



League of Arab States
General Secretariat
General Department for Economic Affairs
Finance, Trade and Investment Department

Declaration on
Pan-Arab Free Trade Area
Economic and Social Council's
Resolution No. 1317 - O.S. 59
Dated February 19, 1997

Executive Program
of
Agreement to Facilitate and Develop
Trade Among Arab countries
to Establish Pan-Arab Free Trade Area



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The Economic and Social Council, in its fifty ninth session held at the headquarters of the Arab League General Secretariat in Cairo, has adopted its Resolution No. 1317 concerning the Declaration on the Establishment of a Pan-Arab Free Trade Area and approval of its Executive Program. Following is the text of the Resolution:

Focus of Session's Work

"Executive Program of the Agreement to Facilitate and Develop Inter-Arab Trade with a view to establishing a Pan-Arab Trade Area".

The Council took note of the report of the six-member Ministerial Committee entrusted with the task of considering the Executive Program for the establishment of a Pan-Arab Free Trade Area. Appreciating its efforts to complete its task of drafting an Executive Program to enforce the Agreement to Facilitate and Develop Inter-Arab Trade with a view to establishing a Pan-Arab Free Trade Area that keeps pace with the conditions and needs of all Arab States, consistent with the provisions of the World Trade Organization, preserves Arab

States' economic interests, develops economic and trade relations among Arab States and between them and the outside world, and constitutes the first practical step towards the creation of an Arab economic bloc that will have a standing on the world economic arena;

The Council, having listened to the valuable presentation made by His Excellency engineer Ali Abu Al-Ragheb, Minister of Industry and Trade in the Hashemite Kingdom of Jordan and Chairman of the six-member Ministerial Committee;

The Statement by His Excellency the Secretary General of the League of Arab States on the dimensions of establishing an Arab Free Trade Area and the critical nature of the present historical juncture the Arab nation is going through; and

The clarifications presented by Mr. Abdel Rahman Al-Suheibani, the Assistant Secretary General for Economic Affairs in this respect;

And following deliberation;

Hereby decides to:

- 1- Declare the establishment of a Pan-Arab Free Trade Area over ten years as of January 1, 1998.
- 2- Approve the Executive Program for the establishment of the Pan-Arab Free Trade Area in its enclosed wording.
- 3- Commission the General Secretariat to take the appropriate measures and develop the work and functions of the General Department for Economic Affairs to suit the need to create the Pan-Arab Free Trade Area.
- 4- Call upon the committees assigned and provided for in the Program to assume their tasks, work out their executive programs and timetables in order to achieve the goal of establishing the Pan-Arab Free Trade Area as scheduled, and submit their reports, as and when they are ready, to the Economic and Social Council.
- 5- Commission specialized Arab organizations, joint Arab financial institutions and Arab federations, each in its area of specialization, to monitor the implementation of this Resolution, and seek to develop their systems and functions

to suit the need to achieve the goal of establishing the Pan-Arab Free Trade Area.

- 6- Commission the General Secretariat to arrange for a comprehensive study of the existing free trade areas in the Arab States and submit it to the Economic and Social Council before the end of 1998 to decide on how to treat their products within the framework of the Executive Program.
- 7- Call upon the six-member Ministerial Committee to continue its work during the initial phases of implementation of the Executive Program in order to address any obstacles that may hinder its implementation, while deciding to add the Republic of Tunisia to the Committee's membership.
- 8- Have the implementation of the resolution to establish the Pan-Arab Free Trade Area as the focus of the council's work during its coming sessions, until its establishment is completed "Resolution No. 1317 - O.S.59 L-2 - February 9,1997

**Executive Program
Of the
Agreement on Facilitating and Developing
Inter-Arab Trade
to Establish Pan-Arab Free Trade Area**

**Executive Program
Of the
Agreement on Facilitating and Developing
Inter-Arab Trade for Establishing Pan-Arab
Free Trade Area**

Proceeding from the goals of the Agreement to Facilitate and Develop Trade among Arab States to liberalize their trade exchange, which was approved by Economic and Social Council Resolution No. 848 - S.30, on February 27, 1982;

