

IS/COMCEC/R-15

R E P O R T

of the
FIRST MEETING OF THE FOLLOW-UP COMMITTEE
of the
STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION
of the
ORGANISATION OF THE ISLAMIC CONFERENCE

Istanbul, 24-26 Dhulhijja 1405
(9-11 September 1985)

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Original : English

R E P O R T

of the FIRST MEETING of the
FOLLOW-UP COMMITTEE of the COMCEC

1. The First Meeting of the Follow-up Committee, set up by the First Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul on 24-26 Dhulhijja 1405 A.H. (corresponding to 9-11 September 1985).
2. The Meeting was attended by the following Members of the Follow-up Committee :
 - Republic of Turkey (Chairman)
 - Islamic Republic of Pakistan (Vice-Chairman)
 - Kingdom of Saudi Arabia (Vice-Chairman)
 - Palestine (Vice-Chairman)
 - Hashemite Kingdom of Jordan (Rapporteur)
3. The Meeting was also attended by the representatives of the General Secretariat and the following affiliated and subsidiary organs of the OIC :
 - The Islamic Chamber of Commerce, Industry and Commodity Exchange (ICCICE).
 - The Islamic Center for Technical and Vocational Training and Research (ICTVTR).
 - The Islamic Center for Development of Trade (ICDT).
 - The Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRTCIC).
 - The Islamic Development Bank (IDB).
 - The Islamic Foundation for Science, Technology and Development (IFSTAD).

The list of participants is attached as Annex I.

4. The plenary session, which was held jointly with the Follow-up Committee of the Ministers of Industry, was inaugurated by H.E. Mr. Kaya ERDEM, Minister of State, Deputy Prime Minister of the Republic of Turkey, in his capacity as the Chairman of the Follow-up Committee of the COMCEC.

5. The Chairman invited a representative of the Turkish Delegation to read the message sent by H.E. Mr. Kenan EVREN, President of the Republic of Turkey, and the Chairman of the COMCEC. In his message, H.E. Mr. Kenan EVREN underlining the importance of establishing the institutional framework within the OIC, emphasized the importance of furnishing these institutions with a more concrete substance and expressed his confidence in the continuation of active support of the member countries to the activities of the COMCEC. H.E. Mr. Kenan EVREN wished all the success to the Committee in its endeavours which he hoped would be beneficial to all Member States of the OIC. A copy of the text of the message of H.E. Mr. Kenan EVREN is attached as Annex II.

6. Subsequently, the message sent by H.E. Mr. Turgut ÖZAL, Prime Minister of the Republic of Turkey, and the Alternate Chairman of the COMCEC, was delivered to the Meeting. In his message, H.E. Mr. Turgut ÖZAL stressed the importance of implementing the resolutions. H.E. Mr. Turgut ÖZAL expressed the determination of the Turkish Government for exerting every effort to this effect and wished every success to the Committee in following up the decisions and developing new modalities for expanding economic cooperation by adopting an approach realistic but broadminded and unbiased. A copy of the text of the message of H.E. Mr. Turgut ÖZAL is attached as Annex III.

7. In his inaugural speech, H.E. Mr. Kaya ERDEM, Chairman of the Committee, commended the concurrence of this Meeting with the Meeting of the Follow-up Committee of the Ministers of Industry. He emphasized that this concurrence will facilitate the expeditious reporting of the decisions of the Follow-up Committee

of the Ministers of Industry to the Second Session of the COMCEC. Referring to the resolution establishing the CDMCEC Follow-up Committee, the Chairman pointed out that the tasks of the CDMCEC also defines the responsibilities of the Follow-up Committee. He emphasized the importance of mutual efforts on the part of the Member States in furthering economic cooperation. Considering various complexities involved in the process of economic cooperation, he stressed the necessity for specifying short, medium and long term priority targets and trying to attain them by means of concrete projects. The Chairman finally drew attention to the importance of the implementation, by the Member States, of the resolutions adopted within the DIC with a view to strengthening cooperation in the economic and commercial fields and wished every success to the Committee in its important task. A copy of the text of the inaugural speech by the Chairman is attached as Annex IV.

8. Mr. A.H.G.Mohiuddin, Director of the Economic Department of the General Secretariat of the Organization of the Islamic Conference, conveyed the message of H.E. Mr. S.S. Pirzada, Secretary General of the Organization of the Islamic Conference. In his message H.E. Mr. S.S. Pirzada paid warm tributes to H.E. Mr. Kenan EVREN, the President of the Republic of Turkey and to the Government of Turkey for their constant contribution to the cooperative activities of the OIC. H.E. Mr. Pirzada went on to review the progress made in the implementation of the decisions taken in the First Session of the CDMCEC, where the national institutions, the OIC General Secretariat and the OIC related institutions made substantive efforts to fulfill their respective tasks within this context. Finally, he expressed his belief that the work of the Follow-up Committee will significantly contribute to the implementation of the resolutions pertaining to economic cooperation among the Member States. A copy of the text of the message of H.E. Mr. S.S. Pirzada is attached as Annex V.

9. In his speech, H.E. Mr. Cahit ARAL, Chairman of the Follow-up Committee of the Ministers of Industry and Minister of Industry and Trade of the Republic of Turkey, emphasizing the importance of the interaction between various areas of economic cooperation, praised the establishment of the CDMCEC and its Follow-up Committee as significant steps towards the realization of effective coordination and monitoring of QIC cooperation activities. A copy of the text of the speech by H.E. Mr. Cahit ARAL is attached as Annex VI.

10. Following these speeches, heads of delegations of the Kingdom of Morocco, the People's Republic of Bangladesh, the Islamic Republic of Pakistan and the Republic of the Gambia made statements, emphasizing the difficulties confronted by the DIC Member States in the face of the adverse developments in the world economic situation, particularly, the protectionist measures applied by the major industrialized countries and expressed their appreciation to the CDMCEC for the major thrust provided to the overall economic activities of the OIC.

The heads of delegations stressed the necessity of involving the private sector in the processes and activities of economic cooperation among the Member States, and suggested that regular symposia and seminars be organised under the auspices of the CDMCEC to offer the business community opportunities to meet and discuss matters of common interest to boost economic cooperation and trade relations among Islamic countries.

In this connection, the Committee also emphasized the importance of private sector investments. It considered that seminars on investment opportunities should be held periodically with the collaboration of the host country, the OIC General Secretariat, the IDB and the ICCICE, and with the participation of the Arab League. The Committee recommended that the first of such seminars for investors in the Islamic countries be held in the Republic of Turkey.

The Committee shared the view that the private sector projects from the Member States should also be promoted. The members expressed their appreciation of the service offered by the IDB in the field of economic development, and recommended that :

- The IDB and the ICCICE jointly conduct preliminary studies on investment possibilities in the Islamic countries.
- The IDB should promote joint venture projects, for which it has already prepared preliminary studies, through gatherings of businessmen in the Islamic countries;

The Committee also noted with satisfaction the statement by the head of the Palestinian Delegation that the Executive Committee of the PLO has already signed and ratified the "General Agreement for Economic, Technical and Commercial Cooperation Among the Member States of the OIC and the "Agreement for Promotion, Protection and Guarantee of Investments Among the OIC Member States."

11. After having adopted its agenda, the Follow-up Committee of the COMCEC established an open-ended Drafting Committee under the chairmanship of the Rapporteur. A copy of the agenda is attached as Annex VII.

12. Under the agenda item 3, the Committee considered the background paper presented by the Head of the Coordination Office for the COMCEC. Summarizing the recent economic developments in the Member States and especially noting the continued deterioration in the external payments position in spite of the recent improvement in the world economic situation, the paper emphasized the importance of economic cooperation as a means of attaining the objective of collective self-reliance.

Referring to interaction between various areas of economic cooperation, the paper emphasized the importance of adopting a comprehensive approach and giving priority to measures, such as the implementation of joint venture projects and the consideration of appropriate monetary and financial arrangements, which cut across a wide spectrum of areas of economic cooperation.

Finally, the need for an inventory of all the resolutions and ensuing activities pertaining to economic cooperation within the OIC was stressed in the paper as a first step towards the adoption of a rational methodology for coordination and follow-up and effective implementation of short, medium and long-term measures.

The text of the background paper is attached as Annex VIII.

13. While appreciating the pertinence of the issues raised in the paper, the Committee decided to recommend that the SESRICIC (Ankara Centre) be entrusted with the task of preparing such an up-to-date inventory of all the resolutions and ensuing activities pertaining to economic cooperation undertaken since the establishment of the OIC.

14. The Committee was of the view that the seventh meeting of the Governors of Central Banks and Monetary Authorities of the Member States may be convened under the auspices of the COMCEC to discuss the monetary and financial issues arising out of the relevant decisions of the COMCEC.

15. Under the agenda item 4, the representative of the General Secretariat of the OIC presented a report on the progress achieved regarding the implementation of the decisions and resolutions of the First Session of the COMCEC. Subsequently, the representatives of the relevant DIC institutions gave detailed information on the state of progress in the tasks assigned to

then by the COMCEC. The text of the report of the General Secretariat is attached as Annex IX.

16. Following the review of the progress reports submitted by the IDB, the ICCICE, the IODT, the IFSIAD, the ICIVIR and the SESRICIC, the Committee noted with satisfaction that:

The IDB had convened an experts' group meeting on 13-16 May 1985 to discuss the background papers on the possibilities of establishing:

- a longer-term trade financing facility,
- a regional export credit guarantee scheme, and
- a multilateral Islamic clearing union.

The IDB has reached the stage of finalizing the feasibility study on the longer term trade financing facility for submission to the Second Session of the COMCEC. Progress reports on the remaining subjects will also be submitted to the Second Session of the COMCEC.

The ICCICE is prepared to receive new joint venture project proposals from the OIC Member States for onward transmission to the IDB for further consideration.

The IODT has completed an initial study on the feasibility of establishing a trade information network among the member countries. The IODT has also initiated studies concerning the trade promoting regional preferential measures. Within the context of activities related to trade promotion, the First Meeting of the State Trading Organisations (STOs) was held in Tunisia in July 1985 and arrangements have been finalized with the Moroccan Government for the holding of the Second Islamic Trade Fair in Casablanca during April 1986. Furthermore the IODT has continued with its training programmes in the area of trade cooperation.

The IFSTAD has completed the roster of muslim experts in the fields of contracting, design and engineering, and has undertaken to establish and promote consultancy services for utilization by the member countries. The IFSTAD is finalizing the preparation of the First Coordinating Conference on Technology among the Member States, to be held in Istanbul on October 21-25, 1985, in cooperation with The Scientific and Technical Research Council of Turkey. The IFSTAD is also giving scholarships in different areas of technology, including computer technology.

The ICTVIR has taken necessary steps to launch its training activities.

The SESRTCIC has developed a variety of data bases containing statistics and information in the areas related to industrial development and cooperation, as well as to trade and commercial exchanges for the reference of Interested institutions in the member countries. It has also initiated projects to prepare directories on consultancy firms, free zones and ports and on financial institutions in the member countries, and to publish the up-dated final version of the "Foreign Investment Legislation in the Member States". In the area of training and technical cooperation, the center has continued with its training programmes, and published a directory on training institutions in the member countries.

