

Agreement
setting up a free trade area
between the Arab Mediterranean countries

The government of the Kingdom of Morocco, the government of the Kingdom of Jordan, the government of the Republic of Tunisia and the government of the Arab Republic of Egypt

- In fulfillment of the “Agadir Declaration” signed between government of the Kingdom of Morocco, the government of the Kingdom of Jordan, the government of the Republic of Tunisia and the government of the Arab Republic of Egypt in the city of Agadir on 8 May 2001, concerning the establishment of a free trade area comprising Arab Mediterranean countries;
- And on the basis of the bonds of Arab brotherhood which tie these countries, and the strong relationships existing between them;
- And given their desire to develop economic and commercial co-operation between them, and to reinforce it on a basis of equality, in order to expand the base of common interests and shared benefits in various domains, to strengthen economic integration between them, to reinforce the development and progress of their fraternal peoples;
- And with a firm belief in the importance of working to liberalise commercial exchanges between them, on the basis of existing bilateral agreements in this field, and through new forms of action appropriate to the nature of modern economic trends at both international and regional level, and the consequent requirements and challenges;
- And in full accordance with the Charter of the Arab League, recognizing the importance of supporting joint Arab economic co-operation, and with the objective of implementing the Greater Arab Free Trade Area and developing it, partaking of the efforts being expended to establish an Arab common market;
- And given their desire to develop and liberalise commercial exchanges, and to support Arab Mediterranean partnership, and to encourage mutual investment between them, and to make their economic space as a whole more attractive to foreign investment;
- And on the basis of the Association Agreements signed between each of these countries and the European Union, and in order to fulfill the objectives of the “Barcelona Declaration” as regards the establishment of a Euro-Mediterranean Free Trade Area;
- And in full accordance with the principles and requirements of the agreements of the World Trade Organisation, to which the signatories of this agreement are parties;

HAVE AGREED AS FOLLOWS:

Section 1: General Provisions

Article 1: Definitions

1. In accordance with this agreement, a free trade area shall be set up between the Kingdom of Morocco, the Kingdom of Jordan, the Republic of Tunisia, the Arab Republic of Egypt and other Arab Mediterranean states which may subsequently adhere to it, which shall hereinafter be referred to as “the Area”.

2. The countries which ratify this agreement, and any other Arab country adhering to it in accordance with paragraph 1., hereinafter referred to as the Member Countries, shall be considered as members of the Area.
3. This Agreement to establish a Free Trade Area between Arab Mediterranean countries shall hereinafter be referred to as “the Agreement”.
4. The institutions of the Agreement shall be the Committee of Foreign Ministers, the Committee of Foreign Trade Ministers, the Technical Committee emanating from them charged with the implementation of this Agreement, and the Technical Unit charged with the supervision of matters relating to the Agreement.

Article 2: Aims of the Agreement

1. The member Countries shall set up the Free Trade Area gradually during a transitional period to be completed at the latest by 1 January 2005, beginning with the entry into force of this Agreement, according to its provisions, and in accordance with the provisions of the General Agreement on Tariffs and Trade of 1994, and other agreements relating to the establishment of the World Trade Organisation.
2. The establishment of the Free Trade area, for the purpose of developing economic activity, supporting employment, increasing productivity, and improving living standards within the Member Countries.
3. The co-ordination of overall and sectoral economic policies in the Member Countries, in particular as regards foreign trade, agriculture, industry, the tax regime, finance, services and customs, to ensure conditions for objective competition between the Member Countries.
4. The approximation of legislation between the Member Countries in economic domains, with the aim of creating a favourable climate for economic integration between the Member Countries.

Section 2: Arrangements for liberalizing trade

Article 3: Industrial goods

Industrial goods (commodities and products) traded between the Member Countries shall be subject to a process of dismantlement of customs duties and other duties and taxes of similar effect with regard to importation, as follows:

- a) Immediate and complete mutual exemption, upon entry into force of the Agreement, for lists of goods subject to immediate and rapid dismantling with the EU, these lists being set out in Annex No.1 to this agreement, which includes the following:
 - The list set out in Annex No.3 to the Association Agreement between the Kingdom of Morocco and the EU, which comprises goods subject to gradual dismantling during a transitional period of 3 years, and goods to be totally exempted upon entry as of the entry into force of this agreement.
 - The list set out in Annex No.3 to the Association Agreement between the Hashemite Kingdom of Jordan and the EU, which comprises goods subject to

gradual dismantling during a transitional period of 4 years, and goods to be totally exempted upon entry as of the entry into force of this agreement.

