

6207

0850



UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

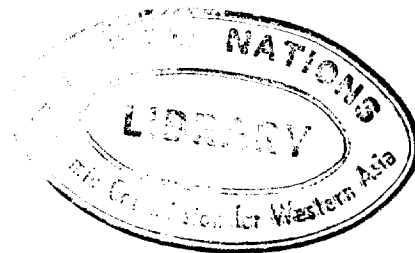
Distr.
GENERAL

E/ECWA/35/Add.1
13 April 1976

Original: ARABIC

ECONOMIC COMMISSION FOR WESTERN ASIA

ECWA Third Session
10 - 15 May 1976
Doha - Qatar



THE EURO-ARAB DIALOGUE

The Euro-Arab Dialogue

	<u>Page</u>
Introduction	1
Section I: Objectives of the Dialogue	2
Objectives of the Arab Side	2
Objectives of the European Side	3
General Principles and Precepts of the Dialogue	4
Section II: Preliminary Steps towards the Dialogue	7
Memorandum of the European Economic Community 1971	7
Brussels Declaration 6/11/1973	7
Resolution of the Sixth Arab Summit Conference in Algiers	8
Two Resolutions to initiate the Dialogue	8
Two Memoranda from the European Side	9
The Special Meeting on the Euro-Arab Dialogue in Paris	10
Two Arab Resolutions on the Dialogue	11
The Preparatory Parliamentary Conference on Euro-Arab Co-operation	12
Meeting of Representatives of the Arab and European Sides	13
Meeting of the Arab Side in the Dialogue	14
Postponement of the First Meeting of the General Dialogue Committee	18
Section III: Content and Scope of the Dialogue	22
Dialogue Meetings	22
First Meeting in Cairo	23
Second Meeting in Rome	24
Third Meeting in Abu Dhabi	24
Spheres of Co-operation in the Euro-Arab Dialogue	25
Industrialization	26

	<u>Page</u>
Infrastructural Projects	30
Agriculture and Rural Development	32
Financial Co-operation	39
Trading Co-operation	49
Scientific and Technological Co-operation	55
Cultural and Educational Co-operation and Issues concerning Labour and Social Affairs	64

INTRODUCTION

This report reviews the subject of the Euro-Arab dialogue with respect to its objectives and the general principles and precepts by which it is guided and the preliminary steps which preceded and prepared the way for the dialogue meetings while giving main emphasis to the content and scope of the dialogue. The report is confined to an objective review of the dialogue with no attempt at analysis or evaluation which were considered to be beyond the scope of the report.

The Economic Commission for Western Asia prepared this report at the request of the Foreign Ministry of the Hashemite Kingdom of Jordan and in view of the importance of the report to all member States of ECWA the Secretariat of the Commission is submitting it, after consultation with the Jordanian Government, to the Commission's Third regular session for purposes of information and in order that the Commission may make appropriate recommendations in this connexion. In one respect the Euro-Arab dialogue is a unique experiment embracing two groups of countries, the developing Arab States and the developed European States. On the other hand, the fields of dialogue raise many technical points in which the Commission's Secretariat, with its numerous programmes, may be able to assist the Arab side to define its position in a better way and to derive greater benefit from the dialogue.

The Commission's Secretariat prepared this report on the basis of the joint memoranda and the working papers resulting from the dialogue meetings, the numerous reports presented to these meetings and the memoranda exchanged between the two sides. The Commission's Secretariat thanks the Foreign Ministry of the Hashemite Kingdom of Jordan for its initiative in requesting the preparation of this report and for placing all the reports and memoranda connected with the Euro Arab dialogue at the disposal of the Commission's Secretariat thus enabling it to better accomplish this task.

Section I: Objectives of the Dialogue

1. In general the aim of the Euro-Arab dialogue is to strengthen the bases of co-operation between two groups of countries, namely the member States of the Arab League and the nine countries of the European Economic Community, in all fields agreed upon. The Euro-Arab dialogue takes into account existing bilateral relations of varying extent between states belonging to the two groups and its objective is, consequently, to establish co-operation at another level in such a way as to complement this bilateral co-operation.

The following is a review of the main objectives of the dialogue from the Arab and European standpoints in the extent to which these can be deduced from the joint memoranda arrived at during the meetings held in 1975.

Objectives of the Arab side

2. The Euro-Arab dialogue is essentially an endeavour to achieve understanding and co-operation in numerous fields between two groups of countries. The success of this endeavour depends on the extent of the success achieved not only in one but in all of these fields as a whole. For this reason the Arab side believes that Arab political considerations merit equal if not greater priority than considerations of socio-economic development. At the head of this list of political considerations is the Middle Eastern problem. The Arab side therefore aims at obtaining greater support through the dialogue for the Arab position in the Middle Eastern problem as framed within the United Nations resolutions. The Arab side believes that such support and rapprochement would create a suitable climate for the achievement of concrete and tangible results in the other fields of dialogue.

Since this subject falls within the competence of the General Dialogue Committee it was not possible to bring it up for serious discussion and decision in the meetings held at expert level between the Arab and European sides. Hence the insistence of the Arab side on convening the General Committee at the earliest possible opportunity.

3. In addition to this main objective the dialogue has other objectives the most important of which we summarize below, bearing in mind that there are other subsidiary objectives:

- a) Consolidation of the process of socio-economic development in the Arab countries through the participation of European technology, the importation of capital equipment and the utilization of European expertise in scheduled projects which the Arab countries aim to put into effect in the agricultural, industrial and infrastructural sectors etc.
- b) Protection of the investments of the Arab petroleum exporting countries in the European countries from risks of a non-commercial nature.
- c) Establishment of firm economic links with the countries of the European Economic Community and organization of trade relations and co-operation in technical fields.
- d) Participation in setting up joint investment schemes exceeding the capacity of one country and serving the overall development objectives in the Arab countries or in certain countries of the Third World.
- e) Training and development of manpower in the Arab countries through technical and cultural co-operation and the opening of suitable institutions.
- f) Ensuring the provision of suitable conditions of employment in the European countries for the Arab labour force working there.

Objectives of the European side

4. The Euro-Arab dialogue is not without objectives of a political nature on the European side. The following are the main economic objectives from the European point of view:

- a) Consolidation of economic relations between the European and Arab countries in view of the fact that the Arab countries represent a wide market for European exports whether of consumer or of capital goods and are a source of raw materials for import.
- b) Ensuring the supply of the necessary quantities of Arab petroleum to meet the energy requirements of the European economies.
- c) Stimulation of European economic institutions by providing them with the opportunity to participate in Arab projects by contributing expertise, capital equipment and technology.
- d) Attraction of Arab capital for investment in the European countries to alleviate pressure on their balance of payments.
- e) Employment of Arab labour at relatively low wages in various fields of work in Europe.
- f) Development of the bases of cultural co-operation with the Arab countries.

General Principles and Precepts of the Dialogue

5. The joint memorandum issued at the first meeting for Euro-Arab dialogue in Cairo on 14/6/1975 contained a number of general principles and precepts within the framework of which the dialogue should proceed. In view of the importance of these principles we will list them below:-

- The Euro-Arab dialogue springs from a mutual political desire manifested at the highest level with the aim of establishing special relations between the two groups. Both sides indicate that the origin of the dialogue goes back to the exchange of views effected at the end of 1973 and including the declaration issued by the nine European countries on 6/11/1973 concerning the situation in the Middle East and the declaration addressed by the Sixth Arab Summit Conference held in Algiers to Western Europe on 28/11/1973.

- The political dimensions of the dialogue are, in essence, an endeavour to rediscover, renew and activate the effective ties linking the two neighbouring regions, a desire to eliminate misunderstandings which led to difficulties in the past and a determination to establish foundations for future co-operation embracing a wide range of activities to the benefit of both parties. The growth and blossoming of Euro-Arab economic co-operation should be based on this concept which will contribute to stability, security and a just peace in the Arab region and to the cause of world wide peace and security.

- The establishment of co-operation between the two groups is dictated by the bonds of neighbourhood and common cultural heritage and imposed by the inter-connexion and complementary nature of their interests. This co-operation would contribute to the strengthening of existing relations, the consolidation of the bonds of friendship between the countries and peoples concerned and the opening of new horizons in the political, economic, social and cultural spheres.

- In the economic sphere in particular this dialogue aims at the establishment of co-operation capable of creating the basic conditions conducive to the development and evolution of the Arab world as a whole and the narrowing of the technological gap separating the Arab countries from the countries of the European Community. This requires the adoption of effective steps and measures in all fields by way of an equitable distribution of the workload between the two groups. On the one hand, the European side has vast potential in the fields of technology, equipment and services while, on the other hand, the Arab side possesses an abundance of raw materials and financial and human potential. The development of the Arab World is part of the development of the Third World and, as such, should contribute to the greater growth and prosperity of the world economy as a whole to the consequent benefit of all the parties concerned.

- The Euro-Arab dialogue should:

- a) Be founded on equality between partners.
- b) Be based on their common interest.

- c) Complement existing bonds of co-operation between the European Community and certain member States of the Arab League.
- d) Respect bilateral relations currently existing between any Arab state and any member country of the European Community or between it and this Community in general.
- e) Respect the independence and sovereignty of each party over the wealth of its natural resources.

- Both sides express their wish that the dialogue should continue until its desired objectives are achieved.

Section II: Preliminary Steps Towards the Dialogue

In the past few years both the Arab and the European sides took steps in preparation for the dialogue. These included taking the initiative in a number of ways such as issuing declarations, adopting resolutions, establishing contacts and holding initial meetings. This section describes the most important of these steps in chronological sequence during the period preceding the first working meeting of experts from the two sides which was held in Cairo in June 1975.

1. Memorandum of the European Economic Community 1971

The Palestine question and its evolution into the Middle Eastern problem is regarded as the chief determinant of the attitudes of the Arab countries as a group of their reactions in their foreign relations. For this reason the memorandum issued by the European Economic Community in 1971 calling for a solution of the Middle Eastern problem on the basis of the United Nations Security Council resolution 242 was an important factor in engendering a kind of rapprochement and mutual understanding between the Arab and European sides. This memorandum created an excellent basis for the establishment of further contacts between the two sides since it signifies the adherence of the European Economic Community to the substance of the above mentioned resolution regarding the necessity of working for a solution to the Middle Eastern problem and the inadmissibility of annexing territories of other states by force.

2. Brussels Declaration of 6/11/1972

It was the October war of 1973 and its broad aftermath which consolidated the political and economic position of the Arabs in the world, especially at a time when the energy crisis had attained new dimensions. Petroleum prices jumped to four times their prevailing level before the October war and the embargo on petroleum exports to certain countries led to a shortage of supply on the world market. Furthermore, the Arabs' financial resources reached such magnitude as to polarize an important part of world trade, investments and monetary transfers.

It was in the light of these developments that the Brussels Declaration was made by the European Economic Community on 6/11/1973 demanding the withdrawal of Israel from the occupied Arab territories and a just solution to the problem of the Palestinians. In this respect the Brussels Declaration was another step on the part of the European side towards an understanding of the Arab position.

3. Resolution of the Sixth Arab Summit Conference in Algiers

The resolutions of the Sixth Arab Summit Conference held in Algiers from 26 - 28/11/1973 included a resolution demanding that the countries of the European Common Market consolidate their political position originating from the Brussels Declaration and stop their military and economic aid to Israel and urging them to lift the embargo on the export of arms to the Arab countries and to exert pressure on the United States of America to refrain from assisting Israel.

