REPORT ON THE PROGRESS ACHIEVED

The Decision establishing the Arab Common Market emanated from the Arab Economic Unity Agreement concluded within the frame of the League of Arab States. This Decision which was issued on 13 August 1964, entered into force on 1 January 1965.

At their twenty-second session the CONTRACTING PARTIES charged a Working Party with the task of making a report on the Arab Common Market in conformity with the provisions of the General Agreement.

At their twenty-third session the CONTRACTING PARTIES approved the report submitted by the Working Party on the Arab Common Market.¹

The following is a summary of the progress made by the Arab Common Market of which the United Arab Republic, Syria, Jordan and Iraq are members:

1. The rate of reductions on tariffs and other duties imposed on imports of industrial products originating from any of the member States amounts to 80 per cent on some of these products, 55 per cent on some others and 30 per cent on the rest.

2. Some agricultural and animal products and natural resources originating from any of the member States are exempted from tariffs and other duties imposed on imports. The rest of these products and resources enjoy a reduction of 60 per cent.

3. In this respect it is worth noticing that the said reductions on tariffs and other duties apply to all products originating from member States excluding sixteen products excepted when imported to Jordan to safeguard its customs resources.

¹GATT, Fourteenth Supplement, pages 20 and 94.
4. The percentage of liberalization from import and export restrictions on products originating from member States amounts to 30 per cent of the industrial products and 60 per cent of the agricultural and animal products and natural resources.

5. An Arab Payments Union Project for member States has been elaborated and is expected to be put into effect within a few months.

6. As to the freedom of movement of nationals of member States from one member country to another, a date not exceeding 1 January 1968 was fixed for using the identity card for this purpose.

7. Although it is difficult to judge the success of the Arab Common Market in realizing the increase in the volume of trade among the member States, the reason being that it has come into being only from 1 January 1965, nevertheless, the statistics regarding the first half of the year 1967 show an increase in the volume of trade among member States, compared with the first half of the year 1966.

Attached hereto are the decisions issued by the Council of the Arab Economic Unity, concerning economic, commercial, customs and monetary affairs.

Since the remaining decisions issued by the Council deal with administrative and financial affairs of the Council and its general secretariat, it has been deemed unnecessary to include them in this report.
1. **Formation of permanent committees and suo-committees**

In accordance with Article 5 of the Economic Unity Agreement contracted between the Arab League member States the following committees are to be formed:

(a) **The Customs Committee**: to deal with customs, technical, administrative and transit affairs.

(b) **The Monetary and Financial Committee**: to deal with currency, banking, taxes, duties and other financial affairs. From this Committee will emanate the following sub-committees:

(1) The Sub-Committee for Financial and Fiscal Affairs.

(2) The Sub-Committee for Monetary Affairs.

(c) **The Economic Committee**: to deal with affairs pertaining to agriculture, industry, commerce, transportation, communications, labour and social security affairs. From this Committee the following sub-committees will emanate:

(1) The Sub-Committee for Agricultural Development.

(2) The Sub-Committee for Industrial Co-ordination and Mineral Wealth Development.

(3) The Sub-Committee for the Planning and Co-ordination of Trade.

(4) The Sub-Committee for the Planning and Co-ordination of Transport and Communications.

(5) The Sub-Committee for Social Affairs.

In accordance with Article 8 of this agreement, the Council has requested the member States to appoint their representatives in these committees.

2. **Unification of legislations, systems and customs duties**

The Council has decided to transfer the following subjects to the Customs Committee for study:

(1) The unification of legislations and customs systems within a period of five years commencing from January 1965.

(2) The unification of customs duties and other duties of the member States towards non-member States within a period of five years commencing from January 1970.

The unification is to be put into effect according to the measures formulated by the Arab Economic Unity Council.
3. **Customs duties on tobacco**

The Council has acknowledged the note presented by the United Arab Republic delegation regarding duties and customs taxes to be collected on imported tobacco and its extracts; and considering the special position of tobacco, the Council has decided to postpone, for an indefinite period, the application of the Arab Common Market rules on tobacco without depriving any of the member States from the right to reach an agreement between themselves to apply the Arab Common Market rules on tobacco.