- The list set out in Annex No.3 to the Association Agreement between the Republic of Tunisia and the EU, which comprises goods subject to gradual dismantling during a transitional period of 5 years, and goods to be totally exempted upon entry as of the entry into force of this agreement.
 - The first list in the tables of liberalization of goods included in the Association Agreement between the Arab Republic of Egypt and the EU, which includes goods subject to gradual dismantling during a transitional period of 3 years, as of the entry into force of this agreement.
- b) Continuation of work on the immediate exemptions specified in bilateral agreements.
- c) In relation to other industrial products subject to customs duties and not listed for immediate dismantling, the date of 1 January 2005 is confirmed as the latest date for the end of the transitional period, in accordance with the following:
- Beginning from the date of entry into effect of the Agreement: reduction by 80 percent.
 - Beginning from 1 January 2005: complete exemption of 100 percent.

Article 4: Agricultural goods (commodities and products) and processed agricultural products

Liberalization shall take place for agricultural goods and processed agricultural goods set out in Sections 1 to 24 of the Harmonized System (HS), in accordance with the implementation programme of the agreement for facilitation and development of commercial exchanges between Arab states, which aims to set up a Greater Arab Free Trade Area.

Article 5: Trade in Services

Member Countries undertake to respect the commitments as regards liberalization of trade in services defined in the schedules of the World Trade Organization Agreement on Services, and will seek to expand the scale of trade in services between them, in accordance with the applicable laws and structures existing in each Member Country.

The Foreign trade Ministers' Committee will continuously monitor developments in trade in services between the Member Countries after the entry into effect of the agreement.

Article 6: Rules of Origin

1. Shall be considered as of local origin and source goods (commodities and products) meeting the requirements of the Protocol on Rules of Origin, Annex II to this agreement, in conformity with the Pan Euro-Med Protocol on Rules of Origin, and any future modifications which may be made to it.
2. Goods of local origin and source (commodities and products) exported from one member country to another shall be accompanied by a certificate of origin issued by the competent authorities in the exporting country, bearing the visa and certification of

the competent authorities in the same country, in accordance with the Protocol on Rules of Origin specific to this Agreement.

3. The Committee of Foreign Trade Ministers shall monitor on a continual basis any modifications which may be required to this Protocol, with a view to the sound application of the Rules of Origin.

Section 3: Accompanying arrangements for liberalization

Article 7: Fixing of customs duties, and duties and taxes having equivalent effect, and rules for their calculation

1. By customs duties is meant those duties laid down in the Customs Tariff according to the rates applied in Member Countries on 31/12/1997, and other duties and taxes of similar effect on goods traded between the Member Countries at the above date imposed by one of the Member Countries on imported goods, which are not imposed on products of the Member Country itself.
2. No new customs duties, nor any duties or taxes of equivalent effect, may be imposed on goods traded between the Member Countries, after the entry into effect of this Agreement.
3. If any reductions are effected in the customs duties, and other duties and taxes of similar effect, at the time of, or after, the entry into force of this Agreement, such reduced rates of duties or taxes shall replace those specified in para. 1 of this Article.
4. Member Countries shall follow the harmonized schedule (HS) Customs tariff in the classification of products traded between them.
5. Upon signature of this Agreement Member Countries shall exchange documents concerning the setting of Customs duties, and duties and taxes having equivalent effect, as of the date referred to in Para. 1, in accordance with the schedule of tariffs mentioned in Para. 4 of this Article.

Article 8: Non-customs restrictions

The Member Countries engage themselves to remove immediately all non-customs restrictions, including arrangements and procedures which might be adopted by Member countries to control imports. Such restrictions may specifically include quantitative, currency, administrative and technical restrictions which might be imposed on importations. No new non-customs restrictions may be imposed, this being in accordance with the specific rules of the World Trade Organisation, and the agreement for facilitation and development of commercial exchanges between the Arab states, and the arrangements of the Greater Arab Free Trade Area.

Article 9: Customs valuation

For the purposes of customs valuation of imported goods, the Member Countries will apply the provisions of the World Trade Organisation Agreement related to customs valuation.

Article 10: National treatment

Goods traded between the Member Countries having the origin and source of those countries will be accorded the treatment of national goods.

