

**Economic and Social Commission for Western Asia (ESCWA)**

Committee on Liberalization of Foreign Trade, Economic
Globalization and Financing for Development
Tenth session: Liberalization of foreign trade
Cairo, 22-23 November 2015

Item 3 of the provisional agenda

Provisional agenda and annotations**Arab trade integration: from the Greater Arab Free Trade Area
to an Arab customs union**

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ANNOTATIONS

1. Opening of the session

The tenth session of the Committee on Liberalization of Foreign Trade, Economic Globalization and Financing for Development (which will be referred to in this document as Committee on Trade, Globalization and Financing) opens at 10 a.m. on Sunday, 22 November 2015, in the Conference Hall at Marriott Hotel (Al-Jazeera) in Cairo. The representative of the United Arab Emirates, the country that chaired the ninth session of the Committee on Trade, Globalization and Financing, will give the welcome speech. Ms. Rima Khalaf, Under-Secretary-General of the United Nations and Executive Secretary of ESCWA (or Mr. Mohamed el-Moctar Mohamed el-Hacene, Director of the Economic Development and Integration Division at ESCWA), will then deliver the opening speech.

2. Election of officers

Rule 18 of the Rules of Procedure of the Economic and Social Commission for Western Asia states: “Member States shall chair the sessions of the subsidiary bodies of the Commission on a rotating basis, in the Arabic alphabetical order employed by the United Nations.* Unless the Commission decides otherwise, those bodies shall elect all their other officers”. Pursuant to that rule, Bahrain shall chair the tenth session of the Committee on Trade, Globalization and Financing, succeeding the United Arab Emirates which chaired the ninth session of the Committee from 7 April to 22 November 2015. The Committee shall elect two vice-chairs and one rapporteur from among the representatives of its member States.

With a view to ensuring continuity, the Committee has adopted the following procedure to select its two vice-chairs and its rapporteur: the vice-chairs shall be the representative of the country that chaired the past session and the representative of the country that will chair the subsequent session of the Committee according to the alphabetical rotation. The rapporteur shall be the representative of the country next in the alphabetical order to the country of the second vice-chair. Accordingly, the representatives of the United Arab Emirates and Tunisia shall be the vice-chairs and the representative of the Syrian Arab Republic shall be the rapporteur.

3. Adoption of the agenda and other organizational matters

Rule 8 of the Rules of Procedure of the Economic and Social Commission for Western Asia, which applies to subsidiary bodies, states: “At the beginning of each session, once the Chair has assumed his/her duties in accordance with rule 12, the Commission shall adopt the agenda for that session on the basis of the provisional agenda”. In accordance with that rule, the provisional agenda and annotations

* ESCWA member States, in the Arabic alphabetical order, are: Jordan, the United Arab Emirates, Bahrain, Tunisia, the Syrian Arab Republic, the Sudan, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Saudi Arabia, Mauritania and Yemen.

for this session will be presented to the Committee on Trade, Globalization and Financing in document E/ESCWA/EDID/2015/IG.2/L.1, and the organization of work in document E/ESCWA/EDID/2015/IG.2/L.2. Both documents may be adopted by the Committee as submitted or in amended forms.

4. Review of actions taken in the field of foreign trade liberalization
(E/ESCWA/EDID/2015/IG.2/3)

The Committee will be presented with the following two documents:

(a) Implementation of the recommendations made by the Committee at its seventh session
(E/ESCWA/EDID/2015/IG.2/3(Part I))

This report presents the activities implemented in the field of foreign trade liberalization pursuant to the recommendations made by the Committee at its seventh session (Beirut, 4-5 October 2011). Implementation measures are presented for each of those recommendations.

Representatives of member States are invited to take note of what has been implemented and make comments and recommendations in that regard.

(b) Implementation of activities related to foreign trade liberalization under the ESCWA programme of work in the period 2012-2015
(E/ESCWA/EDID/2015/IG.2/3(Part II))

This report contains an overview of the activities related to foreign trade liberalization implemented by the secretariat under the ESCWA programme of work in the period 2012-2015.

Representatives of member States are invited to take note of those activities and make comments and recommendations.

5. Non-tariff measures related to foreign trade liberalization in selected Arab countries
(E/ESCWA/EDID/2015/IG.2/4)

This report contains an overview of non-tariff measures adopted by four Arab countries, namely Egypt, Lebanon, Morocco and Tunisia. Non-tariff measures have gained particular importance as soon as Arab countries have started to accede to regional and multilateral trade agreements since the mid 1990s. Given the negative impact of those measures on the flow of foreign trade in general and Arab intraregional trade in particular, this report examines the various non-tariff measures and their impact on the liberalization of foreign trade in the countries covered by the report. Non-tariff measures, which hamper the flow of imported goods, include protectionist restrictions (such as quantity limitation for some imported goods and the negative lists) and technical measures, especially with regard to health, the environment and security.

Representatives of member States are invited to discuss the issues addressed in the report and make recommendations.

