

THE EXPERIENCE OF ECONOMIC  
INTEGRATION IN THE ARAB  
WORLD AND IN WESTERN EUROPE

ALEXANDRIA, 22-23 / 11 / 1999

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n° 1 : 19401  
25 FEB. 1999

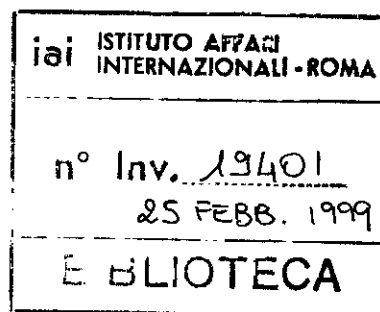
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**THE EXPERIENCE OF ECONOMIC INTEGRATION  
IN THE ARAB WORLD AND WESTERN EUROPE**

Alexandria University. Faculty of Law

Italia. Ministero degli Affari esteri. Direzione generale per la Cooperazione allo sviluppo  
Alexandria, 22-23/II/1999

- a. Programme
- 1. "Economic integration in the Mediterranean and Europe: the political context"/ Roberto Aliboni
- 2. "The EU as an integrated economic area: policies and perspectives"/ Natalino Ronzitti
- 3. "EMU and the Mediterranean area"/ Giorgia Giovannetti
- 4. "Resolution passed by the Council of Arab Economic Unity establishing the Arab common market"/ Council of Arab Economic Unity. General Secretariat



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Alexandria University  
Faculty of Law



Italian  
Cooperation

# *Conference* *On*

*"The Experience of Economic  
Integration in the Arab World  
and in Western Europe"*

22/ 23 February, 1999

Ramada Hotel

*Alexandria - Egypt*



Alexandria University  
Faculty of Law



Italian  
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# Conference On

*"The Experience of Economic  
Integration in the Arab World  
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Ramada Hotel

Alexandria - Egypt

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INTERNAZIONALI - ROMA

n° 17401

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BIBLIOTECA

This is the first conference to be held according to the "Protocol of Cooperation in Legislative Sciences" signed between the Italian Cooperation - Italian Embassy in Cairo, and the Faculty of Law - Alexandria University, where many other activities will be financed by the Protocol.

The choice of "The Economic Integration" to be the subject of this conference is not arbitrary. The success of the European economic integration is widely acknowledged, while the experience of the arab integration process has shown that there are significant challenges to be overcome. The Euro-Arab cooperation raises many issues that need to be reevaluated in this highly competitive and turbulent global economy. Hence this conference is structured to explore some of these issues from the institutional, legal, economic, and political aspects.

### **Organizers:**

- Italian Cooperation, Italian Embassy in Cairo.
- Institute of International Affairs (IAI) Rome.
- University of Alexandria.
- Faculty of Law, Alexandria University.

### **Conference Chairman:**

- Prof. Said El DAKKAK, Vice President of Alexandria University.

### **Steering Committee:**

- Prof. Natalino Ronzitti (University Luiss "Guido Carli", Rome).
- Prof. Roberto Aliboni (IAI).
- Prof. Moustafa Salama (General Secretary).
- Prof. Osama El Fouli (General Coordinator).
- Eng. Corrado Dell' Agli (Italian Cooperation).
- Mrs. Mervat Fouad (Italian Cooperation).

*First Day Monday 22-2-1999*

10.00 Opening

11.00 Coffee Break

11:30 First Session Political Framework

CHAIRMAN: Prof. Said El Dakkak

- Prof. Roberto Aliboni, Italian International Affairs Institute- IAI, Rome.

*"Economic Integration in the Mediterranean and the  
European Areas: the Political Context"*

- Ambassador Fathi El Shazly, The Assistant of  
Minister of Foreign Affairs for European Affairs.

*"Euro-Mediterranean Partnership, the political  
and security aspects"*



- **Prof. Hassan Nafaa** Professor and Chairman of the Department of Political Science, Faculty of Economics and Political Sciences, Cairo University.

**"Integration in Europe and in the Arab World**

**"A Comparative Perspective"**

- Respondent: **Prof. Andrea Gioia**, University of Modena

**2: 00 Lunch**

**4:00 Second Session Institutional Framework**

**CHAIRMAN: Amb. FATHI EL SHAZLI**

- **Prof. Natalino Ronzitti**, University Luiss "Guido Carli", Rome.

**"The EU as an Integrated Economic Area:**

**Policies and Perspectives"**

- **Prof. Mohammed Dowidar**, Professor of Economics- Faculty of Law-Alexandria University.

**"The Processes of European Unity and Arab Cooperation".**

Second Day Tuesday, 23-2-1999

**9:00 Third Session Economic Framework**

**CHIRMAN: Prof. AHMED R. MOUSSA**

- Prof. Giorgia Giovannetti, University of Florence,

**"The Monetary and Economic Integration in the  
EU and Consequences for the Countries of the  
Southern Shore of the Mediterranean"**

- Prof. Hassan Ibrahim, General Secretary of the  
Council of Arab Economic Union.

**"Review of the Economic Integration Experiences  
in the Arab World"**

- Respondent: Dr. Giorgio Gomel, Bank of Italy, Rome.

**11: 00 Coffee Break**

## 11:30 Fourth Session Economic Framework

**CHAIRMAN: Prof. NATALINO RONZITTI**

- Ambassador Gamal El Deen El Baioumy, The Assistant of Minister of Foreign Affairs for the Unit of Euro-Egyptian Partnership.

**"Euro - Mediterranean Partnership, the perspectives of European relations with Egypte and the Arab World"**

- Dr. Magda Shahin Vice-Assistant of Minister of Foreign Affairs for International Economic Relations

**"WTO and its Impact on the Arab World"**

1: 30

## Conclusions

Prof. Said El Dakkak

Prof. Roberto Aliboni

Prof. Moustafa Salama

Prof. Natalino Ronzitti

2: 30 Lunch

الساعة ١١ر٣٠ الجلسة الرابعة المحور الاقتصادي

رئيس الجلسة: الاستاذ الدكتور/ نقالينو رونزيتي

- السفير الدكتور/ جمال الدين البيومي، مساعد وزير الخارجية  
لوحة الشراكة المصرية الاوروبية

"المشاركة الاوروبية المتوسطة"

"ابعاد العلاقات الاوروبية مع العالم العربى ومصر"

- الدكتورة/ ماجدة شاهين، نائبة مساعد وزير الخارجية

للعلاقات الاقتصادية الدولية

"منظمة التجارة الدولية وأثرها على العالم العربى"

الختام

الساعة ١٣ر٣٠ التوصيات

الاستاذ الدكتور/ روبرتو اليبونى

الاستاذ الدكتور/ سعيد الدقاق

الاستاذ الدكتور/ نقالينو رونزيتي

الاستاذ الدكتور/ مصطفى سلامة

الساعة ٢ر٣٠ الغداء

اليوم الثاني: الثلاثاء ٢٣/٢/١٩٩٩

الساعة ٩ الجلسة الثالثة المحور الاقتصادي

رئيس الجلسة: الاستاذ الدكتور/ احمد رشاد موسى

- الاستاذة الدكتورة/ جيورجيا جيوفانيتي - جامعة فلورنسا.

"التكامل النقدي والاقتصادي في الاتحاد الاوربي"

ونتاجه على دول جنوب البحر المتوسط"

- الاستاذ الدكتور/ حسن ابراهيم، الامين العام لمجلس الوحدة  
الاقتصادية العربية.

"مراجعة لتجربة التكامل الاقتصادي في العالم العربي"

تعليق: الدكتور/ جورجيو جوميل، بنك إيطاليا - روما.

الساعة ١١ استراحة شاي

## الساعة ٤ الجلسة الثانية المحور المؤسسى

### رئيس الجلسة: السفير/ فتحى الشاذلى

- الاستاذ الدكتور/ نتالينو رونزيتى، جامعة لويس "جويدو كارلى"، روما.

"الاتحاد الاوروبى كمنطقة اقتصادية متكاملة، السياسات والآفاق".

- الاستاذ الدكتور/ محمد دويدار، استاذ الاقتصاد

كلية الحقوق - جامعة الاسكندرية

"مسارات الوحدة الاوروبية والتعاون العربى"

اليوم الأول: الاثنين ٢٢ فبراير ١٩٩٩

الساعة ١٠ الجلسة الافتتاحية:

الساعة ١١ استراحة شاي

الساعة ١١:٣٠ الجلسة الاولى المحور السياسى

رئيس الجلسة: الاستاذ الدكتور محمد السعيد الدقاق

- الاستاذ الدكتور/ روبرتو أليونى، معهد الشؤون الدولية، روما.

"التكامل الاقتصادى فى حوض البحر المتوسط وأوروبا -

الاطار السياسى"

- السفير/ فتحى الشاذلى، مساعد وزير الخارجية للشئون الاوروبية.

"المشاركة الأوروبية المتوسطية الجوانب السياسية والأمنية"

- الاستاذ الدكتور/ حسن نافعه، أستاذ ورئيس قسم العلوم السياسية،

كلية الاقتصاد والعلوم السياسية - جامعة القاهرة.

"تجربة التكامل فى أوروبا والعالم العربى"

"رؤية مقارنة"

تعليق: الاستاذ الدكتور/ اندريا جوياء، جامعة مودينا

الساعة ٢ الغذاء

## منظمو المؤتمر:

- ادارة التعاون من أجل التنمية - السفارة الإيطالية.
- معهد الشؤون الدولية - روما.
- جامعة الاسكندرية.
- كلية الحقوق - جامعة الاسكندرية.

## رئيس المؤتمر:

- الاستاذ الدكتور/ محمد السعيد الدقاق نائب رئيس جامعة الاسكندرية لشئون التعليم والطلاب.

## اللجنة المنظمة:

- الاستاذ الدكتور/ نزالينو رونزيتي (معهد الشؤون الدولية - روما)
- الاستاذ الدكتور/ روبرتو اليبوني (معهد الشؤون الدولية - روما)
- الاستاذ الدكتور/ مصطفى سلامة (عميد كلية الحقوق (المقرر العام)
- الاستاذ الدكتور/ اسامة الفولى (وكيل كلية الحقوق (المنسق العام)
- السيد المهندس/ كورادو ديلالى (التعاون الإيطالى - السفارة الإيطالية)
- السيدة/ مرفت فؤاد (التعاون الإيطالى - السفارة الإيطالية)



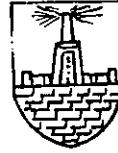
يعد هذا المؤتمر بمثابة المؤتمر الاول فى اطار "بروتوكول التعاون فى العلوم التشريعية" الموقع بين ادارة التعاون الايطالى - السفارة الايطالية بالقاهرة، وكلية الحقوق - جامعة الاسكندرية. ذلك البروتوكول الذى يتضمن العديد من أوجه التعاون الاخرى.

والواقع ان اختيار "التكامل الاقتصادى" ليكون موضوعا لمؤتمرنا الاول لم يأت عفواً. فبينما اصبح نجاح التكامل الاقتصادى الاوروبى محل اعتراف الجميع، اظهرت تجارب التكامل العربية وجود العديد من التحديات التى يتعين مواجهتها، وفى الوقت نفسه فان التعاون العربى الاوروبى يثير العديد من القضايا التى تحتاج الى المزيد من البحث والمناقشة، خاصة فى ظل الحالة الراهنة للاقتصاد الدولى وما يشهده من منافسة شرسة.

لكل ما تقدم فقد تم اعداد المؤتمر بحيث يتناول هذه القضايا من مختلف جوانبها السياسية والاقتصادية والمؤسسية.



التعاون  
الاطالى



كلية الحقوق  
جامعة الاسكندرية

مؤتمر

"تجارب التكامل الاقتصادى فى اوروبا والعالم العربى"

الاسكندرية ٢٢ - ٢٣ فبراير ١٩٩٩

"فندق رامادا"



التعاون  
الاطالى



كلية الحقوق  
جامعة الاسكندرية

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"تجارب التكامل الاقتصادى فى اوروبا والعالم العربى"

الاسكندرية ٢٢ - ٢٣ فبراير ١٩٩٩

"فندق رامادا"

**ECONOMIC INTEGRATION ON THE MEDITERRANEAN AND EUROPE:  
THE POLITICAL CONTEXT**

paper presented by Roberto Aliboni  
Director of Studies, International Affairs Institute, Rome  
to the Conference on

**The Experience of Economic Integration in the Arab World  
and Western Europe**

organised by the Faculty of Law of the Alexandria University  
& the Cairo Office of the Italian Development Co-operation  
*Alexandria 22-23 February 1999*

After the Second World War, international economic integration has successfully emerged within the non-communist world as a strong and diffuse trend steered by the International Economic Organisations, namely the International Monetary Fund, the Bank for International Reconstruction and Development (which later on became the present World Bank), and the tiny but important Secretariat of the General Agreement on Tariffs and Trade (GATT) in Geneva. In the following decades, this process of integration has been implemented most essentially in two fields: (a) the liberalisation of trade relations, international direct investments and technology transfers; (b) the integration of financial markets. Integration in these varying dimensions reflects different levels of intensity and geographical diffusion. While financial integration is extremely intense and diffuse, commercial integration is somewhat less important and unevenly distributed geographically (very intense in some areas and extremely modest in other areas). International direct investments and technology transfers are very diffuse among industrialised countries and much less so towards undeveloped areas. Still, there is no doubt, especially after the demise of Communism and the disintegration of the Soviet Union, that integrative tendencies in the international economy have increased and enlarged to a tremendous extent and that "globalism" is a dominating trends in today's international economic relations.

It should be noted that globalism is not only extending its reach by gradually including areas and countries previously belonging to the realm of command and state economy. Globalism is also a process of intensification of economic relations thanks to the extension of liberalisation to new fields, like services and intellectual properties (in tune with the de-materialisation of advanced economies).

In the years after the Second World War as well as during the Cold War era, trends towards economic internationalisation were not linear in their character, nor so are trends related to today's globalisation. The general rule of thumb since the GATT's inception, i.e. the Most Favoured Nation clause, has - so to speak - suffered important "regional" exceptions. In fact, in the GATT regime, international economic integration is provided by the interplay of a broad and uniform processes of liberalisation, on one hand, and particular preferential regimes geographically limited, like the regime of preferences for the less developed countries and, more significantly, free trade areas and common markets. Appropriate preferential regimes have been included in the GATT as legitimate and helpful processes of liberalisation, complementary to the general process. This two tracks process is going on even today: the advent of globalism being accompanied by the advent of so called "open regionalism".

The economic rationale for this two-tracks process is the argument that preferential regional regimes bring about effects of trade creation that are more important than those of trade diversion. For this reason, a particular and local discrimination may be regarded as conducive to an increase in global liberalisation. This argument has been contested on many grounds from the point of view of theory. Nevertheless, it remains a cornerstone of the process of economic international integration started after the end of the Second World War within the GATT and pursued today within the World Trade Organisation (WTO).

One important reason for adopting the “regional exception”, despite it may be controversial among economists, is that economic regional integration must be considered as a strategic factor in bringing about and solidifying political alliances and coalitions. Without going into a historical overview, the post-Second World War experience shows in a fairly clear way that successful processes of economic regional integration or co-operation have strongly backed up the existence of successful political alliances or coalitions, be they the looser EFTA or the more intimate North Atlantic and Western European brands of integration.

One can assume that regional trends of integration and co-operation are fundamentally sustained by political factors. Hardly can nations accept to integrate significantly their economic relations, unless they have some special political motive to do so.

The topic of this paper concerns the political context of the economic integration and co-operation processes going on today in Western Europe and the Arab World/Middle East as well between them. The broad topic of the paper is thus whether the political processes presently backing up ongoing or planned agendas for regional economic integration can sustain these very agendas (or to what extent). In other words, the question is whether ongoing agendas for regional economic integration are politically sustainable.

### **The global context**

In his book on the post-Cold War's geopolitics, Zbigniew Brzezinski<sup>1</sup> points out that, despite the fundamental changes that took place in the last decade of the 20th century, the central challenge of world politics to the US remains Eurasia. He says that the US can retain its world power only contingent to its ability to dominate the Eurasian balance of power and prevent Eurasian powers from establishing coalitions against the US. In order to control the Eurasian balance of power, the United States must control the three key-areas in which, in fact, they have already established their

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<sup>1</sup> *The Great Chessboard*, Basic Books, New York, 1997.

principal alliances: Western Europe, the Middle East (i.e. the Levant plus the Gulf) and a set of countries in the Far East, like Japan and South Korea.

In this perspective, the United States, as the sole world superpower left, is interested in promoting political cohesion and economic growth in these three individual areas and making them mutually supportive. Exceptions to global rules (in the shape of preferential regional economic links) may well be allowed if they help strengthening the global geopolitical posture of the US and its regional alliances.

It must be stressed that this has been the constant policy of the US with respect to Western European integration. For sure, European integration may have not been without costs to the US, but there is no doubt that the latter have been outweighed by strategic and political benefits. On the other hand, these costs must have not been that high, because the relations between the Industrialised allies (the G-Seven) have always been framed by a strong institutional networks in which they have been able to negotiate and eventually mitigate such costs, even by making linkages between political and economic issues.

In principle, the same policy has been envisaged and, whenever possible, carried out towards the Middle East. In this area, however, regional conflict and international (even inter-Arab) tensions and differences have prevented the same policy from being conducted and sometime even proposed. A significant change was introduced by the beginning of the Middle East Peace Process, when the outlook for a conflictless region made it possible to initiate the Peace-Process-related multilateral track of negotiations; to set up the Regional Economic Development Working Group; and to start the process of the MENA Economic Summits, in the perspective of what Shimon Peres had called the "New Middle East". Because of the standstill the Middle East Peace Process is suffering, this perspective is presently on hold, to say the least. Nevertheless, there is no doubt that the coherence of the global political setting which prevails today would require a more cohesive regional standing and that the US as well as the EU keep on being interested in pursuing regional integration.

In fact, the European Union has partly taken up the aim of fostering Southern regional integration by putting forward the Euro-Mediterranean Partnership (EMP). The latter, however, is not coinciding but only overlapping with the US geopolitical agenda in the south-western approaches of Eurasia. First, the EMP is not related to the Middle East but to Mediterranean, an area which from a strategic point of view doesn't make much sense for the Middle Eastern countries and the US (nor - this author is guessing - for the EU). Second, there are differences between the EU and the US agendas with respect to Middle Eastern and Mediterranean issues.

To sum up this brief analysis, it must be pointed out that the global political framework, as dominated as it is by the US and its alliances, is favourable and conducive to exceptions to global economic trends in the form of regional economic integration. For sure, regional economic integration must comply with the rules and expectations of "open" regionalism and cannot amount to no-return discrimination. If it complies, regionalism is regarded as complementary to global trends. Despite this large consistency between global and regional realms, however, the specific trends of regional co-operation and integration suffer many difficulties and contradictions in the European and Mediterranean areas as well as in their mutual relations which deserve attention and concern.

### **Regional processes of integration around the Mediterranean**

The most relevant processes of regional integration presently at work around the Mediterranean basin are three: (a) the process of European integration which, further to its chances to be deepened, is certainly characterised by its enlargement to the countries of Central-eastern Europe; (b) the attempts and the different projects of co-operation and integration on the Southern and Eastern shores of the Mediterranean basin; (c) the process initiated by the Euro-Mediterranean Partnership between the member states of the EU and twelve Arab and non-Arab countries lying on the Mediterranean sea shores. What is the political dynamics started by these three processes in their respective interplay?

The process geared to furthering European integration has been designed by a document called "2000 Agenda". This document envisages a set of policies and negotiations with respect to three aims: (i) the deepening of the European integration, especially in the fields of foreign and defence policy and the freedom of movement inside the European space (and its important political and institutional implications in relation to immigration, political asylum, citizenship etc.); (ii) the enlargement of the European Union, primarily to a set of central-eastern European countries and then to some countries in the Balkans; (iii) the adjustment required as a consequence of the enlargement to about thirty countries in the political institutions and the basic economic frame of the Union.

The outlook for this process are good, in the sense that there is no doubt that the area of European integration will be enlarged and reinforced. This will remain true even if the Agenda will not be implemented fully. The weakest perspective of implementation concerns the strengthening of the Common Foreign and Security Policy, that can hardly become stronger than the weak CFSP currently being implemented in application of the Amsterdam Treaty. Despite this and other



limitations, the results of the process will be impressive, at least in economic terms. It must also be stressed that the enlargement of the European integrated area is part of a wider trans-Atlantic process of integration, for many countries involved in the European enlargement are also involved in NATO enlargement and in the Partnership for Peace created by the Atlantic Alliance to help solidifying the Alliance's links at the western extreme of Eurasia. To conclude on this point, it must be pointed out that, in the end, the US and the EU may well manage to combine the cohesion of the Alliance with the emergence of the so-called European Security and Defence Identity within the Alliance. In this case, the result will be a stronger and considerably compact Euro-Atlantic area of integration.