The Conference also issued a declaration addressed to Western Europe stating that, "Western Europe is linked with the Arab peoples across the Mediterranean sea by firm cultural ties and interwoven vital interests which can only be developed within a framework of co-operation governed by trust and mutual interests and it is, therefore, befitting that she should adopt an equitable and unambiguous attitude towards our just cause to demonstrate her independent will and play her full part in international affairs by undertaking to strive by every means for the withdrawal of Israel from all occupied Arab territories and, primarily, Jerusalem and for the recovery by the Palestinian people of their national rights".

4. Two Resolutions to initiate the Dialogue

A resolution was adopted by the European Economic Community on 4/3/1974 calling for a dialogue to be initiated with the Arab World and a corresponding resolution (No. 3123 LXI) was adopted on 28/3/1974 by the Council of the League of Arab States which met in Tunis welcoming this gesture and announcing the readiness of the Arab States to participate. A committee was formed, consisting of the League's Secretary General and the Foreign Ministers of eleven Arab States, to establish contact with the countries of the European Economic Community,

organize preparations for the dialogue, propose the agenda in the spheres of politics, security, economy, technology and other mutual interest and put forward an integrated Arab plan of action in this regard.

5. Two Memoranda from the European side

The Arab States received a memorandum from the European side dated 12/6/1974 through the Government of the Federal Republic of Germany in its current presiding capacity over the European Economic Community expressing the desire of this Community to pursue the dialogue and develop it into a continuing joint co-operation consolidating relations between the two sides. It was proposed in the memorandum that an early meeting take place between the chairman of the European Economic Community and one or two representatives from the Arab States for an initial exchange of views on the nature and extent of the joint co-operation.

In its meetings with the Secretariat of the League of Arab States from 18-20/6/1974 the delegation of the European Economic Community submitted a memorandum dated 18/6/1974 in connexion with the phasing of the dialogue from the European point of view. One of the main procedural questions raised was the need to hold a meeting as early as possible between one or more representatives of the Arab side and the chairman of the European Common Market Commission for an initial exchange of views on the dialogue and to define its themes and priorities. The Secretary General of the League of Arab States informed the European delegation that the matter required the convening of an urgent meeting of the Arab Dialogue Committee to discuss the European memorandum and define the Arab position with regard to the proposals made therein.

The Secretary General explained to the European side what his general impressions were in regard to the political aspect of the dialogue. He mentioned that the dialogue between the two groups originated from a political resolution by both sides denoting a political willingness to achieve co-operation in all spheres on a basis of mutual understanding, especially with regard to the Middle Eastern problem, and that there is an interrelationship between European and Arab security which makes it incumbent to include the security issue in

the dialogue. He went on to say that the dialogue between these two large groups of states is a new experience which must be approached with an open mind and that the Arab side regards the dialogue with the European Economic Community as springing from a desire for co-operation and participation in resolving international problems and not because the Arabs are obliged to initiate it. He explained that the dialogue would not impede bilateral relations between states on the two sides but would rather go hand in hand with these relations and work towards the closure of possible breaches in all relations between the two sides.

6. The Special Meeting on the Euro-Arab Dialogue in Paris

The Secretary General of the League of Arab States convened a meeting of the Dialogue Committee composed of Foreign Ministers of Arab member States on 13/7/1974 to study the European memorandum and define an Arab position with regard to the procedural questions it contained. In its meeting the Arab Dialogue Committee appointed the Foreign Minister of Kuwait and the Secretary General of the League of Arab States to represent the Arab side in the special meeting for Euro-Arab dialogue held in Paris on 31/7/1974. The European side was represented in that meeting by the Foreign Minister of the French Republic and the Chairman of the European Economic Commission.

The European side expressed the historic importance of the Euro-Arab meeting and signified that economic co-operation would be the focal point in the dialogue and that this co-operation would have long term political implications. The European side also indicated that the dialogue should be continuous and evolve with time and that it should not remain within the sphere of good intentions but go beyond this to the stage of practical achievements.

The Arab side emphasized the importance of the Euro-Arab dialogue, citing the measures already taken in preparation for the dialogue, and stressed the close connexion between politics and economics and the impossibility of isolating one from the other.

The two sides reached agreement on the following matters:

- a) The formation of a standing committee for the preparation and follow-up of General Committee meetings to consist of representatives of the current presidents of the Council of the League of Arab States and the European Economic Community, the Secretary General of the League of Arab States and the Chairman of the European Economic Commission with its first meeting to be held in Cairo on 20/10/1974 to prepare for the meeting of the General Committee.
- b) The constitution of a General Committee which would, in turn, set-up specialized working committees in accordance with the various spheres of co-operation. The General Committee to hold its first meeting in Paris in November 1974.
- c) The establishment of the necessary contacts between experts of both the Arab and European sides to discuss details of the method of dialogue and the work of the committees.

7. Two Arab Resolutions on the Dialogue

At a meeting held in Cairo from 1 to 4/9/1974, the Council of the League of Arab States adopted resolution No. 3172 (LXII) on the Euro-Arab dialogue stating that representation of the Arab side on the General Committee should be open to all Arab States and to the secretariat, with assistance to be provided by the Arab bodies and organizations concerned, and authorizing the Chairman of the Council Session and the Secretary General to maintain contacts with the European side on the procedural aspects of holding the dialogue and convene a meeting of the General Committee in the second half of November 1974. The Council also directed the Secretary General to convene a meeting in the first half of November between the representatives of the Arab States on the General Committee and have the secretariat prepare the necessary studies for transmission to the member

States. Representatives of the member States were to communicate to the meeting their governments' conceptions of the basic principles at issue in order to formulate a unified Arab position.

At the Seventh Arab Summit Conference held in Rabat from 26 to 29/10/1974 a resolution was adopted on the Euro-Arab dialogue specifying that the dialogue should begin within the framework of the principles announced in the declaration addressed to Western Europe by the Sixth Arab Summit Conference and attaching importance to the Arab meeting, due to be held on 12 November 1974 to formulate a unified Arab plan of action for the dialogue, at which representation should be at an appropriate level. It was further resolved that the necessary measures should be taken to actively initiate the dialogue in order to achieve tangible co-operation in the political, economic and cultural spheres to the benefit of both parties.

8. The Preparatory Parliamentary Conference on Euro-Arab Co-operation

The Preparatory Parliamentary Conference on Euro-Arab Co-operation was held in Damascus from 12 to 17/9/1974 by representatives of the Arab and European parliaments and adopted resolutions in the political, economic and cultural spheres. The Conference resolutions stressed the need to work for implementation of the United Nations resolutions concerning the Palestine question and the Middle Eastern problem, called for recognition of the national rights of the Palestinian people and urged Europe to play a significant role in establishing a just and lasting peace in the Middle East and take steps consequent to the declaration of the nine European countries on 6/11/1973. The Conference also resolved that economic co-operation between the two regions would be an effective means of achieving a rapprochement between the countries of these regions and uniting their efforts for the promotion of peace, prosperity and justice on the basis of the United Nations resolutions in connexion with the Middle East and the Palestine problem. It was further resolved that peace, especially in the Middle East and the

Mediterranean area, was a pre-requisite for the development of both the Arab world and Europe and that the Conference looked to a Euro-Arab dialogue for the achievement of fruitful and tangible results to the benefit of both regions and emphasized the need for other meetings to be arranged to this effect as early as possible.

The Conference also adopted numerous resolutions on the cultural plane for the propagation of both the Arab and European cultures, the establishment of joint cultural institutions and the consolidation of co-operation in various cultural fields.

9. Meeting of Representatives of the Arab and European Sides

Two joint meetings were held at the headquarters of the secretariat of the League of Arab States on 20/10/1974 to discuss arrangements in connexion with the first meeting of the General Committee for Euro-Arab dialogue initially scheduled to take place in Paris in the second half of November 1974. The European side submitted a working paper dealing with the organizational and procedural aspects of the General Committee and the working committees deriving from it and proposed the formation of five working committees specializing in agriculture, industry, infrastructure, financial co-operation and technical and cultural collaboration. The Arab side proposed the addition of a further working committee to deal with the question of trade relations and raised the possibility of designating a committee to discuss political aspects. This subject was left to the General Dialogue Committee.

On the procedural aspects it was agreed that there would be no prior stipulation of the need for rules of procedure or minutes for meetings of the General Committee and that the General Committee would undertake the task of co-ordinating the working committees and ensuring the continuity of contacts between their members. It was further agreed that the chairmanship of the General Committee would be in rotation.

With regard to the specialized working committees it was agreed that each committee would choose its permanent chairman and rapporteur and a permanent headquarters giving due consideration to an even balance between the two sides when choosing chairmen and rapporteurs so that no committee would have a chairman and rapporteur from the same side.

10. Meeting of the Arab Side in the Dialogue

A meeting of the representatives of the Arab States on the General Committee for Euro-Arab Dialogue was held in Cairo from 12 - 14 November 1974 to discuss the following items of the agenda:

- Formulation of a unified Arab plan of action for the dialogue.
- Priorities of the topics for discussion.
- Organizational and procedural aspects of the dialogue.
- Arranging meetings of the Arab group during the meetings of the General Committee in Paris.

Studies and memoranda on these items were submitted to the meeting by the League Secretariat and specialized Arab organizations and institutions and also by the delegations of The Hashemite Kingdom of Jordan, The Arab Republic of Egypt and the Syrian Arab Republic.

The representatives of the Arab States attending the meeting produced a working paper defining the Arab position in the General Committee meetings in the following manner:

I: The Political Aspect

The growth and fruition of Euro-Arab economic co-operation must be linked to a political relationship between the two groups founded on an understanding of the basic interests of the Arab region and conducive to the achievement of stability, security and a just peace in this part of the world.

If the Palestine question and the recognition of the rights of the Palestinian people in the spirit of the United Nations Charter and of its principles regarding the right of every people to self determination in its homeland and the liberation of all occupied Arab territories in accordance

with these principles and with the United Nations resolutions constitute the corner stone of the Arab World's international political relations then the endeavours made by these countries to uphold Arab rights and establish a just peace in the Middle Eastern region on the basis of the position adopted by these countries in the declaration of 6 November 1973 would be reciprocated by a positive attitude on the part of the Arab States and would increase the possibilities for the co-operation sought in various spheres between the two groups.

II: Economic and Technical Co-operation

1. Economic and technical co-operation should be founded on the principle of equality and common interest and respect for the sovereignty of states over the sources of their natural wealth.

2. Both sides should work together to develop the Arab World as a whole although development may pertain to a specific region of the Arab World. Bilateral relations, however, between the Arab and European States would remain outside the dialogue.

3. This co-operation would comprise projects of a magnitude exceeding the separate or joint capacities of single Arab and European States.

4. The objectives of scheduled projects should include supplying those requirements of the Arab States which would otherwise be difficult to secure and should take into account the provision of markets for the output of these projects.

5. Agreements should be concluded incorporating customs concessions and exemptions and trade facilities for Arab agricultural and industrial commodities to ensure the marketing and flow of these goods to the European markets. At the present stages of economic development this co-operation should exclude the granting of reciprocal concessions to the European Common Market.

6. Countries of the European Community should provide technical aid and facilitate the flow of technology on easy terms to the Arab States.

7. Adequate guarantees and facilities should be provided for Arab investments in the nine countries of the European Community.

8. Arab capital should be associated with capital and technology provided by the nine countries of the European Community in joint ventures undertaken in the Arab countries.

9. Arab and European workers should be treated equally and benefit equally from social and educational services, living conditions and basic rights.

10. This Euro-Arab co-operation and the achievement of its desired aims should not overlook the implications and positive consequences that they will have to the benefit of the Third World.

