

OIC/COMCEC-FC/7-91/REP

R E P O R T

OF THE SEVENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC

Istanbul, 7-9 May 1991

COMCEC Coordination Office

Ankara, May 1991

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TABLE OF CONTENTS

	Page
Report of the Seventh Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference.	5
List of Documents Considered by the Seventh Meeting of the Follow-up Committee of the COMCEC.	21

A N N E X E S

I. List of Participants of the Seventh Meeting of the Follow-up Committee of the COMCEC.	27
II. Message of H.E. Turgut ÖZAL, President of the Republic of Turkey, Chairman of the COMCEC.	37
III. Message of H.E. Yıldırım AKBULUT, Prime Minister of the Republic of Turkey, Alternate Chairman of the COMCEC.	41
IV. Opening Statement by H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey, Chairman of the Follow-up Committee of the COMCEC.	45
V. Statement of H.E. Ousman N.R. OTHMAN, Assistant Secretary General of the Organization of the Islamic Conference.	53
VI. Agenda of the Seventh Meeting of the Follow-up Committee of the COMCEC.	59
VII. Background Report of the General Secretariat of the Organization of the Islamic Conference.	63
VIII. Report of the Expert Group for the Finalization of the Draft "Articles of Agreement Establishing the Islamic Corporation for Export Credit Insurance and Investment Guarantee" and Revised Text of the Draft Articles of Agreement for the Islamic Corporation for the Insurance of Investment and Export Credit.	85

	Page
IX. Report of the Expert Group Meeting on Statute and Rules of Procedure of COMCEC and Revised Text of Draft Statute and Rules of Procedure of COMCEC.	131
X. Draft Agenda of the First OIC Ministerial Meeting on Infrastructure and Public Works.	153
XI. Draft Agenda of the Seventh Session of the COMCEC	157
XII. Closing Speech of H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey, Chairman of the Follow-up Committee of the COMCEC.	161

R E P O R T

OF THE SEVENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC

(Istanbul, 7-9 May 1991)

Original : English

R E P O R T
OF THE SEVENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC

1. The Seventh Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul on 7-9 May 1991.

2. The Meeting was attended by the representatives of the following Member States of the Follow-up Committee:

- Republic of Turkey (Chairman)
- Islamic Republic of Pakistan (Vice-chairman)
- Kingdom of Saudi Arabia (Vice-chairman)
- Republic of Guinea (Vice-chairman)
- State of Palestine (Vice-chairman)
- State of Kuwait (Vice-chairman, Chairman of the Fifth Islamic Summit Conference)
- Hashemite Kingdom of Jordan (Rapporteur)

The request of the representatives of the Republic of Senegal, the host of the Sixth Islamic Summit Conference to be held in December 1991, to attend the Meeting as observers was

unanimously accepted by the Committee to avail them of the opportunity to acquaint themselves with the topics of the COMCEC and the organizational arrangements made for the Meeting.

3. The Meeting was also attended by the representatives of the General Secretariat and the following subsidiary and affiliated organs of OIC:

- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- Islamic Development Bank (IDB)
- Islamic Foundation for Science and Technology (IFSTAD)
- Islamic Chamber of Commerce, Industry and Commodity Exchange (ICCICE)

(A copy of the list of participants is attached as Annex I.)

Opening Session

4. The Meeting was inaugurated by H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey and Chairman of the Follow-up Committee of the COMCEC.

5. H.E. Turgut ÖZAL, President of the Republic of Turkey and Chairman of the COMCEC, in his message addressed to the Meeting, emphasized the significance of the task of the Follow-up Committee in the face of the rapid changes in the world economic and political scene. Referring to the need for reconstruction and establishment of peace and stability in the Middle East, the

President underlined the importance of the projects on the agenda of COMCEC in this regard. H.E. Turgut ÖZAL conveyed his best wishes for the success of the Meeting.

(A copy of the text of the message of H.E. Turgut ÖZAL is attached as Annex II.)

6. H.E. Yıldırım AKBULUT, Prime Minister of the Republic of Turkey and Alternate Chairman of the COMCEC, in his message to the Meeting, while welcoming the delegates to Turkey, expressed his confidence that the Follow-up Committee would take appropriate steps to ensure the early implementation of the projects on the agenda and formulate significant recommendations on the strategy of joint economic action among member countries. Stating the readiness of Turkey to provide every possible assistance for economic cooperation among member countries, H.E. AKBULUT wished all success to the Meeting and a pleasant stay in Turkey to the delegates.

(A copy of the text of the message of H.E. Yıldırım AKBULUT is attached as Annex III.)

7. The Meeting was then addressed by H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey and Chairman of the Follow-up Committee. H.E. Işın ÇELEBİ, welcomed the delegates and reiterated the joy of the Government and people of Turkey at the liberation of Kuwait. The Minister stated that the international solidarity shown in liberating Kuwait must also be displayed in

the solution of the human tragedy in Northern Iraq that followed the Gulf Crisis. H.E. Işın ÇELEBİ went on to extend his sincerest condolences for the thousands of lives claimed by the recent natural disaster in Bangladesh. Referring to the dramatic political and economic changes taking place in the world and in the Middle East, he stressed the significance of the early implementation of the economic cooperation projects on the agenda of COMCEC. Stating his satisfaction at the concrete progress regarding the projects on the agenda, H.E. Işın ÇELEBİ pointed out the necessity of designing new areas and projects of economic cooperation to cope with rapid and radical changes in world economic conditions. In this context, the Minister referred to the revision of the OIC Plan of Action and the holding of the First Ministerial Meeting on Infrastructure and Public Works as positive actions that would open new vistas for inclusion of new projects on the agenda. H.E. Işın ÇELEBİ, concluded his statement by wishing every success to the Committee and a pleasant stay in Turkey to the delegates.

(A copy of the text of the Opening Statement by H.E. Işın ÇELEBİ is attached as Annex IV.)

8. H.E. Ousman N.R. OTHMAN, Assistant Secretary General of OIC, also addressed the Meeting. H.E. OTHMAN conveyed the profound gratitude and best wishes of H.E. Dr. Hamid Al GABID, Secretary General of OIC, to H.E. Turgut ÖZAL, President of the Republic of Turkey and Chairman of the COMCEC and to H.E. Yıldırım AKBULUT,

Prime Minister of the Republic of Turkey and Alternate Chairman of the COMCEC, for their unfailing interest and abiding commitment to the implementation of the OIC Plan of Action as well as for their wise guidance in promoting economic and commercial cooperation among Member States. The Assistant Secretary General expressed his satisfaction at the commendable progress achieved under the auspices of the COMCEC.

(A copy of the text of the statement of H.E.Ousman N.R. Othman is attached as Annex V.)

9. The Committee was then addressed by the Heads of the Delegations of the State of Palestine, the Islamic Republic of Pakistan, the Republic of Guinea, and Kingdom of Saudi Arabia. In their statements, Heads of Delegations expressed their gratitude to the President and Prime Minister of the Republic of Turkey for their able leadership and keen interest in fostering economic cooperation among the OIC Member States and for the excellent arrangements made for the Meeting. The Heads of Delegations stated their appreciation of the efforts of the COMCEC in translating the Plan of Action into concrete results especially in the face of the growing balance-of-payments difficulties due to the crisis in the Gulf. They expressed their immense pleasure at the liberation of Kuwait and at the reinstatement of Kuwaiti rule in their home country. The Heads of Delegations also expressed their sincerest condolences for the thousands of lives claimed by the recent natural calamity in Bangladesh.

In response to the statements expressing pleasure and congratulations for the liberation of Kuwait, the Head of Delegation of the State of Kuwait extended his Government's profound thanks and deep appreciation to the member countries who provided invaluable assistance and solidarity in their struggle against aggression and against the invasion of Kuwait.

10. After the adoption of the Agenda, the Committee set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur. Thereafter, the working sessions of the Meeting were chaired by H.E. Dr. Ali TIGREL, Undersecretary of the State Planning Organization of the Republic of Turkey.

(A copy of the Agenda as adopted by the Committee is attached as Annex VI.)

Report of the OIC General Secretariat

11. Under Agenda item 3, Mr. A.K.M. FAROOQ, Director of Economic Affairs of the OIC General Secretariat, presented a summary of the comprehensive Background Report of the General Secretariat. In his presentation, the Director highlighted the progress achieved towards the implementation of the Plan of Action to Strengthen Economic Cooperation Among Member States as well as the Resolutions of the COMCEC particularly pertaining to the items on the Agenda. The Director also summarized the progress achieved towards the implementation of the resolutions adopted at various Ministerial Meetings held under the auspices of the

COMCEC, namely trade, industry, agriculture, transport, communications, energy and technical cooperation.

12. The Committee thanked the General Secretariat for the preparation of the comprehensive and detailed Background Report and recommended to COMCEC to appeal to the Member States to implement the resolutions of the Ministerial Meetings held under the auspices of COMCEC.

(A copy of the text of the Background Report of the General Secretariat is attached as Annex VII.)

Draft Articles of Agreement Establishing Export Credit Insurance and Investment Guarantee Scheme

13. Under Agenda item 4, the representative of IDB presented the conclusions of the Expert Group Meeting held on 23-24 April 1991 at the Headquarters of IDB and, outlined the Draft Articles of Agreement as revised by the experts.

14. The Committee appreciated the efforts of IDB for hosting the Expert Group Meeting, organized in cooperation with the COMCEC Coordination Office, and for the preparation of the revised text of the Draft Articles of Agreement.

15. The Committee, noting with satisfaction that the contents of the Draft Articles of Agreement conform to the guidelines given by COMCEC, requested IDB to take the initial steps for the legal and administrative preparations for the establishment of a

subsidiary institution within IDB as envisaged in the Draft and to submit a progress report at the next session of the COMCEC due to be held in October 1991.

(The Report of the Expert Group Meeting and the revised text of the Draft Articles of Agreement are attached as Annex VIII.)

Trade Information Network for Islamic Countries (TINIC)

16. Under the Agenda item 5, the representative of the OIC General Secretariat provided information on behalf of ICDT on the progress achieved regarding the implementation of the TINIC project, as the representatives of the latter could not attend the Meeting because of the extreme financial difficulties of the Casablanca Center.

17. The Committee, while realizing the financial difficulties of ICDT, requested it to continue, in close cooperation with the focal points and IDB, with the necessary preparations regarding the required data bases and to submit a progress report to the Seventh Session of the COMCEC.

18. In this connection, the Committee expressed its deep concern for the financial crises facing the General Secretariat and the subsidiary organs of OIC due to longstanding arrears of some of the member states on their mandatory contributions, which seriously affect the ability of the General Secretariat and the subsidiary organs to undertake the necessary activities and

complete the studies entrusted to them by the Organization and, in particular by COMCEC. The Committee decided to recommend to COMCEC to launch a very strong appeal to those Member States to pay their arrears in mandatory contributions and henceforth become regular with their payments to the budgets of the General Secretariat and subsidiary organs of OIC.

The Framework Agreement on the Establishment of a Trade Preferential system Among the OIC Member States (TPSOIC)

19. Under Agenda item 6, the representative of the General Secretariat explained that the Framework Agreement was opened to the signature and ratification of the Member States as of April 1991.

20. The Committee, while appreciating the efforts of the General Secretariat and ICDT in finalizing the technical preparation for opening up the Agreement to the signature of the Member States, called for early signature and ratification of it by the Member States so that trade negotiations may start as soon as possible.

The Rules of Procedure of the COMCEC

21. Under Agenda item 7, the OIC General Secretariat presented the "Draft Statute and Rules of Procedure of COMCEC" which was revised at the Expert Group Meeting organized by the General Secretariat in Jeddah on 21-22 April 1991.

22. The Committee, after extensive discussions on the "Draft Statute and Rules of Procedure" and especially on Rules 2 and 3 on the formation of the Bureau and the composition of the Follow-up Committee, agreed to make some changes in the text of the Draft and decided to submit the revised version of it to the Seventh Session of the COMCEC.

23. The Committee recommended that the election of the three Vice-chairmen of the Bureau could take place at the Seventh Session of the COMCEC, before the Sixth Summit Conference to be held in December 1991, thus making it possible for the new Bureau and the Follow-up Committee to function for three years until the Seventh Summit conference.

(The Report of the Expert Group Meeting and the "Draft Statute and Rules of Procedure of COMCEC" as revised by the Committee are attached as Annex IX.)

Draft Agenda of the First OIC Ministerial Meeting on
Infrastructure and Public Works

24. Under Agenda item 8, the Turkish delegation explained to the Committee the items of the Draft Agenda of the First Ministerial Meeting on Infrastructure and Public Works of OIC to be held concurrently with the Seventh Session of the COMCEC on 6-9 October 1991 in Istanbul. The Committee noted with appreciation that the Republic of Turkey had prepared the first version of the Draft Agenda and circulated it, through the OIC

General Secretariat, among the Member States for their comments and suggestions.

25. The Committee requested the circulation of the Draft Agenda, through the OIC General Secretariat, among the Member States.

(A copy of the Draft Agenda of the First OIC Ministerial Meeting on Infrastructure and Public Works as agreed on by the Committee, is attached as Annex X.)

Draft Agenda of the Seventh Session of the COMCEC

26. Under Agenda item 9, the Committee considered the Draft Agenda of the Seventh Session of the COMCEC to be held on 6-9 October, 1991 in Istanbul.

27. The Committee drew up the Draft Agenda of the Seventh Session of the COMCEC, taking into consideration various suggestions made by the delegations, and decided to circulate it, through the General Secretariat of OIC, among the Member States.

(A copy of the Draft Agenda of the Seventh Session of the COMCEC, as agreed on by the Committee, is attached as Annex XI.)

Closing Session

28. At its closing session, which was presided by H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey, the Committee adopted its Report together with its Annexes. The Committee decided to circulate the Report to the Member States

through the OIC General Secretariat, and decided on its submission to the Seventh Session of COMCEC by the OIC General Secretariat.

29. The Heads of Delegations of the Islamic Republic of Pakistan and the Hashemite Kingdom of Jordan, in their statements expressed their warmest thank's' and profound appreciation to H.E. Turgut ÖZAL, President of the Republic of Turkey and Chairman of the COMCEC and to H.E. Yıldırım AKBULUT, Prime Minister of the Republic of Turkey and Alternate Chairman of the COMCEC for their wise guidance and keen interest in strengthening economic cooperation among the Member Countries. The Heads of the Delegations thanked H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey and Chairman of the Follow-up Committee, and H.E. Dr. Ali TİGREL, Undersecretary of State for the State Planning Organization ,and Chairman of the working sessions of the Meeting, for chairing the Meeting in an effective manner. The Heads of Delegations, underlining the significant progress recorded by the Follow-up Committee, expressed their wish for the early implementation of the projects on the agenda of the COMCEC in the face of recent economic difficulties of the Member Countries resulting from recent radical economic and political changes in the world and in the region. The Heads of Delegations also expressed their sincere thanks to the Government and people of Turkey for the warm welcome and hospitality extended to the delegates during their stay in Turkey. They also thanked the

COMCEC Coordination Office and all the supporting for the excellent arrangements made for the Meeting.

30. The Committee requested the Chairman to send messages on its behalf to H.E. Turgut ÖZAL, President of the Republic of Turkey and Chairman of COMCEC, and to H.E. Yıldırım AKBULUT, Prime Minister of the Republic of Turkey, and Alternate Chairman, of COMCEC. In these messages, the Committee expressed its feelings of profound gratitude and appreciation to H.E. Turgut ÖZAL and to H.E. Yıldırım AKBULUT for the sincere welcome and most generous hospitality extended to the delegates during their stay in Turkey.

31. H.E. Ousman N.R. OTHMAN, Assistant Secretary General of OIC, made a statement thanking H.E. Turgut ÖZAL, President of the Republic of Turkey and Chairman of the COMCEC, H.E. Yıldırım AKBULUT, Prime Minister of the Republic of Turkey and Alternate Chairman of the COMCEC and H.E. Işın ÇELEBİ, Minister of State of the Republic of Turkey and Chairman of the Follow-up Committee, for their wise and able guidance in promoting economic cooperation among the Member Countries, and for the excellent arrangements made for the Meeting.

32. In his closing statement, H.E. Işın ÇELEBİ expressed his pleasure in observing that the recommendations in the final report of the present meeting would contribute to the early realization of the projects on the agenda of the COMCEC and to the effective implementation of these projects. The Minister also

OIC/COMCEC-FC/7-91/REP

expressed his thanks to the General Secretariat and its subsidiary organs for their careful work on these projects despite their growing financial difficulties, finally R.E. ÇELEBİ wished the delegates a safe journey home.

(A copy of the text of the closing speech BY H.E Işın ÇELEBİ is attached as Annex XII.)

