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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

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II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 20 February 1989

concerning the conclusion of a cooperation Agreement between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part

(89/147/EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

HAS DECIDED AS FOLLOWS:

Having regard to the Treaty establishing the European Economic Community, and in particular Articles 113 and 235 thereof,

Having regard to the recommendation from the Commission,

Having regard to the opinion of the European Parliament ⁽¹⁾,

Whereas the conclusion by the European Economic Community of the Cooperation Agreement between the European Economic Community and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) appears necessary for the attainment of the ends of the Community in the sphere of external economic relations; whereas it appears that certain measures of economic cooperation provided for by the Agreement exceed the powers provided for in the Treaty, and in particular those specified in the field of the common commercial policy,

Article 1

The Cooperation Agreement between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part and the Declarations and Exchanges of Letters annexed thereto are hereby approved on behalf of the Community.

The text of the acts referred to in the first paragraph is attached to this Decision.

Article 2

The President of the Council shall give the notification provided for in Article 26 of the Agreement ⁽²⁾.

Article 3

The Community shall be represented on the Joint Council set up in Article 12 of the Agreement by the Commission, assisted by representatives of the Member States.

⁽²⁾ The date of entry into force of the Agreement will be published in the *Official Journal of the European Communities* by the General Secretariat of the Council.

⁽¹⁾ OJ No C 12, 16. 1. 1989.

Article 4

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Communities*.

Done at Brussels, 20 February 1989.

For the Council

The President

F. FERNANDEZ ORDOÑEZ

COOPERATION AGREEMENT

between the European Economic Community, of the one part, and the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait) of the other part

PREAMBLE

THE COUNCIL OF THE EUROPEAN COMMUNITIES, hereinafter referred to as 'the Community',

of the one part, and

THE GOVERNMENTS OF THE COUNTRIES PARTIES TO THE CHARTER OF THE COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF (the State of the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait), hereinafter referred to as 'the GCC Countries'

of the other part,

HAVING REGARD to the traditional bonds of friendship between the Member States of the Gulf Cooperation Council (GCC) and the Member States of Community,

RECOGNIZING that the establishment of contractual relations between the community and the GCC Countries will help to promote overall cooperation between equal partners on mutually advantageous terms in all spheres between the two regions and further their economic development, taking into consideration the differences in levels of development of the parties,

CONFIRMING their political will to establish a new structure for a comprehensive dialogue between the Community and the GCC Countries in order to broaden and consolidate cooperation between the two regions,

EMPHASIZING the fundamental importance attached by the parties to consolidating and strengthening regional integration, a key factor in the development of the GCC Countries and the stability of the Gulf region,

EMPHASIZING the parties' determination to cooperate with a view to improving the world economic and energy situation,

REAFFIRMING that cooperation between the Community and the GCC Countries is complementary to the Euro-Arab dialogue and not a substitute for it,

REAFFIRMING their attachment to the principles of the United Nations Charter,

RECOGNIZING the positive role of the GCC for the preservation of peace, security and stability of the Gulf region,

RESOLVED to provide a sounder basis for cooperation in conformity with international obligations,

HAVE DECIDED to conclude this Agreement and to this end have designated as their plenipotentiaries:

FOR THE COUNCIL OF THE EUROPEAN COMMUNITIES:

Mr Hans-Dietrich GENSCHER
Federal Minister for Foreign Affairs of the Federal Republic of Germany,
President-in-Office of the Council of the European Communities,

Mr Claude CHEYSSON
Member of the Commission of the European Communities,

FOR THE GOVERNMENTS OF COUNTRIES PARTIES TO THE CHARTER OF THE COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF:

HRH Prince Saud AL-FAISAL

Minister of Foreign Affairs of the Kingdom of Saudi Arabia, President-in-Office of the Ministerial Council of the Cooperation Council for the Arab States of the Gulf,

H. E. ABDULLAH YAKOOB BISHARA

Secretary General of the Cooperation Council for the Arab States of the Gulf

WHO, having exchanged their full powers, found in good and due form,

HAVE AGREED AS FOLLOWS:

General objectives

Article 1

1. The Contracting Parties hereby agree that the main objectives of this Cooperation Agreement are as follows:

- (a) to strengthen relations between the European Economic Community, on the one hand, and the GCC countries, on the other, by placing them in an institutional and contractual framework;
- (b) to broaden and consolidate their economic and technical cooperation relations and also cooperation in energy, industry, trade and services, agriculture, fisheries, investment, science, technology and environment, on mutually advantageous terms, taking into account the differences in levels of development of the Parties;
- (c) to help strengthen the process of economic development and diversification of the GCC countries and so reinforce the role of the GCC in contributing to peace and stability in the region.