The Arab World is conscious of its present responsibilities on the international plane and is resolutely determined to make liberal use of its capacities and potential to further the development of the Third World with which it will thus confirm its solidarity.

11. Subject to the outcome of discussions in the General Committee and acquaintance with the position of the European side regarding these general principles the Arab delegates propose that the dialogue should include the following topics:

- a) Agriculture.
- b) Industry.
- c) Equipment (infrastructural projects).
- d) Co-operation in the field of atomic energy and its uses for peaceful purposes.
- e) Financial co-operation.
- f) Technical and educational co-operation including the cultural aspect.
- g) Trade co-operation.
- h) Labour and social issues.

III: Organizational and Procedural Aspects

1. Confirmation that the General Committee should have comprehensive terms of reference in order that either side might bring before it any issue which it wishes to discuss.

2. With regard to the date of the General Committee's meeting in Paris, the Arab side is of the opinion that this should be established in a definitive manner on completion of contacts between the Secretary General of the League of Arab States and the European side regarding the attendance of a representative of the Palestine Liberation Organization.

3. With the exception of the stipulations made in this paper the Arab delegates approve the other organizational and procedural rules proposed in the joint Euro-Arab working paper produced at the joint meeting on 20/10/1974.

IV: Special Dispositions on the Arab Side

a) In the General Committee

- 1) Agreement on the adoption of a unified Arab position in the dialogue.
- 2) That the delegates of the Arab States attending meetings of the General Committee should be fully informed of their governments' conceptions with regard to the issues to be included in the dialogue and, in particular, on the financial aspects of the economic and technical co-operation.
- 3) That the Arab States should without delay notify the secretariat of the names of their representatives attending the meeting of the General Committee in Paris in order that the European side might be informed accordingly before the date of this meeting.
- 4) That the Arab delegates on the General Committee should hold regular meetings to co-ordinate the Arab position whenever necessary.

5) That the secretariat of the League of Arab States should seek assistance from Arab organizations and bodies in their fields of specialization.

b) In the Event of the Establishment of Working Committees

1) That the Arab States should be prompt in selecting their representatives and experts on the working committees in which they wish to participate and that member States should notify the secretariat of the League of Arab States as soon as possible of the names of the representatives and experts whom they wish to participate on the working committees.

2) That the Secretary General should convene a meeting of the Arab delegates in the Euro-Arab dialogue whenever the need arises and with a particular view to the co-ordination of the Arab representatives' positions in the proposed working committees.

11. Postponement of the First Meeting of the General Dialogue Committee

The General Committee for Euro-Arab Dialogue was scheduled to hold its first meeting in Paris on 26/11/1974. However, the Arab States' insistence on the participation of the Palestine Liberation Organization with observer status in the meeting and the controversy which this question provoked among the countries of the European Economic Community led to a postponement of the above meeting and threatened the endeavours of the Euro-Arab dialogue with deadlock. The countries of the European Economic Community subsequently agreed to submit a proposal for the dialogue meetings to be held between the secretariat of the League of Arab States and the European Common Market Commission without the direct participation of member States in order to sidestep the question of the Palestine Liberation Organization's participation at that time and for the meetings to be centred on economic and cultural aspects and held at expert level with the inclusion of Palestinian experts.

Other steps were taken by the European side which led to a further time lapse without any progress being made on carrying the Euro-Arab dialogue into new phases. On 11/5/1975, the European Common Market Organization signed a trade agreement with Israel the terms of which included a sixty per cent reduction in import duties on all Israeli manufactured goods with effect from 1/7/1975 and total exemption from duty with effect from 1977.

The Arab States urged the European Community not to sign this agreement in view of its political connotation with regard to helping Israel to break out of her political isolation in the world and in view of the European Common Market Organization's disregard of the agreed chronological phasing of its programme for establishing relations between the Market and the Mediterranean countries under which agreement was due to be reached first with the Arab States of North-West Africa and then Israel, Spain and Malta and subsequently the Eastern Arab States comprising Jordan, Lebanon, Egypt and Syria.

Contacts were actively maintained between the Arab and European sides at various levels throughout the period from November 1974 to June 1975 and the European Economic Community communicated to the Arab side its proposal that the dialogue meetings should be held at expert level and sent a further memorandum to the League of Arab States on 9/3/1975 concerning the fields of Euro-Arab dialogue. In its sixty third regular session the Council of the League of Arab States adopted resolution No. 3226 on 26/4/1975 authorizing the Secretary General to approach the European side with a view to holding a joint meeting of Arab and European experts in the first half of June 1975 at the Headquarters of the League of Arab States, calling on the Arab States and the Palestine Liberation Organization for an early nomination of experts at high level to represent the Arab side at the joint Euro-Arab meeting and directing the Secretary General to convene a meeting of the Arab experts, in which a number of other experts from interested Arab organizations and bodies would participate, in order to formulate a unified Arab position prior to the Euro-Arab meeting.

The Arab side held a meeting from 20-24/5/1975 at the Headquarters

of the Secretariat of the League of Arab States to define the Arab position in regard to the agreement signed between the European Economic Community and Israel and to prepare for the first meeting for Euro-Arab dialogue due to take place in Cairo on 10/6/1975. The Arab side issued a political communique on 21/5/1975 concerning the agreement between the European Economic Community and Israel and of which the main points can be summarized as follows:

- Confirmation of the Arab side's determination that the Euro-Arab dialogue should continue until the achievement of its desired aims.
- Consideration of the agreement as an act incompatible with the Brussels Declaration of 6/11/1973 especially in view of Israel's continuing refusal to be bound by the principle of the non-admissibility of the occupation of territory by force which leads the Arab States to expect that other countries, including the European States, will refrain from consolidating economic relations conducive to sustaining of the Israeli occupation.
- That to justify this agreement as being based on the principle of establishing balanced relations with Israel on the one hand and all the Arab States on the other at a time when Israel is occupying the territories of certain Arab States and refusing to recognize the legitimate rights of the Palestinian people is incompatible with the principles of international legality and of participation in achieving a just peace and inconsistent with the magnitude and importance of existing and future economic interests.
- The Arab States wish to obtain explanations from the European Economic Community on this agreement.
- The Arab States hope that the forthcoming meeting of Arab and European experts will be an earnest and constructive meeting leading to practical and tangible results and not a substitute for the meeting of the General Dialogue Committee.

- Recommending the Governments of the Arab States to take prompt and expedient measures in the political, informational and technical fields to counter the effects of the agreement.

The Arab side also prepared a working paper on the content and scope of the Euro-Arab dialogue. This working paper is considered to be a development of the previous working paper prepared by the Arab side at its meeting in Cairo from 12-14/11/1974 and will be described in the section on the content of the dialogue.

The European side submitted a memorandum to the League of Arab States on the agreement concluded with Israel confirming the adherence of the European Economic Community to the Brussels Declaration and explaining that this agreement replaced an agreement made in 1970 which, in turn, superceded a 1964 agreement between the European Common Market Organization and Israel and is in no way connected with the occupied Arab areas.

The Arab States considered the explanations put forward by the European side to be satisfactory. The desire for the commencement and continuation of the Euro-Arab dialogue thus proved to be greater than the obstructions placed in its way in spite of the crucial and sensitive nature of these obstructions. The first dialogue meeting was held in Cairo from 10-14/6/1975.

Section III: Content and Scope of the Dialogue

Dialogue Meetings

1. The preliminary steps taken by the Arab and European sides in the context of the dialogue ended in agreement to hold dialogue meetings at expert level with the participation on the Arab side of experts representing the Palestine Liberation Organization. This resulted in the postponement of the session of the General Committee for Euro-Arab Dialogue and the consequent deferment of consideration of the political aspects. On the basis of these arrangements and up to the time of preparing this report (i.e. the end of 1975) the following three meetings were held:

- The first meeting, held in Cairo from 10-14/6/1975.
- The second meeting, held in Rome from 22-24/7/1975.
- The third meeting, held in Abu Dhabi from 22-27/11/1975.

2. It is clear from a comparison between the working papers agreed upon by the two sides at the conclusion of the above three meetings and the memoranda and working papers produced by the two sides during the preparatory stage of the dialogue that the preliminary steps were useful in defining the content and scope of the dialogue since the principles on which the dialogue should be based had already been stated in one form or another in the working papers produced by the Arab side in its meetings on 12-14/11/1974 and 20-24/5/1975 and in the working paper presented by the European side on 9/3/1975. Similarly, the fields of co-operation to be included in the dialogue had already been laid down in a general form in the previous working papers. The main difference was that the working papers prepared by the Arab side attached basic importance to the political aspects of the dialogue whereas the other working papers, including those produced at the three dialogue meetings, were centred on non-political, i.e. economic, cultural and social aspects.

First Meeting in Cairo

3. The first meeting for Euro-Arab dialogue was held in Cairo from 10-14/6/1975. After the experts of both sides had studied the papers presented on the content and scope of the dialogue the meeting concluded with the issue of a joint memorandum on 14/6/1975 comprising a number of general principles and precepts in the framework of which the dialogue should be conducted and specifying the fields of co-operation between the two sides. Both sides were in agreement on the following matters:

- That the dialogue should include the following fields of co-operation: industrialization, infrastructure, agriculture and rural development, financial co-operation, trade, scientific and technological co-operation, cultural co-operation and issues concerning labour and social affairs and that in subsequent meetings the groups of experts from both sides should study together and in depth the major fields of co-operation mentioned above.
- Pending a meeting of the General Committee, which it was hoped would be held at the earliest possible opportunity, the present meeting of experts would be periodically resumed in the form of a steering committee of experts which would hold its first meeting in July 1975 in one of the European cities.
- The system of having joint Euro-Arab chairmen would be continued for the meetings of experts and the same system would be adopted for the work of the joint groups of experts in all spheres of co-operation.

4. With regard to the spheres of co-operation included in the dialogue, this report will deal with each of them separately and in the light of the progress and results achieved during discussions at the three dialogue meetings.

5. The Secretary General of the League of Arab States sent a letter to the current president of the European Economic Community containing the following

points which the Arab side wished to rediscuss at future meetings for Euro-Arab dialogue.

- The lifting of barriers and restrictions impeding the movement of capital and the provision of adequate facilities for this capital.
- The provision of suitable guarantees for capital and its protection against various risks.
- The provision of certain concessions and exemptions with regard to import and other duties and of unilateral trade facilities for the sale of Arab products in European markets.
- The effective flow of advanced European technology to the Arab States on suitable terms.

The Arab side expressed its readiness to discuss these points at future meetings

Second Meeting in Rome

6. The second meeting for Euro-Arab dialogue was held in Rome from 22-24/7/1975 and working groups were set up to discuss in depth most of the agreed spheres of co-operation, namely industrialization, infrastructure, agriculture and rural development, financial co-operation, trade, scientific and technological co-operation, cultural co-operation and social issues. After an exchange of views on these matters the meeting formulated a joint plan of action in which the possibilities for Euro-Arab co-operation were elaborated in greater detail.

Both sides agreed that, pending a meeting of the General Committee which it was hoped would be held at the earliest possible moment, the present meeting of experts would be periodically resumed in the form of a steering committee of experts. The two sides recommended that the next meeting of Euro-Arab experts should be held in an Arab city during November 1975.

Third Meeting in Abu Dhabi

7. The third meeting for Euro-Arab dialogue was held in Abu Dhabi from 22-27/11/1975 and in this meeting progress was made in discussing specific

projects and other topics in a more detailed manner than had been possible at the two previous meetings. While the meeting achieved relative success in the fields of industrialization, agriculture and rural development, infrastructure and cultural, scientific and technological co-operation it made no progress in aspects connected with the transmission of technology, financial co-operation and trade and labour issues. Both sides agreed to continue discussion and study of various topics raised through the formation of fourteen specialized joint working committees of which five committees would deal with industry, four with agriculture, three with infrastructure and one each with financial and scientific co-operation.