17. The Committee having noted the above mentioned developments stressed the need for further action in order to expedite the translation of the Member States' aspirations into concrete action. In this context, the Committee considered those studies and programmes which are still in progress and expressed the feeling that a closer cooperation needs to be established between the institutions entrusted with the task of completion of these studies and the relevant organs of the Member State Governments. This would facilitate the timely completion of:

a) Preparation of a directory of exporters and importers of the Member States by the ICDT.

b) Formulation of a methodology for the harmonization of standards applied in the member countries and completion of the other studies mentioned in the report of the Meeting of the Standardization ExpertB held in April 1985 by the Turkish Standards Institute.

c) The preparation of an inventory of trade preferential practices among the Member States by the ICDT.

d) Formulation of ways and means to implement short and long-term measures to promote technical cooperation in trade by the ICDT.

18. Furthermore, the Committee decided to recommend to the COMCEC to urge the Member States on the following:

a) Timely provision of up-to-date and detailed information to the above mentioned institutions to be utilized in the studies entrusted to them.

b) Identification of joint venture projects and their subsequent transmission through the ICCICE to the IDS for further consideration.

c) Signing and ratification of the Statutes of the Islamic States Telecommunications Union, the Islamic Carant Association and the Islamic Civil Aviations Council so that they can become operational at an early date.

d) Signature and ratification of the General Agreement for Economic, Technical and Commercial Cooperation and the Agreement on Promotion, Protection and Guarantee of Investments by those Member States who have not done so.

19. The Committee noted with deep concern the particularly alarming deterioration in the financial situation of the OIC General Secretariat and the OIC affiliated and subsidiary organs and felt that the COMCEC should urge the Member States to:

i) Immediately settle the arrears to the budgets of these

ii) To make the necessary arrangements for prompt and regular payment of their mandatory contributions to the budgets of the above institutions.

20. Under the agenda item 5, the Head of the Coordination Office for the COMCEC presented a background paper on the composition and functioning of the COMCEC. The Committee undertook extensive deliberations on this issue and recommended that the COMCEC be composed of the relevant ministers responsible for the national economy and/or coordination of economic activities in their respective countries in order to enable the COMCEC to carry out its mandate most effectively as was entrusted to it by the Third Islamic Summit Conference. The text of the background paper is attached as Annex X.

In view of the composition of the COMCEC as proposed by the Follow-up Committee, it was agreed that the frequency and the level of other ministerial meetings which have overlapping implications should gradually be reduced. However, inputs provided by such meetings should be incorporated into the overall work of the COMCEC.

21. Under the agenda item 6, the proposed draft agenda for the Second Meeting of the COMCEC was considered. The draft agenda as revised by the Follow-up Committee is attached as Annex XI.

22. The Follow-up Committee suggested that the reports of the affiliated and subsidiary organs of the OIC on their activities be reviewed by a Group of Experts to be formed during the Second Session of the COMCEC.

23. The Follow-up Committee of the COMCEC took note of the Report of the Meeting of the Follow-up Committee set up by the Second Ministerial Consultation on Industrial Cooperation, which was held concurrently. A copy of the Report is attached as Annex XII.

24. At the conclusion of its deliberations, the Committee expressed its deep gratitude to the Government and the people of the Republic of Turkey for hosting the First Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation, and for the generous hospitality accorded to the delegates. The Committee felicitated the Chairman for the effective manner in which he presided over the Meeting. The Committee thanked the Rapporteur for the preparation of the Report. The Committee also thanked the Coordination Office for the COMCEC for the excellent arrangements and preparations made for the success of the Meeting.

25. The Committee asked the Chairman to send messages on its behalf to H.E. Mr. Kenan EVREN, President of the Republic of Turkey and the Chairman of the COMCEC, and to H.E. Mr. Turgut DZAL, Prime Minister of the Republic of Turkey and the Alternate Chairman of the COMCEC. In these messages the Committee expressed its feelings of gratefulness to H.E. Mr. Kenan EVREN and to H.E. Mr. Turgut ÖZAL for the efforts which ensured the excellence of the organization and the success of the Meeting, and for sincere reception and most generous hospitality accorded to the delegates during their stay in Turkey.

26. Finally, the Committee adopted its report together with its annexes for submission to the COMCEC II.

ANNEX - I
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

LIST OF PARTICIPANTS

THE FIRST MEETING OF THE FOLLOW-UP COMMITTEE
OF THE STANDING COMMITTEE
FOR ECONOMIC AND COMMERCIAL COOPERATION
OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE

Istanbul, 24-26 Dhulhijja 1405
(9-11 September 1985)

HASHEMITE KINGDOM OF JORDAN

- Dr. Fayez TARAWNEH
Economic Adviser to the Prime Minister

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. Mr. Ejaz Ahmad NAIK
Secretary General, Economic Affairs Division
- H.E. Mr. Altaf SHEIKH
Ambassador, Pakistan Embassy, Ankara

1/2

- Mr.Rashed SALEEM
Director, Foreign Office

PALESTINE

- Dr. Muhanad AL-NAHAL
Economic Adviser

KINGDOM OF SAUDI ARABIA

- H.E. Mr.Said bin SAID
Deputy Minister of Finance and National Economy
- Mr.Salih EL RASHID
Director General

REPUBLIC OF TURKEY

- H.E. Mr.Kaya ERDEM
Minister of State, Deputy Prime Minister
- Mr.Mahir BARUÇU
Deputy Undersecretary, Treasury and Foreign Trade
- Mr.Sörmez KÖKSAL
Minister Plenipotentiary
Deputy Director General for Economic Affairs,
Ministry of Foreign Affairs
- Mr.Ibrahim KURT
Vice - Governor, Central Bank of the Republic of Turkey

- Mr.Yalçın TUĞ
Adviser to Deputy Prime Minister

- Mr.Murat ÖZÇELİK
Ministry Of Foreign Affairs

- Mr.Tanzer GÜVEN

Undersecretariat Of Treasury and Foreign Trade

OTHER TURKISH OFFICIALS

- Mr.İ. Hakkı BATUK
Adviser to the President of the Republic of Turkey

- Mr.Ertan SAKIZLI
Director General, State Investment Bank

- Mr.Hasan Tahsin EROL

Ministry of Agriculture, Forestry and village Affairs

COORDINATION OFFICE FOR THE COMCEC

- Dr. Yusuf Bozkurt ÖZAL
Undersecretary of State Planning Organization,
Chief Executive of the Coordination Office for the COMCEC

- Mr. Yaşar YAKIŞ
Minister Plenipotentiary
Head of the Coordination Office for the COMCEC

- Mr.Celal ARMANGİL
Deputy Head of the Coordination Office for the COMCEC

- Dr. Burhan ERDEM
Deputy Head of the Coordination Office for the COMCEC
- Prof.Dr. Yusuf Ziya KAVAKÇI
Adviser
- Mr. Fehmi KORU
Adviser
- Nafiz ARMAĞAN
Economist
- Nebile TAYŞI
Economist
- Ferruh TIĞLI
Archivist
- Mustafa ŞİRİN
Economist
- Orhan ÖZTAŞKIN
Economist
- Uğur ÖZLEN
Economist

GENERAL SECRETARIAT OF THE ORGANIZATION OF THE ISLAMIC
CONFERENCE (OIC)

- Mr. A.H.G. MOHIUDDIN
Director of the Economic Affairs Department
- Mr. Mustafizur Rahman KHAN
Coordinator, Economic Affairs Department

SUBSIDIARY/AFFILIATED ORGANS OF THE OIC

ISLAMIC CHAMBER OF COMMERCE, INDUSTRY AND COMMODITY EXCHANGE
(ICCICE-Karachi)

- Mr. Alioune DAT
Acting Secretary General

ISLAMIC CENTRE FOR TECHNICAL AND VOCATIONAL TRAINING AND RESEARCH
(ICTVTR-Dhaka)

- Dr. Rafiquddin AHMAD
Director

ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT-Casablanca)

- Dr. Driss ALAOUI M'DAGHRI
Director
- Mr. Youssef AMRANI
Assistant to Director

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- Dr. Sadi CİNDORUK
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- Mr. Abdurrahman Nur HERSI
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- Dr. Ali KETTANI
Director General

Original : Turkish

ANNEX - II
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

MESSAGE BY H.E. Mr. KENAN EVREN,
President of the Republic of Turkey,
Chairman of the COMCEC

Mr. Chairman,
Esteemed Members of the Follow-Up Committees,

Although this first meeting of the Follow-Up Committees is a modest step taken for the expansion of economic and commercial cooperation among the member countries of the Organization of the Islamic Conference, it is a concrete result of the efforts aimed at providing the efforts pertaining to economic cooperation with an institutional framework. The fact that such institutions have been established constitutes an important step towards the refinement of the institutional set-up among the Islamic countries. Nevertheless, the fact that such institutions were able to actually launch their activities is to be considered as an even more important step. However, not contenting ourselves with this achievement alone, we have now adopted the goal of furnishing these institutions with a concrete substance.

If the support that the member countries have so far given to me in my capacity as the Chairman of the Standing Committee continues in its full intensity in the future as well, I am convinced that our organizational set-up will acquire more satisfactory dimensions.

I wish that your endeavours will be successful and to the benefit of all this member countries of OIC.

KENAN EVREN
President of the
Republic of Turkey
Chairman of the COMCEC

Original: Turkish

to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

MESSAGE by H.E. Mr. TURGUT ÖZAL,
Prime Minister of the Republic of Turkey,
Alternate Chairman of the COMCEC

Mr. Chairmen,
Esteemed Members of the Follow-Up Committees,

You are gathered with the purpose of fulfilling an important task on the issue of the economic cooperation among the Islamic countries. It is relatively easy to take decisions on the issue of economic cooperation. However, it is much more difficult to implement these decisions. As the Turkish Government, we are determined to spend our utmost effortB for implementing them.

The Standing Committee, that I have the privilege to serve as Alternate Chairman, expects thBt you follow-up the implementation of these decisions, and also that you devise and develop new fields and methods for expanding the economic cooperation, by adapting an approach realistic but broadminded and unbiased.

I convey to you my most sincere wishes for your success in this important task, and hope that your endeavours will be successful and at a level to satisfy the expectations of our peoples.

Turgut ÜZAL
Prime Minister
Vice-Chairman of the COMEC

Original : Turkish

ANNEX - IV
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

INAUGURAL STATEMENT BY H.E. Mr. KAYA ERDEM,
Minister of State and Deputy Prime Minister of the
Republic of Turkey, Chairman of the Follow-Up
Committee of the COMCEC

Your Excellencies,
Esteemed Guests,

1. While inaugurating this first meeting of the Follow-up Committee established by the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference, I would like to express my great pleasure in welcoming Your Excellencies and the members of delegations in Turkey, and wish that your valuable work will effectively and successfully contribute to further strengthening the cooperation among Member States of the OIC.

2. The Organization of the Islamic Conference which was, as you all know, established initially for mainly political purposes, has rapidly expanded its activities in the economic and commercial fields, in view of the principle that a permanent and sound cooperation among countries cannot be realized without attributing the necessary importance to these issues. In fact, while the legal basis of economic cooperation was being laid by the adoption of basic texts such as the "General Agreement on Economic, Technical and Commercial Cooperation" and the "Plan of

Action" related therewith on the one hand, certain institutions and mechanisms required for a solid economic cooperation were established on the other. Within this context, one could mention the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) that was formed upon the resolution adopted during the 3rd Islamic Summit Meeting and that started its activities after the election of its Chairman at the 4th Islamic Summit Meeting, as constituting one of the most important steps taken on the way to economic cooperation.

