

# Cooperation Council for Arabian Gulf Countries

## *Secretariat-General*

### Economic Agreement among Cooperation Council Countries

2002

#### **Introduction:**

This leaflet includes term of "Economic Agreement among Cooperation Council Countries that were signed upon by H.H. Leaders of Council Countries in 16 Shawal 1422 H (21/12/2001) during holding 22<sup>nd</sup> Cycle of Supreme Council in Masqat City in Oman Sultanate.

This new economic agreement includes comprehensive development for the economic agreement that were signed upon in Muharram 1402H (November 1981) that settled rules of economic ties among member countries and by which Free Trade Zone of Cooperation Council were established. While the agreement of 1981 came as a result of economic conditions in this time as it were signed upon after one month of establishing council, this new agreement reflects the current conditions for council countries. It came as a complementary for what achieved by agreement of 1981 in terms of development and support for economic ties among council countries added to approximating their cash, financial and economic policies, their industrial and commercial legislations added to approximating their applied in customs systems.

During these two past decades, the Council Countries have succeeded in developing their economic ties with the manner that will make them approach to economic integration and economic unity. The Supreme Council adopts, during its annual meetings, multiple important decisions in the economic field that pushed common economic work forward. One of these most important decisions was related to customs union, common gulf market and developmental integration.

With the objective of preparing legal environment to cope with these developments, the Supreme Council, in its 22<sup>nd</sup> Cycle (Riyadh, November1999), issued its decree to develop economic agreement with what fits to development of common work added to completing all requirements of economic integration among Council Countries, and the new developments are taken into consideration in the economic field.

A new primary project was prepared and raised to the member countries to offer their respective views. In the light of this, a technical team of member countries and secretariat-general was constituted with the objective of studying the project, and the team held concentrated gatherings for this purpose during February and March 2001 in which views of member countries were discussed together with amendment of agreement project. The committee of Undersecretaries of Ministries of Finance and Economy in Council Countries reviewed the amended project in two meetings related to them in April and September 2001. The Economic and Financial cooperation Committee also reviewed it in its 5<sup>th</sup> and 50<sup>th</sup> two meetings (October 2001). In another exceptional meeting for the committee that were held in December 2001, the final draft that the ministerial council raised to Supreme Council in its integrated 81<sup>st</sup> cycle (December 2001) were adopted to be approved, and it was signed upon by H.H. Leaders of Council Countries in 31 December2001 during holding summit of Masqat as mentioned previously. Nowadays, there is continuity for completing authentication of the agreement added to putting it under execution.

Preparing new economic agreement was honorable model for common work as great numbers of specialists from all government authorities in Council Countries added to different sectors of secretariat-general for Cooperation Council contributed to its preparation and review. The technical team and other concerned committees working in the

framework of council exerted strenuous efforts to develop agreement and to reach a stipulation that reflects common gulf work scripts and future expectations of council countries citizens.

The new agreement includes new stipulations or radically developed to reflect decisions of the Supreme Council with its guidelines and common work new developments such as Customs Unity (Chapter 1), Common Gulf Market (Chapter 2), Cash and Economic Unity (Chapter 3). The new agreement specifies an independent chapter separated from developmental integration among Council Countries (Chapter 4), Development of Human Resources (Chapter 5), another chapter about Cooperation in Fields of Technological and Scientific Research (Chapter 6), and about Transport, Communications and Basic Structure (Chapter 7).

The new agreement turns method of common work to quality transference, as it is not limited to urging on cooperation and coordination among member countries, rather it exceeds to economic integration among council countries by adopting specified programs and machinery accepting execution. The committees working in the framework of council and secretariat-general will follow up execution within specified work programs, and chapter 8 tackles machinery of execution and follow up added to settling disputes that may arise from application of its judgments.