Article 11: Government procurement

The provisions of this Agreement shall be adhered to as regards customs duties and taxes actually imposed in the comparison of offers related to international tenders for the supply of goods in each Member Country, in accordance with the provisions of this Agreement and in a manner not conflicting with the operative laws and procedures as regards preferential treatment in each Member Country.

Article 12: Value added tax and sales tax

Levels of VAT or sales tax on imported products benefiting from exemption from or reductions of customs duties shall be set taking account of the customs duties and other duties and taxes having equivalent effect in accordance with the proportional value of the exemptions and reductions specified in Articles 3 and 4 of this Agreement.

Article 13: Financial transactions

Settlement of financial transactions in the context of commercial exchanges between the Member Countries shall be made in a freely traded currency, in accordance with the rules and laws in force in each one of them, without infringing any agreements or arrangements which may be in force between the Member Countries.

Article 14: Exhibitions

Each Member Country shall work to participate in exhibitions and international fairs being held in the other Member Countries, and shall allow the organization of temporary or permanent exhibitions in its national territory, and shall offer all necessary facilities for this purpose in accordance with the rules and procedures applicable in each Member Country.

Section 4: Procedures

Article 15: Defensive procedures

Each Member Country shall have the right to initiate defensive procedures as specified in the agreement establishing the World Trade Organization. Such procedures shall only be applied in relation to products which any party shall determine have been imported into its territory from another Member Country in increasing quantities, either in absolute terms, or proportionally in relation to local production, in such a manner as to cause, or to threaten to cause, substantial damage to local industry or agriculture producing similar products, or

products directly competing with the products imported from the other Member Country. Such procedures shall be in accordance with the applicable laws and rules in each of the Members Countries of this Agreement.

Article 16: Infant industries

- Each Member Country may take measures of limited duration, during the period of progressive dismantlement of customs duties and duties and taxes of similar effect, as an exception to the provisions of Articles 3 and 4 of this Agreement, in the form of increased customs duties, or the re-introduction of customs duties and duties and taxes of equivalent effect, having effect in relation to infant industries or sectors undergoing restructuring or facing serious difficulties.
- Each Member country shall inform the other parties of any exceptional measure which it intends to take, and of the time-table for the removal of such customs duties and other taxes of equivalent effect imposed in accordance with this Article.
- The Foreign Trade Ministers' Committee shall study the measures proposed by each concerned Member Country, and such measures shall not be implemented until such time as this Committee has given its agreement.
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Article 17: Support measures and dumping

In the event of any Member Country facing a case of subsidies or dumping as regards its imports from the other parties, it may take appropriate measures to deal with such cases in accordance with the agreements on subsidies and compensatory duties, and on anti-dumping measures annexed to the agreement setting up the World Trade Organisation, in accordance with the applicable laws and rules in each of the countries party to this Agreement.

Article 18: Disequilibrium in the balance of payments

In the event of one of the Member Countries facing dangers, difficulties or disequilibrium in relation to its balance of payments, or the threat of such, it may take appropriate measures in accordance with the provisions of the World Trade Organisation agreement. The Member Country suffering such a situation shall inform the Committee of Foreign Trade Ministers of these measures, and shall specify the timetable for their removal.

Article 19: Goods not subject to the provisions of this Agreement

The provisions of this agreement shall not apply to goods specified in the lists approved by the Economic and Social Council of the Arab League, which are excluded from the facilities granted under the implementation programme of the agreement for the facilitation and development of commercial exchanges between Arab states, for religious, health, security or environmental reasons.

Article 20: Protection of public order

All goods traded between the Member Countries shall be subject to security and health legislation, and laws related to the protection of morals and public order, and of national historical, archaeological and artistic heritage, and environmental protection in force in each Member Country.

Article 21: Sanitary and phyto-sanitary procedures

The Member Countries shall put in place sanitary and phytosanitary procedures for the purpose of protecting the health and life of persons and animals, and for the protection of plants, provided that such procedures are not in contravention with the provisions of this Agreement. Goods traded between the Member Countries shall, upon importation, be subject to the Laws of Agricultural and Veterinary Quarantine applicable in each country. Such rules and procedures shall not be used as a non-customs barrier to trade between the parties, in accordance with the agreements on technical barriers to trade and plant health (SPS?) annexed to the World Trade Organisation Agreement, and with other relevant international agreements.

