

PMUNC 2014

Arab League

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Introduction

Logistics of the Committee:

21 great Arab states will be represented in the committee. However, neither the regime of Bashar Al-Assad or the Syrian National Coalition will represent Syria. There will be no changes to PMUNC parliamentary procedure, except that consensus agreements will be encouraged.

I. Country Positions

The Middle East and Northern Africa (MENA) is an extremely complex region. It is imperative that delegates maintain their country's foreign policy interests and relationships. Delegates who are unaware of their country's relations with other Arab League countries or misrepresent country positions will be severely penalized.

These two graphics illustrate the complex web of actors in the Middle East. Unfortunately some countries in the committee are not represented in these graphics. They are undoubtedly simplified but offer a guide to understanding country positions.

Where key countries stand:

<http://www.bbc.com/news/world-middle-east-29074514>

Additional Link 1:

http://www.slate.com/blogs/the_world_/2014/07/17/the_middle_east_friendship_chart.html

Additional Link 2:

<http://www.informationisbeautiful.net/visualizations/the-middle-east-key-players-notable-relationships/>

Additional Link 3:

<http://www.theguardian.com/world/2014/aug/04/-sp-middle-east-politics-2014-egypt-syria-palestine-iraq-gaza>

Summary Link:

<http://www.ft.com/intl/cms/s/0/d57c9b66-0a76-11e3-9cec-00144feabdc0.html#axzz3Er1Wto8g>

II. A Brief History of the Arab League

The Arab League was formed in 1945 with a broad mission to improve coordination among its members on matters of common interest while preserving the sovereignty of individual states.¹ According to its charter, the founding members of the Arab League agreed to seek close cooperation on matters of “economics, communication, culture, nationality, social welfare, and health.”² Coordination in military affairs was also strengthened in a 1950 pact committing “member to treat acts of aggression on any member state as an act against all.”³

However, the Arab League has no mechanism to force member states to comply with resolutions. This is reflected in the charter, which states that decisions reached by a majority “shall bind only those [states] that accept them.”⁴

The Arab League was founded on pan-Arab principles, which formed as an opposition to 19th century Ottoman rule and attempts by the Ottomans to impose the Turkic language and culture on Arabic subjects.⁵ The Sharif of Mecca, Hussein bin Ali, led an Arab revolt against the Ottomans along with the British during World War I and the British government gave a tacit

¹ <http://www.cfr.org/middle-east-and-north-africa/arab-league/p25967>

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Ibid.

agreement through the British High Commissioner in Egypt, Sir Henry McMahon, to grant Arabs their own state.⁶ However, a 1916 Anglo-French accord known as the Sykes-Picot Agreement led to the British reneging on their earlier promise to the Sharif. The agreement carved up the Arab lands into respective British and French spheres of influence.

The 1944 Alexandria Protocol was established by Syria, Trans-Jordan, Iraq, Lebanon, and Egypt to pave the way for a pan-Arab union, which was established in 1945 through the charter.⁷ The Alexandria Protocol was the first instance in which the nascent pre-Arab League countries agreed on “support of the cause of the Arabs of Palestine and its willingness to work for the achievement of their legitimate aims and the safeguarding of their Just rights.”⁸ The five nations of the newly formed Arab League invaded the former Palestinian mandate upon the announcement of the independence of the state of Israel on May 14, 1948.⁹ The resulting Arab League defeat, known as the *Nakba* or “catastrophe,” was a defining moment and foreshadowed several bloody conflicts between Arab countries and Israel. These conflicts would last for several decades, culminating in the Yom Kippur War in 1973. The Khartoum Resolution of 1967 reflects the Arab League’s position on Israel: “no peace with Israel, no recognition with Israel, no negotiations with it.”¹⁰

Arab pan-nationalism gained new relevance through Egyptian leader Gamal Abdel Nasser. Nasser’s military coup in

1952 was the first in the Arab world and was seen “as a victory against Western imperialism and an inspiration to other Arab states.”¹¹ However, pan-Arabism suffered major setbacks under Nasser, such as the brief union of Egypt and Syria, known as the United Arab Republic (1958-1961).¹² The first sign of fissures in the League was the outbreak of civil war in Yemen in 1962, which turned into a proxy war between Egypt and Saudi Arabia.¹³

Nonetheless, Arab League summit conferences have produced significant outcomes: the 1964 creation of the Palestine Liberation Organization and the League’s endorsement as the sole legitimate representative of the Palestinian people; the 1978 suspension of Egypt following its peace accords with Israel; and the 1990 condemnation by a majority of Arab states of Saddam Hussein’s invasion of Kuwait and support for the U.S.-led military coalition in now what is known as the Gulf War.¹⁴

The Arab League has always faced the danger of fading into irrelevance due to lack of coordination among member states. However, the 2011 Arab Spring protests jolted the League into action. While delegates can conduct independent research on the impact of the Arab Spring protest on their respective governments, the response by the Arab League on the Libyan government of Muammar Al-Qaddafi is particularly important. On February 2011, the League condemned the Libyan government’s violent crackdown of protesters and suspended Libya from participation in League meetings.¹⁵ According to the *Middle East Quarterly*, this was the first occasion “when a league

⁶ <http://www.cfr.org/egypt/mcmahon-hussein-correspondence-1915-1916/p13762>

⁷ http://avalon.law.yale.edu/20th_century/alex.asp

⁸ Ibid.

