

# **Agadir Agreement (2004)**

*Agreement for the Establishment of a Free Trade Zone between the Arabic Mediterranean Nations*

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## **Agreement for the Establishment of a Free Trade Zone between the Arabic Mediterranean Nations**

***(Agadir Agreement, signed in Rabat on 25 February 2004, for entry into force on 1 January 2006)***

The Hashemite Kingdom of Jordan, the Tunisian Republic, the Arab Republic of Egypt, and the Kingdom of Morocco ;

- ▶ In implementing the "Agadir Declaration", that was signed by the Hashemite Kingdom of Jordan, the Tunisian Republic, the Arab Republic of Egypt, and the Kingdom of Morocco in the Moroccan city of Agadir on 5/8/2001 for the establishment of the free trade zone of the Arabic Mediterranean nations;
- ▶ And with the brotherly Arabic bonds which tie the societies of these nations and the strong relationship between them as a foundation;
- ▶ And desiring the development of economic and commercial cooperation between them, and in support of equality, and in hope of widening the base of shared benefits and advantages in all fields, and the economic unification between them, and supporting the development and advancement of their people;
- ▶ And believing in the importance of freeing trade between them, and with a foundation of bilateral agreements that bind them, and with a new version, in harmony with the nature of modern economic ideologies on the national and regional fronts, and all the procedures that they may require;
- ▶ And being in harmony with the Covenant of the Arab League, and acknowledging the importance of supporting Arabic cooperation, and moving towards the accommodation of the greater Arabic free trade area and its development, and participation in the exerted effort for the establishment of a joint free Arabic market;
- ▶ And desiring the development of commercial trade relations and free trade, and supporting Mediterranean Arabic cooperation (Al-Masharaka), and encouraging reciprocal investment between them, and having its economic light be an attraction to foreign investment;
- ▶ And starting from cooperation agreements with the European Union that bind all of them, and in realization of the goals of the Barcelona Declaration of creating a Euro-Mediterranean free trade zone,

► And in harmony with the foundation and requirements of the World Trade Organization agreements which the member states to this agreement have joined;

Have decided the following:

## **Part One: General Regulations**

### **Article One: Introduction**

1- Under the requirements of this agreement a free trade zone shall be established between Hashemite Kingdom of Jordan, the Tunisian Republic, the Arab Republic of Egypt, the Kingdom of Morocco and the Arabic Mediterranean nations which may later be annexed and those in the region that may be later motioned to join.

2- The members of the zone, which will be referred to as the "Member States", are considered those who sign this agreement and every other Arabic nation mentioned in paragraph (1) annexed to it in the future.

3- The founders of the agreement were the committee of foreign trade ministers and the technical committee which is responsible for monitoring implementation of this agreement.

### **Article Two: The Goals of the Agreements**

1- The Member States shall form between them a free trade zone, in a gradual fashion, during the transitional period lasting no longer than 1/1/2006 and beginning at the time of this agreement's entry into force in conformation with its text, and agreeing to the text of the General Agreement of Trade Tariffs and Customs of 1994 and other agreements related to the agreement for the creation of the World Trade Organization.

2- The free trade zone will be created in order to develop economic activity, support employment, increase production, and improve the standards of living within the Member States.

3- To unify the public and private economic policies of the Member States in areas dealing with: external commerce and agriculture, industry, the tax system, the financial system, services, customs and that which facilitates competition between the member states.

4- To bring closer the economic legislations of the Member States in hopes of producing an adequate climate for the conditions of merger between the Member States.