2. Cooperation in particular fields will be governed by the provisions hereafter.

Economic cooperation

Article 2

In the light of their mutual interests and in accordance with their long-term economic objectives, the Contracting Parties undertake to establish within the limits of their competence, the broadest possible economic cooperation from which no field shall be excluded in advance.

Article 3

1. In the economic and technical fields, the Contracting Parties shall strive to encourage and facilitate, *inter alia*:

- the efforts made by the GCC countries to develop their productive sectors and the economic infrastructure in order to diversify the structure of their economies, taking into account the mutual interest of the Parties,
- market surveys and trade promotion by both parties on their respective markets and on other markets,
- the transfer and development of technology, in particular through joint ventures between undertakings and institutions in the two regions (research, production, goods and services), and to this end, and in the framework of their respective legislation, appropriate arrangements between undertakings and institutions within the Community and those of the GCC countries, with a view to protecting patents, trademarks and other intellectual property rights,
- the promotion of cooperation on a long-term basis between undertakings of the two Parties in order to establish more stable and balanced links between the respective economies,
- the promotion of cooperation in the fields of standards and measurements,
- the exchange of available information on short and medium-term prospects and forecasts for production, consumption and trade,
- training.

2. The specific aspects of cooperation will be dealt with by the provisions hereafter.

Article 4

In the field of agriculture, agri-industry and fisheries, the Contracting Parties shall strive to encourage and facilitate, *inter alia*:

- the stepping-up of exchanges of information on developments in agricultural production and on short and medium-term forecasts of production, consumption and trade on world markets,

- the promotion of contacts between enterprises, research institutions and other agencies in order to stimulate joint projects in agriculture, agri-industry and fisheries.

Article 5

In the industrial field, the Contracting Parties shall strive to encourage and facilitate, *inter alia*:

- the GCC countries' efforts to develop their industrial production and diversify and expand their economic base, taking into account the mutual interest of the Contracting Parties,
- the organization of contacts and meetings between industrial policy makers, promoters and undertakings in order to encourage the establishment of new relations in the industrial sector in conformity with the objectives of the Agreement,
- the promotion of joint industrial ventures.

Article 6

In the field of energy, the Contracting Parties shall strive to encourage and facilitate, *inter alia*:

- cooperation in the two regions by energy undertakings of the Community and the GCC countries,
- joint analyses of trade between the two regions in crude oil, gas and petroleum products and its industrial aspects with a view to considering ways and means of improving their trade exchanges,
- exchanges of views and information on matters relating to energy in general and respective energy policies, without prejudice to the parties' international obligations,
- training,
- studies, notably on new and renewable sources of energy.

Article 7

In the field of investments, the Contracting Parties shall strive to take steps for the mutual promotion and protection of investments, in particular through the extension by the Member States of the Community and the GCC countries of investment promotion and protection agreements with a view to improving reciprocal investment conditions.

Article 8

In the fields of science and technology, the Community and the GCC countries shall strive to encourage and facilitate, *inter alia*:

- cooperation in scientific and technological research and development in the two regions,
- the transfer and adaptation of technology, notably through research activities and appropriate arrangements between economic operators of the two regions,
- the links between the scientific communities in the GCC countries and the Community,
- access to data banks concerning patents.

Article 9

The Contracting Parties shall exchange information on developments in their respective policies on protecting the environment and the protection and development of wildlife. They shall encourage cooperation in these fields.

Article 10

1. The Joint Council referred to in Article 12 shall periodically define the general guidelines of cooperation for the purpose of attaining the aims set out in this Agreement.
2. The Joint Council shall be responsible for seeking ways and means of establishing cooperation in the areas defined by the Agreement.

Trade

Article 11

1. In the field of trade, the objective of this Agreement is to promote the development and diversification of the reciprocal commercial exchanges between the Contracting Parties to the highest possible level, *inter alia* by studying ways and means of overcoming trade barriers for the access of each Contracting Party's products to the other Contracting Party's market.
2. The Contracting Parties shall enter into discussions concerning the negotiation of an agreement aimed at the expansion of trade in accordance with the provisions of the Joint Declaration annexed hereto.
3. Pending the conclusion of the trade agreement referred to in paragraph 2, the Contracting Parties accord each other most-favoured-nation treatment.