These European developments are confirming the Eastern bias of the European Union after the end of the Cold War. There is no doubt that the EU, within or without the wider framework of the Atlantic Alliance, is concentrating its political destiny on the reinforcement and enlargement of Europe itself and becoming somehow narcissistic and inward-looking.

This trend is not completely and satisfactorily consistent with the requirements of the global setting the US and the constellation of US-led alliances are pursuing. The geopolitics so well described by Brzezinski demands for the reinforcement of the Gulf area, and the Gulf area cannot in turn be reinforced unless it is backed by a stronger and viable Levant. Despite differences between the US and Europe, there is a fundamental agreement on the necessity to strengthen the Middle East/Gulf area by making it more economically viable and politically stable (disagreements are about ways and means to do it; not about goals). But to that purpose the EU must grow less isolanist.

The Euro-Mediterranean Partnership was born at the end of 1995 to balance the exceedingly eastern orientation of the European Union. How did it work?

### **The Euro-Mediterranean Partnership**

In its three years of existence, the Euro-Mediterranean Partnership has duly progressed in implementing its agenda of economic co-operation. Less so in fleshing out the various aspects of the security co-operation envisaged by the first and third chapter of the Barcelona Declaration, that is, "hard" and "soft" security, respectively.<sup>2</sup>

The balance sheet, after the second ministerial meeting in Malta (15-16 April 1997) and the *ad hoc* ministerial meeting in Palermo (4-5 June 1998) is somehow disappointing. Co-operation in the field

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2 Hard security includes co-operation in a number of political, military and military-related fields aimed at preventing conflict, establishing confidence-building measures (CBMs), limiting and controlling conventional armaments as well as weapons of mass destruction (WMD) and inhumane weapons. Soft security refers to co-operation in the struggle against terrorism, international organised crime, drug trafficking and illegal migration

of soft security has not seen any significant progress. As for hard security, only few CBMs have been approved. At the Palermo meeting, the Presidency's concluding remarks pointed out the parties' intention to pursue talks on the Charter, the instrument that is meant to regulate security relations, but no significant change in the South's negative or reluctant attitudes to the approval of such an instrument seems in sight.

Apparently, the factor that hinders progress in the EMP's "area of peace and stability" is the standstill in the Middle East Peace Process. The connection was very clear and obvious at the time of the Malta ministerial meeting. Though there can be no doubt that a success in the MEPP would allow the EMP to proceed towards a more or less significant implementation of its "area of peace and stability", it must be pointed out that the Middle East Peace Process standstill is but a proximate cause of EMP difficulties, notably in relation to "hard security" co-operation. In fact, there are structural causes hindering EMP's implementation above and beyond the fact that a final resolution of the conflict in the Middle East still is slow in coming.

The EMP's ambition to establish an "area of peace and stability" based on co-operation is exposed to a number of challenges of a strategic as well as of a political and institutional character. From a strategic point of view, the "Mediterranean" area is fragmented into a number of diverse disputes and conflicts which are only loosely or not at all linked to one another. On the other hand, it does not make sense to talk about a "Mediterranean" Islamism or a "Mediterranean" arms proliferation. Furthermore, South-South threats come from a range of countries that lie beyond the area contemplated by the EMP (e.g. threats from Iran and Iraq). With respect to this fragmented reality, the multilateral co-operative security scheme put forward by the EMP may look incongruous.

From a political perspective, it must be pointed out that the Arab countries see the EMP primarily as an instrument for upgrading their political and, above all, economic relations with the European Union. They do not conceive of it as a tool for solving the most important outstanding disputes in the area, such as the Arab-Israeli conflict or the Western Sahara issue. This limitation is embedded in the Barcelona Declaration, which states that the EMP as a security initiative "is not intended to replace the other activities or initiatives undertaken in the interest of the peace" in the area.

Finally, there are institutional challenges to EMP's congruity with Mediterranean security: do EMP institutions fit with its security agenda? The first such challenge concerns the EU-centric character of EMP. The EMP has not been endowed with its own secretariat; it is the Commission that acts as the de facto secretariat of the EMP. Besides, the Senior Officials' Committee is chaired by the six-month revolving EU presidency. Such arrangements exacerbate the southern partners' sense of

estrangement from EMP by confirming that it is less attuned to their security needs than to those of the EU.

Another crucial institutional challenge concerns the EU institutional capacities themselves, rather than EMP. The EU is not regarded by its southern Mediterranean partners as a credible political and military power. It is perceived mostly as a "civilian power", with no inclination and means to get involved in "hard" security policies in the area. The southern partners are fully aware of the weaknesses of the CFSP as well as of the weaknesses and ambiguities of the role of the Western European Union (WEU) as the EU's military arm. Political power still resides in the European national capitals; as for military power, it is shared by the European capitals, the United States and NATO.

In conclusion, EMP's difficulties may be ascribed less to its broad goals of co-operation than to the European insistence on developing a security partnership inside the EMP which objective circumstances cannot allow. There are indications that the EMP is going to adopt a less security- and more developmental orientation, like the positive attitude of the Partners to enlarge the EMP to the Balkan countries lying on the Adriatic. This move, by diluting the Euro-Middle Eastern character of today's EMP, would bring about a more workable format. If European insistence on security will be dropped at next Ministerial EMP's Council in Stuttgart (April 1999), the Partnership will thus have an opportunity to work. This would ease regional economic co-operation across the Mediterranean Sea and reinforce the global trends at work.

Would a more effective Euro-Mediterranean Partnership be consistent with political and economic processes at work on the Southern and Eastern sides of the Mediterranean?

### **Integration and fragmentation in the Middle East and North Africa**

Trends of integration in the Middle East and North Africa are rather weak, both politically and economically. Still, the issue is presently tabled in many quarters and lively debated. What political pulling force may foster more integration in these areas? Three scenarios have been set out in recent times: economic integration and co-operation (i) driven by pan-Arabism; (ii) pursued within the framework of what has been called "New-Middle-Easternism"; (iii) or supported by "Mediterraneanism", i.e. the Euro-Mediterranean Partnership<sup>3</sup>.

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<sup>3</sup> See Mohammed El-Sayed Selim, *Mediterraneanism: A New Dimension in Egypt's Foreign Policy*, Al-Ahram Centre for Political and Strategic Studies, Strategic Papers No 27, March 1995, Cairo; Saad Eddin Ibrahim, "Future Visions of the Arab Middle East", *Security Dialogue*, Vol. 27, No. 4, December 1996, pp. 425-436.

First of all, it must be pointed out that Mediterraneanism is not an alternative to pan-Arabism or New Middle-Easternism. In principle, it can cohabit with both of them. In fact, one can aptly argue that the EMP, by including both Arab countries and Israel, has superseded the Euro-Arab Dialogue scenario, in which the Europeans seemed to envisage separated approaches to the Arab World, on one hand (De Gaulle's "politique arabe"), and to Israel, on the other hand. There is no doubt that the EU and a number of European countries proved annoyed by the MENA Economic Summits process (which can be considered as the implementation of the "New Middle East" ideology). But this was due mostly to European fears about the likelihood of a competition between the MENA process and the incipient Barcelona process. It was not due to a EU perception that the two processes were mutually opposed.

With the standstill in the Middle East Peace Process, more and more most Arab countries are rejecting "New-Middle -Easternism" and supporting inter-Arab economic integration predicated on pan-Arabism or whichever "Arab-first" option. In fact, one can distinguish between two different attitudes: one is sharply against co-operation with Israel; another recognises the strong limits (that have been pointed out even by the international economic community<sup>4</sup>) but is arguing in favour of a fair and expedient policy of "proximity". The political evolution, after the Netanyahu government has been sworn in, is making even a policy of "proximity" (e.g. some common infrastructure) impossible. However, no progress seems in sight on the pan-Arab or Arab side either. The Arab Maghreb Union (which was the heir of a Comité Consultatif du Maghreb, disrupted by the Algerians' decision to go their way at the end of the sixties) is in a sort of recess due to the political crisis in Algeria and to the international isolation imposed on Libya. The Damascus Pact has not worked the way it was supposed to. The Arab League has never been provided by its members with a modicum of independence and cannot be the political driver of Arab integration.

The EMP cannot be a substitute for Arab or New Middle Eastern political will. In the middle-long term, it can help gradually modifying the political landscape. Most of all, it can influence economic co-operation and integration in a positive way. A greater degree of economic integration might in turn help political cohesion to emerge. In the shorter term, however, the EMP is an important political factor for it secures across the Mediterranean a strong link between the Middle East, North Africa and the important integration trend at work in Europe and in the trans-Atlantic circle. By securing this link it prevents the Middle East and North Africa from being marginalised with respect to global political and economic tendencies.

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<sup>4</sup> Stanley Fischer, Dani Rodrick, Elias Tuma (eds.), *The Economics of Middle East Peace. Views from the Region*, London & Cambridge (Ma): MIT Press, 1993.

## Conclusions

The global political context, despite limitations, is conducive to regional economic integration in the European and Mediterranean/Middle Eastern areas, for such integration is consistent with the global geopolitical project pursued by the constellation of alliances between the US and varying regional powers in Europe and the Middle East/Gulf.

Local political conditions vary considerably, however. The European context is developing apt conditions for an enlarged and strengthened integration, within the European as well within the Atlantic framework, by including Central-eastern European countries.

This European trend towards Central-eastern Europe and a broad focus on Europe itself can be compensated by the reinforcement of the Euro-Mediterranean Partnership. The latter, however, has been misdirected by the European Partners by attempting to attain a security partnership that seems not ripe in the present political context. The resetting of the EMP towards its broad co-operative aims in the social, economic and cultural fields might put the Partnership again on track and provide the Euro-Mediterranean regions with positive political stimuli towards regional economic integration.

In North Africa and the Middle East -comprising the Gulf - trends towards political cohesion are very weak and, as a consequence, trends towards economic integration are weak as well. The alternative between Arab integration and New Middle Easternism is not really there. Even if peace will be established in the region, there will be no integration between Arab countries and Israel. Though, a reasonable neighbourhood should become possible and act as a developmental catalyzer. Meanwhile, the development of Mediterraneanism cannot replace regional integration in the Arab World. It can, however, be helpful.

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n° Inv.	19401 25 FEB. 1999
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# THE EU AS AN INTEGRATED ECONOMIC AREA: POLICIES AND PERSPECTIVES

by

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## EUROPE AS AN AREA OF CO-OPERATION AND SECURITY

The only paneuropean organization currently present on the Continent is the Organization for European Security and Co-operation (Osce). Osce has two main features:

is an organization grouping not only European States but also Canada and the United States, on one hand, and the Central Asia Republics, on the other (they have been considered European since are successors of the Soviet Union, a founding member of the former CSCE);

is a security organization based on cooperative security. The economic dimension is part of the OSCE architecture, but has never become a characteristic of that organization.

OSCE has an human dimension and this qualification is relevant for the economic integration of the Continent. For instance the free movement of the persons is linked to the economic integration as well as the right of migrant workers that since long time have become part of OSCE human dimension.

## WESTERN EUROPE AS AN INTEGRATED AREA

EU is not the only organization in Western Europe. This part of the European Continent is centered around a

number of institutions which have at the same time similar and different tasks. This raises problems of coordination. The similarity of functions should strengthen complementarity and division of labor. Institutions should interlock and not interblock.

A quick perusal shows that, in addition to EU, the following organizations concur in integrating Western Europe:

- Council of Europe
- Weo
- Nato
- Efta (European free trade association).

The importance of the latter organization is decreasing, since most of its members become part of EU. Currently, only Iceland, Liechtenstein, Norway and Switzerland are Efta members. EU and Efta concluded, in 1992, a treaty to set up the EEA (European economic space). However, Switzerland is not part of the EEA, since it was repudiated by a referendum.

Efta is the only economic organization belonging to the above mentioned category (leaving aside the Paris based OECD). However, the organization, here listed, influence EU or are influenced by EU.

The Council of Europe and its Convention on Human Rights is responsible for the development of basic rights within EU. Weo is linked to EU, in the sense that it should become part of a process aimed at giving EU a defence and security policy.



It is worth noting that all the organizations here mentioned, but Efta, are "going East", since after the end of cold war they are open to membership of countries once belonging to the Soviet Union sphere of influence.

#### THE PROCESS OF EUROPEAN INTEGRATION

Nowadays, EU is facing two challenges: enlargement and deepening.

Enlargement is possible, since EU is an open organization (with qualification). A final clause in the treaties establishing European Communities and after in the Treaty establishing EU sets out that every European State can become a member. The procedure for becoming member is complex and a number of phases should be exerted, including the ratification of the treaty of adhesion by member States.

Deepening requires a formal modification of constituent treaties. However, more simple and less time consuming procedures could be activated, such as that covered by Article 235 of the EC.

#### THE TREE PILLARS OF THE EUROPEAN UNION

At its origin, EC was mainly an economic community. After the entry into force of the 1992 Maastricht Treaty, EC has become part of a political process aiming at unifying Europe and transforming it in a body close to a federal State. The current structure of the EU is made of three Pillars:

- European Community
- Common security and defence policy
- Justice and home affairs

From an institutional point of view, EU encompasses three communities (structures): the European Coal and Steel Community, the European Economic Community and the European Energy Community (Euratom). This institutional complexity does not help the lawyer. Suffice to say that the economic integration rotates around the European Economic Community, which has been named European Community after the Maastricht Treaty.

#### THE EUROPEAN COMMUNITY AS AN INTEGRATED ECONOMIC AREA

EC is not a simple free trade area. On the contrary, it is a space governed by a complex of institutions, endowed with the power to enact legislative acts. Moreover, EC is governed by a number of principles and rules enshrined in the constitutive treaties.

The EC, as an integrated economic area, is based on the internal market. This is defined by the Single European Act, later transposed in the Maastricht Treaty, as an area without internal frontiers, where the free movement of goods, persons, services and capitals is ensured. The provision adds a caveat, in the sense that the movement is ensured according the provisions of the Treaty (Single European Act and after the Maastricht Treaty).

The transition from the common market (the original notion of the constitutive treaties) to that of the

internal market has required a number of legislative acts, mainly directives, in order to eliminate barriers and obstacles to free movement.

The functioning of the internal market is strengthened by a number of basic principles which constitute the fundamental of the EC economic policy. I will indicate three of them:

non discrimination

EC prohibits any discrimination based on nationality. For instance, as far as goods are concerned, contingents and quantitative restrictions are forbidden (art. 30 EC).

harmonization

Free movement requires that legislative provisions be similar in member countries. Radical disparities in legislation are obstacles to exchanges. Hence harmonization is a prerequisite for the good functioning of the internal market.

mutual recognition

Obstacles to free movements of goods derive from technical barriers and legislation imposing rules on the quality of goods (for instance, in Italy, pasta should be made with a particular quality of wet). According to the jurisprudence of the EC Court of Justice, goods are admitted to free movement if they are made in conformity with the legislation of the country of origin. The implementation of this principle renders less necessary the enactment of directives for harmonization.

The principle of mutual recognition has been applied also to services and institutions, for instance banks. Here,

however, a minimum of harmonization is required (for instance for prudential, as far as banking law is concerned).

In addition to the above principles, I will indicate other tools ensuring the good functioning of the internal market.

#### the competition policy

Internal market could not function without a real competition policy. Articles 85 and 86 of the EC Treaty are the foundation of this policy, which has been entrusted with the European Commission and is borne with the establishment of the EEC in 1958.

#### the free circulation of judgments

Litigation in civil and commercial matters requires a prompt solution of disputes and the enforcement of judgments in another country. The 1968 Brussels Convention allows a simplified form of exequatur and is one of the pillar of the European judicial space.

#### market economy v. interventionism

Lastly let us consider whether market economy is a necessary ingredient of the internal market. As has been illustrated by J. Pelkmans, the EC Treaty does not exclude interventionism. Property rights still falls under the domestic jurisdiction of the member countries and State aid is not excluded (art. 92 EC). Moreover interventionism and subsidies in agriculture is a well known phenomenon. Privatisation, which is "convergent process in the EU" (Pelkmans), seems more a policy matter than an obligation dictated by the EC Treaty.

## THE EU AS A COMMUNITY OF LAW

The role of the Court of Justice of the European Community should, first of all, be pointed out.

EU is a legal community. EU legislation is the product of a legislative process and should be consistent with the constitutive treaties. In case of inconsistency, remedies are provided and illegal acts rendered void. The Court of Justice of EC is entrusted with the task of administering legality. The Court jurisdiction may be triggered by EC institutions, member States, individuals and legal persons. National jurisdiction are entitled/obliged to defer a case before the Court of Justice in order to ensure the uniformity of application of EC law.

In this connection the implementation of EC law into the internal legal systems should also be considered.

Legal order of member States are obliged to apply EC law. While regulations are binding in their entirety and directly applicable in all member States, directives are obligatory as to the result to be achieved, but national authorities are free to choose the form and methods to implement them. The third kind of obligatory acts, i.e. decisions, are binding in their entirety to whom they are addressed.

Is EC law directly applicable?

While regulations are directly applicable, member States are duty-bound to enact implementing legislation for directives. Usually a time frame of two years is given. After the elapse of this period, a directive cannot be

deemed obligatory in a member State, unless directly applicable, i.e. unless it contains self-executing provisions. In this case, individuals can enforce a directive before national tribunals and a preliminary ruling by the Court of Justice might or should be asked in order to see whether the directive is conferring subjective rights to individuals. The EC Court of Justice has stated, since the *affaire Francovich* (1991), that a compensation should be paid to individuals damaged by the failure to enact legislative measure to implement a directive.

The supremacy of the EC law is a settle rule.

EC law, both treaty provisions and provisions enacted by EC sources (i.e. regulations, directives and decisions), prevails over national law of member States. This principle has been restated many times by the Court of Justice, which also has affirmed that national law, inconsistent with the EC law, should be abrogated.

#### THE EU AS AN AREA OF DEMOCRACY

The EU legislative process is not purely intergovernmental. Once centered around the Commission and the Council (where member States are represented), the legislative process is now characterized by an expansion of the powers given to the European Parliament. This body, which had only an advisory role, has acquired more powers and now share a co-decision function with the Council. Also the budgetary powers of the EP have been increased. Even though the balance of powers is leaning

towards intergovernmental procedures, the role of EP, which is elected by direct universal suffrage, has dramatically increased since its foundation.

Democracy within the EU is also ensured by other basic principles.

It is to mention, first of all, the principle of "subsidiarity" embodied in the Maastricht Treaty. The EU should not become a modern Leviathan choking national autonomies. Hence, in the fields of its exclusive competence, intervention by EU is related to those objectives which cannot be sufficiently achieved by the member States acting alone and are better pursued by the Community. The principle of subsidiarity is coupled by that of "proportionality". As stated in the Maastricht Treaty, action by the Community shall not go beyond what is necessary to achieve the objectives embodied in the Treaty.

Democracy is also ensured by the respect of the fundamental human rights. Article F of the Maastricht Treaty states that "The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law...". Respect for human rights is a condicio sine qua non for becoming member of the EU.

#### THE EUROPEAN CENTRAL BANK AND THE SINGLE CURRENCY

Economic integration has been prompted by the entry into force of the single European currency. Different currencies are an obstacle for the complete realization

of the internal market. Single currency is governed by the ECB, which has been entrusted with regulatory powers both vis a vis member States and institutions and corporations. The National Central Banks have become executive branches of a system highly centralized and independent. ECB enjoys an independence similar to that of the German Bundesbank and its powers are not balanced by the EP or by member States. Its main objective, the stability of price, should boost intraEC trade. Stability of price means a clear stand against inflationary policies. EC institutions have been endowed with powerful instruments to achieve this objective, such as the Pact of growth and stability.

#### THE CURRENT FEATURE OF THE EU LEGISLATION

The EC Treaty has been modified twice, in recent times, in order to pursue integration, establishing new policies, and ameliorating the decision-making process. The most outstanding modification relate to the establishment of the single European currency, as far as the EC is concerned, and the policies embodied in the II and III Pillars of the EU.

After the implementation of the Single European Act and the realization of the internal market, the quality and characteristics of the EC legislation has changed. EC legislation is nowadays more aimed at abolishing existing obstacles and establishing a real market economy than at creating new rules. This simplifies the task of national legislator, who is called to abrogate existing rules



rather than enacting new provisions. Abrogation or non-application of existing national law, inconsistent with EC law, is a task which can be performed by applying the principle of the supremacy of the EC law over national law.

#### THE INSTITUTIONAL CONVERGENCE AND THE COMPETITION BETWEEN LEGAL ORDERS

Institutional convergence should be ensured by the principle of legislative harmonization. Harmonization, however, is not complete and finds its limits both in the constitutive treaties and the economic and administrative structures of member States. For instance, taxation falls within domestic jurisdiction of member States, except VAT and excises since EC article 99 only relates to indirect taxation. Administrative structures vary from member State to member State and this prompts corporations to find out the "better legal order" where to establish their headquarters. The phenomenon of competition between legal order is well known. It is still to be assessed whether this kind of competition is beneficial for the internal market or, in the long run, is creating distortions to its functioning.