8. The Arab side showed greater insistence in connexion with the need to discuss the political aspects of the dialogue and stressed the difficulty of continuing in the economic and technical spheres under the shadow of an equivocal political climate. This attitude was reflected in the joint working paper issued at the meeting stating that the two sides "confirm the need to take into consideration the political dimension of the dialogue in order that it may evolve in the desired way and continue in an effective manner and in this spirit both sides are in agreement on the need for an early meeting of the General Committee. Contacts between them will begin immediately to establish a date and an agenda for this meeting".

9. It was decided as a result of contacts made subsequent to the meeting in Abu Dhabi that the General Committee would meet in May 1976 and that the items on its agenda would include the evolution of the European Economic Community's position on the Middle Eastern question towards dimensions transcending the Brussels Declaration and approaching the Arab position based on the United Nations resolutions and also a review of the work accomplished by the three meetings held at expert level.

Spheres of Co-operation in the Euro-Arab Dialogue

10. The objective of the Euro-Arab dialogue is, in general, to establish co-operation in all spheres, including the political one, between the two

Arab and European groups in a manner conducive to the achievement of rapid economic and social development for the peoples of the two regions in an atmosphere of stability, security and peace through the constructive interaction of Arab human, financial and natural resources with European technological potential, equipment and services. In the three meetings held in the context of the Euro-Arab dialogue, however, discussion was limited to the economic, technical and social spheres of co-operation without broaching the political aspects. In the following pages the report reviews the spheres of co-operation highlighted in the joint working papers emanating from the dialogue meetings.

Industrialization

11. In the sphere of industrialization Euro-Arab co-operation aims at the structural evolution of the Arab economy and the diversification of its sources of income through the development of basic and medium industries in the Arab States and promotion of the processing of raw materials to the greatest possible extent for local consumption and export, including the development and industrialization of the agricultural sector. The achievement of this aim requires a joint Arab effort in order to:

- Encourage industries relying on raw materials available in the Arab countries and give priority to the processing of those materials, taking into account currently existing investments.
- Encourage an effective flow of European technology on suitable terms to the Arab States and collaboration with Arab bodies in the development of advanced technology, especially in connexion with industries relying on locally available raw materials, in the light of the fact that the Arab side will endeavour to create favourable conditions for the transmission of this technology.
- Facilitate the marketing of the output of the above project.
- Define the method of implementation of the above measures.

12. To put these guidelines into effect the working group concerned with industrialization agreed on the following joint work programme:

- 1) With regard to industries linked with raw materials available in the Arab States, the Arab side gives priority to the following industries in matters of joint co-operation.
 - a) Industries based on the use of oil and petroleum gas, particularly since each year approximately 72 billion cubic metres of this gas is flared off.
 - Oil refining and petro-chemical industries;
 - The nitro and composite fertilizer industry;
 - Direct gas reduction for the production of malleable iron;
 - Production of electric power to meet the needs of the aluminium and steel industries and for sea water desalination.
 - b) Industries based on the use of large quantities of phosphatic ore.
 - Concentrated phosphate industry;
 - Phosphoric acid industry;
 - Phosphatic and composite fertilizers.
 - c) Projects for the extraction of potash, barium and magnesium oxide based on large resources of potassium salts.
 - d) A reciprocal exchange of the studies being undertaken to define the scope of Euro-Arab co-operation in the development of these industries.
- 2) In the framework of long term co-operation a study will be made of the above mentioned and also of other branches of industry in order to:
 - a) Determine requirements and available productive capacities in Arab, European and world markets.

- b) Define the main spheres in which integration can be achieved, bearing in mind various factors connected with production and capability on both sides.
- c) Specify as soon as possible the main projects worth implementing in the framework of Euro-Arab co-operation.
- d) Study conditions relative to the promotion and protection of investment, undertake a comparative survey of legislation affecting it and of contractual conditions for joint ventures and review measures adopted to improve conditions of investment including bilateral agreements.

In order to achieve this, studies will be undertaken in close collaboration between the Arab States' Industrial Development Centre and the European Commission.

- 3) Regarding the formulation of proposals on the effective flow of advanced European technology to the Arab States, the two sides will prepare a text aimed at reaching an agreement beneficial to both parties.
- 4) The two sides will prepare working papers on ways to facilitate the marketing of the output of Arab industries in European and other markets.
- 5) The two sides will establish the administrative details of the future joint plan of action (such as the time, place and documents of sessions) taking into account the directives of the joint co-ordination committee.

13. At the third meeting held in Abu Dhabi the Arab and European sides resolved to study the fields of priority specified by the Arab side in order to clarify requirements and productive capacities and define principle spheres of integration and projects worth implementing.

The two sides agreed to form a specialist group for each of the following industries and activities:

- a) Oil refining and petro-chemical industries in which the specialist group would commence its work as early as possible.
- b) Processing of nitro, phosphatic and composite fertilizers.
- c) Iron and steel industries, with special attention to be paid to research and information concerning direct gas reduction of iron ore, including feeder industries and, in particular, mining and user industries such as the mechanized, electric and electronic industries. The dates on which the two specialist groups for the industries in (b) and (c) would commence their work would be specified at the next meeting of the industrialization group which it was hoped would be held during the second quarter of 1976.
- d) A specialist group to discuss general contractual conditions in the industrial sphere (guarantees, arbitration, force majeure...etc.)
- e) A specialist group to co-ordinate technical specifications between the Arab Organization for Specifications and Standards and the responsible body in the European Economic Commission.

The two sides agreed to conduct studies in the following fields for implementation after the aforementioned specialist groups have made good headway in their work:

- Electric power;
- The aluminium industry;
- Sea water desalination and potassium extraction;
- Conditions of industrial investment;
- Transmission of industrial technology;
- Facilitation of the marketing of Arab industrial output in European and other markets;
- The food, timber and leather industries.

Infrastructural Projects

14. The Arab and European sides agreed that a sustained development of economic activities whether in connexion with agriculture or industry and a rapid improvement of living conditions in the Arab countries necessitate the establishment of an infrastructure capable of meeting requirements in the fields of transport, civil engineering and construction, health, education, communications, town planning and development and associated public utilities, distribution and tourism. In these fields, Euro-Arab co-operation aims at an early start on infrastructural projects and the application of the most effective methods of European technology.

15. In the second meeting in Rome, the working group concerned with infrastructure agreed on the following points in connexion with the main fields of co-operation, scales of project priority and working procedure:

- 1) The basic fields of co-operation are:
 - a) Transport: including marine transport, ports, inland navigation, railways, roads, oil pipelines, airports and air transport and special equipment and facilities for the transport of heavy materials and goods.
 - b) Communications: including conventional and satellite communications and postal services.
 - c) Urban infrastructure: including town planning and development, reconstruction of Arab cities, expansion of public utilities (water, electricity and sewage) and housing schemes.
 - d) Rural infrastructure: including storage facilities (such as silos and cold storage plants), irrigation and drainage and rural electrification.
 - e) Educational infrastructure: including the construction and equipping of educational and training institutions such as schools, laboratories and universities.

- f) Public health: including the construction and equipping of hospitals and clinics, mobile health units, health matters and service facilities.
- g) Tourist infrastructure: including the construction of hotels and other tourist facilities and the development of tourist sites.

2) Scales of project priorities:

The two sides agreed that the projects which are selected should fulfill one or more of the following requirements:

- Projects exceeding the capabilities of one Arab or European country;
- Participation of the greatest number of Arab and European States in each project, even if confined to one Arab country, providing that its implementation is beneficial to the region as a whole;
- Projects pertaining to one country providing that they be of a nature conducive to the expeditious progress of socio-economic development in that country or of strategic importance for development within the context of the co-ordinated Arab planning policy.

3) Working procedure:

The Arab side will endeavour to provide the European side with project proposals in all of the aforementioned fields of co-operation. At the next meeting, the two sides will discuss any proposals that the Arab side will have put forward and also look into ways and means of furthering them.

16. At the third dialogue meeting, the working group stressed the need to turn away from generalizations towards specific and tangible projects and to concentrate efforts at this stage on the requirements of the pre-implementation phases in order to identify feasible projects and probe the possibilities of improving currently available facilities within the general regional and

sectoral framework of Arab requirements. While realizing the vast scope covered by infrastructure, the working group thought it appropriate at this stage for efforts to be concentrated on developing the two sectors of transport and telecommunications which would have a more far-reaching effect on the Arab countries both individually and collectively. For this reason discussion of studies connected with the other aspects of infrastructure was postponed.

- 1) In the transport field: the working group decided to form three specialist groups for marine ports, internal transport and air transport, each of which would study present facilities, define the requirements of the Arab countries in this respect and make suitable recommendations on priorities and ways of satisfying these requirements. Each specialist group would submit a report on these matters to the working group concerned with infrastructure.
- 2) In the field of telecommunications: the working group decided that there was a need to carry out certain operations before implementing projects designed to link together the states of the Arab World on one hand and to link these with Europe on the other. The group also studied the question of the Arab States' lack of expertise in this field and reached the following conclusions:
 - That the carrying out of pre-investment studies and the provision of training opportunities were matters that could be discussed within the context of the Euro-Arab dialogue;
 - That the competent Arab authorities would submit specific proposals for project feasibility studies to organizations designated by the European delegation on the working group;
 - That the Arab authorities would submit requests for training and student scholarships to the competent European authorities.

Agriculture and Rural Development

17. In this field Euro-Arab co-operation aims at the development of the Arab countries' agricultural, animal and water resources, the production of

foodstuffs in the Arab countries and the study of programmes to adopt an integrated rural development policy and define the participating role of European expertise in this regard. It will, therefore, be necessary to study the present situation and the prospects of agricultural development in the Arab states and also the pattern of production and consumption of foodstuffs.

In furtherance of this aim, the two sides will determine measures to consolidate expansion in the production of food and cash crops, stock breeding, pest control and pasture improvement and provide advanced European expertise for the further promotion of livestock resources in the Arab States in a manner conducive to the most efficient utilization of available land including the prevention of soil erosion and sand encroachment and the adoption of suitable measures in connexion with the environment.

In this context, the supreme importance of agricultural, animal and piscicultural becomes clear as a fundamental basis for the evolution and development of the entire agricultural sector and, in particular, the various fields of research connected with the origination, improvement and propagation of seeds and the combating of diseases and blights etc. The important role of agricultural guidance and vocational training should also be emphasized.

There is also a need for an expansion of irrigation and a development of the various water resources in a manner conducive to the most efficient utilization of water and thought should be given to the possibility of using advanced techniques in water desalination and other aspects connected with irrigation.

The two sides will also discuss the possibility of applying nuclear technology in agricultural and rural development, including desalination, and are at present working on ways to benefit from European expertise in the canning, wrapping and processing of agricultural produce of various kinds and co-operation in the field of Arab manufacture of the basic requirements of agricultural production, especially machinery, fertilizers and pesticides.

In all the above fields priorities must be defined and schedules and work methods laid down with the aim of selecting the co-operation programmes specified in the context of the above programme. The potential for marketing the output of such projects should be studied and a definition made of the possibilities for European collaboration in these fields. It is obvious that both the Arabs and Europeans have a mutual interest in combining their efforts to deal with all aspects of the world food situation.