## **Part Two The Arrangements for Freeing Trade**

### **Article Three : Manufacturing goods**

Manufacturing goods that are exchanged between the Member States and that are subject to the removal of "customs fees and other tax fees that resemble such in imports" are subject to them in the following manner :

A. Immediate trade, on the entry of the agreement into force, the complete included lists of exemptions from the immediate freeing of trade with the European Union are as follows :

- ▶ The schedule mentioned in appendix (3) (the gradual freeing over the period of five years) the completely exempt commodities at the time of the implementation of the agreement in accordance with the Association Agreements between the Tunisian republic and the European Union.
- ▶ The schedule mentioned in appendix (3) (the gradual dismantling during the period of three years) and the completely exempt commodities at the time of the implementation of the agreement in relation to the cooperation agreement between the Kingdom of Morocco and the European Union.
- ▶ The first list in the schedule for the freeing commodities that is attached to the Association Agreement between the Arab republic of Egypt and the European Union (and it includes the commodities subject to gradual freeing during the period of 3 years).
- ▶ The schedule contained in the third appendix (which includes the commodities subject to gradual freeing during the transitional period, which will last 4 years) and the exempt commodities at the time of the implementation of the agreement and in accordance with the Association Agreements between the Hashemite Kingdom of Jordan and the European Union.

B. Continuing the practice of immediate exemptions provided for in the bilateral agreements.

C. Regarding the other industrial products prone to customs fees and not immediately freed, the end of the transitional period shall not go beyond 1/1/2006, and will the commodities will be freed according to the following schedule:

- ▶ Starting on the date of implementation of the agreement : A reduction of 65%.
- ▶ Starting 1/1/2004 : A reduction of 80%.
- ▶ Starting 1/1/2005 : A reduction of 90% and 100% if Resolution 1418 of the Economic and Social Council, issued during the sixty-eighth session on 9/12/2001, remains valid.
- ▶ Starting 1/1/2006: Complete exemption of 100%.

#### **Article Four: Agricultural (farming) Produce and Agricultural (farming) products**

The freeing of the Agricultural (farming) and Agricultural (framing) products will be completed in correspondence with the implementation program of the

Tisir Agreement and the development of commercial exchange between the Arabic nations for the development of a Greater Arabic free trade zone.

#### **Article Five: Commercial Services**

The Member States are committed to the implementation of the requirements contained in the schedule for the General Commercial Services Agreement of the World Trade Organization relating to the freeing of commercial services and moving towards lessening the limits of commerce in services, in ways that include creating consistency in the laws and regulations related to it in among the Member States.

The Ministerial Commission will conduct periodic studies of the developments occurring in the commerce of services between the Member States after the implementation of this agreement.

#### **Article Six: Rules of Origination**

- 1-The rules within the country of origin of the materials and merchandise produced should be in accordance with the Pan European Protocol and any future alterations to it.
- 2- Accompanying products with a local base and source, exported from one of the Member States to another, will be a source certificate from the responsible official agency within the country of origin, in accordance with the special rules of origination found in this agreement.
- 3- The commission will periodically review possible alterations to this protocol to insure the proper application of the rules of origination.

### **Part Three Arrangements Accompanying the Opening the Markets**

#### **Article Seven: Restricting Customs fees and Fees and Taxes Associated With Customs and their Calculation**

- 1- The term customs fees is meant to encompass customs fees as indicated in the tariff list in accordance to the applicable fee percentages in the Member States as of 12/31/1997 as well other fees and taxes associated with customs applicable on the afore mentioned date that are imposed by any of the Member States on imported commodities to which the Member State's commodities are not subject to.
- 2- No new customs fees, or fees and taxes associated with customs, may be imposed on any commodities traded between Member States after the entrance into force of this treaty.
- 3- If any customs, or fees and taxes associated with customs, are reduced at the time of or after the entry into force of the agreement, the new reduced fees and taxes will take the place of those described in paragraph (1) of this article.
- 4- The Member States will follow the staggered customs tariff schedule (HS) in sorting the commodities between traded them.
- 5- The Member States shall at the time of signing this agreement, exchange their records dealing with setting the "customs fees and other fees and taxes

associated with customs” on the date mentioned in paragraph (1), in agreement with the tariff schedule referred to in paragraph (4) of this Article.

#### **Article Eight: Non-Customs Restrictions**

The Member States shall persist on the immediate elimination of all non-customs fees restrictions, including regulations and measures, which the members Member States use for the control of imports, including restrictions on amounts, cash, administrative restrictions, pending restrictions. It is also not allowable to place any new non-customs fees restrictions, in accordance with the special rulings of the World Trade Organization and the Tisir Agreement, and the nurturing of commercial exchanges between Arabic states, and the arrangements for a greater Arabic free trade zone.