Article 22: Intellectual property

The Member Countries undertake to protect intellectual property rights, including authors' rights, patents, trade marks, industrial logos, geographical product names, and names giving indication as to origin. Similarly protection will be provided for literary and artistic works and computer programs. Such protection will be provided without prejudice to the Member Countries' commitments in the context of World trade Organisation agreements, and to the laws and applicable procedures in each of the countries party to this Agreement.

The Foreign Trade Ministers' Committee will have responsibility to monitor all questions relating to intellectual property rights.

Article 23: Standards and norms

Member countries will work to co-ordinate their technical legislation, norms and standards, in accordance with international practices.

In the case of any member country taking steps which would create, or might tend to create, technical barriers to trade, the Member Countries will immediately initiate consultations with a view to finding the appropriate solution.

All Member Country will give priority to working on signature of agreements in the area of mutual recognition of conformity assessment.

Section 5: Institutional requirements

Article 24: Institutions of the Agreement

1. The Foreign Ministers' Committee

- a) A committee of foreign ministers of the Member Countries of the agreement shall be instituted, which shall be concerned with defining the policy measures need to drive forward and expand the Agadir process amongst the Arab Mediterranean countries, and between them and the European Union.
- b) The Foreign Ministers' Committee will meet annually, or as often as necessary, at the initiative of any of the Member Countries, in accordance with the Committee's internal rules of procedure, which it shall establish in accordance with paragraph (d) of this Article.
- c) The presidency of this committee shall be assumed in rotation between the Member Countries, in alphabetical order, and the provisions of the committee's internal rules of procedure.
- d) The Foreign Minister's Committee may set up a committee at the level of senior officials to present its recommendations to the ministerial committee.
- e) The Foreign Minister's Committee shall, upon its establishment, approve its internal rules of procedure, and those of the Senior Officials' Committee.

2. The Committee of Foreign Trade Ministers

- a) A ministerial committee shall be set up at the level of ministers responsible for foreign trade, and shall meet at least annually, or whenever the circumstances require, at the initiative of any one the Member Countries, in accordance with the Committee's internal rules of procedure.
- b) The committee shall be concerned with for supervising the implementation of the Agreement, and with overcoming and difficulties impeding progress, and with defining ways of deepening co-operation and integration between the parties to the Agreement. The committee shall study general questions relating to the Agreement, and any other aspects of joint concern, and shall have power of decision in this respect.
- c) The presidency of this committee shall be assumed in rotation between the Member Countries, in alphabetical order, and the provisions of the committee's internal rules of procedure as specified in paragraph (f) of this Article.
- d) The committee's decisions shall be considered binding for all the Member Countries who may be required to take steps to ensure their implementation.
- e) The Ministerial Committee shall form a technical committee charged with follow-up on the implementation of the agreement, which shall submit its recommendations to the Ministerial Committee. The Ministerial Committee may decide to delegate a part of its responsibilities to the technical committee.
- f) The Ministerial Committee shall adopt its internal rules of procedure, and those of the technical committee.

Article 25: Tasks of the Foreign Trade Ministers' Committee

The Foreign Trade Ministers' Committee shall in particular undertake the following tasks:

- Overall review and performance assessment as regards the implementation of the Agreement.
- Review and assessment of the results of the Agreement in the light of the experience gained through its implementation, and examination of the means to improve the relations between the Member Countries.
- Assistance in avoiding disputes and their resolution through consultations on the basis of Article 28.
- Examination of proposed modifications to the Agreement, and approval of such modifications, observing the legal requirements of each of the parties.

This committee may form permanent or specialized committees or working groups, and may delegate to them any of its competences. The Ministerial Committee shall establish its internal rules of procedure, and shall take all decisions by unanimous agreement.

Article 26: Tasks of the Technical Committee

The Technical Committee shall undertake such tasks as may be entrusted to it by the Foreign Trade Ministers' Committee, and in particular the following tasks:

- Follow up on the implementation of the provisions of the agreement.
- Follow up on decisions of the Foreign Trade Ministers' Committee.
- Offering assistance to resolution of disputes, on the basis of Article 28 of this Agreement.

Article 27: The Technical Unit

A Technical Unit shall be set up through this agreement, to deal with matters pertaining to it. It shall in particular offer advice and technical support on all matters concerning the implementation of the Agreement, in accordance with Annex No. III.

Section 6: General provisions and concluding requirements

Article 28: Resolution of disputes

The Member Countries shall consult and co-operate in the application of this Agreement, in order to achieve a concurrence of views on any matters which might have an impact upon the good implementation of the Agreement, and on any measures taken, or which may be taken

by any of the Member Countries, or any other party, at variance with the provisions of this agreement.