⁹ <https://history.state.gov/milestones/1945-1952/arab-israeli-war>

¹⁰ <http://www.cfr.org/middle-east-and-north-africa/arab-league/p25967>

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

¹⁴ <http://www.meforum.org/3309/arab-league>

¹⁵ Ibid.

member had been barred due to actions taken against its own citizens within its sovereign territory.”¹⁶ The League then appealed to the Security Council to impose a no-fly zone over Libya, which gave crucial Arab legitimacy to Western actions in Libya. Qaddafi was removed from office and executed, and the Arab League, particularly the Gulf states, was able to use its influence in removing a once powerful head of state.

Issues and the Way Forward

1. Delegates should research Arab League actions against Saddam Hussein in 1990 and against Mummar al-Qaddafi in 2011 as frameworks of action.
2. Delegates should analyze Arab League coordination in offensives against Israel.
3. Delegates should extrapolate possible measures against ISIS through these events.

¹⁶ Ibid

Topic A: ISIS and the Conflict in Syria and Iraq

For an understanding of the geography of the conflict, please refer to the New York Times article “Amid Airstrikes Against ISIS, Refugees Flee Syria”: http://www.nytimes.com/interactive/2014/06/12/world/middleeast/the-iraq-isis-conflict-in-maps-photos-and-video.html?_r=0

Background

The Islamic State in Iraq and Syria (ISIS) is a Sunni jihadist group that seeks to establish a caliphate – a single, transnational Islamic state based on sharia law.¹⁷ ISIS is a descendant of a group that emerged in the U.S.-led war in Iraq, al-Qaeda in Iraq (AQI). Since the withdrawal of U.S. forces in late 2011 under U.S. President Barack Obama, the group began to increase attacks on mainly Shiite targets to reignite conflict between Iraq’s Sunni minority and the Shiite-dominated government of then Iraqi Prime Minister Nouri al-Maliki.¹⁸ In 2012, the group adopted the name ISIS (sometimes referred to as the Islamic State of Iraq and the Levant, ISIL, or the Islamic State, IS) as they crossed into Syria to challenge both the Assad regime and the secular and Islamist opposition, making ISIS another combatant in the Syrian Civil War.¹⁹ By 2014, ISIS routed the Iraqi military and acquired territorial control and administrative structures in both northern Iraq and southern Syria, surprising Western governments with their quick offensives to take the major cities of Fallujah and Mosul.²⁰

¹⁷ <http://www.cfr.org/iraq/islamic-state-iraq-syria/p14811>

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

In addition to its ambitions in Syria and Iraq, ISIS has promised “to break the borders’ of Jordan and Lebanon and to ‘free Palestine.’”²¹ It seeks to attract support from Muslims around the world and demands that all swear allegiance to its leader – Ibrahim Ali al-Badri al-Samarrai, better known as Abu Bakr al-Baghdadi.²²

ISIS has repeatedly demonstrated that it is much more than a terrorist organization – rather, “it is an entity with sophisticated command, control, propaganda and logistical capabilities, and one that has proven its ability to take and hold strategically critical territory at the heart of the Middle East.”²³

Origins

ISIS can be traced to the late Abu Musab al-Zarqawi, a Jordanian who set up Tawhid wa al-Jihad in 2002.²⁴ A year after the U.S.-led invasion of Iraq, al-Zarqawi pledged allegiance to Osama Bin Laden and formed al-Qaeda in Iraq (AQI). According to a 2011 report by the Center for Strategic and International Studies, Zarqawi developed a four-pronged strategy to defeat the U.S.-led coalition: “isolate U.S. forces by targeting its allies; discourage Iraqi collaboration by targeting government infrastructure and personnel; target reconstruction efforts through high-profile attacks on civilian contractors and aid workers; and draw the U.S. military into a

²¹ <http://www.bbc.com/news/world-middle-east-29052144>

²² Ibid.

²³

<http://www.theguardian.com/world/2014/aug/22/syria-iraq-incubators-isis-jihad>

²⁴ <http://www.bbc.com/news/world-middle-east-29052144>

Sunni-Shiite civil war by targeting Shiites.”²⁵

Osama bin Laden believed AQI’s indiscriminate attacks on fellow Muslims would erode public support for al-Qaeda in the region and even questioned Zarqawi’s strategy in written correspondence.²⁶ After Zarqawi’s death in 2006, AQI became the Islamic State in Iraq.²⁷ ISI was steadily weakened by the US troop surge, but was reinvigorated by the appointment of Al-Baghdadi as leader in 2010. By 2013, it was carrying out dozens attacks a month in Iraq.²⁸ ISI and al-Baghdadi also became involved in the Syrian conflict by creating the al-Nusra Front to fight against President Bashar al-Assad.²⁹ In April 2013, Baghdadi sought to merge his forces in Iraq and Syria. The leaders of both al-Nusra and al-Qaeda rejected the move, but fighters loyal to Baghdadi allowed him to create what is now known as ISIS.³⁰

Feeding the Fire: Factors that Led to the Rise of ISIS

According to the Council on Foreign Relations, the Coalition Provisional Authority (CPA), the transitional government established by the United States and its coalition partners, made “two decisions early in the U.S.-led occupation that are often cited as having fed the insurgency.”³¹ The CPA’s first order banned members of Saddam Hussein’s Ba’ath party from government positions, also known as “de-Baathification.”³² Its second order disbanded the Iraqi army and security

services, creating hundreds of thousands of new coalition enemies, many of them armed Sunnis.³³ However, while the U.S. may have set the conditions for ISIS to rise, they are hardly the only ones to blame for the rise of ISIS.

