

**Council of
Arab Economic Unity
General Secretariat**



The Economic Unity Agreement Among States the Arab League

**Cairo / A.R.E
Feb. / 2003**

The Economic Unity Agreement Among States of the Arab League ⁽¹⁾

The Governments of:

- The Hashemite Kingdom of Jordan
- The Republic of Tunisia
- The Republic of Sudan
- The Republic of Iraq

⁽¹⁾ a. The Agreement was approved by the Economic Council of the Arab League in its 4th Ordinary Session, 3rd meeting, on June 3, 1957.

b. The Agreement was signed by the delegates of the Governments of:

The Hashemite Kingdom of Jordan	}	On 6/6/1962
The Syrian Arab Republic		
The United Arab Republic		
The State of Kuwait		
The Kingdom of Morocco	}	On 9/12/1963
The Republic of Iraq		
The Arab Republic of Yemen		On 17/12/1963

c. The instruments of ratification were deposited by the Governments of :

The State of Kuwait	On 9/9/1962
The United Arab Republic	On 25/5/1963
The Republic of Iraq	On 30/1/1964
The Syrian Arab Republic	On 22/2/1964
The Hashemite Kingdom of Jordan	On 1/6/1964
The Arab Republic of Yemen	On 16/5/1967
The Democratic Republic of Sudan	On 19/11/1969
The Democratic Republic of Yemen (Accession)	On 2/6/1974
The United Arab Emirates	On 4/6/1974
The Democratic Republic of Somalia	On 6/1/1975
The Libyan Arab Republic	On 2/3/1975
The Islamic Republic of Mauritania	On 20/12/1975
Palestine (Accession)	On 30/12/1975

The Kingdom of Saudi Arabia

- The Syrian Arab Republic
- The United Arab Republic
- The Lebanese Republic
- The United Libyan Kingdom
- The Motawakilite Kingdom of Yemen
- The Kingdom of Morocco
- and The State of Kuwait

Desiring to organize and consolidate economic relations among the States of the Arab League on bases that are consistent with the natural and historical links among them; and to provide the best conditions for flourishing their economies, developing their resources and ensuring the prosperity of their countries,

Have agreed on the establishment of a complete economic unity among themselves, and on the achievement of such unity in a gradual way and as fast as possible such that the transfer of their countries from the status quo to the future status is accomplished without rendering any damage to their basic interests, in accordance with the following provisions :

Chapter I

OBJECTIVES AND METHODS

Article 1

A Complete economic unity shall be established among the states of the Arab League. It shall guarantee for these states and their nationals in particular the following freedoms and rights on equal footing :

1. Freedom of personal and capital mobility.
2. Freedom of exchange of national and foreign goods and products.
3. Freedom of residence, work, employment and exercise of economic activities.
4. Freedom of transport, transit and use of transport, ports and civil airports.
5. Rights of possession, bequeath and inheritance.

Article 2

For attaining the unity mentioned in Article (1) the contracting Parties shall endeavor to accomplish the following.

1. Merging their countries into a single customs area subject to a unified administration, and unification of customs' tariffs, legislation and regulations that are applied in each of them.
2. Unification of import-export. policies and regulations.
3. Unification of transport and transit. regulations.
4. Concluding jointly trade and payments agreements with other countries.
5. Co-ordination of policies related to agriculture, industry, and internal trade; and unification of economic legislation in a manner that would guarantee equivalent conditions for all nationals of the contracting countries working in agriculture, industry, and other professions.
6. Co-ordination of labor and social security legislation.
7.
 - a. Co-ordination of legislation concerning government and municipal taxes and duties and all taxes pertaining to agriculture, industry, trade, real estate, and capital investments in a manner ensuring equivalent opportunities.
 - b. Avoidance of double taxation of nationals of the contracting parties.
8. Co-ordination of monetary and fiscal policies and regulations

in preparation for the unification of currencies of the contracting parties.

9. Unification of statistical methods of classification and tabulations.

10. Adoption of any other measures that are necessary for the achievement of the goals specified in Articles (1) and (2).

It is, however, possible to make some exceptions to the principle of unification in special cases and countries subject to the approval of the Council of Arab Economic Unity as mentioned in Article (3) of this Agreement.

Chapter II

THE ADMINISTRATION

Article 3

An organization to be called the Council of Arab Economic Unity shall be established. Its functions and terms of reference shall be specified in accordance with the provisions of this Agreement.

Article 4

1. The Council shall be composed of one full-time representative or more for each of the contracting parties.
2. The permanent headquarters of the Council of Arab Economic Unity shall be located in Cairo but the Council may convene in any other place it shall specify.
3. The presidency of the Council shall be assigned alternately to each of the contracting parties for a period of one year.
4. The Council shall take its resolutions by a majority of two-thirds of the votes of the contracting parties and each state shall have one vote.