#### THE ENLARGEMENT OF THE EU AND THE PROCESS OF THE TWO TRACK INTEGRATION

Since its foundation, EU has known a process of progressive enlargement. Its 6 original members have become 15. Until the Maastricht Treaty, enlargement has

not been followed by a differentiation in rights and duties of member States, the transitory measures required by the adhesion apart. After Maastricht, the practice has been to permit derogations. The outstanding example is the single European currency. Denmark, UK and Sweden are out of the system, having chosen to stay apart. Greece has not yet the requisites required by the Treaty to join the single currency. Consequently, two track integration is a reality.

This might prove necessary with a Community open to the adhesion of other countries and becoming a Community of more than 25 members. However, two basic rules should be followed for not endangering the integration process.

The first is related to the "acquis communautaire". This should be preserved and embody both Treaty rules and secondary legislation. In this connection, particular attention should be given to the "acquis" related to the internal market.

The second rule is connected with the possibility of having a two track integration. Member States able and willing to speedily achieve the objective of integration should not be blocked by those who cannot stand with the pace established by more virtuous members. Provisions on enhanced or closer cooperation have been set out by the Amsterdam Treaty and closer cooperation is now a tool which can be employed within the I and III Pillar, provided that an established procedure is followed.

## ARE II AND III PILLAR INFLUENTIAL ON ECONOMIC INTEGRATION?

The consequences of II and III Pillars over economic integration have not yet been assessed. One can only say, as far as II Pillar, that common foreign policy plays a role in the process of enlargement and the request that candidate States be respectful of rule of law and human rights, including economic freedoms. A democratic environment should push a sound and free integration. Moreover, a common defense policy should prompt member States to establish new rules aimed at building a common policy for defence industries, which EC Article 223 preserves from the internal market.

III Pillar undoubtedly has an influence on the I Pillar, since it deals with such items as free movement of persons across the internal borders and immigration. It is to be noted that a mechanism for transferring a particular item from the III to the I Pillar is foreseen by the Treaty of Maastricht, and that after a period of five years from the entry into force of the Treaty of Amsterdam visas, asylum, immigration and other policies related to free movement of persons shall be regulated according to a procedure which is set in motion by the European Commission.

## CONCLUSION

The EU is facing ambitious challenges such as the objectives set out by Commission in the Agenda 2000, the reform of the budget and of the CAP (common agriculture

policy). The most important task is represented by the enlargement and the choice between countries which should adhere during the first wave and those which will follow. Enlargement presupposes for certain member States the reform of institutions and probably the strengthening of the two track integration. Another major concern is represented by Euro. The single European currency is a recent creation and only experience will tell if it has been a success story.

It is too early to forecast the kind of repercussion these processes might have on the internal market and the core integration policies. A major challenge is represented by convergence of national economies, regional integration within EU and an harmonization of fiscal policies, in order to avoid distorting practises and unhealthy competition between legal orders. One should add the completion of privatisation policies and the insertion of appropriate rules on market economy into the EC Treaty, since developments in this context cannot only be left to the Court of Justice and to the implementation of general principles.

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## EMU and the Mediterranean Area

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1998-10-20

First Version March 1998<sup>^</sup>

### Abstract

This paper analyses the impact of European Monetary Union on outside countries, with emphasis on countries of the Mediterranean Area (MED12). After discussing the possible "eurization" of bilateral trades between EMU countries and countries with close economic and geographical links; the possible "eurization" of existing debts, today denominated in dollars, and the closely connected increase of direct investment and private capital flows to the area, the paper argues that the advent of EMU is likely to have a positive, though small, effect on MED12. As a related issue, the paper also discusses the stability of the demand for euro and some possible implications of EMU for the international monetary system.

JEL classification numbers: F15, F49

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**Errore. Il segnalibro non è definito.**

\* I would like to acknowledge financial support by MURST.

<sup>^</sup> A first draft of this paper was presented at the Conference L'Europa del Trattato di Amsterdam e dell'euro, EURIT, Firenze, 20 marzo 1998, organized by the European Parliament.

## **I) Introduction:**

January 1st 1999 the third phase of the European Monetary Union (EMU) will start. The eleven participating countries will adopt fixed exchange rates and, from 2002, the euro will completely substitute domestic currencies. This involves a profound change in international finance and certainly is a very important change in regime.

The start of EMU will have important consequences not only for participating countries but also for "outsiders", in particular for all those countries, in Europe and outside, with strong trade and financial links with EMU participants (namely, countries of the Mediterranean Area, Central and Eastern European Countries, Countries of the French CAF zone, as well as UK, Switzerland, Denmark, Greece and Sweden). These consequences are likely to be stronger, the more the euro will be used as international currency.

In the following I will not enter the argument of the relationship between EMU participants and European countries such as Greece, Denmark and UK, which do not participate in this phase of the Union either because not fulfilling the convergence parameters (Greece) or for choice (UK and Denmark) (cf. IMF, 1997). I concentrate on the links between EMU and true "outsiders", with particular emphasis on countries of the Mediterranean Area which, because of geographical reasons as well as composition of trade flows, will be particularly sensitive to evolution of EMU (Section 3). In order to do this, however, I have to deal, briefly, with the issue of the use of euro as international currency (Section 2) and its challenging the dollar dominance. The more the euro will be used internationally, the higher are likely to be the consequences for EMU trade partners.

In the conclusion I shall consider some possible implications for the International Monetary System of the fact that Europe is, for the first time, considered a big player on the world scene, with a size and a role similar to that of the US (and Japan).

## **II) Euro as international currency and the possible consequences for the International Monetary System.**

The demand of euro as international currency will depend on many different factors: from the relative size of domestic market to the stability of monetary policy of the European Central Bank (ECB), and will be subject to uncertainty, linked to cyclical fluctuations in countries of EMU as well as possible effects of a single monetary policy on countries characterised by different financial structures and with very different debt level at the start of the union (Cf. Giovannetti, Marimon and Teles, 1998).

Let me start with some data. With 374 millions of population (288 for EU11), European Monetary Union has more inhabitants of US (268 millions in 1997). European GDP in 1996 is higher than that of US not only in absolute size but also as share with respect to OECD production: in 1996 EU15 share is 38.2% while the US share 32.5%. Also the share of world trade is higher in Europe than in the US (38.3% versus 32.5%, Cf. Table 1).

**Table 1 here**

Hence, Europe (with 15 but also with 11 members) has a dimension that justifies an important role on the international scene.

Furthermore, while individual European countries are very open to international trade, peaking at above 50% for Ireland and Belgium, EMU as a whole can be considered "closed" (Cf. Table 2). If intra-European trade is excluded, EU15 is even less open to international trade than the US, typically a big closed economy (in 1995 the share of imports over GDP was 8.7 for EU15 and 10.2 for US). EU11 stands more or less at the same level than the US (10.9). Of course this low degree of openness has important consequences on the one side for monetary policy decisions of the ECB and therefore for the exchange rate policy and, on the other hand, for the amount of reserves<sup>1</sup>. As for the monetary policy, EMU, being closer than its members is more likely to put forward internal targets, i.e. price stability, versus external targets and therefore follow a policy of strong exchange rate without caring too much about competitiveness problems. Hence, the ECB will target inflation and this represents a big change for most European countries (in fact, all but Germany), since they were actually monitoring exchange rates, even if in the attempt to control inflation.

**Table 2 here**

As for reserves, the 1 January 1999 the EU11 reserves will be very high when compared to imports. In fact, EMU reserves will be given by the sum of present reserves of EU11 countries, which are tuned on imports including intra-European imports. I shall go back to this issue later, however it is not likely that the ECB will reduce drastically its reserves in a short period. If it were to do it, the offer of dollars would increase (dollar overhang) with possible serious implications for the external value of the

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<sup>1</sup> It must be noted that the lower degree of openness it is not the only source of a lower sensitivity with respect to exchange rate fluctuations. This will also depends on the fact that there will be no tensions between European currencies. Traditionally, the dollar developments have affected the intra European bilateral exchange rates, in particular those between DM on the one side and Italian Lira and UK pound on the other, which were synchronized to the dollar and were following more closely its developments.



dollar and a decrease of the value of reserves, mainly in dollars at the moment. On the other hand, there could even be a shift of reserves into dollars, mainly from countries trading predominantly in dollars (such as most developing countries) for reasons linked to risk aversion (of course the Swiss Franc, the UK pound or the yen could also benefit from these developments).

In order to have a complete picture of the present situation, which I believe is a good starting point for the following analysis, let me examine in detail data on the use of US dollars, yen and European currencies for different purposes, i.e.:

- trade invoicing;
- official reserves;
- international assets;
- debt denomination.

Previous studies (Benassy-Querè, 1996, Artus, 1997, Bergsten, 1997), examining changes in the use of international currencies as payment mean, unit of account and reserve of value, have pointed to a possible diversification in the adoption of a strong currency from third countries as reserve and transaction. As we have seen, EMU will create a very large currency area, with a weight similar to that of the US, with a unique and very large financial market, in fact the largest world financial market. Euro can therefore be taken as a strong currency. Furthermore, new bond emissions by EMU members will be quoted in euro, which will further extend the market. These characteristics should induce a development of the euro as international currency. But let us now examine each issue separately.

#### Can the Euro become a Vehicle Currency?

The present situation of currency invoicing of international trade is reported in Table 3 (and Table 9 for MED12). As easily seen, the dollar is the main invoicing currency<sup>2</sup> and effectively the only currency used to trade between two other countries (strictly speaking vehicle currency). As a result, the share of world trade invoiced in dollars, about 48% in 1992, is much larger than the share of US exports on world trade (which was about 12.2% in 1992). So, effectively, the dollar is used to denominate trade about 4 times the value of US trade. European currencies, on the other hand, are used in about 35% of trade, including the intra-European trade (amongst the European currencies the DM is most used at about 15% against 6% of the FF). One of the reasons brought about to explain the large use of dollar is that

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<sup>2</sup> The dollar emerged as international currency after the first world war. Between 1914 and 1931 the dollar gained space with respect to the British pound, and the process was accelerated when Britain suspended the convertibility of the pound in 1931, see Tavlas, 1997 on this point.

commodity and energy prices are quoted in dollars. Even the small decline in the use of dollars since 1980 seems due to the decline in the share of oil trade.

**Table 3 here**

It is interesting to note that the relative situation of invoicing currencies does not seem to have changed much in the last 20 years, despite large changes in the bilateral exchange rates. A more disaggregated analysis, however, shows slightly different developments. Table 4 indicates that the share of imports in dollars has decreased in all developed countries but the US (in Germany by 45% in 15 years, in Italy by 38%) in the last two decades. Hence, industrial countries have been able to increase the use of domestic currencies for their imports (cf. Table 4); most likely, with the advent of the euro, they will further reduce the use of the dollar. Intra-European trade will have to be netted out, becoming domestic (so the share of intra-European trade invoiced in dollars will vanish), and EU firms will have more incentives to invoice their imports in euro. Furthermore, exports of a big country (EMU) are more likely to be invoiced in euro than exports of individual (small) EU countries. At the moment, however, it is very difficult to find a common trend for export invoicing in the past. Contrary to what theory will suggest, in Germany, UK and France ("big" EU countries), exports invoiced in dollars have increased (respectively by 33.3%, 29.4% and 40.9%) while in Italy and Japan they have decreased (23.3% and 19.8%). However, only in Japan the share of domestic currency invoicing has substantially increased, from 29% in 1980 to about 40% in 1992<sup>3</sup>. Fewer disaggregated data are available for countries other than industrial countries and they seem to indicate that the dollar is effectively the most used currency (Cf. Table 9 and the discussion related to selected countries of the Mediterranean Area). The low total weight of the yen (around 5% only in 1992) also seems to confirm this view.

**Table 4 here**

So far we have considered the current situation (use of European currencies). An issue is whether euro will be used more than the sum of European currencies. Different views exist with this respect. According to the European Commission (1997a) the euro will be used more than the sum of the European currencies and will develop in time as an international currency, mostly in those countries having stronger

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<sup>3</sup>Japanese exporters have actually succeeded to impose the use of yen as international currency in emerging countries of the South East Asia which are important trading partners and have increased their imports from Japan. These developments may be negatively affected by the current South East Asia crises.

links with the EMU. The underlying explanation is that already now major trade partners of EU countries (e.g. Eastern European countries) have linked their currencies to the DM (or to baskets including EU currencies, as most MED12) and they will link them to the euro. At the world level, on the other hand, despite a long period trend to devaluation of the dollar, it is likely that the use of euro will be only gradual, due to inertia and hysteresis to use the dollar since the end of the Bretton Woods system, which in turn is due to the high liquidity of the US financial markets and the low transaction costs of the dollar (Cf. Benassy-Queré, 1996). McCauley (1997) claims that the euro will carry more weight than the DM does now, but less than the sum of European currencies. Portes and Rey (1998) picture three scenarios and claim that "the scenario in which the euro shares international currency status more or less equal with the dollar is plausible" (p.331). This possible development can have important consequences for the International Monetary System, which I shall briefly discuss in the conclusion.

An important point to note when discussing the likelihood that euro will challenge the dollar as international currency is that if trade flows polarize into regional blocs, there will be more incentive to have at least three vehicle currencies, one for each area. But in so far as trade is multilateral, the dollar has the first comer advantage (even if the euro could be favored by the fact of being by constitution a low inflation currency)<sup>4</sup>.

#### Will the Euro be used as Reserve Currency?

It is not only trade to be invoiced in dollars. Central banks reserves are presently mainly in dollars (Cf. Table 5). In the seventies, after the advent of flexible exchange rates, which has involved a huge and somehow unexpected increase of volatility between the major currencies, Central banks started to diversify their portfolios (at least partially). In 1973 the dollar accounted for more than 75% of official reserves (76.1% Cf. EC 1997a). It then declined till 1990. This decline was reversed by 1993 and the share has remained relatively stable since then. The yen and the DM, effectively the other two major reserve currencies mirrored this development. At the end of 1996, the US dollar accounted for 58.9% of official reserves. In the same time lag the yen has increased from 0.1% in 1973 to 6.0% in 1996 and the DM (European currencies) from 7.1% (14.3) to 13.6% (20.1%) (Cf. IMF, annual report 1997). As a matter of facts, the share of US Dollars is still three times that of DM and yen together.

**Table 5 here**

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<sup>4</sup> To discuss the issue of globalization versus regionalism is outside the scope of this paper. Cf. Cable and Henderson, 1994 for a good survey.

In the present situation European currencies constitute about 20% of total reserves. It is, however, likely that the reserves in euro will be higher than those in European currencies, even if the role of the UK pound, which accounted for 2.9% of official reserves in 1980 and 3.5% in 1995, has still to be clarified. In fact, that Central Banks of "outsiders", especially in Europe, may decide to hold euro to back their commitments under the ERMII in the transition phase (Cf. McCauley, 1997). Of course the exact amount of euro in reserves is strictly linked to its success as invoicing currency and its use as intervention instrument on exchange rate markets. It will therefore depend crucially on the economic and monetary policy followed by the ECB.

Many existing studies point to the fact that the US market is very liquid and has very low transaction costs; Central Banks have also preferences for Tbills; this therefore biases their preferences in favour of the dollar. For sure the Japanese yen is underused as a reserve currency because of liquidity problems of the Japanese markets (and low share of Tbills). The euro should not suffer these shortcomings, so that is more likely to challenge the dollar as international currency.

#### The euro bonds and securities markets

The share of the US dollar in private portfolios has been declining throughout the 80s and 90s: in 1985 the share of dollar denominated assets was around 62% while in 1996 stood at around 38%. The European capital market is (almost completely) unified and very large. Prati and Schinasi (1997), in a detailed analysis of capital markets, emphasise the implications of the use of euro for international portfolios adjustments and international capital movements. They argue that, despite the uncertainty, it is reasonable to expect that, with the lower segmentation of markets due to the use of euro<sup>5</sup>, capital flows to and from the euro area are likely to increase, even substantially, and that as a consequence, the euro will tend to be used more than the sum of the European currencies. Private capitals are likely to keep shifting towards the euro, because the European Central Bank will have to establish credibility; therefore, market participants could trust, at least in the early phase of ECB, a tighter monetary policy and a higher interest rate (McCauley, 1997). Also, there could be a bias in favour of the euro due to the fact that European investors, which currently tend to invest mainly in domestic assets (except in the UK stock exchange where 95% of foreign assets trade in Europe in traded) may have incentives to invest in European assets, effectively avoiding any exchange rate risk (one of the reasons brought about to explain the domestic bias).

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<sup>5</sup> Currently the segmentation is mainly due to the different currencies.

### Euro as debt denomination currency

The denomination of external debt of indebted countries is at present mainly in dollars (cf. Table 6). This is a crucial aspect for our analysis because there are many highly indebted countries amongst countries with stronger trade links with EMU, which are the more likely to adopt euro as invoicing currency. These countries will be particularly affected by the developments of the bilateral exchange rates between dollar and euro. In particular, consider a country invoicing its exports in euro and paying the service of debt in dollars. If the euro devaluates versus the dollar, this country will be negatively affected, may not be able to pay the service of debt and eventually could be limited in the access to international capital markets. In the long run, it could try to limit the risks from exchange rate fluctuations, either by modifying the currency composition of debt service or the currency of invoicing of its exports, in both cases with important implications.

#### **Table 6 here**

It is interesting to note that the currency composition of long term debt is actually more diversified than that of trade and reserves. In most countries the percentage of dollars is still higher than 30%, sometimes substantially; however, after 1980 the weight of DM has substantially increased. Even though it still represents only 15% of the total debt, its rate of growth has been of about 40% in 15 years.

Tables 1-6 show the present situation and the relative developments of dollar, yen and main European currencies, as invoicing currencies, as official reserves, and as currencies of bonds and debt denomination. It is clear that any forecast on the use of euro can only be speculative. Even though the euro will be from the start the second world currency, its developments will not match one to one the use of main European currencies. Many estimates of the demand for euro exist (Cf. for all Hartman, 1996), but EMU is a change of regime difficult to account for in an econometric estimate and therefore the existing estimates are not particularly reliable. Most commentators (e.g. EC, 1997a and Hartman, 1996) seem to agree on the fact that euro will be used more than European currencies at present, though not reaching the level of the dollar and not being therefore a threat for it. It is common opinion that euro developments will depend largely on the ability of EMU to establish a unique capital market, able to contrast the hegemony of the US one. With respect to this issue it must be said that the yen has not been able so far to contrast the dollar hegemony despite a very large liberalisation of capital markets after 1984, supposedly because transaction costs in Japan were still too high with respect to the US and

because the Tbill share on assets was too low. Of course, to better understand the relative developments of the euro and the dollar, a more thorough analysis of the largest and more efficient European capital market, the UK, should be done but this is outside the scope of this paper.

The use of euro will be affected not only by the liquidity of markets but also by the volatility of the bilateral exchange rate euro/dollar. In particular, the more stable the euro will be, the more it will be used by third countries, especially those with strongest links to countries in EMU and those that for different reasons (e.g. political) want to be outside the jurisdiction of US (as for instance the Arab countries during the oil crises). If the euro is actually used, then the European Central Bank could get some benefits in terms of international seigniorage (the ability to obtain real resources in exchange for almost cost-less notes) as does the Federal Reserve in the US, e.g. in the order of 0.01% of GDP (or less according to different estimates)<sup>6</sup>.

In summary, the euro could develop as an international currency in a scenario of stability within the EMU. If the euro will develop enough to threaten the hegemony of the dollar, this could have important implications for the developments of the International Monetary System. If this is more symmetric, with three similar players, the likelihood of a reform in the direction of having some sort of Target Zones is increased. If it is true that the volatility can increase, as some studies maintain<sup>7</sup>, because trade imbalances between US, Japan and Europe persist and because the volatility of the exchange rates depend also on the degree of co-ordination of monetary and trade policies at world level, the probability of misalignment are actually lower with symmetric players. But the negative effect on trade flows and investments depend on misalignment rather than volatility, which is mainly a short-term phenomenon. Hence, to summarise, it is very likely that the incentives for co-operation are larger than in the past. The more so, the more the world tends to polarise in regional trade areas.

### **III) Consequences of EMU on "Outsider countries".**

The consequences of EMU for the world economy depend crucially on the extent the euro will be used in international transactions, which in turn will depend on the stability of the new currency.

Amongst the countries more affected by the developments of the euro there are the external European countries, in particular UK and Switzerland which have important capital markets (Cf. IMF

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<sup>6</sup> Portes and Rey (1998) point out that in the past Central Banks outside the US have tried to avoid internalization of their currencies. Also many structural reforms should be introduced for the euro to really pick up. We do not pursue these issues here, Cf. Portes and Rey, 1998.