18. At the second dialogue meeting the two sides formulated the following work programme:

- 1) The wide scope for joint action in the agricultural sector in the Arab countries is a token of the abundant natural potential of the Arab World and the benefits that could derive from a proper utilization of this potential. With its own potential and experience in the field of agricultural development Europe can, in turn, contribute to the development and exploitation of existing potential in the Arab countries in a manner beneficial to both parties.

In furtherance of this aim attention has been focussed since the beginning of the work in Cairo on the concept of an 'integrated rural development policy'. An important objective of this co-operation is the consolidation of rural development, the improvement of farm productivity and the raising of standards of living in rural areas.

- 2) It is important for the success of Euro-Arab co-operation in the agricultural sector that an adequate definition be made as soon as possible of agricultural development strategies in the Arab countries as stipulated in the Cairo memorandum which referred to the need to make a study of the present situation and prospects of agricultural development in the Arab states and also of the patterns of production and consumption of foodstuffs in these countries.
- 3) Such an approach would allow an improvement of production and an amelioration of agricultural structures in the Arab countries on the

basis of a better evaluation of the present economic situation and the opportunities for co-operation actually available or which might arise on the regional or international levels.

- 4) Expansion of the production of foodstuffs in the Arab countries must be specifically geared to a rise in the level of consumption in these countries and to collaboration with the other countries of the world in achieving world-wide security of food supplies.
- 5) With regard to other produce which may play an important role in the balance of payments of the countries concerned and, consequently, facilitate the implementation of their economic development programmes it is imperative at the very outset to make sure of the existence of, or possibility of providing, markets for this produce.
- 6) In general, it will be necessary to make sure that projects are in line with agricultural development policy and that adequate resources are available to ensure their continuity and profitability.
- 7) When specifying projects and priorities sufficient leeway should be left on the margins of large projects for other schemes which, despite their limited objectives, might be easier to implement and yield a quicker return. Scope must be available when needed for regional projects answering the needs of several Arab states.
- 8) In this respect it is especially advisable to concentrate on giving priority to certain specific projects in designated areas in order to satisfy urgent requirements for foodstuffs and to adopt the most suitable and useful forms of co-operation between the European and Arab states. Arab experts should submit proposals on relevant projects and areas to the European experts as soon as possible.
- 9) In this context it will be necessary to specify certain projects - gradually and on the basis of agreement between the two parties - and determine their priority, taking into account the socio-economic circumstances of the Arab countries concerned. These projects involve

interrelated activities and form a starting point for Euro-Arab co-operation in the field of integrated rural development.

19. These projects and priorities can be specified in the following spheres of activity and co-operation:

- a) Expansion of agricultural production: definition of the potential for Euro-Arab co-operation in the fields of expanded production of food and cash crops, stock breeding and conservation and promotion of livestock resources.
 - 1) Plant production: including expanded production of grain, especially wheat and millet, expansion in the production of sugar crops, vegetables and fruits, afforestation, land reclamation, oleaginous crops and their products and fodder production.
 - 2) Livestock production: including expanded production of various meats, expanded dairy production, pasture improvement and combatting epidemic diseases among animals.
 - 3) Fishery resources: including the survey and conservation of fishery resources.
- b) Irrigation projects: including the building of dams, reservoirs, irrigation systems and drainage networks, exploitation of ground water, water desalination, investigating the potential uses of nuclear energy in this field and taking maximum advantage of irrigation water through the use of modern techniques.
- c) Production requisites: including agricultural machinery, fertilizers, insecticides and pest control.
- d) Agricultural industries: including canning, wrapping and preservation, sugar, fodder, vegetable oils, paper, spinning and weaving.
- e) Research and exchange of agricultural expertise: including the exchange of information and of the results of scientific and applied research, the exchange of expertise and student scholarships, supporting existing agricultural research institutes and supplying them with the most modern research equipment and setting up joint research programmes in various fields of agriculture.

- f) Vocational training and agricultural guidance: including the establishment and development of centres for technical training and agricultural guidance in various aspects of agricultural activity in the Arab countries.
- g) Marketing of agricultural produce: the possibility of providing new markets for Arab agricultural produce, especially at local and regional levels, full utilization of existing facilities and available potential in European markets for Arab exports and joint co-operation in the field of marketing techniques, including the storage and promotion of produce and the exchange of marketing information.
- h) Infrastructure: infrastructure is a pre-requisite for the establishment and success of projects in the spheres of agriculture and rural development. This subject should therefore be studied carefully during the course of the dialogue and special importance attached to infrastructure directly related to rural development.
- i) Financing agricultural projects: the dialogue between the two sides should lead to an investigation and definition of possibilities for financing agricultural projects in the Arab countries including the provision of financial and technical aid, the encouragement of European investments in the agricultural sector of the Arab states and the setting up of joint ventures in the agricultural sector.

20. During discussions at the third dialogue meeting the Arab Organization for Agricultural Development presented a number of project proposals in the sphere of agriculture and rural development. The two sides reviewed the broad outline of agricultural development strategy in the Arab countries including agricultural resources and production and its prospects up to the year 1985, present and prospective demand for agricultural produce, estimates of the food deficit up to 1985 and requirements of foodstuffs in the forthcoming stage. The European side also explained certain aspects of its general agricultural policy.

The two sides decided to concentrate on a limited number of Arab agricultural projects namely:

- An integrated regional project for agriculture and rural development in southern Darfur in the Sudan;
- A project to increase meat production in the Sudan;
- A project to develop factors of agricultural productivity to increase grain production in Syria;
- An integrated agricultural development project in Somalia.

It was decided to set up a specialized joint working committee for each of these projects.

21. At the third dialogue meeting in Abu Dhabi the two sides also agreed on the following matters related to agriculture and rural development:

- The establishment of a research department specializing in hydro-technology for agricultural purposes in the Arab countries within the framework of the international centre for agricultural research in arid regions which is to be set up in the near future in the Arab World.
- Co-operation in the use and application of solar energy for purposes of agricultural development in the Arab countries. The Arab side expressed its interest in an exchange of information, the initiation of further studies and co-operation in the use of remote sensing techniques for the study of soil, climate and water resources etc. with the aim of developing agricultural production in the Arab countries. The European side took note of this interest.
- That the terms of reference of the specialist groups on agriculture and rural development should include the following aspects:
 - 1) Making sure that projects do not duplicate or overlap each other and that they are not detrimental to any bilateral agreement for an existing project.
 - 2) Checking all available information on projects.
 - 3) Recommending other necessary studies and who should undertake them.

- 4) Estimating project costs.
- 5) Recommending the extent of participation by the Arab and European sides and the appropriate input from each party.
- 6) Undertaking any other tasks considered to be necessary for the proper discharge of the specialist group's functions.
- 7) Discussing the necessary administrative arrangements for the general follow-up of the projects concerned, including the various operations that have to be carried out to ensure the timely adoption of appropriate measures.

The bilateral discussions also touched on the problems of marketing output and financing projects and it was agreed that further effort was needed to put into effect the principles agreed upon at the two previous meetings.

Financial Co-operation

22. The joint memorandum produced at the first dialogue meeting specified the fields of financial co-operation between the Arab and European sides as follows:
- 1) A joint quest for the best ways and means of encouraging investments on a reciprocal basis.
 - 2) The promotion of an exchange of information on investment opportunities in both groups of countries in order to limit the element of risk inherent in investment and ensure the maximum degree of mutual benefit.
 - 3) The provision of European expertise in the fields of finance, banking and insurance and training opportunities aimed at the development of Arab money markets.
 - 4) Co-operation comprising the provision of capital and technology to encourage joint ventures.
 - 5) Consideration of the possibilities for co-operation between European and Arab financial institutions for purposes of development.

23. At the second dialogue meeting the working group concerned with financial co-operation took these points and also those included in the letter of the Secretary General of the League of Arab States addressed to the current chairman of the European Economic Community on 16/6/1975 as a basis for defining its terms of reference. At the Rome meetings, the working group drew up the following agenda:

1) Co-operation and exchange of expertise between financial institutions

- a) There was general and broad agreement on the advantages of closer links between Arab and European public and private financial institutions at all levels. There was also prevailing agreement that a wider range of contacts would be of mutual benefit to European and Arab interests in this sphere. The Arab side explained that one of the major difficulties that it is facing is the problem of obtaining impartial and objective advice in evaluating the merits of the numerous financial proposals which are constantly being submitted to it. The European side agreed that objective advice proffered by the central financial authorities in the European countries could be of considerable benefit to the Arab countries in carrying out such financial evaluation.

At the suggestion of the European side the Arab side submitted specific proposals on possible ways of extending and developing co-operation between financial institutions. These proposals consisted, in essence, of collaboration by official European institutions in the development of a complete network of Arab financial institutions such as capital investment and money markets, credit institutions and insurance and security markets.

- b) Attention was given to the possibility of an exchange of expertise between specialized institutions on both sides such as the European Investment Bank, the European Development Fund and the Arab Development Fund. Such co-operation might be of assistance in designating worthwhile projects.
- c) It was agreed that it would be beneficial for financial officers from the Arab countries to undergo a training period in countries of

the European Community and also for European experts to visit the Arab countries to hold seminars on the operation of money markets and financial institutions.

It was also agreed that both sides would study these proposals and prepare working documents to permit a more detailed discussion of these issues during the next meeting of the working group.

2) Arrangements relative to the mutual protection of investments

The Arab side put forward its point of view concerning ownership of the so-called Arab surplus balances invested abroad, making it clear that these are the property of governments and not of individuals or companies, and expressed its concern with the safeguarding of these balances and their protection from possible expropriation or freezing or other risks which might restrict the Arab countries' freedom to transfer or otherwise make use of these balances. Despite the importance of bilateral agreements for the protection of investments the Arab side was of the opinion that further measures should be adopted embracing the entire group. The European side took note of this opinion but stressed the practical value of developing bilateral agreements in this regard to the furthest possible extent. The Arab side drew attention to the existence of an Arab institution for the guarantee of investments providing practical and useful means of encouraging investment.

The European side expressed its opinion that financial balances invested abroad, whether publicly or privately owned, could be considered as part of the "financial responsibility" of all the countries concerned who would thus be required to safeguard them for the benefit of future generations and also drew attention to the legal and practical difficulties inherent in the mutual protection of investments on a collective basis. The European side finally emphasized the need to make provisions for arbitration in disputes involving investment in both European and Arab countries.

It was agreed that it would be beneficial for each side to present a review - in a clear and concise manner - of laws and regulations governing foreign investments in the Arab and European states. In the light of this mutual review it would be possible to study further the question of the protection of investments during the next meeting of the working group.

3) The problem of barriers obstructing investment

The European side explained that its policy towards investments is a free and non-discriminatory policy and that any restrictions which might be applied in this respect are necessary instruments of economic and fiscal administration and are enforced in a non-discriminatory manner. The Arab side stated that the "surplus" which it enjoys is of a special nature and deserving of different treatment and expressed its belief that the removal of obstacles impeding the free flow of capital between Europe and the Arab World could only be of benefit to both parties.

As an example of these obstacles and barriers the Arab side pointed to the existence of taxes deterring investment in some countries of the European Common Market and the difficulty of obtaining statements of government debts. The Arab side added that the rules affecting the disclosure of transactions were inappropriate and could be improved to encourage an increased flow of capital. A further source of difficulty is the narrow scope of the secondary market for European securities which impedes their conversion into shares and the lack of a standardized company law in countries of the European Economic Community. The European side referred to the pains taken by the fiscal authorities in the countries of the Community to respect the secrecy of business relations and mentioned that the possibility of developing a European company law is still under study in the European Economic Community.