The Arab States being anxious to expedite the enforcement of the provisions of the Agreement to Facilitate and Develop Inter-Arab Trade, in order to strengthen the progress of joint Arab economic action to establish a Pan-Arab Free Trade Area;

Referring to Economic and Social Council Resolution No. 1248 - S. 56, dated September 13, 1995 and Resolution No. 1271 - S. 57, dated March 6, 1996, calling for enforcement of the Agreement to Facilitate and Develop Inter-Arab Trade with a view to bringing about the establishment of a Pan-Arab Free Trade Area that would comprise all Arab States, keep pace with the conditions and needs of all Arab States, and be consistent with the provisions of (the) World Trade (Organization);

In realization of the desire of the Arab States to establish a Pan-Arab Free Trade Area to enhance the joint economic gains to Arab States and benefit from the developments in world trade and the establishment of regional and international economic blocs.

Pursuant to the resolution of the Arab Summit held in Cairo June 21-23, 1996, commissioning the Economic and Social Council to take necessary measures to expedite the

establishment of the Pan-Arab Free Trade Area, in accordance with a work Program and a timetable to be agreed upon*;

The Economic and Social Council, by its Resolution No. 1317 - S. 59, dated February 19, 1997, has adopted **this Executive Program and its timetable to establish a Pan-Arab Free Trade Area**, in accordance with the provisions of the Agreement to Facilitate and Develop Inter-Arab Trade; with such area being consistent with the provisions and general rules of the World Trade Organization.

First: Rules and Principles

1- This Program shall serve as a framework for the enforcement of the Agreement to Facilitate and Develop Inter-Arab Trade to establish a Pan-Arab Free Trade Area.

2- The Arab States party to the Agreement to Facilitate and Develop Inter-Arab Trade shall complete the creation of the Pan-Arab Free Trade Area over ten years as of January 1, 1998.

- 3- The Economic and Social Council shall conduct a semi-annual review of the implementation of this Program.
- 4- Arab goods included in trade in accordance with this Program shall be treated as national goods in the party-states in respect to rules of origin, specifications and measurements, health and security safeguard clauses as well as local charges and taxes.
- 5- International rules and provisions shall be observed in respect to the technical bases for safeguard measures, addressing cases of subsidization, and measures to deal with the balance of payment deficits resulting from the implementation of this Program.**
- 6- Internationally applicable rules for defining and dealing with cases of dumping shall be applied in respect to anti-dumping measures.**

- 7- Customs duties and taxes of a similar effect, which shall be subject to gradual reduction, shall be the customs duties and taxes of similar effect that are in effect in each party-state as of January 1, 1998 (the first day of the month of January of calendar year one thousand nine hundred and ninety eight)). Such charges shall be the basis for calculating customs duty reductions for the purposes of implementation of this Program.
- 8- Should customs duties or other charges and taxes of a similar effect be reduced after January 1, 1998, the reduced charges shall replace the charges set forth in paragraph (7) above.
- 9- Under the provisions of Articles III and VII of the Agreement to Facilitate and Develop Inter-Arab Trade, any two Arab countries or more may agree between them on the exchange of the exemptions ahead of the Program's timetable.

Second: Liberalization of Trade among Party-States

1- All Arab goods traded among the party-states shall be liberalized in accordance with the gradual liberalization principle which shall be applied of January 1,1998 (the first day of the month of January of calendar year one thousand nine hundred and ninety eight), by reducing customs duties and other charges and taxes of a similar effect by equal annual percentages, with full liberalization of all Arab goods being completed by the end of the period specified for the creation of the Pan-Arab Free Trade Area on July 21, 2007. By agreement of the party-states, during the implementation of the Program, any goods could be subject to immediate liberalization. Gradual liberalization shall also apply to the following Arab goods:

A- Arab agricultural and animal goods and mineral and non-mineral ores, in accordance with the provisions of paragraphs (1) and (2) of Article VI of the Agreement to Facilitate and Develop Inter-Arab Trade.

B- Arab goods whose exemption had been approved by the Economic and Social Council before the effective date of this Program.