Article 5

1. The Council shall be assisted in carrying out its responsibilities by economic and administrative committees that work under its supervision on permanent or temporary basis. The functions of these committees shall be specified by the Council.
2. Initially the following permanent committees shall be established:
 - a. The Customs Committee, for considering technical and administrative customs affairs.
 - b. The Monetary and Financial Committee, for considering the handling of affairs pertaining to monetary and banking matters, taxes, duties and other financial affairs.
 - c. The Economic committee, for considering the affairs pertaining to agriculture, industry, trade, transport, communications, labor and social insurance. The Council may set up other committees whenever necessary.
3. Each of the contracting parties shall appoint its representatives to the above-mentioned permanent committees, and each party shall have one vote.

Article 6

1. A permanent Technical Advisory Bureau shall be established. It shall be formed of technicians and experts by the Council, and shall function under its supervision.
2. The Permanent Technical Bureau shall undertake the study and investigation of the matters that are referred to it by either the Council or any of its committees. The Bureau shall submit studies and proposals that ensure harmony and coordination in matters within the Council's jurisdiction.
3. The Council shall establish a Central Bureau of Statistics, to collect statistics, analyze them, and publish them when deemed necessary.

Article 7

1. The Council of Arab Economic Unity and its affiliated bodies shall constitute one entity that enjoys financial and administrative autonomy, and it shall have a special budget.
2. The Council shall draft its own regulations and those for its affiliated bodies.

Article 8

In the course of a period not exceeding one month from the date of putting this Agreement into force, the contracting parties shall nominate their representatives to the Council and the committees specified in Article (5) paragraph (2) of this Agreement. The Council shall exercise its functions and form its affiliated bodies immediately after it is formed.

Article 9

The Council of Arab Economic Unity shall exercise, in general, all the functions and powers that are specified in this Agreement and its annexes or that are deemed necessary for ensuring its implementation. The Council shall particularly exercise the following:

1. In the Field of Administration:

- a. To work towards the implementation of the provisions of this agreement and its annexes and all the regulations and decisions that are issued in implementation of the Agreement or its annexes.
- b. To supervise the administration of its committees and affiliated bodies.

c. To appoint Council staff members and experts in accordance with the provisions of this Agreement.

2. In the Fields of Organization and Legislation:

a. To formulate regulations, legislations, and tariffs aiming at the creation of a unified Arab customs area and introducing the necessary amendments whenever they are needed.

b. To co-ordinate foreign trade policies with a view to ensuring the co-ordination of the region's economy vise-a-vise world economy and the attainment of the objectives of economic unity specified in this Agreement. The conclusion of trade and payments agreements with other countries shall be subject to the approval of the Council of Arab Economic Unity.

c. To co-ordinate economic development and to formulate programmes for the attainment of joint Arab development projects.

d. To co-ordinate policies related to agriculture, industry, and internal trade.

e. To co-ordinate financial and monetary policies with the aim of achieving monetary unity.

f. To formulate unified regulations for transport and transit in the contracting countries and co-ordinate the relevant policies.

g. To draft common legislations on labour and social security, and amendments thereto.

h. To co-ordinate legislations for taxes and duties.

i. To formulate all other legislations pertaining to matters stipulated in the Agreement and its annexes deemed necessary for its realization and implementation.

j. To prepare a budget for the Council and its affiliated bodies and obtain approval thereof.

Article 10

Expenditures of the Council and its affiliated bodies shall be covered by appropriations from joint revenues. For the period preceding the realization of such revenues the governments shall cover these expenditures according to percentages to be fixed by the Council.

Article 11

The Council's joint revenues shall be apportioned among the governments of the contracting parties by mutual agreement on the basis of a study to be conducted by the Council prior to the implementation of the Customs unity.

Article 12

The Council shall exercise these powers and all other powers granted to it according to this Agreement and its annexes through resolutions that are passed by it. The member states shall execute these resolutions in accordance with their constitutional procedures.

Article 13

The governments of the contracting parties shall pledge not to promulgate any laws, regulations or administrative decisions contradictory to this Agreement or its annexes.

Chapter III **Transitional Provisions**

Article 14

1. The implementation of this Agreement shall be carried out in stages and in the shortest possible time.
2. The Council of Arab Economic Unity, upon its formation, shall draw up a practical plan for the stages of implementation and shall specify the legislative, administrative and technical procedures for each stage, taking into consideration the annex concerning the steps that are necessary for the achievement of Arab Economic Unity, which is attached to this Agreement and which constitutes an integral part thereof.
3. The Council, upon exercising its functions that are specified in this Agreement, shall take into consideration special circumstances in some of the contracting countries without prejudice to the objectives of the Arab Economic Unity.
4. The Council, together with the contracting parties, shall carry out the procedures that are specified in paragraph (2) of this article according to the provisions of this Agreement.

