

## THE EUROPEAN COMMUNITY AND THE ARAB WORLD

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C O R R I G E N D U M

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Page 7, para. 1, last line: " Council for Arab Unity " should read  
" Council for Arab Economic Unity "

Page 8, para. 2, line 15: " 1959 " should read "1951"

Page 12, para. 2, line 4: "caf" should read "cif"

Page 13 : the comment under the table refers to the  
table on page 14

Page 24, para. 2, line 2: "1976" should read "1976 and 1977"

Page 25, para IV, last sentence:  
this sentence should read "The Commission has set  
up permanent delegations in the seven countries  
concerned, as in those Arab countries which have  
signed the Lomé Convention."

Page 43, para. 1, line 5: "Palestine Liberation Movement" should read  
"Palestine Liberation Organisation".

## INTRODUCTION

The countries of the Arab League are now the most important trading partners of the European Community. This fact alone is enough to demonstrate the crucial importance of the relations between these two groups of countries both for the Arabs and for the Europeans. Nevertheless, however significant this statement is, one would be ill-advised to limit these relations to figures for imports and exports. The contact between Europe and the Arab world is day by day becoming more relevant to every aspect of our lives. Economically, of course; but also politically, socially and culturally. To realize this, one only needs to read a newspaper or to keep one's eyes open in the street. Euro-Arab reality is staring us in the face whether we live in Damascus, Amsterdam, Algiers or Paris. It is not always a pleasant reality either, as the hundreds of thousands of Arab workers in Europe might testify. But it also contains elements of hope. Having envied it, imitated it, exploited it and ignored it, Europe is now setting out to rediscover the Arab world.

History - always troubled, occasionally tragic, but also bearing hope - culture, movements of people and ideas and - why not? - a common future, are surely all elements with wider implications than increased buying and selling.

Those who launched the Euro-Arab Dialogue in 1974 were not mistaken. Although this deals with customs concessions, it also concentrates on the transfer of technology. It may seek ways to exchange machinery, but it also tries to exchange history books. And it is concerned with the rights of the Palestinian people.

The Dialogue has now broken down. Egypt's exclusion from the Arab League following the Camp David agreements has brought it to a temporary halt. The declaration of the Heads of State and Government of the Nine in Venice in June 1980, which recognized the political aspects of the Dialogue, suggested that things might get off the ground again. But problems cropped up again, within the Arab group itself. In the spring of 1982, Europe was expecting the Fez summit to start up again - which could mean that the members of the Arab League have ironed out their differences.

This paper only deals with the relations between the European Community as such and the Arab League countries. Thus, it does not refer to the policies of the individual EEC countries towards the Arab world.

June 1982

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I. TWO REGIONS LINKED BY HISTORY

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How far back in history can the first Euro-Arab relations be traced? Very far indeed. For as long as man's history is known, the peoples around the Mediterranean have exchanged goods and ideas and have fought each other. To write the history of the relations between Europe and the Arab countries would be to write a large part of the history of mankind. Needless to say, this is not our intention. We simply want to show, by means of a few examples, how impossible it would be to understand one of these civilizations without any knowledge of the other.

Let us begin by listening to Mr Claude Cheysson, European Commissioner for Development, when he was interviewed by the review L'Actuel\*: "The peoples of the Southern Mediterranean and Europe", he said, "have lived together for centuries, getting to know each other and conquering each other. We have spent centuries following each other around the Mediterranean. They came as far as Poitiers; we went a similar distance. So, you see, it is hardly an accident that so much of our life has been shared from the time of Alexander the Great to the Euro-Arab Dialogue. The reason is a fundamental shared interest. An interest based first of all on a common concept of man. It is no accident that the great monotheistic religions were born in the Mediterranean and developed there. There and nowhere else. I do not mean that these are superior to other religions or moral systems such as Confuciansim or Buddhism; I am simply emphasizing that this is the part of the world where the three great monotheistic religions were established with a shared concept of man as the basis of everything - indeed, the beginning and end of everything. Thus, they have a shared concept of civilization.

Their reciprocal contributions are manifold. First those of Europe to the Arab world. The stamp of the old continent - frequently imposed - is to be found at Baghdad and Rabat, in Cairo as in Tunis. What the Arab world has given Europe is less well known. In 1970, Montgomery Watt, in a speech to the Collège de France, said: "When one considers the total extent of the areas covered by the Arabs in scientific experimentation, thought and writing, one sees that without the Arabs, European science and philosophy would not have developed when it did. The

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\* L'Actuel Vol.2, N° 2-1977 - 67, Dries, 1170, Brussels.

Arabs did more than simply transmit Greek thought; they became its true continuators...".

But one only needs to read the history books to understand that, despite everything, mutual incomprehension is too often the rule. Incomprehension or even ignorance.

What, for instance, do the Europeans of today answer when they are asked what they have brought the Arabs? "Hospitals, universities, laboratories". But do they realize that these three disciplines - health, science and education - were precisely the three great disciplines which came to the mediaeval Christian West from the Arab world?

Hospitals: we cannot mention every hospital on Arab soil. Let us merely note the three large hospitals in Baghdad where the examinations for the medical corps resulted in the award of as many as 80 degrees or diplomas conferring the right to practise.

Laboratories: at the time, there were observatories. In 830 AD during the rapid expansion of Baghdad, the Kalif Al Mamum set up the first scientific observatory.

Universities: the contribution of the Arab world is fundamental. The ancestors of the modern university can be found at Baghdad (NIZAMIYYA and MUSTANSIRIYYA), at Cairo (AL AZHAR), at Fez (KARAWIYYIN), at Cordoba... Europe has been strongly influenced by the Arab university system; the organization of studies, the division of students according to "nation" or "language", the examination giving right of entrance to a university and, in particular, the mobility of students and teachers...\* The Arab students who now come to European universities to perfect their knowledge are thus the heirs of the very tradition which used to take European students to Arab universities to study. And the subjects listed on today's study programmes have a common hallmark: Al Jabr - father of algebra - like Lavoisier... There are many factors which should not be forgotten.

But the Arab world stood aside during the great changes of the 19th century precisely when the industrial revolution gave Europe an unequalled "advantage". Poor administration and the crumbling of the Umma (Moslem community) explains the paralysis of the Arab world. But there were also more "objective" reasons and structural shortcomings. First, the lack of coal, which, as we know, provided the power needed for European industrial development. Moreover, the distance from the important consumer markets, the lack of local demand, the insuperable obstacles to international transport, a geographical situation often very unpropitious for the building of railways... all these factors excluded the development of metallurgic industries and, consequently, of other manufacturing industries. This economic apathy was accompanied by political subordination. France's conquest of Algeria in 1830 was the beginning of

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\*P.A.Willemart, L'Actuel.

Europe's unrelenting expansion.

The Arab world's major handicaps gradually became less acute. This began with the birth of nationalism and the struggles for independence. These continued for a long while: the first country affected was Egypt, followed by countries like Algeria and Morocco, and finally Djibouti. In certain countries, the number of dead bears witness to the bitterness of these struggles.

At the same time, the economic opportunities of the Arab countries improved. First, because the handicap of distance gradually disappeared, largely because of the revolution in transport. Secondly, oil was little by little replacing coal as the basis for industrial development. And there were other factors, such as tourism and seabed resources, which allowed the Arabs to view their future economic development with optimism. But they still lag considerably behind European countries. Europe is now going through an economic crisis which is leading to doubts about certain values on which its wealth during the 19th and 20th centuries was founded. And it must be admitted that these values often took the Third World too little into account. Looked upon in this light, it may even be that the economic crisis provides a good opportunity for the Euro-Arab Dialogue.

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## II. TWO REGIONS IN SEARCH OF UNITY

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The Arabs and the Europeans have found only one way both to achieve security and peace in their respective regions and at the same time promote economic development: to unite. This is the reason for the birth of a pan-Arab organization, the League of Arab States, as well as of the European Communities.

"The idea of setting up groups of countries which have a shared culture, ideology and civilization is a manifestation of international solidarity. It is aimed at universalism and leads to possibilities for preparing the ground and integrating the countries of such a region in order to smooth out social difficulties and finally put an end to any tendency toward virulent nationalism."

This observation, made by an Arab expert, is equally applicable to Arab and European attempts at unification. Such convergence is well worth noting.

The existence of these two entities, the Arab League and the European Community - however different they may be - does, of course, facilitate Euro-Arab relations. Thus, when the Euro-Arab Dialogue meets, two interlocutors face each other, and not thirty.

Regional dynamics also have apart to play within the Arab party - as is illustrated by the recent creation of the Gulf Cooperation Council (see Annex III). This desire for union is worthy of emphasis.

### THE LEAGUE OF ARAB STATES

On 22 March 1945, delegates from seven Arab countries (Egypt, Iraq, Lebanon, Saudi Arabia, Syria, Jordan and Yemen) signed in Cairo the Pact of the League of Arab States, usually referred to as the "Arab League". Today, this organization includes all independent Arab States situated in the immense region between the Arabian Gulf to the east, and the Atlantic to the west. During the years following the signing of the Pact, the Arab nations joined it as and when they gained their independence: Libya on 28 March 1953, Sudan on 19 January 1956, Morocco and Tunisia on 1 September 1958, Kuwait on 30 June 1961, Algeria on 16 August 1962, the People's Democratic Republic of Yemen on 12 December 1967, Bahrain on 11 September 1971, Qatar on 11 September 1971, Oman on 29 September 1971, Mauritania in 1972, Somalia in 1974, the Palestinians, represented by the PLO which is a full member of the Council of the League, in 1976, and, finally, Djibouti in 1977. A total of 22 Arab countries,

if it is considered that Egypt's exclusion following the Camp David agreements is only temporary and the country is bound to go back in the long term.