2- Production season (Farmer's Almanac) in which a number of agricultural goods shall not enjoy exemptions and reductions of customs duties and other charges and taxes of a similar effect shall be specified. This specification shall come to an end no later than the deadline for implementation of this Program.

3- Arab States shall determine the agricultural goods they want to include in the Farmer's Almanac referred to in paragraph (2) above, and (the list) shall be submitted to the Economic and Social Council for review.

4- The provisions of this Program shall not apply to products and materials whose import, trading or use in any of the States is banned for religious, health, security or environmental reasons or because of

agricultural and veterinary quarantine rules. Party-states shall submit a list of such products and any amendments thereto.

- 5- The party-states shall follow the Harmonized System (HS) in classifying the goods included in the Program.

Third: Non-Tariff Restrictions

Non-tariff restrictions shall be defined similarly as in Article I (paragraph 6) of the Agreement to Facilitate and Develop Inter-Arab Trade namely:

"Actions and measures that may be taken by a party-state to control imports, other than for organizational or statistical purposes. Specifically, such restrictions include quantitative, monetary and administrative restrictions imposed on imports", and shall be treated as follows:

Arab goods traded within the framework of this Executive Program shall not be subject to any non-tariff restrictions by whatever name. The Trade Negotiations Committee formed by the Economic and Social Council by its Resolution No. 1037 - S. 43, dated September 3, 1987, shall monitor the implementation in party-states.

Fourth: Rules of Origin

For a good to be treated as Arab for the purposes of implementing this Program, it shall meet the rules of origin to be adopted by the Economic and Social Council. Pursuant to this, all goods to be included in free trade or gradual liberalization, which originate in an Arab party-state, shall be subject to the rules of origin to be drawn up by the Rules of Origin Committee formed by the Economic and Social Council through its Resolution No. 1249 - S. 56, dated September 13, 1996. Until the results of the committee's work are adopted, the rules of origin adopted by the Economic and Social Council by its Resolution No. 1269 adopted in its fifty seventh session shall be applied.

Fifth: Exchange of Information and Data

The party-states undertake to apply the principle of transparency and to furnish the Economic and Social Council with trade information, data, measures and regulations to ensure the sound enforcement of the Agreement to Facilitate and Develop Inter-Arab Trade and its Executive Program.

Sixth: Settlement of Disputes

In line with Article XIII of the Agreement to Facilitate and Develop Inter-Arab Trade, a committee shall be formed to settle disputes in all cases associated with the enforcement of the Agreement to Facilitate and Develop Inter-Arab Trade as well as any dispute over the implementation of this Program.

Seventh: Special Treatment of Less Developed Arab States

In implementation of the principle of special treatment of less developed Arab States set forth in the provisions of the Agreement to Facilitate and Develop Inter-Arab Trade, preferential treatment shall be accorded to such states within the framework of this Program, provided that such States submit an application stating the nature of the preferential treatment requested and its duration, and that the Council approves it.

Less developed Arab States are those determined in accordance with the United Nations classification; and Palestine shall be treated similarly.

Eighth: In view of the fact that trade liberalization is linked to and affected by a number of other economic activities, the party-states shall consult over:

- Services, particularly those associated with trade.
- Technological cooperation and scientific research.
- Harmonization of trade systems, legislations and policies.
- Protection of intellectual property rights.

Ninth: Monitoring, Enforcement and Settlement of Disputes Mechanism

The Economic and Social Council is the agency supervising the implementation of the Program. The Council may:

- 1- Conduct a semi-annual review of the progress made in implementing the Executive Program.
- 2- Adopt appropriate decisions to overcome any obstacles to the implementation of the Executive Program.
- 3- Settle disputes arising from the implementation of the Executive Program.
- 4- Form technical and executive committees to which it shall delegate some of its powers to monitor, enforce and settle disputes arising from the implementation of the Program.

The Council shall be assisted in carrying out its tasks by the following executive bodies and committees:

- 1- The Enforcement and Monitoring Committee:

The Enforcement and Monitoring Committee shall comprise representatives of the Arab States. The Committee may also invite relevant non-governmental organizations as observers, if it deems it appropriate to do so.