<sup>7</sup> On this issue there are differing opinions, Cf. Cohen, 1997.

1997 on this point) with respect to which the unique European market could be a dangerous competitors and which in any case will have to come to terms with huge flows of euro capitals.

While it is likely that at first US and Japan will only be marginally affected by EMU, developing countries and transition economies will be more affected by the change in regime. In particular, countries that in the near future could join EMU, as some Central and Eastern European countries and some "external" Mediterranean countries, together with those African countries of the CAF, which historically have very strong connections with France, will be more sensitive to developments in European countries. These countries have currencies often anchored to European currencies (in particular DM, FF or baskets including the major EU currencies) and most likely they will invoice their trade flows in euro, even if they still tend to have about half of their debt denominated in dollars. Their official reserves seem to be divided roughly half-and-half between dollar and DM, which also seem to suggest the appropriateness of euro as an anchor.

In what follows, I do concentrate on "external countries" of the Mediterranean countries but many of my conclusions can be extended to Central and Eastern European countries as well as African (CAF) countries.

#### "Outside" countries of the Mediterranean Area.

By "external" Mediterranean countries I mean 12 countries: Algeria, Morocco and Tunisia (i.e. the Magreb), Jordan, Lebanon, Syria, Egypt, Cyprus and Malta<sup>8</sup>, Turkey, Palestine, for which, however, data are hardly distinguishable from those of Israel, and Israel itself (MED12 from now). Israel, amongst those is certainly the country with highest cultural and economic linkages with the dollar area, even if recently has intensified links with EMU countries, with who in 1993 has signed a free trade agreement. "External" countries of the Mediterranean area have very strong trade and financial links with EMU members (Cf. Graphs 1a and 1b and Tables 2, 7 and 8).

#### **Graph 1a and 1b here.**

Graphs 1a and 1b show how important MED12 are as trading partner for EMU countries. As matter of facts, with 60 billions ECU of exports to the EU15 and 44.8 billion ECU from EU15, MED12 is the main trading partner of EU15 among developing countries (total exports to developing countries are 212.5 billion ECU and total imports from EU15 198.5 billion ECU in 1995).

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<sup>8</sup> With Cyprus and Malta EMU countries have actually custom Union relationships at the moment. Egypt, Jordan, Syria and Yemen are the so-called Mashreq countries.

Despite large differences amongst the economic structure, the degree of development, the international position, the institutional and religion characteristics of these countries, for all of the MED12 the links with euro area are crucial: the EU is the dominant partner for all of them but Jordan. However, the asymmetric nature of the trade relationship stands up. While it is true that imports of EMU countries from "external" Mediterranean countries account for a large share of extra-EU imports of EMU members, in 1996 about 8.5% of total extra-EU imports, and that EMU exports to MED12 are even higher, about 12% in 1996 and have been growing about 30% in 10 years, overall MED12 account for around 7% of EU external trade: EU countries trade mainly with each others and with other industrial countries (about 20% of both imports and exports are with US). For EU countries the share of intra-regional trade is indeed substantial. On the other hand, MED12 are very little integrated with each other (about 6% on average in 1996, cf. Table 7) while trade with EMU accounts for more than 50% of their imports and exports. It is worth noting that although MED12 are small economies (their size is on average much smaller than EU countries, apart from Turkey) their degree of openness (on average 33%) is not too different from that of individual EU countries (cf. Tables 2 and 7)<sup>9</sup>.

#### **Table 7 here**

There is a discussion on whether EMU is an optimal currency area, as far as MED12 are concerned, they are far from being an optimal currency area, the region is not homogeneous and each individual country tries to protect itself. For instance, they have different degrees of tariff protection against EU imports, though being granted free access for industrial goods in EMU and preferential access for agricultural products (with unilateral asymmetric agreements). As matter of fact, only 7 of the MED12 countries have so far adhered to WTO (World Trade Organisation) and tariffs and non-tariff barriers are still very high, on average, in these countries. As an example consider that tariff revenues account for 10% of overall tax revenue in Egypt and Syria, 18% in Morocco, 28% in Tunisia and 36% in Jordan, compared to a mere 1% on average in EU countries.

It is important to note that the emergence of the Central Eastern European countries as one of EU major trading partners (Cf. Graphs 1a and 1b), the likelihood of a free trade area between EMU and CEEC and their future adherence to EMU constitute a serious threat for the MED12, which risk to lose their privileged role of geographically close market. CEEC countries already in 1991 have substituted

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<sup>9</sup> This is so when we account for intra Eu trade, while when this is netted out, on average, EU11 is much less open.



MED12 as main source of imports of manufacturing and as destination countries of direct investments and this has obvious consequences for financial flows to MED12. This "dangerous" situation, however, has so far had positive effects in that it has prompted a discussion on a free trade area between EMU and MED12 (Euromed Conference, Barcelona, 1995, cf. European Economy, 1997a). It is certainly a priority of EMU to modernize "external" economies belonging to the Mediterranean area and favor their growth. Against this background, it is for instance important that Malta and Cyprus (which however are the only MED12 with a level of GDP and development comparable to that of EMU) are amongst the first countries in the list of next EMU enlargement and that EMU explicitly think of a Mediterranean policy.

My aim in this paper is to provide some data and elements of discussion to examine the current situation from the point of view of trade links as well as direct investment, other capital flows, currency composition of trade flows, debt and reserves and to sketch the possible positive consequences of EMU on MED12 (and vice-versa), taking account of the heterogeneity of MED12.

### Trade Flows

A striking feature of the MED12 is how little these countries trade with each other: only 6% of their trade is intra regional and the share of exports within the area ranges from none for Malta and a mere 1% of Israel to a maximum of 20% for Syria, the more integrated country within the area (Cf. Table 7). About two third of all their trade is with industrial countries and European Union certainly represents their main trade partner. If we consider EU15, trade flows between EU15 and MED12 have grown from 32.6 million dollar in 1988 to 52.7 million dollar in 1994, with an increase of about 40%. Flows from MED12 to EU15 increased from 20.4 million dollar to 33.7 million dollar in the same period. It is interesting to point out that the flows within the MED12 in the same period pass from 1.8 million dollar to 3.3 and those within Europe from 758 to 987 million dollar, not only emphasising an asymmetric weight in the bilateral relationship but also the fact that while Europe has privileged the intra-European flows, MED12 has been more oriented towards Europe than inside the area. This could be partly due to the composition of regional import and exports but also to the policies adopted by different countries (for instance, Egypt which could have met at least partially the region demand for food and manufacturing, has followed import substitution policies and reduced supply). The expectation of demographic developments in "external" countries of the Mediterranean area, especially if it will be accompanied by a development process, will make MED12 an interesting partner for EMU, which is actively looking for new export

markets, and is likely to induce a further increase of relative trade flows to/from EMU in the near future. A worrying aspect is that most of the MED12 – EMU flows is of the North-South type, while horizontal trade, contrary to the intra-European case, is very low<sup>10</sup>. Furthermore, countries of the MED12 import from EU more than they export to EU and they tend to depend more on developments in EU economies while the opposite is not true (of course, as said above, EMU is "the" major trade partner for MED12, while EMU countries have much more diversified links). Since EMU exports (mostly manufacturing) are substantially and systematically higher than imports (concentrated in agricultural and energy products) EMU has with time accumulated a relevant trade surplus with respect to MED12. The big deficit in fuel products (around 16.5 billion ECU in 1995) have always been more than offset by large surpluses in manufacturing products. The individual country pattern is however quite diversified: for instance, Syria has a surplus of almost half a billion ECU versus EMU (in 1995 0.4 billion) while Israel has a huge deficit.

As we said, for all countries in the Mediterranean Area except Jordan, trade links with EMU are above 40% of total (Cf. Table 7). Trade links with EMU are particularly strong for the Magreb countries: in Tunisia more than 70% of total trade is with countries belonging to EMU. However, from an institutional point of view, the trade links between EMU and MED12 are different, ranging from free trade zone to custom union to agreements on specific products (or groups of products). Still there are many constraints to trade both on agricultural products, mainly due to the Common Agricultural policy (CAP)<sup>11</sup> and on manufactures (in Egypt, for instance, tariffs on manufacturing products are about 30%, in Tunisia 28%, in Algeria and Morocco 25%, Cf. De Rosa, 1997). Even if in the last twenty five years the diversification of exports from MED12 has increased substantially, exports are still concentrated on a limited number of raw materials (traded and quoted in dollars in international markets), clothing and other manufactures, traditionally considered low tech (the so-called traditional products, with high labour intensity) (Cf. Table 8). This seems to reflect the fact that many Mediterranean countries had and still have comparative advantages in agricultural production (mainly fruit and vegetables) and have now acquired some advantages in clothing. Israel is the only country in MED12 that is competitive in a wider

<sup>10</sup> Between 1991 and 1995 however the Grubel Lloyd intra industry intensity index of all MED12 but Lebanon has increased, indicating a move towards more equal trade (cf. Eurostat, Statistics in focus, n.13, 1996). In Malta, for instance, this index, widely used to measure the product structure of trade partners for international comparisons, has reached 60.8. Amongst the less developed countries of MED12, the highest index is recorded by Tunisia (32).

<sup>11</sup> Cf. European Economy, 1997 b and IMF, 1997 on these issues.

range of manufacturing.

### **Table 8 here**

It is interesting to note that a sector very important for the majority of Mediterranean countries is the provisions of services, whose share in overall value added ranges from 25% of Algeria to 55% for Cyprus. Tourism is particularly important, especially because it allows Mediterranean countries to get foreign exchange. The EU is the most important partner at the moment (in 1997 87% of tourists to Malta were coming from EU, 68% of tourists to Cyprus, 50% to Tunisia; only in Syria and Jordan the percentage of EU tourists was low, cf. Table 7). A study of the growth pattern of MED12 (Cf. De Rosa, 1997) shows that those country with a better performance in terms of growth have diversified their exports in the last 20 years and that tourism accounts for a large part of the improvement in growth.

EMU exports to MED12 are largely high tech manufacturing (79% of total exports is indeed constituted by manufacturing), even if food exports still constitute on average 10% of aggregate EMU exports (ranging from a minimum of 5% in Israel to a peak of 29% in Syria).

Finally, as far as trade is concerned, it is interesting to analyse the currency of invoicing of imports and exports. The share of exports to EU and imports from EU is significantly higher than the share of the EU currencies with respect to invoicing in all the countries considered but Morocco (Cf. Table 9). In Egypt, for instance, EU15 account for more than 50% of Egypt exports and 40% of imports are from EU15, but about 10% of these flows are invoiced in EU currencies. In Israel 70% of imports are invoiced in dollars but only 20% are coming from US. Even Tunisia and Turkey have very imbalance composition. However, the advent of EMU could change things with this respect. As matter of fact all the trade between a small EU15 country (say Portugal) and a MED12, now invoiced in dollars (according to theory, trade between a large and a small country is invoiced in the currency of the large country, while trade between two small countries in a international currency, usually dollars) will become trade between a large (EMU) area and a small country and are likely to be invoiced in euro. Hence, the MED12 demand for Euro is expected to increase significantly.

### External Debt

The external debt of most MED12 is fairly high, due to the economic policies followed by these countries in the seventies and eighties (mainly policies were inward looking), reaching levels of above 100% of GDP for Syria and Jordan and of around 75% for countries such as Algeria, Morocco, Egypt. Also in absolute terms MED12 countries are highly indebted: Turkey, Israel, Egypt and Algeria are

amongst the 15 major debtor countries in the world in 1996 (and were also in 1995, Turkey furthermore is in the first 10, Cf. OECD, 1997). Only Malta and Lebanon are characterised by low external debt (around 30%, of GDP, Cf. Table 10) both in absolute and relative terms.

**Table 10 here**

While trade is mainly versus EU countries, most of the financial liabilities are denominated in US dollars. Table 11 shows that the currency composition of debt is quite diversified both across countries and time, but the dollar is used to denominate more than 30% of external debt in all the countries considered, with peaks of over 80% for Syria, 65% for Lebanon and 40% for Turkey. In the period 1980-1996, which covers the debt crisis of the 80s, there is no unique pattern in the currency denomination of MED12 debt, a part from a generalised increase in the share of yen (in Turkey, the share of yen passed from a mere 4% to 22%, in Jordan from 1% to 23%, in Malta from none to 14% and so on, Cf. Table 11) and a downwards trend for the UK pound. Egypt, Morocco and Jordan, all countries with a high dollar denominated share of debt, have decreased it between 1980 and 1996. But for instance Lebanon and Malta have increased it substantially. The lowest share of dollar denominated debt is found in Tunisia (16.3%), which, for historical reasons has French Franc denominated debt. In Morocco, for similar reasons, debt is denominated in Pesetas and French Francs (cf. also Arjona and Steinherr, 1998). The currency denomination of external debt point to the importance of a stable euro/dollar bilateral exchange rate for most MED12 countries which will be paying their debt in dollars but are likely to invoice their exports in EU currencies and increase their trade links with EMU countries.

**Table 11 here**

Direct Investments and Capital Inflows

In terms of capital flows MED12 is one of the least integrated region of the world. However, "external countries" of the Mediterranean Area during the 90s have started attracting direct investment and they attract more European direct Investment than other developing countries.

In particular MED12 attract more European than US and Japanese funds (also because of geographical proximity, historical ties and recent trade agreements). Foreign Direct Investment are however concentrated in few countries (Cf. Table 12): Egypt, Morocco, Israel and Turkey account for more than 80% of direct investment in the area; Turkey in particular, account for over 40% of total direct investment in MED12 (Cf. World Bank, 1997). The advent of EMU can influence decisions on

FDI in MED12 only marginally, in that if the trade links increase and free trade agreements are established because of EMU, then the area is likely to be stable and growing and therefore attract foreign private capital.

**Table 12 here**

Table 13 shows that Western Europe is the main source of FDI to the four main recipients of funds in MED12, France and the UK accounting for 88% of EU investments in the period 1990-95, against a mere 15% of the US, mainly directed towards Israel.

**Table 13 here**

In 1995-96 FDI to MED12 have substantially increased, reaching a relevant percentage of GDP in Malta (34.9%), Egypt (23.3%), Israel (23.3%), Tunisia (22.8) and Cyprus (18.9%). This growth trend, however, has started in the early 90s and Europe has always been a major provider of funds. It could be interesting, but outside the scope of this paper, to examine in detail the sector of destination of FDI<sup>12</sup>, in the light of the privatization processes in the 90s. For instance in Morocco, the privatization program and an extensive liberalization of the FDI regime have contributed to making the country attractive to foreign investors, so much so that the total revenue from privatization between 1993 and 1996 has been 1130 million dollars. Mainly as a result of privatization, FDI inflows in Morocco increased almost fivefold from an average of 83 million dollar a year in the period 1985-90 to an average of 419 million dollar a year in the period 1991-96 (with over 300 million dollar inflows in 1996, Cf. Table 12).

The role of FDI is particularly important in a country like Turkey, not only for the size (40% of FDI in the area, i.e. around 700 million dollar in 1996) but also because Turkey is highly integrated with the so-called Mediterranean countries of EMU, and has always kept close links, in view of adhesion to EMU. The privatization process has brought 3135 million dollar into Turkey between 1990 and 1996, the highest amount amongst MED12. Furthermore, Turkey has a better-developed capital market than most other MED12 countries. The stock market is evolving fast, the daily turnover being very high: it has reached 380 million dollar traded per day at the end of 1997. With this respect, it must be noted that in Turkey there are no restrictions on foreign ownership and the influence of foreign owners has increased substantially (reaching about 50% of the free float, up from less than 10% at the

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<sup>8</sup> Most FDI are in the hydrocarbon industry because of the oil discovery in Algeria, the gas pipeline between Spain, Portugal and Morocco, etc. however in Egypt 48% of funds are directed towards the manufacturing sector and in Algeria 25% and 70% to the service sector.

beginning of the 90s, in 1996 total bonds represented 17.2% of GDP and domestic bonds 10.9%, CF Global Development Finance, 1998).

For most countries in the area, however, privatization policies carried out in the last 10 years have been successful and the increase of FDI brings new capital that can favor the process of development. Two further countries are worth mentioning: Egypt, with revenue from privatization of 1923 million dollars in the period 1993-96 and Tunisia, around 200 million dollars in the same period. Of course the development of FDI is closely linked to developments of trade links and liberalization policies. If countries in the MED12 go further in the direction of trade liberalization, it is likely that their credibility will increase, which in turn can imply higher FDI, higher growth and so on.

An interesting, though worrying, point to note is that still few of the FDI go to the private sector, (the World Bank estimates that out of 130 billion dollar going towards Magreb, Mashreq and Israel between 1970 and 1995 only 20% has gone to the private sector), possibly because of political tensions in the area and low rates of growth in the last years. At the same time, in some of the MED12, there were massive outflows of private capital (again according to World Bank estimates in the range of 5% of GDP for the period 1985-89), which left a legacy of a high stock of external public debt and of private assets invested abroad. This trend, however, seems reversed in the 90s, where most MED12 have actually capital inflows (Cf. Table 14).

#### **Table 14 here**

It must be pointed out that regional economic integration may also induce foreign direct investment, by expanding markets. The examples of FDI going to Spain and Portugal just before their entry into EMU as well as the FDI going to Mexico before NAFTA represent a strong incentive for MED12 to integrate themselves further both with EU and amongst themselves.

#### Labor and migration

It is very difficult to assess the scale and composition of bilateral flows of workers between EMU and MED12 because of the absence of reliable data. The only reliable data is those on the size of population and the projections of demographic growth in MED12. It is, however, interesting to note that there is a high level of migration amongst MED12 countries (i.e. intra regional migration) and also between MED12 and Middle Eastern countries (for instance, in the early 90s there were 1.25 million Egyptian workers in Iraq and a substantial number in Jordan). Labor flows and remittances of capital associated to migration have been one of the most important feature of regional integration in MED12

(contrary to the developments in Europe, where labor movements is the more controversial feature of integration while goods and capital move without limits). Workers remittances (including net private transfers) increased from 8.5 billion dollar in the period 1970-80 to 21.5 on average for the period 1980-89 in Maghreb countries, from 10.5 to 43.5 in Mashreq (excluding Lebanon because of data inadequacy) in the same period and from 7.8 to 12.9 in Israel (Cf. also Table 7). Despite the country specific characteristics, therefore, MED12 is very little integrated as far as trade and capital are concerned and more as far as labor is concerned. However, there are substantial flows of labor also towards EMU with important consequences on the sustainability of the welfare state in Europe.

Summarizing, in theory the start of EMU is likely to have a relevant impact on MED12, because of the size and composition of the trade links between the two areas. Since it is common practice to invoice trade flows between a small country and a large country in the currency of the large country and trade between two small countries in dollars because the dollar is the main world currency, part of the trade flows between MED12 and EMU, now invoiced in dollars, is likely to be invoiced in euro in the future because individual EU countries (small and at least partially invoicing in dollars) will be substituted by EMU (large and invoicing in its own currency, euro). Furthermore, the introduction of the euro will affect the relative importance of the dollar and therefore even some intra regional trade (trade between small countries) could be invoiced in euro, which can become more important at the international level.

Also the euro/dollar exchange rate volatility will affect MED12 countries because of their trade links with EMU countries and the currency composition of their external debt. These effects will be stronger in those countries with closer links, but presenting a mismatch between origin of trade and currency denomination of payments, such as Israel, where 50% of imports are from EU (20% from US) but only 25% are invoiced in European currencies (70% are invoiced in dollars), or Egypt, with 40% of imports from the EU and only 17% invoiced in European currencies and more than 50% of exports to EU but less than 10% receipts in European currencies. This pattern is common to most MED12 countries, mainly because MED12 have large share of raw material and agricultural exports, which are quoted in dollars in international markets. These countries are expected to increase their demand for euro, especially for imports from EU, but could also start using euro for their (limited) intra regional trade. However, the introduction of euro will not change the denomination of the existing debt and these countries mostly pay for the debt service in dollars (e.g. Syria, Lebanon, Algeria). If the euro

devaluates with respect to the dollar these countries, especially Algeria, Jordan and Syria who tend not to have free access to capital markets will be penalized. On the other hand, countries with free access to capital markets will be able to finance themselves on more liquid markets, which will most likely be less expensive. The effects of EMU on "external" countries of the Mediterranean Area will therefore depend crucially on the development of the euro/dollar exchange rate, which will in turn depend on the exchange rate policy followed by the European central Bank and its credibility. While there is no agreement on whether the euro dollar volatility will be higher than the DM dollar volatility (cf. Cohen, 1997), there is no convincing argument for increased volatility in the transition period. Stability of the euro will benefit EMU as well as trading partners.