6. Progress achieved in the negotiations on the establishment of an Arab customs union
(Presentation by a representative of the League of Arab States)

The Arab countries have achieved progress in their negotiations on the establishment of an Arab customs union. They have reached general agreement in recent years on some aspects of the customs union, while other issues still need more negotiations. A representative of the League of Arab States will make a presentation on the progress achieved and will highlight the next moves in the negotiations.

7. Institutional framework of the Arab customs union
(E/ESCWA/EDID/2015/IG.2/5)

This document presents the institutional and regulatory frameworks needed for the establishment of an Arab customs union as well as for managing such union and dealing with emerging issues as a result of it. Relevant experiences from other regions were used for that purpose. The frameworks also include mechanisms for the implementation of trade agreements, and for coordination and harmonization between national policies and policies adopted by the new entity.

Representatives of member States are invited to discuss the issues addressed in the document and make recommendations.

8. Fiscal challenges facing Arab countries in the establishment of an Arab customs union
(E/ESCWA/EDID/2015/IG.2/6)

This report reviews some existing and underway customs unions. It examines their common external tariffs, revenue collection and distribution mechanisms and tax coordination measures. It also highlights the financial challenges that certain Arab countries may face by joining a customs union and offers options to overcome them through tax policy coordination mechanisms at the regional level.

Representatives of member States are invited to discuss the issues addressed in the report and make recommendations.

9. Scenarios for an Arab customs union
(E/ESCWA/EDID/2015/IG.2/7)

The negotiations undertaken by Arab countries on the establishment of an Arab customs union lack the necessary technical studies that explain the procedure of adopting a unified external tariff and the available mechanisms for a smooth launching of the union. That is why ESCWA has prepared this document in which it presents simulation scenarios for the establishment of an Arab customs union based on the feedback received from member States. ESCWA also drew upon the results of the technical support it provides to the League of Arab States. The aim of this paper is to invigorate the negotiations.

Representatives of member States are invited to discuss the issues addressed in the document and make recommendations.

10. Mechanisms for dealing with trade agreements between Arab and foreign States after the establishment of an Arab customs union
(Presentation by a representative of the World Trade Organization)

An Arab customs union constitutes a phase in the process of achieving regional integration and deepening economic relations between its members. Since the Arab States are committed to trade relations with countries outside the region, their accession to an Arab customs union would require a review of those relations in the light of the customs union which shall be the basis for all foreign trade relations of its members. In that context, a representative of the World Trade Organization will make a presentation on the mechanisms adopted by the Organization in dealing with bilateral and regional trade agreements involving States willing to join a customs union. The WTO representative will present cases of trade agreements between Arab States and foreign parties.

11. Completion of the Greater Arab Free Trade Area and establishment of an Arab customs union: opportunities and challenges
(Roundtable dialogue)

Assessments of the Greater Arab Free Trade Area (GAFTA) have shown very little increase in intraregional trade limited to 10 per cent of the total Arab foreign trade. This proves that other, non-tariff obstacles are still hindering intraregional trade, including rules of origin that do not take into consideration the specificities of Arab economies and the lack of competition protection measures. The roundtable dialogue aims to discuss the causes of weak trade between Arab countries and to identify policies and mechanisms for lifting the obstacles that still prevent member States from fully benefiting from GAFTA.

Representatives of member States are invited to participate in the discussion and present the opinion of their respective countries with regard to opportunities and challenges.

12. Proposed programme of work for the biennium 2016-2017 in the field of foreign trade liberalization
(E/ESCWA/EDID/2015/IG.2/8)

This document contains the outputs and activities that will be undertaken by ESCWA in the area of foreign trade liberalization during the biennium 2016-2017, under subprogramme 3 on economic development and integration, which falls under the responsibility of the Economic Development and Integration Division (EDID) of ESCWA. The programme of work was prepared in line with the revised strategic framework for the biennium 2016-2017 which was adopted by ESCWA at its twenty-eighth session (Tunis, 15-18 September 2014).

Representatives of member States are invited to take note of the proposed programme of work and offer their views thereon.

13. Date and venue of the eleventh session of the Committee

The Committee shall decide on the date and venue of its eleventh session which will be held in 2016 and will focus on economic globalization and financing for development.

14. Other matters

This item shall cover any other matters that the Committee members may wish to raise and discuss.

15. Adoption of the recommendations made by the Committee at its tenth session

The Committee will consider the draft recommendations of its tenth session for discussion and adoption.

16. Launching of the ESCWA report "Assessing the Arab Economic Integration: Towards the Arab Customs Union"

(Joint meeting of the Committee on Trade, Globalization and Financing and the Committee on Transport)

ESCWA has prepared the first Arab Economic Integration assessment report which analyses the various aspects of economic integration between Arab countries. The report presents a set of indicators which were used for the first time in that context. The report will be launched with a presentation of its various parts during the proceedings of the tenth session of the Committee on Trade, Globalization and Financing at a joint meeting for delegates participating in the tenth session of the Committee on Trade, Globalization and Financing and delegates participating in the sixteenth session of the Committee on Transport.