4. **The Economic Unity Council**

Reviewing paragraphs 1 and 3 of Article 1 of the Economic Unity Agreement and paragraph 4 of item 2 of the annex dealing with the necessary steps for the realization of the Arab Economic Unity,

Reviewing the 23 August 1964 report and recommendations of the Sub-Committee for Social Affairs emanating from the Permanent Economic Committee of the Arab Economic Unity Council,

And acknowledging that the liberty of movement, residence and labour, mentioned in the Agreement, means the elimination of all restrictions on the travel, the movement, the work and the residence of the subjects of the member States in their territories,

And since the implementation of the provisions of the Agreement as regards the liberty of movement, residence and work requires preparation and study for the realization of the targets of the Agreement; a fact necessitating the abrogation of all existing restrictions in stages compatible with the conditions and special circumstances of these restrictions, provided they do not conflict with the national interests and health.

The Council decides:

(1) To facilitate the entrance of the subjects of member States into their various territories, entry permissions or any such restrictions are to be done away with, provided a passport or a unified identity card is produced.

(2) (a) Granting of the preferential right of work to subjects of the member States.

(o) The right of residence is to be extended to the subjects of the member States, provided work approved by the concerned authorities is found and that these authorities specify the approved cases. Member States are to issue "a residence card" to be valid for one or more years with right of renewal.
In case of a sojourn that does not out-run a month, the travelling document, by means of which the individual had secured entrance is sufficient, to be shown to the responsible authorities upon request. In this permission the acquired right of temporary residence and the required conditions for obtaining it are to be indicated.

(3) To obtain residence cards, States have the right to ask applicants to produce:

(a) The travelling document, "the unified identity card" or the passport.

(b) Anything to prove that the subject of the member State has obtained work approved by the concerned authorities for a period necessitating residence, as stipulated by the above-mentioned article (2). This provision does not apply to an applicant's family.

(4) A special committee of member States is to be formed, guided by the statement annexed to this decision (Annex No. 1 not reproduced), it will draw up a specimen forum for the unified identity card indicating all details about an individual's identity, birth and work, together with all information required for the safeguarding of national interest and national security.

(5) In order to secure the correctness of the identity card, the concerned authorities should take all the necessary precautions in this respect in the light of the statement (Annex No. 2 not reproduced).

(6) To issue identity cards, residence cards and arrival permissions no duties are imposed. A State may however collect a duty not exceeding the cost of the card.

(7) To protect national interest, public health and public security, a State may prevent subjects of the other member States from entering its territories and may refuse to allow them residence within its territories for the same reason. A State may not withdraw residence documents or expel their holders before the expiry date of the said documents, unless such action is necessary to safeguard the national security or national interests.

(8) The member States carry out the provisions of this decision and take the necessary measures towards this and within a period not exceeding five years. During this period and until the unified identity card comes into use, the member States, with a view to facilitating the liberty of movement and work, may take the following preliminary and temporary measures:

(1) The immediate elimination of entry visas of subjects of member States.

(2) The right of residence, on arrival, for one month, and its renewal for six months, upon request free of charge.

(3) The renewal of residence for those who obtain permission for work from the concerned authorities.
5. The fixed date for confirming restrictions, duties and taxes

Reviewing Article 3 of Decision No. 17 which reads as follows:

"Restrictions applied at present in all the contracting member States as well as the various duties and export and import taxes remain fixed. Hence none of these States is allowed to levy any duty or tax or to impose any new restrictions or to raise the duties, taxes and restrictions imposed on the exchange of agricultural, animal, natural resources or industrial products among these States."

The Council has decided that the word "at present" mentioned at the beginning of this article refers to 13 August 1964. And hence this date is to be considered as the fixed date for the confirmation of restrictions, duties and taxes applied in member States.

6. Agreements and procedures between two or more of the Arab Common Market States

The Council recommends that it should be kept aware of agreements signed between two or more of the Arab Common Market States in connexion with the purposes and targets of the Arab Economic Unity.

7. The unified customs area

While stressing the importance of the adoption of a unified customs system in establishing the Arab Common Market on such bases as to ensure the realization of the economic development in the member States of the Economic Unity Council,

And taking into account the items recorded in the Permanent Customs Committee's report as being closely connected with the question of the establishment of the one customs area,

The Council decides:

(1) To recommend member States to submit, before 31 December 1965, a schedule concerning the rates of customs duties and other rates according to the specimen form attached to Decision No. 94, taking as a basis the rates of customs duties and the other rates applied on 13 August 1964 and indicating the general total amount of duties and taxes collected from importation in 1964.