It is important that the EMU favor actively growth in the Mediterranean area and that it includes this objective amongst the common economic policy aims. Europe has an interest in enlarging its markets towards the Mediterranean, especially because of the emergence of regional trade blocs such as NAFTA (North American Free Trade Association) and ASEAN (Association of South East Asian Nations). Furthermore, an increase of integration between MED12 and EMU could induce a higher integration between MED12 themselves and could also attract more foreign investment and start a virtuous circle in which higher growth in the MED12 stimulates exports growth of EMU and so on.

#### **IV) Conclusions**

Far from examining in detail the international consequences of EMU – on purpose I did not deal with consequences for those European countries not adhering to the Monetary Union, such as Greece, UK, Denmark and Sweden (EU15 which do not participate in the first phase), Switzerland, Russia etc.- this paper aims at summarising some of the effects of EMU for the International Monetary system, for the use of euro as vehicle currency, and for the growth prospect of some of the major (and dependent) trade partners of EMU countries. Given the strong trade links, the geographical location and the structure of trade, countries of the MED12 and of CEEC are those more affected by developments in Europe and from the use of euro, also because it makes sense for them to anchor their currencies to the euro and/or invoice their trade flows in euro (they will also be pressed to do so by EMU countries). Of course, if it is difficult to say to what extent these countries will actually use euro and with which timing. It is, however, likely that MED12 will invoice more imports in euro, especially in view of a growing integration with EMU countries which will be actively searching for new markets for their exports and also possibly of a future adhesion to EMU itself in a not too far future. It is however similarly likely that MED12 continue to pay



the service of debt mainly in dollars, as presently, because of hysteresis in these behaviour and the costs of switching currency (and because the existing debt is not renegotiated). Developments of the exchange rate between euro and dollar are therefore crucial to evaluate the effects of EMU for "external" countries, in particular if indebted. To a certain extent, the success of the euro as an international currency will depend on its stability with respect to the dollar, but its stability will depend on its success and the use in third countries and so on. It is clear that devaluation with respect to the dollar can have very negative effects on economies of highly indebted countries, which pay the debt service in dollars and have problem of access to international capital markets. If the euro succeed in being relatively stable and the economic policy of the European Central Bank credible, the euro could trigger the dollar as dominant currency. In a scenario of this type, there could be important consequences also for the US. It will be very difficult to sustain the present huge US trade deficit without serious consequences for the external value of the dollar and a vicious circle could start. Also US seigniorage could be reduced with consequences on public deficit.

The consequences of EMU should be positive for "external" countries of the Mediterranean Area (and for CEEC), because they entail a possible (likely) increase of trade flows and FDI in the aim of enhancing the links with geographically close countries. As for US and Japan, EMU should not induce major changes in imports nor exports (in 1994 US were importing and exporting about 20% from EU15, while Japan was importing 11% and exporting about 6%) even if the bilateral trade balance development will depend respectively from the developments of the exchange rate euro/dollar and euro/yen. As far as the US is concerned, however, the start of EMU could induce problems of debt financing and also of reduction of seigniorage. At the same time, the introduction of euro and the consequent increase in liquidity should cut the cost of financing on markets for all countries with free access, including the US and therefore benefit debtors.

Finally, I want to emphasise two aspects that I believe are relevant to assess the consequences of EMU.

- 1) To consider EMU as a unique entity should allow discussing a reform of the International Monetary System. With three fairly similar players in terms of international weight it is easier to agree on target zones between euro, yen and dollar than before, when the rules were decided by the strongest (US). Furthermore, EMU countries have never succeeded to have a homogeneous behaviour with respect to the dollar because the strengthening of the DM with respect of the dollar was inevitably creating tensions amongst the ERM of the EMS (Cf. Del Giovane e Pozzolo, 1998). Now, with EMU, this is

no longer an issue. Only the external value of the euro versus the dollar should matter and European countries are likely to behave in a more homogeneous way. Furthermore, it is in everyone's interest to limit the fluctuations of bilateral exchange rates and also in the interest of third countries, which can therefore try to anchor their domestic currency to one or the other of the three main currencies depending on the geographical location and the size and typology of trade links, without having "bad surprises". Finally, each of the three "big" from a selfish point of view gains from the stability of its own currency. I see EMU as enhancing the likelihood of co-operation.

- 2) EU countries will have to make efforts to enhance growth and welfare in geographically close countries, in particular CEEC and MED12. In fact, as the example of Mexico and US teach us, EMU gains from the stability in the area and from a larger use of its currency at the world level. Also, in every country in Europe one way or the other there is some form of welfare state, which most obviously makes it more unsustainable to have a prosperous area (EMU) confining with a poor area. The alternatives Europe faces are mainly two: either to incentive development of depressed area or modify, in a selective way, social security. Though emphasising the existence of flows of workers from MED12 to EMU, I did not deal explicitly with migration issues. It is however clear that the globalisation process itself implies movements of workers and that migration from EEC and MED12 constitutes one of the crucial issues Europe has to address and solve and it is closely linked to the reform of the social security system. Countries in the MED12 have extremely different factor endowments, Egypt and Morocco, for instance have substantial agricultural potential and low wage labour but lack capital, Lebanon and Jordan have surplus of skilled labour, Algeria, being a more diversified economy, could benefit from imports of capital and labour from abroad (cf. Shafik, 1996). But there are substantial flows of workers into Europe. Only a clear-cut reform of labour markets and social welfare can help a "more equal" relation among these two areas.

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**Table 1: Main Economic Indicators of US, Japan and EU**

	Population (mil) 1997	GDP mil \$ 1996	Share of world trade, 1996	GDPEU/ GDPOECD, 1996
US	268	7575	19.6	32.5
Japan	126	4377	10.5	20.5
EU-15	374	8504	20.9*	38.3
EU-11^	288	6743	-----	-----

\*Excluding intra-european trade, ^ 1995 EU-11 =EU-15 excluding Greece, UK , Denmark and Sweden.  
Source: European Economy, 1997b, Funke and Kennedy, 1997 and EC, 1997a.

**Table 2: Degree of Openess and trade links of EU15 to MED12**

	% esports to MED12, 1995	% imports from MED12, 1995	Imports/GDP, 1997
US	na	Na	10.2
Japan	na	Na	6.6
Canada	na	na	29.1
France	21.0	18.9	22.0
Belgium	8.5	6.1	72.5
Neth.	5.1	5.8	49.7
Germany	21.9	22.8	24.0
Italy	19.4	23.3	21.5
UK	9.3	8.3	28.6
Ireland	1.0	0.4	59.1
Denmark	1.1	0.6	29.8
Greece	1.7	2.0	26.4
Portugal	0.6	1.4	40.8
Spain	6.1	8.1	25.6
Sweden	2.0	0.6	33.8
Finland	1.1	0.2	31.1
Austria	1.1	1.5	43.0
EU15	100.0	100.0	28.3
EU-11*	na	Na	10.9
EU-15*	Na	na	8.7

\* excluding intra-european trade. Source: Eurostat, Statistics on Focus, External Trade, 1996 n 13 and European Economy, 1998, Table 40.

**Table 3: Invoicing currency for world exports**

	1980	1987	1992
<b>Currency</b>	%	%	World, %
US dollar	56,1	47,9	47,6
Yen	2,1	4,0	4,8
US\$+JY	58,2	51,9	52,4
<b>Tot main Eu currencies:</b>	31,1	34,1	33,5
Of which: DM	13,6	16,1	15,3
FrFr	6,2	6,5	6,3
UK£	6,5	5,5	5,7
ItLit	2,2	3,2	3,4
Fl	2,6	2,8	2,8

Source: Hartman, 1996



**Table 4: Invoicing currency in main industrial countries (percentage values)**

Imports							
1980							
	Dollars	DM	Yen	UK £	FF	It lit	others
US	85.0	4.1	1.0	1.5	1.0	1.0	6.9
Germ.	33.1	42.8	1.5	3.1	3.3	2.4	13.2
Japan	93.1	1.4	2.4	0.9	0.9	0.2	1.9
UK	29.0	9.0	1.3	38.0	5.0	1.7	16.0
France	33.1	12.8	0.1	3.8	34.1	3.0	13.1
Italy	45.0	14.0	0.5	3.2	9.0	18.0	10.4
1992-96							
US	88.8	3.2	3.1	-	-	-	4.3
Germ.	18.1	53.3	1.5	1.9	4.4	-	20.8
Japan	70.4	2.8	22.5	-	-	-	4.2
UK	22.0	11.9	2.4	51.7	5.3	2.2	4.5
France	23.1	10.1	1.0	2.9	48.4	3.7	10.8
Italy	28.0	13.0	-	-	8.0	37.0	14.0
Exports							
1980							
US	97.0	1.0	-	1.0	1.0	-	-
Germ.	7.2	82.3	-	1.4	2.8	1.3	4.8
Japan	65.7	1.9	29.4	1.1	0.6	0.1	1.2
UK	17.0	3.0	0.1	76.0	2.0	0.5	2.4
France	13.2	9.4	-	3.2	62.5	-	11.7
Italy	30.0	14.0	-	-	8.0	36.0	12.0
1992-96							
US	98.0	0.4	0.4	0.3	-	-	9.0
Germ.	9.8	76.4	0.6	2.4	2.8	-	8.0
Japan	52.7	-	35.7	-	-	-	1.6
UK	22.0	5.0	0.7	62.0	3.5	1.7	5.1
France	18.6	10.6	1.0	4.2	51.7	3.1	10.8
Italy	23.0	18.0	-	-	7.0	40.0	3.0

Source: Tavlas, 1997.

**Table 5: Currency composition of Official Reserves**

% di:	1973	1983	1996
<b>Dollars, all countries</b>	76.1	71.5	58.9
• Dev. Countries	na	na	62.5
• Eastern Europe	na	na	51.0
<b>Yen, all countries</b>	0.1	4.9	6.9
• Dev. Countries	na	na	6.2
• Eastern Europe	na	na	0.0
<b>Main European Curr</b>	14.3	15.8	20.0
<b>(£, DM, FF, Fl), all countries</b>			
• Dev. Countries	na	na	13.6
• Eastern Europe	na	na	31.2
<b>DM only, all countries:</b>	7.1	11.7	13.6

Source: Funke and Kennedy, 1997, EC, 1997a and IMF, 1997.

**Table 6: Currency Composition of Developing Country Debt, in %, at end 1996**

	US dollar	yen	EU Curr.	Others*
Latin Am.	67.4	10.6	11.5	10.5
Asia	46.3	32.7	9.6	11.5
Eastern Europe	37.0	11.4	27.3	24.3
Total (+Africa)	50.2	18.1	15.8	15.9

\*Includes unidentified.

Source: World Bank and BIS, Table 11 in McCauley, the euro and the dollar, BIS, 1997.

**Table 7: Links between MED12 and EU15, 1995**

	% of Exports to EU	% of Imports from EU	% of Exports within MED12, 1994	% Tourism from EU15	Degree of openness	Population millions, 1996 mid year est.	Exchange rate regime
Algeria	62.5	66.8	3	Na	27,5	29.17	Managed float
Cyprus	29.2	48.6	19	65.7	48,1	.74^	Pegged to bask
Egypt	52.5	40.5	13	37.2	22,0	60.60	Managed Float
Israel	32.3	51.7	1	41.4	32,4	5.70	Managed Float
Jordan	8.3	39.6	10	19.6	71,7	5.44^	Pegged to bask
Lebanon	17.7	43.6	13*	26.8	8,8	3.01^	Flexible
Malta	57.1	68.5	0	87.2	93,3	.37	Pegged to bask
Morocco	61.4	54.1	5	44.1	26,9	27.62	Pegged to bask
Syria	58.1	30.1	20*	4.2	30,4	14.19^	Pegged to US\$
Tunisia	80.1	72.3	6	50.2	44,7	8.92^	Managed Float
Turkey	49.6	52.6	8	43.8	19,5	62.69	Managed Float
MED12	na	Na	6^^	Na	33.3	Na	Na
EU	na	na	na	na	28.3	na	na

Source: International Financial Statistics Yearbook, 1997; IMF, Direction of Trade Statistics, Yearbook 1997 and EE, 1997. \* Data for 1992 instead of 1995; ^ refers to 1995; ^^ total intra regional trade as percentage of total trade (equivalent to 3 billion ECU).

**Table 8: Shares of different products in exports of MED12, 1995**

	Agriculture, %	Minerals, %	Manufacturing, %
Algeria	1	94	5
Cyprus	22	1	77
Egypt	9	51	40
Israel	22	4	74
Jordan	8	20	66
Lebanon	16	5	91
Malta	1	5	91
Morocco	27	16	57
Syria	2	84	14
Tunisia	11	8	81
Turkey	17	4	74

Source: European Economy, 1997

**Table 9: Invoicing currency of trade in some MED12, 1996:**

	Imports invoiced in:				% Imports from EU15
	\$	Val EU15	Yen	others	
<b>Egypt</b>	79.7	17.1	2.2	1.0	40.5
<b>Israel</b>	70.4	25.3	2.5	1.8	51.6
<b>Morocco</b>	46.5	49.7	1.2	2.6	
<b>Tunisia</b>	36.5	56.8	0.7	6.0	72.2
<b>Turkey</b>	60.0	32.0	2.0	6.0	52.5
	Esports invoiced in:				% Esports to EU15
	\$	Val EU15	Yen	others	
<b>Egypt</b>	91.4	6.9	0.1	1.6	52.5
<b>Israel</b>	81.2	16.7	1.1	1.0	32.4
<b>Morocco</b>	41.4	52.0	0.5	1.5	61.4
<b>Tunisia</b>	38.0	50.6	0.9	10.5	80.1
<b>Turkey</b>	57.0	40.0	0.0	3.0	49.5

Source: IMF, DOTS and Central Banks.

**Table 10 : External Debt of main debtor countries**

	Total Debt Stock (EDT)%GDP		% long term debt over total debt	% of Tourism from EU	Remittances, Million US dollar
	1980	1996	1996	1995	1995
			93		
			Na		
			46		
			Na		
			65		
			30		
			23*		
			97		
			78		
			90		
			73		
Algeria	47.1	76.7		Na	350
Cyprus	na	Na		65.7	88
Egypt	89.2	46.3		37.2	3107
Israel	na	Na		41.4	2729
Jordan	48.4^^	114.3		19.6	1544
Lebanon	29.7**	30.1		26.8	350
Malta	8.8	29.2^		87.2	10
Morocco	50.7	61.1		44.1	2010
Syria	27.1	130.5		4.2	385
Tunisia	41.6	53.6		50.2	680
Turkey	27.4	43.4		43.8	3542

^ Data referred to 1993; \* Data referred to 1991; \*\* 1989, first available year; ^^1988 first available year.

Sources: Global Development Finance, 1998, country tables, World Development Report, 1997, IMF Balance of Payments Statistics yearbook, 1997 and European Economy, 1997.

**Table 11 : Currency Composition of Long term debt (%)**

	US dollars		DM		FF		Yen		UK pound	
	1980	1996	1980	1996	1980	1996	1980	1996	1980	1996
Algeria	41.5	38.8	9.9	7.0	10.9	16.9	13.4	12.4	2.2	1.0
Cyprus	na	na	na	na	na	Na	na	na	na	na
Egypt	73.0	35.6	4.8	11.1	5.6	19.7	4.0	12.2	1.2	1.5
Israel	na	na	na	na	na	Na	na	na	na	na
Jordan	59.6	28.6	10.6	6.9	2.0	9.1	1.1	23.5	6.4	7.5
Lebanon	53.7	65.0	0.7	2.7	6.0	6.2	0.0	0.0	0.0	0.1
Malta	10.8	30.1	23.2	7.0	3.4	0.0	0.0	14.3	6.6	1.5
Mor.	54.2	31.9	3.9	7.1	22.1	18.0	1.9	3.5	0.4	0.1
Syria	70.0	82.7	1.5	2.2	3.6	0.7	0.3	3.1	0.2	0.7
Tunisia	33.4	16.3	10.8	6.5	21.1	13.2	1.7	14.3	0.2	0.0
Turkey	43.5	41.3	17.0	16.8	5.6	1.6	4.0	22.0	3.8	1.0

Source: Global Development Finance, 1998, country tables.

The remaining share of debt is denominated in other currencies, such as Swiss Franc, Italian Lire etc or in multiple currencies.

**Table 12: Foreign Direct Investments (inflows)**

	Annual av 85-90, US million dollars	Annual av 91-96, US million dollars	1996, US million dollars	FDI as % gross fixed Capital formation, 1995	FDI as % GDP, 1995
Algeria	6	12	4	0.1	3.3
Cyprus	69	na	100	6.8	18.9
Egypt	1086	612	636	7.2	23.3
Israel	155	na	2016	7.4	23.3
Jordan	25	2	16	2.0	9.9
Lebanon	4	10	80	1.9	1.9
Malta	33	102	300	13.3	34.9
Mor.	83	414	311	4.1	9.2
Syria	62	105	89	0.6	2.0
Tunisia	80	382	320	6.1	22.8
Turkey	340	757	722	2.2	3.9

Sources: Global Development Finance, Vol. 2, 1998; Unctat, World Investment Report, 1997, Table B.5 and B.6 Annex



**Table 13: Foreign Direct investments in the four largest recipients in MED12, 1995**

% of FDI to: from:	Egypt	Morocco	Israel	Turkey
Austria	0,007	0,05	0,03	1,29
Belg-Lux	-0,96	-2,08	-2,68	1,4
Den.	0,18	0	3,06	0,16
France	40,76	-29,36	2,54	18,57
Germany	4,43	-0,38	9,64	15,29
Italy	8,04	0,99	1,43	3,86
Neth	Na	-1,68	5,19	21,81
Norway	-0,27	0,43	0	Na
Portugal	0	0	Na	Na
Spain	-7,31	27,71	0,05	Na
UK	3,45	0,9	16,87	6,28
USA	-8,28	6,45	63,08	9,01
Japan	2,41	Na	0,78	11,08
Switzerland	40,23	95,90	Na	10,53
Korea	17,24	1,08	Na	0,7

Source: OCSE: International Direct Investment Yearbook (1997), the sign minus means disinvestment

**Table 14: Estimates of Capital flight as %GNP**

	1990	1994
Algeria	3.4	Na
Morocco	-3.8	-2.0
Tunisia	-0.4	-3.8
Maghreb	1.0	-2.6
Egypt	-0.8	5.3
Jordan	-17.5	-6.8
Syria	6.6	Na
Mashreq	-0.1	4.7
Israel	Na	Na
MED12	-1.8	1.3

Source: European economy, 1997, Table 63. Positive number indicates capital outflows.

AIOC (Azerbaijan  
International  
Operating Company)  
BP, Statoil, Amoco,

Azeri Chirag  
Guneshli

\$ 8 miliardi

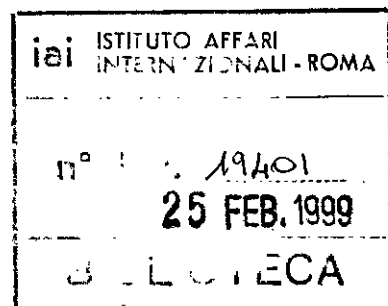
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25 FEB. 1999	
BIBLIOTECA	

**Council  
of  
Arab Economic Unity  
General Secretariat**



**Resolution Passed By  
The Council of Arab Economic Unity  
Establishing the Arab Common Market**

**La Résolution du  
Conseil de L'Unité Economique Arabe  
Créant le Marché Commun Arabe**



**Resolution No. 17**  
**Establishing The Arab Common Market**  
**Passed by**  
**The Council of Arab Economic Unity**  
**on 13.8.1964 and its Amendments.<sup>1</sup>**

For implementing the provisions of the Economic Unity Agreement among the States of the Arab League, and desirous to achieve social progress and economic prosperity for the contracting countries, and to establish economic unity on sound bases of coordinated and continuous economic development consistent with the natural and historical links among Arab Countries, and desirous to achieve economic integration of the contracting parties, and the efforts for the achievement of the best possible conditions for developing their resources, raising the standard of living, and improving the work conditions.

The Council of Arab Economic Unity decided to establish an Arab Common Market which aims at achieving the following bases:

- 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 practice of economic activity.
- 4- Freedom of transport, transit, use of means of transport, ports and civil airports.

In accordance with the following provisions:-

**CHAPTER ONE**  
**Definitions and Terminology**

**Article I**

For the purpose of this resolution, the following terms, wherever mentioned, shall mean the following:-

**1- Contracting parties**

These are the member states of the Council of Arab Economic Unity.

**2- Restrictions**

These are the administrative restrictions that are applied by any of the contracting countries to its imports and exports including import and export embargo, quotas, licenses, and all other similar trade restrictions.