The structure of the Arab League, which is very flexible, is more akin to that of the Organization for African Unity or the Organization of American States than to the European Communities, as we shall see below. But the member states of the Arab League are next to each other geographically; they share the same language and the same culture; and their historical past is often similar. Nevertheless, the League is not a confederation; nor is it a federalist or confederalist organization any more than it is a super-state.

While it is committed to respecting the established government in each member state and to guaranteeing its sovereignty and independence, the League set itself several objectives from the outset:

- (a) to maintain and strengthen the solidarity between the Arab states in the face of external threats;
- (b) to ensure cohesion and peace between the member states by offering to arbitrate in the event of conflict between two or more member states and by opposing any recourse to force;
- (c) to ensure the cooperation of member states in various areas, e.g. social, legal, parliamentary, financial, economic and cultural affairs.

What are the principal institutions of the Arab League?

First, the Council of the League should be mentioned, which is its supreme organ. It is composed of representatives from the member states and holds general sessions twice a year (in March and September).

At the request of two members, extraordinary sessions can also be held whenever circumstances demand. The Council controls and coordinates the League's activities; it sees that agreements passed by the various member states are implemented; and it appoints the Secretary General.

- (a) The Joint Defence Council was set up after the signing of the Treaty for mutual defence and economic cooperation (June 1950). It is composed of the Ministers for Foreign Affairs and Defence from all the member states;
- (b) The Economic and Social Council was set up recently to replace the Economic Council which had been created following the Treaty in June 1950. Its aim is to establish the objectives of, and to promote the means for, the economic and social development of the Arab world. It also



coordinates the activities of the specialized agencies which have been set up in the framework of the League of Arab States. Among the most important of these are the Arab Fund for Economic and Social Development, the Arab Fund for Assistance to Arab and African Countries, the Arab Monetary Fund, the Arab Organization for Agricultural Development, the Industrial Development Centre for Arab States, the Arab Bank for Economic Development in Africa, the Arab Council for Civil Aviation, the Arab Postal Union, the Arab Telecommunication Union, the Arab Labour Council and the Council for Arab Unity.

(c) The Committees fall into three different categories:

- i Committees set up by the main institutions of the League. Thus, at each General Session, the Council appoints Foreign Affairs Committees, Economic Committees, Social Committees etc. The lifetime of these Committees is linked to the timing of the Session.
- ii "ad hoc" Committees, responsible for carrying out specific tasks. They are dissolved when their mandate has been carried out.
- iii "Permanent Committees". These play a crucial part in the working of the League. They are neither temporary - hence their name - nor do they have a predetermined function - hence their importance. They study problems within their sphere of competence and submit their findings to the Council of the League for approval. There are Permanent Committees for political matters, social questions, health, culture, economic matters, information, oil, finance and administration.
- iv The Secretariat General. This is the institution of the League of Arab States responsible for implementing decisions taken by the Council of the League. It is headed by the Secretary General with the assistance of several Assistant Secretary Generals and a staff, some of whom are permanent and some temporary. The Secretary General is elected by a majority of two thirds of the members, although in practice he has always been appointed unanimously. The appointment is for five years. His is a key role; for it is he who represents the Arab world at international level.

## THE EUROPEAN COMMUNITIES

Opposite the Arab League are the European Communities.

How can one introduce this European Community about which so much is said, but often so little is known, both elsewhere in Europe and in the Third World? It all began during the Second World War. Faced with the barbarity of Nazism which had erupted in our part of the world, more and more men, in the concentration camps as well as in the maquis, were searching for solutions to ensure that this never happened again. It was necessary to create a union between the countries of Europe to avoid any further repetition of the cataclysms which had convulsed Europe since the dawn of history. The ideal was a lofty one but it needed to become a reality. The men who took it upon themselves to carry out this task, Robert Schuman, Jean Monnet, Alcide de Gasperi ..., the fathers of Europe, preferred not to rush things. Thus, in 1959, the Treaty establishing the European Coal and Steel Community (the ECSC) was signed in Paris. Six countries, the Federal Republic of Germany, France, the Netherlands, Italy, Belgium and Luxembourg, had decided to bring together their coal and steel industries so as to restructure their economies which had been destroyed by the war.

Next came the signing, in March 1957, at the Capitol Palace in Rome, of the Treaty establishing the European Economic Community. The Common Market was born.

Increasingly, the Six - who became nine in 1973 when the United Kingdom, Denmark and Ireland joined the European Club and 10 in 1982 when Greece acceded - undertook, first, to eliminate all their customs barriers, i.e. the charges imposed on products passing from one country to another. People had to be allowed to circulate freely within the European Community and to settle where they wanted to. But the European Community aimed not only at creating a general common market. By gradually bringing the economies of the Member States closer together, the aim was also to achieve an economic and monetary union.

Let us emphasize at once that this Europe in the making is not turned in upon itself. The Community's policy for cooperation and development has, ever since 1957, been one of its most ambitious and original activities. We shall return to this below.

However, to create a true Community, a number of common policies had also to be set in train.

The best known among these is undoubtedly the Common

Agricultural Policy. Despite the difficulties it encounters - and they are numerous - "Green Europe" is still today the basic foundation of the Common Market: thus, nearly 70% of the Community budget is devoted to agriculture. Three principles have been laid down to guarantee European consumers a stable supply of agricultural products - at better prices - and at the same time to ensure a steady income for EEC farmers: these are the free movement of agricultural products within the EEC; shared financial responsibility among the Ten; and finally, a Community preference. The last is the most contested of these principles; for it concerns all the countries which sell agricultural products to, or buy them from, the European Community.

What does this mean? It is simply a device to protect European producers and consumers from fluctuations in the prices of agricultural products on the world market. When European dealers export to non-member States, they receive a kind of subsidy - or refund - covering the difference between world prices and European prices which are often higher. On the other hand, when Europeans import from outside the Community, they must pay a charge - or levy - which equals the difference between world prices and European prices.

Other policies instigated by the European Community whose progress has been rather more modest are the regional policy, established to help the Common Market's poorer regions to catch up with the others, and the social policy, to help the mobility of labour and to assist vocational training. We should also mention the industrial programmes; a competition policy obliging firms to respect market forces; an action programme created to fight against pollution of the environment; and the attempts to arrive at a common energy strategy for the Ten.

How does the Common Market work? What are its decision-making institutions? First, there is the Council of Ministers, the periodical meetings of Ministers of the 10 countries of the EEC. It is they who decide; but they can only do so upon a proposal from the European Commission. The latter, which is composed of 14 members, independent of national governments and aided by a substantial administration, constitutes the permanent organ of the Community, and the instigator of all European policy. For no decision can be taken until it has submitted a proposal on the subject concerned. The Commission is also guardian of the treaties and sees that they are implemented. It has also authority to take action, especially in agricultural matters. In

negotiations with non-member countries - e.g. signing agreements with Arab countries - the Commission negotiates under instructions from the Council of Ministers. Twice a year, the Heads of State or Government of the Ten meet for two days to determine the general guidelines for European policy. In addition, the Ministers for Foreign Affairs of the EEC countries meet periodically - in the separate "political cooperation" framework - to discuss common positions they might adopt when dealing with wider international problems. This, in particular, is the framework in which the Member States' common position towards the Palestinian issue, a sensitive area of Euro-Arab relations, is examined.

The EEC as such has no political powers. The European Parliament, which has advisory powers except in budgetary matters where it sometimes has the last word, has, since 1979, consisted of MPs elected by universal suffrage.

The Court of Justice of the European Communities decides whether the European institutions are acting according to the European Treaties. If the inhabitants of one of the European countries consider themselves wronged by a decision of their government or any other institution, they can bring the matter up before the Court of Justice, which is in Luxembourg.

True, the aim of the Treaty of Rome was to create a Community composed of the various European countries. But the Community was not intended to remain turned in upon itself. First, as we have seen, it was joined by four new members: the United Kingdom, Denmark and Ireland in 1973 and Greece in 1981. And two countries from Southern Europe have applied for membership of the Communities, to wit, Portugal and Spain - a factor which should be taken into account when the outlook for the Euro-Arab Dialogue is considered. The negotiations are already well under way. They are tough, but the indications are that they will succeed, in which case Europe of the Ten will become Europe of the Twelve.

When one considers Europe's role in the world, the Lomé Convention immediately springs to mind. This links the EEC to more than 60 countries in Africa, the Caribbean and the Pacific, of which four - Somalia, Sudan, Mauritania and Djibouti - are members of the Arab League. This Convention, which many consider to be the most progressive development cooperation agreement in existence today, falls into three main parts:

(a) Trade: more than 95% of products from the ACP countries

can enter the Common Market without attracting customs duty.

- (b) Finance: by means of the European Development Fund, which has resources totalling 5 230 million ECU\* for a period of five years, the Community finances a number of development projects in the ACP countries.
- (c) Stabilization of Export Earnings: this is undoubtedly the most original aspect of the Lomé Convention. Under this system - now called "Stabex" - the Community undertakes to guarantee the ACP countries stable earnings from their exports of a number of products to the Community. This "insurance against lean years" is one of the solutions to the acute problems faced by the countries of the Third World because of fluctuations in the prices of raw materials. It may be a modest solution, but it has the merit of having been put into practice - unlike many a grandiose scheme which has never left the files of the international experts.

In addition, the Community has signed cooperation agreements of a similar kind with practically all the countries around the Mediterranean. We shall return to this below; for a number of member states of the Arab League are also Mediterranean countries. Agreements have also been signed with certain Latin American and South East-Asian countries; these, being more recent, tend to be less laborate.