Former Iraqi Leader Nouri al-Maliki and Sectarianism in Iraq

Heavy-handed actions taken by former Iraqi Prime Minister Nouri al-Maliki to consolidate power in the wake of the U.S. withdrawal have allowed ISIS to exploit the alienation of much of the Sunni Minority.³⁴ Maliki’s Shiite-dominated government, according to the Council of Foreign Relations, was reluctant to integrate Sunni Tribal Awakening militias into the national security forces, and critics say he has persecuted Sunni political rivals and stoked sectarian polarization for political gain.³⁵

While the Shiite-dominated government of Nouri al-Maliki is partly to blame for the crisis, some believe that Iraqi Sunnis have factored into the rise of ISIS. According to Georgetown University’s Shireen Hunter, “The most significant factor behind Iraq’s problems has been the inability of Iraq’s Sunni Arabs and its Sunni neighbors to come to terms with a government in which the Shias, by virtue of their considerable majority in Iraq’s population, hold the leading role.”³⁶ This disaffection of the new status quo by the Sunnis in Iraq has allowed ISIS to find a limited amount of popular backing in Sunni populations. ISIS has tapped into the increasing alienation of Sunnis in Iraq, shaped by excessive

²⁵ <http://www.cfr.org/iraq/islamic-state-iraq-syria/p14811>

²⁶ Ibid.

²⁷ Ibid.

²⁸ <http://www.bbc.com/news/world-middle-east-29052144>

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ <http://www.cfr.org/iraq/islamic-state-iraq-syria/p14811>

³⁵ Ibid.

³⁶

<http://www.vox.com/2014/8/25/6065529/isis-rise>

repression and a profound sense of neglect from the state.³⁷

However, the popular support of ISIS by Sunnis tends to be overstated in media reports. What is evidently clear is that sectarianism in Iraq has been exacerbated by the policies of Maliki. What is worse is that governance and security has taken a backseat to power politics. According to the International Crisis Group, Iraq's parliament has been rendered toothless and ministries have become bastions of corruption.³⁸ In addition, Iraq's security forces has been excessively used for social control and perpetuating the government's rule.³⁹

Bashar al-Assad and Syria

ISIS has benefitted from the Assad's regime's decision to ignore its expansion.⁴⁰ Assad has deliberately allowed ISIS to rise as a means of marginalizing the more moderate rebels that the U.S. would have supported against him.⁴¹ In this strategy, ISIS gets a relatively free ride in some chunks of Syria, while Assad is able to divide the rebels, forcing the world to choose between him and ISIS.⁴² In essence, the Syrian conflict has devolved into a three-way conflict between Syrian government forces, moderate rebels and ISIS extremists.⁴³

³⁷ "Iraq's Jihadi Jack-in-the-Box,"

International Crisis Group

³⁸ Ibid.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹

<http://www.vox.com/2014/8/25/6065529/isis-rise>

⁴² Ibid.

⁴³

<http://learning.blogs.nytimes.com/2014/09/17/the-isis-threat-teaching-about-the-complex-war-raging-in-iraq-and-syria/>

Recent Developments

Figure 1: Recent ISIS developments⁴⁴

Date	Event
June 10, 2014	ISIS takes control of Mosul
June 11, 2014	ISIS takes control of Tikrit
June 21, 2014	ISIS takes control of Al-Qaim, a town on the border with Syria, as well as three other Iraqi towns
July 2014	In Syria, all the cities between Deir Ezzor city and the Iraq border have fallen to ISIS, according to a spokesman for the rebel Free Syrian Army
July 3, 2014	ISIS takes control of a major Syrian oil field, al-Omar.
August 8, 2014	U.S. President Barack Obama authorizes targeted airstrikes against ISIS to protect American personnel
10 September, 2014	Barack Obama announces airstrikes against ISIS in Syria

ISIS Financing and Capabilities

ISIS is reported to have \$2 billion in cash and assets, according to the British Broadcasting Corporation, making ISIS the world's wealthiest militant group.⁴⁵ Initially,

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<http://www.cnn.com/2014/08/08/world/isis-fast-facts/>

⁴⁵ <http://www.bbc.com/news/world-middle-east-29052144>

much of its financial support came from individuals in Arab Gulf states.⁴⁶ While this was an extremely common practice in 2012 and 2013 but has since diminished and is at most only a tiny percentage of the total income that flows into ISIS's accounts in 2014.⁴⁷