**3- Custom duties and other duties**

Custom duties are those included in the custom tariff schedule; while other duties are all duties and taxes imposed on imported goods, whatever their nomenclature. The following shall not be considered as duties or taxes:-

- a- All duties or taxes or payments imposed in return for services.
- b- All duties or taxes imposed on products or their raw materials that are imported from contracting countries where similar domestic products or their raw materials are subjected to the same duties and taxes.

**4- Agricultural and animal products and natural resources**

These are agricultural and animal products and natural resources that originate from one of the

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(1) The CAEU Resolution No. 411/Paragraph 3 dated 2.2.1970 added a new Chapter to Resolution No. 17 under the heading "The Unified Customs Tariff". (See Annex No. 1)

contracting countries and that are imported in natural form.

#### **5- Industrial products**

These are the products that are manufactured in one of the contracting countries, where the domestic cost of production that is generated locally, constitutes not less than 40% of the total cost of production.

Imported materials that originate from any of the contracting countries are considered a part of the domestic cost of production when used as inputs in a local industry.

## **CHAPTER TWO**

### **General Principles**

#### **Article II**

The exchange of agricultural and animal products, natural resources and industrial products among contracting parties shall be freed in accordance with the principles and provisions of the following Articles.

#### **Article III**

Restrictions, duties and taxes on imports and exports that are presently in force in each of the contracting countries shall remain unchanged such that none of these countries impose new duties, taxes or restrictions, or increase the existing duties, taxes and restrictions on the exchange of agricultural or animal products or natural resources or industrial products among the contracting countries.

#### **Article IV**

The governments of the contracting parties shall apply among them the principle of the "most favoured nation" in relation to their trade transactions with non-member countries of the Economic Unity Agreement, provided that the provisions of this article shall not apply to agreements presently in force.

#### **Article V**

Governments of the contracting countries are not allowed to impose duties or excise taxes on agricultural and animal products, natural resources and industrial products that are exchanged among them, exceeding duties or excise taxes imposed on similar domestic products or their raw materials.

#### **Article VI**

No export duties shall be levied on agricultural and animal products, natural resources and industrial products that are exchanged among the contracting countries.

#### **Article VII**

1. Agricultural and animal products, natural resources and industrial products which have been exchanged among the contracting countries may not be re-exported to non-member countries of the market without the permission of the country of origin, unless the said items undergo industrialization processes giving them the status of locally manufactured goods in the importing country.
2. Agricultural and animal products, natural resources and locally produced industrial products that are exchanged among market countries, may not be re-exported to any other member of the market, if the exporting country has previously granted subsidies on these items, and if similar local production exists in the country to which the products are to be re-exported.

#### **Article VIII**

##### **Subsidization**

Contracting countries shall not grant any subsidy, whatsoever, on domestic products that are exported to other contracting parties, where similar production exists in the importing country.

#### **Article IX**

Concessions or monopolies that are in force in the contracting countries shall not be permitted to obstruct the application of Arab Common Market provisions.

### **CHAPTER THREE**

#### **Exchange of Agricultural and Animal Products, and Natural Resources**

#### **Article X**

The following provisions shall be applied until a technical committee, formed by the Council of Arab Economic Unity, prepares more detailed schedules particular for the Arab Common Market:-

- 1- Agricultural and animal products, and natural resources that are listed in Table A annexed to the Agreement "Facilitating Trade Exchange and Organizing Transit Trade among Arab League States and its first three amendments", and which originate from one of the contracting countries, shall be exempted from custom and other duties and taxes when exchanged among these countries.  
Agricultural and animal products and natural resources which are not included in the aforementioned Table, shall be subject to gradual reduction of 20% per annum of all duties and taxes starting the beginning of 1965.
- 2- Each of the contracting countries shall undertake to remove restrictions on these products in five annual stages, of 20% each year starting the beginning of 1965.

## CHAPTER FOUR

### Exchange of Industrial Products

#### Article XI<sup>2</sup>

The following provisions shall be applied until a technical committee, formed by the Council of Arab Economic Unity, shall prepare detailed tables particular to the Arab Common Market:-

- 1- Customs and all other duties on industrial products that originate from one of the contracting countries, shall be reduced by 10% per annum, starting from the beginning of 1965.

With regard to industrial products listed in Table B annexed to the Agreement "Facilitating Trade Exchange and Organizing Transit Trade and its first three amendments," and which presently enjoy a 25% reduction in custom duties, and also the industrial products listed in Table C which presently enjoy a 50% reduction in custom duties, these shall be subject to the following percentage reductions:

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(2) This article has been amended according to the CAEU Resolution No. 372, 12th Session of May 19, 1968 which calls for the reduction of the stages of the Arab Common Market (Annex 2) and amended article XI to the following:-

"The following text shall replace the text of Article XI of Resolution No. 17 Establishing the Arab Common Market".

#### Exchange of Industrial Products

#### Article XI

The following provisions shall be applied until a technical committee, formed by the Council of Arab Economic Unity, shall prepare detailed tables particular to the Arab Common Market:-

- 1- Customs and all other duties on industrial products that originated from one of the contracting countries shall be reduced by 10% per annum, starting the beginning of 1965 and shall be increased to 20% per annum starting the beginning of 1969.

Industrial products listed in Table B annexed to the Agreement "Facilitating Trade Exchange and Organizing Transit Trade and its first three amendments," and which presently enjoy 25% reduction in custom duties and also the industrial products in Table C which presently enjoy a 50% reduction in custom duties, shall be subject to the following percentage reductions:-

Date of Reduction	% reductions in custom and all other duties on industrial products listed in Table B	% reductions in custom and all other duties on products listed in Table C
1.1.1965	35%	60%
1.1.1966	45%	70%
1.1.1967	55%	80%
1.1.1968	65%	90%
1.1.1969	85%	100%
1.1.1970	100%	

- 2- The contracting parties shall undertake to exempt from all restrictions industrial products exchanged among them in yearly stages starting from the beginning of 1965 at a rate of 10% of these products and shall be increased to 20% starting from the beginning of 1969.



Date of Reduction	% reductions in custom and all other duties on industrial products listed in Table B	% reductions in custom and all other duties on products listed in Table C
1.1.1965	35%	60%
1.1.1966	45%	70%
1.1.1967	55%	80%
1.1.1968	65%	90%
1.1.1969	75%	100%
1.1.1970	85%	
1.1.1971	95%	
1.7.1971	100%	

- 2- The contracting parties shall undertake to exempt from all restrictions the industrial products that are exchanged among them in yearly stages starting the beginning of 1965 at a rate of 10% of these products.

## **CHAPTER FIVE**

### **Common Provisions**

#### **Article XII<sup>3</sup>**

Each of the contracting countries shall submit to the Council of Arab Economic Unity, two months prior to the commencement of every annual stage of the Arab Common Market the following:

- 1 A list of agricultural and animal products and natural resources which it shall actually liberate during the next stage and which represent 20% of these products.
- 2 A list of industrial products which it shall actually liberate during the next stage and which represent 10% of these products.

#### **Article XIII**

Each contracting party shall submit to the Council of Economic Unity, not later than the first of November, 1964, the following lists:-

1. A complete list of all restrictions imposed on imports or exports of:
  - Agricultural and animal products and natural resources.
  - Industrial products.
2. A complete list of custom duties and other taxes and duties imposed on imports and exports.
3. A complete list of all excise taxes and duties levied on industrial, agricultural and animal products.
4. A complete list of all duties charged for services.

A complete list of all domestic products that are subsidized in any form, and the amount of subsidy. The Council of Economic Unity shall be informed of all changes that will be made on this list.

(3) Paragraph 2 of this article has been amended according to the last paragraph of the CAEU Resolution No. 372 of May 19, 1968 (Annex 2) which states in relation to Article XII the following:

“Also the following text shall replace the text of paragraph 2 of Article XII of Resolution No. 17 Establishing the Arab Common Market.

2. A list of industrial products which it shall actually liberate during the next stage and which represent 10% of these products and 20% of these products starting the beginning of 1969”. (Annex 2).

#### **Article XIV**

Each contracting party is entitled to apply to the Council of Economic Unity for the exclusion of certain products from the duty and tax exemptions or the reductions in duties and taxes that are applied to them and their exclusion from removal of restrictions for serious and justifiable reasons. The Council of Economic Unity shall have the power to approve such exclusion and to limit its duration to a specific period of time not to exceed the period of exemption stages.

#### **Article XV<sup>4</sup>**

##### **Certificate of Origin**

All goods which enjoy exemption or customs preference must be accompanied by a Certificate of Origin issued by a competent governmental authority.

The Certificate of Origin for industrial products shall be drawn up as follows:

"I certify that the goods hereinmentioned are of .....origin and that the domestic cost of production thereof, including materials originated from one of the contracting countries of the Arab Common Market, constitutes at least 40% of the total cost of production".

Custom authorities in each of the contracting countries shall have the power to take all the necessary measures to ensure the conformity of the products with the Certificate of Origin.

### **CHAPTER SIX** **Settlement of Current Transactions** **Among Contracting States**

#### **Article XVI**

Until the contracting parties establish an Arab Payment Union and an Arab Monetary Fund to achieve mutual convertibility of their currencies, the following provisions shall be applied:

1. Payments for goods and services exchanged among the contracting countries shall be settled in compliance with the bilateral payment agreements that are presently in force among them.
2. Where no bilateral payment agreement exists between any two of the contracting parties, settlement of current transactions shall be made in U.S. dollars, sterling pound, or in any other convertible currency that is acceptable by both parties concerned. Under such circumstances, each of the countries undertakes to permit the transfer, without delay, of all amounts due to the exporting country.

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(4) This Article has been amended according to paragraph 1 of the Council of Arab Economic Unity Resolution No. 319 of May 19, 1968, and paragraph 4-2 of the Council's Resolution No. 780 of June 7, 1978, whose text is the following:- (Annexes 3 and 4)

Paragraph 1, Resolution No. 319 of May 19, 1968:-

The following statement shall replace the statement written in the previous Certificate of Origin "and that the percentage of domestic raw materials and labour constitutes at least 40% of the total cost of production".

Paragraph 4-2, Resolution No. 780 of June 7, 1978:-

"Adoption of the new form of the Certificate of Origin (attached) to be used by the member states of the Council of Arab Economic Unity and to replace the form presently in use".

The new form for the Certificate of Origin is shown in Annex 5.

## **CHAPTER SEVEN**

### **Executive Provisions**

#### **Article XVII**

In fulfilment of the provisions of article XII of the Economic Unity Agreement among Arab League countries, the contracting parties shall implement the provisions of this resolution in accordance with the constitutional principles in their respective countries.

Issued in Cairo, Thursday, the fifth day of Rabi'i Al-Thani, the year 1384 of Hijra, which coincides with the thirteenth day of August, the year 1964 A.C., in the Second Ordinary Session of the Council of Arab Economic Unity.

### **NEW CHAPTER<sup>1</sup>**

#### **The Unified Customs Tariff**

- 1- Customs legislation and regulations shall be unified during a five-years period starting the beginning of 1965.
- 2- Customs and other duties imposed by the contracting states on imports from other states shall be unified during a five-years period starting the beginning of 1970, in successive stages and according to the steps drawn by the Council of Arab Economic Unity in this respect.
- 3- The implementation of tariff unification shall start on January 1, 1972.

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(1) This new chapter has been added by the Council's Resolution No. 411 of February 2, 1970, the text of which is the following:-

"Adding a new chapter to the Resolution of the Arab Common Market to which the provisions of Council's Resolution No. 19 shall be transferred. The new chapter shall be titled (The Unified Customs Tariff), and shall state that the implementation of tariff unification shall begin on January 1, 1972".

The text of Resolution No. 19 of August 13, 1964 is the following:-

"The Council has decided to refer the following two subjects to the Customs Committee to study them:-

- 1- Unification of custom legislation and regulations during a five-years period starting the beginning of 1965.
- 2- Unification of custom and other duties imposed by the contracting states on imports from other states during a five-years period starting the beginning of 1970, in successive stages according to the steps drawn by the Council of Arab Economic Unity in this respect".

**Resolutions passed by the Council of Arab Economic Unity**

**for the amendment of the provisions of**

**The Arab Common Market Resolution No. 17, 1964.**

## **ANNEX (1)**

### **The Unified Customs Tariff**

Resolution No. 411, paragraph 3, dated February 2, 1970.

#### **The Text**

"Adding a new chapter to the Resolution of the Arab Common Market to which the provisions of the Council's Resolution No. 19 shall be transferred. The new chapter shall be titled (The Unified Customs Tariff) and shall state that the implementation of tariff unification shall begin on January 1, 1972."

## **ANNEX (2)**

### **Reducing the Stages of the Arab Common Market**

Resolution No. 372 dated May 19, 1968.

#### **The Text**

"The Council,

Upon reviewing the proposal of the Republic of Iraq concerning the reduction of the stages of the Arab Common Market, the opinions of member states in this respect and the memorandum of the General Secretariat on this subject, and since it has become clear to the Council that according to the programme drawn in compliance with Articles X and XI of Resolution No. 17 concerning the stages of reducing customs duties and other duties, and also administrative restrictions on agricultural, and industrial goods produced in member countries and exchanged among them, it has become apparent that:-

- a- The agricultural and animal products, and natural resources listed in Table A annexed to the Agreement on "Facilitating Trade Exchange and Organizing Transit Trade and its amendments" have already reached the stage of complete exemption. Products that are not listed in the aforementioned table shall reach complete exemption according to the drawn programme on January 1, 1969.
- b- The industrial goods listed in Table B annexed to the Agreement "Facilitating Trade Exchange and Organizing Transit Trade and its amendments" have reached the stage of 65% exemption and shall reach the stage of complete exemption according to the drawn programme on July 1, 1971.

The industrial goods listed in Table C have reached the stage of 90% exemption and shall reach the stage of complete exemption according to the drawn programme on January 1, 1969.

Other industrial goods not listed in the two aforementioned tables have reached the stage of 40% exemption and shall reach complete exemption on January 1, 1974 according to the drawn programme.

And, believing in the advancement of the Arab Common Market and the liberation of trade exchange among member countries at the highest possible speed, the Council decides:

One:- To reduce the stages of trade liberation of industrial products whose origin is the member states and to increase the percentage of this liberation as follows:-

- 1- On industrial products listed in Table B, the percentage of custom exemption to administrative restrictions shall be increased from 10% to 20% on January 1, 1969 and to 15% on January 1, 1970 instead of January 1, 1971.
- 2- On other industrial products, the percentage of customs exemption to administrative restrictions shall be increased from 10% to 20% annually starting January 1, 1969 so that complete exemption is attained on January 1, 1971 instead of January 1, 1974.

- Two:- On agricultural and animal products, and natural resources not listed in Table A annexed to the Agreement on "Facilitating Trade Exchange and Organizing Transit Trade", and also on industrial products listed in Table C, the percentage of exemption shall be left unchanged, since according to the present programme, they shall reach the limit of complete exemption on January 1, 1969.
- Three: Article XI of Resolution No. 17 shall be amended in the aforementioned manner (the amendment of articles XI and XII is annexed).
- Four: The implementation of reducing the stages of trade liberation shall be carried out provided the Member States remove all restrictions that obstruct trade in the paragraphs referred to. States that have a monetary budget system undertake to allocate sufficient monetary quotas for importation from other countries.

### **Amendment of Articles XI and XII of Resolution No. 17**

The following text shall replace the text of article XI of Resolution No. 17 establishing the Arab Common Market.

#### **Exchange of Industrial Products**

##### **Article XI**

Until Tables especially made for the Arab Common Market are prepared by a technical committee to be formed by the Council of Arab Economic Unity, the following provisions shall be applied:-

- 1- Customs and all other duties on industrial products whose origin is from one of the contracting countries, shall be reduced by 10% per annum, starting the beginning of 1965, and shall be increased to 20% per annum starting the beginning of 1969.

Industrial products listed in Table B annexed to the Agreement "Facilitating Trade Exchange and Organizing Transit Trade and its first three amendments", and which presently enjoy 25% reduction in custom duties, and also the industrial products listed in Table C which presently enjoy 50% reduction in custom duties, shall be subject to the following percentage reductions:-

<b>Date of Reduction</b>	<b>reductions in custom and all other duties on industrial products listed in Table B (%)</b>	<b>reductions in custom and all other duties on products listed in Table C (%)</b>
1.1.1965	35%	60%
1.1.1966	45%	70%
1.1.1967	55%	80%
1.1.1968	65%	90%
1.1.1969	85%	100%
1.1.1970	100%	

- 2- The contracting parties shall undertake to exempt from all restrictions the industrial products exchanged among them in yearly stages starting the beginning of 1965 at a rate of 10% of these products to be increased to 20% starting the beginning of 1969.

Also, the following text shall replace the text of paragraph, 2 of article XII of Resolution No. 17 establishing the Arab Common Market.

- 3- A list of industrial products which they shall actually liberate during the next stage which represent 10% of these products, and represent 20% of these products starting the beginning of 1969

### **ANNEX (3)**

#### **The Certificate of Origin**

Resolution No. 319 paragraph 1, dated May 19, 1968.

#### **The Text**

“The following statement shall replace the statement that was written in the previous Certificate of Origin (and that the percentage of domestic raw materials and labour constitutes at least 40% of the total cost of production)”.

### **ANNEX (4)**

Resolution No. 780 paragraph (4-2) dated June 7, 1978

#### **The Text**

“Adoption of the new form of the Certificate of Origin (attached) to be used by the member states of the Council of Arab Economic Unity and to replace the form presently in use”.

A certificate of origin that conforms to the new form is shown in Annex (5).

**ANNEX (5)**  
**Certificate of Origin**

Number .....(2) State: ..... Certificate of Origin issued by .....		Name and address of importer (3) ..... Country of destination ..... .....		
Name, address, and country of exporter ..... (1)		Type of vehicle ..... (4) Bill of Lading number ..... Date of shipping .....		
Marks and Numbers	Number and Type of Parcels	Type of goods	Weight	
			Gross	Net
(5)			(6)	
(7)..... testifies that the goods whose details are given above are of..... origin, and that the percentage of domestic raw materials and labour constitutes..... of the total cost of production.  Written on..... Year..... (8)				
Signature and stamp of authority issuing the certificate		Authentication of the competent governmental authority		



**La Résolution du  
Conseil de L'Unité Economique Arabe  
créant le  
Marché Commun Arabe**

## **La Résolution N°17 du 13/8/1964 et ses amendements du Conseil de l'Unité Economique Arabe créant le Marché Commun Arabe<sup>1</sup>**

En exécution des clauses de la convention de l'Unité Economique Arabe entre les Etats de la Ligue Arabe,

Le Conseil,

Désireux de favoriser le développement social, de promouvoir l'essor économique des parties contractantes, d'asseoir l'unité économique sur des assises saines de développement économique harmonieux et continu, compatible avec les liens naturels et historiques existants entre elles.

Désireux de réaliser l'intégration économique, les parties contractantes décident d'unir leurs efforts en vue de créer les meilleures conditions susceptibles de développer leurs richesses, d'accroître le niveau de vie et d'améliorer les conditions de travail. Le Conseil de l'Unité Economique Arabe décide de créer un Marché Commun Arabe, ayant pour but la réalisation des principes suivants:

- 1) Liberté de circulation des personnes et des capitaux.
- 2) Liberté d'échange des marchandises et des produits nationaux et étrangers.
- 3) Liberté de séjour, de travail, d'emploi et d'activité économique.
- 4) Liberté de transport, de transit et liberté d'utiliser des moyens de transport, des ports et d'aéroports civils.

Ceci conformément aux dispositions suivantes:

### **CHAPITRE I** **Définitions et Terminologies**

#### **Article I**

Par la terminologie suivante où qu'elle soit employée, on entend:

- 1) **Les Parties Contractantes:** Les Etats membres du Conseil de l'Unité Economique Arabe.
- 2) **Les Restrictions:** Ce sont les restrictions administratives appliquées par l'un des Etats des parties contractantes pour ce qui est de ses importations et exportations y compris la défense d'importer et d'exporter ou l'obligation de subordonner cette double opération à des contingents déterminés ou à des licences ainsi que d'autres mesures imposées aux échanges commerciaux.
- 3) **Droits de douane et autres droits:** Les droits de douane sont ceux qui figurent dans la nomenclature du tarif douanier. Quant aux autres droits ce sont les impôts et taxes qui frappent les marchandises importées quelle que soit la diversité de leur appellation.

Ne sont pas considérés comme des droits ou taxes:

- a) Les taxes, impôts, ou salaires retribuant des services.
- b) Les taxes et impôts qui frappent les produits ou leurs matières premières importées des Etats des parties contractantes lorsque leurs produits locaux ou leurs matières premières sont assujettis aux mêmes droits et taxes.
- 4) **Les produits agricoles et animaux ainsi que les richesses naturelles:** On entend par produits agricoles, animaux et par les richesses naturelles, ceux qui sont originaires d'un des états des parties contractantes, et qui sont importés dans leur état naturel.
- 5) **Les produits industriels:** Ce sont les articles fabriqués dans l'un des Etats des parties contractantes à un prix de revient local de 40% inférieur au prix de revient global.

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(1) La Résolution N°411 paragraphe 3 du 2/2/1970 du Conseil de l'Unité Economique Arabe, stipule l'addition d'un nouveau chapitre à la Résolution N°17 portant le titre "Tarif Douanier Unifié" (le nouveau chapitre se trouve en annexe n°1)

Font partie du prix de revient local: les matières importées, originaires d'une des parties contractantes et utilisées dans une industrie locale.

## **CHAPITRE II**

### **Principes Généraux**

#### **Article 2**

La Libération des échanges des produits agricoles et animaux, ainsi que les richesses naturelles et les produits industriels entre les parties contractantes conformément aux principes et aux règles prévus dans les articles suivants.

#### **Article 3**

Les restrictions actuellement en vigueur dans chacune des parties contractantes ainsi que les divers taxes et impôts à l'importation et à l'exportation seront fixés définitivement de façon qu'aucune des parties ne puisse établir une nouvelle taxe, un nouvel impôt ou une nouvelle restriction, ni majorer les taxes et les impôts existants ou augmenter les restrictions prévus sur l'échange des produits agricoles et animaux ainsi que les richesses naturelles ou les produits industriels, échangés entre les Etats contractants.

#### **Article 4**

Les Gouvernements des parties contractantes appliqueront entre eux la clause de la nation la plus favorisée dans leurs échanges commerciaux avec les Etats non membres de la Convention de l'Unité Economique; ou le contenu de cet article ne s'applique pas aux accords en vigueur.

#### **Article 5**

Les Gouvernements des Parties contractantes ne peuvent imposer des droits ou taxes intérieurs sur les produits agricoles, animaux, les richesses naturelles et sur les produits industriels échangés entre eux, qui soient supérieurs à ceux qui sont imposés aux produits locaux équivalent ou à leurs matières premières.

#### **Article 6**

Les produits agricoles et animaux ainsi que les richesses naturelles et les produits industriels échangés entre les parties contractantes ne sont assujettis à aucun droit de douane à l'exportation.

#### **Article 7**

1) Les produits agricoles et animaux ainsi que les richesses naturelles et les produits industriels échangés entre les parties contractantes ne peuvent être réexportés en dehors du marché qu'après autorisation de l'état exportateur à moins qu'ils n'aient subi dans l'état importateur des opérations de transformation industriels leur conférant la qualité de produits industriels locaux dans l'état importateur.

2) Les produits agricoles et animaux ainsi que les richesses naturelles et les produits industriels nationaux échangés entre les Etats du Marché si l'Etat exporteur leur a précédemment accordé une prime alors qu'il existe une production intérieure équivalente dans le pays auquel les produits sont réexportés.

## **Article 8**

Les primes de soutien:

Aucun Etat des Parties Contractantes peut accorder une prime de soutien quelle qu'en soit la nature, à ses exportations de produits nationaux aux autres parties contractantes si les pays importateurs disposent d'une production similaire au produit en faveur duquel la prime est accordée.

## **Article 9**

Les privilèges et monopoles en vigueur dans les Etats des parties contractantes ne peuvent faire obstacle à l'application des dispositions du Marché Commun Arabe.

# **CHAPITRE III**

## **Echange des produits agricoles et animaux et les richesses naturelles**

## **Article 10**

Jusqu' à ce que les tableaux plus détaillés soient établies pour le Marché Commun Arabe par une commission technique formée par le Conseil de l'Unité Economique Arabe, les dispositions suivantes seront appliquées:

1) Les produits agricoles et animaux ainsi que les ressources naturelles figurant au tableau "A" (en annexe de la Convention pour faciliter les échanges commerciaux et organiser le commerce de transit entre les Etats de la Ligue Arabe ainsi que ses trois premiers amendements) originaires d'un des Etats des parties contractantes seront exemptés des droits de douane et autres lors de leurs échanges entre les parties contractantes.

Quant aux produits agricoles et animaux et les ressources naturelles ne figurant pas au tableau mentionné ci-dessus, feront l'objet d'une réduction graduelle des tous les droits et taxes de l'ordre de 20% par an, à partir du premier Janvier 1965.

2) Chacun des Etats des parties contractantes s'emploiera à libérer ses produits des restrictions auxquelles ils sont assujettis, en cinq étapes annuelles à partir du 1er Janvier 1965, à un taux de 20%.

## CHAPITRE IV

### Echange des Produits Industriels<sup>2</sup>

#### Article 11<sup>2</sup>

Jusqu'à ce que des nomenclatures plus détaillées pour le Marché Commun Arabe soient établies par une commission formée par le Conseil de l'Unité Economique Arabe, les dispositions suivantes seront appliquées:

1) Les droits de douane et tous les autres droits sur les produits industriels originaires d'un des Etats des parties contractantes seront réduits à raison de 10% par an, à partir du 1er Janvier 1965.

Quant aux produits industriels figurant au tableau "B" en annexe de la Convention pour faciliter les échanges commerciaux et l'organisation du Commerce de transit et ses trois premiers amendements et jouissant à l'heure actuelle d'un abattement de 25% sur les droits de douane ainsi que les produits industriels figurant au tableau "C" et jouissant à l'heure actuelle, d'une réduction de 50% sur les droits de douane, les taux de réduction leur seront appliqués conformément au tableau suivant:

- 
- (2) Cet article a été modifié par la Résolution du Conseil de l'Unité Economique Arabe N372/C12 du 19/5/1968 stipulant la réduction des étapes du Marché Commun Arabe (annexe N2). Le texte de la Résolution concernant l'article 11 est le suivant: "Le texte qui suit remplacera le texte de l'article 11 de la Résolution N17 instituant le Marché Commun Arabe.

#### Echange des produits industriels

#### Article 11

Jusqu'à ce que des nomenclatures plus détaillées et spécifiques au Marché Commun soient établies par une commission technique formée par le Conseil de l'Unité Economique Arabe, les dispositions suivantes seront appliquées:

1- Les droits de douane et tous les autres droits sur les produits industriels originaires d'un des Etats des Parties Contractants seront réduits à raison de 10% par an, à partir du 1er Janvier 1965, et à raison de 20% à partir du 1er Janvier 1969.

Quant aux produits industriels figurant au tableau "B" en annexe de la Convention pour faciliter les échanges commerciaux et l'organisation du commerce de transit et ses trois premiers amendements et jouissant à l'heure actuelle d'un abattement de 25% sur les droits de douane ainsi que les produits industriels figurant au tableau "C" et jouissant à l'heure actuelle d'une réduction de 50% sur les droits de douane, les taux de réduction leur seront appliqués conformément au tableau suivant:

Date de la réduction	Pourcentage de réduction pour les droits de douane et autres sur les produits industriels figurant au tableau "B"	Pourcentage de réduction pour les droits de douane et autres sur les produits figurant au tableau "C"
1/1/1965	35%	60%
1/1/1966	45%	70%
1/1/1967	55%	80%
1/1/1968	65%	90%
1/1/1969	85%	100%
1/1/1970	100%	

- 2- Les Etats Contractants exempteront, par étapes annuelles, les produits industriels échangés, mentionnés ci-dessus des restrictions auxquelles ils sont assujettis à raison de 10% à partir du 1er Janvier 1965, et à raison de 20% à partir du 1er Janvier 1969.

Date de la réduction	Pourcentage de réduction pour les droits de douane et autres sur les produits industriels figurant au tableau "B"	Pourcentage de réduction pour les droits de douane et autres sur les produits figurant au tableau "C"
1/1/1965	35%	60%
1/1/1966	45%	70%
1/1/1967	55%	80%
1/1/1968	65%	90%
1/1/1969	85%	100%
1/1/1970	100%	

- 2) Les Etats Contractants exempteront par étapes annuelles les produits industriels échangés, mentionnés ci-dessus, des restrictions auxquelles ils sont assujettis, à raison de 10%, à partir du 1er Janvier 1965.

## CHAPITRE V

### Dispositions Communes

#### Article 12<sup>3</sup>

Deux mois avant le début de chaque étape annuelle du Marché Commun Arabe, tout Etat contractant devra déposer au Conseil de l'Unité Economique ce qui suit:-

- 1) Une liste des produits agricoles et animaux ainsi que des richesses naturelles qu'il libérera effectivement des restrictions au cours de l'étape suivante lesquels représenteront 20%.
- 2) Une liste des produits industriels qu'il libérera effectivement des restrictions au cours de l'étape suivante lesquels représentent 10%.

#### Article 13

Dans un délai ne dépassant pas le 1er Novembre 1964, chacun des Etats Contractants déposera au Conseil de l'Unité Economique, les listes suivantes:

- 1) Une liste récapitulative des restrictions appliquées à l'importation ou à l'exportation des:
  - Produits agricoles et animaux ainsi qu'aux richesses naturelles.
  - Produits industriels
- 2) Une liste récapitulative des droits de douane et autres impositions appliquées à l'importation ou a l'exportation.
- 3) Une liste récapitulative des droits internes appliqués à ses produits industriels, agricoles et animaux.

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(3) Le deuxième paragraphe de cet article a été modifié d'après le dernier paragraphe de la Résolution du Conseil de l'Unité Economique Arabe N°372 du 19/5/1968 (Annexe N°2).

Le texte de la Résolution concernant l'article 12 est le suivant: "Ainsi le texte qui suit remplacera le deuxième paragraphe de l'article 12 de la Résolution N°17, instituant le Marché Commun Arabe:

- 4) Une liste récapitulative des droits qu'il perçoit pour services rendus.
- 5) Une liste récapitulative des produits nationaux qui jouissent de primes d'encouragement quelle qu'en soit la nature et la valeur. Le Conseil de l'Unité Economique sera mis au courant de toute modification apportée à cette liste.

#### Article 14

Chacun des Etats contractants a le droit de présenter au Conseil de l'Unité Economique une demande visant à soustraire certains produits de l'exemption ou de la réduction des droits et des taxes et de la libération des restrictions pour des motifs sérieux justifiant la-dite exception. Il appartient au Conseil de l'Unité Economique d'approuver celle-ci et d'en fixer l'effet par un délai défini ne dépassant pas la période d'échelonnement.

#### Article 15<sup>1</sup>

##### Certificat d'origine:

Toute marchandise jouissant d'une franchise ou du régime douanier préférentiel doit être accompagnée d'un certificat d'origine émanant d'une autorité gouvernementale compétente.

Pour ce qui est des produits industriels, le certificat d'origine devra être rédigé de la façon suivante:

Je certifie que les articles mentionnés sont originaires de..... et que le prix de revient local y compris le prix des matières arabes originaires d'un des Etats membre du Marché Commun Arabe, totalise 40% au moins du prix de revient global.

Les autorités douanières dans chacun des Etats contractants peuvent prendre les mesures permettant de s'assurer que la marchandise est conforme au contenu du certificat d'origine.

### CHAPITRE VI

#### Régularisation de la Valeur des Echanges Commerciaux Entre les Etats Contractants

#### Article 16

Jusqu'à qu'une Union Arabe des Paiements et qu'un Fonds Monétaire Arabe pour les parties contractantes soient créés de façon que leurs monnaies soient convertibles entre elles, les dispositions suivantes seront appliquées:

1) La régularisation des paiements concernant la valeur des marchandises et des services échangés sera fait entre les parties contractantes, conformément aux accords bilatéraux de paiement en vigueur entre elles.

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(4) Cet article a été modifié par le paragraphe I de la Résolution du Conseil de l'Unité Economique Arabe N°319 du 19/5/1968 et par le paragraphe 4 alinéa 2 de la Résolution du Conseil N°780 du 7/6/1978 (annexe N°3 et 4).

La Résolution N°319/paragraphe I du 19/5/1968: "La phrase suivante remplacera celle existante dans le certificat d'origine: la part des matières premières et de la main-d'oeuvre locale représente au moins 40% du coût total de production."

La Résolution N°780 - paragraphe 4 alinéa 2 du 7/6/1978: "L'adoption du nouveau formulaire pour le certificat d'origine (en annexe) qui remplacera le formulaire en usage et qui sera utilisé dans le cadre des Etats du conseil de l'Unité Economique Arabe.

Le nouveau formulaire du certificat d'origine se trouve en annexe N°5.

2) En l'absence d'un accord de paiement bilatéral entre deux des Etats contractants, la régularisation des paiements figurant à l'alinéa 1 ci-dessus se fera en dollars américains, en livre sterling ou en toute autre monnaie convertible dûment agréée par les deux parties concernées.

Dans ce cas, chacun des deux Etats s'engagera à permettre le transfert de toutes les sommes dues au pays exportateur sans le moindre retard.

## **CHAPITRE VII**

### **Dispositions Executives**

#### **Article 17**

En exécution de l'article 12 de la Convention de l'Unité Economique entre les Etats de la Ligue Arabe et les parties contractantes appliqueront les dispositions figurant dans la présente Résolution, conformément aux règles constitutionnelles en vigueur dans chacune d'elles.

Fait au Caire, le Jeudi 5 Rabi El-Thani 1384 (13 Août 1964) pendant la deuxième session du Conseil de l'Unité Economique Arabe.

## **NOUVEAU CHAPITRE <sup>1</sup>**

### **Le Tarif Douanier Unifié**

1) L'unification des législations et des systèmes douaniers dans 5 ans à partir du 1er Janvier 1965.

2) Unification des droits douaniers et autres droits pour les Etats membres contractants. (Tarif Extérieur Commun) vis à vis des autres Etats, et ceci par étapes successives dans 5 ans, à partir du 1er Janvier 1970, l'unification se fera selon les procédures que fixera le Conseil de l'Unité Economique Arabe.

3) Commencement de l'unification du tarif au 1er Janvier 1972.

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(1) Ce nouveau chapitre a été rajouté d'après la Résolution du Conseil N°411 du 1/2/1970 dont le texte est le suivant "Insérer un nouveau chapitre à la Résolution du Marché Commun Arabe, dans lequel figureront les dispositions citées dans la Résolution du Conseil N°19. Le titre de ce nouveau chapitre est (le tarif douanier unifié) il stipule que le commencement de l'exécution de l'unification du tarif doit avoir lieu le 1er Janvier 1972."

Quant à la Résolution N°19 du 13/8/1964 précitée, le texte est le suivant:

"Le Conseil décide de porter les deux sujets suivants à la Commission Douanière pour les étudier:-

1) Unification des législations et des systèmes douaniers dans 5 ans à partir du 1er Janvier 1965.

2) Unification des droits douaniers et autres droits pour les Etats membres contractants vis à vis des autres états et ceci par étapes successives dans 5 ans à partir du 1er Janvier 1970; l'unification se fera selon les procédures que fixera le Conseil de l'Unité Economique Arabe."



**Les Résolutions du Conseil de l'Unité Economique  
Arabe amendant les dispositions  
de la Résolution instituant  
le Marché Commun Arabe N°17 de 1964.**

## **Annexe N°1**

### **Le Tarif Douanier Unifié**

Le texte de la Résolution N°411/ paragraphe 3 du 2/2/1970;

“ Insérer un nouveau chapitre à la Résolution du Conseil N°19. Le titre de ce nouveau chapitre est (le Tarif Douanier Unifié), il est stipulé que le commencement de l'exécution de l'unification du tarif doit avoir lieu au 1/1/1972.”

## **Annexe N°2**

### **Réduction des Etapes du Marché Commun Arabe**

La Résolution 372 du 19/5/1968

“ Le Conseil,

Considérant la proposition de la République Irakienne concernant la réduction des étapes du Marché Commun Arabe, et les points de vue des Etats membres, et le mémorandum du Secrétariat Général sur ce sujet;

Vu le programme prévu selon les deux articles 10 and 11 de la Résolution 17, concernant les étapes de réduction des droits douaniers et autres droits, et les restrictions d'ordre administratif sur les articles et produits agricoles et industriels fabriqués et échangés dans les pays membres, il s'avère que:

a- Les produits agricoles et animaux et les richesses naturelles figurant au tableau “A” annexé à la Convention de faciliter les échanges commerciaux et l'organisation du commerce de transit et ses amendements, bénéficient de l'exonération complète, alors que les produits non mentionnés dans le tableau “A” en bénéficieront entièrement selon le programme au 1er Janvier 1969.

b- Les produits industriels figurant au tableau “B” en annexe à la Convention de faciliter les échanges commerciaux et l'organisation du commerce de transit et ses amendements bénéficient d'une exemption de l'ordre de 65% et en bénéficieront entièrement, selon le programme prévu au 1er Juillet 1971.

Les produits industriels figurant au tableau “C” bénéficieront d'une exemption de l'ordre de 90% et en bénéficieront entièrement, selon le programme dessiné au 1er Janvier 1969.

Les produits industriels, non mentionnés aux deux tableaux cités ci-dessus bénéficient d'une exemption de l'ordre de 40% et en bénéficieront entièrement au 1er Janvier 1974 selon le programme dessiné.

Croyant en faire avancer le Marché Commun Arabe et en libérer les échanges commerciaux le plus rapidement entre les pays membres.

Le Conseil décide:

**Premièrement:** Réduction des étapes de la libération des échanges commerciaux des produits industriels originaires d'un des Etats membres et l'augmentation du taux de cette libération comme indiqué ci-dessous:-

1) Le taux d'exonération douanière des restrictions administratives, pour les produits industriels figurant au tableau “B” passe de 10% à 20% au 1er Janvier 1963, et à 15% au 1er Janvier 1970, obtenant ainsi l'exonération complète au 1er Janvier 1970 au lieu de 1/1/1971.

2) Le taux d'exonération douanière des restrictions administratives pour les autres produits industriels, passe de 10% à 20% par an, à partir du 1er Janvier 1969 obtenant ainsi l'exonération complète au 1er Janvier 1971 au lieu de 1/1/1974.

**Deuxièmement:** En ce qui concerne les produits agricoles et animaux et les richesses naturelles non mentionnés au tableau “A” en annexe à la Convention pour faciliter les échanges commerciaux et

l'organisation du Commerce du transit, et les produits industriels figurant au tableau "C", le taux d'exonération est maintenu à son niveau actuel, du fait que le programme en cours mène à l'exonération complète au 1er Janvier 1969.

**Troisièmement:** Modifier l'article II de la Résolution 17 selon la forme ci-dessus (la modification de l'article 11 et 12 en annexe).

**Quatrièmement:** Pour réduire les étapes de la libération des échanges commerciaux, les états devront lever toutes les restrictions qui constituent un obstacle au commerce, mentionnés dans les articles ci-dessus. Les états qui suivent le système de budget de trésorerie doivent accorder des quotes parts suffisants pour l'importation des produits des autres pays.

#### **Modification de l'article II et 12 de la Résolution N°17**

Le texte suivant remplacera le texte de l'article II de la Résolution N°17.

#### **Echange des produits industriels**

##### **Article 11**

Jusqu'à ce que des tableaux plus détaillés et spécifiques au Marché Commun Arabe soient établies par une commission technique formée par le Conseil de l'Unité Economique Arabe, les dispositions suivantes seront appliquées:

1) Les droits de douane et tous les autres droits sur les produits industriels originaires d'un des Etats des parties contractantes seront réduits à raison de 10% par an, à partir du 1er Janvier 1965, et à raison de 20% à partir du 1er Janvier 1969.

Quant aux produits industriels figurant au tableau "B" en annexe de la Convention pour faciliter les échanges commerciaux et l'organisation du commerce de transit, et ses trois premiers amendements jouissant à l'heure actuelle d'un abattement de 25% sur les droits de douane ainsi que les produits industriels figurant au tableau "C" jouissant à l'heure actuelle d'une réduction de 50% sur les droits de douane, les taux de réduction leur seront appliqués conformément au tableau suivant:

Date de la reduction	Pourcentage de la réduction des droits de douane, ainsi que les autres taxes sur les produits industriels, figurant au tableau "B".	Pourcentage de la réduction des droits de douane, et autres taxes sur les produits figurant au tableau "C"
1/1/1965	35%	60%
1/1/1966	45%	70%
1/1/1967	55%	80%
1/1/1968	65%	90%
1/1/1969	85%	100%
1/1/1970	100%	

2) Les Etats contractants exempteront par étapes annuelle les produits industriels échangés mentionnés ci-dessus des restrictions auxquelles ils sont assujettis à raison de 10% à partir du 1er Janvier 1965, et à raison de 20% à partir du 1er Janvier 1969.

Ainsi le texte suivant remplacera le deuxième paragraphe de l'article 12 de la Résolution N°17 instituant le Marché Commun Arabe;

2- Une liste des produits industriels qu'il libérera effectivement des restrictions au cours de l'étape suivante lesquelles représentent 10% et 20% de ces produits à partir du 1er Janvier 1969.