3. During the First Session of the COMCEC, held in November 1984 in Istanbul the decision was taken to form a Follow-up Committee at ministerial level, with the participation of the member countries constituting the Bureau of the First Session of the COMCEC, to provide assistance to the chairman of the COMCEC on all matters related to economic and commercial cooperation among the member countries. The issues on which the Follow-up Committee will render assistance to the COMCEC are indicated indirectly in the first part of the above mentioned decision, by making a reference to the scope of the duties and functions of the COMCEC.

4. The functions and field of activity of the COMCEC which are being referred to in the above mentioned decisions, and which also determine the scope of the duties and functions of the Follow-up Committee to a certain extent, can be summarized as follows :

- To follow-up the implementation of the resolution passed, or about to be passed, by the OIC in relation to economic and commercial cooperation ;

- To study all possible means of strengthening economic and commercial cooperation among the Member States ;

- To draw up programmes and submit proposals designed to increase the capacity of the Member States in economic and commercial fields.

5. This indicates clearly that the Follow-up Committee should not content itself only with reviewing the existing developments and problems related to economic and commercial cooperation, but must play an active role in assisting the COMCEC for mobilizing the immense cooperation potential among the Islamic countries. Moreover, while fulfilling this duty, the Follow-up Committee will act in collaboration with the General Secretariat and with other related institutions within the framework of the Organization of the Islamic Conference (OIC). Consequently, the Follow-up Committee has assumed an important function of coordination, in ensuring the contribution of these institutions to the activities of the COMCEC.

6. As it is known, the Special Follow-up Committees dealing with certain important fields of cooperation such as industry and agriculture, that were formed before the Follow-up Committee of the COMCEC, are continuing their activities as well. As it has been agreed previously, this year the meeting of the Follow-up Committee of the Ministers of Industry will be held concurrently with the meeting of the Follow-up Committee of the COMCEC. This concurrence renders the next three working days ahead of us more meaningful and significant. After this joint session, the Follow-up Committee of the COMCEC will convene in this hall, and the Follow-up Committee of the Ministers of Industry will convene in the adjoining hall. Both Committees will hold their meetings separately, and will discuss the items on their respective agendas. At the end of the discussions, the Follow-up Committee of the Ministers of Industry will inform the Follow-up Committee of the COMCEC of its decisions and finally these decisions will be submitted to the Second Session of the COMCEC (COMCEC-II), along with the report of the Follow-up Committee of the COMCEC.

7. While underlining the mission of the COMCEC and that of its Follow-up Committee which together constitute an integrated body, I cannot refrain from mentioning another point : The Economic Cooperation among the Islamic countries which is the accomplishment of recent years, and which represents a very difficult and unprecedented initiative due to its dimensions that goes beyond continents, has accomplished a significant progress in a short time, which is not to be underestimated. However, when we consider the numerous tasks that must be performed in order to raise the cooperation among our countries to the aspired level, we must agree that our present accomplishments are only a modest beginning.

8. In fact, large scale joint efforts will be a decisive factor in furnishing the so far adopted concepts and decisions with a concrete substance and rendering them functional with the purpose of mobilizing the potential of cooperation among our countries. In other words, such joint efforts are essential requirements for turning the idea of cooperation from a mere intention into real action. However, multilateral economic cooperation is an endeavour covering diverse and vast areas, and consisting of many interrelated stages. Under these conditions, we must bear in mind that all efforts which are not directed towards certain priorities within the framework of a rational and realistic planning, will remain without any results and will lead to disappointment and waste of resources. Therefore, I would like to point out the necessity of an objective review and presentation of the possibilities and existing problems concerning the cooperation among Islamic countries, determining the medium and long-term priorities and measures, intensifying the efforts upon concrete projects, as well as surveying and coordinating such efforts in the proper manner. In fact, in line with this approach the problems related to commercial, technical and industrial cooperation were dealt with in detail and concrete measures related to these issues were foreseen during the first meeting of the COMCEC, and at the same time the decision was taken to form

this Follow-up Committee, which is holding its first meeting at this moment. Similarly, during the Second Session of the COMCEC the examination of the problems related to agricultural cooperation will be tackled.

9. As you can observe, both the COMCEC, and the Follow-up Committee are important fora where the problems related to economic cooperation are discussed and formulated at high level, also ensuring the contribution of the related specialized institutions, and where the necessary coordination and orientation of these problems are provided. However, it must be underlined also that the success of the efforts of these two Committees will be proportional to the level of determination displayed by all member countries in the implementation of the decisions to be taken.

10. Needless to say that the Follow-up Committee, with the valuable work it will perform and positive results it will achieve in this first meeting, will prepare the necessary ground for the forthcoming Second Session of the COMCEC to be efficient and successful.

11. I would like to say "Welcome to Turkey" to Your Excellencies and our honorable guests, and wish you success in this important task.

Thank You.

Original : English ANNEX-V
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

MESSAGE OF HIS EXCELLENCY MR. S.S. PIRZADA,
SECRETARY-GENERAL OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE
TO THE FIRST MEETING OF THE FOLLOW-UP COMMITTEE OF THE STANDING
COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE

ISTANBUL, REPUBLIC OF TURKEY
SEPTEMBER 9-11, 1985

BISMILLAHIR RAHMAMIR RAHİM

Mr. Chairman
Distinguished Delegates,
Dear Brothers,

ASSALAMU ALAIKUM WA RAHMATULLAHI WA BARAKATUH

I deem it a great privilege and honour to address this First Session of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference. Allow me, Mr. Chairman at the very outset, to express our deep gratitude for the importance the Government of the Republic of Turkey and His Excellency the President of Turkey personally attach to the unity and solidarity of Islamic Ummah. This meeting further reaffirms the importance and keenness ascribed by the Government of the Republic of Turkey and His Excellency the President to the cause of Islamic World. I must also convey our thanks and appreciation to the brotherly Republic of Turkey for having convened this meeting and for the traditional warm hospitality.

Excellencies,

2. It is with pride and satisfaction that I mention that the activities of the OIC have continued to grow in all fields particularly in the past one year since the First Session of the Standing Committee. Your gathering today is a testimony to the ardent desire of all of us to share our experiences by joining hands in an environment of mutual confidence. This has made it

possible to score such success. In the economic and commercial fields notably, efforts have been more pronounced in the last four years since the adoption of the Plan of Action to Strengthen Economic Cooperation by the Third Islamic Summit Conference.

Mr. Chairman,
Gentlemen,

3. You would recall that the Fourth Islamic Summit Conference held in Casablanca, Kingdom of Morocco, in January 1984, activated the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference and requested His Excellency the President of the Republic of Turkey to assume its Chairmanship. The Standing Committee has been mandated to follow-up the implementation of all resolutions and decisions pertaining to economic and commercial cooperation adopted during the meetings held within the framework of the QIC, undertake studies for strengthening cooperation among the Member States and draw up programmes and submit proposals to that effect. In pursuance of the Summit decision, the historic first meeting of the Standing Committee for Economic and Commercial Cooperation was held in Istanbul in November 1984 attended by the Ministers of Trade of the Member States. Concurrently, the Second Ministerial Consultation on Industrial Cooperation was also convened with the meeting of the Standing Committee.

4. The Standing Committee decided "to establish a Follow-up Committee, at Ministerial level, to assist the Chairman, supported by the Secretary General and composed of the Members of the Bureau of the Standing Committee, which will work in close collaboration with relevant Institutions established within the OIC framework to deal with all the issues pertaining to economic and commercial cooperation among Member States." The present meeting has been convened in line with this decision. It is

relevant to mention here that the meeting of the Follow-up Committee on Industrial Cooperation is also being held simultaneously with this meeting.

Mr. Chairman, Excellencies,

5. The General Secretariat has prepared a comprehensive report on the progress achieved in respect of implementation of the decisions of the First Session of the Standing Committee for Economic and Commercial Cooperation and the same has been distributed amongst you. I would like to highlight here some of the important developments which are mentioned in the report.

6. Concerning the "Financial Measures for the Promotion of Intra-Islamic Trade", the Islamic Development Bank convened a meeting of group of experts for the purpose of preparing feasibility studies on the establishment of longer-term financing facilities ; a regional export credit guarantee scheme; and a multilateral Islamic clearing union.. In pursuance of the mandate given by the Standing Committee, the IDS formed a task force which was assigned the task of preparing background papers on the three proposed financial measures for the promotion of intra-trade among the OIC Member States. The report which contains a set of recommendations has been attached with the General Secretariat's paper.

7. The Islamic Centre for Development of Trade (ICDT) in Casablanca was given the task to prepare a feasibility study on the modalities of a trade information network for the promotion of trade among the Member States. The Trade Centre has completed the above study. Other tasks/studies assigned to the Casablanca Centre by the Standing Committee are in their final stages of completion.

8. The Statistical, Economic and Social Research and Training Centre in Ankara has been actively following the implementation of several decisions of the Standing Committee. With regard to Science and Technology, the Director General of the Islamic Foundation for Science, Tectnology and Development will submit a full report to the Honourable delegates.

9. As for Joint Venture project proposals, I would like to mention that several proposals which were found to be feasible and backed by full documentation were scrutinized by the Islamic Chamber of Commerce, Industry and Commodity Exchange and were forwarded to the Islamic Development/Bank for possible financing. The Islamic Development Bank has proposed a tripartite meeting among OIC, IDB and the Islamic Chamber to discuss the subject of joint venture projects which is expected to be held very shortly.

10. Possibilities have also been explored, for availing of technical assistance funds available with the Islamic Development Bank for the identification, design and implementation of joint venture projects. UNIDO and AIDO have also been requested to consider contributing from their technical assistance programme. In fact, these three agencies have expressed their willingness to provide assistance for joint ventures. In this, connection, I would like to mention that UNIDO has already signed a technical cooperation agreement with the Islamic Chamber and has recently submitted some specific proposals in the industrial cooperation sector which are under scrutiny by the General Secretariat and concerned OIC agencies.

Mr. Chairman,
Distinguished delegates,

11. I feel time is opportune and immense possibilities exist for exploring carefully, the potentials for establishing a broad based economic cooperation among OIC Member States there by

strengthening the economic position of the Islamic Ummah. In a world of uncertainty and economic shortages, it is imperative that we should explore means of cooperation among ourselves and harness all our resources for improving our economic position. Economic realities of today increasingly point to a closer and more effective South-South cooperation. As such, it is necessary for the Member States of our Organization to fully develop intra-Islamic trade cooperation in order to do away with the overdependence on non-member countries and to mutually benefit from the commodities and products with which the Islamic world is endowed. However, to attain this would necessitate the adoption of certain institutional measures, including a system of preferential arrangements, removal of trade barriers, and other similar arrangements to encourage and promote commercial exchanges. Consideration would also have to be given to financing of foreign trade and creating the necessary mechanisms required for this purpose.