In 1971, the European Community was the first to introduce the generalized System of Preferences for all countries in the Third World. Under this system, manufactured and semi-manufactured goods can enter the Common Market at a reduced rate of customs duty.

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\* The ECU was worth about US \$ 1 in April 1982.

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### III. TWO COMPLEMENTARY REGIONS

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#### Trade relations

As was stated in the first line of this paper, the Arab League has become the European Community's main trading partner. This development is one of the crucial elements in the pattern of international trade in recent years: two groups of countries, which show such a degree of economic interdependence and which, moreover, are among the giants of world trade, cannot allow their trade relations to develop in an uncontrolled way. Here again, the Dialogue is important. What do the figures tell us? Basically this: in 1976, 40.4% of the Arab countries' exports went to the European Community, as against 15.8% for Japan and 9.3% for the USA. Over the same period, 13.4% of the EEC's exports went to Arab countries (or more than the Community's exports to the United States and Japan put together). In 1980, the figure had gone up to 15.5% - which shows that the Arab countries are increasingly important as far as Community sales to third countries are concerned.

Let us now analyse the general trends in trade between the two groups.

NB. the Eurostat figures are quoted from the Community's point of view - i.e. caf for imports and fob for exports.

Over the last decade, the countries of the Arab League have become increasingly important in world affairs and in the international economy in particular, something that is clearly reflected in the ever-larger part the League is playing in international trade, especially on the export side. Its share rose from 4% in 1970 (and 4.5% in 1973) to an average 8.5% in 1974-1978, the period when the effects of the oil price explosion were strongly felt.

As to the share of Community trade held by the Arab League and its biggest importers-exporter, the table shows that the figures were 21.5% of EEC imports in 1980 and 15.5% of its exports. Saudi Arabia heads the list of Arab countries for both buying and selling. But, as we shall see, oil is largely dominant in the sales of certain of the Arab countries and some of them, such as Morocco and Tunisia, which do not figure in the table, have far more diversified trade than the countries of the Gulf.

THE ARAB LEAGUE'S SHARE OF COMMUNITY TRADE

	EEC IMPORTS		EEC EXPORTS	
	Millions ECUS	%	Millions ECUS	%
1976 TOTAL EUR. 9	157 340	100	141 300	100
1980 TOTAL EUR. 9	271 552	100	224 446	100
including:				
<u>U.S.A</u> .....		16,3		11,8
SAUDI ARABIA		9		3,2
IRAQ		2,9		1,7
LIBYA		2,4		1,8
UAE		1,6		0,9
ALGERIA		1,5		2,1
EGYPT		0,6		1,4
OTHER ARAB LEAGUE		3,5		4,3
<u>TOTAL ARAB LEAGUE</u> .....	58 409	21,5	34 716	15,5

Source: Eurostat

The trends in the value of trade between the two groups have been remarkably similar in the case of both exports and imports (always considered from the EEC's point of view). If 1975 is taken as a reference year (index 100), it can be seen that the figures only really differ in 1978 and 1979 and they come back together again in 1980 when imports are at 234 and exports at 230. **This is a net improvement, even if monetary erosion is taken into account.**

EEC 9 - TRENDS IN TRADE WITH THE ARAB LEAGUE

	1975	1976	1977	1978	1979	1980
<u>EXPORT</u>	15 235,8	18 949.4	23 514.0	24 869.5	29 229,0	35 002,2
<u>IMPORT</u>	25 064,8	31 703.4	32 682,7	29 535,6	40 623,0	58 528,8
trade balance	- 9 829,0	-12 754,0	-9 478,3	-4 666,1	-11 394,0	-23 526,6
<u>INDEX</u>						
Export	100	124	154	163	192	230
Import	100	126	130	118	162	234
Cover %	60.8	59,8	71,9	84,2	72,0	60,0
<u>CHANGE AS COMPARED TO PREVIOUS YEAR</u>						
Export %	+ 45.4	+ 24,4	+ 24,1	+ 5,8	+ 17,5	+ 19,8
Import %	- 14,3	+ 26.5	+ 3,1	- 9,6	+ 37.5	+ 44,2
Export extra 9 Arab League %	121 263 12.6	141 342 13.4	163 140 14.4	173 673 14.3	194 154 15.1	224 446 15.6
Import extra 9 Arab League %	125 327 20.0	157 342 20.2	171 350 19.1	178 346 16.6	217 734 18.7	271 566 21.6

The Community is running a clear deficit as far as the Arab League is concerned because, as the table shows, its exports covered its imports by around 60% in 1975, 1976 and 1980 and there was peak coverage, at 84%, in 1978.

The Arab League's position among the Community's suppliers remained more or less constant over the years in question, i.e. at around 20%, while the Arab countries became increasingly important as far as EEC exports were concerned, accounting for 12.6% of the total in 1975 and reaching 15.6% in 1980, as we have already seen. This growth in Arab League imports reflects the effort the countries have put into development - which has



been made possible by the considerable increase in the oil earnings of some of the members.

Crude oil, with 90% of the total, is the main export product of the Arab League as a whole. The figure is even higher in the case of some countries on the Gulf. The countries of the Maghreb are way behind, in spite of the important role played by Algerian oil.

Now let us move on to the structure of Arab exports to the EEC. Crude oil, as we have already mentioned, accounts for most of the sales by the Arab League countries, as the figures show: 90.8% of sales to the EEC in 1975, 90.9% in 1976, 90.5% in 1977, 88.7% in 1978 and 88.6% in 1979. At the same time, agricultural products only accounted for 3% in 1975, 1976 and 1977, 2.3% in 1979 and 1.7% in 1980.

Annex I gives details of the EEC's exports from and imports to the Arab League. Look at just the major groups of products and it emerges that the share of mineral fuels was even greater in 1980, when oil and refined petroleum products accounted for 92.6% of all Arab exports to the Community. Food products, live animals and beverages only accounted for slightly more than 1% of these sales - and it should be noted that it is always the Maghreb countries which export the food.

The Community's sales are, of course, mainly manufactures, machinery and transport equipment (71%).

1980 - STRUCTURE OF EEC 9 TRADE WITH THE ARAB LEAGUE (%)

	SITC GROUPS	IMPORTS %	EXPORTS %
Food products, live animals	0	1.0	10.3
Beverages, tobacco	1		0.9
Non-edible raw materials	2	1.4	0.9
Mineral fuels	3	93.6	3.2
Organic oils and fats	4	"	0.4
Chemical products	5	0.4	7.7
Manufactures	6	1.0	19.9
Machinery & transport equipment	7	0.5	42.2
Miscellaneous manufactures	8	0.8	9.3

Who exports and imports what in trade between the Arab League and the European Community? A look at the figures for 1979 shows that, of all the countries of the EEC, France and Italy account for half the purchases from the various groups of the Arab League, followed by Germany and Belgium. Italy is by far the most important customer as far as the non-Mediterranean countries of Africa are concerned.

MEMBER STATES' SHARES OF EEC IMPORTS FROM THE ARAB LEAGUE (1979)

	Maghreb & Mashraq	Arab countries on the Gulf & Libya	Non-Mediterranean countries of Africa	Arab League
	%	%	%	%
Germany	28.2	16.2	13.3	18.1
France	27.8	26.0	25.7	26.3
Italy	28.8	24.8	40.0	25.6
Netherlands	4.9	11.3	1.0	10.2
Belgium/Lux.	3.8	6.8	7.3	6.3
United Kingdom	5.7	13.6	11.7	12.3
Ireland	0.1	0.4	0.0	0.4
Denmark	0.5	0.8	0.6	0.7
European Community	100	100	100	100

Source : Eurostat, Monthly bulletin of external trade.

The share of Community exports held by the Gulf countries and Libya trebled between 1972 and 1973, as the following table shows. And exports to the countries of the Maghreb and the Mashraq also increased considerably. Algeria lost its place as the Community's biggest client to Saudi Arabia.

THE EEC'S MAIN CLIENTS IN THE ARAB LEAGUE (EUA million and %)

EEC exports to:	EUA million	%

	1972	1979	1972	1979
ARAB LEAGUE	4363	29294	100	100
MAGHREB	1547	6726	36.1	23.0
Morocco	365	1677	8.4	5.7
Algeria	938	3816	21.5	13.0
Tunisia	271	1233	6.2	4.2
MASHRAQ	877	4728	20.1	16.1
Egypt	276	2324	6.3	7.9
Lebanon	382	819	8.8	2.8
ARAB COUNTRIES ON THE GULF & LIBYA	1723	17108	39.5	58.4
Libya	648	3387	14.9	11.6
Iraq	217	1226	5.0	9.1
Saudi Arabia	320	6392	7.3	21.8
UAE	106	1790	2.4	6.1
NON-MEDITERRANEAN COUNTRIES OF AFRICA	190	732	4.4	2.5

Source : Eurostat, Monthly bulletin of external trade.

Annex II gives details of trade between each of the Member States of the EEC and the countries of the Arab League for 1980 - which means the trade balances can be worked out.

### Energy supplies

As is well known, it was the energy crisis in 1975 which provided the impetus to the Euro-Arab Dialogue. This is very understandable in view of the fact that 71% of the crude oil imported by the EEC was supplied by the Arabs at that stage. Although this percentage has diminished slightly (it was 67% in 1975 and 58% in 1981), it shows the importance of the Arab countries in Europe's economic development.

This situation is not going to change overnight. Whatever programmes are launched by the industrialized countries to "get by" without oil, it will continue to be their major source of energy for a long time to come.