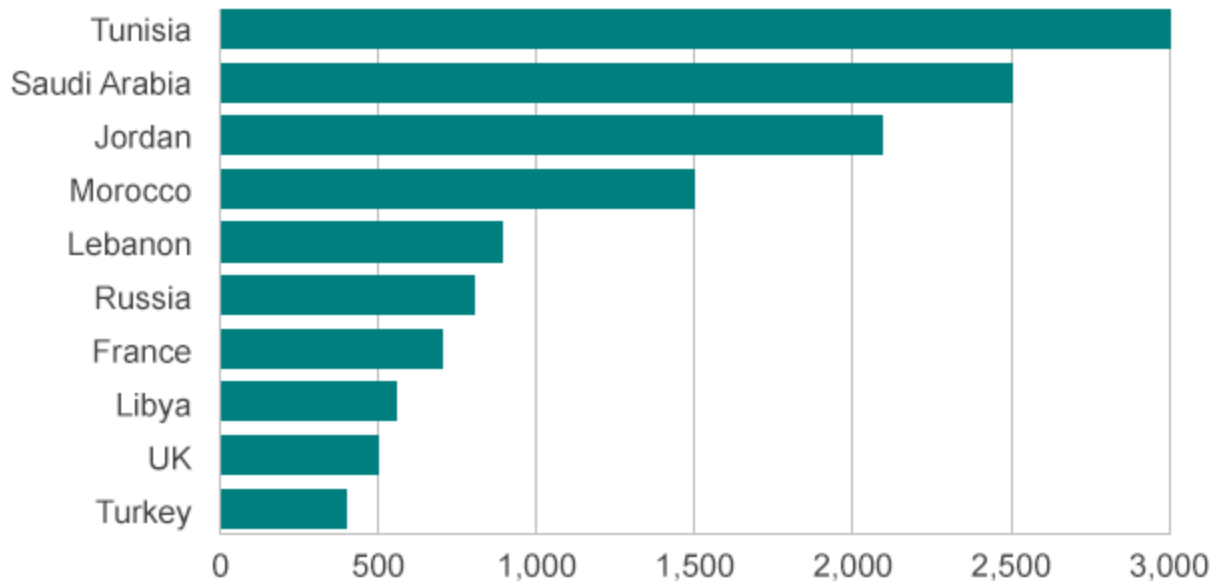
They are now a largely self-financed organization, earning millions of dollars a month from the oil and gas fields it controls, as well as from taxation, tolls, smuggling, extortion and kidnapping.⁴⁸ Its offensive in Iraq has given it access to cash held in major banks in cities and towns it has seized.⁴⁹

structures" – ministries, law courts and even a rudimentary taxation system. ISIS has taken a consistent pattern since it first began to take territory in early 2013.⁵⁰ Upon taking territory it quickly secures the water, flour and hydrocarbon (petroleum) resources of the area, centralizing distribution and thereby bottlenecking key resources in the area.⁵¹

Weapons

ISIS is purported to have a wide variety of small arms and heavy weapons, including truck-mounted machine-guns, rocket launchers, anti-aircraft guns and portable

Foreign fighters in Syria and Iraq



Sources: Soufan Group, International Centre for the Study of Radicalisation and Political Violence
Upper estimates used.

War Economy and Quasi-state

ISIS has put in place what appear to be the beginnings of what the BBC's Michael Stephens describes as "quasi-state

surface-to-air missile systems.⁵² They also control tanks and armored vehicles from the Syrian and Iraqi armies, including Humvees and bomb-proof trucks originally owned by the U.S. military.⁵³

⁴⁶ Ibid.

⁴⁷ <http://www.bbc.com/news/world-middle-east-29004253>

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² <http://www.bbc.com/news/world-middle-east-29052144>

⁵³ Ibid.

Fighters

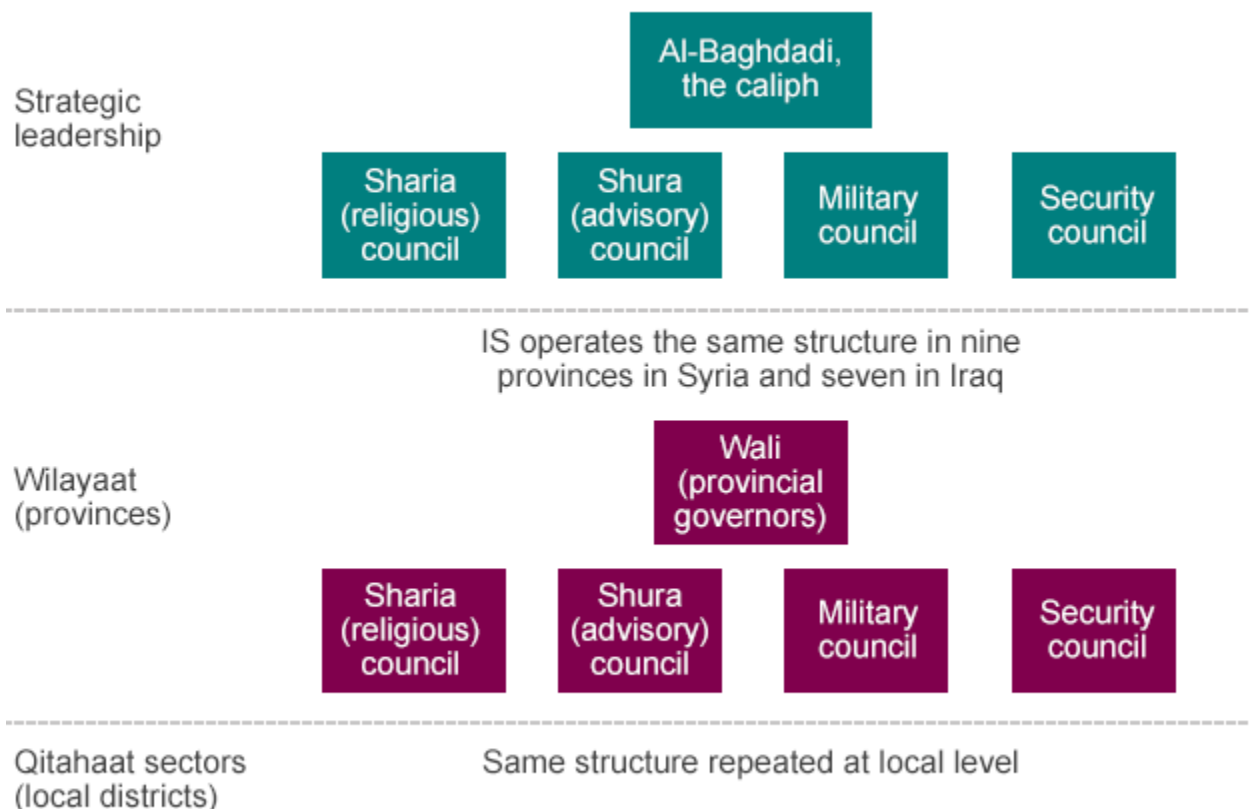
ISIS is reported to have as many as 30,000 fighters. A significant number of ISIS fighters are neither Iraqi nor Syrian. It is estimated that more than 12,000 foreign nationals from at least 81 countries, including 2,500 from Western states, had travelled to Syria to fight over the past three years.⁵⁴