(2) To ask the General Secretariat to request the United Arab Republic Ministry of Economy's approval as to the use of the statistical and electronic machines in the possession of the Ministry in order to co-ordinate and classify the information indicated in these schedules in a unified form, provided that this is accomplished before 30 June 1966.

(3) To entrust Dr. Anis El Shaarany and Mr. Yehia Aroudky with the preparation of a study of a unified customs administration in the light of the previous customs union between the Syrian Republic and the Lebanese Republic, provided such a study is to be completed before 31 December 1965.
(4) The Permanent Customs Committee will submit the results of its work, as stipulated in this recommendation, to the Arab Economic Unity Council, in order to connect this work with the result of other committees' activities with a view to accelerating the establishment of the customs unified area.

(5) To hasten the studies concerning the unification of the customs tariffs aiming at the establishment of the unified customs system which are to go hand in hand with the studies of industrial co-ordination.

8. The issue of a yearly statistical bulletin on trade among member States

Acknowledging the General Secretariat's note concerning the member States' recommendation to issue a yearly statistical bulletin of the trade between the member States and between the latter and non-member States.

The Council invites the General Secretariat to apply directly to the member States for obtaining such information as stipulated in its sixth ordinary session.

9. Import and export systems and quantitative and monetary restrictions

Acknowledging the Permanent Committee's report on this subject.

And since it has become clear that some member States, on account of their economic conditions, were forced to adopt a quota system not compatible with the first Article of the Arab Common Market,

And in view of the fact that these States have explained that the adoption of this system is due to the Council's non-completion of either the industrial co-ordination studies or the economic planning co-ordination among member States, as well as the non-existence of an Arab Payments Union which facilitates the financing of trade exchange operations among member States,

The Council therefore emphasises that quotas and monetary and administrative restrictions hinder Arab Common Market provisions,

And decides the following:

First: That any State, under pressure of its own circumstances, forced to utilize the quota system, should give preference to the importation of products from member States according to their respective productive and export capacities.

Second: To entrust the General Secretariat with the task of making a comparative study on the import and export systems in the member States, clarifying through this study whether any of these States should adopt the system of quantitative and monetary restrictions and any other administrative restrictions on trade with the other member States and the effects of eliminating these restrictions in accordance with the Arab Common Market's decision and proposing the necessary
practical solutions. The General Secretariat is allowed to get the collaboration and help of experts to achieve the completion of this study which will be submitted to the Permanent Economic Committee at its coming session to make use of in completing its study, as explained in the following paragraphs and to submit it in its turn, to the Council at its ninth session.

Third: That all member States submit detailed notes on the restrictions on goods previously liberalized in the first two stages at a date not exceeding the end of April 1966 to allow the Permanent Economic Committee to study them and offer the necessary solutions guaranteeing the freedom of exchange without any restrictions concerning the said goods.

Fourth: That the member States fully supply the General Secretariat with the required reports at a date not exceeding 15 April 1966 on the following two subjects:

1. Its proposals as to the Common Market policy to be followed towards the other Arab States.

2. Its proposal as to the Common Market policy to be followed towards the economic blocs.

In compliance with the Council's two Decisions No. 146 and 147 to enable the Permanent Economic Committee to study these reports in its coming meeting and to submit a report thereon to the Council in its ninth session.

Fifth: To invite the Permanent Economic Committee to hold its meetings as from 16 May 1966.

10. Monetary restrictions

Acknowledging the report of the Permanent Economic Committee and the note of the General Secretariat on the system of quotas;

Since some member States follow a planned economic system which necessitates the allocation of certain amounts of foreign exchange to meet the importation of the needs and requirements of their development plans;

And since this system is considered as a restriction on importation,

The Council decides:

(a) That, in preparing their foreign exchange and annual allocations, member States should allocate certain quotas for the liberalized commodities which can be exported by the other member States. They should also adapt their development plans in such a way as to ensure this.
(b) Non-liberalized commodities which can be exported by member States should be taken into consideration whenever possible by States following the system of quotas.