### **Annexe N°3**

#### **Le Certificat d'Origine**

**La Résolution N°319 paragraphe 1 du 19/5/1968:**

**“La phrase suivante remplacera celle existante dans le certificat d'origine: (la part des matières premières et la main-d'oeuvre locale représente au moins 40% du coût total de production.)**

### **Annexe N°4**

#### **La Résolution N°780 paragraphe 4 alinéa 2 du 7/6/1978**

**“L'adoption du nouveau formulaire pour le certificat d'origine qui remplacera le formulaire en usage et qui sera utilisé dans le cadre des Etats du Conseil de l'Unité Economique Arabe”**

**(Le nouveau formulaire du certificat d'origine se trouve en annexe N°5.)**

Annexe N5

Le Certificat d'Origine

Numéro ..... (2) Nom de l'Etat ..... Organisme délivrant le Certificat d'Origine .....		Nom de l'importateur..... Adresse ..... (3) Pays importateur .....		
Nom de l' exportateur ..... Adresse .....(1) Pays exportateur.....		Moyen de transport ..... N°du connaissement .....(4) Date d'expédition .....		
Marques (Trade Mark)	Nombre et type de colis	Type de marchandise	Poids	
			Brut	Net
(5)			(6)	
(7).....certifie que les articles spécifiés dans la déclaration douanière mentionnés ci-dessus sont d'origine..... et que la part des matières premières et de la main-d'oeuvre représente..... du coût global de production.				
Fait le ..... année ..... (8)				
Signature et cachet de l'organisme délivrant le certificat		Legalisation des autorités gouvernementales compétentes		

المرفق رقم (٥)

شهادة منشأ

رقم ..... اسم الدولة الجهة التي اصدرت شهادة المنشأ		(٢) اسم المستورد وعنوانه البلد المصدر اليه	
(١) اسم المصدر وعنوانه وبلده		(٤) نوع وسيلة النقل رقم بوليصة الشحن تاريخ الشحن	
العلامات	عدد ونوع	الوزن	
الارقام	الطرد	نوع البضاعة	القائم
(٥)			(٦)
<p>(٧) تشهد ..... بان السلع الموضح بيانها اعلاه من منشأ ..... وان نسبة المواد الاولية واليد العاملة تؤلف ..... من كلفة الانتاج الكلية.</p> <p>تحريرا في ..... سنة (٨)</p> <p>توقيع وخاتم الجهة التي اصدرت الشهادة</p> <p>تصديق الجهة الحكومية المختصة</p>			









( ملحق )

القرارات الصادرة عن  
مجلس الوحدة الاقتصادية العربية  
بتعديل احكام قرار انشاء السوق العربية المشتركة  
رقم ١٧ لعام ١٩٦٤

## الفصل السابع احكام تنفيذية

### المادة السابعة عشرة :

تطبيقا لاحكام المادة الثانية عشرة من اتفاقية الوحدة الاقتصادية بين دول الجامعة العربية تقوم الاطراف المتعاقدة بتنفيذ الاحكام الواردة في هذا القرار وفقا للاصول الدستورية المرعية لدى كل منها

صدر في القاهرة في يوم الخميس ( الخامس من ربيع الثاني سنة ١٣٨٤ هـ ) الموافق (الثالث عشر من اغسطس "أب" سنة ١٩٦٤م) من دور الانعقاد العادي الثاني لمجلس الوحدة الاقتصادية العربية.

## فصل جديد (١) التعريف الجمركية الموحدة

- ١- توحيد التشريعات والانظمة الجمركية خلال خمس سنوات تبدأ من اول عام ١٩٦٥ .
- ٢- توحيد الرسوم الجمركية وغيرها من الرسوم للدول الاطراف المتعاقدة تجاه الدول الاخرى على مراحل تدريجية خلال خمس سنوات تبدأ من اول عام ١٩٧٠ ، ويجري التوحيد وفقا للخطوات التي يرسمها مجلس الوحدة الاقتصادية العربية في هذا الشأن .
- ٣- البدء بتنفيذ توحيد التعريف في ١/١/١٩٧٢ .

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(١) اضيف هذا الفصل الجديد بقرار المجلس رقم (٤١١) تاريخ ١٩٧٠/٢/٢ التالي نصه:  
"اضافة فصل جديد الى قرار السوق العربية المشتركة تنقل اليه الاحكام التي وردت في قرار المجلس رقم (١٩) ويكون عنوان هذا الفصل الجديد (التعريف الجمركية الموحدة) على ان ينص فيه على البدء بتنفيذ توحيد التعريف في ١/١/١٩٧٢".  
اما القرار رقم (١٩) تاريخ ١٩٦٤/٨/١٣ المذكور فنصه كما يلي:  
"قرر المجلس احالة الموضوعين التاليين الى اللجنة الجمركية لدراستهما:  
١ - توحيد التشريعات والانظمة الجمركية خلال خمس سنوات تبدأ من اول عام ١٩٦٥ .  
٢ - توحيد الرسوم الجمركية وغيرها من الرسوم للدول الاطراف المتعاقدة تجاه الدول الاخرى على مراحل تدريجية خلال خمس سنوات تبدأ من اول عام ١٩٧٠ ، ويجري التوحيد وفقا للخطوات التي يرسمها مجلس الوحدة الاقتصادية العربية في هذا الشأن".

- ٣ - قائمة حصرية بالرسوم الداخلية التي تطبقها على المنتجات الصناعية والزراعية والحيوانية لديها.
- ٤ - قائمة حصرية بالرسوم التي تستوفيها مقابل خدمات.
- ٥ - قائمة حصرية بالمنتجات الوطنية والتي تتمتع بدعم ايا كان نوعه، ومقدار هذا الدعم، وابلاغ مجلس الوحدة الاقتصادية عن كل تغيير يطرأ على هذه القائمة.

#### المادة الرابعة عشرة:

يحق لكل دولة من الدول الاطراف المتعاقدة التقدم الى مجلس الوحدة الاقتصادية بطلب استثناء بعض المنتجات من اعفاؤها او من التخفيض المطبق عليها في الرسوم والضرائب والتحرير من القيود لاسباب جدية مبررة. ومجلس الوحدة الاقتصادية ان يقر هذا الاستثناء وان يحدد مفعوله لفترة زمنية معينة لا تتجاوز مراحل التدرج.

#### المادة الخامسة عشرة (٤):

##### شهادة المنشأ:

يجب ان تصحب كل بضاعة تتمتع بالاعفاء او بالتفضيل الجمركي بشهادة منشأ صادرة من جهة حكومية مختصة.

وفيما يتعلق بالمنتجات الصناعية، تكون شهادة المنشأ طبقاً للنموذج الآتي:

"أشهد أن هذه السلع المدونة هنا هي من منشأ ..... وان كلفة الانتاج المحلية، بما في ذلك المواد العربية التي منشؤها احدى الدول الاطراف في السوق العربية المشتركة، ٤٠٪ على الاقل من كلفة الانتاج الكلية.

ولدوائر الجمارك في كل من الدول الاطراف المتعاقدة اتخاذ الاجراءات الكفيلة بالتحقق من مطابقة البضاعة لشهادة المنشأ".

#### الفصل السادس

#### تسوية قيم المعاملات الجارية بين الدول الاطراف المتعاقدة

#### المادة السادسة عشرة:

الى أن يتم انشاء اتحاد مدفوعات عربي وصندوق نقد عربي للاطراف المتعاقدة بحيث تصبح عملاتها قابلة للتحويل فيما بينها تطبيق الاحكام التالية:

١ - تتم تسوية المدفوعات المتعلقة بقيمة السلع والخدمات المتبادلة بين الاطراف المتعاقدة وفقاً لاتفاقات الدفع الثنائية المعمول بها بين كل من هذه الدول.

٢ - في حالة عدم وجود اتفاق دفع ثنائي بين دولتين من الاطراف المتعاقدة تتم تسوية المدفوعات المذكورة في الفقرة الأولى اعلاه بدولار الولايات المتحدة الامريكية او بالجنيه الاسترليني او بأية عملة قابلة للتحويل مقبولة لدى الطرفين وفي هذه الحالة تتعهد كل من الدولتين بالسماح بتحويل جميع المبالغ المستحقة للبلد المصدر دون ادنى تأخير.

(٤) عدلت هذه المادة وفقاً للفقرة (١) من قرار مجلس الوحدة الاقتصادية العربية رقم ٣١٩ تاريخ ١٩/٥/١٩٦٨. والفقرة رابعا/بند ٢ من قرار المجلس رقم ٧٨٠ تاريخ ١٩٧٨/٦/٧ التالي نصهما:

(مرفق رقم ٣ ومرفق رقم ٤)

القرار رقم ٣١٩ فقرة (١) تاريخ ١٩٦٨/٥/١٩:

"... تحل العبارة التالية محل العبارة التي كانت مدونة في شهادة المنشأ السابقة:

وان نسبة المواد الأولية واليد العاملة المحلية تؤلف اربعين في المائة على الاقل من كلفة الانتاج الكلية".

القرار رقم ٧٨٠ فقرة رابعا/بند ٢ تاريخ ١٩٧٨/٦/٧:

"اعتماد النموذج الجديد لشهادة المنشأ (المرفق) للعمل به في نطاق دول مجلس الوحدة الاقتصادية العربية واحلاله محل النموذج المعمول به حالياً.

شهادة المنشأ وفق النموذج الجديد مبينة في (المرفق رقم ٥).

[illegible][illegible]

— የገንዘብ ምንጭ ለማግኘት ማድረግ ይቻላል፡—

[illegible][illegible][illegible]

المدينة المنورة سنة ١٢٨٠ هـ الموافق ١٨٦٤ م

مساجد و مدارس

[illegible]

(ب)		(2)	
نسب التحقيق لكل من الرسوم الأخرى وكافة المخرقة والرسوم الاستيعابية على المخرقة في الحدود		نسب التحقيق لكل من الرسوم الأخرى وكافة المخرقة والرسوم الاستيعابية على المخرقة في الحدود	
١٩٦٥/١/١	٠١٪	١٩٦٥/١/١	٠١٪
١٩٦٦/١/١	٠٢٪	١٩٦٦/١/١	٠٢٪
١٩٦٧/١/١	٠٣٪	١٩٦٧/١/١	٠٣٪
١٩٦٨/١/١	٠٤٪	١٩٦٨/١/١	٠٤٪
١٩٦٩/١/١	٠٥٪	١٩٦٩/١/١	٠٥٪
١٩٧٠/١/١	٠٦٪	١٩٧٠/١/١	٠٦٪
١٩٧١/١/١	٠٧٪	١٩٧١/١/١	٠٧٪
١٩٧٢/١/١	٠٨٪	١٩٧٢/١/١	٠٨٪
١٩٧٣/١/١	٠٩٪	١٩٧٣/١/١	٠٩٪
١٩٧٤/١/١	١٠٪	١٩٧٤/١/١	١٠٪

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1/1/0.3%	0.3%	0.3%
1/1/0.4%	0.4%	0.4%
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1/1/0.6%	0.6%	0.6%
1/1/0.7%	0.7%	0.7%
1/1/0.8%	0.8%	0.8%
1/1/0.9%	0.9%	0.9%
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٤ - المنتجات الزراعية والحيوانية والثروات الطبيعية:  
يقصد بالمنتجات الزراعية والحيوانية والثروات الطبيعية تلك التي يكون منشؤها احدى الدول الاطراف المتعاقدة والمستوردة بحالتها الطبيعية.

٥ - المنتجات الصناعية:  
هي المنتجات المصنوعة في أية دولة من الدول الاطراف المتعاقدة والتي لا تقل كلفة الانتاج المحلية الداخلة في الصنع عن ٤٠٪ من كلفة الانتاج الكلية.  
وتعتبر جزءا من كلفة الانتاج المحلية المواد المستوردة التي منشؤها احد الاطراف المتعاقدة عندما تدخل في صناعة محلية.

### الفصل الثاني المبادئ العامة

المادة الثانية:  
تطلق حرية تبادل المنتجات الزراعية والحيوانية والثروات الطبيعية والمنتجات الصناعية بين الدول الاطراف المتعاقدة وذلك طبقا للاسس والاوزاع المنصوص عليها في المواد التالية.

المادة الثالثة:  
تثبت القيود المطبقة حاليا في كل من الدول الاطراف المتعاقدة وكذلك مختلف الرسوم والضرائب عند الاستيراد والتصدير بحيث لا يجوز لاية دولة منها فرض رسم او ضريبة او قيد جديد او زيادة الرسوم والضرائب والقيود المفروضة على تبادل المنتجات الزراعية او الحيوانية او الثروات الطبيعية او المنتجات الصناعية بين هذه الدول.

المادة الرابعة:  
تطبق حكومات الاطراف المتعاقدة بينها مبدأ الدولة الاكثر رعاية فيما يتعلق بمبادلاتها التجارية مع الدول غير الاعضاء في اتفاقية الوحدة الاقتصادية على ان لا يسري ما جاء في هذه المادة على الاتفاقيات القائمة.

المادة الخامسة:  
لا يجوز لحكومات الدول الاطراف المتعاقدة فرض رسوم او ضرائب داخلية على المنتجات الزراعية والحيوانية والثروات الطبيعية والمنتجات الصناعية المتبادلة فيما بينها تفوق الرسوم او الضرائب الداخلية المفروضة على المنتجات المحلية المماثلة او على موادها الاولية.

المادة السادسة:  
لا تخضع المنتجات الزراعية والحيوانية والثروات الطبيعية والمنتجات الصناعية المتبادلة بين الدول الاطراف المتعاقدة الى رسم تصدير جمركي.

المادة السابعة:  
١ - لا يجوز اعادة تصدير المنتجات الزراعية والحيوانية والثروات الطبيعية والمنتجات الصناعية المتبادلة بين الدول الاطراف المتعاقدة الى خارج السوق الا بعد الحصول على موافقة الدول المصدرة ما لم يكن قد اجريت عليها عمليات تحويل صناعية تكسبها صفة المنتجات الصناعية المحلية في الدول المستوردة.  
٢ - لا يجوز اعادة تصدير المنتجات الزراعية والحيوانية والثروات الطبيعية والمنتجات الصناعية الوطنية المتبادلة بين دول السوق الى أي دولة طرف فيه اذا كان سبق للدولة المصدرة ان منحت دعما لتلك المنتجات وكان هناك انتاج محلي مماثل في البلد المعاد التصدير اليه.



**قرار**  
**انشاء السوق العربية المشتركة الصادر عن مجلس**  
**الوحدة الاقتصادية العربية تحت رقم (١٧) تاريخ**  
**١٣/٨/١٩٦٤ وتعديلاته (١)**

تنفيذا لاحكام اتفاقية الوحدة الاقتصادية بين دول الجامعة العربية ورغبة من مجلس الوحدة الاقتصادية العربية في تحقيق التقدم الاجتماعي والازدهار الاقتصادي للدول الاطراف المتعاقدة وأرساء دعائم الوحدة الاقتصادية على اسس سليمة من التنمية الاقتصادية المتناسقة المستمرة تتفق والصلات الطبيعية والتاريخية القائمة بينها.

ورغبة منه في تحقيق التكامل الاقتصادي بين الاطراف المتعاقدة وتوحيد الجهود لتحقيق افضل الشروط لتنمية ثرواتها ورفع مستوى المعيشة وتحسين ظروف العمل.

قرر مجلس الوحدة الاقتصادية العربية انشاء السوق العربية المشتركة التي تهدف الى تحقيق الاسس التالية:

- ١ - حرية انتقال الاشخاص ورؤوس الأموال.
- ٢ - حرية تبادل البضائع والمنتجات الوطنية والاجنبية.
- ٣ - حرية الإقامة والعمل والاستخدام وممارسة النشاط الاقتصادي.
- ٤ - حرية النقل والترانزيت واستعمال وسائل النقل والموانئ والمطارات المدنية وذلك وفقا للاحكام التالية:

### الفصل الأول

#### تعاريف واصطلاحات

##### المادة الأولى:

يقصد بالتعاريف التالية اينما وردت ما يلي:

##### ١ - الاطراف المتعاقدة:

هي الدول الاعضاء في مجلس الوحدة الاقتصادية العربية.

##### ٢ - القيود:

هي القيود الادارية التي تطبقها اية دولة من الدول الاطراف المتعاقدة على مستورداتها وصادراتها بما في ذلك منع الاستيراد والتصدير او تقييدهما بحصص معينة وفرض الاجازات وما الى ذلك من القيود على المبادلات التجارية.

##### ٣ - الرسوم الجمركية والرسوم الاخرى:

الرسوم الجمركية هي تلك التي يتضمنها جدول التعريفات الجمركية اما الرسوم الاخرى فهي كافة الرسوم والضرائب التي تفرض على البضائع المستوردة مهما تعددت تسميتها. ولا تعتبر رسوما او ضرائب بهذا المعنى: -

- أ - ما يفرض من رسوم او ضرائب او أجور مقابل خدمات.
- ب - ما يفرض من رسوم او ضرائب على المنتجات أو على موادها الاولية المستوردة من الدول الاطراف المتعاقدة عند خضوع ما يماثلها من منتجاتها المحلية او موادها الاولية الى مثل هذه الرسوم والضرائب.

(١) نص قرار مجلس الوحدة الاقتصادية العربية رقم ٤١١/فقرة ٣ تاريخ ٢/٢/١٩٧٠ على اضافة فصل جديد الى القرار رقم (١٧) بعنوان (التعريفات الجمركية الموحدة) (الفصل الجديد مبين في "المرفق رقم ١").

## تقديم

يعتبر قرار انشاء السوق العربية المشتركة رقم ١٧ تاريخ ١٢/٨/١٩٦٤، من أهم القرارات التي اصدرها مجلس الوحدة الاقتصادية العربية، لما يتضمنه من اهداف تتفق والصلات الطبيعية والتاريخية التي تربط بين البلاد العربية.

وقد تضمن هذا القرار المبادئ والاحكام التي رأى المجلس بانها لازمة لاقامة السوق العربية المشتركة، وقد توالى جهود المجلس المستمرة وامانته العامة في وضع الصيغ والاجراءات الملزمة، بهدف تحقيق تلك المبادئ والاحكام حيث اصدر العديد من القرارات المناسبة بهذا الشأن، ومن بين هذه القرارات تلك التي نصت على تعديل بعض الجوانب من احكام قرار انشاء السوق العربية المشتركة بهدف التطوير نحو الافضل.

وان الامانة العامة، انطلاقاً من قناعتها بضرورة توثيق قرار انشاء السوق العربية المشتركة وتعديلاته، ليكون مرجعاً لكل من يهمه الاطلاع عليه، باعتباره انجازاً هاماً من انجازات مجلس الوحدة الاقتصادية العربية، ووثيقة أساسية من الوثائق الدالة على الاتجاه العربي نحو تطوير العمل الاقتصادي العربي المشترك والانتقال به من مرحلة التعاون الى مرحلة التكامل، يسرها ان تقدم هذه الوثيقة التي تتضمن نص القرار رقم ١٧ وتعديلاته، وقد راعت فيها ان يرد النص الاصيل للقرار كما هو، وأما التعديلات التي تضمنتها قرارات مجلس الوحدة الاقتصادية العربية، فقد وردت نصوصها بهوامش مستقلة في المكان المناسب، وبارقام متسلسلة.

ولسهولة الرجوع الى النص الحرفي لهذه القرارات، فقد ثبتت ارقامها وتواريخها ونصوصها كاملة في مرفق خاص تحت عنوان:-  
(القرارات الصادرة عن مجلس الوحدة الاقتصادية العربية بتعديل احكام قرار انشاء السوق العربية المشتركة رقم ١٧ لعام ١٩٦٤).

والامانة العامة اذ تقدم هذا المرجع الوثائقي الهام لقرار انشاء السوق العربية المشتركة وتعديلاته، يحدها الأمل الكبير بأن يتضافر الجهد العربي لتدعيم السوق العربية المشتركة وتوسيع نطاقها لتشمل كافة اقطار الوطن العربي، ولكي تأخذ هذه السوق دورها المنشود، كتكتل اقتصادي عربي له كافة المقومات التي تحقق المصالح العربية المشتركة، والقدرة على مواجهة المتغيرات الاقتصادية العربية والدولية لخدمة هذه المصالح.

الامانة العامة



مجلس  
الوحدة الاقتصادية العربية  
الأمين العام

# قرار إنشاء السوق العربية المشتركة الصادر عن مجلس الوحدة الاقتصادية العربية

Council  
of  
Arab Economic Unity  
General Secretariat



**Resolution Passed By  
The Council of Arab Economic Unity  
Establishing the Arab Common Market**

**La Résolution du  
Conseil de L'Unité Economique Arabe  
Créant le Marché Commun Arabe**



مجلس  
الوحدة الاقتصادية العربية  
الامانة العامة

# قرار إنشاء السوق العربية المشتركة الصادر عن مجلس الوحدة الاقتصادية العربية