Territory

ISIS is estimated to have anywhere from 15,000 sq miles to 35,000 sq miles of territorial control across Iraq and Syria. This territory includes cities – Tikrit, Falluja, and Tal Afar in Iraq; Raqqa in Syria – oil fields, dams, main roads and border crossings.⁵⁵ Eight million people are believed to be living under partial or full ISIS control.⁵⁶

Command Structure

Islamic State (IS) command structure

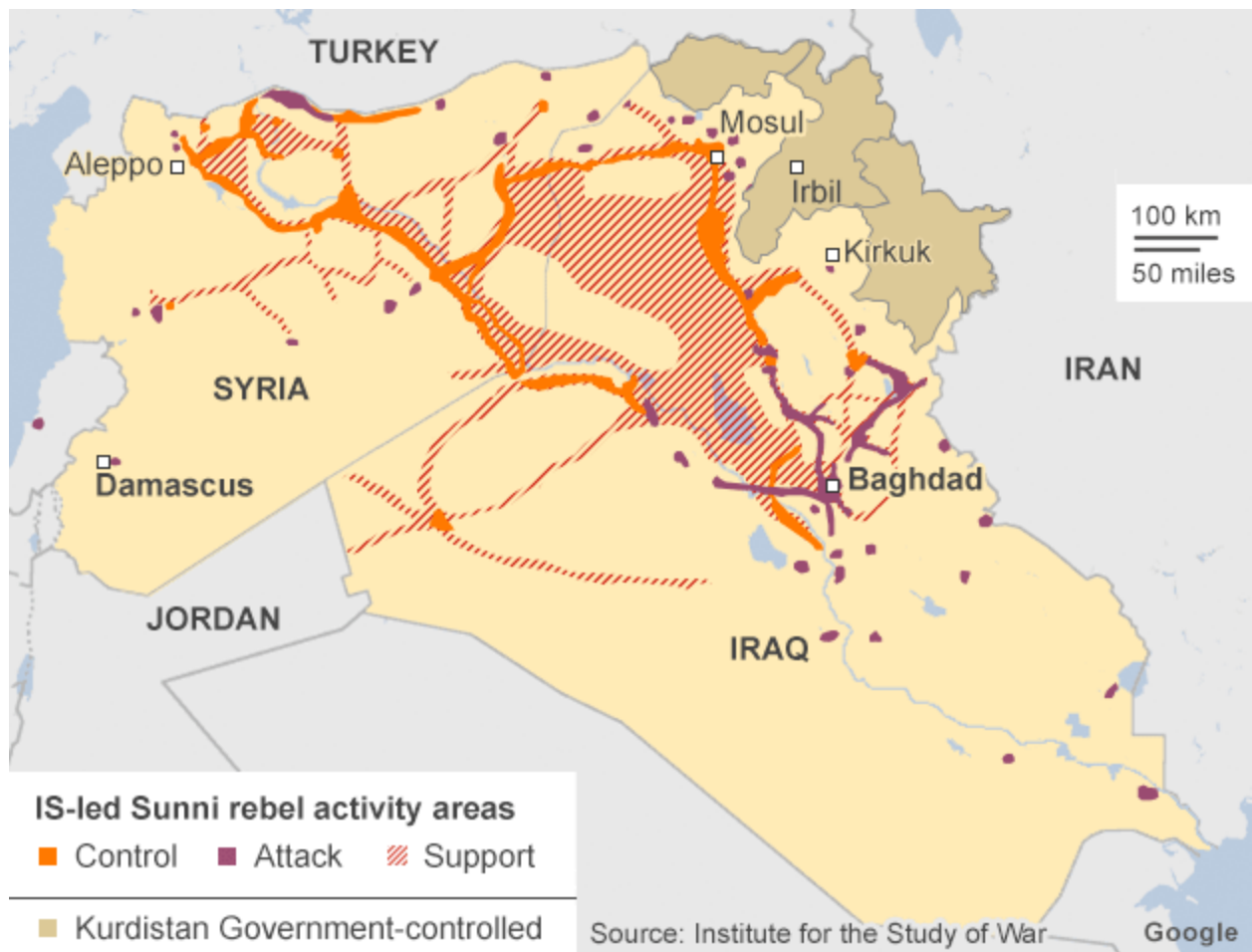


Source: IS investigation team