Mr. Chairman,
Excellencies, and
Dear Brothers,

12. I need not emphasize the importance of our present meeting which will discuss and review the progress achieved on the important recommendations and decisions of the Standing Committee taken at its First Session last year. I am confident, the distinguished Ministers while reviewing the progress will formulate appropriate recommendations to evolve a system whereby Member States provide the information and respond promptly to the questionnaires etc. sent out to them. The distinguished Ministers will give due consideration to the question of finance for implementing the programme of industrial cooperation.

13. At this stage, I would like to point out that there is a long list of subjects on which studies are not yet completed.

This can be seen from the provisional agenda before you. The studies and other tasks to be satisfactorily completed require allocation of substantial resources. In the earlier stages of implementation of the programme, it is inevitable that there is greater emphasis on activities such as expert group meetings, studies etc. as these help in generating ideas for cooperation. The General Secretariat and its Subsidiary and Affiliated Organs continue to be seriously afflicted by shortage of funds to organise these meetings and undertake the studies.

14. While we can be justly proud of what we have achieved so far we must not lose sight of the fact that the task which lies ahead is enormous and daunting. This calls for determined efforts on the part of all of us - efforts which need to be carefully monitored and coordinated.

However, given the existing political will, devotion to duty, singleness of purpose and above all, belief and faith in the Almighty Allah and the revered tenets of our great religion Islam, a prosperous future for the Ummah would be attainable.

15. In conclusion, Mr. Chairman, may I once again thank you for your gracious presence and express our deep appreciation to the Government of the Republic of Turkey for having hosted the meeting of the Follow-up Committee.

WASSALAMU ALAIKUM WA RAHMATULLAHI WA BARAKATUH

Original : English

ANEX - VI
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

TEXT OF THE SPEECH BY H.E. Mr. CAHIT ARAL
Minister of Industry and Trade of the Republic of Turkey,
Chairman of the Follow-up Committee of the Ministers of Industry

Excellencies, Distinguished Guests,

It is an honour and a privilege for me to address you on the occasion of the meetings of the two Follow-up Committees for COMCEC and Industrial Cooperation.

The first meeting of the Standing Committee for Economic and Commercial Cooperation held in Istanbul in November 1984 gave the members of OIC the opportunity to start work for the realisation of a comprehensive economic and commercial cooperation among themselves. The work of the Committee for Industrial Cooperation goes back further than November 1984. However it was fortunate that the Ministers of Industry could meet concurrently with the Standing Committee and report the progress they achieved directly to the Standing Committee.

As the chairman of the Follow-up committee for industrial cooperation, I wanted to make maximum use of the benefits of such concurrent meetings, and invited the distinguished members of that committee to again coincide their meeting with a meeting of the COMCEC. I am grateful for their agreement to do so.

Nine months have passed since the meeting of 1984. We believe we have made important progress in the implementation of the decisions of the Ministers of Industry. However, there is still more ground to cover. I am confident that this meeting will provide us with the opportunity to take stock of what we have been able to achieve and what further work needs to be done and report our findings to the COMCEC Follow-up Committee within these two days.

I believe that the meetings of these two committees will be another important step towards fruitful economic and commercial cooperation among the Islamic countries.

I wish to all the distinguished participants success in their deliberations and hope you enjoy your stay in Istanbul.

IS/COMCEC/A-5

Original : English

ANNEX - VII
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

AGENDA FOR THE MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC

Istanbul, Turkey, 9-11 September 1985

1. Opening of the Session
 - Inaugural statement by H.E. Mr. Kaya ERDEM, Chairman of the Follow-up Committee of the COMCEC.
 - Statement on behalf of the Secretary General of the OIC.
 - Statement by H.E. Mr. Cahit ARAL, Chairman of the Follow-up Committee of the Ministers of Industry.
 - Other statements.
2. Adoption of the Agenda.
3. Presentation of a "Background Paper" by the Coordination Office for the COMCEC on economic cooperation among the Member States of the OIC and the tasks of the COMCEC.
4. Presentation and discussion of the progress report
 - a) Presentation of a report by the General Secretariat on the progress achieved by the Member States and the affiliated and subsidiary organs of the OIC regarding the implementation of the decisions subject to follow-up.

- b) Discussion of the report of the General Secretariat.
 - c) Recommendations, if any, to increase the effectiveness of the ongoing activities regarding the implementation of the decisions of the COMCEC.
 - d) Consideration of subjects on which studies are not yet completed and recommendations for their early completion.
5. Discussion of a background paper presented by the Coordination Office for the COMCEC on the composition and functioning of the COMCEC.
 6. Consideration of the draft agenda for the second session of the COMCEC (COMCEC-II).
 7. Presentation of the Report of the Follow-up Committee of the Ministers of Industry.
 8. Any other business.
 9. Adoption of the report of The Follow-up Committee to be submitted to the COMCEC II.
 10. Closing of the Session.

IS/COMCEC/D-11

Original : English

ANNEX - VIII
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

3 Dhulhijjah 1405

Ankara, 19 August 1965

ECONOMIC COOPERATION AMONG THE MEMBER STATES
OF THE O I C AND THE TASK OF THE STANDING COMMITTEE

A background paper for Agenda item 3 of the Meeting of the
Follow-up Committee of the COMCEC
to be held in Istanbul on 9-11 September 1985

Prepared by
the Coordination Office for the COMCEC

CONTENTS

- I- Purpose
- II- Scope
- III- Introduction
- IV- World Economic Order and the Necessity of Collective Self-Reliance.
 - A. World Economy and Developing Countries
 - B. Recent Economic Developments In the Member States of the OIC.
 - C. The Strategy of Collective Self-Reliance.
- V- Economic Cooperation Among the Member States of the OIC and the Task of the COMCEC.
 - A. Developments Prior to the Formation of the COMCEC.
 - B. Major Areas of Economic Cooperation Among the Member States of the OIC.
 - C. Interaction Among the Targets of Economic Cooperation.
 - D. Obstacles to Cooperation.
- VI- Conclusion.

ECONOMIC COOPERATION AMONG THE MEMBER STATES
OF THE O I C AND THE TASKS OF THE STANDING COMMITTEE

I- PURPOSE

1. The purpose of this paper is to give an overall evaluation on some aspects of economic cooperation among the Member States with a view to stimulating discussions on the appropriate ways of establishing an efficient mechanism for the coordination and follow-up of the ongoing activities pertaining to economic cooperation.

II- SCOPE

2. Economic cooperation is a vast area covering a multitude of measures and activities. Every work to be accomplished in this respect may be considered as a priority task. However, it is of utmost importance that a rational methodology be developed for coordination and follow-up of the ongoing activities. Instead of embarking upon an exercise of working out a detailed methodology, discussions in this paper concentrate on the very first step to be taken towards the development of such a methodology. Some background information is given to the extent that it is necessary to explain the nature of the problem.

III- INTRODUCTION

3. The Organization of the Islamic Conference (OIC), initially set up as a political reaction of a limited number of countries to the unfortunate act of terrorism carried out on August 21, 1969, against the Masjid Al Aqsa, gradually developed into an international organisation through which common interests of the Islamic countries of the Third World can be pursued effectively.

4. As it stands today, OIC is the most appropriate body under whose guidance the objective of collective self-reliance among the Member States can be attained most easily. In the resolution of the Third Islamic Summit in 1981, it was emphasized that increased cooperation in the economic and commercial areas is the prerequisite for the realization of this objective. In fact, the ten-point "Plan of Action to Strengthen Economic Cooperation Among Member States", approved during the Third Islamic Summit, is a clear indication of the recognition of this necessity.

5. The establishment of the COMCEC has been an important step in endowing the Islamic ummah with an appropriate institutional framework necessary for effective coordination and follow-up of the implementation of decisions, as well as for identification of new possibilities pertaining to economic cooperation among the Member States. However, there is room for improvement in this institutional framework in order to eliminate some uncertainties regarding the ways and means of coordination.

6. A short evaluation of the prospects of developing countries vis-a-vis the world division of labor, and of certain aspects of recent economic developments in the Member Countries are given in the Fourth Part to emphasize the necessity of developing a strategy leading to collective self-reliance.

7. In the Fifth Part an attempt is made to assess the extent of the responsibilities of the Standing Committee For Economic and Commercial Cooperation (COMCEC) and to discuss the appropriate mechanism for coordination and follow-up of related activities.

fl. Finally, a proposal is made in the Conclusion regarding the appropriate action which may be taken as a first step of the development of a rational methodology for an effective coordination and follow-up of economic cooperation activities within the OIC.

IV- WORLD ECONOMIC ORDER AND THE NECESSITY OF COLLECTIVE SELF-RELIANCE.

A. World Economy and Developing Countries.

9. During the last fifteen years, the world economy has undergone some important structural changes with different implications for different groups of countries. The post-World War II expansion and prosperity in the world economy and trade, which was more strongly felt by the people living in the industrialized countries, left its place to prolonged periods of recession by late 1960s.

10. Over-accumulation of capital and development of monopolistic economic structures in the industrialized countries during the post-World War II period were among the major causes behind the falling rates of investment and profit, and increasing rates of inflation in the world economy after 1970. The economies of the industrialized countries have become so rigid by 1973 that they could not absorb the effects of the increase in the world oil prices; the market mechanism was no longer operating efficiently.

11. The over-expansionary policies of the industrialized countries to counter the recessionary effects of the first round of increase in oil prices unexpectedly resulted in continued stagnation and accelerated rates of inflation both occurring at the same time (stagflation). The deteriorating terms of trade of the oil-exporting countries led to another round of increase in the world oil prices towards the end of 1979. Starting from 1980, the industrialized countries began to implement deflationary monetary and fiscal policies; this time to counter the inflationary effects of oil price increases. These policies were

successful in bringing down the rates of inflation, but at the expense of a severe world economic recession and sharp falls in the volume of the world trade.

12. It is interesting to note that while the positive effects of the expansionary phases of the world economy on the economies of developing countries are rather limited; the adverse effects of recession and stagnation in the world economy have been very strong and far reaching. The process of economic development in the developing countries acquired a lop-sided character which restricted the transmission of the positive effects of cyclical up-turns in the world economy to a limited number of sectors. Moreover, the rather easy availability of foreign credits on softer terms during cyclical up-turns in the world economy, resulted in the rapid accumulation of foreign debts. During times of recession and stagnation, the situation in developing countries becomes much worse than that in the industrialized countries due to the fact that rapidly deteriorating terms of trade and sharp falls in foreign exchange earnings put unbearable strains on their economies. This observation was confirmed by the recent developments in the world economy.

B. Recent Economic Developments in the Member States of the OIC.

13. The record rates of economic growth, fueled by huge inflows of capital and enormous budget deficits in the U.S. economy starting from mid-1983 was the basic cause of the relative improvement in the world economic situation during 1983-1984 period. This improvement, however, remained rather limited to U.S., Japan, and some developing countries of South-East Asia.

14. According to a recently finalized study undertaken by the Ankara Center, the trends in the scanty and provisional economic indicators for 1983-1984 suggest that economies of the majority

of the member states have not been favourably effected from the improvements in the world economic situation, and that the situation with respect to terms of trade and foreign indebtedness, even deteriorated.

15. It is estimated that annual average rate of growth in 20. least developed member countries slowed down from 1.8 percent in 1983 to 1.5 percent in 1984, and that of 11 middle income member countries recorded a relative improvement, increasing from 4.9 in 1983 to 5.4 in 1984. However high rates of population growth eroded a substantial portion of economic growth. The annual average rate of growth in the oil producing member countries increased to 3.1 percent in 1984 after having recorded a negative rate of 1.3 percent in 1983 as a result of improvements in the non-oil sectors, especially in Saudi Arabia.