Article 15

Any two or more of the contracting parties may conclude economic agreements that aim at realizing broader unity than that provided for under this agreement.

Chapter IV
RATIFICATION, ACCESSION, AND
WITHDRAWAL

Article 16

This Agreement shall be ratified by states signatory thereto in conformity with their respective constitutional regulations as soon as possible. The instruments of ratification shall be deposited with the General Secretariat of the Arab League which shall in turn prepare the minutes thereof and notify the other contracting parties.

Article 17

The Arab League member states non-signatory to this Agreement may accede thereto by a declaration sent by them to the Secretary General of the Arab League who shall give a notice thereof to the other states signatory to the Agreement.

Article 18

Arab states non-members of the Arab League may accede to this Agreement subject to the approval of the contracting parties by a declaration to be sent to the Secretary General of the Arab League and a notice thereof shall consequently be transmitted to the contracting states for approval.

Article 19

Any of the contracting parties may withdraw from this Agreement five years after the expiry of the transitional period. The withdrawal shall come into effect one year from the date of declaring the desire for withdrawal to the General Secretariat of the League of Arab states.

Article 20

This Agreement shall enter into force three months after the deposit of the ratification instruments by three of the signatories and shall be operative in each of the other countries one month after its instrument of ratification or accession is deposited.

In witness thereof the accredited representatives mentioned below have signed this agreement on behalf and in the name of their governments.

This Agreement is made in Arabic at Cairo on Monday the fifth day of Thil Quea'da, the year 1376 of the Hijra (3rd June 1957) in a single original to be deposited with the General Secretariat of the Arab League and an authentic

copy shall be transmitted to each state signatory to this Agreement or acceding thereto :

- For the Hashemite Kingdom of Jordan
- For the Republic of Tunisia
- For the Republic of Sudan
- For the Republic of Iraq
- For the Kingdom of Saudi Arabia
- For the Syrian Arab Republic
- For the United Arab Republic
- For the Lebanese Republic
- For the United Libyan Kingdom
- For the Motawakilite Kingdom of Yemen
- For the Kingdom of Morocco
- For the State of Kuwait

**Special Annex Concerning Bilateral
Economic Agreements
With A Non-contracting Party Of
This Agreement**

Reference to Paragraph (4) Article (2) and to paragraph (2b) of Article (9) (In the Fields of Organization and Legislation) of the Economic Unity Agreement Among States of the Arab League signed in Cairo on Wednesday the 3rd day of **Moharam**, the year 1382 of the **Hijra** (6th June 1962), the contracting parties have agreed that the provisions of this agreement shall not prejudice the right of any contracting party to conclude individually bilateral economic agreements for special political or defense purposes with a non-contracting party of this agreement, **providing** that the objectives of this agreement shall not obstructed.

**Special Annex Concerning The Necessary Steps
For The Achievement Of Arab Economic Unity**

In accordance with paragraph (1) of Article (14) of the Economic Unity Agreement Among States of the Arab League which provides for the implementation of this agreement in successive stages and in the shortest possible time, the contracting parties have agreed on the following :

One: The Council of Arab Economic Unity which is mentioned in Article (3) of the agreement shall be established within the period specified in Article (8) of that agreement.

Two: This Council shall undertake, during a preliminary period not exceeding five years, a study of the steps that are necessary for the coordination of economic, political and social policies and for the achievement of the following objectives :

- a. Freedom of personal mobility, work, employment, residence, possession, bequeath and inheritance.
- b. The complete freedom of transport of goods in transit without any restriction or condition on or prejudice against the transport vehicle because of its kind or nationality.
- c. Facilitation of exchange of Arab goods and products.
- d. Freedom of exercising economic activities with the consideration that no damage is done to the interests of some contracting countries at this stage.
- e. Freedom of use of civil ports and airports that would guarantee greater activity and utilization of these ports and airports.

At the end of this stage, the Council may recommend to the governments of the contracting parties, if necessary, an extension of this stage for a period not exceeding another five years.

Three: The Council shall study the steps that are necessary for the achievement of all economic unity objectives according to the stages it shall specify and shall transmit its proposals in this respect to the governments of the contracting parties for approval in accordance with the constitutional procedures prevailing in each of them.

Four: Any two or more of the contracting parties may agree to terminate the preliminary stage or any other stage and move directly to complete economic unity.