But oil provides the essential motor for the Arab countries as well; for it allows them to finance a large part of their investments. It is not just a case (as has too often been alleged) of the oil-rich Arab countries holding a Europe starved of mineral resources in a stranglehold. The reality is less clear-cut, for we are talking about two groups of countries both of which are directly dependent on oil.

Moreover, the true relations between Europe and the Arab countries

in this crucial sector must be accurately explained. The Arab countries, which contribute some 32% of the world's oil production and which are estimated to possess 50% of total world reserves, only have 4% of the world's refining capacity at the moment and so they can only process 15% of their output. Increasing their refining capacity is therefore of prime importance for the development of their industries and economies. Since the relaunching of the Euro-Arab Dialogue, the questions of refining and the petro-chemical industries have been discussed and this should be followed up by a study to be run in early 1982.

"The case of refined oil products", writes the European Commission, "is no different from the general problem of getting full value for commodities as demanded by countries of the Third World". That being so, an increase in the Arab countries' processing capacity will certainly have consequences for Europe. The Commission concludes, in effect, that Europe must be aware of this situation and prepare for it.

#### Migrant workers

There are eight hundred thousand of them. Eight hundred thousand Arab workers in Europe.

Let us disregard the human problems for the moment. These 800 000 workers have contributed, and continue to contribute, to Europe's economic development. As the President of the Associations for Algerians in Europe, A.Gheraieb, said: "According to the report of the Tarquina seminar, a million workers who come from under-developed countries to industrialized ones represent about 40 million dollars of investment if 75% of them become part of the labour force. This can be regarded as technical and financial assistance by the countries of origin to the countries of immigration." He went on to say: "A population of migrant workers, rather than constituting an element of distrust and hatred between the peoples concerned, contributes on the contrary to bringing them together through a better mutual understanding..."

We still have a long way to go. There is no need to dwell on the position of migrant workers in Europe: housing conditions, integration, intellectual deprivation... The picture is often a sombre one indeed.

True, immigration is not a new phenomenon in Europe; but its nature and scale have changed profoundly, especially during the last 15 years. In 1959, three quarters of the migrant workers

in EEC countries came from other Member States, Italy in particular. In 1973, it was the other way round: three quarters of the immigrants came from countries outside the Community. The European Commission, in an action programme submitted to the Council of Ministers in December 1974, acknowledged this fact and tried to analyze the socio-economic repercussions on the non-member countries most affected of immigration in its present form. "A long-term programme for migrant workers should not merely tackle the social problem which immigration entails for the workers themselves and for the communities where they settle. It must also be concerned with the entire range of areas affected by the phenomenon of immigration, i.e. politics, economics, regional and industrial policies and development..."

On this basis, the Commission formulated its main proposals aimed at gradually eliminating all discrimination with regard to living and working conditions, e.g. lack of vocational training, poor housing, social security on the cheap etc.

But proposals are one thing; achievements are quite another. We are forced to realize that the present economic climate in the Community is not conducive to generosity towards the immigrants to which we owe some of our prosperity. Let us hope that the decisions giving them additional rights are only being held up provisionally.

The Community's agreements with Algeria, Morocco and Tunisia include a section on labour, as we shall see below.

### Investments

The volume of trade between the European Community and the Arab countries provides a good illustration of the extent of Euro-Arab economic interpenetration. But this is also to be found in other areas, perhaps less easy to measure, but nevertheless of importance. The first is investment.

In the past, investment was practically always one-way, i.e. from Europe to the Arab world. Since the energy crisis and the emergence of the Arab world as a financial centre, this tendency has been reversed and Arab governments and private firms are now placing substantial investments in Europe. Let us not get this out of perspective: European public opinion has shown alarm over certain examples, such as the construction by Kuwait of a high-rise block in the Défense

area of Paris or Arab involvement in firms as famous as Krupps or Fiat. But despite all this, we must not forget the essential point, which is the lag that still exists between Arab and European economies. Estimates of the oil states' surpluses have been greatly exaggerated and certain economic facts have been systematically ignored, such as the OPEC countries' GNP compared to that of the countries of the OECD and the international reserves of the former and the latter.

Be that as it may, the emergence of substantial economic surpluses in the Arab world has given rise to an immediate upsurge of interest on the part of European financial centres. The main reasons for this are:

- (a) first, the Arab countries, because of their increased purchasing power resulting from their exports, were becoming attractive trading partners for European exporters;
- (b) secondly, the export earnings of some of these countries far outstripped their import needs, thereby making them more attractive to financial institutions in the developed countries. Hence the surge of national and multinational activity to find a good use for that newcomer on the capital market, the petrodollar.

Investments pose problems and they could well be solved within the framework of a Euro-Arab convention. The work of the Dialogue's committee on financial cooperation is already, in 1982, well under way. This convention on investment promotion and protection should provide a community framework for problems that have been solved so far by bilateral agreements. Let us briefly outline what is involved.

Arab investments mainly consist of capital that is placed, sometimes on a very short-term basis, on the financial markets of the Community. So the aim of the investors is to restrict exchange risk and monetary erosion as far as possible. The Community has not been in a position to meet all the Arab requests here, but it has agreed to a very broad definition of investments - which will include direct investment and deposits.

The EEC, for its part, is more concerned with direct investments in the Arab countries.

Investment protection should cover three things:

- i the risk of expropriation and nationalization run by direct investments;

- ii a guarantee of free repatriation and free transfer of capital invested or income;
- iii the elimination of any discrimination, both at the time of investing (problem of investment bans in some cases) and once the investment has been made (tax discrimination, for example).

The experts feel that the technical conditions in which such a convention can be adopted should be achieved by the end of 1982.

Investment protection also amounts to investment promotion.

#### Two outward-looking regions

Both the countries of the Arab League and those of the European Community pursue an active policy of development cooperation.

Since the Arab League is composed of developing countries, it must mainly - and who would reproach it for this? - begin by helping itself. This means that it must begin by helping those of its member states that most need aid. But, in recent years, the Arab countries have also given a great deal of assistance to other countries of the Third World, especially those in Africa.

Arab aid to Africa has taken many forms. It has been carried out on a multilateral level by several specialized Arab institutions which have been set up to this end (e.g. the Special Arab Aid Fund for Africa, the Arab Technical Assistance Fund for African and Arab States and the Arab Bank for Economic Development in Africa), which have assisted Africa considerably in facing the development problems and the hardships that have arisen from the increase in oil prices since 1973. This aid has been given in the form of grants, loans and technical assistance worth several hundred million dollars.

Similarly there is the European Development Fund mentioned above. The aim must be to use every possible means to coordinate the efforts of the various sources of aid. Relations between those responsible for the European Development Fund and those in charge of ABEDIA (the Arab Bank for Economic Development in Africa) have already led to a useful programme of cooperation. Thus, Arab funds may be used to finance African development projects where the studies have been done by European experts or, in the case of large-scale projects, to operate parallel or joint financing arrangements. Such methods of financing have already been put into practice.

Tourism, undeniably, is one of the newest aspects of Euro-Arab relations and, every year, millions of Europeans get the opportunity to spend several weeks in the Arab countries, particularly by the sea. This influx obviously brings in an appreciable amount of foreign exchange for the host countries. And it enables people of different nationalities to meet each other. It is clear that the French or German tourist will not know a great deal about these countries after a fortnight in a holiday camp in Egypt or Tunisia and the picture he has of it will certainly be a summary one, but he will still have established initial contact with these countries and their inhabitants.

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#### IV. LONG-STANDING CONTRACTUAL RELATIONS - THE COOPERATION AGREEMENTS

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As we shall see, the Euro-Arab Dialogue could become the keystone in relations between the European Community and the Arab League countries. First, because these two groups are composed of 32 countries, from Iraq to Ireland, via Algeria and the Federal Republic of Germany. Secondly, because the matters which are dealt with in the Dialogue cover all aspects of Euro-Arab relations, from the exchange of history books to transport and technical cooperation. Because of the ambitious and extensive nature of the discussions, it is bound to take some time before practical results can be achieved. However, the Arabs and the Europeans did not wait for the Dialogue to be launched before they started to lay the foundations for cooperation. In fact, eleven Arab League countries have signed bilateral cooperation agreements with the EEC. In April 1976, within a few days of each other, three of the Maghreb countries (Algeria, Morocco and Tunisia) signed cooperation agreements with the EEC. The four Mashraq countries followed suit in January 1977 (though the Lebanon did not sign until May because of the civil war). As to Sudan, Somalia and Mauritania, these are signatories of the Lomé Convention, to which Djibouti also acceded after it became independent in September 1977.

It all began with Lebanon which (on 21 May 1965) was the first to sign a non-preferential agreement with the Six. This was initially valid for three years and was renewed regularly. Then, in 1969, the first tentative talks took place with the Arab Republic of Egypt. The actual negotiations began in 1970 and a trade agreement was signed in December 1972. But this was also the moment chosen by the Nine (the United Kingdom, Denmark and Ireland had now joined the Common Market) to embark on an overall Mediterranean policy aimed at offering all Mediterranean



countries cooperation on a wider scale than that envisaged in straightforward trade agreements. Discussions with the Maghreb countries were begun on this basis in 1973 and led to agreements being concluded in March and April 1976. Next came the negotiations with the three Mashraq countries, which were concluded in October 1976; and finally, the negotiations with Lebanon, which had had to be abandoned because of the events of 1976, were concluded in May 1977. It is worth noting that the initialling of the EEC-Lebanon agreement in February 1977 was the first event marking Beirut's return to the international scene.

The 11 Arab League countries which have thus established cooperation links with Europe represent more than 70% of the total population of the Arab world and account for over 50% of Europe's exports to the region. They are the least wealthy of the Arab League countries and the ones that are running a deficit in their trade with the European Community, while, as we have seen, the European Community is running a deficit with the Arab countries as a whole. So these are the countries which are most in need of basing their relations with the EEC on stable contractual foundations. And what are these foundations?