16. The available data on the member countries reveal that their balances of external payments continued to deteriorate in 1984 notwithstanding the improvement in the world economic situation.

17. It is estimated that, on the average, the net barter terms of trade of all the OIC member countries deteriorated by 4.3 percent in 1984 as compared to 1983 and by 19.1 percent as compared to 1981. The deterioration in the terms of trade is more pronounced in the case of the group of the least developed member countries.

18. As a consequence of the above, the member countries, being unable to pay for their imports with their export revenues continued to resort to foreign borrowing to meet their requirements of foreign exchange. The total outstanding external debt of 13 member countries for which data are available, increased by \$ US 5.5 billion in 1984. The available statistics on the debt-service-ratios of the member countries indicate a

sharp increase in the foreign debt burdens in 1984. The average debt-service-ratio for 12 member countries increased from 15.7 in 1983 to 36.5 in 1984.

19. The recent economic developments in the member countries of the DIG summarized above, especially those related to the external economic developments, reflect a deterioration in the welfare and living standards of the people in these countries, and an increased dependence of the economies of these countries on external sources of finance.

C. The Strategy of Collective Self-Reliance

20. A passive adaptation to the existing world division of labor is not a way out for the developing countries from their impasse. Such an adaptation is likely to increase dependence and lead to further impoverishment for the majority of the people living in these countries. Neither is it conceivable to sever all relations with the industrialized countries. Such a course of action would impose severe socio-economic and technological costs on developing countries.

21. Nevertheless, the courses described above could be combined in such a way as to draw the maximum advantage. However, in order to achieve this goal, it is essential for the developing countries to rely on their own efforts and bring their financial, technological and manpower resources together for a strategy of collective self-reliance.

22. The concept of "collective self-reliance" as an objective to be attained through meaningful economic cooperation among the developing countries was formulated in the Fourth Ministerial Meeting of the Group of 77 in Arusha, Tanzania, in February 1979; that is two years before the adoption of the "Plan of Action" in the Third Islamic Summit.

23. Collective self-reliance is viewed as an essential element of an overall strategy for development, encompassing the restructuring of international economic relations. It was also emphasized that economic cooperation among developing countries is a key element of this strategy. Because it embodies the potential for joint action by developing countries that will strengthen their capacity to negotiate with developed countries.

2k. The "Plan of Action to Strengthen Economic Cooperation Among Member States" adopted during the Third Islamic Summit in 1981 explicitly recognizes the necessity of a strategy of collective self-reliance as an instrument in achieving the ultimate objective of the New International Economic Order. This recognition is an indication of the understanding within the OIC that Islamic countries are a sub-group of the developing countries and have common problems and prospects with them. Appropriate and efficient channels of cooperation with the existing groupings of the developing countries, such as the Group 77 and the Non-Aligned Movement, should be established in order to benefit from their experience and vice versa.

V- ECONOMIC COOPERATION AMONG THE MEMBER STATES OF THE OIC AND THE TASK OF THE COMCEC.

A. Developments Prior to the Formation of the COMCEC.

25. The period from 1969 to 1981 was significant in the history of the OIC. During this period the importance of economic cooperation for Islamic solidarity has been recognized, and an institutional framework has been established for this purpose. However, the activities pertaining to economic cooperation remained rather dispersed and uncoordinated.

26. The COMCEC has been formally established, together with two other Standing Committees, by the resolution no: 13/3 - P(IS)

passed during the Third Islamic Summit in January 1981. However, it did not become operational until the Fourth Islamic Summit in 1964.

27. Considerable progress has been achieved before 1981, with the creation of specialized organs and institutions which laid the foundations of an institutional set up necessary for an efficient economic cooperation.

28. Establishment of the specialized departments within the DIG Secretariat dealing with economic issues, the creation of the Islamic Commission for Economic, Social and Cultural Affairs, and finally the approval of the General Agreement on Economic, Technical and Commercial Cooperation Among the Member States were major developments up to 1977 defining the legal and institutional framework.

29. It was from 1977 onwards that activities, generally in the form of discussions of economic cooperation issues and formulation of recommendations at the experts level, have been intensified. Experts' group meetings on trade, technical cooperation, planning and developmental issues, transport and communications are worth mentioning in this respect. Another noteworthy development was the initiation of the meetings of the Central Bank Governors of the Member States in March 1978, where monetary and financial aspects of economic cooperation were scrutinized and practical recommendations were formulated at the level of high government officials.

B. Major Areas of Economic Cooperation Among the Member States of the OIC

30. It was not until the Third Summit in 1981 that the economic cooperation among the Member States was given a serious and systematic attention.

31. The "Plan of Action" specifies, in general terms, the targets, to be attained and outlines the courses of action to be taken in order to attain these targets pertaining to 10 major areas of economic cooperation. Six of these areas have been identified as priority areas during the Fourth Islamic Summit in 1984 namely,

- food and agricultural development,
- trade,
- industry,
- transport and communications,
- energy, and
- science and technology.

To ensure a satisfactory level of cooperation among the Member States in five of these areas, except science and technology which constitutes the major area of responsibility of another Standing Committee, appears to be the immediate task of the COMCEC.

32. The targets and recommendations stated in the "Plan of Action" regarding these five areas constitute the basis of subsequent activities and prospective accomplishments. Therefore, it would be appropriate to screen these targets in order to assess the dimension of the work to be accomplished. The main targets and recommendations pertaining to these areas are given below under separate headings :

Food and Agriculture :

- to ensure the maximum level of utilization of the existing potentials in the production of food and to take necessary measures, such as the creation of food reserves and stocks, to ensure the food security within the Islamic World,
- to develop agro-related industries,

- to improve the agricultural infrastructure and transport facilities,
- to take necessary measures for the financing of agricultural and food projects.

Trade :

- to strengthen export promotion activities with particular emphasis on cooperation in the fields of insurance, reinsurance, export credit guarantee, and the possible establishment of clearing mechanisms,
- to facilitate joint-ventures as instruments of trade promotion among the Member States, and to reduce the tariff and non-tariff barriers to intra-Islamic trade through multilateral trade arrangements,
- to make an inventory of existing preferential practices, and to establish a system of trade preferences in order to realize the ultimate objective of a free trade area,
- to study the feasibility of the harmonization of standards applied in the Member States.

Industry :

- to develop appropriate policies and programmes at the national and regional levels conducive to rapid industrialization, as an indispensable element and a dynamic instrument of self-sustained growth,
- to conclude bilateral and/or multilateral agreements of industrial cooperation among Member States with a view to strengthening the manufacturing capacities and acceleration of industrialization in Member States to contribute to their collective self-reliance,
- to promote joint-ventures among Member States in the field of food and agriculture, industry, trade, marketing, research, service and infra-structure. The Islamic Development Bank and the Karachi Center may establish mechanisms for the promotion and implementation of joint venture projects among Member States.

Transport and Communications :

- to harmonize the activities of the Member States in the fields of transport and communications, and to speed up creation of Institutional mechanisms necessary for cooperation in these fields.

Energy :

- to encourage greater cooperation among Member States in the areas related to the production of energy and the most effective utilization of it.

33. Although cooperation in monetary and financial matters has not been included among the priority areas, it is obvious that cooperation in these areas is an indispensable prerequisite of a successful cooperation in every area and sector of the economy. The Plan of Action states the following as the main objectives in the field of monetary and financial cooperation:

- to take appropriate action for enhanced flow of financial resources into the Member States, giving special consideration to the needs of the least developed Member States, on better terms and conditions,

- to strengthen direct cooperation between financial institutions in Member States in the area of direct financing and other banking facilities in the area of intra-Islamic trade, and to support Islamic financial institutions particularly the Islamic Development Bank ;

- to strengthen existing payments arrangements among the Member States and to explore the possibility of setting up a network of multilateral schemes ;

- to complete the assessment of the existing national capital markets for the possibilities of improved access by other

interested Member States to these markets with a view to encouraging investment within the Member States on the basis of mutual benefits and sound commercial practice.

34. In fact, the annual meetings of Governors of Central Banks and Monetary Authorities have been one of the most successful fora of the OIC as far as both the number of studies completed and that of institutions established are concerned.

35. However, this forum became rather quiescent after its fifth meeting in 1982. The Governors during their sixth and last meeting in February 1984 agreed that they should meet periodically, preferably every two years, and that they are prepared to meet as and when so requested by the COMCEC (1).

36. Other areas of intense activity have been trade, food and agriculture, and industry in that order of importance. Transport and communication and energy stand out as rather neglected areas of economic cooperation (2).

37. Cooperation activities in trade and industry have been given a new impetus during the First Session of the COMCEC, and those regarding food and agriculture will be revitalized during the Second Session in the beginning of 1986.

(1) Report of The Sixth Meeting of Central Bank Governors and Monetary Authorities of the Member States, 1-2 February 1984, Dhaka.

(2) For further information see : Journal of Economic Cooperation Among Islamic Countries, SESRICIC, V: 2, No:18, January 1984, Ankara.pp. 10-21.

38. The task of the COMCEC is by no means confined to the follow-up of those decisions and activities which have been initiated after its establishment. It should cover all activities related to economic cooperation among the Member States.

39. Taking one or two apparently different areas of economic cooperation under scrutiny at a time during each annual session of the COMCEC may, however, render it difficult to take advantage of the interactions among various areas, and may result in the perpetuation of existing weaknesses in their coordination.

C. Interactions Among the Targets of Economic Cooperation.

40. There are interactions among the areas of economic cooperation and related activities necessary for the achievement of the targets as specified in the "Plan of Action" and among others which may be developed in the future.

The promotion of a system of trade preference among the Member States, for example, cannot be conceived independently from other measures. It is difficult to achieve positive results in this field unless appropriate and specific measures are taken to lower transportation costs, to create necessary financial institutions and mechanisms, and to develop adequate production and marketing bases in different sectors of the economies of the involved countries.

41. Monetary and financial cooperation, on the other hand, cannot be promoted independently of the other activities mentioned above. Payment arrangements are essential to finance regional and sub-regional trade and facilitate the expansion of intra-regional trade through the provision of credit which alleviates balance-of-payments problems. Availability of finance for export credits and guarantees facilitates the expansion of

trade in capital goods among the countries concerned. This, together with adequate financing facilities for multinational joint venture projects in agriculture, industry and marketing, becomes an essential element in interrelated mechanisms for the promotion of economic cooperation.

42. The point to be stressed is that all these activities, if properly coordinated, will make a spiral effect. Consequently, it is all the more important to initiate a comprehensive and coherent strategy for economic cooperation among the Member States of the OIC.

43. However, the more comprehensive a strategy of economic cooperation, the more likely it is to encounter obstacles of political, cultural and economic nature. These obstacles, unless clearly identified and properly dealt with, would render all the efforts ineffective.

D. Obstacles to Cooperation

44. The experience indicates that there are following obstacles to economic cooperation among developing countries :

- The differences in the levels of resources, population and territory.

- The resistance of domestic interest groups in order not to lose their acquired advantages.

- Cultural, political and economic ties with the industrialized countries.

- Consideration of national security issues.