LIST OF DOCUMENTS CONSIDERED
BY THE SIXTH MEETING OF THE FOLLOW-UP
COMMITTEE OF THE COMCEC
(Istanbul, 7-9 May 1991)

LIST OF DOCUMENTS CONSIDERED
BY THE SEVENTH MEETING OF THE FOLLOW-UP
COMMITTEE OF THE COMCEC

(Istanbul, 7-9 May 1991)

1. Background Report by the General Secretariat of OIC OIC/COMCEC-FC/7-91/D (1)
2. Progress Report on the Status of the Draft Articles of Agreement for the Establishment of an Export Credit and Investment Insurance Scheme OIC/COMCEC-FC/7-91/D (2)
3. Report of the Expert Group for the Finalization of the Draft Articles of Agreement Establishing the Islamic Corporation for Export Credit Insurance and Investment Guarantee OIC/COMCEC-FC/7-91/D (2)
(cont.'d)
4. Revised Text of the Draft Articles of Agreement of Islamic Corporation for the Insurance of Investment and Export Credit Guarantee OIC/COMCEC-FC/7-91/D (2)
(cont.'d)
5. Report of the Expert Group on the Statute and Rules of Procedure of COMCEC OIC/COMCEC-FC/7-91/D (5)
6. Draft Statute and Rules of Procedure of COMCEC OIC/COMCEC-FC/7-91/D (5)
(cont.'d)
7. Draft Agenda of the First OIC Ministerial Meeting on Infrastructure and Public Works _____ OIC/COMCEC-FC/7-91/DA(2)
8. Draft Agenda of the Seventh Session of the COMCEC OIC/COMCEC-FC/7-91/DA(3)
9. Organization of Islamic Conference Plan for Joint Economic Action OIC/COMCEC-FC/7-91/D (6)

ANNEXES

- I -

LIST OF PARTICIPANTS

SEVENTH MEETING OF THE FOLLOW-UP
COMMITTEE OF THE COMCEC

(Istanbul, 7-9 May 1991)

Original : English

LIST OF PARTICIPANTS
SEVENTH MEETING OF THE FOLLOW-UP
COMMITTEE OF THE COMCEC

(Istanbul, 7-9 May 1991)

REPUBLIC OF GUINEA

- H.E. Lansana KOUYATE
Ambassador of the Republic of Guinea to Egypt

HASHEMITE KINGDOM OF JORDAN

- Dr. Safwan TOUQAN
Secretary General, Ministry of Planning
- Mr. Khalaf A. AL HADID
Head of International Cooperation Division, Ministry of
Planning
- Dr. Jamal SALAH
Director of Research and Studies Department, Central Bank
of Jordan

STATE OF KUWAIT

- Mr. Khalid AL-RUBIAN
Director of Economic Organizations,
Kuwait Finance Ministry
- Mr. Abdul Lateef M. AL-MAWASH
Counsellor of the Embassy of the State of Kuwait to Turkey

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. Hamid Nasr CHATTHA
Minister for Planning, Development and Science and
Technology
- Mr. Mohammad Jamil ERICKZADA
Joint Secretary, Ministry of Commerce
- Mr. Mohammad Saeed KHALID
Minister/Charge d'Affaires, a.i.
Embassy of the Islamic Republic of Pakistan in Ankara
- Mr. Ajmal Mahmood QURESHI
Consul General, Consulate General of Pakistan in Istanbul
- Mr. M.F. Rahman AKBAR
Director (OIC), Ministry of Foreign Affairs

STATE OF PALESTINE

- Dr. Mohammed Al NAHHAL
Director of Economic Affairs

KINGDOM OF SAUDI ARABIA

- Dr. Jobarah Eid AL SURAISRY
Assistant Deputy Minister for International Economic
Cooperation, Ministry of Finance and Economy
- Mr. Hassan J.Kh. AL JEHANI
Economic Advisor, Ministry of Finance
- Mr. Abdullah-Abdalwhab AL NAFEISAH
Economic Specialist, Ministry of Finance

REPUBLIC OF TURKEY

- H.E. Işın ÇELEBİ
Minister of State
- H.E. Ali TÎGREL
Undersecretary, State Planning Organization

Annex I to OIC/COMCEC-FC/7-91/REP

- H.E. Yaşar YAKIŞ
Ambassador of the Republic of Turkey in Riyadh
- Dr. Yavuz EGE
Deputy Undersecretary, State Planning Organization
- Mr. Ismail Hakkı BATUK
Economic and Financial Advisor to the President of the
Republic of Turkey
- Mr. Osman ASLAN
Deputy General Director, Türk Eximbank
- Mr. Bahattin GÜRSÖZ
Head of the OIC Department,
Ministry of Foreign Affairs
- Mr. Bayazıt BALCI
Head of Foreign Relations Department,
Ministry of Finance and Customs
- Mrs. Bengü DUYGU
Head of Investment Projects and Foreign Relations,
General Directorate of Technical Research and
Implementation, Ministry of Public Works and Settlement
- Mr. Ahmet GÜNKUT
Head of Department, General Directorate of Agreements,
Undersecretariat of Treasury and Foreign Trade
- Dr.H.Nadir ERBİL
Head of Implementation and Coordination Directorate,
Export Promotion Center (IGEME),
Undersecretariat of Treasury and Foreign Trade
- Dr. Z.Meftune EMİROĞLU
Head of Industry and Trade Department,
Union of Turkish Chambers and Commodity Exchange
- Mr. Sanran ALKILIÇ
Chief of Section,
General Directorate of Foreign Economic Relations,
Undersecretariat of Treasury and Foreign Trade
- Mr. Ahmet KILIÇOĞLU
Manager, Türk Eximbank
- Mr. Mehmet BEDER
Architect, m.s.c.,
Ministry of Public Works and Settlement

- Mrs. Deniz ÇAKIROĞLU
Expert, Export Promotion Center (İGEME),
Undersecretariat of State for Treasury and Foreign Trade
- Mr. Mustafa METİN
Expert, Union of Turkish Chambers and Commodity Exchange

O B S E R V E R

REPUBLIC OF SENEGAL

- Mr. Abdou NIANG
Vice Chief of MAE Transregional Division,
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- Mr. Yoro KANTE
Counsellor Technic, MICA

O R G A N I Z A T I O N S

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

- H.E. Ousman N.R. OTHMAN
Assistant Secretary General
- Mr. A.K.M.FAROOQ
Director of Economic Affairs
- Mr. Hassan ibrahim BASHIR
Assistant Director of Economic Affairs

STATISTICAL ECONOMIC AND SOCIAL RESEARCH AND
TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRTCIC)

- Dr. Sadi CİNDORUK
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- Mr. İlhan UĞUREL
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- Mr. Abdurrahman N. HERSI
Advisor to the Bank
- Mr. Assibi O. ABUDU
Acting Director,
Economic and Policy Planning Department
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DEVELOPMENT (IFSTAD)

- Mr. Mohamed-Ali TOURE
Senior Officer

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

- Mr. Abdul Aziz A.HANAFI
Acting Secretary General

CONFERENCE SECRETARIAT

- Mr. Aydan KARAHAN
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Head of the COMCEC Coordination Office,
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Computer Services Expert
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Computer Services Expert
- Ms. Seher ÖZTÜRK
Computer Services Expert
- Mrs. Bilge GÜLLÜ
Computer Services Expert

Protocol

- Mr. Ahmet KOCAER
Expert

Press Relations

- Mr. Orhan ÖZTAŞKIN
Expert

Administration and Finance

- Mr. Ali IŞIKLAR
Head of the Administration and Finance Department,
State Planning Organization
- Ms. Mükerrerem ÖZKILIÇ
Expert
- Mr. Adnan DİNGİL
Expert
- Mr. Adnan Mevlüt YAŞAR
Expert
- Mr. Yaşar GÜRSOY
Expert

- II -

MESSAGE OF H.E. TURGUT ÖZAL
PRESIDENT OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE COMCEC

Seventh Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 7-9 May 1991)

Original : English

MESSAGE OF H.E. TURGUT ÖZAL
PRESIDENT OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE COMCEC

Seventh Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 7-9 May 1991)

Mr.Chairman,
Honourable Members of the Follow-up Committee,
Distinguished Delegates,

I welcome you once again to Istanbul on the occasion of the Seventh Meeting of the Follow-up Committee.

I observe with pleasure that most of the projects put on the Agenda of the COMCEC at its First Session have either been implemented or were being finalized. I consider these projects as useful instruments of joint action for the member countries for the purpose of coping with common economic problems through the use of their own potentialities.

In fact, the task you have carried out since 1985 gains a new significance in the face of the rapid changes occurring on the world economic and political scene, and the recent war in the Gulf with its ensuing economic difficulties in the region.

I should like to emphasize that while the dramatic changes in the global conditions require the revision of our strategy and priorities for joint economic action, the current dire need for reconstruction and the establishment of peace and stability in our region increases the importance of the projects appearing on the Agenda of the COMCEC.

In this regard, it is now more than ever the prime duty of the Follow-up Committee to see to it that the items on the Agenda of the COMCEC are finalized and fully implemented, while the new feasible projects added to its inventory would definitely serve the best interests of the region in particular and the Islamic Community in general.

I wish the delegates all success in their important work and a pleasant stay in Istanbul.

Turgut ÖZAL

President of the
Republic of Turkey,
Chairman of the COMCEC

- III -

MESSAGE OF H.E. YILDIRIM AKBULUT,
PRIME MINISTER OF THE REPUBLIC OF TURKEY,
ALTERNATE CHAIRMAN OF THE COMCEC

Seventh Meeting
of the Follow-up Committee
of the COMCEC

(Istanbul, 7-9 May 1991)

Original : English

MESSAGE OF H.E. YILDIRIM AKBULUT,
PRIME MINISTER OF THE REPUBLIC OF TURKEY,
ALTERNATE CHAIRMAN OF THE COMCEC

Seventh Meeting
of the Follow-up Committee
of the COMCEC

(Istanbul, 7-9 May 1991)

Mr. Chairman,
Excellencies,
Distinguished Delegates,

On behalf of the Government of Turkey and on my own, I have the pleasure of welcoming you all to Turkey on the occasion of your seventh Meeting.

The present meeting of your esteemed Committee is taking place at a time of critical importance, when the recent political and economic developments in our region and in the world at large make it more than ever imperative that we adopt a common stand and foster closer economic cooperation founded on sound and feasible projects.

Annex III to OIC/COMCEC-FC/7-91/REP

I am confident that during the course of the next three days you will take appropriate steps regarding the early implementation of the remaining projects on the Agenda of the COMCEC and formulate significant recommendations on the strategy and future direction of joint economic action among the member countries.

The Turkish Government is ready to provide every possible assistance to establish a sound basis for economic cooperation among the member countries which, I believe, would ensure peace, stability and prosperity in the Islamic World.

I wish the Committee every success and hope that the delegates would enjoy their stay in Istanbul.

Yıldırım AKBULÜT

Prime Minister Of the
Republic of Turkey,
Alternate Chairman
of the COMCEC

- IV -

OPENING STATEMENT BY
H.E.İŞİN ÇELEBİ,
MINISTER OF STATE OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE
OF COMCEC

Seventh Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 7-9 May 1991)

Original : Turkish

OPENING STATEMENT BY
H.E. İŞİN ÇELEBÎ,
MINISTER OF STATE OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE
OF COMCEC

Seventh Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 7-9 May 1991)

Honourable Members of the Follow-up Committee,
Your Excellency the Assistant Secretary General,
Distinguished Delegates,

In my capacity as Chairman of the Follow-up Committee, I would like to welcome you and express my pleasure at seeing you again in Istanbul.

A special welcome goes to the distinguished delegation of Kuwait. I would like to take this opportunity to reiterate the feelings of elation of the Turkish Nation and the Turkish Government at the liberation of Kuwait and extend our deep felt congratulations to the valiant Kuwaiti people for their noble and courageous struggle against aggression.

However, we have to note with misgivings that the sequels of the Gulf Crisis are not yet at an end. The drama of almost two million Northern Iraqis, uprooted from their homes, has become a very serious international problem. It is essential that the

international solidarity displayed in solving the Gulf Crisis, be also manifested in the face of this human tragedy and that all countries extend all possible assistance to end the misery of these desperate people.

The natural disaster which has recently claimed thousands of lives in Bangladesh is another source of deep concern for us all. Let me extend, on your behalf as well, our most sincere condolences to this grief stricken brotherly country. In these trying times, our sympathy goes out to the Government and the people of Bangladesh and we pray Almighty God to spare them such calamities in the future.

Distinguished Delegates,

At this Seventh Meeting of the Follow-up Committee we shall review the progress so far achieved for the implementation of the projects on the Agenda of the COMCEC.

We shall also draw up the Draft Agendas of the next Session of the COMCEC as well as of the First OIC Ministerial Meeting on Infrastructure and Public Works. I am convinced that these meetings will add a new dimension to economic cooperation among the member countries.

Our meeting is taking place at a critical juncture of political and economic development, both in our region and throughout the world. Since our last meeting in May 1990, in addition to the dramatic political and economic changes that have

occurred in the world, a short but devastating war has taken place in the Gulf region, leaving behind many problems that have yet to be solved.

It is within this context of recent events that the projects on the Agenda of COMCEC, which we shall review in our present meeting, gain additional significance.

The Export Credit Insurance and Investment Guarantee Scheme, the Trade Information Network and Preferential Trade System, when established, will constitute mechanisms for multilateral cooperation, established with our own resources and capacities, to be efficiently used for the benefit of our countries.

These mechanisms will also contribute to the creation of a favourable climate of closer ties and increased dialogue among our member countries.

It is obvious that the member countries participating to the cooperation mechanisms would not wish to upset such an atmosphere conducive to the prevention of the outbreak of political disputes which bring nothing but misery to the peoples involved.

In this connection, I would like to express my pleasure at learning that the Agreement aimed at the establishment of a Trade Preferential System has been declared open for the signature of Member States by the OIC General Secretariat.

I hope that the Trade Preferential System, to be established by this Agreement, will soon come into effect in order to realize an optimal implementation of the trade potential among the member countries. The preparation by the Islamic Development Bank of the Draft Agreement for the establishment of the Institution for Export Credit Insurance and Investments Guarantee is yet another concrete progress which I note with satisfaction. In our present meeting, we shall hear a report from the Islamic Development Bank on the results of the expert group meeting on this issue, held last month in Jeddah. I am confident that, after the approval of the Draft Agreement at the next session of COMCEC in October this year, the Islamic Development Bank will conclude the necessary legal and administrative formalities for the early ratification of the Agreement and the establishment of the envisaged mechanism.

Distinguished Delegates,
Dear Brothers,

In our present meeting, we shall also consider the longstanding issue of the election of the Bureau and the composition of the Follow-up Committee of COMCEC. I hope we shall be able to formulate a proposal that will satisfy the Member States.

I am sure that the experts, who met last month at the Headquarters of the OIC General Secretariat in Jeddah, were able to come up with an acceptable recommendation that will ensure

Annex IV to OIC/COMCEC-FC/7-91/REP

the continuity and efficiency of the work of COMCEC on the one hand, and on the other hand, guarantee the right of every Member State to be included in the Bureau and the Follow-up Committee. With the settlement of that issue, which is rather of a procedural nature, we would have more time to devote to the substantial aspects of COMCEC.

While we feel elated at observing that the projects on the Agenda of COMCEC are nearing the point of implementation, the rapid and radical changes in world economic conditions and parallel developments in our economies require that we set new areas and projects of economic cooperation among the member countries. I believe that the revision, recommended by the last Conference of Foreign Ministers, of the OIC Plan of Action, which has constituted the basis of the activities of COMCEC since its First Session, will open new horizons for the inclusion of other projects in our Agenda. In this context, the Ministerial Meeting on Infrastructure and Public Works, due to be held concurrently with the next Session of COMCEC, is of particular importance. I have no doubt that this Committee will draw up its Draft Agenda so as to include concrete and feasible projects addressing the common needs of the member countries in this important field.

To conclude, I wish every success to the Committee in its important work and a pleasant stay in Istanbul to the delegates.

- v -

STATEMENT OF H.E. OUSMAN N.R. OTHMAN
ASSISTANT SECRETARY GENERAL
OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE

Seventh Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 7-9 May 1991)

SPEECH OF H.E. MR. PUSMAN N.R. OTHMAN, ASSISTANT SECRETARY
GENERAL OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE AT
THE SEVENTH MEETING OF THE FOLLOW-UP COMMITTEE OF THE COMCEC,
ISTANBUL, TURKEY

Mr. Chairman,
Honourable Ministers,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen, ,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

I deem it a great privilege and honour for me to address this Seventh Meeting 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 convey the profound gratitude and best wishes of H.E. Dr. Hamid Algabid, Secretary General of the Organization of the Islamic Conference to H.E. President Turgut Ozal, the Chairman and H.E. Prime Minister Yildirim Akbulut, Alternate Chairman of COMCEC for their keen personal interest in promoting economic and commercial cooperation among the OIC Member States and for their abiding commitment to the socio-economic progress and collective well-being of the Islamic Ummah. I would also like to express, on behalf of the General Secretariat and on my own behalf, our thanks and appreciation to the Government and the brotherly people of Turkey for convening this important meeting in this beautiful and historic city of Istanbul and for the traditional warm hospitality extended to all of us since our arrival here.

Mr» Chairman,

The Standing Committee for Economic and Commercial Cooperation has, since its establishment, in pursuance" of a decision of the Third Islamic Summit, played an effective role in strengthening and expanding cooperation and collaboration among Islamic countries in all economic

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fields. The remarkable progress achieved so far by the COMCEC in preparing ground for meaningful collaboration among Member States of the OIC is indeed encouraging and inspiring.

The Six sessions of COMCEC held since 1984, had achieved encouraging results in translating the broad outlines of the Plan of Action into concrete programmes and projects of mutual cooperation and prompted Member States to adopt measures to boost their economic and commercial exchanges. The Follow-up Committee of the COMCEC, established in November 1984 during its First Session, has since been virtually contributing in this process. Furthermore, the current meeting will not only review the progress so far realised in the implementation of the decisions adopted during the previous sessions of the COMCEC, but will also formulate appropriate recommendations and strategies for the next session of the COMCEC which is expected to be held in this very city in October this year.

Mr. Chairman,

Development on the current world economic situation during the past year has been particularly detrimental to the economies of the OIC Member States. The crisis in the Gulf and the subsequent war had a devastating effect on all the countries of the world in general and the Islamic countries in particular. We must all thank to the Almighty Allah that the war is over now. At the same time we must now increase and expand our economic contacts and cooperation with a view to promoting our socio-economic development as well as protecting our economies from the vicissitudes and vagaries of the international economic climate.

Mr. Chairman,

The Agenda of this meeting includes, among others, a number of important subjects, such as Regional Export Credit Insurance and Investment Guarantee Scheme

initiated by the Islamic Development Bank, Trade Preferential System together with its annex on Rules of Origin and Trade Information Network, undertaken by the Islamic Centre for Development of Trade, Casablanca and the Rules of Procedure for the COMCEC prepared by the General Secretariat of the OIC. I would like to take this opportunity to express our thanks and appreciation to the IDB and the Islamic Centre for Development of Trade for finalising these schemes which will, inshallah, be operational soon and will tremendously boost intra-OIC trade. The General Secretariat, on its part, had completed the Rules of Procedure and Statute for the COMCEC which was also considered by an Expert Group Meeting held in Jeddah last month and would be presented in this current meeting. Besides, this meeting will also consider the agenda both the Seventh Session of the COMCEC as well as that of the First Ministerial Meeting on Infrastructure and Public Works which will be concurrently held here in October this year. I am confident that the Honourable Ministers incharge of Infrastructure and Public Works will stress the importance of cooperation among Member States in this vitally important sector as an essential corollary of cooperation in other economic fields.

Mr. Chairman,

I need not emphasise the importance of our present meeting which will discuss and review the progress achieved on the important recommendations and decisions of all the previous sessions of COMCEC. I am confident that we will also be able to agree upon specific measures to expedite the implementation of the decision adopted earlier within a practical time frame.