The two sides agreed on the need for a reciprocal removal of unnecessary obstacles to investment in their countries and also that each side would prepare a working paper for submission at the next meeting on the difficulties which it is facing in this respect.

4) Maintenance of the purchasing power of financial balances

There was general recognition of the ruinous effects of inflation on the economies and investments of both sides and of the urgent need to control it as soon as possible. The Arab side stressed the need to put an end to the instability of exchange rates affecting Arab investments and also to the decline in purchasing power due to inflation.

The working team discussed the possibilities of evaluating financial investments in composite currency units subject to special withdrawal rights based on the new European accounting unit. The Arab side was of the opinion that the use of an accounting unit, like the special withdrawal rights, would be a step in the right direction but would not solve the problem of fluctuations in exchange rates and that an attempt should be made to improve these arrangements with further consideration to be given to this matter during the next meeting.

With regard to the protection of financial assets from inflation the European side indicated that this problem was a complex one hedged with great difficulties among which were the political problems inherent in granting facilities to non-residents differing from those granted to residents.

5) Setting up joint ventures

The two sides expressed their interest in setting up joint ventures both in the Arab World and in Europe and proposed that this form of co-operation be more extensively discussed during the next meeting.

24. At the third dialogue meeting the working group concerned with financial co-operation agreed to adopt the Rome agenda and the outcome of that meeting as a basis for its discussions. Agreement was reached at the third meeting on the following matters:

1) Co-operation and exchange of expertise between financial institutions:

That a special body should be set up to co-ordinate training requirements and available facilities. To this end it was agreed that it would

be beneficial to set up a special department to record training facilities available in countries of the European Community, and in the Community itself, on a functional basis. This department will be ready to begin its work in the early part of next year under the supervision of the committee.

At the same time specialized Arab financial institutions are establishing contact with institutions in the Community to discuss how arrangements can be made for practical training facilities, study seminars and the exchange of experts.

2) The protection and safeguarding of investment:

The working group unanimously affirmed its conviction that the principle of protecting investments against non-commercial risks was extremely important and that this principle should govern the mutual and multi-lateral relations between member states of the European Common Market and the League of Arab States.

The working group also agreed on the need for an intensive study of ways of protecting and encouraging investment in the two regions and to this effect it was decided to form an interim specialist group with the following terms of reference:

"A study of measures currently in force (including machinery for arbitration) in member states of the Arab League and the European Economic Community to protect investments against all forms of non-commercial risks on a reciprocal basis, consideration of the feasibility and modality of improving and extending these measures on a bilateral or multi-lateral basis including the possibility of co-operation and collaboration between existing Arab and European institutions or those which will subsequently be established to protect investments and making recommendations to the Arab working group concerned with financial co-operation in the Euro-Arab dialogue."

It was also agreed that the interim specialist group would be composed of representatives of institutions for the protection of investment and of other relevant bodies and that it would have the authority to nominate independent experts capable of making a useful contribution to its work.

In conclusion the Arab side expressed its preference for multi-lateral action and recommended that a joint scheme be instituted to safeguard investment.

3) Protection of the purchasing power of financial balances against fluctuations in the exchange rate:

That the European Common Market Commission should provide the Arab side with comprehensive information regarding the use of the accounting unit and that the Arab side should send a memorandum to the Commission setting forth the problems which it has been facing and including any specific proposals which it might wish to make in this regard. It was agreed in the light of what had been discussed that it would be preferable to hold a special meeting between the Commission and the Arab states especially concerned with this issue to discuss ways of mitigating the effects of fluctuations in the exchange rate.

4) The encouragement of investment and removal of obstacles:

The European side handed a document to the Arab side comprising the regulations governing investment by non-resident foreigners in European countries and expressed its hope that the Arab side would reciprocate with a similar document prior to the holding of the next meeting.

The Arab side stated that there were some restrictions limiting the flow of capital and investments into certain European countries and that these obstacles included restrictions imposed on their freedom to obtain a controlling interest through majority stock holding until government approval had been sought and actually secured.

The European side replied that there were no unwarranted barriers or restrictions in European countries and that its position in this regard was that affirmed by the two sides in the joint working paper issued at Rome which specified reciprocity as the basic principle of mutual relations in the field of investment. The European side drew attention to the existence of obstacles in certain Arab states which impeded the influx of European investments and retarded the development of financial and economic relations between the European and Arab states and also confirmed what it had already stated at the Rome meetings, namely that balances invested abroad, whether public or private, should be considered as the property of all the countries concerned.

The Arab side affirmed that the principle of reciprocity with regard to investment in the Arab World could not and must not be applied indiscriminately since adequate consideration must be given to circumstances of economic development and to the national interests of these countries since the Arab states are still in the stage of development and the principle of reciprocity should take this fact into account to avoid endangering national economic and political aspirations. Furthermore, the Arabs consider that their surplus is of a special nature and thus deserves different treatment.

In regard to issues requiring more detailed elaboration the European side pointed out that, with the exception of a very small number of countries, the income of non-resident foreigners was not taxable and that many European countries had, moreover, concluded bilateral agreements to avoid double taxation. The Arab side replied that the avoidance of double taxation was not a solution to all of the problems being faced in this respect.

The Arab side also expressed its feeling that the measures being taken to avoid the disclosure of financial transactions were inadequate and conducive to speculation. The European side affirmed that such transactions were effected with the greatest degree of secrecy.

Both parties agreed that, at the next meeting, they would make specific reference to those laws and regulations affecting foreign investments in the other party's region which gave them cause for concern and constituted a patent obstacle in the path of a two-way flow of investment capital.

The European side expressed its confidence that the economic, fiscal and other specialized authorities in its member countries would have no objection at all to providing any information or assistance required by the Arab states and especially those states most concerned with these questions. The Arab side made a note of this suggestion and stated that it would explore the best means of taking advantage of it.

5) Monetary co-operation

The working committee noted the endeavours being made by the governments of member countries of the European Community to control inflation and also noted the progress that had been achieved and the prospects for reducing this inflation. It further noted the parallel efforts being made by international institutions. In consequence, the European side expressed its belief that the general climate for investment had improved.

This climate could be further improved by the increased use of accounting units and this subject would be studied in the proposed discussions referred to in (3) above.

The Arab side stated that its participation in a number of international institutions and groupings concerned with the management of monetary affairs was not a sufficient expression of its financial standing.

The European side took note of this point of view and made reference to the decision taken recently to double the quotas of the petroleum exporting countries in the International Monetary Fund and also to the negotiations presently being conducted with the aim of increasing their shares in the International Bank for Reconstruction and Development.

In view of the complex and wide-ranging nature of these issues the working committee agreed to continue discussion of monetary co-operation at subsequent meetings.

6) Joint ventures:

The Arab side explained the system of priorities under which it views future development projects. Firstly, projects in which more than one Arab country participate; secondly, projects involving a single Arab country; thirdly, projects in countries of the Third World; and fourthly, projects in countries of the European Community.

The working committee agreed that the initial specification and economic evaluation of joint ventures fell within the terms of reference of other working committees and that the financing of any particular project would require "its preparation in accordance with the relevant specifications".

It was agreed that the financing of approved projects would involve the appropriate contribution by both sides of suitable amounts in a suitable form.

The European side explained that, in view of the present economic situation, the provision of funds from budgetary sources for such purposes was subject to severe restrictions but, in spite of this, the export loan guarantees and other financial and investment guarantees provided by the authorities in member countries would ensure the necessary means of increasing the contributions of the private sector which could form part of the European contribution towards financing projects approved by the two sides.

The Arab side stressed that special importance should be attached to forms of participation in which all the parties would have a real interest in all aspects of the joint ventures and emphasized the need to establish a joint institution for the financing of projects on equitable terms.

The working group discussed the question of financing feasibility studies and the Arab side expressed ~~its~~ desire to study the possibility of establishing a joint fund to finance feasibility studies and other pre-investment studies for various projects.

The European side stated that it did not consider the working group as competent to make recommendations in this matter and the working group decided, therefore, to refer this question to the General Committee.

7) Arab development

The working group discussed the difficulties facing a number of the poorer Arab states and the need for continuing assistance to be given to these states by both the Arab oil producing states, which are already making great efforts in this direction, and by member states of the European Common Market in a manner consistent with the commitments and standards of development programmes in all of these states.

Recognizing that the dialogue comprised many interrelated topics, the two sides expressed their determination to continue efforts to define and highlight their problems and concerns in this field with the aim of finding the necessary ways and means of achieving practical solutions to the financial problems they are facing.

Trading Co-operation

25. The aim of Euro-Arab trading co-operation is the adoption of measures conducive to the development and diversification of trade relations between the two groups in order to promote the socio-economic development of the two regions. The joint memorandum issued at the first dialogue meeting stipulated the need to take the necessary steps to derive maximum benefit from existing trade facilities for the marketing and flow of Arab products in European markets without obligation on the Arab side to grant reciprocal concessions to the European Economic Community at the present stages of Arab economic development.

Both sides are engaged in a further exchange of information on trade regulations and commercial development in the two regions and are working at the same time on the adoption of the necessary practical measures for the promotion of trade between them.

26. At the second dialogue meeting the working group on trading co-operation was concerned with establishing a work programme to achieve the objectives of the dialogue in the field of trade. The group drew up the following work programme:

1) Exchange of information

- On trade relations between the Arab countries and the European Community on one hand and among the western countries themselves on the other.
- On commercial practices observed in the Arab countries and in the European Community with respect to customs duties and with particular regard to quantitative restrictions on imports and exports, in order that conditions and problems may be better evaluated.

2) Taking better advantage of the possibilities furnished by existing commercial codes and, in particular, the community's general regulations on preferential concessions.

3) Promotion of trade

- Exchanging information on regulations applied by both sides and on production and trade channels and market surveys.
- Training experts in trade promotion.
- Matters related to markets and exhibitions.

4) Other questions raised by the Arab side

- The removal of tariff and non-tariff barriers.
- The protection of export income.
- Regulations regarding certificates of origin.

- Reception arrangements (Chambers of Commerce...etc).
- Credit terms and insurance arrangements.
- A study of the development of terms of exchange.

27. At the third dialogue meeting the Arab side submitted an Arab working paper to the European side explaining its conception of commercial co-operation between the two groups. This Arab working paper highlighted the following aspects:

1) The principles and objectives of commercial co-operation:

- That the Arab states are part of the Third World and, as such, are intent on preserving the gains which have been made to the benefits of the Third World and acknowledged at various international gatherings such as the Seventh Special Session of the United Nations Organization.
- That the Arab side considers an improvement in the terms of commercial exchange to the benefit of the Arab states to be a matter of extreme importance.
- That the Arab side wishes the European Community to apply a uniform commercial policy with regard to the Arab countries.
- That the Arab side considers trade to be a fundamental means of furthering its development and evolution and that the aim of commercial co-operation with the European Community is the promotion of trade relations between the two sides, with due regard to the level of their development, with the object of increasing the economic growth rates of both and achieving greater balance in their trade relations.
- That the possibility of Arab exports entering the markets of the European Economic Community would encourage the diversification of these exports to Europe quite apart from promoting investments in Arab states.
- That commercial co-operation between Europe and the Arab World must take into account present requirements and future prospects since the Arab World is currently witnessing a complete transformation and an industrial revolution which began a few years ago and promises to yield encouraging results and achieve a considerable amount of prosperity.

- That a balanced division of work between the north and south of the Mediterranean would be to the greater advantage of industrialization in the Arab states, especially the oil producing states, on condition of securing the necessary markets.

