

PM WORLD TODAY – VIEWPOINT – JUNE 2011

The Arabic Common Market¹ When a "to-be-or-not-to-be" project ... is buried!

By Rania Al-Maghraby, PMP Project Management Consultant, Egypt

The national and international progressions urge us to establish a greater Arabic area for free trade in order to face the impacts on the pan Arab trade which could be threatened by the giant trade alliances in the world. Hence, the call for a greater Arabic area for trade has usually received a big deal of interest at several formal and informal levels, and became at the top of priorities of the Arabic summit conferences since such market establishment decision was made in 1964.

The Strategic Objectives of establishing an Arabic common market are many, among them:

- Economic development of member countries and enabling their welfare in all aspects.
- 2. Free transit of goods and productive services between member countries, and allowing the production elements to be transferred from one country to another within the market.
- 3. Self-sufficiency.
- 4. Specialization and work distribution between the market countries.
- Widening the market size.
- 6. Unifying the political will.

The Arabic Common Market Establishment Project Phases:

The establishment of such market requires a long transient period at graduated stages; that's in order for it to achieve its objectives.

¹ The material of this article has been researched from Arabic sources, organized, and translated by the author.



Phase I: Preparation for the common market establishment, including:

- Implementing common economic projects.
- Increasing the specialization opportunities for the market countries.

Phase II: Initial Actions:

- Elimination of customs fees and quantitative restrictions between the member countries gradually.
- Implementing a common customs policy towards the rest of the world.
- Increasing the capital transactions between the member countries.
- Removal of existing restrictions on transfer of production elements.

Phase III: Primary Rules for the market:

- Dual Agreements
- Multi-party agreements; which enforce relations between the countries and free trade among them.
- Payment Agreements: either dual or multi-party, with the purpose of settling payments arising from trade exchange between the agreement parties.

Execution and Risks:

Despite the cautious optimism that the Arabic countries are going to abide by implementing a free trade area according to the approved program, there are some obstacles that may face the actual implementation:

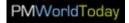
- 1. The market countries aren't able to find a real and serious coordination between their respective economic plans.
- 2. The trade and financial legislatives remain non-unified and uncoordinated.
- 3. Administrative and quantitative restrictions on trade between the market countries.
- 4. The low export ability of the market countries and similarity between their respective products and their development efforts.
- 5. Variation of cost structures, which leads to some countries trying to protect their high cost manufactures through applying administrative restrictions.



- 6. Sale prices for internal consumption are different from export prices, which leads to a certain product imported from one member country into another member country being sold at much lower prices than its price in the importer.
- 7. The authorities in some countries classify the imported goods into essentials, semi-luxurious, and luxurious, which narrows the scope of products exchanged between the market countries.
- 8. Setting a financial budgetary specifying the imported materials and its monetary value, which causes prevention of importing some products exported by some other member countries because they are not specified in the budgetary.
- 9. Lack of disciplinary actions taken towards the countries that are slowing on the way of implementing the market rules or not abiding by them.

The revival of the Arabic common market project is the rescue hoop to lift the Arabic economies from dispersion and competition towards integration and coordination, from weakness to strength, and from dependency to achieving independent self power for building a unified Arabic economy able to satisfy the Arabic nation needs and ambitions, and its right in a better life.

Last but not least, if Arabs don't hurry up in organizing their economic and political affairs in the areas of governance and their inter-relationships, then hopeless will be their expectations that the world will deal with them respectfully!



About the Author



Rania Al-Maghraby

Author



Ms. Rania Al-Maghraby is an independent project management consultant from Egypt. She is PMP®

certified, ITIL® Foundation certified, and holds MSc degree in Computer Science. Rania is the owner and general manager of the OneWayForward Inc. (www.OneWayForward.com), a sole proprietary consultation firm based in Egypt. She is a speaker at several professional events including PMI Global Congress and IPMA World Congress. She has published a number of papers and articles in wide spread international magazines, journals, conference proceedings, and authored books. Rania has contributed to professional development over years as a member in a number of committees and professional organizations. She has worked across local and international private sector companies, NPOs, and governmental organizations of various industries. Her interests include Project Management, Open Standards, Business Administration, and Academic Research. Personal Website: www.OneWayForward.info. She can be contacted at rania@onewayforward.info.