(c) Member States have to start issuing decrees and executive regulations to ensure the execution of the provision of paragraph (a) and they must supply the General Secretariat with enough copies of these decrees and regulations.

11. Quantitative quotas

Acknowledging the report of the Permanent Economic Committee and the note of the General Secretariat regarding administrative restrictions,

And as quantitative quotas and the obligation of reaching a certain volume of trade between the member States and the other countries are considered a restriction which hinders trade among the Arab Common Market States,

The Council decides:

That any member State concluding a new bilateral agreement or amending existing agreements should take into consideration, when allocating these quotas, to give priority to Arab Common Market States to consider their productive capacities and to supply their export and import needs of the liberalized commodities, in case of equal prices and on condition that the said commodities have the same specification.

12. The public sector

Acknowledging the Permanent Economic Committee's report and the note of the General Secretariat regarding the administrative restrictions,

The Council recommends;

That States following the public sector system shall give instructions to this sector to grant preference to the importation and exportation of the liberalized commodities of the Arab Common Market.

13. Industrial co-ordination and economic integration among member States

Reviewing the Syrian Arab Republic delegation's notes on the subject,

And acknowledging the General Secretariat's clarification on this subject emphasizing the importance of the member States co-ordination of economic plans,

The Council decides the following:
(1) To request the member States again to supply the General Secretariat with all information, researches and statistics required by the Decision No. 182 within a period not exceeding the end of May 1966.

(2) That member States take into consideration the results of accelerating the pace in establishing industries similar to those already established in the other member States, before achieving industrial co-ordination among themselves.

(3) That States wishing to establish new industries should take into account the position of similar industries existing in the other member States.

(4) That any member State to be affected by the establishment of any new industry in another member State, may present to the Arab Economic Unity Council a note in this respect. The note will comprise a study of its existing industry and its reasons for requesting the study of the subject.

(5) That the Council confirms its Decision No. 179 of 25 September 1965, requesting member States to supply the Council's General Secretariat with ten copies of their development plans which will be put into effect in the respective States.

(6) To invite the Sub-Committee of Industrial Co-ordination and Mineral Wealth Development to meet on 20 June 1966 to study industrial co-ordination and economic integration among member States.

14. Withdrawal by member States of lists of commodities exempted from the Arab Common Market provisions

The Council has examined the report of the Exceptions Committee in its fifth meeting and has been informed of the withdrawal of all exception lists previously submitted by member States. The Hashemite Kingdom of Jordan limited its exception lists to excluding sixteen articles, with a view to safeguarding its customs resources until the meeting of the Exception Committee at the beginning of the coming year. The Council, while recording its appreciation of the attitude of member States in this respect, decides:

(1) To approve the withdrawal of the goods which are required to be excepted by member States, with the exception of sixteen articles related to the safeguarding of customs resources and which were submitted by the Hashemite Kingdom of Jordan. These sixteen articles will be examined by the committee in its coming meeting.

(2) To urge the member States to supply the General Secretariat with information and statistics about articles similar to those still required to be excepted by Jordan to safeguard customs resources at a date not exceeding the end of December 1966. The General Secretariat will circulate these statistics among member States as soon as they arrive, for purposes of study as a preliminary step towards the holding of the meeting of the Exceptions Committee on the first Saturday of February 1967.
(3) Articles which member States have already withdrawn or will in future withdraw from their exception lists must enjoy the same reductions and the same rates applied at present in conformity with the decision establishing the Common Market without discrimination between these articles and the articles which were not exempted.

15. The certificate of origin

The Council has reviewed the Customs Committee's report in its fourth meeting about the certificate of origin and the General Secretariat's note in this respect and decides:

(1) That the certificate of origin as stipulated in Article 15 of the Arab Common Market decision is considered as a privilege to the importing country and an obligation to the exporting country; the importing country may not require this certificate in case of its conviction of the correctness of origin.

(2) That chambers of commerce and similar non-governmental bodies are not the competent government authorities stipulated in the said Article, and in case they issue certificates of origin the contents of these certificates have to be ratified by a competent governmental body or by any other body as agreed between the two member countries.