- Historical experiences of conflict, competition, and mistrust among neighbouring countries.

- Overriding interest to secure unilateral national advantages of a short term nature, and insufficient care for a more cooperative, long-term approach that would benefit all those concerned.

- Unwillingness to transfer any portion of the national decision-making authority to a multilateral common decision-making body.

- Insufficient political communication.

- Absence of popular support for integration and cooperation activities.

45. It may not be possible, and sometimes it is impossible, to eliminate overnight all these obstacles, but a step by step approach to circumvent them may be conceived.

46. One such strategy would be to set up informal mechanisms for specific purposes based on specific projects. This would be politically more feasible. It also offers enough space for movement to accommodate the requirements of different economic models.

47. Another way is to ensure the support of as many different groups as possible for the process of economic cooperation. In particular, the private sector should be motivated to participate in the process. This could be achieved by dissemination of information about cooperation activities through mass media. On the other hand, every occasion should be used to promote direct contact between the representatives of the private sector in the Member States.

Still another way is to ensure a maximum level of participation of the Member States in the decisions pertaining to economic cooperation and every effort should be made to motivate their participation in the ensuing activities in order to render the acceptance of the results more easy.

VI- CONCLUSION

48. The establishment of the COMCEC was an indication of the need felt within the OIC to streamline activities related to economic cooperation.

49. In order to satisfy this need, COMCEC is in a position, first of all, to develop effective and rational methods and procedures to monitor and follow-up all the activities related to various aspects of economic cooperation. It is also in a position to make realistic recommendations for appropriate action to ensure a rapid implementation of measures proposed in various OIC fora.

50. An appropriate starting point for the development of a rational methodology for the follow-up would be to make an inventory of all the resolutions and ensuing activities pertaining to economic cooperation undertaken by relevant fora since the establishment of the OIC. Such an inventory would help to make a realistic assessment of the past and facilitate the identification of existing problems and bottlenecks. Those proposals and measures which may not be suitable for immediate implementation may be deferred to more propitious times.

51. It is important to give due consideration to the interactions between different areas and sectors of economic cooperation in order to avoid duplications and to ensure an effective follow-up and implementation of proposed measures. A practical approach in this respect would be to give priority to those measures, the implementation of which will strengthen economic cooperation in as many areas or sectors as possible. Realization of joint-venture projects and establishment of monetary and financial arrangements between the participating countries are among the most notable measures cutting across a wide spectrum of areas of economic cooperation.

52. The Follow-up Committee may wish to entrust the task of working out an inventory, as suggested in para 50, either to an appropriate existing organ of the OIC, or to an open-ended Task Force to be formed with the participation of experts from the interested Member States.

Original : English

ANNEX - IX
to the Report of the
First Meeting of the
Fallou-up Committee
of the COMCEC

REPORT OF THE GENERAL SECRETARIAT ON THE PROGRESS
ACHIEVED IN RESPECT OF IMPLEMENTATION OF THE
DECISIONS OF THE FIRST SESSION OF THE STANDING
COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION

ISTANBUL, REPUBLIC OF TURKEY

SEPTEMBER 9-11, 1985

The Third Islamic Summit Conference took a major initiative to boost all round cooperation among Member States by establishing three Standing Committees for (1) Scientific and Technical Cooperation; (2) Economic and Commercial Cooperation ; and (3) information and Cultural Affairs ; to be headed by Heads of State. The Summit decided that :

" The tasks of these Committees shall consist in following-up the implementation of resolutions adopted by the Islamic Conference in the pertinent fields, and to explore ways and means for furthering cooperation among Member States in these fields."

2. The Permanent Committee on Economic and Commercial Cooperation was activated during the Fourth Islamic Summit Conference when the President of the Republic of Turkey was entrusted with the Chairmanship. The activation of the Standing Committee ensured effective follow up at the highest level of the relevant resolutions adopted by OIC in the economic field; taking up selective areas of high priority as determined by the Fourth Islamic Summit.

3. In pursuance of the Summit decision, the first meeting of the Standing Committee for Economic and Commercial Cooperation was held in Istanbul, Republic of Turkey from 14 to 16 November 1984. Two meetings at Ministerial level on Industrial Cooperation and Trade were also held concurrently with the meeting of the Standing Committee.

4. The Standing Committee adopted resolutions on institutional issues and agreed to :

(i) Submit for necessary action, the resolutions and the recommendations adopted by the Standing Committee for Economic and Commercial Cooperation to the Head of State of each Member State by the Chairman of the Standing Committee.

(ii) Apprise the Islamic Conference of Foreign Ministers of its resolutions and recommendations.

(iii) Requested the Islamic Commission for Economic, Cultural and Social Affairs of the OIC as well as the subsidiary and affiliated agencies and other bodies of the OIC in the economic field to present progress reports on their economic and commercial activities in order to enable the Standing Committee to coordinate and follow up the implementation of the OIC resolutions in these fields.

(iv) Establish a Follow-up Committee, at Ministerial level, to assist the Chairman supported by the Secretary General and composed of the Members of the Bureau of the Standing Committee, which will work in close collaboration with relevant Institutions established within the OIC framework to deal with all the issues pertaining to economic and commercial cooperation among Member States."

5. In view of the above resolutions the Government of Turkey has convened the meeting of the Follow-up Committee in Istanbul from September 9-11, 1985. The following Members of the Bureau of the First Session of the Standing Committee are the Members of the Follow-up Committee :

- | | |
|----------------|-----------------|
| - Turkey | - Chairman |
| - Saudi Arabia | - Vice-Chairman |
| - Pakistan | - Vice-Chairman |
| - Guinea | - Vice-Chairman |
| - Palestine | - Vice-Chairman |
| - Jordan | - Rapporteur. |

6. Ministerial meetings on Trade Cooperation and the Second Ministerial Consultation on Industrial Cooperation were held concurrently with the Standing Committee meeting. On Trade Cooperation, the following decisions were taken :

I. ESTABLISHMENT OF A TRADE INFORMATION NETWORK :

7. The Islamic Centre for Development of Trade (ICDT) in Casablanca was given the task to prepare a feasibility study on the modalities of a trade information network for the promotion of trade among the Member States. The ICDT has very recently completed the feasibility study in collaboration with other related agencies (copy attached at Annex 'A'). The General Secretariat shall circulate this study among the OIC Member States shortly for their comments and observations. An expert group meeting would be convened on receipt of reply from the Member States.

II. HARMONIZATION OF STANDARDS :

B. The Turkish Standart Institution held an expert group meeting on Standardization in Istanbul in April 1985. The expert group made the following recommendations :

" (i) The OIC Member countries should cooperate in the field of standardization in order to benefit from one another's experience.

(ii) The standards applied in the Member countries of the OIC should be harmonized as far as possible to ensure the promotion of trade among the Islamic countries without jeopardizing the acceptable level of the quality of their products.

(iii) The OIC Member countries should set up training programmes taking into consideration the needs and capabilities of the Member countries and other resources, based on the data collected from the Member countries.

(iv) A study should be conducted to formulate methods for exchange of information.

(v) Guidelines should be formulated to harmonize certification procedures.

(vi) A Coordinating Committee should be established composed of the members of the Bureau of the First Meeting of the Standardization Experts in order to carry out the action needed for the implementation of the above recommendations."

The report of the above meeting has been circulated to the Member States Standardization Institutions by the host authorities.

III. STRENGTHENING AND STREAMLINING OF TRADE PROMOTION ACTIVITIES

9. To strengthen and streamline trade information activities among the Member States it was decided to organise periodic Islamic trade fairs and establish permanent trade centres. For this, it was decided by the Standing Committee to set up a technical group composed of the following :

- a) The Member States hosting the Islamic Fair.
- b) The Member States which has organised the previous Fair.
- c) The Islamic country applying to arrange the next Fair.
- d) I.C.D.T.
- e) Islamic Chamber of Commerce, Industry and Commodity Exchange.

The Islamic Centre for Development of Trade (ICDT) was entrusted with the responsibility of coordinating and following up of the activities related to the organisation of Islamic Trade Fair.

The Government of the Kingdom of Morocco has recently offered to organise the Second Islamic Trade Fair in Morocco in April 1986. Member States have already been urged by the General Secretariat to actively participate in the Trade Fair. The ICDT and the ICCICE have been following up the matter with the host authorities.

The ICDT has also been directed to prepare a directory of exporters and importers of Member States which is in the process of preparation.

IV. FINANCIAL MEASURES FOR THE PROMOTION OF INTRA-ISLAMIC TRADE

10. The Islamic Development Bank was entrusted by the Standing Committee to convene a group of experts for the purpose of preparing feasibility studies on the establishment of :

- Longer-term financing facilities
- A regional Export Credit Guarantee Scheme ; and
- A Multilateral Islamic Clearing Union.

In pursuance of the mandate given by the Standing Committee, the IDB formed a task force which was assigned the task of preparing the background papers on the three proposed financial measures for the promotion of intra-trade among the OIC Member States.

The Expert Group meeting was held in Jeddah under the auspices of IDB from May 13-16, 1985. The meeting was attended by 30 experts from 31 Member States. The meeting

which was inaugurated by His Excellency Mr. Mohammad Aba Al-Khail, Minister of Finance and National Economy of the Kingdom of Saudi Arabia and the Vice-Chairman of the First Session of the Standing Committee, agreed on a set of recommendations which the enclosed report contains (Annex "B "). The report has been circulated to all Member States and concerned agencies by the General Secretariat for their comments and observations.

V. TRADE PROMOTING REGIONAL PREFERENTIAL MEASURES:

10. The Standing Committee decided that an open-ended group composed of the General Secretariat, the ICOT, the ICCICE and trade experts of the interested Member States should be formed to work out the principles, rules and time-table for negotiations on the selected products in conformity with those recommended for the GSTP negotiations.

In view of the above decision, the Islamic Centre for Development of Trade (ICDT) has:

Undertaken to elaborate an inventory in line with the above decision;

prepared an inventory on the basis of information provided by the UNCTAD;

requested the Member States to up date and/or complete this information;

prepared a paper presenting some of the major regional economic groupings existing within the Islamic world.

12. The General Secretariat, while appreciating the role being played by the ICDT with regard to trade promoting regional preferential measures, recommends to urge the Member States and the concerned agencies to fully cooperate and collaborate with the ICDT to accomplish this important task.

VI. A PROGRAMME FOR TECHNICAL COOPERATION IN TRADE

13. On the programme for Technical Cooperation in trade the short-term and long-term measures decided by the Standing Committee for such multifaced cooperation need to receive active support of the Member States. Accordingly it is suggested that the ICDT may be requested to hold an expert group meeting to devise ways and means for implementing the short-term and long-term measures.

VII. MEASURES IN SUPPORT OF PALESTINE AND LEBANON

14. With regard to measures in support of Palestine and Lebanon, the matter is being pursued by the ICDT.

INDUSTRIAL COOPERATION

The follow-up of the decisions taken by the Ministers of Industry during the Second Meeting, will be carried out by a Committee composed of members of the Bureau of the Second Ministerial Consultation on Industrial Cooperation and the members of the Task Force. The Committee will report its activities to the main Follow-up Committee established by the Standing Committee. The meeting of the Follow-up Committee on Industrial Cooperation is being held concurrently with the main Follow-up Committee from September 9-11, 1985.