In case of the occurrence of any dispute over the interpretation of this agreement, or should any of the Member Countries of the Agreement consider that one of the other members had failed to respect its obligations in the context of this agreement, or in the event that a Member Country should take steps infringing the privileges established under this agreement, it shall be incumbent upon all the concerned parties to make every effort to arrive by consultation at a solution satisfactory to all parties.

In the event that it shall not be possible for the concerned parties to arrive at a satisfactory solution within 45 days from the date of being informed of a request for consultations, the matter shall be referred to the Foreign Trade Ministers' Committee.

The Foreign Trade Ministers' Committee shall study the matter, and shall take the required decisions in order to resolve disputes relating to interpretation and application of the Agreement.

In the event of the Foreign Trade Ministers' Committee being unable to arrive at a solution satisfactory to the parties concerned as regards the resolution of the dispute, the concerned parties may request this committee to nominate a special arbitration committee to issue a judgment on the matter.

The Foreign Trade Ministers' Committee shall study any request for the constitution of a special arbitration committee, and in the event that such a request is accepted, the arbitration committee shall be formed within a period not to exceed 30 days from the date on which the request is accepted. This duration may be reduced to 15 days in the case of goods having a short expiry period.

The Foreign Trade Ministers' Committee shall decide the rules and working procedures of any such special arbitration committee.

Article 29: Review of the Agreement

The Member Countries to this Agreement shall review the agreement in the light of future developments in international and regional economic relations, in particular in the context of the World Trade Organisation Agreement, and in this context and in the light of relevant recent developments shall also undertake studies of the possibilities to develop, deepen and expand co-operation between them in areas not covered by the Agreement. The Member Countries may present proposals to the Foreign Ministers' Committee in order that the appropriate decisions may be taken.

The results of the process specified in the above Article shall be subject to ratification by the Member Countries of this Agreement, in accordance with the legislation in force in each country.

Article 30: Accession to the Agreement

Any Arab state member of the Arab League and the Greater Arab Free Trade area, linked to the EU through an Association Agreement or a free trade agreement, may request to accede to this Agreement. Such a request must be approved by all the Member Countries through the Foreign Affairs Ministers' Committee. The acceding country must agree to implement all the effective obligations of the agreement in full as of the date of accession. The Foreign Trade Ministers' Committee may through consultation set a timetable for the dismantling of customs duties on products from the acceding country on the basis of like treatment.

Article 31: Withdrawal

This Agreement shall continue in effect for an unlimited period. Any of the Member Countries may withdraw from the Agreement, by informing the Foreign Affairs Ministers' Committee of this. The Agreement shall become ineffective with regard to the country withdrawing, after a period of three months from the date of information. The provisions of this agreement as regards specific commitments having a determined duration of validity shall remain in force until expiry of the period of effect of these commitments.

Article 32: Other arrangements

This Agreement shall not prevent the extension or ratification of other agreements setting up customs unions or free trade areas, or the institution of other arrangements concerning cross-border trade, in accordance with Article 24 and Section 4 of the General Agreement on Customs Tariffs and Trade of 1994, and obligation to which this agreement gives rise.

Article 33

The Protocol on Rules of Origin, and the specific annexes to this Agreement shall be considered as integral parts of the Agreement.

Article 34: Ratification and entry into force

The ratification of this Agreement by each of the Member Countries shall take place in accordance with the specific constitutional arrangements of each country. Copies of the ratified texts of the agreement shall be deposited with the Kingdom of Morocco, which shall be responsible for informing the other parties.

This Agreement shall enter into force with effect from the date upon which the informing country shall inform the other countries of the completion by the last ratifying country of the procedures specified in the above paragraph.

This agreement has been prepared in the Arabic language in four original copies, each having legal effect, signed in Rabat on 4 Muharram 1425 H, corresponding to 25 February 2004.

For the Government of the Hashemite Kingdom of Jordan
Marwan Muasher
Minister of Foreign Affairs

For the Government of the Kingdom of Morocco
Muhammad bin Eisa
Minister of Foreign Affairs and Co-operation

For the Government of the Arab Republic of Egypt
Ahmed Maher
Minister of Foreign Affairs

For the Government of the Republic of Tunisia
Alhabib bin Eisa
Minister of Foreign Affairs