General and final provisions

Article 12

1. A Joint Council for GCC/Community cooperation, hereafter referred to as the 'Joint Council', is hereby established which shall have the power, for the purpose of attaining the objectives set out in the Agreement, to take decisions in the cases provided for in the Agreement.

The decisions taken shall be binding on the Contracting Parties, which shall take such measures as are required to implement them.

2. The Joint Council may also formulate any resolutions, recommendations or opinions which it considers desirable for the attainment of the common objectives and the smooth functioning of the Agreement.

3. The Joint Council shall adopt its own rules of procedure.

Article 13

1. The Joint Council shall be composed of representatives of the Community, on the one hand, and of representatives of the GCC countries, on the other.

2. Members of the Joint Council may be represented as laid down in its rules of procedure.

3. The Joint Council shall act by mutual agreement between the Community, on the one hand, and the GCC countries, on the other.

Article 14

1. The office of President of the Joint Council shall be held alternately by the Community and the GCC countries in accordance with the conditions to be laid down in the rules of procedure.

2. Meetings of the Joint Council shall be called once a year by the President.

The Joint Council shall hold whatever additional meetings may be necessary, at the request of the Community or the GCC countries, as laid down in its rules of procedure.

Article 15

1. The Joint Council shall be assisted in the performance of its duties by a Joint Cooperation Committee.

It may decide to set up any other committee that can assist it in carrying out its duties.

2. The Joint Council shall determine the composition and duties of such committees and how they shall function.

Article 16

1. The Contracting Parties shall take all appropriate measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives of this Agreement are attained.

2. If either Contracting Party considers that the other Contracting Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, it shall supply the Joint Council with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Contracting Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement. These measures shall be notified to the Joint Council, which shall hold consultations on them if another Contracting Party so requests.

Article 17

Where, in the course of the exchanges of information provided for in this Agreement, problems arise, or seem likely to arise, in the general functioning of the Agreement or in the trade field, consultations may take place between the Parties, in the Joint Council, with a view to avoiding market disturbances in so far as possible.

Article 18

Each Contracting Party may request the other Party to provide all relevant information on an agreement which has a direct and specific impact on the functioning of the Agreement. In such cases, appropriate consultation shall be held within the Joint Council at the request of the other Party so that the interests of the Contracting Parties may be taken into consideration.

Article 19

In the fields covered by this Agreement and without prejudice to its provisions:

— the arrangements applied by the GCC countries in respect of the Community shall not give rise to any discrimination between its Member States, their nationals, or their companies or firms,

- the arrangements applied by the Community in respect of the GCC countries shall not give rise to any discrimination between them, their nationals, or their companies or firms.

Article 20

1. Without prejudice to the relevant provisions of the Treaties establishing the European Communities, this Agreement and any action taken thereunder shall in no way affect the power of the Member States of the Communities to undertake bilateral activities with the GCC countries in the field of economic cooperation or to conclude, where appropriate, new economic cooperation agreements with those countries.

2. Without prejudice to the provisions of the GCC Charter and any other agreements on GCC integration, this Agreement and any action taken thereunder shall in no way affect the powers of the GCC countries to undertake bilateral activities with the Member States of the Community in the field of economic cooperation or to conclude, where appropriate, new cooperation agreements with those Member States.

3. Subject to the provisions of Article 11, this Agreement and any action taken thereunder shall in no way affect the power of the GCC countries to undertake bilateral activities with other Arab League Nations in the field of economic cooperation or to conclude, where appropriate, new economic cooperation agreements with these countries.

Article 21

1. Any dispute which may arise between the Contracting Parties concerning the interpretation of this Agreement may be placed before the Joint Council.

2. If the Joint Council fails to settle the dispute at its next meeting, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months. For the purposes of the application of this procedure, the Community shall be deemed to be one Party to the dispute, as shall the GCC countries.

The Joint Council shall appoint a third arbitrator.

The decisions of the arbitrators must be taken by majority vote.

Each party to the dispute must take the measures required for the implementation of the arbitrators' decision.

Article 22

The Declarations and Exchanges of Letters annexed hereto shall form an integral part of this Agreement.

Article 23

This Agreement is concluded for an unlimited period.

