

# **THE UNIFIED ECONOMIC AGREEMENT BETWEEN THE COUNTRIES OF THE GCC**

## THE UNIFIED ECONOMIC AGREEMENT BETWEEN THE COUNTRIES OF THE GULF COOPERATION COUNCIL

With the help of God the Almighty; The Governments of the Member States of the Arab Gulf Cooperation Council; In accordance with the Charter thereof, which calls for closer relations and stronger links; and , desiring to develop extend and enhance their economic ties on solid foundations, in the best interest of their peoples and for the sake of working to coordinate and standardize their economic, financial and monetary policies, as well as their commercial and industrial legislation, and Customs regulations have agreed as follows:

### CHAPTER ONE TRADE EXCHANGE

#### ARTICLE 1

- a. The Member States shall permit the importation and exportation of agricultural, animal, industrial and natural resource products that are of national origin. Also, they shall permit exportation thereof to other Member States.
- b. All agricultural, animal, industrial and natural resource products that are from Member States shall receive the same treatment as national products.

#### ARTICLE 2

1. All agricultural, animal, industrial and natural resource products that are of national origin shall be exempted from reciprocal charges.
2. Fees charged for specific services such as demurrage, storage, transportation, freight or unloading, shall not be considered as customs duties when they are levied on domestic products.

ARTICLE 3 1. For products of national origin to qualify as national manufactured products, the value added ensuing from their production in Member States shall not be less than 40% of their final value as at the termination of the production phase. In addition Member States citizens' share in the ownership of the producing plant shall not be less than 51%.

2. Every item enjoying exemption hereby shall be accompanied by a certificate of origin duly authenticated by the appropriate government agency concerned.

ARTICLE 4 1. Member States shall established uniform minimum Customs tariff applicable to the products of countries other than G.C.C. Member States.

2. One of the objectives of the uniform Customs tariff shall be the protection of national products from foreign competition.

3. The uniform Customs tariff shall be implemented gradually within five years from the date on which this agreement becomes effective. Arrangements for its gradual

implementation shall be agreed upon within one year from the said date.

ARTICLE 5 Member States shall grant all facilities for the transit of any Member State's goods to other Member States, exempting them from all duties and taxes whoever, without prejudice to the provisions of Paragraph 2 of Article 2.

ARTICLE 6 Transit shall be denied to any goods that are barred from entry into the territory of a Member State by its local regulations. Lists of such goods shall be exchanged between the Customs authorities of the Member States.

#### ARTICLE 7

Member states shall coordinate their commercial policies and relations with other states and regional economic groupings and blocs with a view to creating balanced trade relations and equitable circumstances and terms of trade therewith. To achieve this goal, the Member States shall make the following arrangements:

1. Coordination of import / export policies and regulations.
2. Coordination of policies for building up strategic food stocks.
3. Conclusion of collective economic agreements in cases where joint benefits to Member States would be realized.
4. Taking of action for the creation of collective negotiating power to strengthen their negotiating position vis-à-vis foreign parties in the field of importation of basic needs and exportation of major products.

### CHAPTER TWO THE MOVEMENT OF CAPITAL AND INDIVIDUALS AND THE EXERCISE OF ECONOMIC ACTIVITIES

#### ARTICLE 8

The Member States shall agree on executive principles to ensure that each Member State shall grant the citizens of all other Member States the same treatment as is granted to its own citizens without any discrimination or differentiation in the following fields:

1. Freedom of movement, work and residence.
2. Right of ownership, inheritance and bequest.
3. Freedom of exercising economic activity.
4. Free movement of capital.

#### ARTICLE 9

The Member States shall encourage their respective private sectors to establish joint ventures in order to link their citizen's economic interests in various spheres of activity.

### CHAPTER THREE

#### COORDINATION OF DEVELOPMENT

#### ARTICLE 10

The Member States shall endeavour to achieve the coordination and harmonization of their respective plans with a view to achieving integration in economic affairs:

ARTICLE 11 1. The Member States shall endeavour to coordinate their policies with regard to all aspects of the oil industry including extraction, refining, marketing, processing, pricing, the exploitation of natural gas, and development of energy sources.

2. The Member States shall endeavor to formulate united oil policies and adopt common positions vis-à-vis the outside world, and in international and specialized organizations.