It shall serve as the Program's executive committee and shall have the powers of the Council in its decisions related to its implementation. It shall also consider laws and customs measures required enforcing the customs duties reductions within each Arab State participating in the Program.

The Committee shall assume the task of carrying out the Executive Program as follows:

(1) Examine the quarterly reports submitted by Member-states on the following:

- Progress made in implementing the Program.
- Obstacles and problems facing implementation.
- Proposed solutions to overcome such problems and obstacles.
- Proposed approaches to develop the functioning of the Program.

(2) The Committee shall hold four meetings annually to examine the reports referred to above, as follows:

First meeting: Last week of January.

Second meeting: Last week of April.

Third meeting: Last week of July.

Fourth meeting: Last week of October.

It may hold other meetings as necessary among groups of major trade partners.

(3) The Committee shall submit periodical reports on progress made in implementing the Program to each session of the Economic and Social Council.

(4) The Committee shall assume the task of settling disputes arising from the implementation of the Program. It may hire Arab experts in world trade or form ad hoc arbitration panels composed of no more than five experts, judges or arbitrators to review cases; in which case an arbitration panel shall submit its recommendation to the Committee for decision-making.

(5) The Committee shall adopt its decisions by a two-thirds majority of Member-States. In the event that no decision is reached, the matter shall be referred to the Economic and Social Council along with a statement describing reasons of disagreement.

2- The Trade Negotiations Committee:

The Committee shall assume the task of liquidating non-tariff restrictions imposed on Arab goods, and monitor implementation of this in the Arab member-states of the Program, including determination of lists of banned imports and how they shall be dealt with in the framework of the Program.

3- Arab Rules of Origin Committee:

The Committee shall draft rules of origin for Arab goods for the purposes of enforcing the Agreement to Facilitate and Develop Inter-Arab Trade and implementing the Executive Program.

4- Technical Secretariat:

The General Department for Economic Affairs shall assume the tasks of the technical secretariat of the bodies supervising and implementing the Executive Program. It shall:

(1) Work out draft agendas for the Program's committees.

(2) Prepare an annual report on progress of trade among member-States of the Program, the impact of

implementation of the Program on trade trends and qualitative and quantitative growth rates, and proposed solutions and projected developments in Arab and international trade.

(3) Cooperate with Arab private sector federations in preparing the annual report and in including issues it (the private sector) faces as a result of the implementation of the Program on the agendas of the Enforcement and Monitoring Committee and other technical committees; and attend their meetings.

(4) Cooperate with Arab financial institutions and organizations and develop their activities in order to implement the Program.

(5) Develop the exchange of information and data between Arab States by using Arab and international communications networks; creation of databases that include economic and statistical data on Arab States; trade systems customs data; customs duties and other charges and taxes of a similar effect; Arab rules of origin; data on the production, import and export of Arab goods; data on international markets; data on international trade organizations; and rates of customs duties reductions in Arab States participating in the Program.

(6) The Technical Secretariat shall seek the assistance of specialized Arab organizations in the areas of Arab rules of origin, specifications and measurements, the farmers' almanac and other areas covered by the Program.

* **Reservation by the Republic of Iraq**

((The delegation of the Republic of Iraq expresses its reservation on the reference in the preamble to the Executive Program concerning the Cairo meeting in June 1996, and considers that discussion of (the idea of) adopting a resolution on the creation of an Arab Free Trade Area and working out its Executive Program emanate from the framework in which this topic has been discussed, particularly the resolutions adopted by the Economic and Social Council in its previous session)).

** **Reservation by the Republic of Iraq**

((Proceeding from Iraq's understanding and its keen desire to accord priority to adherence to rules and foundations of joint Arab action, which confirm the national identity of this nation, the delegation of the Republic of Iraq expresses its reservation on the rules and foundations contained in articles 5 & 6 of "First", in the Program. It affirms that the Economic and Social Council, rather than international rules and agreements, is the only authority that may determine the provisions of paragraphs (5) and (6) in First. The Iraqi delegation refused to be bound by any provision that would conflict with the rules of joint Arab economic action and reference agreements therein, including the resolution on the Common Arab Market)).