Each Contracting Party may denounce this Agreement by notifying the other Contracting Party. This Agreement shall cease to apply six months after the date of such notification.

Article 24

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territories of the GCC countries.

Article 25

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Arabic languages, each of these texts being equally authentic.

Article 26

This Agreement will be approved by the Contracting Parties in accordance with their own procedures.

This Agreement shall enter into force on the first day of the second month following notification that the procedures referred to in the first subparagraph have been completed.

En fe de lo cual, los plenipotenciarios firmantes, debidamente habilitados para este fin, han firmado el presente acuerdo.

Til bekræftelse heraf har undertegnede befuldmægtigede, som er behørigt befuldmægtigede hertil, underskrevet denne aftale.

Zu Urkund dessen haben die hierzu gehörig befugten unterzeichneten Bevollmächtigten dieses Abkommen unterschrieben.

Εἰς πίστωσὴν τῶν ἀνωτέρω, οἱ υπογεγραμμένοι πληρεξούσιοι, δεόντως ἐξουσιοδοτημένοι πρὸς τοῦτο, υπέγραψαν τὴν παρούσα συμφωνία.

In witness whereof, the undersigned Plenipotentiaries, being duly authorized thereto, have signed this Agreement.

En foi de quoi, les plénipotentiaires soussignés, dûment habilités à cette fin, ont signé le présent accord.

In fede di che, i plenipotenziari sottoscritti, debitamente abilitati a tale fine, hanno firmato il presente accordo.

Ten blijke waarvan de ondergetekende gevolmachtigden, naar behoren daartoe gemachtigd, deze Overeenkomst hebben ondertekend.

Em fé do que, os plenipotenciários abaixo assinados, devidamente habilitados para o efeito, apuseram as suas assinaturas no presente acordo.

وبناء على ما ذكر وضع المندوبون المفوضون وفق الأصول
المرعية لهذه الغاية توقيعهم على هذه الاتفاقية .

Hecho en Luxemburgo, el quince de junio de mil novecientos ochenta y ocho, correspondiente al primero del mes Thil QUDAH de mil cuatrocientos ocho de la Hégira.

Udfærdiget i Luxembourg, den femtende juni nitten hundrede og otteogfirs, svarende til den første i måneden Thil QUDAH fjorten hundrede og otte HEGIRE.

Geschehen zu Luxemburg am fünfzehnten Juni neunzehnhundertachtundachtzig, der dem Ersten des Monats Thil QUDAH eintausendvierhundertacht HEGIRE entspricht.

Έγινε στο Λουξεμβούργο, στις δεκαπέντε Ιουνίου χίλια εννιακόσια ογδόντα οκτώ που αντιστοιχεί στην πρώτη του μηνός Thil QUDAH χίλια τετρακόσια οκτώ HEGIRE.

Done at Luxembourg on the fifteenth day of June in the year one thousand nine hundred and eighty-eight, which corresponds to the first day of the month of Thil QUDAH, HEGIRA, one thousand four hundred and eight.

Fait à Luxembourg, le quinze juin mil neuf cent quatre-vingt-huit, correspondant au premier du mois Thil QUDAH mil quatre cent huit de l'hégire.

Fatto a Lussemburgo, il quindici giugno millenovecentottantotto, corrispondente al primo del mese Thil QUDAH millequattrocento e otto HEGIRE.

Gedaan te Luxemburg de vijftiende juni negentienhonderd achtentachtig welke datum overeenkomt met de eerste van de maand Thil QUDAH duizend vierhonderd acht van de hidzra.

Feito no Luxemburgo, em quinze de Junho de mil novecentos e oitenta e oito, correspondente ao primeiro dia do mês Thil QUDAH mil quatrocentos e oito HEVIRE.

حررت في لوكسمبورغ في اليوم الاول من شهر ذي القعدة لعام ١٤٠٨ هـ
الموافق للخامس عشر من شهر يونيو لعام ١٩٨٨ م

Por el Consejo de las Comunidades Europeas

For Rådet for De Europæiske Fællesskaber

Für den Rat der Europäischen Gemeinschaften

Για το Συμβούλιο των Ευρωπαϊκών Κοινοτήτων

For the Council of the European Communities

Pour le Conseil des Communautés européennes

Per il Consiglio delle Comunità europee

Voor de Raad van de Europese Gemeenschappen

Pelo Conselho das Comunidades Europeias

من مجلس الجماعات الأوروبية

Ham. M. Amm

C. Cheyrou

Por los Gobiernos de los países parte de la Carta del Consejo de Cooperación para los Estados árabes del Golfo