*January 2002, Secretariat-General of Cooperation Council*

## AGREEMENT TERM

### *Economic Agreement*

#### Among Cooperation Council Countries

The member countries in Arabian Gulf Countries Cooperation Council, from the idea of coping with the basic system of Cooperation Council calling for staunch approach and strong relationships among council countries. In the light of reviewing economic achievements signed between Cooperation Council Countries in 1981 in terms of developing, expanding, staunching economic ties among themselves, approximating their cash, financial and economic policy and their industrial and commercial legislations together with applied customs systems including agreement on customs unity, and seeking progressive phases of economic integration that achieves reaching common market, economic and cash unity among council countries within specified time program with supporting machinery of market in economy of council countries that strengthen its negotiating situation and its rival ability in international markets.

They agreed upon the following:

#### *Chapter 1*

#### Commercial Exchange

#### **Article 1**

#### Customs Unity

The commercial exchange is set among council countries within customs unity applied in maximum appointment of January 2003, and includes as minimum the following:

- a. Unified customs tariff towards the external world
- b. Unified customs procedures and systems
- c. One entry point where collecting of unified customs occurs

- d. Transferring goods among council countries without any customs or non-customs restrictions taking into consideration the application of agricultural and veterinary prohibition added to prohibited and restricted articles.
- e. Treat any productive articles in any of council countries the treatment of national products.

## **Article 2**

### International Economic Ties

With the objective of finding better terms and equal conditions in the international economic conduct, the member countries draw their policy and their economic ties in collective manner towards the countries, other territorial blocs and gatherings added to international and territorial organizations and authorities.

The member countries take the necessary procedures to achieve this goal including:

- Following negotiating strategy in collective manner that supports negotiating center of council countries
- Entering into economic agreements in collective manner with the commercial partners
- Unification import & export systems and procedures
- Unification policies of commercial exchange with the external world

## ***Chapter 2***

### Common Gulf Market

## **Article 3**

The council countries natural and legal citizens are treated in any country of member countries with the same treatment of their citizens without any differentiation or discrimination in all economic fields especially:

1. Transportation and residency
2. Working in private and governmental sectors
3. Social insurance and contracting
4. Practice professions and crafts
5. Practice all economic, investment, and service activities
6. Real estate ownership
7. Transference of capitals
8. Tax treatment
9. Currency and purchase stocks added to founding companies
10. Education, health and social services

The member countries agree to complete executive rules able to perform that along with achieving common gulf market.

### ***Chapter 3***

#### **Economic and Cash Unification**

#### **Article 4**

#### **Requirements of Economic and Cash Unification**

Achieving Economic and Cash Unification among member countries aims at currency unification as the member countries achieve within specified time schedule the requirements of this unification including attaining high standard of approach among member countries in all economic policies, especially cash and financial policies, banking legislations together with settling standards for approximating economic performance rates. This is made with the objective of achieving cash and financial stability such failure, indebtedness and prices.

#### **Article 5**

#### **Investment Environment**

With the objective of developing external, environmental, and local investments in council countries, providing investment environment

characterized by transparency and stability, the member countries agree to take the following procedures:

1. Unifying their systems and laws related to investment
2. Dealing with investment owned by council countries natural and legal citizens in the same national treatment in all member countries
3. Integrating all financial markets in council countries and unifying policies and system related to them
4. Adopting unified specifications and standards for all articles as per political system of " Specifications and Standards Authority for Cooperation Council Countries "

#### **Article 6**

##### Territorial and International Aids

The member countries coordinate their policies on the external level in field of offering development territorial and international aids.

#### ***Chapter 4***

##### Developmental Integration

#### **Article 7**

##### Comprehensive Development

The member countries adopt the required policies for achieving integrated development course for council countries in all fields and deepening coordination between activities that involved in national development plans including executing "Strategy of long-term comprehensive development for Cooperation Council Countries ".

## **Article 8**

### **Industrial Development**

- a. The member countries adopt policies required for increasing industry sector contribution to economy added to coordinating industrial activity among them on integrative basis including executing "Unified strategy of industrial development for Arabian Gulf Countries Cooperation Council Countries".
- b. The member countries unify industrial systems and legislations among themselves including systems of encouraging industry together with fighting preventive procedures and dumping.