#### **Article Nine: Customs Rates**

The Member States in setting the customs rates for imported commercial goods adopt the provisions on customs valuations found in the World Trade Organization’s Agreement.

#### **Article Ten: National Treatment**

Commercial goods produced and emanating from other Member States shall receive national treatment.

#### **Article Eleven: Governmental Purchases**

The rules of this agreement concerning actual fees and taxes shall prevail when comparing international bids for importing commodities in each Member State in accordance with the provisions of this agreement and not contrary to the prevailing preferred transaction laws and regulations in each of the Member States.

#### **Article Twelve: Added Value and Sales Taxes**

The basis for calculating the value added tax or sales tax on imported products, that benefit from exemptions or customs reductions for the calculation of the customs and other fees and taxes associated with customs, should be set according to the percentages of exemptions or reductions found in Parts Three and Four of this agreement.

#### **Article Thirteen: Financial Transactions**

The settlement of financial transactions in commercial trade between the Member States will occur in one of the free currencies in accordance with the laws and regulations of the Member States, and without breaking any agreements or effective arrangements among the Member States.

#### **Article Fourteen: Exhibitions**

All of the Member Nations will participate in international exhibitions and markets which are organized by any other Member States, as well as each allowing permanent and temporary exhibitions to be held in its cities and extend the necessary facilities for making such exhibitions possible in agreement with the existing laws and regulations of the Member States.

## **Part Four Procedures**

### **Article Fifteen : Protective Measures**

Every Member State may employ the protective measures provided for in the Agreement for the Creation of a World Trade Organization and only for goods which a member decides the importation into its borders from one of the other Member States in increasing amounts, whether in absolute or relative terms in comparison to local production, would cause or threat of immense damage to local industry or agriculture which produces similar goods to those being imported from other members in accordance with the laws and regulations that are applied in all of the Member States.

### **Article Sixteen: Infant Industries**

▶ Every Member State may, during the incremental freeing period for customs and other fees and taxes associated with customs fee, make arrangements for the limited exceptions to the regulations of Section Three and Four and therefore increase the customs fees or reconstruct the customs fees and other fees and taxes associated with customs used for young industries or in sectors for the purpose of repairing structure or in situations of grave difficulties.

▶ And every Member State shall notify the other Member States of any exemption to the current customs regulations it wishes to invoke and will provide a cancellation time table that it intends follow in the cancellation of customs fees and other fees and taxes associated with customs.

▶ And the Ministerial Commission will study the suggested procedures of the concerned Member States, and the implementation of these procedures will not occur until the Trade Ministers' Commission agrees to it.

### **Article Seventeen: Support and Inundation**

If any Member State faces a flooding of imports from other Member States it can take appropriate steps for facing these circumstances in accordance with the conditions of the Association Agreements and the Substantial Fees and Procedures Countering Flooding included in the Agreement for the establishment of the World Trade Organization, in agreement with the laws and procedures applicable in the Member States to the Agreement.

### **Article Eighteen: Payment Imbalance**

If any Member State faces perils or problems in balancing payments or is threatened by such perils, the state may take the appropriate steps, in accordance with the regulations of World Trade Organization, and shall inform the Ministerial Commission of the actions taken and set the time-table for their cancellation.

#### **Article Nineteen: Commodities Not Covered By The Agreement**

The regulations of this agreement do not cover products or commodities adopted by the Economic and Social Committee of the Arab League for religious, health, security or environmental reasons.

#### **Article Twenty: Protecting Public Order**

All of the goods traded between the Member States must comply with the security and health laws, as well as laws for protecting morals and public order, or national, historical, archeological, and artistic heritage, or for the protection of the environment, of the Member States but it is not allowable to use these measures as non-customs obstacles for commercial trade between the Member States.