For regeringerne for deltagerlandene i Charteret for Samarbejdsrådet for De Arabiske Golfstater

Für die Regierungen der Vertragsparteien der Charta des Kooperationsrates der Arabischen Golfstaaten

Για τις κυβερνήσεις των Χωρών Μερών του Καταστατικού Χάρτη του Συμβουλίου Συνεργασίας των Αραβικών Κρατών του Κόλπου

For the Governments of the countries parties to the Charter of the Cooperation Council for the Arab States of the Gulf

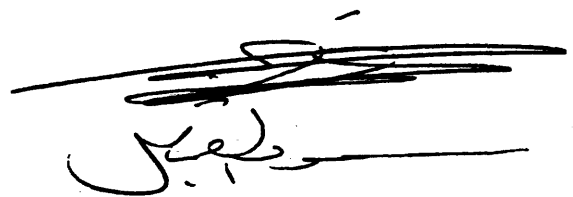
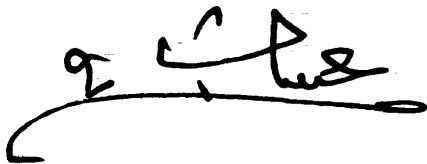
Pour les gouvernements des pays parties à la charte du Conseil de coopération pour les États arabes du Golfe

Per i governi dei paesi membri del consiglio di cooperazione degli Stati arabi del Golfo

Voor de Regeringen van de landen die partij zijn bij het Handvest van de Raad voor Samenwerking van de Arabische Golfstaten

Pelos Governos dos países que são partes na Carta do Conselho de Cooperação dos Estados Árabes do Golfo

من حكومات الدول الاعضاء في النظام الاساسي لمجلس
التعاون لدول الخليج العربية



Joint Declaration concerning Article 7

The Contracting Parties welcome the work and the progress achieved within the Euro-Arab Dialogue towards the elaboration of the Convention between the Member States of the European Communities and the Member States of the Arab League for the Reciprocal Promotion and Protection of Investments.

They express the wish to see this work rapidly finished so that such Convention can soon enter into force.

Both sides welcome the fact that the Member States of the European Community and the Member States of the Cooperation Council for the Arab States of the Gulf shall, pending the conclusion of the EAD Convention concerning the reciprocal promotion and protection of investments, use their best endeavours to apply in their mutual investment policies the orientations upheld during the negotiations of that Convention.

Joint Declaration concerning Article 11 (2)

1. The Contracting Parties agree that the objective of the agreement referred to in Article 11 (2) is the expansion of trade by appropriate measures to improve the access of each Party's exports to the other Party's market and to liberalize their bilateral trade.
2. The European Community has expressed its readiness to examine the possibility of negotiating the agreement referred to in paragraph 1 provided that the entry into force of this Agreement is not jeopardized and that the Contracting Parties find solutions enabling the following conditions to be met:
 - full conformity with the relevant provisions of the GATT,
 - the adoption of measures in the industrial and commercial field ensuring that the agreement does not undermine efforts to restructure the Community's oil refining and petrochemical industries and to maintain a production capacity in these industries, in accordance with the Community's basic interest and its security of supply,
 - the adoption of measures enabling the worries of the GCC countries concerning the sensitive sectors of their economy, and in particular the protection of their infant industries, to be resolved,
 - an undertaking on the part of the Community, as far as petroleum products of the GCC are concerned, to maintain non-discriminatory conditions of market access for GCC petroleum products.
3. The Contracting Parties agree to enter into talks, as of the signature of this Agreement, to examine whether the conditions set out in paragraph 2 can be met, so as to enable them to open the formal negotiations.
4. Prior to the formal opening of the negotiations of the agreement referred to in paragraph 1, the Contracting Parties shall make appropriate arrangements in order not to aggravate existing barriers trade between them, nor to create new barriers as of such opening date.
5. The Contracting Parties undertake to promote, in particular in the context of the GATT multilateral negotiations, joint actions to bring about a multilateral reduction of customs duties applicable to petrochemicals.

Declaration of the European Economic Community concerning paragraph 4 of the Joint Declaration concerning Article 11 (2)

The European Economic Community hereby declares that nothing in paragraph 4 of the Joint Declaration concerning Article 11 (2), annexed to the Cooperation Agreement, shall prevent the Community from taking any measures in conformity with GATT and in particular from taking any measures concerning the advantages accorded under the provisions of the generalized system of preferences.