#### The Mediterranean cooperation agreements

The cooperation agreements between the EEC and the seven Arab League countries are identical in outline and cover:

- i Trade preferences, which open a market of almost 300 million consumers to products from these countries. Yet, as we saw in the previous section, these countries' possibilities of exporting things other than petroleum products are very limited and they sell few manufactures and even fewer agricultural products. So it is the prospect of greater industrialization in these countries that makes the Mediterranean agreements promising.

The agreements provide zero-rated entry for industrial products (except refined petroleum products and certain textiles). However, the EEC is applying an increasingly strict textile import policy which tends to considerably restrict the Mediterranean countries' possibility of increasing their export production. And it is the very countries which do not export oil, the poorest ones in the group therefore - Morocco, Tunisia and Egypt - which are hit by these measures. It has to be admitted that, although the Community's attempts at setting quotas for its textile imports may be amply justified to avoid the collapse of its own industry, they do make for a somewhat strained atmosphere in its relations with its preferential partners.

Conditions in the agricultural sector are not favourable either because of the difficulties facing the Community's Mediterranean production (fruit and vegetables, citrus fruit, wine and olive oil). Tariff concessions have been fairly restricted, always partial in the case of important products and often tied to special conditions. Concessions for many kinds of fruit and vegetables are thus only granted for certain periods of the year. The recent accession of Greece to the Common Market has done nothing to improve the situation. And the forthcoming entry of Spain will lead, if nothing is done about it, to the Community market being closed to products as important to the Maghreb countries as citrus fruit, tomatoes, olive oil and wine. Brussels is wondering about its future policy in this sector in the light of enlargement.

- ii Financial and technical cooperation. The cooperation agreements signed in 1976 provided for the Community to make a financial contribution to the economic development of the seven Arab countries in question. The total amount of aid here was 639 million ECU, to be divided between the seven recipients, and it was deemed to be notoriously inadequate bearing in mind how great their needs were. So what was the point? In absolute terms, these sums only cover a tiny part of the projects financed - particularly in view of the fact that part of the money is in the form of loans and a large percentage of the grants goes on interest rebates on these loans. However, the Community's involvement in the financing contracts encourages other funders - who have confidence in its serious approach. Its presence constitutes a sort of moral guarantee.

Further financial protocols were concluded at the end of 1981. Details are set out in the table below:

COUNTRY	SECOND FINANCIAL PROTOCOLS (million ECU)				
	Total	EIB	Total budget aid	Special loans	Grants
Algeria	151	107	44	16	23
Morocco	199	90	109	42	67
Tunisia	139	78	61	24	37
Egypt	267	150	126	50	76
Jordan	63	37	26	7	19
Lebanon	50	34	16	5	11
Syria	97	64	33	11	22
Total	957	560	415	155	260

These means are devoted to the partial or total financing of investment projects in production and economic infrastructure.

There is also provision for joint operations involving the Community and other aid donors. This is of crucial importance. Potential suppliers of funds will become more interested in investing in countries which have signed the agreements if they are sure to reap the benefits of guaranteed access to the Community market for products they might manufacture in the Arab countries. It should also be noted that, apart from financial contributions, a vast range of economic cooperation with the EEC is envisaged:

- (a) sales promotion and marketing;
- (b) industrial cooperation;
- (c) encouragement of private investment;
- (d) cooperation in scientific, technological and environmental matters.

iii Labour cooperation. Because of the large number of Maghreb nationals who work in Community countries, the cooperation agreements with these countries contain special provisions about labour. More specifically, such workers are guaranteed working conditions, wages and social security benefits equal to those of European workers. These guarantees could only have been made possible through Community agreements.

At the end of 1981, the Community transmitted its partners proposals for making this part of the agreements operational. The delay may come as a surprise, but it must be realized that the question has already been settled, in the majority of cases, on a bilateral basis between the principal countries concerned. Without denying the practical consequences, this harmonization will be aimed, above all, at making things easier and at having a symbolic value as far as social justice is concerned.

iv Joint institutions. These agreements are administered on a basis of strict parity. A Council of Ministers - representing the two parties - meets once a year to evaluate the work together. It is assisted by a committee, at ambassadorial level, which can meet whenever necessary. Moreover, the Commission proposes to set up permanent delegations in the seven countries concerned, as is already the case in the Arab countries which have signed the Lomé Convention.

The Lomé countries

Four Arab countries have signed the Lomé Convention which, as we know, links the EEC to more than 60 countries in Africa, the Caribbean and the Pacific. So these countries - Somalia, Sudan, Mauritania and Djibouti - enjoy all the advantages of the Convention: financial cooperation with the European Development Fund, virtually free access for all their exports to the Community and a guaranteed stable level of earnings from a number of commodities when these are sold to the EEC.

Other kinds of cooperation

Some Arab countries benefit from two specific forms of Community schemes - food aid and aid to the non-associated developing countries.

- i Food aid , which covers cereals, milk, butteroil and sugar.

The recipients get these products either direct or via a specialized organization (such as the World Food Programme or a non-governmental organization).

The quantities of direct aid which the EEC supplied the Arab countries in 1981 were (in tonnes):

	CEREALS	MILK	BUTTEROIL
Egypt	135 000	10 000	2 800
Jordan	14 000	1 500	1 125
Lebanon	10 000	1 100	1 000
Yemen	10 000	500	
Morocco		1 500	200
Syria		1 200	400
Mauritania	10 000	1 000	1 000
Somalia	15 000	3 500	
Sudan	8 000		
Djibouti	4 000	200	100

The Community has set up a special food aid programme for the Palestinian refugees (UNRWA) and the following amounts were distributed in 1981 (t):

Cereals	40 000
Butteroil	3 900
Milk	1 630
Sugar	6 086

The sum of 3 million ECU was also allocated to transport these products to the recipients.

- ii Aid to the non-associated developing countries.  
The Community still only supplies a limited amount of aid - 185 million ECU in 1982 - to those countries of the Third World that are not linked to it by conventions or agreements. This aid is concentrated on the poorest countries, in particular in Asia and Latin America. One Arab country, Yemen, received financial support for agricultural development of 2 million ECU in 1977 and 1.1 million in 1979.

A new kind of cooperation - long-term agreements for the supply of agricultural products to the Arab countries

A new form of cooperation between the EEC and some of the Arab countries could well emerge. The idea would be to set up multiannual food supply programmes for certain Arab countries to enable them to get better control of their supplies in the long term (both quantities and prices). This kind of agreement already exists between some developing countries and the USA, Canada, Australia and the Argentine, to name but a few.

But the Treaty of Rome does not provide the possibility of funds for such schemes. This is the big problem as far as the conclusion of such agreements is concerned.

Four Arab countries have displayed an interest in these long-term agreements. They are Egypt and Algeria, which consider them to be extremely important, and, to a lesser extent, Tunisia and Morocco.

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V. THE AURO-ARAB DIALOGUE  
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History, investment, trade, workers, agreements... All this is part of the web of Euro-Arab relations - a web that is becoming increasingly dense. A framework had to be found for looking at these relations in a comprehensive way - and perhaps for building the foundations of lasting cooperation. It was thus that the Euro-Arab Dialogue was launched in the winter of 1973. The initial stages of the Dialogue were far from easy; had it not been for the October War and its effects on the price of oil, it might never have come about.

His Excellency Ismail Khelil, the Tunisian Ambassador in Brussels, recalls European reactions at the time of the Arab oil embargo\*:

"When the Arab decision was announced, Europe of the Nine

\* L'Actuel, op. cit.

found itself in a political and economic nightmare composed of three truths, all equally fatal. These were:

- (a) that the oil weapon had really become a dangerous striking force;
- (b) that Europe depended on the Arab countries for more than half its oil supplies and was therefore economically threatened;
- (c) and finally that, diplomatically speaking, Europe of the Nine was to all intents and purposes absent on the international stage because it did not exist politically."

For these and other reasons, on 6 November 1973, the Nine passed a resolution on the Middle East conflict, which is now considered by everyone to have been Europe's first original contribution to this debate. A few days later, in Algiers, an Arab summit launched an appeal to Europe, reminding it that it was "linked to the Arab countries across the Mediterranean by deep affinities of civilization and by vital interests which could not be developed except in a situation of trusting and mutually beneficial cooperation".

The Europeans, who subsequently held a summit conference in Copenhagen in December 1973, acknowledged this message and reaffirmed that "their Heads of State and Government attached great importance to opening negotiations with the oil producers on overall arrangements including a wide range of cooperation...".

The principle of the Euro-Arab Dialogue was launched. It was not easy to put into practice, but the first meeting was held in Cairo in 1975 and regular meetings followed until the conclusion of the Camp David agreements between Israel and Egypt led, in 1979, to the Arab League excluding the latter from the organization. In April 1979, the Arabs sent the EEC a telex calling for all discussions to be suspended.

The declaration of Heads of State and Government of the Community at the Venice summit in June 1980 suggested that the Euro-Arab Dialogue might be launched again. The Nine made their position on the Palestinian issue clear in such a way as to give considerable hope to the Arab countries which refused Camp David. The Community also recognized the political dimension of the Euro-Arab Dialogue - something which it had always declined to do before.

#### The dialogue is launched

Two problems prevented the Dialogue actually getting off the ground.

The industrialized world's concern with its supplies of Arab oil had led certain people to recommend a consumer front - which was obviously not in line with the philosophy of the Dialogue. But a compromise was found with the USA and the Dialogue was able to begin.

The Arab leaders had decided, in Rabat, that the Palestinian Liberation Organization would take part in the discussions with European countries as the 21st member of the Arab League. The Europeans hovered, but finally arrived at the "Dublin compromise": rather than a number of individual countries debating around the table, there would be two groups, each one free to select its own delegates.

So, it was not until June 1975, in Cairo, that the first meeting at expert level of the Euro-Arab Dialogue took place. The two parties adopted a joint memorandum which is now written into the very charter of the Dialogue. Below are some extracts:

- (a) The Euro-Arab Dialogue is the product of a joint political will that emerged at the highest level with a view to establishing a special relationship between the two groups.
- (b) The Dialogue's political dimensions are in essence the attempt to rediscover, to renew and to invigorate the links that affect these neighbouring regions; the desire to eliminate misunderstandings that gave rise to difficulties in the past; and the intention to establish the bases for future cooperation, embracing a wide area of activities, to the benefit of both sides. The growth and flourishing of Arab-European economic cooperation should proceed on this understanding which will contribute towards stability, security and a just peace in the Arab region and towards the cause of world peace and security.
- (c) The establishment of cooperation between the two groups is inspired by the ties of neighbourhood and a common cultural heritage as well as by their complementarity and convergent interests.
- (d) In the field of economics in particular, the Dialogue aims at establishing cooperation capable of creating the fundamental conditions for the development of the Arab world in its entirety and of lessening the technological gap separating the Arab and European countries. This necessitates the seeking of effective measures and steps in all domains based on an equitable division of labour between the two groups.

The Euro-Arab Dialogue should be:

- i based on equality between the partners;
- ii based on their mutual interest;
- iii a complement to the cooperation that already exists between the European Community and certain members of the Arab League.

At the second meeting of experts, in Rome in July 1975, seven working groups were set up to deal with the following subjects:

1. industrialization
2. infrastructure
3. agricultural and rural development
4. financial cooperation
5. trade
6. scientific and technological cooperation
7. cultural and social questions; labour.

Specialized groups were also set up within the working parties. A plan of the Euro-Arab Dialogue as it was at the time it was suspended is given later on in the chapter.

In November 1975, in Abu Dhabi, a joint working paper was adopted, reporting on the initial results but also on the difficulties. Finally, the General Committee, the highest authority of the Dialogue, met in Luxembourg in May 1976, when, for the first time, political matters figured on the agenda.

The Nine recorded their views on the Middle East issue. And another important outcome of the meeting in Luxembourg was the institutionalization of the Dialogue. The General Committee became the supreme organ of the Dialogue and it was agreed it should meet twice a year, at ambassadorial level, and at any other time deemed necessary, particularly if a meeting of Foreign Ministers of the two parties was convened. Agreement was also reached on the composition and timetabling of the seven working committees and a schedule was adopted for future meetings.

The meeting of the General Committee in Tunis in February 1977 was claimed by all observers to have been the most positive so far and was marked by a sense of commitment on the part of most of the participants. Meanwhile, the working committees and specialized groups had held about 30 meetings and begun their groundwork.

This was because the Europeans and Arabs were able openly to exchange their views on political questions. And secondly, because



precise recommendations were given to the experts in the spheres outlined below:

- (a) Transfer of technology. A Euro-Arab centre for the transfer of technology should be set up. It is well known that the Arabs consider the transfer of technical knowledge to be an important element in their development. The creation of such a joint centre would, in fact, be the first major example of an idea launched during these international meetings being put into practice.
- (b) Protection and promotion of investments. A multilateral Euro-Arab convention is needed in addition to existing and future bilateral agreements.
- (c) Trade cooperation. A global trade cooperation agreement between the Arabs and the Europeans is being studied. Both parties have also agreed on the principle of setting up a centre for trade cooperation which would deal with such things as assisting with the training of Arab cadres, carrying out market research and facilitating contact between businessmen.
- (d) Labour. Europe has agreed to subscribe to a declaration aimed at guaranteeing Arab workers employed there better living and working conditions.
- (e) Agriculture. Europeans and Arabs should jointly finance the feasibility studies for four priority projects to develop agriculture in three Arab countries: Somalia (development of the Juba Valley), Sudan (launching meat production and integrated rural development in the Darfour area) and Iraq (development of potato growing).
- (f) General conditions of contracts. What laws should be applied in case of dispute and what kind of arbitration should be used? These are the questions that arise when contracts are signed between suppliers and clients. European and Arab experts should try to answer these questions and come up with outline contractual provisions to which the contracting parties could refer.

The Euro-Arab Dialogue also deals with cultural matters. There was, for example, a seminar in Venice in March 1977 when three needs were emphasized - to have Arab teachers in Europe, gradually to revize history and geography textbooks and to improve the distribution of Arab books in Europe.

After the meeting of the General Committee of the Dialogue at the end of October 1977 in Brussels and of December 1978 in Damascus, the following table, outlining the specific schemes to be run as part of the Euro-Arab Dialogue, was produced:

STUDIES & OTHER ACTIVITIES	Estimated cost	Estimated contribution (\$)	
		Arab	European
A. <u>Symposium on relations between the two civilizations, Hamburg</u>	250 000	125 000	125 000
B. <u>Basic infrastructure</u>			
1. Study of the Arab countries' needs for training programmes in the field of maritime transport	200 000	160 000	40 000
2. Harmonization of statistics on Arab ports	60 000	48 000	12 000
3. Study of the development of the new port of Basora, Iraq	500 000	400 000	100 000
4. Study of the development of the new port of Tartous, Syria	500 000	400 000	100 000
5. Symposium on new towns	20 000	10 000	10 000
C. <u>Agriculture and rural development</u>			
1. Juba Valley - study of the Bardera irrigation project, Somalia	1200 000	960 000	240 000
2. Meat production project, Sudan	50 000	40 000	10 000
3. Seed potato project, Iraq	1800 000	1440 000	360 000
D. <u>Industrialization</u>			
1. Creation of Euro-Arab resource and information centres for standardization	450 000	360 000	90 000
2. Study of petrochemical industries	165 000	132 000	33 000
3. Study of oil refining industries	165 000	132 000	33 000
4. Study of the policy and programmes for education & training in standardization & quality control	135 000	108 000	27 000
E. <u>Cultural and social matters</u>			
1. Publication of the report of the Venice seminar on the ways and means of cooperation for spreading knowledge about Arab language and culture in Europe	20 000	10 000	10 000
2. Project to catalogue scientific and cultural institutions	6 000	3 000	3 000

3. Technical assistance with the creation of an Arab vocational and teacher training centre	800 000	704 000	176 000
<b>F. <u>Scientific and technological cooperation</u></b>			
1. Study of the creation of an Arab water desalination and water resources centre	600 000	480 000	120 000
2. Feasibility study of the creation of an Arab polytechnic institute	1000 000	800 000	200 000
3. Study of the scientific infrastructure for oceanography in the Arab countries	160 000	128 000	32 000
<b>G. <u>Additional amount for the Hamburg seminar on the relations between the two civilizations</u></b>			
	115 000	57 500	57 500

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The temporary halt in the Dialogue has prevented any practical follow-up of these projects. Changes to the programme once the Dialogue starts up again are to be expected.

#### Work suspended

In March 1979, the Camp David agreements establishing peace between Israel and Egypt were signed. It will be remembered that other Arab countries reacted in a very hostile manner to any separate peace with Israel and this led, in particular, to Egypt being suspended from the Arab League and the organization's headquarters being moved from Cairo to Tunis.

In April, the Community received a telex from the Arab League asking for all Dialogue activities - at the level of both the General Committee and the various working parties and specialized groups - to be suspended.

The Community and its Member States remained neutral to begin with, as they did not wish to interfere in the internal problems of the Arab world. But, being aware of the importance of the Euro-Arab Dialogue, they sought ways of starting it up again and, at their political cooperation meeting of 11 September 1979, the Ministers for Foreign Affairs confirmed their interest

in a renewal of the Dialogue, which should cover all the countries concerned. On 20 November of the same year, the President in office, Mr O'Kennedy, expressed the European party's wish to make contact with the Arab party with a view to achieving the conditions in which the Dialogue could get under way again.

At a series of meetings between Mr Klibi, the new secretary general of the League in Tunis, and the representatives of the President of the Commission (London 4 December 1979, Tunis 7 February 1980 and Rome 6 March 1980), the two parties tried to find common bases for renewal of the Dialogue, between the Arab desire for general reflexion in all fields (politics included) as a sine qua non of further discussion and the European proposals to revive relations at technical level.

In June 1980, the Heads of State and Government of the Nine met in Venice and established the conditions for renewal in a declaration on the Euro-Arab Dialogue which emphasized "the need to develop the political dimensions" and "the advisability of a political meeting between the two parties".

#### The Dialogue relaunched

The meeting at political level, the principle of which was asserted in Venice, was held in Luxembourg on 12 and 13 November 1980. It was the occasion for guidelines to be laid down for relaunching the Dialogue at all levels (political, economic, technical, financial, social and cultural). It was agreed that a meeting of ministers should be held before the summer of 1981 to discuss political and economic matters and that an ad hoc group would do the groundwork for this.

This ad hoc group, comprising representatives of past, present and future Presidents and the Commission and representatives of the Arab League, met four times (The Hague 22 February 1981, Tunis 1 April 1981, The Hague 21 & 22 May 1981 and London 27 & 28 October 1981) and laid down guidelines, on which decisions were to be taken, for the preparation of the meeting of ministers. A specialized group, the Task Force, was invited by the ad hoc group to prepare the economic part of the final communiqué. This Task Force, which met once in Tunis on 13 and 14 November 1981, identified the themes on which the working parties were to concentrate with a view to a decision being taken at the meeting of ministers. These were the Euro-Arab trade cooperation centre, the convention on the promotion and protection of investments, the Euro-Arab centre for the transfer of technology and the general conditions of contracts.