⁵⁴ <http://www.bbc.com/news/world-middle-east-29052144>

⁵⁵ Ibid.

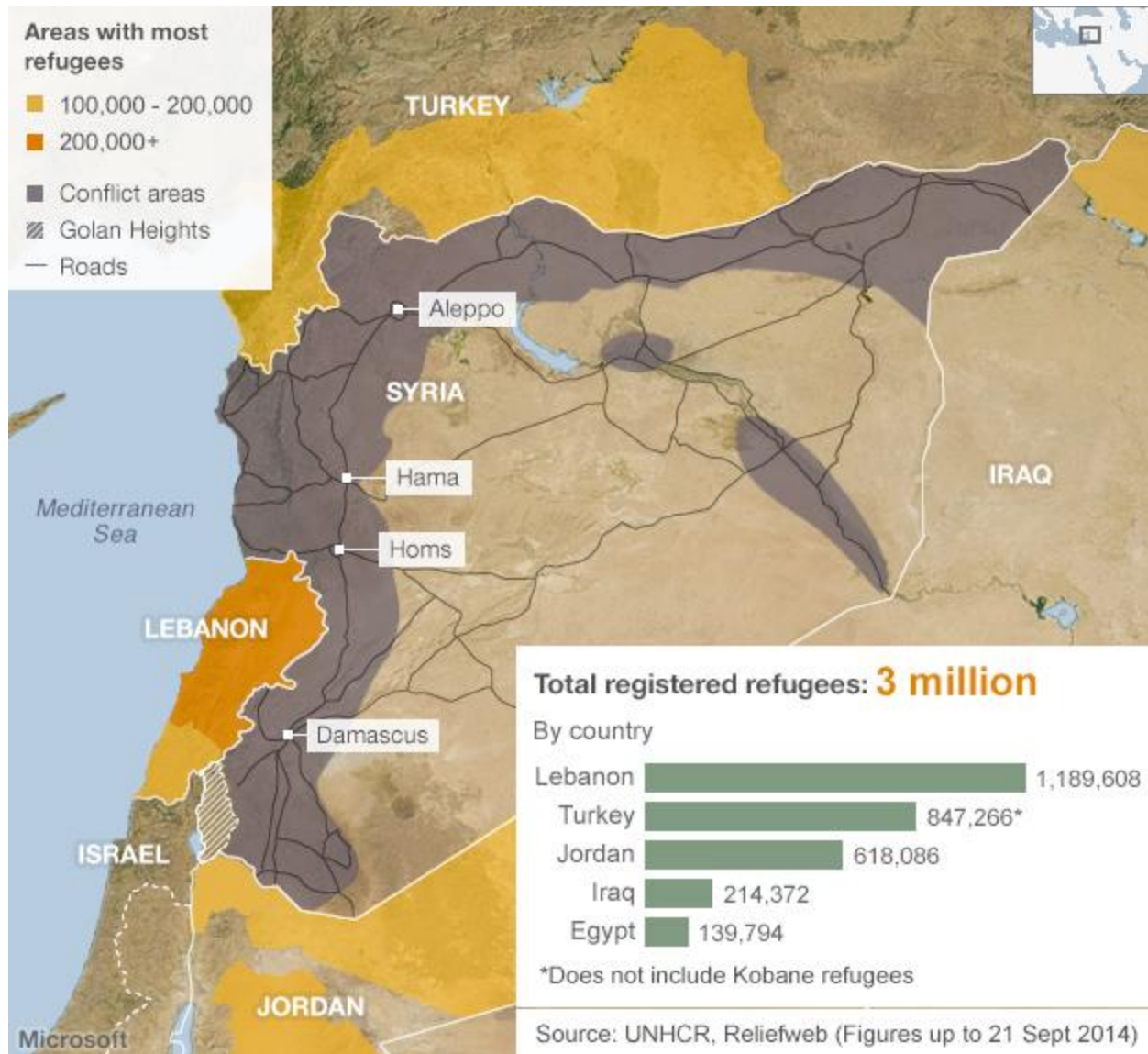
⁵⁶ Ibid.



Humanitarian Crisis

According to the BBC, about three million people have fled abroad to escape the fighting in Syria. Most have gone to Lebanon, Turkey, and also Iraq.⁵⁷ The UN estimates there are 1.8 million Iraqis who have been forced to leave their homes to escape the conflict with ISIS. All of these refugees have put pressure on services and infrastructure in Iraq and neighboring countries.