## **Article 9**

### **Oil, Gas and Natural Resources**

1. The achievement of integration among council countries in fields of environmental, mineral and oil industries aims at benefiting the coming generations.
2. The member countries put unified policies for oil, gas and adopt in relation to this field common situations towards the external world and in specialized and international organizations.
3. The member countries cooperate with oil and gas companies working within with the objective of supporting and developing researches in fields of oil, gas and natural resources added to staunching cooperation with associations in these fields.

## **Article 10**

### **Agricultural Development**

The member countries adopt policies required for achieving agricultural integration among council countries and make the best long-term use of available resources especially water including executing "Common agricultural policy for Council Countries" along with organizations related to council countries.

## **Article 11**

### **Environment Protection**

The member countries adopt policies and machinery required for protecting environment as per regulations and decisions issued in the framework of Cooperation Council in relation to this matter considering it the representative for minimum of national systems and legislations.

## **Article 12**

### **Common Projects**

With the objective of supporting productive connection among council countries , benefiting from its volume of economies together with achieving economic integration and improving distribution of its gains, the member countries take the necessary procedures for supporting, financing and establishing public and private common projects including the following:

1. Adoption of integrative economic policies among council countries in infrastructure projects and basic services as transport, communications, electricity, information technology, tourism, educational, health projects added to gas and oil industry.
2. Establishment of common projects on principles that take into consideration the council countries relative characteristics
3. Provide additional incentives for private sector with the objective of establishing common projects that lead to connecting citizens economic interests in council countries.
4. Remove procedural obstacles by which common projects may face together with dealing with them the same with national projects as minimum.

## ***Chapter 5***

### **Development of Human Resources**

#### **Article 13**

##### **Population Strategy**

Making balance in population composition and labor power with the manner that guarantee society harmony in council countries and confirm its Arabic and Islamic identity added to keeping its stability and cohesiveness.

#### **Article 14**

##### **Eradicating Illiteracy and Imposing Primary Education**

1. The member countries adopt the programs required for comprehensive eradication of illiteracy in all council countries within specified time schedule together with enactment legislations required for that.
2. The member countries put time program to execute Imposing Primary Education and enactment capacitated laws.

#### **Article 15**

##### **Education**

1. The member countries cooperate in developing public education curricula and programs, Higher and Technical Education to ensure the high level of its scientific content along with coping with development requirements in council countries.
2. The member countries achieve integration among council countries associations in all fields.
3. The member countries put policies and machinery suitable for achieving harmony between university education outputs and technological, scientific research from one side and needs of work market and economic development from another side.

## **Article 16**

### **Settlement of Manpower**

1. The member countries take the policies required for developing and unifying systems and legislations involved, removing obstacles that oppose transferring national manpower among the council countries and considering council countries citizens who are working in other countries within the required ratios for manpower settlement.
2. The member countries adopt unified standards for professional categorization for all professions and crafts categories in different sectors. They assume responsibility of developing and exchanging information related to work market in council countries including unemployment ratios, job opportunities and training programs.

## **Article 17**

### **Increasing National Manpower Contribution and Training Them**

- a. The member countries assume responsibility of putting effective policies with the objective of increasing national manpower contribution in work market especially in high professional occupations. They adopt effective programs to raise the standard of national manpower standard added to constructing training program on the top of work and along with contributing to its finance, offering incentives for those who desire to work in the private sector, connecting aids granted to private sector with the adoption of employment programs and training national manpower.
- b. The member countries adopt policies required for guiding recruitment of coming manpower.