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Allow me, Mr, Chairman, to once again thank you for your gracious presence and express our deep appreciation to the Government and the friendly people of Turkey for having hosted this Seventh Meeting of the COMCEC Follow-up Committee.

May Allah the Almighty bless us in our noble tasks.

I thank you.

WASSALAMU ALAIKUM WA RAHMATULLAHI WA BARAKATUH.

- VI -

A G E N D A

OF THE SEVENTH MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC

(Istanbul, 7-9 May 1991)

Original : English

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

(Istanbul, 7-9 May 1991)

- 1 - Opening Session.
 - * Inaugural Statement by the Chairman of the Follow-up Committee.
 - * Statement by the Secretary General of OIC.
 - * Statements by the Heads of Delegations.
- 2 - Adoption of the Agenda.
- 3 - Background Report by the OIC General Secretariat.
- 4 - Progress Report by IDB on the Draft Articles of Agreement establishing an Export Credit Insurance and Investment Guarantee Scheme.
- 5 - Progress Report by ICDT on the Establishment of a Trade Information Network Among the Member States of OIC.
- 6 - Progress Report by the OIC General Secretariat on the Status of the Framework Agreement on TPSOIC.
- 7 - Report by the OIC General Secretariat on the Rules of Procedure of the COMCEC.
- 8 - Draft Agenda of the First OIC Ministerial Meeting on Infrastructure and Public Works.
- 9 - Draft Agenda of the Seventh Session of the COMCEC.
- 10 - Any Other Business.
- 11 - Adoption of the Report.
- 12 - Conclusion of the Meeting.

- VII -

BACKGROUND REPORT OF THE GENERAL SECRETARIAT
OF THE ORGANIZATION OF THE ISLAMIC CONFERENCE
TO THE SEVENTH MEETING OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC

(Istanbul, 7-9 May 1991)

Original : English

BACKGROUND REPORT BY THE GENERAL SECRETARIAT OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE FOR THE
SEVENTH MEETING OF THE FOLLOW UP COMMITTEE OF
THE STANDING COMMITTEE FOR ECONOMIC AND
COMMERCIAL COOPERATION (COMCEC)

Istanbul. Republic of Turkey

The Sixth Meeting of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held, concurrently with the First Ministerial Meeting on Technical Cooperation in Istanbul, Republic of Turkey from 7-9 May 1991 preceded by a preparatory meeting of Senior Officials.

2. The Reports of the two meetings were circulated to the Member States and to all concerned agencies by the Government of Turkey. Subsequently the General Secretariat of the Organization of the Islamic Conference (OIC) had also requested the Member States and all concerned agencies to implement the decisions of the above two meetings.

3. The Sixth Session of COMCEC had, among others, decided that the OIC First Ministerial Meeting on Infrastructure and Public Works would be held in Istanbul on October 6-9, 1991 concurrently with the Seventh Session of COMCEC.

4. In pursuance of the above decision the Draft Agenda of the First Ministerial Meeting on Infrastructure and Public Works has been prepared by the Government of Turkey in consultation with the General Secretariat of the OIC.

5. The Secretary General of the Organization of the Islamic Conference, in his report apprised the 19th Islamic Conference of Foreign Ministers held in Cairo, Arab Republic of Egypt from 31st

July to 5 August 1990, on the various on-going activities of the COMCEC under the dynamic leadership of its Chairman, President Turgut Ozal of Turkey in strengthening and expanding economic cooperation among the Islamic States. The 19th ICFM also noted with appreciation the effective role of the COMCEC and the efforts of the General Secretariat and its various organs in the implementation of the Plan of Action to Strengthen Economic Cooperation among Member States. The Conference also felt the need for the formulation of new strategies within the existing Plan of Action adopted at the Third Islamic Summit in 1981 and recommended to the Sixth Islamic Summit to issue a new mandate for the COMCEC to that effect taking into account the overwhelming economic changes taking place in the World since 1981 and their possible effects on the economies of the Islamic States. The Seventh Follow-up Committee Meeting of the COMCEC shall finalize the draft agenda of the First Ministerial Meeting on Infrastructure and Public Works.

f. The progress so far achieved on the implementation of the decisions of the Standing Committee for Economic and Commercial Cooperation (COMCEC) specially after its Sixth Session is summarised below:

A. ECONOMIC COOPERATION

Activities of QIC Organs and Institutions
working in the field of Economy and Trade

7. The 6th Session of COMCEC appreciated the activities of the O.I.C. subsidiary organs and affiliated institutions working in the areas of economic and commercial fields and requested them to ensure greater efficiency, avoidance of duplication in their work and rationalization of their expenditures.

8. It also noted with concern the continuation of the financial difficulties of the QIC subsidiary organs due to

non-payment of the mandatory contributions and arrears on the part of many Member States which impede the full realization of the work programmes of these bodies.

3. The General Secretariat of the Organization of the Islamic Conference appealed to the Member States to actively participate to the work of the OIC institutions and also to honour their regular mandatory contributions to the budgets of the subsidiary organs and to settle their arrears at the earliest in view of the current financial difficulties being faced by them.

Signature and Ratification of Statutes and Agreements

10. The Sixth COMCEC has urged those Member States which have not yet done so to sign and/or ratify at an early date various Statutes and Agreements in the field of economic cooperation drawn up or concluded within the framework of the OIC.

11. In this context, the General Secretariat wishes to furnish below the present status of the Agreements/Statutes for appropriate recommendations to the Sixth Session of the COMCEC.

12. So far the following 18 Member States have signed the "Agreement on Promotion, Protection and Guarantee of Investments among Member States"s Djibouti, Egypt, Indonesia, Kuwait, Morocco, Malaysia, Mali, Palestine, Pakistan, Saudi Arabia, Somalia, Sudan, Senegal, Tunisia, Turkey, Yemen, and Uganda while 12 of them have ratified it: Indonesia, Kuwait, Mali, Pakistan, Palestine, Saudi Arabia, Somalia, Tunisia, Uganda, Turkey, UAE and Morocco. The Agreement has come into force with effect from 26th February 1988.

13. Seven Member States namely; Pakistan, Palestine, Egypt, Bangladesh, Senegal, Libya and the UAE have so far signed and ratified the Statute of the 'Islamic States Telecommunications Union' while Morocco and Jordan have only signed it.

14. So far 5 Member States namely; Tunisia, Palestine, Senegal, Pakistan and the United Arab Emirates have signed and ratified the Statute of the "Islamic Civil Aviation Council" while Bangladesh and Niger have only signed it.

15. With regard to the "Generali Agreement for Economic Technical and Commercial Cooperation among Member States" it may be mentioned that this Agreement has come into force in 1961 following the ratifications of 26 Member States. Besides the 26 Member States ratification, 11 Member States have also signed the Agreement.

B. COIHOICIAL COOPERATION

Trade Preferential System Among Membe
States of the OIC (TPSOIC)

16. The Islamic Centre for Development of Trade, Casablanca, was entrusted by COMCEC to prepare a Draft Agreement for the establishment of a Trade Preferential System among OIC Member States during the First Session of the COMCEC in 1984- The system envisages improvement of the terms of trade among OIC countries by removing non-tariff measures and consequently to alleviate the balance of payments problems facing them.

17. A Declaration of Intent to establish a Trade Preferential System among Member States of the OIC was approved at the 4th Session of COMCEC. The ICdT was requested by the 5th Session of COMCEC to convene an expert group meeting to examine this Draft taking into account the comments received from the Member States and to submit the revised draft to the 6th Session of COMCEC. The Expert Group Meeting on TPSOIC was held in Istanbul from 18-21 December 1989. Representatives from 14 Member States and those from OIC General Secretariat, COMCEC, Ankara Centre, Casablanca Centre, Islamic Chamber of Commerce and the Islamic Development participated in this meeting. The meeting while adopting the

Draft framework Agreement, decided that the draft Rules of Origin, prepared by the Islamic Centre for Development of Trade would be discussed in another expert level meeting. The ICDT accordingly convened an expert level meeting in Casablanca from March 12-14, 1990.

18. The Sixth Session of the COMCEC held in Istanbul on 7-10 October 1990 adopted the Framework Agreement on TPSOIC and its annex on the Rules of Origin and requested the General Secretariat of the OIC to arrange for its opening at the Headquarter of the General Secretariat for signature and ratification by the Member States.

The General Secretariat since received the final version of the Framework Agreement on TPSOIC together with annex on Rules of Origin from the Islamic Centre for Development of Trade. Arrangements have already been made at the General Secretariat for its signature and ratification by Member States. Member States have also been notified accordingly.

Trade Information Network in Islamic Countries (TINIC)

19. In accordance with a decision adopted at the First Session of the COMCEC in 1984, the Islamic Centre for Development of Trade (ICDT) prepared a feasibility study which was reviewed at several experts group meetings until it was found satisfactory at the 4th Follow-up Committee Meeting of the COMCEC in May 1988 who agreed on the need for closer cooperation between ICDT and IDB.

20. The 5th Session of COMCEC also asked both ICDT and IDB to take into consideration (i) the complementarities between TINIC and OIC IS-NET (Islamic Countries Information Network) being prepared by IDB and (ii) to avoid duplication of work and/or additional cost to the Member States. The ICDT accordingly held a meeting with the IDB in Jeddah with a view to preparing jointly an exhaustive report on the progress achieved for submission to the Sixth Meeting of the COMCEC.

The representative of Islamic Centre for Development of Trade shall submit a detailed report on the progress so far achieved in this regard.

21b In its Sixth Session, the COMCEC agreed on the necessity of combining TINIC with OIC IS-NET with a view to avoiding additional costs to Member States, whereby TINIC would become a database system specialising in trade information with OIC IS-NET when in operation. However, ICDDT was requested to continue with the necessary preparation for the creation of the TINIC without waiting for the establishment of OIC IS-NET.

The Longer Term Trade Financing Scheme

22. This scheme under the Islamic Development Bank has been operational from 1987 with the participation of 10 Member States. It is one of the most significant achievements of COMCEC which aims at the active promotion of non-traditional exports among Member States and has since been serving as an effective mechanism to increase intra-OIC trade. More than 20 Member States have joined the scheme which has at present a paid-up capital of over 300 million Islamic Dinar (1 ID equal to US\$1.158 approximately).

Export Credit Guarantee Insurance Scheme

23. In accordance with the decision of the First Session of COMCEC held in 1984, a group of experts met at IDB Headquarter in Jeddah in May 1985 to examine the feasibility of establishing a regional export credit insurance and investment guarantee scheme for the promotion of intra-OIC trade.

24. The basic rationale for the scheme is to enable exporters within OIC countries to compete on equal footing with international exporters who enjoy benefits and considerable institutional and financial support from the respective national institutions and governments. The proposed Credit Scheme is to provide such facilities. The capital of the Scheme, which shall

Annex VII to OIC/COMCEC-FC/7-91 /REP

maintain two financially independent funds, is expected to be around Islamic Dinar 100 million, half of which would be contributed by the Islamic Development Bank. The underwriting capacity of the Scheme in the initial stage would, however, be 10 times of the capital.

25. The Fifth Session of COMCEC agreed that the Scheme should cover both exports and investments in a step by step approach and the location of the Scheme would be at IDB. It also called upon IDE to finalize the mechanism for the implementation and the establishment of the envisaged Scheme.

26. The Sixth Session of the COMCEC requested the COMCEC Coordination Office to coordinate the organisation of an expert group meeting at the IDB Headquarter in Jeddah for final elaboration of the Draft Articles of Agreement for the scheme. This meeting was held on 23-24 April.

27. The representative of IDB will submit a revised version of the Draft Articles of Agreement to this Session.

Multilateral Islamic Clearing Union

28. The Islamic Development Bank was also entrusted by COMCEC to prepare the feasibility study on the establishment of a "Multilateral Islamic Clearing Union" which is expected to promote intra-OIC trade as well as monetary and economic cooperation in general. The IDB has finalized the draft feasibility study through various technical and expert group meetings. It is expected that the Eighth Meeting of the Governors of Central Banks and Monetary Authorities of the Member States to be held in Cairo shortly would be able to approve the IDB study before it is submitted to the COMCEC Session for its final adoption. This meeting was earlier scheduled for 7-8 March 1991 but was postponed in view of the Gulf Crisis.

Harmonization of Standards in the Member States

29. As decided by the Fifth Session of COMCEC, an Expert Group Meeting on Standardization was held in Izmir, Turkey from 2-3 October 1989. It may be mentioned that the Turkish Standards Institution had earlier prepared a draft methodology for the harmonization of existing standards in the Islamic countries and for the preparation of common standards. The experts while finalizing the draft methodology has, among others, decided that there should be one harmonized standards for all Islamic countries which may be adopted by them as a voluntary standards.

The Sixth Session of the COMCEC appreciated the efforts of the Turkish standards "Institution, acting as the Secretariat of the Coordinating Committee on the Harmonisation of Standards Among the OIC Member States in finalising the "Methodology for the Harmonisation of the Existing Standards in the Islamic Countries on the Preparation of the Common Standards." COMCEC also requested the Secretariat of the Coordinating Committee to take the necessary measures in this regard and to submit through the OIC General Secretariat, a progress report to the COMCEC.

Fourth Islamic Trade Fair

30. The 4th Islamic Trade Fair was held in Tunis from 4 to 15 October 1990. It was opened by the President of Tunisia in the presence of the Secretary General of the Organisation of the Islamic Conference. Around 20 Member States participated. There were separate stalls by the OIC and the IDB. The Islamic Centre for Development of Trade in Casablanca and the Islamic Chamber of Commerce, Industry and Commodity Exchange in Karachi have made great efforts in coordinating the organisation of the Fair with the host authorities in Tunis which led to the success of this event. The Fifth Islamic Trade Fair will be held in Khartoum, Sudan in 1992.

**Cooperation in the area of Food Security
and Agricultural Development**

31. The Third Ministerial Conference on Food Security and Agricultural Development in Islamabad, Pakistan from 18—20 October 1988, adopted 10 resolutions which, if implemented could greatly contribute towards the objective of food security in the Islamic countries.

The Resolutions are as follows:

- Review of Food Security Situation in the Islamic Countries.
- Food Security Situation in the African OIC Countries.
- Aa case study for a Strategy of Science and Technology for Food Security in the Islamic World.
- Preparation of a Medium Term Training Programme for Strengthening Food Security in the Islamic countries.
- Identification of Measures and Policies necessary for increasing production of Livestock.
- Increasing Trade in food commodities among the OIC States.
- Establishing the OIC Food Security Reserve.
- Declaration of Decade of Food Security for the OIC Member States.
- Desert Locust.
- Plight of Palestinian Farmers under Israeli occupation.

32. A detailed report on the Conference has been circulated to the Member States and concerned agencies with the request to implement the resolution as contained in the report. The General Secretariat has been following up their implementation with the Member States and the concerned agencies.

33. The General Secretariat has also circulated separately the Resolution on the establishment of the OIC Food Security Reserve to the Member States and requested them to send their comments to the General Secretariat.

34. The Government of Indonesia also hosted an expert group meeting in Jakarta from 8-10 August 1989 which modified the draft mechanism for the establishment of the OIC Food Security Reserve. The draft mechanism has been forwarded to the Member States with the request to join the Reserve. So far, Mauritania, Benin and Burkina Faso have informed the General Secretariat that they had approved the draft mechanism which Egypt and Kuwait have made some reservations.

35. The Islamic Development Bank in collaboration with the General Secretariat of the African Development Bank and Senegal shall organise a symposium on Food Security in Islamic African countries during the Sixth Islamic Summit Conference. Preparatory meeting to arrange for the substantive and logistic matters were held. The Seminar would be held prior to the Summit where, besides the sponsoring organs, experts from FAO, IFAD, WFP and some African countries would participate.

The General Secretariat would also like to inform that the 4th Ministerial Conference on Food Security and Agricultural Development would be held in Cairo sometime in 1991. The 19th Islamic Conference of Foreign Affairs welcomed the offer of the Government of Egypt to host the Conference. Exact date of the meeting will be communicated later in consultation with the Egyptian authorities.

Cooperation in the area of Industry

36. The Third Ministerial Consultation on Industrial Cooperation which was held in Istanbul in June 1987, agreed on the need to formulate the modalities and mechanism for promotion of joint ventures. It was felt that the existence of appropriate mechanism for the promotion of joint ventures on a regional basis was essential. Such mechanism should be operational and flexible enough to incorporate the linkages and the requirements of the Member States.

37. A Task Force for Promotion of Joint Ventures was established which met at the Islamic Development Bank Headquarters in Jeddah on 1-2 November 1987 and prepared a report on the mechanism for the promotion of joint ventures among Member States of the OIC. The study has been sent to Member States for comments and again it will be submitted to the 4th Ministerial Meeting on Industrial Cooperation for consideration. The Follow-up Committee may wish to urge the Member States to host the Fourth Ministerial Meeting on Industrial Cooperation to finalise the mechanism on joint venture among Islamic countries.

- The representatives of IDB and Islamic Chamber of Commerce may wish to apprise the Follow-up Committee of further development, if any, on this subject.

Cooperation in the area of Transport

38. The General Secretariat wishes to inform that the Nineteenth Islamic Conference of Foreign Ministers has noted with satisfaction the efforts to implement the decisions of the First Meeting of Ministers of Transport held in Istanbul in September 1987 concurrently with the Third Session of COMCEC and urged the Member States to implement them.

39. The General Secretariat while circulating the above Resolution to the Member States and concerned agencies has requested them to implement it. It should be pointed out that the Ministers of Transport of OIC Member States in approving the Report has, among other things, decided to cooperate in the development of (a) Road Transport, (b) Maritime Transport, (c) Railway Transport, and (d) Training in the field of Transport.

- The General Secretariat has been in touch with the Government of Turkey, (as Chairman of the Follow-up Committee), Member States and concerned agencies for the implementation of the decisions of the Ministers of Transport.

Cooperation in the area of Communication

40. The Nineteenth Islamic Conference of Foreign Ministers while noting with satisfaction that the First Ministerial Meeting on Communication was held concurrently with the Fourth Session of COMCEC in Istanbul, Turkey in September 1988, urged the Member States to implement the decisions of the Ministers of Communications.

41. It may be recalled that the Ministers of Communications of the OIC Member States in recognizing that telecommunications and postal services are important elements of cooperation in various fields among OIC Member States and that the development of telecommunication networks among Member countries will be a progress and contribute to the general welfare of the Members of their mutual interest, took appropriate decisions in this regard. The General Secretariat has circulated the decisions of the Ministers of Communications to the Member States and concerned agencies and requested them to implement the resolutions.

