is assigned to provide proposals of banking policies that serve the same purpose to central banks and Arab monetary organizations per the council directives.
3. Per their system, common Arab financial organizations encourage commercial exchange among the party state, facilitate the required financing and widen the respective basis on preferential and facilitated terms.
4. Inter-Arab Investment Guarantees Corporation along with related Arab organizations encourages providing the guarantee required for the commercial exchange among state party pursuant to preferential terms and the respective orders of such corporation.

### **Chapter (3)**

#### **Supervision of the agreement execution**

#### Article (11)

1. The council assumes responsibility of the agreement execution and may particularly:
  - a) Develop and issue group lists of the goods exempted from duties and taxes of the equivalent effect and customs restrictions.
  - b) Develop and issue group lists of the goods of reduced duties and taxes of the equivalent effect and customs restrictions.

- c) Develop and issue lists for non-Arabic goods, be it competitive or alternative to Arab goods.
  - d) Determine rules and circumstances upon which duties and taxes of the equivalent effect and customs restrictions are gradually reduced.
  - e) Determine least-developed party states, for the purpose of this agreement.
  - f) Study party state's complaints submitted as a result of discrimination issues faced in commercial transactions performed with other states.
2. The council issues the resolution related to this agreement terms and conditions upon state members' a two-thirds vote.
  3. The council shall be entitled to establish committees and assign them some of its terms of references mentioned hereof.

#### Article (12)

Arab Leagues Secretariat's General Department of Economic Affairs prepares annual report to be submitted before the council on the progress of trade between the agreement-party states, obstacles against the agreement execution, ways to remedy and proposal required to confront such obstacles.

### **Chapter (4)**

#### **Dispute settlement**

#### Article (13)

Disputes arising out of the execution hereof shall be submitted before the council to decide on them. The council, instead, may refer such disputes to a subcommittee(s) by the way of terms of references assignment. The council may, on this regard, apply dispute settlement's provisions set out in chapter (6) of Unified Agreement for the Investment of Arab Capital in the Arab States, and the annex thereof. The council determine the way of settlement in every case.

### **Chapter (5)**

#### **Final provisions**

#### Article (14)

Goods and products exchanged according hereto may only be re-exported to another nonparty state upon the origin state's approval.

#### Article (15)

A party state may request to apply some duties and taxes of the equivalent effect or quantitative and administrative restrictions- or to maintain the parts into effect thereof- on temporary basis in a pursuit to ensure increase of certain local

production, given the council shall approve this matter and determine the respective period.

#### Article (16)

Arab League Secretariat-General's authorities is responsible for required information assembly and analysis of the same in order to recognize the progress of commercial exchange among party states and each other, on a part, and party states and other states, on the other part.

Party states are committed to provide all data deemed necessary by Secretariat-General to optimally apply the agreement.

#### Article (17)

Goods are to be exchanged among party states directly without mediation of non-Arabic party.

#### Article (18)

Party states cooperate to facilitate transportations of various kinds between them on preferential basis. They, either, cooperate to facilitate transit trade associated without Arab goods exchange among party states.

#### Article (19)

Party states cooperate to support and coordinate economic and commercial bilateral or mutual relations with other regional and international states, organizations and economic clusters. Such party states seek to have unified attitudes in international economic organizations and clusters as complied as with their mutual interests.

#### Article (20)

Pursuant to this agreement, we conforms to conditions and principles of Arab boycott and the resolutions issued with respect hereto by competent entities.

#### Article (21)

No party state may issue regulation or decision that is contrary to this agreement or suspend the execution thereof.

#### Article (22)

1. This agreement shall be kept with Arab League Secretariat-General so it can be signed.
2. This agreement shall be deemed valid after three months from the date of submitting the respective ratification documents by at least five Arab states.
3. Arab League Secretariat-General receives the documents of Arab state enrolment. The agreement shall be applied to every enrolled state one month following the date of submitting the respective ratification documents.



4. Arab League Secretariat-General undertakes to notify party states to submit ratification documents.

Article (23)

A party state may withdraw from the agreement only after three years from the date it comes into effect. Withdrawal shall be made upon written letter submitted before Secretary General, which withdrawal is to be valid after one year from the date of notifying thereof.

Article (24)

This agreement can be amended upon state members' a two-thirds vote. Such amendment shall be valid one month following submission of amendment ratification documents by all parties or at least five states.

Article (25)

1. The council is committed to take on its terms of references as prescribed herein once two thirds of the party states enter into such agreement. In which case, nonparty states may not participate in the vote.
2. Until the above paragraph is put into practice, the council party state's representatives meet up and form a committee called (Arab Trade Commission) to take on the council terms of references set out herein.
3. Arab League Secretariat's General Department of Economic Affairs assumes the responsibility of authority technical secretariat per internal system issued by the authority involving the respective administrative affairs and determining the resources and disposal rules thereof.

This agreement was issued in Arabic language in Tunis City on Friday, Rabi' al-Thani 22<sup>nd</sup>, 1401 AH, corresponding to February 27<sup>th</sup>, 1981 AD, in one original copy to be kept with Arab League Secretariat' General. A true copy shall be delivered to every country that set its hand or enrolled hereto.

For Hashemite Kingdom of Jordan

For United Arab Emirates