2) Means of commercial co-operation

- The possibility of Arab exports entering the markets of the European Economic Community through the removal of tariff and non-tariff barriers without the stipulation of reciprocity.
 - Fixing the prices of the main Arab exports and guaranteeing export income.
 - Considering the Arab states as a single customs area with respect to regulations on commercial origin.
 - Co-operation in various fields of trade promotion.
- 3) With regard to the legal framework of commercial co-operation the Arab side believes that a collective preferential agreement should be concluded with the European Economic Community in order to achieve the required objectives by the above proposed means.

28. The European side welcomed the receipt of the paper explaining the Arab side's conception and point of view on these aims since this clarification of the Arab position would enable the European side to submit a full and accurate report to the European authorities who are, without question, eager for a careful and early discussion of the matters raised by the Arab side.

In the meantime the European side still believes that the orientation specified in items (1) and (2) of the work programme drawn up at the Rome meetings represents a sound basis for continuing the work. It would gladly listen to and discuss the Arab side's point of view but on the clear understanding that this did not mean that the European Common Market was committing itself to an acceptance of this point of view.

During discussion of the Arab paper the European side observed that some of the proposals had far-reaching implications and could lead to major problems. This applied in particular to the proposals relative to the terms of commercial co-operation and fixing export income. In addition to the financial burdens involved, all of these questions are more of world-wide than regional significance and are being currently discussed between the developing and advanced countries at international gatherings.

For the same reasons the European side has strong reservations regarding the Arab proposal on concluding a collective preferential trade agreement. Furthermore, the dialogue has only recently entered its practical phase and the European side considers that appropriate solutions should be worked out for problems that may arise in the future.

The European side also noted that the Arab side had stressed that its position was based on principles to which it was strongly committed. With regard to the ways and means, the Arab side had indicated its willingness to discuss these. Moreover, certain of the proposals made in the Arab paper were in line with European trends of thought, especially in the sphere of trade promotion.

The Arab side noted the views expressed by the European side in the sphere of trade promotion and reaffirmed the importance of trade as part of the general context of the Euro-Arab dialogue.

29 - The working group also discussed a number of papers submitted by the Arab side in connection with points raised at the Rome meeting and during the debate on these papers certain matters connected with trade relations were discussed. With regard to the present trade situation the European side drew the meeting's attention to the fact that during the period from 1970 - 1974 two-way trade between the Arab World and the European Common Market increased at a much faster rate than trade between the European Community and the rest of the world. Around 90 percent of Arab exports entering the markets of the European Community were exempt from duty and this figure rose to more than 97 percent in the case of ten countries not covered by the Leumi agreement or present or prospective bilateral negotiations.

The Arab side commented on this by saying that the inclusion of oil, which represents a very high proportion of the duty free category, in these exports had made the figures misleading and that, apart from oil, less than 5 percent of Arab exports to the European Community were exempt from duty. The picture would differ even further if oil were excluded from the comparison made between the European Community's imports from the Arab countries and its imports from the rest of the world.

The Arab side noted with concern the low average percentage (3.8 percent according to its calculations) of Arab exports, excluding oil, going to the European Community as against 8.4 percent of the exports of developing countries going to the advanced countries. The Arab side also noted that the percentage of Arab imports coming from the European Community was high and increasing annually at a very rapid rate.

On explaining the generalized system of preferences (GSP) adopted by the European Community the European side noted with regret that certain of the developing countries, including some Arab countries, had not taken full advantage of this system. In order to deal with this situation the European side expressed its willingness to send experts to the Arab countries to offer advice and explain how the scheme operates. The European side also expressed its conviction that any problems connected with the marketing of products in Europe had either already been dealt with or could, to a large extent, be resolved through the application of the generalized system of preferences.

In its reply the Arab side expressed its gratification at the European Community's avant-garde policies towards the Third World and pioneering role in applying the generalized system of preferences but wished, nonetheless, to make the following observations:

- a) That the scheme is, by its very nature, a unilateral gesture and subject to annual renewal (i.e. it is not a contractual agreement).
- b) That the scheme includes an escape clause with respect to agricultural produce.
- c) That the scheme stipulates a number of provisos, quotas and ceiling limits calculated on the basis of average previous exports and is, in this respect, unlikely to encourage the export of Arab products.

- d) That, in order to profit from the scheme, high standards of quality, packing and wrapping must be maintained which hampers the marketing of Arab exports in the European Community.
- e) That the scheme does not allow sufficient scope to accommodate export aspirations arising from industrial and economic development in the Arab countries.

30 - Although both sides recognized the wide divergence of their respective positions the working group undertook to make a careful and detailed study of the points of view put forward by the two parties and there was general satisfaction at the cordiality and frankness which had characterized the discussions. In view of the evident good intentions on both sides the working group expressed its confidence that it would finally succeed in finding mutually satisfactory bases for commercial co-operation between the two parties.

Scientific and Technological Co-operation.

31 - At the first dialogue meeting the two sides agreed that the spheres of co-operation would include scientific research, technological development and technical and vocational training and that, in this context, they would explore the possibilities of co-operation in the field of the scientific uses of nuclear energy. These objectives could be achieved by:

- 1) Establishing programmes for co-operation aimed at encouraging the effective flow of advanced European technology to the Arab countries on reasonable terms and ensuring that European expertise in various fields is put to good use in a manner consistent with Arab requirements at various stages of development.
- 2) Encouraging support for the work done by research institutes on selected projects in the fields of basic and applied research, looking into the establishment or expansion of training centres in the Arab countries and arranging training scholarships to educational and academic institutions in countries of the European Community under the auspices of a specialized Euro-Arab body.

- 3) Training specialists within the context of industrial, agricultural and financial projects either by sending European technicians to pass on their expertise to the Arab labour force or by receiving Arab trainees in institutions in the European Community countries.
- 4) Ensuring effective co-operation and an exchange of information between Arab and European universities, especially with regard to student exchanges, research techniques, administrative methods, academic standards and the various modern specialized curricula.

32 - At the second dialogue meeting the special working group decided to adopt that part of the joint memorandum issued on 14/6/1975 concerned with scientific and technological co-operation as the basis for its work. The group considered that, in order to facilitate the flow of technology, it was imperative to have trained technical personnel at all levels capable of absorbing it. To this end European co-operation could contribute to the development of universities and other centres of education in the Arab region while European institutions could also open their doors to a wider extent to advanced Arab students. With assistance from the nine countries of the Community it would be possible to establish new training centres in the Arab region for workers of outstanding ability, offering a variety of specialized courses at all levels and operating as far as possible on a regional basis. Moreover, training courses could be arranged with the special aim of providing Arab instructors with greater knowledge and professional experience. As soon as the Arab side can present a list of what it considers to be the main fields of its training requirements the European side will prepare specific proposals for submission to the Community at its next meeting, taking into account bilateral and other forms of existing aid that should not be interfered with.

This meeting will also provide an opportunity for further study of a question which had already been broached during the present session, namely an exchange of members of the teaching and research staff of European and Arab universities to promote a spirit of mutual understanding.

The Arab side emphasized the need to provide more opportunities for propagating the knowledge of university professors and research scientists,

especially by improving university libraries and establishing a large centre for the collection and arrangement of the available wealth of scientific and technological knowledge using the most modern techniques in order to put this knowledge within easy reach of the Arab community. The European side declared its willingness to explore suitable ways and means of training the necessary staff for these institutions and enabling them to take advantage of the experience acquired in the countries of the European Community. The question of equipment (computers, photographic and reproduction equipment etc.) should be studied with the knowledge of the committee concerned with infrastructure and in consultation with this sixth group.

The group studied means of developing scientific and technological research in the Arab countries either by improving existing institutions or establishing new ones with European co-operation or even by setting up joint projects with the participation of both Arab and European research workers and technicians. With regard to institutions concerned with research the Arab side quoted as examples a statistical centre, another for specifications and standards, a pioneer centre for scientific equipment, a patent office, an institute for research in arid regions and a centre for petro-chemical research. The European side signified its agreement to undertake individual case studies, prior to the next session, of all specific requests submitted to it on the understanding that, should it be decided to give further consideration to these requests, the group concerned with infrastructure would have the final word on problems associated with infrastructure and equipment.

The group also approved, on principle, of a study of joint research projects such as a comprehensive study of various aspects of the environment, the high seas and the territorial waters of the countries taking part in the dialogue and also a survey of natural resources available in the Arab region which had already been cited as examples by the Arab side. The Arab side was to immediately supply documentation enabling the European side to formulate its opinion on this question during the next meeting of the group.

It was further agreed to give special attention to scientific research in the energy field which might include alternative non-nuclear sources of energy, especially solar and geo-thermal energy, and the use of nuclear energy for peaceful purposes, in particular in the fields of power generation, agriculture and biological radiation.

The European side was to supply the working group with information on such research and its proposals with regard to the training of research staff to allow the establishment of joint projects, taking into account the additional information to be provided by the Arab side and with due regard to decisions taken by the European Community and how these had been implemented hitherto in Europe.

The Arab side showed great concern with the question of water desalination and wished to make bilateral and collective arrangements with Europe for the introduction and improvement of current technology and the origination of new techniques.

33- At the Third dialogue meeting the Arab side submitted a working paper specifying the fields of scientific and technological co-operation. The European side agreed on these fields, putting them in the context of the Cairo memorandum and the Rome working paper, and they were discussed as follows:

1) Manpower Training and Education

The two sides agreed on the need to differentiate between independent training schemes and those carried out during, and within the framework of, the implementation of specific projects.

Constructive discussions took place on the first point. The second point, however, was not discussed in depth pending a start on the implementation of specific projects within the scope of the dialogue. The Arab side gave a general outline of some of its thoughts on its own particular training requirements in various fields, especially electricity, chemistry, mineral resources, business administration etc. and the European side suggested that the Arab side provide details of Arab needs with respect to technical education and manpower training in the field of technology. The Arab side then submitted a working paper containing the general conception of an "Arab Institute of Technology" for the scientific and technical training of manpower in specialized sectors and the European side presented a document entitled "The Establishment of an Institute for various Branches of Technology in the Arab Region" with details attached on an international department of electrical engineering. After a careful study of the document the two sides agreed that an Arab delegation might visit Europe in the near future to establish the necessary preliminary contacts for the implementation of this novel scheme. The European side also indicated its willingness to hold discussions with the Arab side on

similar projects in other sectors. Both sides agreed that a specialist group could be formed to deal with the various phases of these projects.

2) Information centres and their Organization

a) The Arab side pointed out the urgent need to train qualified manpower to run an information and documentation centre serving the Arab region. This training could be accomplished by:

- establishing a uniform programme of higher studies in the field of information within the framework of one of the institutes of higher education in the Arab World with the collaboration of European experts in the courses of instruction during the early years.
- providing opportunities for Arab students to receive advanced level training at European universities or to obtain a similar background at specialized European institutions on condition that these students take up a teaching career in the Arab World on completion of their training.

The European reaction to the above mentioned scheme was encouraging. The European side stated that they would do their utmost to further it and would discuss the possibilities of Europe's providing training facilities and sending experts to help with instruction.

b) The Arab side expressed its desire to benefit from European expertise with regard to projects aimed at a specific academic subject or discipline provided these were implemented on a national or regional basis (Euronet).

The European side welcomed this desire and stated that it would discuss in particular the possibility of Arab Trainees taking early advantage of the pioneering experience of the Euronet scheme.

3) Joint Research Projects

The two following fields of co-operation were discussed:

a) Joint Research Projects Connected with the Study of Marine environment and the Development of Coastal Regions.