42. In reply to the General Secretariat's request the Government of Turkey has initiated its efforts for increasing telecommunication transmitting services and for ensuring optimum

use of transit traffic routing to cover 32 Member States at the first step. It is hoped that the above mentioned services would be extended to all the Member States in the near future. As regards the postal services, the Turkish Government has also informed the General Secretariat that studies for extending Express Mail Services between Turkey and the Member States have been initiated. At present 22 Member States have been provided with the Express Mail Services.

43. The General Secretariat wishes to inform the meeting that the Second Ministerial Meeting on Communications will be held in Bandung, Indonesia from 5-12 July 1991. The Nineteenth Islamic Conference of Foreign Ministers welcomed the offer of the Indonesian Government and urged the Member States to implement the decisions of the first Communications Ministers Meeting.

- Draft Agenda have been prepared by the General Secretariat in collaboration with the Indonesian authorities and these have been circulated to the Member States as well.

- The Follow-up Committee may wish to urge Member States to implement the decisions of the First Communications Ministers Meeting and also to effectively participate at the Second Meeting to be held in Bandung, Indonesia in July this year.

Cooperation in the area of Energy

44. The First Ministerial Meeting on Energy of the OIC Member States was held concurrently with the Fifth Session of COMCEC in Istanbul, Turkey from 3-6 September 1989. Energy is one of the priority areas of the Plan of Action.

45. The Energy Ministers of the OIC Member States recognizing that energy issues are important elements of cooperation in various fields among the Member States and that the development of energy resources and power networks will lead to progress and

contribute to the general welfare of the Islamic countries and to their mutual interest, adopted a comprehensive resolution on this subject.

46. The Report and the resolution of the First Meeting of the Ministers of Energy were circulated to the Member States and concerned agencies for implementation of the decisions contained therein.

47. The Follow-up Committee may stress the importance of coordinating and unifying the efforts of the Member States and directing of such efforts to achieve close cooperation among them in order to establish, improve and develop their energy systems and resources. The Committee may also urge the Member States to implement the Resolution of the First Ministerial Meeting on Energy.

Cooperation in the **area** of Labour and Social Security

48. The Second Experts Group Meeting on Labour and Social Security held in Kuala Lumpur, Malaysia in October 1984, set two Working Groups - one for finalizing the "Draft Model Agreement on Social Security" and the other for the "Draft Model Bilateral Agreement on Labour and Manpower Exchange". The Working Group for the Social Security met in Amman, Jordan in 1985 and had finalized the draft Agreement. The Meeting of the Second Working Group on Labour and Manpower Exchange was held in Istanbul, Turkey from 27-29 May 1989 which also finalized the Draft Agreement.

49. The General Secretariat while forwarding the Report of the Working Group on Labour and Manpower Exchange along with the final draft Agreement to the Member States has informed them that the two Draft Agreements would be submitted to the Third Expert Group Meeting on Labour and Social Security for their consideration.

50. In view of the above, the Follow-up Committee may also wish to urge the Member States to consider hosting the Third Expert Group Meeting on Labour and Social Security in order to finalize the above mentioned two Draft Agreements.

Meeting of the Governors of Central Banks and
Monetary Authorities of Member States

51. The Eighth Meeting of the Governors of Central Banks and Monetary Authorities of the Member States which was supposed to have been held on 7-8 March 1991 in Cairo was postponed in view of the Gulf Crisis. The meeting is now expected to be held in Cairo shortly.

52. The Eighth Meeting of Governors of Central Banks and Monetary Authorities of OIC Member States shall discuss, among others, the feasibility study of the Islamic Development Bank relating to the establishment of Multilateral Islamic Clearing Union, Reports of the Expert Level Meetings on Islamic Banking Studies held in Islamabad, Pakistan and in Abu Dhabi in April 1988 and in March 1989 respectively. Draft agenda for the meeting has been finalised by the General Secretariat in consultation with Central Bank of Egypt and has been circulated to the Member States.

Technical Cooperation among OIC Member States

53. The Nineteenth Islamic Conference of Foreign Ministers held in Riyadh in August 1990 has welcomed the enthusiastic response of the Member States, the national and regional agencies to cooperate with the OIC General Secretariat and its subsidiary and affiliated agencies in the realization of technical cooperation activities in the Islamic world. The technical cooperation and training activities of the OIC institutions have further increased recently and have become a regular feature of their activities.

54. The General Secretariat wishes to inform the Follow-up Committee Meeting that the First Ministerial Meeting on "Technical Cooperation" was held concurrently with the 5th Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC) in Istanbul, Turkey from 7-10 October 1990. Earlier, a meeting of the National Focal Points for the Technical Cooperation among OIC Member States was held on 24-26 March 1990 following the 6th Follow-up Committee Meeting of COMCEC.

55. The First Ministerial Meeting on Technical Cooperation, among others, invited the Member States to participate at the annual meeting of the national focal points for technical cooperation among Member States as a medium for strengthening coordination among national focal points for technical cooperation. It decided that next Focal Points Meeting would also be held in Istanbul on 12-13 May 1991 following the 7th Follow-up Committee Meeting of COMCEC.

Economic measures in support of the State of Palestine

56. The Fifth Session of COMCEC has reaffirmed its total support to the Palestinian people led by the PLO inside and outside the occupied Palestinian Territory by all material and moral means and to back their struggle for self-determination and to establish their independent State on their own land with Al-Quds Al-Sharif as its Capital.

57. The 19th Islamic Conference of Foreign Ministers held in Cairo on 31 July to 5 August 1990 noted with appreciation the Report of the Secretary General of the Organization of the Islamic Conference on this subject. The Conference supporting the struggle of the Palestinian people and their right to establish their homeland and their self-determination adopted comprehensive resolutions in this regard.

58. The Conference urged the Member States, Islamic Financial Institutions and the international community to render moral support and material assistance to the Palestinian people to overcome their economic problems including grant of preferential treatment to Palestinian exportable products to the Member States in conformity with the regulations and provisions in their respective countries.

59. The General Secretariat has circulated these Resolutions to the Member States and concerned agencies with the request to implement them.

Assistance to Lebanon

60. The Fifth Session of COMCEC also reaffirmed its previous resolutions on providing financial, economic and humanitarian assistance to Lebanon. It took note of Lebanon's need for various economic, educational and technical assistance.

The General Secretariat, while circulating this resolution, has requested Member States to implement the above decision and to inform it accordingly.

Economic Problems of the Islamic World

61. The Nineteenth Islamic Conference of Foreign Ministers expressed its deep concern on the iniquitous international economic situation and its implications for Islamic States. It noted the new economic configurations emerging at the global level resulting from the creation of a single European Market in 1992 and requested the Member States to intensify their efforts for an increased economic and commercial cooperation in the interest of Islamic States and urged them to promote trade exchanges and investments among them.

62. The Conference requested the Member States to actively participate in the preparation for the International Development Strategy for the Fourth U.N. Development Decade and urged them to join the Agreement on the Global System of Trade Preferences among developing countries and to coordinate their negotiating position within the framework of the system.

63. The Conference expressed its concern over the fact that a large number of developing countries including the African Member States *are* experiencing debt difficulties, with serious social consequences.

64. The Conference also emphasized that the efforts being undertaken by the developing countries to foster sustained economic growth, although important, cannot alone succeed in reactivating growth and development without a favourable international economic environment.

65. The Conference also requested the developed countries to take immediate measures aimed at world economic recovery and for accelerating the development of the developing countries. It also urged the Member States to pursue their efforts for the implementation of the Plan of Action to Strengthen Economic Cooperation among Member States.

Rules of Procedure of the Standing Committee
for Economic and Commercial Cooperation

66. The Fourth Session of the Standing Committee for Economic and Commercial Cooperation had entrusted the General Secretariat with the task of preparing the Rules of Procedure and Substance of the COMCEC.

67. The General Secretariat informed the Fifth Session of COMCEC that it was in the process of preparing a unified Draft

Statute and Rules of Procedure for all the Three Standing Committees of the Organization of the Islamic Conference.

SB The Fifth Session of COMCEC requested the OIC General Secretariat to circulate among the Member States the above mentioned Draft prior to the Sixth Meeting of the Follow-up Committee of COMCEC.

63. The General Secretariat had accordingly prepared and circulated among the Member States the "Draft Statute and Rules of Procedure of the Standing Committees of the Organization of the Islamic Conference" in February 1990 for their views and comments. The same Draft was also submitted to the Sixth Meeting of the Follow-up Committee of COMCEC.

70. At the Sixth Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation (COMCEC), the issue of the Rules of Procedure for COMCEC was discussed. The Follow-up Committee examined the draft "Statute and Rules of Procedure of the Standing Committees of the OIC" prepared by the General Secretariat and agreed that the report to be submitted to the COMCEC should be confined to the Rules of Procedure for COMCEC only.

71. The Committee then asked the General Secretariat to organise an expert group meeting among the Member States to revise the draft document in the light of the above and taking into consideration the views and comments of the Member countries and to submit the revised draft to the Sixth Session of COMCEC.

72. In pursuance of the above directive, the General Secretariat prepared the Rules of Procedure for COMCEC only and since for many reasons it was not possible to organise the proposed expert group meeting before the 6th Session of COMCEC, it requested the Government of the Republic of Turkey, Chairman of the COMCEC, to host the meeting.

73. The Government of Turkey, informed the General Secretariat of its inability to host the meeting in Turkey due to prior commitments and requested the General Secretariat to submit the revised draft with the comments/observations of the Member countries to the Sixth Session of the COMCEC.

74. In the light of the above, the General Secretariat forwarded copies of the revised draft on the Rules of Procedure for COMCEC only to the Member States for their comments and observations.

75. During the Sixth Session of the COMCEC, the Honourable Minister appreciated the efforts of the General Secretariat in preparing a comprehensive draft Rules of Procedure for COMCEC but at the same time agreed on the need for further elaboration of the various aspects of the Rules of Procedure in particular the part dealing with the constitution of the Bureau and the composition of the Follow-up Committee of the COMCEC. The Ministers, thereafter, requested the General Secretariat to convene an Expert Group Meeting at QIC Headquarters in Jeddah to finalise the Rules of Procedure of COMCEC. The General Secretariat had to postpone twice the holding of the above mentioned Expert Group Meeting at Jeddah, in view of the Gulf Crisis. It was later held on 20-21 April 1991.

76. The General Secretariat of the Organization of the Islamic Conference shall submit a detailed report on this to the meeting of the Follow-up Committee.

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- VIII -

REPORT OF THE EXPERT GROUP MEETING
FOR THE FINALIZATION OF THE DRAFT
"ARTICLES OF AGREEMENT ESTABLISHING THE
ISLAMIC CORPORATION FOR EXPORT CREDIT INSURANCE
AND INVESTMENT GUARANTEE"

AND

REVISED TEXT OF THE DRAFT ARTICLES OF AGREEMENT
FOR THE ISLAMIC CORPORATION FOR THE INSURANCE
OF INVESTMENTS AND EXPORT CREDIT

Seventh Meeting
of the Follow-up Committee
of the COMCEC

(Istanbul, 7-9 May 1991)

**REPORT OF THE EXPERT GROUP MEETING
FOR THE FINALIZATION OF
THE DRAFT "ARTICLES OF AGREEMENT ESTABLISHING
THE ISLAMIC CORPORATION FOR EXPORT CREDIT INSURANCE AND
INVESTMENT GUARANTEE"**

INTRODUCTION

During the Sixth Session of COMCEC held in Istanbul, 7-10 October, 1990, the Ministers expressed appreciation for the efforts of the IDB in preparing the "Draft Articles of Agreement Establishing the Islamic Corporation of Export Credit Insurance and Investment Guarantee". They requested the COMCEC Coordination Office to coordinate an expert group meeting at the Headquarters of IDB in Jeddah, in order to finalize the Draft Agreement, within the following terms of reference:

1. The scheme in question should start with export credit insurance and should gradually cover investments;
2. The scheme should function through an institution to be established as a subsidiary organ of the IDB, with the President of the Bank being the Ex-Officio Chairman of the General Council of the Scheme;
3. The Scheme should be established on the basis of voluntary participation;
4. The beneficiaries of the Scheme should exclusively be the Member Countries of OIC. The Scheme should also allow for the participation of the private sector in the Member Countries.
5. The Scheme should be confined to goods traded among the Member Countries conforming to specified rules of origin and cover both commercial and noncommercial risks.

The Ministers requested that the final version of the Draft Articles of Agreement arising from the work of the Experts Group Meeting should be submitted to the Seventh Meeting of the Follow-up Committee of the COMCEC.

The Expert Group Meeting met at IDB Headquarters in Jeddah, during 9-10 Shawwal, 1411H (23-24 April, 1991). H.E. Aydan Karahan, Minister Plenipotentiary & Head of the COMCEC Coordination Office was unanimously elected as the Chairman of the meeting and Dr. A. O. Abudu of the IDB was elected as the Rapporteur. A list of the participants in the Expert Group Meeting is attached to this report.

The deliberations of the meeting were conducted on the basis of the terms of reference, indicated above, as were earlier approved by the Ministers of the Sixth Session of COMCEC. There was a thorough exchange of views on all aspects of the Draft Articles of Agreement.

Numerous opinions arose on various issues that would either be reflected in the revised Draft Agreement or properly be left to the Management of the Scheme to spell out in greater detail. One of these that attracted a lot of discussion was a resolution by the 14th ICFM that was held in 1403H (1983) that the creation of new institutions be deferred, pending further studies by a Committee of Experts. However, after a thorough discussion of the issue, the experts were convinced that the new Scheme conforms with the views of the ICFM, reflected under Article 15 of "Agreement for Promotion, Protection and Guarantee of Investment Among Member States of the Organization of Islamic Conference" which, among other factors, states that the Scheme proposed by the Agreement shall be a subsidiary organ under the IDB. The experts were also of the unanimous opinion that,

although the Scheme by its nature requires legal and financial autonomy, it will nonetheless function entirely under IDB's institutional arrangements, administration and Management.

Many valuable comments were presented by the experts. At the conclusion of its deliberations, the experts were unanimous that the revised document would conform to the draft terms of reference as stipulated by the Ministers of the Sixth Session of COMCEC. The Legal Department of the IDB was given the responsibility to reflect the various suggestions and comments, through appropriate amendments that would go to produce an improved and revised draft of the Draft Articles of Agreement.

The Chairman requested the Bank to submit the full text of the report and the revised Draft Articles of Agreement for consideration by the next Follow-up Committee of COMCEC (scheduled for Istanbul during May 7-9, 1991) which would, in turn present its report to the Seventh Session of COMCEC to be held in Istanbul during 6-9 October, 1991.

—————END —————

AOA/127
10.10.1411h
(24.04.1991)

Annex VIII to OIC/COMCEC-FC/7-91/REP

APRIL, 1991
(SHAWAL, 1411)

ARTICLES OF AGREEMENT OF THE
ISLAMIC CORPORATION
FOR THE INSURANCE OF INVESTMENT AND
EXPORT CREDIT.

LD133/A;01/RI/MHK
27 April, 1991.
Ç;2212/RI

ARTICLES OF AGREEMENT OF THE ISLAMIC
CORPORATION FOR TBB INSURANCE OF
INVESTMENT AND EXPORT CREDIT.

THE STATES PARTIES TO THIS AGREEMENT AND THE ISLAMIC
DEVELOPMENT BANK;

CONSIDERING that one of the objectives of the Organization
of Islamic Conference, as expressed in the Organization's
Charter, is the development and fostering of cooperation
among member countries in the economic and social fields;

DESIROUS of strengthening economic relations among member
countries of the Organisation of Islamic Conference on the
basis of Islamic principles and ideals;

SEEKING to promote the flow of capital and to enlarge the
scope of trade relations among Islamic countries in order to
reinforce and promote their efforts at development;

HAVING REGARD :

to Article 15 of the Agreement for the Promotion,
Protection and Guarantee of Investment among member
countries of the Organization of Islamic Conference,
which provides that the Organization shall, through the
Islamic Development Bank, establish an Islamic
Institution for Investment Guarantee to undertake the
provision of insurance for investments in the
territories of signatory members of the said Agreement
on the basis of Shariah;

to the recommendation of the Standing Committee for
Commercial and Economic Cooperation (COMCEC) of the
Organization of Islamic Conference in its Fifth Session
held in Istanbul, Republic of Turkey, in Safar 1410H
for creating the mechanism for carrying out, in
accordance with Shariah, the insurance of export credit
in order to protect trade transactions between Islamic
countries against commercial and non-commercial risks;

HAVE AGREED AS FOLLOWS;

CTAPTER-I

**ESTABLISHMENT DEFINITIONS STATES
OFFICE OBJECTIVE AND MEMBERSHIP**

Article 1

ESTABLISHMENT

There is hereby established in accordance with the provisions of this Agreement a subsidiary Corporation of the Bank called "The Islamic Corporation for the Insurance of Investment and Export credit" (hereinafter called "The Corporation").

Aftiçle 2
DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and terms shall have the following meanings:

- | | | |
|--|---|--|
| "Organization" | : | the Organization of Islamic Conference. |
| "Member(s) ⁿ " | : | the Bank or a member state. |
| "Member state(s)" | : | a member state of the Organization that has become a party to this Agreement. |
| "Bank" | : | the Islamic Development Bank |
| "Export Credit" | : | A credit relating to export transactions. |
| "Host country" or "Host~government" ⁿ | : | a member state, its government or any public authority of a member state, in whose territories an investment that has been insured or reinsured, or is considered for insurance or reinsurance by the Corporation, is to be located; or a member state into whose territories goods financed by a credit that has been insured or reinsured, or is considered for insurance or reinsurance by the Corporation, are to be imported. |

- "Policyholder's country" : a member state to whose legislations the Policyholder is subject.
- "Investment insurance" : the insurance provided by the Corporation to cover the investments referred to in Article (17) hereof against the risks stipulated in Article 19(2) hereof or the risks specifically approved for coverage by the Board of Directors in accordance with Article 19(3) hereof.
- "Export credit insurance" : The insurance cover provided by the Corporation for export credits against the risks stipulated in Article 19(1) and (2) hereof or the risks specifically approved for coverage by the Board of Directors in accordance with Article 19(3) hereof.
- "Insurance contract(s)" : includes investment insurance contracts as well as export credit insurance contracts.
- "Reinsurance contracts" : includes reinsurance covers provided by the Corporation in respect of insurance contracts as well as reinsurance contracts entered into by the Corporation for ceding risks insured or reinsured by the Corporation.
- "Policyholder(s)" : the natural or juridical person or persons who conclude insurance contracts with the Corporation in accordance with the provisions of this Agreement.