#### **Article Twenty-One: Health and Agricultural protective Measures**

The Member States may take necessary health and agricultural protective measures to protect the health and life of people and animals or to maintain any plants/agriculture, under the condition that these measures do not contradict or violate the requirements of this agreement. And the products traded between the Member States should comply with the applicable agricultural and veterinary quarantine rules of the members on imports, but such rules and measures shall not be used as non-customs obstacles to the commercial trade between the Member States, and should not violate the Agreements on Technical Impediments and Agricultural Health included in the World Trade Organization or agreements with other Member States to this agreement.

#### **Article Twenty-Two: Intellectual Property**

The Member States are committed to protecting intellectual property rights including copyrights, patents, and trade-marks, origination marks, and also in protecting art and literary works as well as computer programs, and implementing these protections without ignoring the Member States' responsibilities under the agreements emanating from the World Trade Organization and the effective laws and regulations of the Member States to this Agreement.

The Ministerial Commission is responsible for all subjects related to intellectual property.

#### **Article Twenty-Three: Specifications and Standards**

The Member States will cooperate for the sake of harmonizing their technical legislation, standards and specifications in accordance with international custom.

If one of the Member States resorts to procedures that create, or will lead to the creation of technical trade obstacles, the member states shall hold immediate deliberations with the goal of finding appropriate solutions.

The Member States will work towards the expedited signings of agreements concerning the differing customs involved in such harmonization.

## **Part Five General Base and Conclusory Requirements**

### **Article Twenty-Four: The Ministerial Commission**

Firstly : The Exterior Ministers' Commission :

A commission of the exterior ministers of the Member States will be established and will be responsible for supporting the political framework of the Mediterranean Arab Agreement and delineating political measures for pushing forward and expanding the path of Agadir.

Secondly : The Exterior Trade Minister's Commission :

1- A Ministerial Commission is to be established which will meet, on the level of the ministers responsible for exterior trade, at least once a year, and at any time it is deemed necessary by the request of any Member State, in accordance with the commission's internal procedures.

2- The commission is responsible for supervising the implementation of the agreement and overcoming difficulties that may occur along the way and to deepen the level of cooperation and assimilation between members to the agreement, and the Ministerial Commission shall study the general issues and problems arising from this agreement or from any other sources of shared importance, and it has the authority to make rulings on these issues.

3- The heading of the Ministerial Commission will be on a rotating basis between the Member States in alphabetical order and in accordance with the internal organization mentioned in paragraph (six) of this Article.

4- The rulings of the Ministerial Commission will be considered binding on all of the Member States assigned with implementing them. The commission may also make necessary rulings for the evolution of this agreement.

5- The Ministerial Commission shall create a special committee assigned with monitoring of the implementation of this agreement and to offer its opinions to the Ministerial Commission, and the Ministerial Commission may assign some of its responsibilities to the technical committee.

6- The Ministerial Commission shall approve its own internal regulation as well as the internal regulations of the technical committee.

### **Article Twenty-Five: The Exterior Trade Ministers' Commission's Responsibilities**

The Ministerial Commission shall be responsible for the following:



- ▶ Reviewing and assessing the performance of this agreement in a general sense.
- ▶ Reviewing and assessing the results of this agreement in light of expertise attained during its implementation, and observing the situation concerning the growth of relations between the member States.
- ▶ Assisting in the resolution of disputes and solving them through deliberations in accordance with Article (27).
- ▶ Examining suggested modifications to this agreement and consolidating these modifications and placing them in compliance with the legal considerations of every Member.

And the Ministerial Commission may create permanent or technical commissions or work teams and delegate to them any of their responsibilities, and the Ministerial Commission will put in place all of the operational bases necessary for them, and will implement all of their decisions by unanimity.

#### **Article Twenty-Six: The Responsibilities of the Technical Committee**

The Technical Committee will implement that which is assigned to it by the Ministerial Commission relating to the following issues:

- ▶ Monitoring the implementation of the agreement's clauses.
- ▶ Monitoring the implementation of the Trade Ministers' Commission's decisions.
- ▶ Offering assistance in the settling of disputes according to Article (27) of this agreement.

