

Agreement on Arab Economic Unity

The Governments of:

The Hashemite Kingdom of Jordan

The Tunisian Republic

The Republic of Sudan

The Republic of Iraq

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 1.

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 transport and transit and of using means of transport, ports and civil airports.
- 4) Freedom of residence, work, employment and the practice of economic activities.
- 5) the rights of ownership, donation, and inheritance.

Article 2.

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, legislation, and regulations in each of them
- 2) to unify the policy and systems of import and
- 3) to unify the transport and transit policies,
- 4) to conclude commercial and payments agreements with other countries collectively,
- 5) to coordinate 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 coordinate legislation concerning labor and social security,
- 7) (a) coordinate 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 principle of equal opportunities for all,
(b) to prevent double taxation and duties on the citizens of the contracting states,
- 8) to coordinate 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 1 and 2.

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 3 of this agreement stipulates the formation of this Council.

Chapter Two. Management

Article 3.

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 4.

- 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 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 5.

- 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 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 industry, trade, transport and communications, labor, 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 6.

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 coordination 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 7.

1) The Council of Arab Economic Unity, together with its subsidiary organs, shall constitute one single 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 8.

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 5 of this agreement. The Council shall carry out its functions immediately on its formation. Also, the Council shall immediately form its subsidiary organs.

Article 9.

The Council of Arab Economic Unity shall carry out, in general, all the duties and powers specified in this agreement and its appendices 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) Coordinate foreign trade policies with a view to coordinating 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) Coordinate economic development activities and draft plans for the execution of the common Arab Development project.

(d) Coordinate policies regarding agriculture, industry, and internal trade.

(e) Coordinate financial and monetary policies with a view to attaining monetary unity.

(f) Draft unified transport regulations in the contracting countries as well as transit regulations and coordinate policy concerning them.

(g) Draft unified labor and social security legislation.

(h) Coordinate legislation for taxes and rates.

(i) Draft other legislation 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 10.

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 in these expenditures according to rates fixed by the Council.

Article 11.

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 12.

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 13.

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 14.

- 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 in to 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) In 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 15.

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 16.

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 17.

States of the Arab League who are not party to 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 18.

Arab countries which are not members of 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 19.

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 20.

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 June 3, 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.

[signatures omitted]

Special Appendix Relating to Bilateral Economic Agreements with a Country Other than the Contracting Parties to this Agreement

With reference to Paragraph (4) of Article 2 and to Section Two, Paragraph (b), of Article 9 (regarding organization and legislation) of the Agreement for Economic Unity among Arab League States signed by [states omitted] on [dates of signatures omitted] 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 14 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 3 of this agreement shall be established within the period fixed in Article 8 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 coordination 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 transaction shall not be endangered,

E - Freedom of the use of ports and civil airports in a manner contributing to their development. If it deems it 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 Economic 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.