"Islamic Dinar" : the unit of account of the Corporation the value of which shall be equivalent to one Special Drawing Right of the International Monetary Fund.

Article 3

The Corporation shall be an international institution with full juridical personality, and in particular, the capacity to:

- 1 - contract,
- 2 - acquire and dispose of movable and immovable property;
and
- 3 - institute legal proceedings.

Article 4

OFFICE OF THE CORPORATION

- 1 - The principal Office of the Corporation shall be located in the city of Jeddah, Kingdom of Saudi Arabia.
- 2 - The Corporation may establish agencies or branch offices elsewhere.

Article 5

OBJECTIVE AND PURPOSES

- 1 - The objective of the Corporation shall be to enlarge the scope of trade transactions among, and the flow of investments into, member states.
- 2 - To serve its objective, the Corporation shall provide in accordance with the principles of Shariah, export credit insurance or reinsurance in respect of the goods which shall satisfy the conditions specified in Article 16 hereof, by paying the Policyholder a reasonable indemnity in respect of losses resulting from the risks specified in Articles 19(1) and 19(2) hereof, or the risks specified by the Board of Directors in accordance with Article 19(3) hereof.

- 3 - At a suitable time after its establishment the Corporation may, in accordance with the principles of Shariah, insure or reinsure investments by members in a member state against the risks specified in Article 19(2) hereof, or the risks specified by the Board of Directors in accordance with Article 19(3) hereof.
- 4 - The Corporation shall exercise such powers as it may deem necessary or suitable for achieving its objectives. The Corporation shall be guided in all its decisions by the provisions of this Article.

Article 6

MEMBERSHIP

- 1 - The founder members shall be the Bank and those member states of the Organization listed in Schedule "A" hereto which, on or before the date specified in Article 65 hereof shall have signed this Agreement and shall have fulfilled all other conditions of membership.
- 2 - Any other state which is a member of the Organization may apply and be admitted as a member after the entry into force of this Agreement upon such terms and conditions as may be decided by the vote of the majority of the total voting power of the members of the Board of Governors.
- 3 - A state that is a member of the Organization may authorize any entity or agency acting on its behalf to sign this Agreement and to represent it in all matters relating to this Agreement with the exception of the matters referred to in Article 66 hereof.

CHAPTER-II

FINANCIAL RESOURCES

Article 7

RESOURCES OF THE CORPORATION

The resources of the Corporation shall consist of:

- a - subscriptions to the Capital Stock of the Corporation,
- b - insurance and reinsurance contributions donated by Policyholders to the Corporation to the extent required by the Corporation to meet claims,
- c - sums and other assets to which the Corporation shall become entitled after payment of claims, and
- d - the return on the investment of the resources of the Corporation.

Article 9

AUTHORIZED CAPITAL

- 1 - The authorized capital stock of the Corporation shall be One Hundred Million (100,000,000) Islamic Dinars divided into One Hundred Thousand (100,000) Shares having a par value of One Thousand (1000) Islamic Dinars each, which shall be available for subscription by members in accordance with the provisions of Article 9 hereof.
- 2 - The authorized capital stock may be increased by the Board of Governors, at such time and upon such terms and conditions as it may deem suitable, by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the voting power of the members.

Article 9

SUBSCRIPTION AND ALLOCATION OF SHARES.

- 1 - The Bank shall subscribe to fifty thousand (50,000) shares in the capital stock of the Corporation to be paid in accordance with paragraph (1) of Article 10 hereof.

- 2 - Each member state shall subscribe to the authorized capital stock of the Corporation, and the minimum number of shares to be subscribed by a member state shall be five hundred (500) shares.
- 3 - Each member state shall declare the number of shares it shall subscribe to the capital stock before the expiry of the date specified in paragraph (1) of Article 65 hereof.
- 4 - Without prejudice to paragraph (2) of this Article, a state admitted to membership in accordance with paragraph (2) of Article 6 hereof, shall subscribe to that number of shares of the unsubscribed portion of the capital stock of the Corporation as determined by the Board of Governors.
- 5 - If the Board of Governors determines that an increase in the capital stock is warranted, each member shall have a reasonable opportunity to subscribe, upon such terms and conditions as the Board of Governors shall determine, to a proportion of the increase of stock equivalent to the proportion which its stock heretofore subscribed bears to the total subscribed capital stock immediately prior to such increase; provided, however, that the foregoing provision shall not apply in respect of any increase or any portion of an increase in the capital stock intended solely to give effect to the determination of the Board of Governors under paragraphs (4) and (6) of this Article. No member shall be obliged to subscribe to any part of an increase of the capital stock.
- 6 - The Board of Governors may, at the request of a member, by a vote of a majority of the total number of Governors representing a majority of the total voting power of the members, increase the subscription of such member to the capital stock of the Corporation on such terms and conditions as the Board may determine.
- 7 - Shares of stock subscribed by founder members shall be issued at par. Each other member shall subscribe to such number of shares of capital stock on such terms and conditions as may be determined by the Board of Governors, but in no event at an issue price of less than par.

PAYMENT OF SUBSCRIPTION

- 1 - Payment of the amount subscribed by the Bank to the capital stock of the Corporation shall be made in a convertible currency acceptable to the Corporation within thirty (30) days after the date on which this Agreement comes into force.
- 2 - Payment of the value of shares subscribed by founder member states shall be made as follows:
 - a - Fifty per cent (50%) of the value of each share shall be paid in cash in a convertible currency acceptable to the Corporation in two equal instalments the first of which shall be paid within thirty (30) days after the date of deposit on behalf of the particular member state of the instrument of ratification or acceptance; and the second instalment shall be paid within a period not exceeding twelve months after the payment of the first instalment.
 - b - The remainder of the unpaid subscriptions shall be subject to call by the Corporation, in freely convertible currency acceptable to the Corporation, as and when required to meet its obligations.
 - c - Calls on any portion of the unpaid subscriptions shall be uniform on all shares.
 - d - If the amount received by the Corporation on a call shall be insufficient to meet the obligations which have necessitated the call, the Corporation may make further successive calls on unpaid subscriptions until the aggregate amount received by it shall be sufficient to meet such obligations.
- 3 - The Corporation shall determine the place for any payment under this Article. Until so determined, payment of the portion of the value of shares referred to in paragraph 2(a) hereof shall be made to such place as the Bank may determine.

Article 11

REFUNDS

- 1 - The Corporation shall, as soon as practicable, return to members amounts paid on calls on subscribed capital if and to the extent that:
 - (a) The call shall have been made to pay a claim resulting from an insurance or reinsurance contract and thereafter the Corporation shall have recovered its payment, in whole or in part, in a freely convertible currency; or
 - (b) The call shall have been made because of a default in payment by a member and thereafter such member shall have made good such default in whole or in part, or
 - (c) The Board of Governors, by the vote of not less than two-thirds of the total voting power, determines that the financial position of the Corporation permits all or part of such amounts to be returned out of the Corporation's revenues.
- 2 - Any refund effected under this Article to a member shall be made in a freely convertible currency in the proportion of the payments made by that member to the total amount paid pursuant to calls made prior to such refund.
- 3 - The equivalent of amounts refunded under this Article to a member shall become part of the callable capital obligations of the member under Article 10(2)(b).

Article 12

CONPITXONS RELATING TO CAPITAL STOCK

- 1 - Shares of stock shall not be pledged or encumbered in any manner whatsoever and they shall not be transferable except to the Corporation in accordance with Chapter VI.
- 2 - The liability of a member on shares shall be limited to the unpaid portion of its capital subscription.

- 3 - No member, by reason only of its membership, shall be liable for the obligations of the Corporation towards third parties.

Article 13

OBLIGATIONS AND RIGHTS OF THE CAPITAL

- 1 - Establishment expenses shall be paid out of the capital by way of a loan to be repaid from the surplus accruing to the Policyholders' Fund.
- 2 - The capital shall not be entitled to a share in any surplus accruing to the Policyholders' Fund.
- 3 - Any deficit in the Policyholders' Fund shall be covered from the capital by way of a loan to be repaid from the surplus accruing to the Policyholders' Fund.

CHAPTER-III

OPERATIONS OF THE CORPORATION

Article 14

USE OF RESOURCES

The resources and facilities of the Corporation shall be used exclusively to achieve the objective and purposes of the Corporation provided for in Article 5 hereof.

Article 15

RULES RELATING TO OPERATIONS.

- 1 - In carrying out its operations, the Corporation shall:
 - a - endeavour to achieve mutual cooperation of Policyholders through their collective sharing of the losses which any one Policyholder may suffer on the materialization of the risk or risks insured or reinsured by the Corporation.
 - b - distribute to Policyholders the surplus that may accrue from the insurance and reinsurance operations on such basis as may be determined by the Board of Governors.

- c - pay due regard to maintaining a sound financial position in accordance with established business practices.
- 2 - Unless the context otherwise requires, all the provisions of this Agreement which apply to insurance transactions shall mutatis mutandis apply to reinsurance transactions.

Article 16

EXPORT CREDITS ELIGIBLE FOR INSURANCE

All export credits pertaining to goods exported from a member state to another member state shall be eligible for insurance provided that:

- 1 - The goods, the subject of the credit, shall have been produced, manufactured in whole or in part, assembled or reprocessed in one or more member states provided that a reasonable value added will accrue to the member state from which such goods are exported. The Board of Directors shall, from time to time, issue regulations determining the types and specifications of goods in respect of which the Corporation may insure export credits and the minimum value added that must accrue to the member state in which such goods have been produced, manufactured, reprocessed or assembled.
- 2 - The duration of the credit shall not exceed five years.

Article 17

INVESTMENTS ELIGIBLE FOR INSURANCE

- 1 - Investments eligible for insurance shall comprise all investments in member states including direct investments in enterprises, their branches and agencies; investments in the share capital of enterprises including principal amounts of short and medium-term loans provided or secured by shareholders in enterprises; and all other forms of direct investments which shall be considered eligible for insurance by the Board of Directors.

- 2 - Insurance shall be restricted to investments the implementation of which begins subsequent to the registration of the application for insurance by the Corporation. Such investments may include:
 - (a) the transfer of foreign exchange made to modernize, expand or develop existing investments,
 - (b) the use of earnings from existing investments.
- 3 - Private, public and mixed investments operating on commercial basis shall be eligible for insurance by the Corporation.

Article 18

ELIGIBILITY TO RECEIVE THE
CORPORATION'S SERVICES,

- 1 - The following shall be eligible to receive the services of the Corporation:
 - (i) The Bank,
 - (ii) any natural person, who is a national of a member state other than the host country, and
 - (iii) any juridical person the majority of whose stocks or shares are owned by one or more members or by a national or nationals of one or more member states and whose principal office is located in a member state.
- 2 - Subject to the provisions of Articles 16 and 17 hereof and notwithstanding the foregoing, a juridical person may, by a resolution of the Board of Directors, be accepted as a party to an insurance or reinsurance contract even if its principal office is located in a non-member state, provided that such juridical person is owned, by not less than fifty per cent, by one or more members or by a national or nationals of one or more member states or by juridical persons who would, under the provisions of this paragraph, be eligible parties to an insurance or reinsurance contract.
- 3 - The Board of Directors may extend eligibility for insurance to a natural person who is a national of the host country or a juridical person which is incorporated in the host country or the majority of whose capital is owned by its nationals, provided that:

- a - the request for insurance shall be jointly made by the host country and the applicant for insurance,
 - b - the assets that are to be insured are, or will be, transferred from outside the host country.
- 4 - Where the applicant for insurance has more than one nationality, the nationality of a member state shall prevail over the nationality of a non-member, and the nationality of the host country shall prevail over the nationality of any other member state.

Article 19

COVERED RISKS

- 1 - For the purposes of the export credits provided for in Article 16 hereof, the insurance to be provided by the Corporation shall cover eligible export credits against a loss, resulting from one or more of the following types of commercial risks:
- a - The insolvency or bankruptcy of the buyer,
 - b - Repudiation or termination by the buyer of the purchase contract or his refusal or failure to take delivery of the goods despite the seller's fulfilment of all his obligations towards the buyer,
 - c - Refusal of the buyer to pay the purchase price to the seller or his failure to do so despite the seller's fulfilment of all his obligations towards the buyer.
- 2 - For the purposes of covering export credits and investments provided for in Articles 16 and 17 hereof, respectively, the insurance to be provided by the Corporation shall cover eligible export credits and eligible investments, respectively, against losses resulting from one or more of the non-commercial risks specified below:
- a - Currency Transfer
any introduction attributable to the host government or the Policyholder's country of restrictions on the transfer outside the host country' or the Policyholder's country of the particular local currency into a freely

convertible currency or another currency acceptable to the insured, including a failure of the host government or the Policyholder's country to act within a reasonable period of time on an application by such Policyholder for such transfer;

- b - Expropriation and Similar Measures
any legislative action or administrative action or omission by the host government or the Policyholder's country which has the effect of depriving the Policyholder of his ownership or control of his investment or of the goods sold under an export credit, or of a substantial benefit relating to the particular investment or the particular goods, with the exception of non-discriminatory measures of general application which governments normally take for the purpose of regulating economic activity in their territories. The measures referred to herein include the revocation of the import licence of the goods, the subject of an export credit insured by the Corporation, after the goods have been shipped; the refusal of the host country to permit the entry of the goods into its territories; as well as the refusal of the transit of the goods by a transit country which is a member of the Corporation.
 - c - Breach of Contract
any repudiation or breach by the host government or the Policyholder's country of a contract with the Policyholder, when (a) the Policyholder does not have recourse to a judicial or arbitral forum to determine the claim of repudiation or breach, or (b) a decision by such forum is not rendered within such reasonable period of time as shall be prescribed in the contracts of insurance pursuant to the Corporation's regulations, or (c) such a decision cannot be enforced; and
 - d - War and Civil Disturbance
any military action or civil disturbance in any territory of the host country or the Policyholder's country.
- 3 - The Board of Directors may, by a majority, approve the extension of coverage to specific commercial and non-commercial risks other than those specified in Paragraphs (1) and (2) of this Article.

- 4 - In no case shall losses resulting from the following be covered:
- a - devaluation or depreciation of currency,
 - b - Any action or omission by the authorities of the host country or the Policyholder's country to which the Policyholder has agreed or for which he has been responsible, and
 - c - Any action or omission by the authorities of the host country or the Policyholder's country occurring before the conclusion of the insurance contract.

Article 20
INSURANCE AND REINSURANCE CONTRACTS

The Corporation shall prepare the insurance and reinsurance contracts in accordance with the rules and regulations which may, from time to time, be issued by the Board of Directors, provided that the Corporation shall not cover the total insured or reinsured loss.

Article 21
LIMITS OF INSURANCE

- 1 - Unless the Board of Governors shall, by a majority of its members representing a majority of the voting power, otherwise decide, the aggregate amount of contingent liabilities which may be assumed by the Corporation shall not exceed one hundred and fifty percent of the amount of the Corporation's unimpaired subscribed capital and its reserves plus such portion of its reinsurance cover as the Board of Directors may determine. The Board of Directors shall, from time to time, review the risk profile of the Corporation's portfolio in the light of its experience with claims degree of risks diversification, reinsurance cover and other relevant factors with a view to ascertaining whether changes in the maximum aggregate amount of contingent liabilities should be recommended to the Board of Governors. The maximum amount determined by the Board of Governors shall not under any circumstances exceed ten times the amount of the Corporation's unimpaired subscribed capital, its reserves and such portion of its reinsurance cover as may be deemed appropriate.

- 2 - Without prejudice to the ceiling of contingent liability referred to in Paragraph(1) of this Article, the Board of Directors may prescribe:
 - a - maximum aggregate amounts of contingent liability which may be assumed by the Corporation under all insurance and reinsurance contracts with a member or the Policyholders of each individual member country. The Board of Directors shall determine such maximum amounts in the light of the share of the respective member in the capital of the Corporation.
 - b - maximum aggregate amounts of contingent liability which may be assumed by the Corporation in respect of any single transaction.

Article 22

FEES AND CONTRIBUTIONS

- 1 - The Corporation shall collect a fee to cover the cost of examining an application for insurance or reinsurance.
- 2 - The Corporation shall establish the rates of contributions, fees and other charges, if any, applicable to each type of risk.
- 3 - The Corporation may, from time to time, review the rates of contributions, fees and other charges.

Article 23

PAYMENT OF CLAIMS

The President of the Corporation shall, in accordance with such general guidelines as may be issued by the Board of Directors, decide on the payment of claims to policyholders in accordance with the provisions of the insurance or reinsurance contract, as the case may be. Contracts of insurance and reinsurance shall require policyholders to seek, before payment is made by the Corporation, such administrative remedies as may be appropriate under the circumstances, provided that they are readily available to

then under the laws of the host country. Insurance and reinsurance contracts may require the lapse of certain reasonable periods between the occurrence of events giving rise to claims and payment of claims.

Article 24

SUBROGATION

- 1 - Upon paying or agreeing to pay compensation to a policyholder in respect of an insured loss, the Corporation shall be subrogated to such rights or claims related to the insured assets as the policyholder may have consequent upon the materialization of the particular risk. Insurance contracts shall specify in detail the limits within which the Corporation shall be subrogated to the rights of the policyholder.
- 2 - The rights of the Corporation pursuant to Paragraph (1) hereof shall be recognized by all members.
- 3 - In consequence of the subrogation of the Corporation to the rights of a Policyholder pursuant to Paragraph (1) hereof, host countries or countries of the Policyholders, as the case may be, shall as soon as possible discharge to the Corporation their obligations towards the Policyholder and shall, on demand by the Corporation, afford the Corporation all appropriate facilities to benefit from the rights acquired by reason of such subrogation. Without prejudice to the foregoing, amounts in the currency of the host country or the Policyholder's country acquired by the Corporation as subrogee pursuant to Paragraph (1) of this Article shall be accorded, with respect to use and conversion, treatment by the particular country as favourable as the treatment to which such funds would be entitled in the hands of the policyholder.