⁵⁷ <http://www.bbc.com/news/world-middle-east-27838034>



The humanitarian crisis in Syria and Iraq has reached unsustainable levels, with the potential genocide of the Yazidis, an ancient religious minority in Iraq, prompting U.S. President Barack Obama to use air strikes in defending them.

The Way Forward

Delegates face a complex situation that will require a complex set of solutions. Primarily, delegates run the danger of strengthening the Assad regime in Syria by focusing too much on ISIS and not on support for moderate Syrian rebels. In

addition, a lax solution to ISIS can have reverberating effects in the Middle East by creating a safe haven for terrorism next to major population centers, such as Baghdad.

The Arab League has been beset by infighting and lack of a coherent strategy. It has the funds, technological capacity, and military capability to confront ISIS. All it lacks is political will.

Delegates should refer to this article for an argument on a strong stance against ISIS: http://www.foreignpolicy.com/articles/2014/09/23/leave_it_to_the_league_islamic_state_arab_league_saudi_arabia_qatar

Delegates should also prepare solutions to these questions:

1. Should the Arab League recognize U.S. airstrikes in Syria? How formally should the Arab League states coordinate with the U.S. government?
2. Should the Arab League states provide ground troops against ISIS?
3. How will the Arab League states handle the refugee situation in Iraq, Syria, and neighboring countries?
4. How will the Arab League stop the illicit trade of oil in ISIS-conquered territory?
5. How will the Arab League support Iraqi ground forces?
6. How will the Arab League deal with the Assad government?
7. How will the Arab League coordinate with the Turkish government? Kurdish forces in Iraq and Syria?
8. How will the Arab League finance operations? How much should each country finance military operations against ISIS?
9. How will the Arab League work to stem foreign jihadists from joining ISIS?
10. How will the Arab League target the social media campaign of ISIS?

Topic B: Arab Economic Integration

Arab Economic Integration (AEI) has been on the agenda of Arab politicians and intellectuals and of interest to the Arab public at large for over sixty years.⁵⁸ However, AEI remains elusive, almost an outright failure, in contrast with the European economic integration experiment, which began at the same time.⁵⁹ The World Bank and the African Development bank has stated that the MENA (Middle East and North Africa) is one of the least integrated in the world.⁶⁰ From 2008 to 2010, less than 8 percent of Arab exports were within Arab countries, compared with 25 percent in the Association of Southeast Asian Nations (ASEAN) and 66 percent in the European Union (EU).⁶¹

A History of Failed Ambition

In 1953, the Arab countries concluded their first two preferential trade arrangements: the Agreement on Trade Facilitation and the Regulation of Transit Trade; and the Agreement on the Payment of Current Account Transactions and the Movement of Capital Transactions.⁶² In

⁵⁸

http://www.brookings.edu/press/books/chapter_1/arabeconomicintegration.pdf

⁵⁹ "Between Hope and Reality: An Overview of Arab Economic Integration" by Ahmed Galal and Bernard Hoekman

⁶⁰

<http://www.ft.com/intl/cms/s/0/82301090-f9e2-11e2-b8ef-00144feabdc0.html#axzz3Fykqzdw9>

⁶¹ Ibid.

⁶² "Arab Integration: A 21st Century Development" by the United Nations

1957, members of the Arab League signed the Economic Unity Agreement, an ambitious treaty guaranteeing the free movement of persons and capital and various other measures.⁶³ This Agreement was unsuccessful as a result of faltering implementation and the Arab League's strong commitment to national sovereignty. Subsequent agreements, such as the 1980 Charter for National Economic Action and the 1981 Inter-Arab Trade Facilitation and Development Agreement, also faltered due to states not implementing trade liberalization as stipulated in the agreement.⁶⁴

The Greater Arab Free Trade Area

The 1997 Agreement establishing the Greater Arab Free Trade Area (GAFTA) is considered to be one of the key Arab integration agreements.⁶⁵ The executive programme of GAFTA is based on the 1981 Inter-Arab Trade Facilitation and Development Agreement, which has so far been ratified by 18 Arab States.⁶⁶ The GAFTA Agreement called for the following main actions:

- **Gradually exempting goods of Arab origin from custom duties and other fees and charges.** Each country was permitted to exclude certain goods from tariff exemption, but the list of exemptions grew to thousands of products.⁶⁷
- **Lifting all non-tariff barriers on intraregional trade within GAFTA.** However, some Arab

Economic and Social Commission for Western Asia

⁶³ Ibid.

⁶⁴ Ibid.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Ibid.

countries have continued to impose quantitative restrictions through import licensing arrangements.⁶⁸

- **Ensuring transparency by exchanging trade information an data, and providing the Arab Economic and Social Council of the Arab League with information, data and measures related to trade exchange in order to facilitate the full implementation of GAFTA.**
- **Providing preferential treatment for the least developed countries, namely the Sudan and Yemen.**

Arab members of GAFTA decided to fulfill the requirements of a customs union and establish it in 2015. They also expressed their willingness to establish an Arab common market by 2020 in the declaration of the Third Economic and Social Development Summit, held in 2013.⁶⁹

However, many member countries are bound by other preferential trade arrangements with non-Arab countries and regional groupings. Establishing a customs union between Arab countries would involve either ending their preferential arrangements with foreign parties, or an adaptation of those preferential trade arrangements in line with the requirements of establishing the customs union.⁷⁰

GAFTA is what is known as a shallow preferential trade agreement, limited to trade in merchandise. Services and investment are excluded, greatly reducing the agreement's ability to exert a positive economic impact.⁷¹

Economic Integration: A How To

There are five levels of economic integration, according to the UN.⁷² They begin with the creation of a preferential treatment system and culminate in the establishment of an economic union. Delegates will have to debate on the implementation and progression of any agreement to integrate Arab economies.