#### **Article Twenty-Seven: Resolving Disputes**

For the sake of effectuating this agreement the Member States will participate in deliberations and cooperation in order to reach an agreement of opinions concerning all that effects the implementation of this agreement or relating to any procedure that was taken or any that may be taken by one of the Member Sates or by another Member that does not follow the regulations of this Agreement.

If a disagreement concerning the meaning of this agreement occurs or if any Member State believes another Member State has abandoned its responsibilities under this agreement, or that one of the Member States had taken actions lacking the virtues of this agreement, then the concerned Member States are appointed with overcoming all strains for the sake of reaching solutions acceptable to all Member States through the means of deliberation.

If the concerned Member States are unable to reach an acceptable solution within forty five (45) days from the date of the deliberation request, the subject is delegated to the Ministerial Commission.

The Ministerial Commission shall study the subject and make the necessary determination to settle the technical disagreements with an explanation and in accordance with this agreement.

The Member States agree to implement the decisions of the Ministerial Commission concerning Disputes.

If the Ministerial Commission is unable to reach a solution to the dispute acceptable to the Member States, the Member States may enter a request for the Ministerial Commission to assign a special committee to settle the dispute.

The Ministerial Commission will study the request for a Decisionary Committee, and in the case of its acceptance, the creation of the committee will take place within a period no longer than thirty (30) days from the date of the Ministerial commission's acceptance, or a reduced period of fifteen (15) days in relation to perishable commodities.

The Ministerial Commission is responsible for setting up the organization and initial work of the Decisionary Committee.

The decisions of the Decisionary Committee shall be binding on the Member States, and the Member States will take all necessary steps to implement the decisions of the committee.

### **Article Twenty-Eight: Revising the Agreement**

The Member States shall revise this agreement as future developments in the international and regional economic relationships demand, especially in the scope of the World Trade Organization, and executing such revisions in the light of developments that are related to developing the cooperation between the Member States and deepening and increasing it into areas not included in this agreement. The Member States may delegate to a committee of senior officials the responsibility of reviewing these possibilities and to give their recommendation to the Ministerial Commission so that it may make the appropriate decisions.

The results of the measures described in the previous paragraph shall be approved by the Member States in this agreement according to the special legislation in each of the states.

### **Article Twenty-Nine: Annexation**

All Arabic nation members of the Arab League and the Greater Arab Free-Trade Zone and with Association Agreements or free trade agreements with Europe, may ask to be Annexed into this agreement, and such annexation will occur with the approval of all of the Member States in the Exterior Minister's

Commission, and the countries being annexed will be required to implement all of the applicable requirements upon its annexation under the regulations of this agreement.

And the Trade Minister's Commission may during its deliberations set a timetable for the freeing of customs fees for the commodities of that nation on an equivalent basis.

### **Article Thirty: Withdrawal**

This agreement is in force for an indefinite period of time and any Member State to the agreement may withdraw from it by informing the Ministerial Commission of its intentions.

And the force of this agreement in relation to the withdrawing party will end three months after its notification, on the condition that the applicable regulations remain in force for that period.

### **Article Thirty-One: Other Arrangements**

This agreement does not contradict other current or future agreements for the development of a Customs Union or a free trade zone or arrangements for cross border trade, in accordance to Article (24) and part (4) of the General Agreement of Trade Tariffs and Customs of 1994 and obligations created by it.

### **Article Thirty-Three**

The Rules of Origination and the appendices are to be considered an inseparable part of this agreement.

### **Article Thirty-Four: The Signing and Entering Into Force**

The signing of this agreement by the contracting Member State shall be in agreement with the constitutional procedures of each state, and the signed agreement shall be assigned to the trustee state that will bear the responsibility of notifying the other states.

This agreement enters into force on the date of notification by the trustee state of the completion of all the procedures in paragraph one of this article.

Four authoritative original copies of this agreement were issued in Arabic to each of the Member States

signed in

On behalf of  
The Tunisian Republic

On behalf of  
The Hashemite Kingdom of Jordan

On behalf of  
The Kingdom of Morocco

On behalf of  
The Arab Republic of Egypt