Article 25

COOPERATION WITH NATIONAL, REGIONAL AND
INTERNATIONAL INSURANCE AND REINSURANCE ENTITIES.

- 1 - The Corporation may enter into arrangements with national private and public insurers and reinsurers in member states to enhance its own operations and encourage such entities to provide coverage of commercial and non-commercial risks on conditions

similar to those applied by the Corporation. Such arrangements may include the provision of reinsurance protection to such entities by the Corporation.

- 2 - The Corporation may cooperate with similar national, regional or international entities in any manner as may be deemed suitable for the purposes of the Corporation.
- 3 - The Corporation may reinsure with any appropriate reinsurance entity, in whole or in part, any export credit or investment insured by it.

CHAPTER-IV

FINANCIAL PROVISIONS

Article 26

FINANCIAL MANAGEMENT

- 1 - The Board of Directors shall issue financial rules and regulations as may be necessary for the business of the Corporation.
- 2 - The Corporation's financial year shall be the Hijra Year.

Article 27

ACCOUNTS

The Corporation shall publish and circulate to members an Annual Report on its accounts as audited by independent auditors.

Article 28

FUNDS

- 1 - The Corporation shall maintain and administer two separate Funds:
 - a- The Policyholders' Fund, and
 - b- The Shareholders' Fund.

- 2 - Assets of the Policyholders' Fund shall consist of:
 - a- Insurance and reinsurance contributions and collected fees,
 - b- Claims received from reinsurance,
 - c- The surplus that may accrue from the operations of the Corporation,
 - d- The reserves established by setting aside part of the surplus referred to in Paragraph (c) above,
 - e- The profits realised on the investment of the reserves attributed to the Policyholders' Fund,
 - f- The share of profit on the investment of the Shareholders' Fund accruing to the Policyholders* Fund in its capacity as a Mudarib,'
 - g- Sums acquired by the Corporation as subrogee upon indemnifying Policyholders,
- 3 - Assets of the Shareholders' Fund shall consist of:
 - a- The paid up capital as well as the reserves attributed to the Shareholders' Fund,
 - b- Profits on the investment of the paid up capital and the reserves attributed to the Shareholders' Fund.

Article 29

RESERVES AND ALIPCATION OF NET INCOME

- 1 - The Board of Governors shall allocate all the surplus accruing to the Policyholders* Fund and all the profits accruing to the Shareholders' Fund to reserves until such reserves reach five times the subscribed capital of the Corporation.
- 2 - After the reserves of the Corporation have reached the level prescribed in Paragraph (1) above, the Board of Governors shall decide whether and to what extent:
 - a- The surplus accruing to the Policyholders' Fund may be allocated to reserves or distributed to Policyholders,

- b- The net income accruing to the Shareholders' Fund may be allocated to reserves of the Shareholders' Fund, be distributed to the members of the Corporation or be used otherwise. Any distribution of the net income to the Corporation's members shall be made in proportion to the share of each member in the capital of the Corporation.

Article 30

BUDGET

The President shall prepare and submit the Annual Budget of the Corporation for approval by the Board of Directors.

Article 31

DETERMINATION OF EXCHANGE RATES & CONVERTIBILITY

- 1 - The determination of exchange rates in terms of the Islamic Dinar or the settlement of any question regarding exchange rates shall be made by the Corporation on the basis of the rates declared by the International Monetary Fund.
- 2 - Whenever the need arises under this Agreement to determine whether any currency is freely convertible, such determination shall be made by the Corporation which may consult the International Monetary Fund if it considers this necessary.

Article 32

USE AND CONVERSION OF CURRENCIES

Without prejudice to the provisions of Article 24 hereof:

- 1 - A member state shall not maintain or impose any restriction on the receipt, holding or use of its currency, or any other currency, on the account of the Corporation.
- 2 - A member state shall, at the request of the Corporation, facilitate the prompt conversion of its currency held by the Corporation into freely convertible currency on the basis of exchange rates determined for the value date of the conversion in accordance with Article 31.

- 3 - The currencies of non-member states held by the Corporation shall not be used to purchase the currency of a member state except in the ordinary course of the Corporation's business, or with the approval of the member state concerned.
- 4 - A member state shall impose no restrictions on the remittance of the dues of the Corporation in convertible currency acceptable to the Corporation.

Chapter V

ORGANIZATION AND MANAGEMENT

Article 33

STRUCTURE OF THE CORPORATION

The Corporation shall have a Board of Governors, a Board of Directors, a President, a Manager and such other officers and staff as may be necessary to perform such duties as the Corporation may determine.

Article 34

BOARD OF GOVERNORS; COMPOSITION

- 1 - The Board of Governors shall be composed of the Governors and Alternate Governors of the Bank. The Chairman of the Board of Governors of the Bank shall be the ex-officio Chairman of the Board of Governors of the Corporation.
- 2 - Governors and Alternate Governors shall serve as such without remuneration from the Corporation, but the Corporation may reimburse them for reasonable expenses incurred in attending meetings.

Article 35

BOARD OF GOVERNORS POWERS

- 1 - All powers of the Corporation shall be vested in the Board of Governors.
- 2 - The Board of Governors may delegate to the Board of Directors any of all its powers, except the power to:

- a - admit new members and determine the conditions of their admission,
 - b - increase or decrease the authorized capital stock of the Corporation,
 - c - suspend a member,
 - d - decide appeals from interpretations or applications of this Agreement given by the Board of Directors,
 - e - determine the reserve and the distribution of the net income and surplus of the Corporation,
 - f - amend this Agreement,
 - g - decide to terminate the operations of the Corporation and to distribute its assets,
 - h - determine the remuneration of the Directors,
 - i - exercise such other special powers as are expressly assigned to the Board of Governors in this Agreement.
- 3 - The Board of Governors, and the Board of Directors to the extent authorized, may adopt such Rules and Regulations as may be necessary or appropriate to conduct the business of the Corporation including Rules and Regulations pertaining to staff, retirement and other benefits» Until such Rules and Regulations are adopted, the Rules, Regulations and By-Laws of the Bank, to the extent they are consistent with the provisions of this Agreement, shall apply to the Corporation as if the same have been adopted by the Board of Governors, or the Board of Directors to the extent authorized, under this Agreement.
- 4 - The Board of Governors shall retain full power to exercise authority over any matter delegated to the Board of Directors under, paragraphs (2) and (3) of this Article.

Article 36

BOARD OF GOVERNORS PROCEDURE

- 1 - The Board of Governors shall hold an annual meeting and such other meetings as may be deemed necessary by the Board of Governors or called by the Board of Directors.

Meetings of the Board of Governors shall be called by the Board of Directors whenever requested by the Bank or by one-third of the members.

- 2 - The annual meeting of the Board of Governors of the Corporation shall be held in conjunction with the annual meeting of the Board of Governors of the Bank.
- 3 - A majority of the Governors shall constitute a quorum for any meeting of the Board of Governors of the Corporation provided that such majority represents not less than two-thirds of the total voting power of the members.
- 4 - The Board of Governors shall by regulation establish a procedure whereby the Board of Directors may, when the latter deems such action advisable, obtain a vote of the Governors on a specific question without calling a meeting of the Board of Governors.

Article 37

BOARD OF DIRECTORS: COMPOSITION

- 1 - The Board of Directors of the Corporation shall be composed of ten Directors. Member States shall elect five Directors in accordance with the Regulations laid down by the Board of Governors. The other five Directors shall be selected by the Bank on such basis as may be determined by the Board of Governors of the Bank. The President of the Bank shall be ex officio Chairman of the Board of Directors, but shall have no vote except a deciding vote in case of an equal division.
2. Directors shall be persons of high competence in matters of insurance and investment.
3. Directors shall hold office for a term of three years and may be re-elected or re-selected, as the case may be. A Director shall continue in office until his successor is elected or selected. If the office of a Director becomes vacant more than ninety days before the end of his term, a successor shall be selected by the Bank or elected by the Governors who elected the former Director, as the case may be, for the remainder of the term.

Article 38

BOARD OF DIRECTORS : POWERS

The Board of Directors shall be responsible for the direction of the general operations of the Corporation and, for this purpose, shall, in addition to the powers assigned to it expressly by this Agreement, exercise all the powers delegated to it by the Board of Governors, and in particular:

- 1) prepare the work of the Board of Governors;
- 2) lay down guidelines for carrying out the business of the Corporation and its operations in conformity with the general directions of the Board of Governors;
- 3) approve the budget of the Corporation.

Article 39

BOARD OF DIRECTORS : PROCEDURE

- 1 - The Board of Directors shall function at the principal office of the Corporation, unless otherwise decided by the Board, and shall meet as often as the business of the corporation may require.
- 2 - The presence of the majority of the Directors shall constitute a quorum for any meeting of the Board of Directors of the Corporation provided that such majority represents not less than two-thirds of the total voting power of the members.
- 3 - The Board of Governors shall adopt Rules and Regulations under which, if there is no Director of its nationality, a member state may send a representative to attend, without* right to vote, any meeting of the Board of Directors when a matter particularly affecting that member state is under consideration.

Article 40

VOTING

- 1 - Each member shall have one vote for every share subscribed and paid for.

- 2 - In voting in the Board of Governors, each Governor shall be entitled to cast such proportionate share of the Bank's votes in the Corporation as the shares of the member state he represents in the Bank bear to the capital stock of the Bank. If a member of the Bank is also a member state of the Corporation the Governor representing it shall, in addition to the proportionate share of the Bank's votes determined as above, be entitled to cast the votes which such member state is entitled to in the Corporation.
- 3 - Except as otherwise expressly provided in this Agreement, all matters before the Board of Governors shall be decided by a majority of the voting power represented at the meeting.
- 4 - In voting in the Board of Directors of the Corporation, each Director elected by one or more member state shall be entitled to cast the votes held by the member state or states which elected him. Each Director who has been selected by the Bank shall be entitled to cast such a number of the votes of the Bank in the Corporation as may be allocated to him by the Board of Governors of the Bank. Votes which an elected Director is entitled to cast need not be cast as a unit.
- 5 - All matters before the Board of Directors shall be decided by the majority of the voting power represented in the meeting.

Article 41

THE PRESIDENT

- 1 - The President of the Bank shall be ex officio President of the Corporation.
- 2 - The President shall be the Chief Executive of the Corporation and shall conduct the affairs of the Corporation under the direction of the Board of Directors. The President shall be responsible for the organization, appointment and dismissal of the officers and staff in accordance with Rules and Regulations adopted by the Board of Directors.

- 3 - The President shall be the legal representative of the Corporation and shall have power to approve the insurance and reinsurance operations to be carried out by the Corporation and the conclusion of contracts pertaining thereto within the general guidelines issued by the Board of Directors.
- 4 - In appointing the officers and staff in accordance with paragraph (2) hereof, the President shall, subject to the paramount importance of securing the highest standards of efficiency and technical competence, pay due regard to the recruitment of personnel on as wide a geographical basis as possible.
- 5 - Without prejudice to the generality of the foregoing, the President shall appoint a Manager to the Corporation who shall be entrusted with the current business of the Corporation. The President may delegate to the Manager any of the President's powers under this Agreement. The President shall determine the salary and conditions of service of the Manager and may re-appoint him.

Article 42

INTERNATIONAL CHARACTER OF THE CORPORATION
AND PROHIBITION OF POLITICAL ACTIVITY

- 1 - The Corporation, its Directors, President, Manager, Officers and staff shall not interfere in the political affairs of any member state. Without prejudice to the right of the Corporation to take into account all the circumstances surrounding an investment or an export credit, the Corporation, its Directors, President, Manager, Officers and staff shall not be influenced in their decisions by the political character of the member or member states concerned.
- 2 - In the discharge of their duties, the President, Manager, officers and staff of the Corporation shall owe their duty entirely to the Corporation and to no other authority. Each member of the Corporation shall respect the international character of this duty and shall refrain from all attempts to influence any of them in the discharge of their duties.

Article 43

CHANNEL OF COMMUNICATION AND DEPOSITORIES

Unless new channels of communication and new depositories are indicated by member states within 60 days from the coming into force of this Agreement, the channel of communication and depository designated by each member state for the purpose of Article 40 of the Articles of Agreement establishing the Bank will, respectively, be deemed to be the channel of communication in connection with any matter arising under this Agreement and the depository for keeping the holdings of the corporation of the currency of that member state as well as other assets of the Corporation.

Article 44

STATEMENTS AND REPORTS

- 1 - The Corporation shall transmit to its members quarterly statements showing the result of its Operations.
- 2 - The Corporation may also publish such other reports as it deems desirable to carry out its purpose and functions. Such reports shall be transmitted to the members.

Chapter VI

WITHDRAWAL AND SUSPENSION OF MEMBERS,
TEMPORARY SUSPENSION AND TERMINATION
OF OPERATIONS OF THE CORPORATION

Article 45

WITHDRAWAL

- 1 - No member state shall have the right to withdraw from the Corporation before the expiry of a period of five (5) years from the date of its membership.
- 2 - Subject to paragraph (1) of this Article, any member state may withdraw from the Corporation by delivering a notice in writing to the Corporation.
- 3 - Subject to paragraph (1) of this Article, withdrawal by a member state shall become effective and its membership shall cease on the date specified in its notice but in no event less than six (6) months after the date that notice has been received by the Corporation. However, at any time before the withdrawal becomes effective, the member state may notify the Corporation in writing of the cancellation of its notice of intention to withdraw.

- 4 - A withdrawing member state shall remain liable for all direct and contingent obligations to the Corporation to which it was subject at the date its withdrawal becomes effective. The withdrawing member state shall also continue to be subject to those terms of this Agreement which, in the opinion of the Corporation, affect the Corporation's investments in the territories of that member state until arrangements satisfactory to the Corporation concerning such investments are concluded between the Corporation and that member state. When the withdrawal becomes effective, the member state shall not incur any liability for obligations resulting from operations of the Corporation effected after that date.
- 5 - Any member state that ceases to be a member of the Organization shall be deemed to have given a notice to withdraw from the membership of the Corporation under the provisions of this Article. The date when withdrawal becomes finally effective shall be determined by the Board of Governors subject to paragraph (1) of this Article.

Article 46

SUSPENSION OF MEMBERSHIP

- 1 - If a member state fails to fulfil any of its obligations to the Corporation, the Board of Governors may suspend such member state by a vote, representing not less than three-fourths of the total voting power of the members.
- 2 - The member state so suspended shall automatically cease to be a member of the Corporation on the expiry of a period of one year from the date of its suspension, which period may be extended as deemed necessary by the Board of Governors, unless the Board of Governors, during such period, decides by the same majority necessary for suspension to restore the member to good standing.
- 3 - While under suspension, a member state shall not be entitled to exercise any rights under this Agreement but shall remain subject to all its obligations.

Article 47

SETTLEMENT OF ACCOUNTS ON CESSATION OF MEMBERSHIP

- 1 - After the date on which a state ceases to be a member, it shall remain liable for its direct obligations to the Corporation incurred as of that date. It shall also remain responsible for its contingent liabilities to the Corporation so long as any part of the insurance contracts entered into before it ceases to be a member is outstanding, but it shall not incur liabilities with respect to insurance operations entered into thereafter by the Corporation nor share in the income or the expenses of the Corporation.
- 2 - At the time a state ceases to be a member, the Corporation shall arrange for the repurchase of the shares of such state as a part of the settlement of accounts with such a state in accordance with the provisions of paragraphs (3) and (4) of this Article. For this purpose, the repurchase price of the shares shall be the book value of such shares on the date the state ceases to be a member.
- 3 - The payment of shares repurchased by the Corporation under this Article shall be governed by the following conditions:
 - a - any amount due from the state concerned for its shares shall be withheld so long as that state, its central bank or any of its agencies, instrumentalities or political subdivisions has outstanding obligations to the Corporation. Any amount due to such state may, at the option of the Corporation, be applied to any liability of such state as it matures;
 - b - the net amount, equal to the excess of the repurchase price for shares (in accordance with Paragraph (2) of this Article) over the aggregate amount of liabilities of the state concerned to the Corporation, shall be payable within a period not exceeding five (5) years, as may be determined by the Corporation, upon transfer of the ownership of the corresponding stock by the state concerned;
 - c - payments shall be made in freely convertible currency; and

- d - if losses are sustained by the corporation on insurance or reinsurance operations which were outstanding on the date when a state ceased to be a member and the amount of such losses exceeds the amount of the reserve provided against losses on that date, the state concerned shall repay, upon demand, the amount by which the repurchase price of its shares would have been reduced if the losses had been taken into account when the repurchase price was determined.
- 4 - If the Corporation terminates its operations pursuant to Article 49 of this Agreement within six (6) months of the date upon which any state ceases to be a member, all rights of the state concerned shall be determined in accordance with the provisions of Articles 49 and 51 hereof. Such state shall be considered a member for purposes of such Articles but shall have no voting rights.

Article 49
TEMPORARY SUSPENSION OF OPERATIONS

- 1 - The Board of Directors may, whenever it deems it justified, suspend the provision of insurance or reinsurance services for a specified period.
- 2 - In an emergency, the Board of Directors may suspend all activities of the Corporation for a period not exceeding the duration of such emergency, provided that necessary arrangements shall be made for the protection of the interests of the Corporation and of third parties.
- 3 - The decision to suspend operations shall have no effect on the obligations of the members under this Agreement or on the obligations of the Corporation towards policyholders or third parties.

Article 49
TERMINATION OF OPERATIONS

- 1 - The Corporation may terminate its operations by a Resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members. After such termination, the Corporation shall forthwith cease all activities, except those incident to the orderly realization, conservation and preservation of its assets and settlement of its obligations.

- 2 - Until final settlement of such obligations and distributions of assets, the Corporation shall remain in existence and all mutual rights and obligations of the Corporation and its members shall continue unimpaired.

Article 50

LIABILITY OF MEMBER AND PAYMENT OF CLAIMS

- 1 - In the event of termination of the Operations of the Corporation the liability of all members for the uncalled subscription to the capital stock of the Corporation shall continue until all claims of creditors and policyholders including contingent claims, shall have been discharged.
- 2 - (a) Debts attributable to the Shareholders' Fund shall be paid out of the assets of the Shareholders' Fund. If such assets shall fall short of settling such debts, the same shall be paid out of the payments accruing to the Corporation on unpaid callable subscriptions.