## ***Chapter 6***

### **Fields of Scientific and Technological Research**

#### **Article 18**

##### **Scientific and Technological Research**

The member countries support the common scientific and technological research and developing common auto informative, technological, scientific base considering it one of the developmental fundamental including adopting the following policies:

1. Increase finance specified for scientific and technological research fields.
2. Encourage private sector to contribute to finance specialized scientific and technological research together providing incentives required for that.
3. Emphasizing that international companies working in council countries have adopted programs specialized in scientific and technological research in member countries.
4. Settling the informative, technological, scientific base and making the best use of this from experiences of territorial and international organizations.
5. Achieve integration among scientific research establishments in council countries with the objective of developing and activating informative, technological, scientific base together with constructing common research centers.

#### **Article 19**

##### **Informative, Technological, Scientific Base**

With the objective of activating informative, technological, scientific base, the member countries make these following actions as minimum:

1. Determining machinery of achieving making the best use of technological, scientific base in public and private sectors added to

continuous coordination between execution bodies from one side and informative, technological, scientific base outputs on the other side.

2. Putting informative, technological, scientific base outputs within reach of specialists and researchers along with businessmen and investors through simplified procedures.
3. Supporting and developing centers of technological information networks and systems added to adopting programs that facilitate spread and exchange information among technological and scientific research establishments in council countries.

## **Article 20**

### Intellectual Property

The member countries put programs for encouraging talented people and supporting creativity and invention. They cooperate in the field of intellectual property together with developing procedures and systems able to protect rights of creators and inventors, and they coordinate their policy in these fields towards the countries, other territorial gatherings and international territorial organizations.

## ***Chapter 7***

### Transport, Communications and Basic Structure

## **Article 21**

### Transport Means

The member countries deal with means of transporting passengers and goods following any member, which pass by their lands, or aiming at any of them, dealing of means of national transporting including the levels of customs, taxes and facilities.

## **Article 22**

### **Services of Sea Transport Means**

The member countries allow sea transport means following any them together with their loads to use different facilities. In addition, they grant them the same treatment and priorities granted to their national alike whether on the time of their anchorage in their ports or passing by them. This is applied in relation to customs, taxes, and services of guidelines, anchorage, loading, unloading, maintenance, repair, and storing.

## **Article 23**

### **Integration of Basic Structure**

1. The member countries adopt integrative policies in establishing basic structure projects as ports, airports, water desalination stations, electricity and roads, the matter that leads to facilitating commercial exchange, achieving common economic development and cohesiveness of economic activities.
2. The member countries take the necessary procedures that are able to integrate aviation and air transport policies among them.
3. The member countries shoulder development and integration of sea and land transport means with the objective of facilitating movement of citizens and articles added to achieving boom.

## **Article 24**

### **Communications**

The member countries take the necessary procedures that are able to integrate communications policies including services of phone calls, mail, and information network, the matter that leads to improvement of the standard of their economic efficiency and services as well as staunching relationships among council countries citizens with their public and private establishments.

## **Article 25**

### **E-Commerce**

The member countries take the procedures required for facilitating commercial exchange and banking dealings through electronic communications together with unification of legislations related to E-Commerce.

## ***Chapter 8***

### **Machinery of Execution and Follow Up**

## **Article 26**

### **Agreement Execution**

1. Each of the working committee in the council assumes responsibility of what it is concerned with its execution in this agreement.
2. The Secretariat-General assumes responsibility of execution follow up.

## **Article 27**

### **Settlement of Disputes**

1. The secretariat-general review the claims in the event of non-application of judgments mentioned herein in this agreement or these decrees authenticated and issued as application for judgments raised by any of the official authorities or citizens of council countries, and tries to settle it friendly.
2. In the event that the secretariat-general shall not reach a friendly solution, the claim is referred, by approval of both parties, to commercial arbitration center of council countries to review it as per its system. in addition, in the event that they shall not agree to arbitration or rather the claim were not in the area of center's

jurisdiction, the claim shall be referred to the judiciary laid down in clause(3) of this article.