Exchange of Letters concerning Article 11 (3)*A. Letter from the Community*

Sir,

According to Article 11 (3) of the Cooperation Agreement, the Contracting Parties accord each other most-favoured-nation treatment. Since the Agreement does not specify the nature of such treatment, it is necessary to define the same as follows:

1. The most-favoured-nation treatment accorded by the Contracting Parties shall be given with regard to imported and exported goods in all matters relating to:
 - customs duties and charges of all kinds, including the procedures collecting such duties and charges,
 - regulations concerning customs clearance, transit, warehousing or transshipment,
 - direct or indirect taxes and other internal charges,
 - regulations concerning payments, including the allocation of foreign currency and the transfer of such payments,
 - regulations affecting the sale, purchase transport, distribution and use of goods on the internal market.

As far as the Community is concerned, imports into Spain and Portugal shall be subject to the provisions of 12 June 1985 Act of Accession of those countries to the Community.

2. Paragraph 1 shall not apply to:
 - (a) advantages granted with the object of establishing a customs union or a free-trade area or as required by such a customs union or free-trade area,
 - (b) advantages granted to certain countries in conformity with the General Agreement on Tariffs and Trade,
 - (c) advantages granted to neighbouring countries to facilitate frontier-zone traffic,
 - (d) advantages which the GCC countries grant to certain countries as laid down by the Protocol on trade negotiations between developing countries done at Geneva on 8 December 1971.
3. These provisions shall apply without prejudice to the rights and obligations which exist under the General Agreement on Tariffs and Trade.

I would be grateful if you would acknowledge receipt of this letter and confirm the agreement of your Governments with its contents.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council
the European Communities*

B. Letter from the GCC countries

Sir,

I have the honour to acknowledge receipt of your letter of today's date concerning Article 11 (3) of the Cooperation Agreement which reads as follows:

'According to Article 11 (3) of the Cooperation Agreement, the Contracting Parties accord each other most-favoured-nation treatment. Since the Agreement does not specify the nature of such treatment, it is necessary to define the same as follows:

1. The most-favoured-nation treatment accorded by the Contracting Parties shall be given with regard to imported and exported goods in all matters relating to:
 - customs duties and charges of all kinds, including the procedures for collecting such duties and charges,
 - regulations concerning customs clearance, transit, warehousing or transhipment,
 - direct or indirect taxes and other internal charges,
 - regulations concerning payments, including the allocation of foreign currency and the transfer of such payments,
 - regulations affecting the sale, purchase, transport, distribution and use of goods on the internal market.

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 - (c) advantages granted to neighbouring countries to facilitate frontier-zone traffic,
 - (d) advantages which the GCC countries grant to certain countries as laid down by the Protocol on trade negotiations between developing countries done at Geneva on 8 December 1971.
3. These provisions shall apply without prejudice to the rights and obligations which exist under the General Agreement on Tariffs and Trade.'

I have the honour to inform you that the Governments of the GCC countries are in agreement with the contents of your letter.

Please accept, Sir, the assurance of my highest consideration.

*On behalf of
the Governments of the GCC countries*

Exchange of Letters concerning Article 19

Sir,

I have the honour to inform you of the following declaration by the Governments of the GCC countries on Article 19 of the Cooperation Agreement:

'The GCC Countries hereby declare that, in applying Article 19 of the Agreement, their undertakings do not require them to repeal laws and regulations in force in so far as they remain necessary for the protection of their essential security interests. The GCC countries will ensure that such laws and regulations are applied in such a way as to ensure compliance with Article 16 of the Agreement.'

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Governments
of the GCC countries*

Sir,

In your letter of today's date you communicate to me a declaration by your Governments on Article 19 of the Cooperation Agreement.

I have the honour to inform you of the following declaration by the European Economic Community on Article 19 of the Agreement:

1. The European Economic Community notes the declaration by the GCC countries.
2. The European Economic Community expects the principles set out in the Agreement, including those in Article 19 of the Agreement, to be put into full application.

The European Economic Community considers, in particular, that the application of the principle of non-discrimination should ensure the correct and smooth application of the Agreement.'

Please accept, Sir, the assurance of my highest consideration.

*On behalf of the Council of
the European Communities*