(b) Debts attributable to the Policyholders' Fund shall be paid out first from the assets of the Policyholders' Fund. After the said debts are so repaid, the claims of the Policyholders shall next be met. If the assets of the Policyholders' Fund shall fall short of meeting the said claims, the same shall be met out of the Shareholders' Fund. If the assets of the Shareholders' Fund shall be insufficient to settle such claims, the same shall be settled out of the payments accruing to the Corporation on unpaid callable subscriptions provided that such settlement shall be made by way of non-refundable contribution.

(d) If the assets shall be insufficient to settle the debts or pay out the Policyholders' claims, the available assets shall be distributed between creditors and Policyholders pro rata.

Article 51

DISTRIBUTION OF ASSETS

- 1 - If after the settlement of debts and Policyholders' claims any assets shall remain in the Policyholders' Fund, such assets shall be disbursed for charitable purposes.
- 2 - If after the settlement of debts and Policyholders' claims any assets shall remain in the Shareholders' Fund, such assets shall be distributed to the members of the Corporation in the proportion to the paid up capital stock held by each member. Such distribution must be approved by the Board of Governors by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
- 3 - Any member receiving assets distributed pursuant to this Article shall enjoy the same rights with respect to such assets as the Corporation enjoyed prior to the distribution.

Chapter VII

IMMUNITIES. EXEMPTIONS AND PRIVILEGES

Article 52

IMMUNITIES

To enable the Corporation effectively to fulfil its purpose and carry out the functions entrusted to it, the immunities, exemptions and privileges set forth in this Chapter shall be accorded to the Corporation in the territory of each member state.

Article 53

LEGAL PROCESS

Actions other than those within the scope of Article 63 may be brought against the Corporation only in a court of competent jurisdiction in the territories of a member state

in which the Corporation has an office or has appointed an agent for the purpose of accepting service or notice of process. No such action against the Corporation shall be brought (i) by members or persons acting for or deriving claims from members or (ii) in respect of personnel matters. The property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from all forms of seizure, attachment or execution before the delivery of the final judgment or award against the Corporation»

Article 54

IMMUNITY OF ASSETS

- 1 - The property and assets of the Corporation, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of seizure by executive or legislative action.
- 2 - To the extent necessary to carry out its operations under this Agreement, all property and assets of the Corporation shall be free from restrictions, regulations, controls and moratoria of any nature; provided that property and assets acquired by the Corporation as successor to or subrogee of a policyholder shall be free from applicable foreign exchange restrictions, regulations and controls in force in the territories of the member state concerned to the extent that the policyholder to whom the Corporation was subrogated was entitled to such treatment.

Article 55

IMMUNITY OF ARCHIVES

The archives of the Corporation and, in general, all documents belonging to it, or held by it, shall be inviolable wherever located.

Article 56

PRIVILEGE FOR COMMUNICATIONS

The official communications of the Corporation shall be accorded by each member state treatment not less favourable than that accorded by it to the Bank.

ARTICLE 57

IMMUNITIES AND PRIVILEGES OF CORPORATIVE PERSONNEL

All Governors, Alternates, Directors, the President, Manager, officers and employees of the Corporation:

- i) shall be immune from legal process with respect to acts performed by them in their official capacity;
- ii) where they are not local citizens or nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials and employees of comparable rank of the Bank; and
- iii) shall be granted the same treatment in respect of travelling facilities as accorded by members to representatives, officials and employees of comparable rank of the Bank.

EXEMPTION FROM TAXATION

- 1 - The Corporation, its assets, property, income and its operations and transactions carried out in accordance with the provisions of this Agreement, shall be exempt from all taxation and from all customs duties. The Corporation shall also be exempt from any obligation for the payment, withholding or collection of any tax or duty.
- 2 - No tax shall be levied on or in respect of salaries and emoluments paid by the Corporation to the Director General, the Directors, officers or employees of the Corporation.

Article 59

IMPLEMENTATION

Each member state, in accordance with its juridical system, shall promptly take such action as is necessary to make effective in its own territory the provisions set forth in this Chapter and shall inform the Corporation of the action that it has taken on the matter.

Article 60

WAIVER OF IMMUNITIES. EXEMPTIONS AND PRIVILEGES

The Corporation, at its discretion, may waive any of the privileges, immunities and exemptions conferred under this Chapter in any case or instance, in such manner and upon such conditions as it may determine to be appropriate in its best interest.

CHAPTER-VIII

AMENDMENTS. INTERPRETATION. ARBITRATION

Article 61 AMENDMENTS

- 1 - This Agreement may be amended by a resolution of the Board of Governors approved by a vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.
- 2 - Notwithstanding the provisions of paragraph (1) of this Article, the unanimous agreement of the Board of Governors shall be required for the approval of any amendment modifying:
 - a) the right to withdraw from the Corporation;
 - b) the limitations on liability provided in Paragraphs (2) and (3) of Article 12; and
 - c) the rights pertaining to purchase of capital stock provided in paragraph (5) of Article 9.
- 3 - Any proposal to amend this Agreement, whether emanating from a member or from the Board of Directors, shall be communicated to the Chairman of the Board of Governors, who shall bring the proposal before the Board of Governors. When an amendment has been adopted, the Corporation shall so certify in an official communication addressed to all members. Amendments shall enter into force for all members three (3) months after the date of the official communication unless the Board of Governors specified therein a different period.
- 4 - No amendment which may affect the Corporation's adherence to Shariah shall be made.

Article 62

LANGUAGES. INTERPRETATION AND APPLICATION

- 1 - The official language of the Corporation shall be Arabic. In addition, English and French shall be working languages. The Arabic text of this Agreement shall be regarded as the authentic text for both interpretation and application.
- 2 - Any question of interpretation or application of the provisions of this Agreement arising between any member and the Corporation or between two or more members of the Corporation, shall be submitted to the Board of Directors for decision. If there is no Director of the nationality of the member state concerned, Paragraph 3 of Article 39 shall be applicable.
- 3 - Any member may require, within six (6) months of the date of the decision under paragraph (2) of this Article, that the question be referred to the Board of Governors, whose decision shall be final. Pending the decision of the Board of Governors, the Corporation may, so far as it deems it necessary, act on the basis of the decision of the Board of Directors.

Article 63

ARBITRATION

- 1 - If a disagreement shall arise between the Corporation and a state that has ceased to be a member, or between the Corporation and any member, after adoption of a Resolution to terminate the operations of the Corporation, or between the Corporation and a member state concerning claims by the Corporation acting as subrogee of a policyholder, or between the Corporation and a member on any other matter, other than the matters covered by Paragraph (2) of Article 62 hereof, such disagreement shall be settled amicably. If no amicable settlement can be reached, such disagreement shall be submitted to arbitration by a tribunal of three (3) arbitrators. One of the arbitrators shall be appointed by the Corporation; another by the party concerned, and the third arbitrator shall be appointed by the Secretary General of the Organisation. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon

the parties. The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.

- 2 - Any dispute arising under a contract of insurance or reinsurance by the parties thereto shall be submitted to arbitration for final determination in accordance with such rules as shall be provided for or referred to in the particular contract.

Article 64
APPROVAL DEEMED GIVEN

Whenever the approval of any member is required before any act may be done by the Corporation, approval shall be deemed to have been given unless the member presents an objection within such reasonable period as the Corporation may fix in notifying the member of the proposed act.

CHAPTER-IX
FINAL PROVISIONS

Article 65
SIGNATURE AND DEPOSIT

- 1 - The original of this Agreement in a single copy in the Arabic, English and French languages shall remain open for signature until (date) at the Headquarters of the Bank by the Bank and Governments of states listed in Annexure-A to this Agreement. This document shall be deposited at the principal office of the Corporation upon its establishment.
- 2 - The Bank shall send certified copies of this Agreement to all the signatories and other states which become members of the Corporation.

Article 66
RATIFICATION OR ACCEPTANCE AND EFFECT THEREOF

- 1 - This Agreement shall be subject to ratification or acceptance by the Bank and the states parties to it. Instruments of ratification or acceptance shall be deposited with the Bank which shall duly notify the other parties of each deposit and the date thereof.

- 2 - By ratifying or accepting this Agreement the particular state shall be deemed to have authorized the Corporation, at all times, to provide in the territories of that state, insurance and reinsurance services in accordance With the provisions hereof.

Article 67

ENTRY INTO FORCE

This Agreement shall come into force when Instruments of ratification or acceptance shall have been deposited by member states whose subscriptions in the aggregate comprise not less than Islamic Dinars Twenty-Five Million (ID.25,000,000/-).

Article 68

COMMENCEMENT OF OPERATIONS

- 1 - At its inaugural meeting, the Board of Governors shall make arrangements for the determination of the date on which the Corporation shall commence its operations.
- 2 - The Corporation shall notify its members of the date of the commencement of its operations.

DONE at the city of Jeddah, Kingdom of Saudi Arabia on _____141__H, corresponding to _____199__.

LD133/A:01/RI/MHK
C:?212/RI
27 April 1991.

- IX -

REPORT OF THE EXPERT GROUP MEETING
ON STATUTE AND RULES OF PROCEDURE OF COMCEC

AND

REVISED TEXT OF
DRAFT STATUTE AND RULES
OF PROCEDURE OF COMCEC

Seventh Meeting
of the Follow-up Committee
of the COMCEC

(Istanbul, 7-9 May 1991)

REPORT OF THE EXPERT GROUP MEETING
ON RULES OF PROCEDURE AND STATUTE
OF THE COMCEC

Jeddah, Kingdom of Saudi Arabia
21-22 April 1991

The Expert Group Meeting on the Statute and Rules of Procedure of the Standing Committee for Economic and Commercial Cooperation (COMCEC) was held at the Headquarters of the General Secretariat of the Organization of the Islamic Conference (OIC) in Jeddah, Kingdom of Saudi Arabia, from 21-22 April 1991.

2. The Meeting was attended by experts from the following OIC Member States:

1. People's Republic of Bangladesh.
2. Burkina-Faso.
3. Republic of Cameroun.
4. Republic of Gabon.
5. Republic of Indonesia.
6. Islamic Republic of Iran.
7. Kingdom of Morocco.
8. Islamic Republic of Pakistan.
9. Kingdom of Saudi Arabia.
10. Republic of Turkey.

The Meeting was also attended by representative of the General Secretariat of the Organization of the Islamic Conference and the COMCEC Coordination Office.

List of participants is attached as Annex-I.

3. At the Opening Ceremony, after the recitation from the Holy Quran, H.E. Ambassador Mohammed Mohsin, Assistant Secretary General of OIC after welcomed the delegates at the OIC Headquarters and read out a message of H.E. Or. Hamid Algabid, Secretary General of the OIC. In his message, H.E. the Secretary General highlighted the effective role played by the COMCEC in the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among OIC Member States under the leadership of its Chairman, the President of the Republic of Turkey. He also stressed the need to formulate proper set of Statute and Rules of Procedure to guide the COMCECs activities as well as to improve further the existing cooperation in economic and commercial fields. He expressed his hope that very soon similar sets of Rules would be formulated for the other two Standing Committees.

The message of H.E. the Secretary General is attached as Annex-II.

4. The meeting unanimously elected H.E. the Assistant Secretary General of the OIC as Chairman and the representatives of Iran and Saudi Arabia as Vice-Chairman and Rapporteur, respectively.

Thereafter, the meeting adopted the agenda of the meeting which is attached as Annex-III.

5. Under item No.4, the Director of Economic Affairs presented the background note' prepared by the General Secretariat which, inter alia, gave a resume of the various actions taken by the COMCEC and the General Secretariat which ultimately led to the preparation of the Draft Statute and Rules of Procedure of the COMCEC. While highlighting the mandate given by the Islamic Summit Conferences to the COMCEC, which formed the basis for the formulation of this document, he underlined the importance of submitting a revised Draft of it to the Seventh Meeting of the Follow-up Committee of the COMCEC to be held on 7-9 May 1991.

The OIC Background Note is attached as Annex-IV.

G. Under item No.5, the Director of Legal Affairs of the General Secretariat presented the Draft Statute and Rules of Procedure of the COMCEC article by article for consideration and recommendation of the Experts.

7. The participants appreciated the efforts undertaken by the General Secretariat in the preparation of comprehensive Statute and Rules of Procedure of the COMCEC. After extensive discussion on the Draft prepared by the General Secretariat, the Meeting agreed to the submission of the revised Draft to the Seventh Meeting of the Follow-up Committee of the COMCEC for appropriate action.

The revised Draft Statute and Rules of Procedure is attached as Annex-V.

8. In addition to the recommendations regarding the election of the General Assembly Bureau and the Composition of the Follow-up Committee, which has been incorporated in the attached Statute and Rules of Procedure at Rule No.2 and 3, the Representative of the Kingdom of Saudi Arabia presented an alternative proposal for submission to the Follow-up Committee for consideration. The proposal reads as under:

A- That the bureau will remain as it is presided over by Turkey with Saudi Arabia, Pakistan, Kuwait, Palestine, Guinea as permanent Vice-Presidents of the bureau, Jordan as rapporteur in addition to creating three additional Vice-President chairs and adding a permanent member after holding every Islamic Summit Conference whereas the host country of the Islamic Summit should be a permanent member of the bureau. The three Vice President chairs to be elected for a renewable 3 year

Annex IX to OIC/COMCEC-FC/7-91/REP

period taking into consideration the principle of the geographical representation. Two chairs instead of three may be sufficient as the state presiding over the Islamic Summit is representing one of three geographical regions to avoid excessive membership. This proposal as it is clear will ensure the continuation of the work of COMCEC and the maintenance of the acquired expertise of the bureau. In the course of time all the member states will have participated in the bureau either through the Islamic Summit Conference in a permanent way or through the election of the additional Vice President chairs.

- B- That the members of the Follow-up Committee be the same members of the bureau of the Standing Committee, taking into account the non participation of the states represented in the COMCEC affiliated Follow-up Committee in the Follow-up Committees of the Ministerial Meetings dealing with some important sectors such as agriculture, industry, energy, transportation, communications and trade held simultaneously with the sessions of the COMCEC to make the opportunity available for all the member states to participate in the work of the committees of the Organization according to the relative importance of that state and that the state which is member of one of the Ministerial Committee affiliated Follow-up Committees referred to could not participate in another Committee.

The statement made by the representative of the Kingdom of Saudi Arabia which contained the above proposal, is attached as Annex-VI.

9. The representative of the Islamic Republic of Pakistan also supported the proposal made by the representative of the Kingdom of Saudi Arabia.

10. The meeting expressed its heartfelt thanks to the Chairman for the efficient manner in which he conducted the deliberations, ultimately leading to the success of this meeting. The meeting also thanked the Vice-chairman, Rapporteur, the officials of the General Secretariat for their hardwork and efficient handling of the meeting. The Chairman appreciated the effective participation of the experts from Member States and also from the COMCEC Coordination Office which resulted in the preparation of the final Draft Statute and ' Rules of Procedure for the COMCEC. On behalf of H.E. the Secretary General the Chairman wished them all safer journey back home. The meeting ended with a vote of thanks by the chair.

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D R A F T

STATUTE AND RULES OF PROCEDURE
OF
THE STANDING COMMITTEE FOR ECONOMIC AND
COMMERCIAL COOPERATION (COMCEC)

(Text Revised by the Seventh Meeting of the Follow-up Committee)

SCOPE AND DEFINITIONS

ARTICLE 1: Scope

- a) This document shall be called the "Statute and Rules of Procedure of the Standing Committee for Economic and Commercial Cooperation" hereinafter referred to as the COMCEC and shall be applicable to the conduct of activities of this Standing Committee of the Organization of the Islamic Conference.
- b) The Document contains two parts dealing respectively with the General Statute of COMCEC and its internal Rules of Procedure.

ARTICLE 2: Definitions

- a) ORGANIZATION means: The Organization of the Islamic Conference (OIC).
- b) MEMBER STATES means: Member States of the Organization,
- c) SUMMIT means: The Islamic Summit Conference of Kings and Heads of State/Government of Member States.
- d) COMCEC means: The Standing Committee for Economic and Commercial Cooperation

Annex IX to OIC/COMCEC-FC/7-91/REP

- e) CONFERENCE OF FOREIGN MINISTERS means: The Islamic Conference of Foreign Ministers (ICFM) of Member States or their duly accredited representatives.
- f) CHARTER means: Charter of the Organization.
- g) GENERAL SECRETARIAT means: The General Secretariat of the Organization.
- h) SECRETARY GENERAL means: The Secretary-General of the Organization.
- i) CHAIRMAN means: Chairman of the COMCEC.
- j) GENERAL ASSEMBLY means: General Assembly of the COMCEC.
- k) SESSION means: Regular Meetings of the General Assembly of the COMCEC.
- l) FOLLOW-UP COMMITTEE means: Follow-up Committee of the COMCEC.
- m) SESSIONAL COMMITTEE means: The Organ of the COMCEC, in which the activities of the relevant subsidiary organs, specialized and affiliated institutions are reviewed.
- n) SPECIAL MINISTERIAL MEETING means: Any Ministerial Meeting convened under the auspices of COMCEC concurrently with a regular session.
- o) SUBSIDIARY ORGANS means: The Subsidiary Organs of the Organization.
- p) SPECIALISED INSTITUTIONS means: The Specialised Institutions of the Organization.
- q) AFFILIATED INSTITUTIONS means: The Affiliated Institutions of the Organization.
- r) PLAN OF ACTION means: The Plan of Action to strengthen economic and commercial cooperation among Member States.

PART ONE - GENERAL STATUTE

CHAPTER I

STATUS OF THE STANDING COMMITTEE FOR
ECONOMIC AND COMMERCIAL COOPERATION
(COMCEC)

ARTICLE 3:

- a) The COMCEC is legally a specialized Committee of the Summit which was established by the Resolution No.13/3-P(IS).
- b) The COMCEC shall carry out its tasks in coordination and cooperation with the Conference of Foreign Ministers.
- c) The COMCEC being a coordinating and follow-up body shall perform its tasks through the General Secretariat of the Organization as its executive organ.

CHAPTER II

OBJECTIVES AND PRINCIPLES OF THE COMCEC

ARTICLE 4 : Objectives.

The objectives of the COMCEC in accordance with Resolutions No.13/3-P(IS) and 1/5-E(IS) are:

- a) To coordinate and follow up the implementation of the resolutions of the Organization in relation to economic and commercial cooperation, in particular, the provisions and recommendations of the relevant Plan of Action.
- b) To study all possible means of strengthening economic and commercial cooperation among Member States.
- c) To draw up programs and submit proposals designed to increase the capacity of Member States, both individually and collectively, in the economic and commercial fields, in accordance with the objectives

and principles enshrined in the Charter and the Resolutions of the Conference pertaining to these fields.

