- 8. That growth of trade in the good lead to strengthening Arab economic integration.
- 9. That growth of trade in the good lead to realization of national security in general and military security in particular.
- 10. Any other criteria adopted by the Council.

#### Article V:

Economic sanctions among party-states in the trade area regulated by the Agreement may be used only by resolution of the Economic Council and for supreme national reasons.

# **Chapter Two - Substantive Provisions**

### Article VI:

The following Arab goods shall be exempted from customs duties and other taxes of similar effect as well as from non-tariff import restrictions:

- 1. Agricultural and animal products, whether in their primary form or after changes are introduced to make them consumable.
- 2. Mineral and non-mineral ores, whether in their primary form or in a form suitable for processing.
- 3. Semi-finished goods included in lists approved by the Council if they enter in the production of industrial goods.
- Goods produced by Arab joint ventures established within the framework of the League of Arab States or Arab organizations operating within its context.
- 5. Finished goods to be agreed upon in accordance with lists approved by the Council.

### Article VII:

- The parties concerned shall negotiate the gradual reduction of customs duties and taxes of a similar effect imposed on imported Arab goods, in the percentages and ways consistent with the lists approved by the Council.
- The relative reduction shall be gradual and for a specified period of time by the end of which all customs duties and taxes of a similar effect imposed on trade among the party-states shall be terminated.
- 3. Without prejudice to the provisions of paragraphs (1) and (2) of this Article, the products of party-states determined by the Council to be less developed shall be granted preferential treatment in accordance with the criteria and limits it may determine.

- 4. A party-state may grant any additional advantages to another Arab state or states under bilateral or multilateral agreements, whether or not it is party to this Agreement.
- 5. No party-state may grant any preferential advantages to a non-Arab state that exceeds those granted to party-states.

#### Article VIII:

- 1. The parties concerned shall hold negotiations with the aim of imposing uniform and appropriate minimum customs duties, taxes and restrictions of a similar effect on goods imported from non-Arab States, which are competitive with or alternative to Arab goods. Resolution in the shall be adapted by the Council, Which will also gradually increase them from time to time, in consultation with the said states.
- 2. The party-states shall determine a comparative advantage for Arab Goods vis-a-vis competitive or alternative non-Arab goods. Priority of application shall be accorded to government purchases. The Council shall establish the conditions for determining the comparative advantage in accordance with the circumstances of each party-state or group of party-states, taking into account, in particular, determining a comparative advantage for Arab goods related to food security or national security in general.
- 3. The Council may adopt any other measures in excess of the limits referred to in this Article, with a view to dealing with cases of dumping and discriminatory policies that non-Arab states may adopt.
- 4. Should the products of party-states be inadequate to meet the needs of the local markets of the importing party-states, the latter shall be entitled to import quantities of similar products to bridge the gap while observing the limits specified in accordance with the provisions of this Article.

### Article IX:

- 1. To treat to good as Arab for the purposes of this Agreement, it shall meet the rules of origin determined by the Council, and the value added as a result of its production in a party-state shall not be less than 40 value when finished. This percentage shall be reduced to a minimum of 20 Percent for Arab assembly industries. The Council shall work out a timetable to increase these two percentages gradually.
- 2. Any party-state may request the Council to lower the percentage referred to in paragraph (1) of this Article if the good is of a strategic nature or has special importance to for a specific period of time.

## Article X:

 Party-states shall, through their monetary and banking policies, promote trade among them, facilitate required funding and expand its base under preferential and concessional terms and conditions.

- 2. In accordance with its Articles of Agreement, the Arab Monetary Fund shall work out a suitable system to facilitate the settlement of payments resulting from trade among party-states. It shall also be asked to submit proposals for banking policies that would serve the same purpose to Arab central banks and monetary institutions in.
- Joint Arab financial institutions shall, in accordance with their regulations, be urged to promote trade exchanges among party-states, facilitate and provide necessary funding and expand their base under preferential and concessional terms and conditions.
- 4. The Inter-Arab Investment Guarantee Corporation and other specialized Arab institutions shall be urged to provide necessary guarantees to trade among party-states under preferential terms and conditions, and in accordance with their rules.

# **Chapter Three - Supervision of Agreement Implementation**

### Article XI:

- 1. The Council shall supervise the implementation of the Agreement. Specifically, it shall:
  - ▶ Draft and publish collective lists of goods exempted from (customs) duties and taxes of a similar impact as well as from tariff (sic) restrictions.
  - ▶ Draft and publish collective lists of goods enjoying reduced (customs) duties and taxes of a similar effect as well as from tariff (sic) restrictions.
  - ▶ Draft and publish lists of non-Arab goods competitive with or alternative to Arab goods.
  - ▶ Determine the rules and conditions under which gradual reduction of (customs) duties and taxes of a similar effect, as well as tariff (sic) restrictions shall be made.
  - ▶ Determine the less developed party-states for the purposes of this Agreement.
  - ► Examine the complaints by party-states of discriminatory problems encountered in trade transactions with other states.
- 2. The Council shall adopt its resolutions related to the provisions of this Agreement by a two-thirds majority of Member-States.
- 3. The Council may form committees to be entrusted with some of its powers referred to in this Agreement.

### Article XII: