

EUROPEAN BACKGROUND INFORMATION COMMUNITY

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BACKGROUND NOTE

No. 46/1976

November 4, 1976

EUROPEAN COMMUNITY PACTS WITH JORDAN AND SYRIA

The European Community initialled cooperation agreements with Syria and Jordan in Brussels last week, completing, according to Claude Cheysson, EC Commissioner for development aid, its policy objectives with regard to countries in the south of the Mediterranean.

Mr. Cheysson made this remark at a news conference on October 30 in Brussels. He also indicated that negotiations for a similar agreement would resume with Lebanon as soon as political conditions stabilize and that Lebanon could count on the Community for food aid and reconstruction assistance. In addition, he said that this week he expected the Community to conclude negotiations with Israel for a protocol complementing the existing commercial agreement.

Characteristics of the New Agreements

The new agreements are very much like those with Egypt (see Background Note No. 43/1976), Algeria, Tunisia, and Morocco. The pacts provide for broad commercial, technical, scientific, and industrial cooperation between the parties.

Beginning on July 1, 1977, those countries' industrial exports will have free access to the Community market, with a few exceptions (phosphate fertilizers, refined petroleum products, textiles) which will be subject to import ceilings until the end of 1979 at the latest.

For Egypt, Syria, and Jordan, agricultural exports to the Community are relatively unimportant, totaling only about \$50 million a year. Nevertheless, the Community will give some of those countries' farm exports preferential treatment. The products covered differ according to each country's farm export production.

Under the agreement with Syria, the Community will make available 60 million units of account (UA)* for loans through the European Investment Bank (EIB); UA 34 million for normal loans, UA 7 million for loans on special terms, and UA 19 million for grants.

Under the agreement with Jordan, the Community will make available UA 40 million through the EIB; UA 18 million for normal loans, UA 4 million for loans on special terms, and UA 18 million for grants.

Links with the Arab League

With the new agreements, the Community will have formal ties with nine of the 20 members of the Arab League. Three of these countries (Mauritania, Sudan, and the Somali Republic) are parties to the Lome Convention. Individual agreements have been concluded with Algeria, Morocco, and Tunisia. The agreements with Egypt, Jordan, and Syria now go to each party for final polishing and, eventually, ratification.

*One UA was equivalent to \$1.105 on October 27.