- d) To serve as the central forum for Member States to discuss International Economic and Commercial issues and to formulate policy recommendations aiming at strengthening their joint action.
- e) To ensure, through the General Secretariat, the overall coordination of the activities of the Organization relating to economic and commercial cooperation among Member States.

ARTICLE 5: Principles.

In pursuance of the objectives outlined in Article 4, above, the COMCEC shall act in accordance with the following principles:

- a) Ensuring the utilization to the utmost of the economic and commercial capacities and potentialities available in Member States in order to mobilise and exploit them in the best possible manner, within the context of a strong and systematic cooperation among the Member States, for the welfare and prosperity of their people.
- b) Ensuring the initiation of multilateral economic and commercial cooperation projects that are feasible, realizable within a reasonable period of time with minimum additional cost and be of interest to Member States at regional, inter-regional and international levels.
- c) Respecting the economic and commercial rights and obligations of Member States towards third parties.
- d) Taking into account the differences in the levels of economic and commercial development among Member States and giving due regard to the economic and commercial interests of those Member States which are least developed and/or facing natural calamities.
- e) Contributing to the attainment of world economic and commercial development objectives and expansion of world Trade with a view to safeguarding the interests of Member States.

CHAPTER III

FUNCTIONS OF THE COMCEC

ARTICLE 6:

In order to attain the objectives set out in article 4 and in conformity with the principles defined in Article 5 of the Statute, the COMCEC shall:

- a) Submit progress reports and make proposals through its Chairman to the Summit on the implementation of its Plan of Action and on the strategy and institutional and organizational aspects of the fields under its competence.
- b) Apprise, through the General Secretariat, the Conference of Foreign Ministers of decisions and activities for appropriate action.
- c) Request the Subsidiary Organs and specialised and affiliated institutions working in the economic and commercial fields to submit activity reports, undertake necessary studies, convene expert group meetings and report the progress in the implementation of the tasks assigned to them, periodically, through meetings of the Sessional Committees to be convened at each Session or, as and when the need so arises.
- d) Organize regular meetings and special sessions to review the progress achieved in implementation of the decisions pertaining to the areas under its competence as well as to consider specific issues pertaining to economic and commercial cooperation among Member States.
- e) Hold consultations in its fields of activity with international and regional groupings and organizations as and when deemed necessary for the fulfilment of its objectives.
- f) Decide on the convening of a Ministerial meeting either concurrently with a Session or separately, in a specific area of cooperation contained in its Plan of Action to consider issues pertaining to those areas.

CHAPTER IV

MEMBERSHIP

ARTICLE 7:

The COMCEC is composed of all Member States.

CHAPTER V

STRUCTURE

ARTICLE 8:

The COMCEC shall be composed of the following Organs:

- i) The General Assembly
- ii) The Follow-up Committee
- iii) The Sessional Committee
- iv) The General Secretariat.

ARTICLE 9: The General Assembly.

- a) The General Assembly shall be composed of Ministers (or their representatives) responsible for the fields of competence of the COMCEC of all Member States.
- b) The General Assembly works under the direction of the Chairman of the COMCEC.
- c) The General Assembly is the decision-making body of the COMCEC.
- d) The General Assembly meets annually in a regular session. It may also meet in extraordinary sessions.

ARTICLE 10: The Follow-up Committee.

- a) The Follow-up Committee shall be composed of Ministers responsible for the fields of competence of the COMCEC of Member States, represented therein or their representatives.

- b) The Follow-up Committee shall assist the General Assembly of the COMCEC in the fulfilment of its responsibilities. In carrying out its tasks, the Follow-up Committee shall deal with issues pertaining to the fields of competence of the COMCEC in close collaboration with the General Secretariat and relevant subsidiary organs, specialized and affiliated institutions of the Organisation.
- c) The Follow-up Committee shall:-
 - (i) Review and monitor the implementation of the programmes and projects approved by the General Assembly.
 - (ii) Make reports and recommendations to the General Assembly on strategy and organisation of its work and on the progress of implementation of the decisions of the General Assembly.
 - (iii) Prepare the draft agenda of regular sessions of the General Assembly and of special Ministerial Meetings to be held for the first time under the auspices of the COMCEC.
 - (iv) Cooperate and seek assistance from Member States and National, Sub-Regional, Regional, Inter-regional and International Institutions able and willing to promote the objectives and principles of the COMCEC. Any agreements in this regard will be approved by the General Assembly.

ARTICLE 11: The Sessional Committee

- a) The Sessional Committee shall consist of all Member States to which subsidiary organs, specialized and affiliated institutions working in the fields of competence of the COMCEC shall submit their activity reports.
- b) The Sessional Committee will meet during the COMCEC Session to review the activities and programmes of the Organization's institutions mentioned in paragraph (a) above, to report to the General Assembly for coordination and guidance.

ARTICLE 12: General Secretariat

- a) The General Secretariat being the executive Organ of the Organization shall also perform the executive functions of the COMCEC. In this regard the General Secretariat shall work closely with the Follow-up Committee and the National Coordinating Office of the COMCEC, a national institution set up by the Government of the Chairman to act as focal point for matters pertaining to the COMCEC and to assist in the preparation and organization of its meetings.
- b) The General Secretariat shall hold consultations with the Chairman of the COMCEC through the National Coordinating Office with regard to organization of a meeting, and determining the list of states and organizations to which invitations and documents are to be sent.
- c) The General Secretariat shall in collaboration with the National Coordinating Office, be responsible for the despatch of invitations and documents of meetings of the COMCEC.
- d) The General Secretariat shall apprise the Conference of Foreign Ministers of the activities of the COMCEC.

CHAPTER VI

FINANCE

ARTICLE 13:

The financial resources of the COMCEC shall consist of:-

- (a) contribution of the Government of the State of the Chairman of the COMCEC;
- (b) voluntary contributions from Member States and other sources, approved by the Chairman.

The funds shall be used for the running of the National Coordinating Office, organization of meetings and for drawing up programmes and projects by the competent QIC executive organs.

PART TWO

INTERNAL RULES OF PROCEDURE

RULE-1 : Convening of the General Assembly Sessions.

- (a) The regular Session of the General Assembly shall be convened annually> in the country of the Chairman, unless it is otherwise decided, at the dates determined at the previous session. The General Secretariat in consultation with the National Coordinating Office, shall inform the Member States of the dates at least ninety days before the Session.
- (b) The regular sessions of the General Assembly shall be preceded by a preparatory meeting of the Senior Officials of Member States.
- (c) The preparatory meetings of the Senior Officials shall consider the items of the draft agenda together with amendments as they may deem appropriate and prepare Draft Resolution(s) to be submitted to the General Assembly.
- (d) A Sessional committee shall also meet Concurrently with the preparatory meeting to review the activities and programmes of the QIC subsidiary and affiliated organs working in the field of the COMCEC.
- (e) Ministerial meetings in any area within the fields of competence of the COMCEC may also be held concurrently with the regular session of the COMCEC to review programmes and projects in the area concerned and take appropriate decisions.
- (f) The Follow-up Committee meetings shall be held six months after each General Assembly Session; the exact date and venue of which shall be determined therein.
- (g) The above meetings, upon invitation, may also be attended by:
 - (i) Countries or communities having observer status to the Organization.
 - (ii) Subsidiary Organs, Specialised and Affiliated Institutions of the Organization.
 - (iii) United Nations Specialized Organs/Agencies related to the activities of the COMCEC.

RULE-2 : Election of the General Assembly Bureau

- (a) The General Assembly Bureau shall be composed of the Chairman of the COMCEC (or alternate Chairman of the COMCEC), the Vice-chairmen and the Rapporteur.

The Secretary General shall be ex-officio member of the Bureau, without right of vote.

- (b) The General Assembly Bureau, shall inter-alia, assist the Chairman in coordinating all the works of the Sessions.
- (c) The President of the Republic of Turkey shall be the permanent Chairman (The Prime Minister of the Republic of Turkey shall be the Alternate Chairman and he shall preside over the sessions in the absence of the Chairman).
- (d) The State of Palestine shall be the permanent Vice-Chairman.
- (e) The Kingdom of Saudi Arabia shall be the permanent Vice-Chairman.
- (f) The State of the Sessional Chairman of the Summit shall be a Vice-chairman.
- (g) The General Assembly shall elect every three years, three Vice-chairmen representing the three geographical regions in OIC, nominated by the members of their respective regional group.
- (h) The General Assembly shall elect every three years a Rapporteur among Member States.

RULE-3 : Composition of the Follow-up Committee

- (a) The Follow-up Committee shall be composed of the following:

Chairman: Representative of the Chairman of the COMCEC.

Members:

- (i) Members of the General Assembly Bureau as defined in Rule 2 above.
- (ii) vice-Chairmen of the previous Bureau representing the geographical regions.
- (b) Vice-chairmen of the previous Bureau representing the geographical regions shall retain their membership status for a period of three years.

- (c) A representative of the General Secretariat and one from the National Coordinating Office, shall be ex-officio members, without right of vote.

Provisional Rule

The remaining members of the present Follow-up Committee, namely, the Islamic Republic of Pakistan, Republic of Guinea, Hashemite Kingdom of Jordan and the State of Kuwait, shall remain as members for three years as from the forthcoming election.

RULE-4 : Draft Agenda for the sessions of the General Assembly.

- (a) The draft agenda for a regular session shall be drawn up by the Follow-up Committee and communicated by the General Secretariat to the Member States, organs of the Organisation concerned and international institutions latest by ninety (90) days before the opening of the session. Letters of invitation shall accompany the draft agenda.
- (b) Any subject, project or issue concerning the COMCEC shall be included in its agenda for the regular session only if the necessary documentation explaining the background, nature and purpose or feasibility of that subject, project or issue is received by the Member States six weeks prior to the meeting of the General Assembly.

RULE-5 : Adoption of Agenda

- (a) At each session, the draft agenda shall be submitted for adoption by the General Assembly, as soon as possible, after the opening of the Ministerial Session.
- (b) The General Assembly may add or delete any other item(s) by consensus or by the agreement of the majority of Member States present and voting.

RULE-6 : Amendments to the Agenda

Some items of the Agenda may, during a session, be amended and other items of an urgent nature may be included by consensus or after approval of at least 2/3 majority of Member states present and voting.

RULE-11 : Voting and adoption of resolutions

- (a) Each Member State shall have one vote.
- (b) If a Member State abstains from voting or has reservations on decisions or recommendations, such abstention or reservation shall not invalidate the decision or recommendations.
- (c) Without prejudice to Rules 5 and 7 (a) all resolutions and recommendations shall be adopted by a two third majority if no consensus is reached.

RULE-12 : Resolutions and Reports

- (a) The drafting of resolutions and reports of any session shall be prepared by an open-ended Drafting Committee under the chairmanship of the Rapporteur.
- (b) The resolutions and reports of Sessions and those of Ministerial Meetings held concurrently with the General Assembly session, shall be presented at joint closing Session by the Chairmen of the Ministerial Meetings.
- (c) The resolutions and reports of Ministerial Meetings[^] held separately shall be presented to the General Assembly by the General Secretariat.
- (d) Resolutions and reports of the Sessions shall be published in the official languages of the Organization and be communicated to Member States not later than thirty days after the closing date of each Session.

RULE-13 : Languages

- (a) The official languages of the COMCEC shall be Arabic, English and French.
- (b) All documents presented to the COMCEC for consideration shall be in these three languages.
- (c) Any representative may like to address in a language other than official languages of the Organization provided that the interpretation into one of the official languages of the Organization is arranged by the speaker.

14 : General provisions

- (a) For issues not covered by these rules, the Rules of Procedure of the Organisation of the Islamic Conference shall apply.
- (b) These Rules of Procedure shall take effect from the date of their approval by the Summit.
- (c) Amendment to these Rules of Procedure shall be agreed upon by a two-third majority in the General Assembly and approved by the Summit.

- X -

D R A F T A G E N D A

OF THE FIRST OIC MINISTERIAL MEETING
ON INFRASTRUCTURE AND PUBLIC WORKS

(Istanbul, 6-9 October 1991)

Original : English

D R A F T A G E N D A
OF THE FIRST OIC MINISTERIAL MEETING
ON INFRASTRUCTURE AND PUBLIC WORKS

(Istanbul, 6-9 October 1991)

1. Inaugural Session (to be held jointly with that of COMCEC-VII)
2. Election of the Members of the Bureau
3. Adoption of the Agenda
4. Background Report by the OIC General Secretariat
5. Status and Activity Reports of:
 - The Federation of Islamic Countries' Contractors
 - The Federation of Consultants in Islamic Countries
6. Statements by Member Countries on Their Capacities and Needs in the Field of Infrastructure and Public Works
7. Report by the Islamic Development Bank on its Financing Schemes for the Development of Infrastructure in the Member Countries.
8. Draft Text of the Chapter on "Infrastructure and Public Works" to be added to the Plan of Action to Strengthen Economic cooperation Among Member States
9. Cooperation in the Area of Construction Technologies and Housing
10. Consideration of the Possibilities of Extension of the Trans-European North-South Motorway (TEM) Project to cover the Member Countries.
11. Cooperation in the Area of Planning and Management of Urban Environment

12. Technical Cooperation
 - a) Training
 - b) Cooperation Among Local Authorities in the Field of Urban Management
13. Development of an Information System for Contracting and Consultancy Services in Member Countries
14. Follow-up and Implementation
15. Any Other Business
16. Adoption of the Report and the Resolution to be Submitted to the COMCEC
17. Closing Session (to be held jointly with that of COMCEC VII.)

- XI -

D R A F T A G E N D A

OF THE SEVENTH SESSION

OF THE COMCEC

(Istanbul, 6-9 October 1991)

Original : English

D R A F T A G E N D A

OF THE SEVENTH SESSION
OF THE COMCEC

(Istanbul, 6-9 October 1991)

- 1 - Opening Session.
 - * Inaugural Statement by H.E. Turgut ÖZAL, President of the Republic of Turkey, Chairman of the COMCEC.
 - * Statement by H.E.Yıldırım AKBULUT, Prime Minister of the Republic of Turkey, Alternate Chairman of the COMCEC.
 - * Statement by H.E.Dr.Hamid AL-GABID, Secretary General of OIC.
 - * Statements by Heads of Delegations on Behalf of the Three Regional Groups of the Member States of OIC.
 - * Statement by H.E. Ahmed Mohammed ALI, President of IDB.
- 2 - Adoption of the Agenda.
- 3 - Report by the General Secretariat of OIC.
- 4 - Report of the Follow-up Committee.
- 5 - Report by ICDT on the Establishment of a Trade Information Network Among the Member States of OIC.
- 6 - Report by IDB on the Establishment of an Export Credit Insurance and Investment Guarantee Scheme.
- 7 - Adoption of the Statute and Rules of Procedure of the COMCEC and the Election of the Bureau.

Annex XI to OIC/COMCEC-FC/7-91/REP

- 8 - Consideration of New Strategies for the OIC Plan of Action.
- 9 - Economic Measures in Support of the State of Palestine and Republic of Lebanon.
- 10 - Report of the Sessional Committee.
- 11 - Any Other Business.
- 12 - Adoption of the Resolutions of the Seventh Session of the COMCEC and the First OIC Ministerial Meeting on Infrastructure and Public Works.
- 13 - Date of the Eighth Session of the COMCEC.
- 14 - Closing Session.

- XII -

CLOSING SPEECH OF
H.E.İŞİN ÇELEBİ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE
OF COMCEC

Seventh Meeting
of the Follow-up Committee
of the COMCEC
(Istanbul, 7-9 May 1991)

Original : Turkish

CLOSING SPEECH OF
H.E.İŞİN ÇELEBİ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE
OF COMCEC

Seventh Meeting
of the Follow-up Committee
of the COMCEC

(Istanbul, 7-9 May 1991)

Distinguished Members of the Follow-up Committee,
Dear Delegates,

We have now successfully reached the close of yet another meeting of the Follow-up Committee of the COMCEC. I would like to sincerely thank all of you for the spirit of cooperation and the valuable contribution you have brought to our debate.

I am confident that the recommendations included in the report adopted at our Seventh Meeting will greatly contribute to the realization of the projects on the Agenda of the COMCEC as well as to the initiation of new activities.

I would like to express at this juncture my satisfaction in relation to the work effected by the subsidiary and affiliated organs of the OIC on the projects included in our Agenda, in spite of the financial constraints they have to face. I would like to take this opportunity to thank the General Secretariat of

the Islamic Conference and its affiliated institutions for their sustained contributions. On the other hand, we are deeply sorry that the Casablanca Centre has been unable to come due to financial problems. We are very much aware that the other OIC agencies face similar difficulties. I would like to emphasize again here the importance of prompt payment of the compulsory share of the Member Countries to the budgets of these institutions.

During this meeting, we have reached decisions which will result in concrete results for the projects on the Agenda of COMCEC. We are also satisfied to note that the Draft Agreement on the establishment of an Export Credit Insurance and Investments Guarantee has reached the stage of ratification by the Member Countries. On the other hand, the Framework Agreement on the Trade Preferential system, which was adopted last October by the COMCEC, has now been opened for signature by the Member Countries, which constitutes a favourable development towards the early implementation of this project.

As the parties benefitting from the opportunities offered by these projects, the Member Countries will have to use their political will to implement and take advantage of these opportunities so as to obtain tangible results.

Significant progress has likewise been made during our Meeting on the issue of the COMCEC Rules of Procedure. We shall

be able to present the Rules of Procedure at the Seventh Session of the COMCEC, due to be held next October, thanks to the unfailing efforts of the General Secretariat of the Organization of the Islamic Conference.

I am confident that the adoption by the next COMCEC Session of our recommendation on the election of the Bureau and the composition of the Follow-up Committee of the COMCEC will bring a solution to this issue, left unsolved for three years, acceptable to all the Member Countries.

In conclusion, I would like to reiterate my thanks for your contribution to the success of our meeting. I would also like to take this opportunity to thank all the auxiliary staff and the interpreters for supporting us in our work.

Hoping to meet again in October for the Seventh Session of the COMCEC, I wish you a pleasant and safe trip home.

I declare closed the Seventh Meeting of the Follow-up Committee of the COMCEC.