JOINT VENTURE PROJECTS

The Second Meeting of the Task Force held in Istanbul in March 1983, identified 57 project proposals including 10 proposals which were fully documented with detailed feasibility studies. The Islamic Chamber of Commerce, Industry and Commodity Exchange was identified as one of the agencies to seek out financial assistance and collaborators for these projects. These 10 project proposals were submitted to the Islamic Development Bank for their consideration. The Islamic Development Bank, in their turn, have reviewed and commented on the relevant studies of 10 joint venture projects and sent copies to the Islamic Chamber of Commerce, Industry and Commodity Exchange for its reaction on the studies.

Further, Islamic Development Bank has also proposed a tripartite meeting among OIC, IDB and the Islamic Chamber to discuss the subject of Joint Venture Projects to be held in September, 1985.

In accordance with the decision of the Second Meeting of the Task Force the Islamic Chamber of Commerce, Industry and Commodity Exchange receives joint venture project proposals from OIC Member States for onward transmission to the Islamic Development Bank for their consideration. Only few proposals have been received till to-date. Member States have been requested to establish contact with the Islamic Chamber of Commerce and the IDB in this respect under intimation to the General Secretariat.

ECONOMIC AND COMMERCIAL COOPERATION

The Fifteenth Islamic Conference of Foreign Ministers held in December 1984 approved the Statutes of the Islamic States Telecommunications Union and the Islamic Cement Association.

Copies of the Statutes have been circulated to all Member States with request to sign/ratify the same at their earliest convenience to enable the General Secretariat to take further steps for early establishment.

The Secretary General of the Islamic Shipowners Association has been appointed in accordance with the nomination made by the Government of the Kingdom of Saudi Arabia. A request for office space for accommodating the Islamic Shipowners Association is pending with the Government of the Kingdom of Saudi Arabia.

With regard to the establishment of the Islamic Civil Aviation Council in Tunis, it may be mentioned that only two Member States have so far ratified the Statute while two other Member States signed it only. To become operational the Statutes shall have to be ratified by 10 Member States. The General Secretariat have requested the Member States to sign and ratify the Statute of the Islamic Civil Aviation Council for its early operation.

The Follow-up Committee of the Standing Committee may consider renewing its appeal to the Member States to sign and/or ratify the Statutes of the newly created QIC agencies for early establishment.

IS/COMCEC/D-10

Original : English

ANNEX - X
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

26 Dhulka'dah 1405

Ankara, 12 August 1985

UNCERTAINTIES REGARDING THE COMPOSITION
OF THE COMCEC AND PROPOSED SOLUTIONS

A background paper for the Agenda item 5 of the Meeting of the
Follow-up Committee of the COMCEC to be held on 9-11 September
1985 in Istanbul

I- PURPOSE

1. The purpose of the present background paper is to point out
some uncertainties regarding the composition of the Standing
Committee for Economic and Commercial Cooperation of the
Organisation of the Islamic Conference (COMCEC) and to propose
solutions with a view to eliminating such uncertainties.

II- SCOPE

2. Although the existing uncertainties pertain both to the composition and the functioning of the COMCEC, the present paper deals mainly with the question of what could be the most suitable composition of the COMCEC. The functioning aspect of the problem is omitted advisedly, because any small alteration in the composition may cause a completely new set of rules concerning the functioning. It may therefore be more appropriate to elaborate the rules applicable to the functioning of the COMCEC after its composition is finalized.

III- INTRODUCTION

3. Main tasks of the COMCEC are to follow-up the implementation of the resolutions adopted in various fora of the OIC in order to strengthen economic and commercial cooperation among the member states and to draw up programs and submit proposals for that purpose.

14. "The Plan of Action to Strengthen Cooperation Among Member States" approved during the Third Islamic Summit is one of the main guidelines directing the activities of the COMCEC. It includes 10 major areas of economic cooperation among the member states, together with some recommendations of a general nature to strengthen cooperation in these areas. During the Fourth Islamic Summit the following six areas were assigned priority :

- Food and Agriculture
- Trade
- Industry
- Energy
- Transport and Communication
- Science and Technology

5. In order to be able to discharge its responsibilities, the COMCEC should have an appropriate body (forum) vested with the authority and competence to deal with these topics except science and technology for which another Standing Committee is responsible.

IV. UNCERTAINTIES IN THE COMPOSITION OF THE COMCEC

6. The First Session of the COMCEC, convened in Istanbul on 14-16 November 1984, was held concurrently with the meeting of the Ministers of Industry convened for their Second Consultation. But, the way the meetings were concluded led to the emergence of some uncertainties. These uncertainties stemmed from the fact that Trade Ministers and Ministers of Industry held their meetings separately, and eventually, the decisions adopted during these two separate meetings were reported to a plenary session composed of both Ministers of Trade and Industry. This plenary, chaired by the Bureau of the COMCEC, adopted the recommendations of the Ministers of Trade, whereas, in the case of the Ministers of Industry, it took note of their recommendations. This nuance in the approach raises the question of whether, in the eyes of the COMCEC, the meeting of the Ministers of Trade is subject to a status different from that of the meeting of the Ministers of Industry. Furthermore, in the report of the First Session of the COMCEC, it is mentioned that the meeting of the Ministers of Industry was held concurrently with the COMCEC, whereas there is no such a reference in relation to the meeting of the Trade Ministers.

This practice raises the question of determining what actually the COMCEC consists of. In fact if, in 1984, the Ministers of Industry had not held their meeting concurrently with the COMCEC, in other words, if the COMCEC was to be convened alone, it is not clear which ministers were expected to come together.

7. The experience of the First Session does not shed enough light on this uncertainty. Most of the items on the agenda of the First Session of the COMCEC were trade related matters because of the relative importance of trade within the framework of economic cooperation. As to the Second Consultation of the Ministers of Industry, the decision to hold it in 1984 in Turkey was made prior to the decision regarding the COMCEC meeting and independently from it. Since the subject matter of this Consultation pertained to an important field of economic cooperation, it was deemed appropriate to hold the Second Consultation concurrently with the First Session of the COMCEC.

8. This rather coincidental composition of the First Session of the COMCEC, may give the impression that the COMCEC as such consists of the meeting of the Ministers of Trade. Such an understanding is likely to create important drawbacks and potential difficulties which may hamper the fulfillment of the tasks of the COMCEC mandated to it by the Islamic Summits. Because ministers responsible for one or two different sectors of the economy, gathered in a session of the COMCEC, if they are not explicitly authorized to do so, will not automatically have the authority and competence to assess, endorse and monitor the decisions that do not enter their area of responsibility.

Therefore, it may be appropriate to determine the most suitable composition for the COMCEC.

V. SOME ALTERNATIVES FOR THE COMPOSITION OF THE COMCEC

9. Some of the uncertainties regarding the COMCEC pertain to the question of what is its present composition and how does it function. Two of the alternatives described hereafter are two different interpretations of how the First Session of the COMCEC actually took place. The two other alternatives are

proposed as a solution in order to minimize the existing uncertainties.

1. COMCEC to encompass all the meetings pertaining to economic cooperation

10. This is one of the ways of perceiving the First Session of the COMCEC. According to this perception, the COMCEC encompasses all the meetings of ministers responsible for various sectors of the economy of their respective countries. But such a perception reduces the COMCEC to an abstract concept. The coordination of the work done by various fora of this abstract institution will have to be carried out by the only concrete and permanent body which is the Bureau of the COMCEC. But such a small group of ministers will lack the required authority and competence which is necessary to coordinate, endorse and guide a wide range of activities pertaining to economic cooperation.

2. COMCEC as the meeting of the Ministers of Trade

11. Another way of perceiving the First Session of the COMCEC is to regard it primarily as a meeting of Ministers of Trade, supported by meetings of other ministers held concurrently with or independently from it. In fact, referring to the meeting of the Ministers of Industry, the documents say that it was held concurrently with the COMCEC, while in the case of the meeting of Ministers of Trade, there is no such reference. This implies that the meeting of Trade Ministers was not held concurrently with the COMCEC, it being the COMCEC itself.

12. This perception of the COMCEC entrusts to the Ministers of Trade the task of coordinating the work done by other ministers responsible for various sectors of the economy.

3. COMCEC as the meeting of rotating ministries

13. Each year the COMCEC could be convened as the meeting of ministers responsible for a particular sector of the economy. According to this approach, one session of the COMCEC will be held, for example, as the meeting of Ministers of Agriculture, the following session as the meeting of the Ministers of Energy and so on and so forth.

14. In this model, although the decisions will be made by the most directly interested ministers, the functioning of the whole mechanism may lead to a proliferation of meetings and follow-up committees and the coordination of activities pertaining to economic cooperation may become difficult.

4. COMCEC as the meeting of ministers responsible for the whole of the economy

15. Another model is to regard the COMCEC as a forum composed of the ministers of the member states responsible for the overall economic management in their respective countries, such as the ministers of national economy, ministers of planning or ministers of coordination. This will constitute the main body of the COMCEC, meeting once a year.

High level officials from other ministries may accompany the minister if there are on the agenda such issues in which those other ministries are more directly involved.

16. This model does not preclude the holding of ministerial consultations concurrently with or independently from the COMCEC. Neither does it preclude the functioning of follow-up mechanisms which have already been established before the creation of the COMCEC and those that may be established in the future. They will continue to function according to their own dynamics under the

coordination and guidance of the COMCEC. The COMCEC may, for instance, assign macro priorities and advise the ministers concerned to translate these macro targets into specific projects in their respective sectors of responsibility.

The Follow-up Committee of the COMCEC will monitor, as advised by the COMCEC, the implementation of the decisions taken at the ministerial meetings and will report the progress to the COMCEC for approval and guidance.

By forming the main body of the COMCEC in that way, the ministers in charge of overall economic management, unlike those responsible for a particular sector of the economy, will be in a better position to initiate and coordinate the implementation of the decisions of the COMCEC in their respective countries.

VI. CONCLUSION

17. An institution needs to be clearly defined in order to function properly. It is all the more necessary for a newly established international institution such as the COMCEC. The short description contained in the earlier paragraphs, gives a general idea of where the uncertainties stem from.

18. Several alternative solutions may be proposed to eliminate these uncertainties. But such alternatives which may solve one problem while creating new others have not been elaborated upon. Only the one which seemed to be the model that minimizes the disadvantages is summarized above.

19. The Follow-up Committee may wish either to select one of the solutions explained in this paper or a variation thereof or work out a new model that will enable the COMCEC to carry out the challenging task of ensuring a satisfactory level of economic cooperation within the Islamic ummah.

IS/COMCEC/A-6

Original : English

ANNEX - XI
to the Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

DRAFT AGENDA

For the Second Session of the
Standing Committee for Economic and
Commercial Cooperation

Istanbul, 1986

1. Opening of the Session.
 - Inaugural statement by H.E. Mr. Kenan EVREN,
President of the Republic of Turkey,
Chairman of the COMCEC.
 - Statement by H.E. Mr. Turgut ÖZAL,
Prime Minister of the Republic of Turkey,
Alternate Chairman of the COMCEC.
 - Statement by H.E. Mr. S. PIRZADA,
the Secretary General of the OIC.
2. Election of the members of the Bureau.
3. Adoption of the Agenda.
4. Report of the OIC Secretariat.