3. Concerned judiciary shall be constituted when necessary to review these claims resulting from executing judgments of this agreement or these decrees issued as application for judgments. The economic and financial cooperation committee suggests the system of this authority.
4. Till the system of the judiciary laid down in clause(3) of this article be effective, all claims to which both parties do not agree or can not be settled friendly by secretariat-general, shall be referred to concerned committees in the council to settle it.

## ***Chapter 9***

### **Concluding Judgments**

#### **Article 28**

##### **Certification and Publication**

The member countries take the necessary procedures required for authenticating these agreements issued as application for their judgments and as a trial to publish them in the official publication together with putting them under execution.

#### **Article 29**

##### **Validity of Agreement**

This agreement shall be valid after authentication of member countries, and the general-secretariat notifies the member countries with the date of its validity.

## **Article 30**

### **Exclusion**

It is allowed to grant any of member countries temporary exclusion from application of some agreement judgments in the necessity cases that are required for temporary local positions or directed specific conditions. This exclusion shall be set for limited period and as per decree of Supreme Council.

## **Article 31**

### **Bilateral Agreements outside the Council**

It is not allowed for any member country to grant priority to another non-member country exceeds this one granted herein in these agreements or enter into agreement conflict with judgments of this agreement.

## **Article 32**

### **Priorities of Agreement Judgments**

1. The priority shall be set for application of judgments related to this agreement when disagreeing with member countries local regulations and laws.
2. This agreement shall replace the economic agreement signed among council countries in 1402H (1981G), and the mentioned herein judgments shall replace similar ones mentioned in bilateral agreements.
3. Till the council countries customs unification is applied, all shall adhere to judgments of article 3 of the economic agreement signed among council countries in 1402H(1981G) and it is allowed to amend the ratio of added value laid down in this article by decree of economic and financial cooperation committee.

### **Article 33**

#### **Amendment and Interpretation**

1. It is not allowed to amend this agreement except by approval of supreme council.
2. The economic and financial cooperation committee is authorized for interpretation of this agreement.

This agreement was signed in Masqat City (Oman Sultanate) on Monday 16 Shawal 1422H, corresponding 31 December 2001.

H.H. Sheikh Zayed Bin Sulktan Aal Nahyan  
President of UAE

On Behalf of H.H. Sheikh Maktoom Bin Rashed Aal Maktoum  
Vice-President of UAE

Premier and Governor of Dubai

H.H. Sheikh Hamad Bin Eisa Aal Khalifa  
Emir of Bahrain

Servant of Mecca and Medina King Fahd Ibn Abdul Aziz Aal Saoud  
Saudi Arabia King

And Chief of National Guard in Saudi Arabia

H.M. Sultan Qabous Bin Said

Oman Sultanate

H.H. Sheikh Hamad Bin Khalifa Aal Thani  
Emir of Qatar

H.H. Sheikh Jaber Al-Ahmad Al-Jaber Al-Sabah  
Emir of State of Kuwait

On Behalf of H.E. Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah  
Acting Premier and Minister of Foreign Affairs

*For studying unified economic agreement issued in 1981G*

Law No.5 for year 2003

In Agreeing to Unified Economic Agreement among Cooperation

Council Countries

- After seeing and studying the constitute
- And on the law No.44 for year 1981 in agreeing on the fundamental system of Arabian Gulf Countries Cooperation Council
- And on law No.58 for year 1982 In Agreeing to Unified Economic Agreement among Cooperation Council Countries
- National Assembly has agreed to the following law with its term, we have authenticated it, and it was issued accordingly.

**Article 1**

The unified economic agreement among cooperation council countries signed in Masqat City in Oman Sultanate dated 16 Shawal 1422H; corresponding 31 december2001 was agreed upon in which their terms are attached herein for this law.

**Article 2**

All ministers, everyone concerned with his responsibilities, should execute this law and it should be effective from the date of bulletin in the official; newspaper.

Emir of state of Kuwait

**Jaber Al-Ahmad Al-Sabah**

*Issued in Bayan Palace in 17 Zul Hejja 1413, corresponding 18 February 2003*