The meeting of ministers, scheduled for the summer of 1981, had to be postponed twice because of a disagreement among the Arabs about the Middle East issue after the Fahd plan was presented by Saudi Arabia.

What is the general opinion about Euro-Arab relations as they have begun to emerge over the past decade? One could well have only a poor impression left by dates postponed and meetings missed. But this would certainly be a bad mistake. It would be to forget the formidable political will which inspires both parties and which has resulted in effort and decisive mutual concessions in matters of principle and in the more practical sphere of trade and transfers of technology. The Arabs want to make their presence felt, as a bloc, for the first time in their history and they are determined to do so.

Going far beyond its desire to ensure regular oil supplies, the Community intends offering the Third World an alternative to a choice between the two superpowers. As the EEC has no political dimension, it can be difficult to reconcile the feelings of the 10 Member States and come up with a joint position that would constitute genuine progress. But this is what was achieved in Venice and it opened the way for the relaunching of the Euro-Arab Dialogue.

Assessing Euro-Arab relations means taking the difficult Palestinian problem into account and admitting that the slow rate at which solutions will be found is a reflexion of the complexity of the issue. The future of Euro-Arab relations is indissolubly linked to the European Community's ability to contribute to solving the problem in a way that is acceptable to the Arab nation.

And assessing the Euro-Arab Dialogue perhaps also means looking at it from the point of view of oriental philosophy whereby time is not as important as it is in the western world. "Time must be given time to do its work", goes the old adage and this is why the Euro-Arab Dialogue, only seven years after it began, is only having teething troubles and holds out great hopes.

## EEC 9 - STRUCTURE OF TRADE WITH THE ARAB LEAGUE IN 1980

	SITC	IMPORT		EXPORT	
		million EUA	%	million EUA	%
<b>TOTAL</b>	<b>0 à 9</b>	<b>58.528.772</b>	<b>100</b>	<b>35.002.212</b>	<b>100</b>
Food products & live animals	0	597.388	1.0	3.616.644	10.3
Dairy products & eggs	02	418		864.235	2.5
Fish & shellfish	03	68.505		18.212	
Cereals & cereal products	04	8.227		1.253.819	3.6
Fruit & vegetables	05	435.936	0.7	173.023	0.5
Fresh vegetables	054	163.890		74.025	
Preserved vegetables	056	48.474		41.900	
Fruit, fresh or dried	057	206.601		42.568	
Fruit preparations & preserves	058	16.971		14.530	
Sugar & sugar preparations	06	9.591		439.900	1.3
Animal feed	08	57.216		127.546	0.4
Beverages & tobacco	1	24.108		306.188	0.9
Alcohol beverages	112	19.791		65.119	
Non-edible raw materials	2	839.390	1.4	312.146	0.9
Textiles	26	144.125		76.249	
Fertilizer, untreated & mineral	27	307.724		118.500	
Mineral ore	28	271.206		4.157	
Mineral fuels	3	54.782.657	93.6	1.125.619	3.2
Oil & refined oil products	33	54.168.201	92.6	1.034.100	3.0
Crude oil	333	51.706.262	88.3	2	
Refined oil products	334	2.459.507	4.2	984.868	2.8
Organic oils & fats	4	147.335		136.686	0.4
Chemicals	5	210.744	0.4	2.679.596	7.7
Organic chemicals	51	41.755		152.172	0.4
Pharmaceuticals	54	547		703.386	2.0
Manufactured fertilizer	56	74.908		70.647	
Artificial plastics	58	431		614.520	1.8
Chemicals	59	1.252		404.230	1.1
Manufactures	6	565.128	1.0	6.960.762	19.9
Manufactured rubber	62	2.689		266.545	0.8
Paper & card	63	7.996		173.748	0.5
Woven yarn & textile articles	65	186.298		919.558	2.6
Yarn & textiles	651	46.879		232.107	0.7
Cotton fabric	652	40.145		104.371	0.3
				../. .	

	SITC	IMPORT		EXPORT	
		million EUA	%	million EUA	%
Pigiron, iron & steel	67	18.622		1.941.979	5.6
Non-ferrous metals	68	303.503		293.928	0.8
Manufactures not covered elsewhere	69	7.621		2.237.632	6.4
Transport equipment & mach.	7	275.388	0,5	14.774.686	42.2
General machinery & motors	71	145.875		1.460.771	4.2
Specialized machinery & app.	72	10.819		2.429.121	6.9
Transport equipment	73	1.513		248.609	0.7
Road vehicles	78	13.712		3.663.324	10.5
Various manufactures	8	479.204	0,8	3.252.889	9.3
Sanitary equipment	81	133		252.329	0.7
Furniture	82	2.355		657.527	1.9
Clothing	84	371.617	0,6	477.695	1.4
Scientific apparatus	87	32.287		559.868	1.6
Various trans. articles	89	37.548		988.592	2.8

EEC 9 - TRADE WITH THE ARAB LEAGUE BY COUNTRY OF ORIGIN  
AND COUNTRY OF DESTINATION (million ECU)

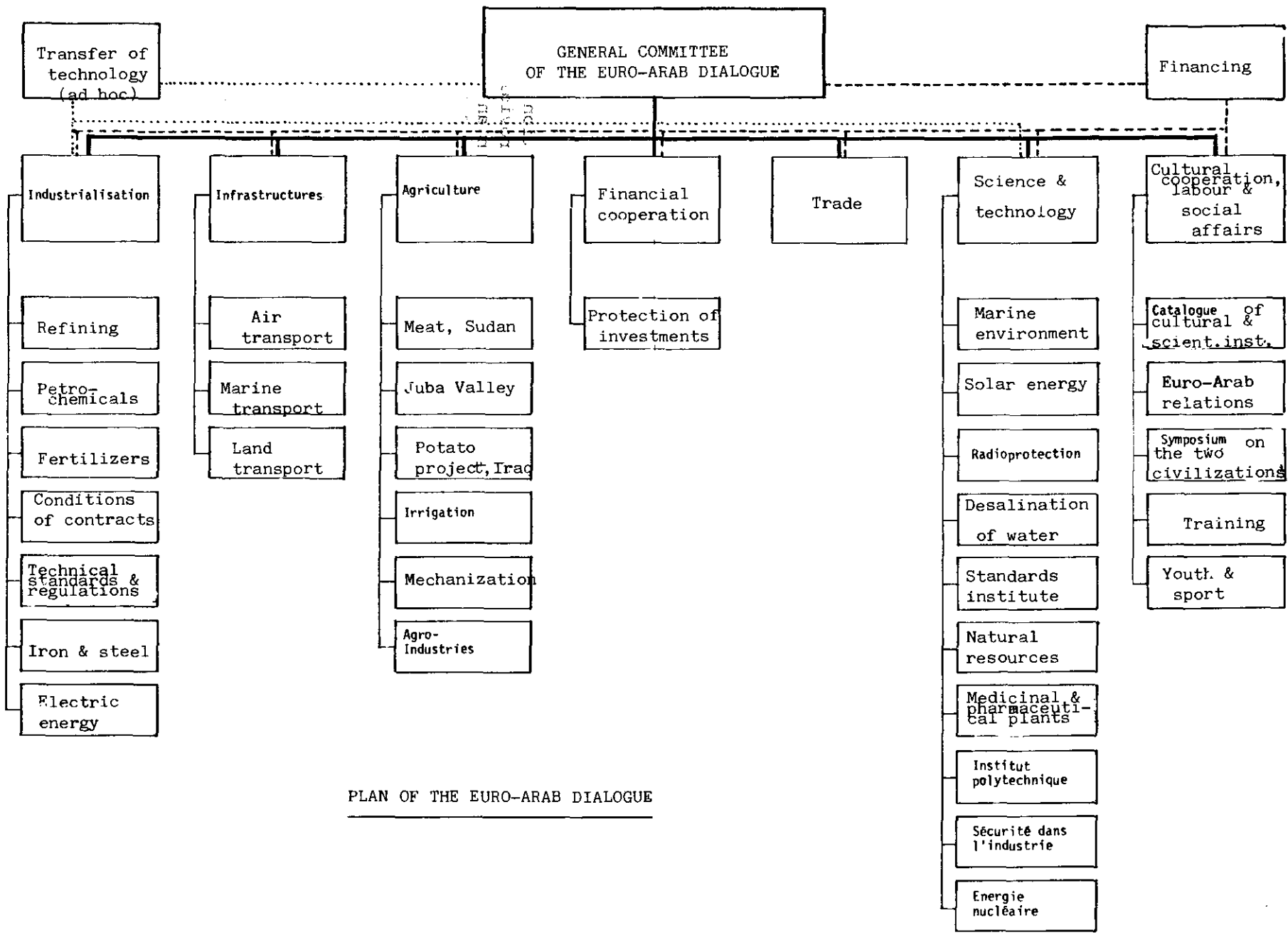
	EEC 9	Germany	France	Italy	Nether- lands	BLEU	UK	Ireland	Denmark
<b>IMPORT</b>									
Morocco	1.169	193	557	116	93	101	93	4	11
Algeria	4.027	1.641	1.238	512	290	150	190	4	2
Tunisia	1.098	226	281	446	68	51	18	4	4
Egypt	1.746	146	91	1.136	67	40	260	-	6
Syria	930	94	86	710	18	11	10	-	1
Lebanon	45	5	14	15	1	5	5	-	-
Jordan	10	2	-	3	-	-	5	-	-
Libya	6.373	3.109	478	2.508	184	43	49	1	2
Sudar	166	30	37	73	3	5	18	-	1
Mauritania	122	13	53	31	-	17	7	-	-
Somalia	-	-	-	-	-	-	-	-	-
Djibouti	-	-	-	-	-	-	-	-	-
Iraq	7.909	457	4.004	2.067	100	306	931	43	-
Saudi Arabia	24.520	3.924	6.274	4.642	3.139	2.983	3.256	179	124
Kuweit	4.036	272	594	421	1.018	170	1.477	49	34
Bahrein	56	7	4	1	25	6	5	-	5
UAE	4.375	1.080	1.376	454	335	227	866	-	37
Oman	352	236	18	-	51	9	37	-	-
Qatar	1.475	38	488	181	533	99	91	-	45
N.Yemen	-	-	-	-	-	-	-	-	-
S.Yemen	-	-	-	-	-	-	-	-	-
Total A.L.	58.409	11.473	15.593	13.316	5.925	4.223	7.318	284	272