1. Preferential treatment system:

Countries engaged in a preferential treatment system reduce customs tariffs on imported goods and services from each other while maintaining their tariffs with other countries.⁷³ An example is the preferential trade arrangements established between Great Britain and the countries of the British Commonwealth in 1932.⁷⁴

2. Free Trade Area:

A free-trade area is established between two or more countries by virtue of a free trade agreement (FTA), which eliminates customs tariffs and all trade barriers. These countries also retain the right to adopt different customs tariffs with respect to non-members.⁷⁵

This preferential treatment has a dual effect. The first is an increase in volume of trade between member countries resulting from the removal of customs tariffs on imports from the FTA member countries. The

⁶⁸ Ibid.

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ "Between Hope and Reality: An Overview of Arab Economic

Integration" by Ahmed Galal and Bernard Hoekman

⁷² UN Report

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

second is a reduction of the volume of trade between FTA member countries and other countries in the world.⁷⁶

3. **Customs Union:** A customs union is a union between countries parties to a free trade agreement whereas they harmonize customs tariffs on their imports from the rest of the world, thereby enhancing trade integration. The most prominent example of customs unions is the Southern African Customs Union (SACU), which encompasses the Republic of South Africa and four neighboring countries.⁷⁷
4. **Common Market:** The creation of a common market constitutes an advanced stage of economic integration. In addition to trade integration that is achieved under a customs union, a common market permits integration at the level of factors of production, as a result of the removal of all barriers to the freedom of movement of labour and capital among member countries. There are two major examples of common markets: the Central American Common Market, including Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua; and the Common Market of the Southern Cone (MERCOSUR), which includes six South American countries.⁷⁸
5. **Economic Union:** The creation of an economic union is the most advanced stage of economic integration. It is achieved

through the harmonization of all economic policies among member states, including fiscal, monetary and exchange rate policies, alongside selected socioeconomic policies. While harmonizing their exchange rate policies, these countries could either adopt a single currency or retain their own national currency. The most remarkable examples of economic unions are the European Union, within which member states have adopted a single currency (the euro), and the European Central Bank, which is responsible for the implementation of the monetary policy of the Union as a whole.⁷⁹

Thus, economic integration begins with the liberalization of trade and culminates in the liberalization of labor and capital, the harmonization of economic policies, and the establishment of transnational institutions.

Issues in Arab Economic Integration

There are many reasons Arab Economic Integration has not yet taken off. The lack of product complementarity has often been cited as an important factor hindering intra-Arab trade.⁸⁰ The relative similarity of resource endowments among many countries in the region (e.g., oil, phosphates, and agricultural products) makes intraregional trade difficult since the region's comparative advantage is broadly in the same products.⁸¹

High trade costs, including transport and communications, is another factor. The

⁷⁶ Ibid.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ "Intra-Arab Trade: Is it Too Little?"

by Hassan Al-Atrash and Tarik Yousef

⁸¹ Ibid.

distance and difficult geographic terrain between some Arab countries make trade links difficult.⁸² Lack of investment in trade infrastructure has made trade between Arab countries difficult.

Politically, there have been concerns over the distribution of gains from integration across and within countries.⁸³ Again, concerns over national sovereignty over economic policy make broad implementation and compliance difficult. There has also been a lack of mechanisms to compensate those who lose as a result of trade reform and a lack of a delegated enforcement body such as the Dispute Settlement Body of the World Trade Organization (WTO).

Because of protectionist measures, Arab countries have less hospitable investment environments, higher transaction costs, and more respective barriers to entry than comparable countries.⁸⁴ The result is limited intraregional investment.

The Way Forward

Delegates must first decide an objective, much as the founders of the EU did with their objective of creating a common market with a common external commercial policy and eventually to allow the free movement of goods, services, investment and labor among member states.⁸⁵ Delegates must reconcile the Arab League commitment to national sovereignty and the need for greater economic cooperation. Delegates must also be able to help the least developed nations in the Arab League, especially with regards to the challenges they would face as a result of increased price competition.

⁸² Ibid.

⁸³ "Between Hope and Reality: An Overview of Arab Economic Integration" by Ahmed Galal and Bernard Hoekman

⁸⁴ Ibid.

⁸⁵ Ibid.

Delegates then must discuss the pros and cons of the liberalization of different sectors:

1. Merchandise
2. Labor (such as the movement of workers)
3. Services
4. Investment

Delegates must also discuss the possibility of creating institutions that will implement any agreed upon reforms. If deciding on a common market, delegates must ensure a creation of a trade dispute resolution body that will handle all trade disputes between member states. Enforcement of the dispute resolution body decisions must be taken by other member states, such as sanctions.

Delegates should research the vast literature on trade liberalization and weigh the benefits and costs of trade liberalization for their countries.