5. Report of the Follow-up Committee.
6. Report of the Senior Officials Meeting.
7. Feasibility study prepared by the IDB on the longer term trade financing facilities.
8. Report by the IDB on :
 - Regional Export Credit Guarantee Scheme
 - Multilateral Islamic Clearing Union
9. Report by the ICDT on Trade Preferences.
10. Feasibility study prepared by the ICDT on the Trade Information Network for Islamic Countries.
11. Report by the SESRICIC on the inventory of the economic resolutions of the OIC.
12. Assistance to drought-stricken African countries.
13. Presentation of the Report of the Second Meeting of the Ministers of Agriculture of the Member States of the OIC.
14. Date and venue of the next meeting of the COMCEC.
15. Any other business.
16. Adoption of the Report.
17. Closing of the Session.

IS/COMCEC/R-14

Original : English

to

the

ANNEX - XII
Report of the
First Meeting of the
Follow-up Committee
of the COMCEC

REPORT OF THE FIRST MEETING
OF THE FOLLOW-UP COMMITTEE SET UP
BY THE SECOND MINISTERIAL
CONSULTATION ON INDUSTRIAL COOPERATION

ISTANBUL, 24-26 DHULHIJJA 1405
(9-11 September 1985)

1. The First Meeting of the Follow-up Committee which was set up by the Second Ministerial Consultation on Industrial Cooperation was held in Istanbul, Republic of Turkey, from September 9 to 11, 1985.

2. The Meeting was attended by the following members of the Follow-up Committee :

- The Republic of Turkey
- The People's Republic of Bangladesh
- The Republic of the Gambia
- The Kingdom of Morocco
- The Islamic Republic of Pakistan

3. The meeting was also attended by the following specialised agencies of the DIG as Members of the Follow-up Committee:

- The Islamic Development Bank (IDB), Jeddah
- The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) Ankara
- The Islamic Centre for Technical and Vocational Training and Research (ICTVTR), Dhaka
- The Islamic Foundation for Science, Technology and Development (IFSTAD), Jeddah
- The Islamic Foundation for Science, Technology and Development (ICCICE), Karachi
- The Islamic Centre for Development of Trade (ICDT), Casablanca

4. The General Secretariat of the Organization of the Islamic Conference (OIC) was represented by Mr. A.H.G. Mohluddin Director, Economic Affairs Department.

The list of participants is attached as Annex I.

5. The meeting was opened by H.E. Mr. Cahit Aral, Minister of Industry and Trade of the Republic of Turkey and the current Chairman of the Ministerial Consultation on Industrial Cooperation, who expressed his pleasure at hosting this meeting in Istanbul. He pointed out that the task of the Committee should not be confined to the follow-up of the decisions of the Second Ministerial Meeting but should also cover those studies initiated in pursuance of the First Ministerial Consultation on Industrial Cooperation, for which he expressed his appreciation.

H.E. Cahit Aral reiterated the existence of a great potential for industrial cooperation within the Islamic Community, and emphasized the possibilities for the realisation of such cooperation among the Member States. He added that in the work to be undertaken for the realisation of industrial cooperation, the complementary aspects of the resources of the member countries and their comparative advantages should be taken into account.

The Chairman concluded his statement by wishing success to the Committee in its deliberations. A copy of the text of the inaugural address of the Chairman of the Follow-up Committee is attached as Annex II.

6. H.E. Mr. A.A. Njai, Minister of Economic Planning and Industrial Development of the Republic of the Gambia, in his address to the Meeting, stressed that innovative ways may be developed for the member countries to benefit from the industrial capabilities of each other, especially in the fields of consultancy, contracting, and engineering services. He also stated that the Lagos Plan of Action provided an extensive framework for industrial cooperation, and that it may be taken into consideration in the OIC industrial cooperation activities within the framework of its own Plan of Action.

7. After the opening session, the meeting adopted the Draft Agenda submitted by the Chairman, a copy of which is attached as Annex III.

8. Under agenda item 3, the Chairman made a statement summarising the decisions of Second Ministerial Meeting and the activities carried out by himself as the Chairman of the Committee.

He informed the Committee that Member States were requested to communicate to the General Secretariat of the OIC the progress made regarding the implementation of the decisions of the Ministerial Meeting. He pointed out that draft questionnaires in the fields of joint ventures, training and small scale industries were sent to the General Secretariat of the OIC, with a view to assessing of the Member States' requirements and potentials in various fields. Subsequently the General Secretariat of the OIC was requested to advise relevant organs to finalize the questionnaires, forward them to the Member States, and compile the answers for submission to the Follow-up Committee together with the reports sent by the Member States on the implementation of the follow-up items.

Thanking those members who have responded to his letter, H.E. Cahit Aral informed the Committee about the suggestions made in and the views covered by the letters received from the Member States and the member agencies regarding the implementation.

Finally, he reiterated his willingness to hear other suggestions on implementation, and discuss all suggestions pertaining to the implementation of the decisions and also the tasks entrusted by the First Ministerial Meeting under agenda item 5.

9. The progress report presented by the OIC General Secretariat, under the agenda item 4, summarised the progress achieved by the Member States, and the affiliated and subsidiary DIG organs in the implementation of decisions subject to follow-up. The General Secretariat concluded its report with a number of suggestions for providing adequate financial resources to the DIG subsidiary and affiliated organs, securing the active participation of Member States in the industrial cooperation activities, and for evolving selective and attainable industrial cooperative projects through regular meetings among technical agencies.

Detailed progress reports were also submitted by the IFSTAD, SESRTCIC, ICTIVIR, IGDIT, and IDB. The Meeting, while considering the progress reports, took note of the following developments :

(a) The Agreement on Promotion, Protection, and Guarantee of Investments has been signed so far by 11 Member States, and ratified by 6 Member States.

(b) Most of the Member States had settled their outstanding contributions to the IDB.

(c) The Member States, through bilateral assistance, and the IDB, through its ordinary and foreign trade operations, and its special assistance account, have continued to contribute to the industrial development of the African member countries.

The Ankara Centre had finalised a study on the OIC role in the implementation of the Lagos Plan of Action keeping in view the OIC's own Plan of Action for the consideration of the 16th Islamic Conference of Foreign Ministers.

(d) The 10 joint venture projects submitted by the ICCICE for the consideration of the IDB have been reviewed by the IDB

and the reports on each project were forwarded to the ICCICE for further action. The IDB also proposed a tripartite meeting among the OIC General Secretariat, ICCICE, and IDB to discuss the said joint venture projects.

On the other hand, the ICCICE, which was designated as the agency to receive joint venture proposals from the member countries for onward transmission to the IDB, has received only a few new proposals so far.

(e) The Ankara Centre has initiated a comprehensive research project on the joint venture projects and joint investment companies established in the OIC member countries. The Centre developed a questionnaire to collect the requisite information for the project, and plans to publish, as an initial output of the project, a reference volume on joint enterprises.

(f) The Ankara Center plans to publish the "Directory of Financial Institutions" and the "Directory of Free Zones and Free Ports", and revise and up-date the "Directory of Foreign Investment Legislation", which was distributed in draft form during the Second Ministerial Consultation, for the reference of potential investors in the DIC countries.

(g) The constitution of the "Association of National Development Finance Institutions" had been finalised and already signed by a large number of the NDFIs in the Member States.

(h) The Ankara Centre, in the course of 1985, has collected, through questionnaires, extensive information on the consultancy firms already established in the OIC member countries. The Centre identified around 400 such firms so far, and will publish the collected information in the form of a directory by the end of 1985.

(i) The IFSTAD has evolved a data-base of 300 individual consultants, and established a consultancy service for the benefit of the OIC member countries. The member countries have shown great interest in the service, and the IFSTAD is collaborating with the IDB to further develop this service.

(j) The Ankara Centre published the "Directory on Training Institutions" in mid-1985, which includes detailed information on the training capacities available in 162 institutions in the OIC member countries. The Centre, as a follow-up action to this activity, is also collecting information on the training programmes which will be organised by these institutions in 1986 and which are open to participants from other OIC member countries. The Centre plans to publish the collected information in the form of an annual newsletter by the end of 1985.

(k) The ICIVIR has completed the necessary arrangements to initiate a set of short-term training programmes starting as of October 1985. The ICIVIR will offer long-term regular academic and training programmes in the areas of mechanical, chemical, electrical, electronic engineering and instructor's training with effect from September 1986.

The Ankara Centre, the IFSTAD, and the ICDT organised a number of training programmes in 1984/85 which aimed to upgrade the skills of the participants in the fields of project identification and evaluation, computing, and trade.

(1) The IFSTAD will offer 200 scholarships in 1986 and has developed a programme of short courses in various technical areas in collaboration with Member States. Within the framework of this programme, and in cooperation with Malaysia, the IFSTAD will offer courses and scholarships in VLSI chip technology, and in medical technology fields.

(m) The IFSTAD will organize the Coordinating Conference on Technology in Istanbul on 21-25 October 1985.

(n) The ICDT has started the preparation of Directory of Exporters and Importers in the QIC member countries.

(o) The ICDT has organised the Meeting of State Trading Organisations which deliberated upon the modalities of trade expansion among the State Trading Organisations. The ICDT will also organize a meeting of Export Promotion Organisations in October 1985 in Istanbul.

(p) The 15th Islamic Conference of Foreign Ministers approved the Statute of the Islamic Cement Association, and urged the Member States, under resolution 11/15-E, to sign the Statute and encourage the relevant associations and agencies to join the Association.

(r) The United Nations Industrial Development Organisation, which was designated as the lead agency in the field of investment mechanisms and joint ventures in the UN/OIC Coordination Meetings held in Geneva in 1983 and in 1985, has evolved a number of specific proposals, and submitted a detailed report to the OIC General Secretariat. The UNIDO proposals, which relate to decisions subject to follow-up in this Meeting, are under study by the Secretariat, and the concerned OIC agencies.

The Meeting noted that, while the above-mentioned developments indicate to a substantial progress in the implementation of the decisions taken in the Second Ministerial Consultation, the financial resources available to the OIC agencies proved to be inadequate to finance an enlarged set of activities envisaged in the Second Consultation due to the disappointing rate of contributions by the Member States to their budgets. Moreover, as the financial situation of the General

Secretariat and the agencies deteriorated further in 1985, the capacities of the latter to undertake the necessary follow-up action and even to implement some of the plans mentioned above are significantly impaired.

Furthermore, it was also noted that, as stated in the progress report of the General Secretariat, more active participation of the Member States in the process of implementing the decisions of the Second Ministerial Consultation would be required.

1D. The Meeting, following a detailed discussion of the follow-up activities, therefore decided to recommend that the Member States be urged to take the necessary action to solve the financial problems of the General Secretariat and the OIC agencies, and to actively participate in the follow-up activities.

11. The Meeting then adopted the following recommendations:

(a) Recalling that the ratification by 1G Member States is required for the Agreement on Promotion, Protection, and Guarantee of Investments to go into effect, the Member States, who have not done so, are urged to sign and ratify the Agreement;

(b) The Member States are requested to sign the Statute of the Islamic Cement Association and encourage the relevant associations and agencies to join the Association;

(c) The Member States are requested to designate focal points within their Ministries of Industry to coordinate with the Follow-up Committee and its member agencies in the follow-up activities, and communicate the addresses of these focal points to the Chairman of the Committee within two months.