	EEC 9	Germany	France	Italy	Nether- lands	BLEU	UK	Ireland	Denmark
<b>EXPORT</b>									
Morocco	1.479	171	856	170	80	76	111	5	10
Algeria	4.710	991	1.891	933	191	428	236	21	20
Tunisia	1.541	268	674	379	63	76	50	25	5
Egypt	3.105	736	938	475	154	153	578	31	40
Syria	1.245	324	235	373	83	71	136	8	14
Lebanon	1.032	177	250	340	52	79	118	5	12
Jordan	687	186	142	106	36	36	167	4	10
Libya	4.146	904	484	1.846	120	202	471	95	23
Sudan	473	87	65	36	32	26	208	2	16
Mauritania	52	5	21	-	14	8	4	-	-
Somalia	52	6	6	21	2	7	9	-	1
Djibouti	40	10	6	9	4	1	9	-	1
Iraq	3.816	1.298	778	684	180	245	538	8	85
Saudi Arabia	7.283	1.694	1.051	1.499	790	378	1.746	23	102
Kuweit	1.474	356	214	294	74	48	426	8	55
Bahrein	323	33	31	33	15	10	192	1	8
UAE	2.079	341	336	311	132	78	835	12	34
Oman	394	61	28	20	35	20	218	2	9
Qatar	392	67	68	45	21	10	170	1	10
N.Yemen	340	54	112	48	43	9	61	2	11
S.Yemen	53	3	9	4	20	2	6	-	8
<b>Total A.L.</b>	<b>34.716</b>	<b>7.772</b>	<b>8.195</b>	<b>7.626</b>	<b>2.141</b>	<b>1.583</b>	<b>6.289</b>	<b>253</b>	<b>473</b>
<b>EEC/Arab League trade balance</b>	<b>-23.693</b>	<b>-3.701</b>	<b>-7.398</b>	<b>-5.690</b>	<b>-3.784</b>	<b>-2.640</b>	<b>-1.029</b>	<b>- 31</b>	<b>+201</b>

GULF COOPERATION COUNCIL

Member countries	UAE, Bahrein, Saudi Arabia, Oman, Qatar and Kuwait.
Headquarters	Riyadh
Aims	To promote cooperation in all fields, particularly in social and economic matters, to increase complementarity and to guarantee security and progress on the Gulf.
Structure	<ol style="list-style-type: none"><li>1. <u>The Supreme Council</u> of Heads of State meets twice a year to devise the general policy of the organization and to lay down guidelines.</li><li>2. <u>The Council of Ministers</u> meets four times a year. It covers economic matters (planning, education, transport, immigration, information and legal affairs) and defence planning.</li><li>3. <u>The Secretariat</u> has to provide continuity and will draw up reports and financial and administrative regulations and ensure the follow-up of whatever resolutions are adopted.</li><li>4. <u>The Commission for the Settlement of Disputes.</u></li></ol>



PLAN OF THE EURO-ARAB DIALOGUE

## A. THE MAIN STAGES IN THE EURO-ARAB DIALOGUE

Document n° 1 - Chronology (October 1973 - December 1978)

- 
- 16 October 1973            The six ministers for oil of the six countries of the Gulf in OPEC decided on unilateral oil price fixing.
- 6 November 1973         The Nine issued a joint declaration on the Middle East.
- 28 November 1973        The sixth Conference of Heads of Arab States (Algiers) made a declaration intended for western Europe.
- 10-14 December 1973     European summit in Copenhagen. Four Arab ministers, delegated by the Arab summit in Algiers, were received by the President in office of the Community. It was decided to develop long-term financial technological, economic and cultural cooperation between the two regions.
- 11 February 1974        The Council of the European Communities took a decision accepting the principle of the Euro-Arab Dialogue and invited its President (together with the Commission for matters within the Communities' jurisdiction) to start talks with the Arab party.
- 10 June 1974            The ministers for foreign affairs of the Nine met in Bonn within the political cooperation framework. They approved a memorandum providing, in particular, for close collaboration on an overall scheme by political cooperation and the Community at all stages.
- 31 July 1974            The first official meeting of ministers in Paris, attended by the Minister for foreign affairs from Kuwait, the Secretary-general of the Arab League, the President of the Commission of the European Communities and the President in office of the Community. They discussed, in particular, the organization of the dialogue (the General Committee, the restricted group and the working parties).
- 16 September 1974      The ministers for foreign affairs of the Nine met within the political cooperation framework and approved a document giving details of the structure of European coordination.

- 28 October 1974           The Arab summit in Rabat accepted the principle of the Euro-Arab Dialogue and agreed it should begin according to the principles that had already been laid down. It also recognized the Palestine Liberation Movement (PLO) as the sole representative of the Palestinian people.
- 14 November 1974         The Arab League asked for the PLO to take part in the first meeting of the General Committee, scheduled for Paris on 26 November.
- 26 November 1974         The meeting of the General Committee failed to take place, as the Nine had not invited the PLO.
- 18 January 1975          Representatives of the Nine and the Arab group met in Cairo to seek ways of continuing with the Dialogue.
- 13 February 1975         The ministers for foreign affairs of the Nine met in Dublin and formulated a proposal whereby a single Arab delegation and a single European delegation would attend Euro-Arab meetings. Each delegation would contain experts, present as such and not as representatives.
- 26 April 1975            The meeting of the Council of the Arab League accepted the Dublin formula. The Council asked the Secretariat general to further contact with the member countries and convene a conference of Arab experts to prepare a joint platform. It asked the Member States and the PLO to appoint their experts.
- 8 June 1975              Arab experts met to prepare the first Euro-Arab meeting.
- 10-14 June 1975         The first meeting of Euro-Arab experts was held in Cairo. A joint memorandum on the principles, aims and scope of the Dialogue was adopted.
- 22-25 July 1975         The second meeting of Euro-Arab experts was held in Rome.
- 20 October 1975         The Council of the Arab League asked its members to meet to draw up joint proposals and to hold preparatory meetings at expert level.
- 22-27 November 1975     The third meeting of Euro-Arab experts was held in Abu Dhabi.
- 18-20 May 1976          The first meeting of the General Committee was

held in Luxembourg at ambassadorial level and according to the Dublin formula.

10-12 February 1977

The second session of the General Committee was held in Tunis.

26-28 October 1977

The third session of the General Committee was held in Brussels.

3-4 April 1978

The ministers for foreign affairs from Syria, Iraq, Saudi Arabia, Sudan, Algeria and Morocco met in Damascus and announced they were in favour of expanding the Euro-Arab Dialogue. They made recommendations for this to the members of the Arab League.

May 1978

The General Committee, which ought to have held its fourth session in an Arab capital, was unable to meet.

9-11 December 1978

The fourth session of the General Committee was held in Damascus.

C O R R I G E N D U M

THE EUROPEAN COMMUNITY AND THE ARAB WORLD

Page 7, para. 1, last line: " Council for Arab Unity " should read  
" Council for Arab Economic Unity "

Page 8, para. 2, line 15: " 1959 " should read "1951"

Page 12, para. 2, line 4: "caf" should read "cif"

Page 13 : the comment under the table refers to the  
table on page 14

Page 24, para. 2, line 2: "1976" should read "1976 and 1977"

Page 25, para IV, last sentence:  
this sentence should read "The Commission has set  
up permanent delegations in the seven countries  
concerned, as in those Arab countries which have  
signed the Lomé Convention."

Page 43, para. 1, line 5: "Palestine Liberation Movement" should read  
"Palestine Liberation Organisation".

## OTHER PUBLICATIONS RELATED TO 'DEVELOPMENT'

Other EEC publications about the Community's relations with the Third World can be obtained from the following address:

Commission of the European Communities  
Directorate-General for Information  
Publications distribution service, Room 2/84  
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B - 1049 Brussels (Belgium)

### 1. DOSSIERS

- The European Community and the Third World, Brussels, September 1977
- Europe and the Third World  
A study on interdependence (by M. Noelke)
- Europe - Third World : The challenge of Interdependence (M. Noelke)  
Edition 1980
- Lomé II - Special edition from the 'Courier' n° 58

### 2. "INFORMATION SERIES" AND "EUROPE INFORMATION"

(generally all Community languages)

- The European Community and the Textile-Agreements  
special edition (June 1978)
- The European Community and the Arab World n° 169/79
- Europe-Third World: Rural Development
- Solar Energy: A new area of ACP-EEC Cooperation
- The EEC and the developing countries: Outside the Lome Convention and the Southern Mediterranean
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- Cooperation Agreements between the EEC and the Maghreb Countries
- EEC-Tunisia Cooperation Agreement