(3) That acknowledging the United Arab Republic's delegation's note regarding the amendment of the certificate of origin previously approved, the Council decides to transfer this amendment together with the proposed model to the Permanent Customs Committee which, after studying this modification, will issue the appropriate recommendation in this respect.

(4) To ask member States not to require consular ratification of certificates of origin after their being issued by the body mentioned in paragraph (2) of this decision.

(5) As the Iraqi Republic, the Syrian Arab Republic and the United Arab Republic have submitted their respective agricultural and animal products lists together with their respective natural resources and industrial products lists, whose exemption from being accompanied by certificates or origin has previously been suggested, the Council asks the remaining member States which have not yet complied with this procedure, to speed up the submission of the lists to the General Secretariat to be studied by the Permanent Customs Committee in its coming meeting.

16. Project of a unified customs administration

Acknowledging the report of the permanent Customs Committee in this respect,

The Council decides:
To consider this project as a basis for a study of a project for a unified customs administration legislation and to postpone this study until the member States complete relevant, exact and comprehensive studies, this being a step preceding the establishment of a unified customs system.

17. **Free areas in member States**

Acknowledging the two reports of the Permanent Economic Committee and the Permanent Customs Committee on this subject,

The Council decides:

That the privileges accorded by the Arab Economic Unity Agreement and the Arab Common Market provisions shall not apply either to manufactured products or to goods going out of the free customs area at the present time.

18. **Import and export licences**

Acknowledging the Permanent Economic Committee's report and the General Secretariat's note regarding administrative restrictions,

The Council decides:

(a) That the request for information for statistical or formal purposes concerning export or import operations does not constitute a restriction on trade among member States.

(b) That in cases when the nature of such information may lead to the restriction or prohibition of the export or import of liberalized goods, then such a request is considered as a restriction on trade.

(c) To ensure the elimination of the restriction on obtaining import and export licences as regards liberalized commodities, the member States are requested to issue decrees and regulations ensuring their liberalization, to explain what is mentioned in the two previous paragraphs and to furnish the General Secretariat with copies of these decisions and regulations.

19. **Principles and bases ruling agreements concluded by any member State with the other countries**

Concluding trade or payments agreements with other countries in a common way

Acknowledging the report of the Sub-Committee for the Co-ordination and Planning of Trade;

And in conformity with the second Article (paragraph 4) of the Arab Economic Unity Agreement,
The Council decides:

That after laying the bases which ensure the co-ordination of the Arab Common Market's trade policy towards the outside world, the Arab Common Market bloc will conclude common agreements with the other countries or the other economic blocs whenever possible in the fields of importation, exportation and collective marketing and will establish common trade offices; in this way the aim mentioned in the second paragraph of the second Article of the Arab Economic Unity Agreement will be realized; namely, the unification of import and export policy and the systems relating thereto; furthermore, this will help to dispose of the goods not absorbed by the consumption capacity of the Arab Common Market States and will not oblige them to give privileges and preferential treatment to the other countries, equaling or exceeding those mentioned in the Unity Agreement and in the provisions of the Arab Common Market. In addition to this, member States will benefit by the experience gained by each other in this field.

20. Concluding trade and payments agreements with other countries under the approval of the Arab Economic Unity Council

Acknowledging the report of the Sub-Committee for the Co-ordination and Planning of Trade,

And in conformity with Article 9 paragraph (2-5) of the Arab Economic Unity Agreement,

The Council decides:

That trade agreements concluded between a member State of the Arab Economic Unity Agreement and other countries shall, after ratification, be discussed by the Arab Economic Unity Council to make sure of their being compatible with the Arab Economic Unity Agreement and the Arab Common Market provisions, until the co-ordination of the general policy of the Arab Common Market States towards international agreements and the means of reaching them are effected.

21. Import and export prices

Acknowledging the report of the Sub-Committee for the Co-ordination and Planning of Trade,

The Council decides:

That the member States, when concluding bilateral agreements, have to see to it that the transactions concerning the importation and exportation of goods shall be carried out at the best prices, at world-level prices or at the current world market prices of the said goods; the member States should give preference to the Arab Common Market States, namely a preferential treatment as regards the importation and exportation whenever prices are equal and on condition that goods have the same specifications.
22. The policy of member States towards other Arab States

Acknowledging the General Secretariat's note regarding the policy of member States towards the other Arab States, to which is attached the General Secretariat's letter addressed to their excellencies the Ambassadors of the Arab States, non-members of the agreement.