The European side stated that what it considers to be the basic issues in oceanography are still in the experimental stage within the purview of the European Community's Commission for Research on Science and Technology (CREST) and have not yet reached the stage of becoming definite Community programmes.

The Arab side presented an eleven point programme for possible joint studies including support for existing institutes of oceanography, the recording of scientific data, detailed study curricula, establishing regional centres, constructing a research ship, protecting the marine environment, surveying fishing grounds and other matters. The European side promised to study this programme with a view to making subsequent comments on it.

b) Joint Research Projects on Natural Resources

The Arab side presented a document clarifying aspects that should be studied when preparing a comprehensive geological map of the Arab region, which should be done as soon as possible, and giving priority to the following fields:

- Important mining areas.
- A map of agricultural resources.
- Water resources.

With regard to remote sensing the European side confirmed that the Community's current programme would continue until the end of 1976 and that the proposal for its further continuity should be submitted to the Council of Ministers of the European Community in 1976.

4) The foundation of new research centres and the strengthening of existing centres

a) Solar and geo-thermal energy

The first centre on the Arab side's list was concerned with

the uses of solar energy and the European side presented the Arab side with a document on solar and geo-thermal energy. The Arab side was primarily interested in the section of the document dealing with solar energy. Since the detailed European programme on this subject will probably be completed in January 1976 it will be possible to hold a meeting of experts (two from each side) early in 1976.

The aims of co-operation in this sphere will be, initially, the implementation of a programme for the exchange of scientific information and the training of research personnel followed, in the second phase, by the implementation of joint research projects. This could, therefore, be a first contribution to the process of establishing a research centre.

b) Institute for sea water desalination

At this stage a department in any Arab institute or university could be strengthened with the help of the European side pending the establishment of an independent centre. The two sides will continue their contacts with a view to crystalizing the possibilities for co-operation.

c) Centre for scientific instrumentation

The possibilities of Euro-Arab collaboration in setting up a scientific instrumentation centre were discussed and the European side resolved to submit its comments in writing at a future date and determine the extent to which existing institutions, either individually or collectively, can contribute to the success of this co-operative endeavour. The Arab side will present a document on this subject.

d) Other prospective centres

The Arab side expressed its hope that it would soon receive the European side's initial comments on the other centres mentioned in its list. Views were exchanged on the regional centre for industrial safety and the institute for medicinal and pharmaceutical herbology.

e) Strengthening existing centres

The European side expressed its opinion that petroleum research centres and the centre for the study of arid lands should remain for the moment within the framework of bilateral co-operation. The Arab side stated its conviction that there were opportunities for multi-lateral co-operation in this field and that efforts should be made to consolidate them and suggested that a delegation of European experts should visit the following existing institutes to explore fields of co-operation.

- The Balharis Institute for Tropical and Endemic Diseases.
- The National Institute for Specifications and Standards in Cairo.
- Specialized Industrial Institutes.

The European side agreed to this suggestion.

5) The Use of nuclear energy for peaceful purposes

The European side asked for clarification of what was intended by the three points mentioned under this heading in the workingpaper presented by the Arab side, namely:

- radiation research and technology.
- research programmes and the training of specialists in the use of radio-active isotopes and nuclear techniques in various fields.
- The search for nuclear raw materials and the definition of their potential.

The Arab side explained that, as the European side had surmized, the first point referred to protection from radiation and the second applied essentially to medicine and agriculture.

The European side then gave a brief summary of the European Community's proposed programme in this field and both sides agreed to an exchange of information and the training of research personnel within the context of this programme. The European Community will be in a position to accept three or four qualified trainees in 1976.

With regard to the third point the European side agreed to discuss it and make further contacts in this connection at a later date.

6) The transmission of technology

The European side expressed its view that, initially, it would be preferable for the question of studying problems associated with the collective agreements due to be concluded on the transmission of technology to be left to the authorities who are presently considering this matter at international level. Furthermore, if it should prove necessary to discuss this matter within the context of the dialogue, it should be left to the higher dialogue authorities to decide together when this question should be discussed and in which working group.

The Arab side made it clear that it considered this attitude as a step backwards not in keeping with the Cairo memorandum or the joint working paper issued in Rome and reaffirmed its belief that the question of technology enters into the activity of most of the working groups and, therefore, wherever the transmission of technology is specifically discussed the matter should be referred to the working group concerned with technological co-operation.

The Arab side held the view that the transmission of technology was the main subject of interest not only for this working group but also for the Euro-Arab dialogue as a whole.

The two sides then went on to discuss the remaining points and the Arab side affirmed its wish that in each specific project, an Arab should participate in every working team at all levels from the pre-feasibility study phase up to the final testing and commissioning. It also expressed its great interest in the technological aspect of the process of assembling and distributing information relative to industrial holidays.

Finally, the question of establishing a centre for applied research was discussed and the Arab side expressed its interest in adopting measures which might lead to collaboration in certain relevant aspects of technical knowledge. The initial reaction of the European side was encouraging to a certain extent.

The European side expressed in general terms its readiness to study all of these points and to notify the Arab side in writing of its various comments.

Cultural and Educational Co-operation and Issues concerning Labour and Social Affairs

Cultural and educational co-operation

34. Both sides look upon the Euro-Arab dialogue as a cultural contact between two civilizations, each of which has made a great contribution to the heritage of mankind, and consider that educational and cultural co-operation between them should embrace the relevant fields of education, the arts and sciences and information. Moreover, the principal aim of this co-operation is the strengthening and deepening of the foundations of cultural understanding and intellectual rapprochement between two regions predisposed to collaborate by a variety of geographical, political, historical and economic factors. The Cairo joint memorandum stipulated the following:

- The two sides will endeavour to highlight and appraise the joint contribution to their cultural heritage by studying each other's civilization and attempting to understand its history, the circumstances surrounding it and the factors influencing it.
- To achieve this aim both sides will encourage an exchange of expertise between existing institutions and study the possibility of establishing a joint Euro-Arab cultural institution.
- Both sides will endeavour to deepen their mutual knowledge of the languages and cultures of Europe and the Arab World.
- The two sides will discuss ways of strengthening relations and exchanging information in the sphere of education and tourism.

35. At the second dialogue meeting it was agreed that the working group concerned with educational and cultural co-operation would initially study the following points:

- 1) The collection of data on the educational institutions of both sides in the form of a catalogue to be prepared by a team of experts as soon as possible.

- 2) Arranging seminars as soon as possible for experts to study relations between the two civilizations and their effect on the modern world after suitable preparation to allow the participation of leading experts from both sides.
- 3) The systematic publication of sets of books dealing with the features, characteristics and current trends of contemporary Arab and European culture.
- 4) Co-operation in the sphere of archeology.
- 5) Collaboration and exchanges in the field of journalism.
- 6) Contacts between youth movements on both sides and joint Euro-Arab sports activities.
- 7) Promoting the translation of European books into Arabic and vice versa.
- 8) Ways and means of strengthening cultural values represented by the presence of Arab students and workers in Europe and of Europeans in the Arab World.
- 9) Establishing an Arab cultural and information centre within the nine European countries and a similar European centre in the Arab World.
- 10) Holding a seminar of experts on history books stipulated in academic syllabuses with the aim of crystallizing the numerous contacts and links between the two groups.
- 11) Developing links between universities on both sides, including holding joint meetings of heads of Arab and European universities within the framework of the Union of Arab Universities, with the aim of promoting an exchange of university professors and lecturers and finding ways to limit the brain drain.
- 12) Promoting links between the European University in Florence and similar Arab institutions.
- 13) European contribution to the work of the Arab Centre for Educational Research which is currently being established.

- 14) Setting up an institute in Europe for the Arab language and culture at university level.
- 15) Setting up a European university in the Arab World under the official supervision of the nine Community countries (long-term project).
- 16) Setting up a teacher training college in the Arab World based on European methods and with the collaboration of the European Community.
- 17) An exchange of visits by experts to study educational systems in both groups and the holding of a seminar of experts to compare educational curricula and syllabuses with a view to raising the standard of education.
- 18) Co-operation in the teaching of languages, possibly by setting up a European language institute in the Arab World.
- 19) Co-operation in the elimination of illiteracy.

36. At the third dialogue meeting the relevant working group concentrated on a specific number of the above items, namely:

- 1) The preparation of a directory containing all the cultural and educational institutions, apart from those concerned with technology and pure sciences, in the Arab and European countries in accordance with the following criteria:
 - a) Institutions in both regions engaged in cultural studies related to the other region or dealing with cultural subjects of common interest.
 - b) Educational institutions in both regions engaged in teaching languages, social sciences, the humanities, literature and other branches of knowledge.
 - c) Institutions in both regions engaged in the promotion of Euro-Arab relations, exchanges and mutual understanding between the two regions. The European side presented the Arab side with an initial list of educational institutions in the nine countries. The draft directory will be submitted to a joint group of experts from the

European Commission and the Arab League for checking before publication in its final form by both parties in the three languages of the dialogue since the group considers it to be a useful reference for experts working on the dialogue and in institutions endeavouring to establish close links between the two groups.

- 2) The working group studied the Arab proposal for a seminar on the relationship between the two civilizations and their role in the contemporary world and suggested that this seminar be preceded by meetings of Euro-Arab study groups to deal with certain matters and thus ensure its success. In this connexion the working group welcomed the European side's proposals that:
 - a) A study group meeting should be arranged in Italy on Euro-Arab relations as portrayed in historical books and treatises.
 - b) A further study group meeting should be arranged in France to discuss subjects of mutual interest to the Arab and European sides in connexion with architectural engineering and problems of urban development.

The working group also hoped that other countries would host similar meetings on other subjects.

The working group agreed that contacts should take place between representatives of the European Common Market and the League of Arab States with a view to arranging a conference to be held within 18 months to two years on relations between the two civilizations and their role in the contemporary world.

- 3) The European side accepted the Arab invitation to participate in the preparatory committee on the establishment of a centre for educational research which is being set up by the Arab Organization for Education, Science and Culture and also to participate in the preparatory committee for the prospective seminar on the use of television in public education. The European side presented a report on the potential uses of television in combatting illiteracy and the Arab side undertook to study this possibility and advise the working group of its opinion on this question at subsequent meetings.

- 4) With regard to inter-university links the working group agreed that the Association of Arab Universities would establish contacts with the Commission with a view to exchanging information on universities in both regions.
- 5) The working group agreed to promote contacts and an exchange of information on youth organizations on both sides and also to encourage the holding of youth meetings and discussion groups in the near future.
- 6) The working group agreed to widen the scope of information exchanged on tourism in order to determine the best fields for future co-operation.

Issues concerning Labour and Social Affairs

37. Wishing to achieve equality of treatment in the sphere of working and living conditions between all Arab and European employees and their families working in countries other than their homeland within the area covered by the dialogue, it was agreed that the Euro-Arab dialogue would endeavour to facilitate co-operation by way of an exchange of views on terms of employment, working and living conditions and social insurance schemes.

At the Rome meeting the relevant group discussed the human aspects of the problems of migrant workers, in particular Arab workers in countries of the European Economic Community, and the potential role of these Arab workers in the sphere of cultural contacts and economic prosperity. The group expressed its desire for the continuity of the mutual exchange of information and views, especially in the light of established international principles and the activity of international organizations in this important field. Both sides would supply each other with any information required on the subject of migrant workers.

38. At the third dialogue meeting views were exchanged on the problems of migrant workers in the light of the documents exchanged between the two sides and the working group stressed the importance which it attaches to the question of migrant labour, expressed the view that this subject should remain a matter of concern for the Euro-Arab dialogue and acknowledged that the problems of migrant workers should be viewed from a human and cultural standpoint. The Arab side