#### ARTICLE 12

To achieve the objectives specified in this Agreement, the Member States shall

1. Coordinate industrial activities, formulate policies and mechanism which will lead to industrial development and the diversification of their products on an integrated basis.

2. Standardize their industrial legislation and regulations and guide their local production units to meet their needs.

3. Allocate industries between Member States according to relative advantages and economic feasibility, and encourage the establishment of basic as well as ancillary industries.

ARTICLE 13 Within the framework of their coordinating activities, the Member States shall pay special attention to the establishment of joint ventures in the fields of industry, agriculture and services, and shall support them with public, private or mixed capital in order to achieve economic integration, productive interface, and common development on sound economic bases.

### CHAPTER FOUR

#### TECHNICAL COOPERATION

ARTICLE 14 The Member States shall collaborate in finding spheres for common technical cooperation aimed at building a genuine local base founded on encouragement and support of research and applied sciences and

technology as well as adapting imported technology to meet the needs of the region and to achieve the objectives of progress and development.

ARTICLE 15 Member States shall establish procedures, make arrangement and lay down terms for the transfer of technology, selecting the most suitable or introducing such changes thereto as would serve their various needs. Member States shall also, whenever feasible, conclude uniform agreements with foreign governments and scientific or commercial organizations to achieve these objectives.

ARTICLE 16 Members States shall formulate policies and implement coordinated programs for technical, vocational and professional training and qualification at all

levels and stages. They shall also develop educational curricula at all levels to link education and technology with the development needs of the Member States.

ARTICLE 17 Member States shall coordinate their manpower policies and shall formulate uniform and standardized criteria and classifications for the various categories of occupations and crafts in different sectors in order to avoid harmful competition among themselves and to optimize the utilization of available human resources.

## CHAPTER FIVE TRANSPORT AND COMMUNICATIONS

ARTICLE 18 Member States shall accord passenger and cargo transportation belonging to citizens of the other Member States, when transiting or entering its territory, the same treatment they accord to the means of passenger and cargo transportation belonging to their own citizens, including exemption from all duties and taxes, whatsoever. However, local means of transportation are excluded.

ARTICLE 19 1. Member States shall cooperate in the fields of land and sea transportation, and communications. They shall also coordinate and establish infrastructure projects such as seaports, airports, water and power stations and roads, with a view to realizing joint economic development and the linking of their economic activities with each other.

2. The contracting states shall coordinate aviation and air transport policies among them and promote all areas of joint action at various levels.

### ARTICLE 20

Member States shall allow steamers, ships and boats and their cargoes, belonging to any Member State freely to use the various port facilities and grant them the same treatment and privileges granted to their own in docking or calling at the ports as concerns fees, pilotage and docking services, freight, loading and unloading, maintenance, repair, storage of goods and other similar services.

## CHAPTER SIX FINANCIAL AND MONETARY COOPERATION

### ARTICLE 21

Member States shall seek to unify investment rules and regulations in order to achieve a joint investment policy aimed at directing their domestic and foreign investments towards serving their interest, and realizing their peoples' aspirations for development and progress.

### ARTICLE 22

Member States shall seek to coordinate their financial, monetary and banking policies and enhance cooperation between monetary agencies and central banks, including the endeavour to establish a joint currency in order to further their desired economic.

#### ARTICLE 23

Member States shall seek to coordinate their external policies in the sphere of international and regional development aid.

#### CHAPTER SEVEN CLOSING PROVISIONS

#### ARTICLE 24

In the execution of the Agreement and determination of the procedures resulting therefrom, consideration shall be given to differences in the levels of development as between Member States and the local development priorities of each. Any Member States may be temporarily exempted from applying such provisions of this Agreement as may be necessitated by temporary local situations in that state of specific circumstances faced by it. Such exemption shall be for a specified period and shall be the Supreme Council of the Cooperation Council of the Arab States of the Gulf.

ARTICLE 25 No Member State shall grant any non-member state any preferential privilege exceeding that granted herein.

ARTICLE 26 a. This Agreement shall enter into force four months after its approval by the Supreme Council.

b. This Agreement may be amended by consent of the Supreme Council.

ARTICLE 27 In case of conflict with local laws and regulations of Member States, execution of the provisions of this Agreement shall prevail.

ARTICLE 28 Provisions herein shall supercede any similar provisions contained in bilateral agreements. Drawn up at Riyadh on 15 Muharram 1402, corresponding to 11 November 1981