And since the object of the Arab Economic Unity Agreement is to gather all Arab League member States so that an economic integration may be reached among themselves,

And taking into consideration that the General Secretariat has made it clear that member States of the agreement have much wider trade relations with other non-member Arab countries than with member States,

And as the Council believes that the admission of all Arab nations to the Arab Economic Unity Agreement will lead to the development of their resources, the realization of a higher standard of living and the welfare of their peoples,

And since it is the Council's opinion that the delay in joining the Arab Economic Unity Agreement will obstruct the execution of the stages necessary for the realization of the Arab Economic Unity,

And taking into consideration that the provisions of the agreement do not conflict with the economic systems or the economic sovereignty of member States as they permit the gradual execution of the agreement and as they consider the local circumstances and higher economic interests of member States,

The Council has decided:

To entrust the General Secretariat with the task of continuing the necessary consultations with non-member Arab States as a preliminary step towards their becoming members of the Arab Economic Unity Agreement.

After making such consultations the General Secretariat shall submit a report about them concerning all these Arab States and including the attitude and apprehension of every State towards the Economic Unity Agreement so that, in the light of all this, the Council may decide to follow a certain policy which may vary from one non-member State to another.

23. The policy of member States towards economic blocs

Acknowledging the research submitted by the General Secretariat including a comparative study on the regional and international blocs among industrial countries and blocs among the developed countries throughout the different world areas and acknowledging the General Secretariat's remarks and proposals regarding the relation of the Arab countries in general and the Arab Economic Unity Council in particular with these blocs,
And noticing the importance of the regional blocs and especially the European Common Market in the field of economic and trade relations with member States and with other Arab States,

And in view of the Council's stress on the importance of co-operation blocs of developed countries and the increase in the economic and trade links between the Council and these blocs,

The Council decides:

To transfer the General Secretariat's research to the member States, asking for their opinion, which is to be submitted to the General Secretariat within a period of two months, and which will be submitted to the permanent Economic Committee as a preliminary step towards its submission to the Council at its next session.

In the light of the Council's decision, the General Secretariat will have to make preliminary consultations with:

(1) The European Common Market's administration, for trade co-ordination between the Economic Arab Unity Council and the European Common Market with a view to obtaining privileges from the Market and submitting the result of its consultations to the Council in a coming session.

(2) The other economic blocs and especially in the developed areas of the world with a view to increasing trade and economic links therewith.

24. Council's relation with the GATT organization

Acknowledging the General Secretariat's note about its efforts to obtain the GATT organization's recognition of the Economic Unity Agreement among the Arab League States and the Arab Common Market on the basis of its being a regional economic bloc with specified limits and targets,

And acknowledging the said recognition which enables the present or future Council member States to take advantage of the numerous benefits offered by GATT to the developing countries,

The Council decides:

That it is necessary to follow up the activities of the GATT organization in its important meetings and in particular in the meetings concerning the affairs of the Arab Economic Unity Agreement, the Arab Common Market and the Arab member States of the Economic Unity Agreement, which have joined the GATT.
25. **Arab payments union**

Acknowledging the Permanent Financial Committee's report on this subject and the General Secretariat's note and the proposal submitted by the Iraqi Republic in this respect,

The Council decides:

1. The establishment of an Arab Payments Union to facilitate current payments' transactions among member States of the Arab Economic Unity Agreement to carry out the multilateral settlements among themselves and to grant short-term commercial credit facilities to member States of the agreement.

2. The approval of the proposed principles in the Arab Payments Union project as agreed by the Monetary and Financial Committee.

3. That the opinion of the member States must be transmitted to the General Secretariat within a maximum period of two months, for their submission to the Monetary and Financial Committee for the preparation of the final form of the project which will be reviewed by the Council in a coming session.

26. **The identity cards**

Acknowledging the note of the Hashemite Kingdom of Jordan and the Syrian Arab Republic concerning the shortening of the necessary period for utilizing individual identity cards from three years to one year;

The Council, while welcoming this important step, decides:

That the use of individual and family identity cards will start at a date not exceeding 1 January 1968 as to the movements of nationals of Arab member States from one member country to another.