

OIC/COMCEC-FC/13-97/REP

**REPORT
OF THE THIRTEENTH MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC**

Ankara, 10-12 May 1997

COMCEC Coordination Office
Ankara, May 1997

ADDRESS:

COMCEC Coordination Office

Necatibey Cad. 108

Ankara-TURKEY

Tel : 90-312-231 97 40

Tlx : 4210 10 DPT TR

Tifax : 90-312-232 10 66

E-Mail: comcec @ [dpt.gov.tr](mailto:comcec@dpt.gov.tr)

TABLE OF CONTENTS

	<u>Page</u>
Report of the Thirteenth Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference.....	7
List of Documents Considered by the Thirteenth Meeting of the Follow-up Committee of the COMCEC.....	25

ANNEXES

I. List of Participants of the Thirteenth Meeting of the Follow-up Committee of the COMCEC.....	31
II. Message of H.E. Süleyman DEMİREL, President of the Republic of Turkey, Chairman of the COMCEC	41
III. Opening Statement of H.E. Ufuk SÖYLEMEZ, Minister of State of the Republic of Turkey, Chairman of the Follow-up Committee of the COMCEC.....	45
IV. Statement of H.E. Ousman N.R. OTHMAN, Assistant Secretary General of the Organization of the Islamic Conference.....	55
V. Agenda of the Thirteenth Meeting of the Follow-up Committee of the COMCEC.....	59

VI.	Background Report by the General Secretariat of the Organization of the Islamic Conference.....	63
VII.	Review of the implementation of the OIC Plan of Action to strengthen economic and commercial cooperation among Member States.	89
VIII.	Report of the Seminar on the OIC Plan of Action and the African Member Countries.	97
IX.	Paper of IDB on "Preparation of the Islamic Ummah for the 21 st Century in the Area of Economic, Trade and Finance Cooperation Among the OIC Member Countries".....	109
X.	Working paper on the Formation of Regional Groups within OIC for a More Effective Economic Cooperation.	121
XI.	Working Paper Containing Views of the General Secretariat of the OIC on Possible Mechanism for Consultations Among OIC Member States on WTO Matters.....	131
XII.	Draft Agenda of the Thirteenth Session of the COMCEC.....	137
XIII.	Closing Statement of H.E. Ufuk SÖYLEMEZ, Minister of State of the Republic of Turkey, Chairman of the Follow-up Committee of the COMCEC.....	141

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

(Ankara, 10-12 May 1997)

Original: English

REPORT

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

(Ankara, 10-12 May 1997)

1. The Thirteenth 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 Ankara, from 10 to 12 May, 1997.

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

- Republic of Turkey (Chairman)
- Kingdom of Saudi Arabia (Vice-Chairman, Permanent Member)
- State of Palestine (Vice-Chairman, Permanent Member)
- State of Kuwait (Vice-Chairman, Representing the Arab Region)
- Republic of Indonesia (Vice-Chairman, Representing the Asian Region)

- Republic of Uganda (Vice-Chairman, Representing the African Region)
- Kingdom of Morocco (Vice-Chairman, Current Chairman of the Islamic Summit Conference)
- Islamic Republic of Pakistan (Rapporteur)
- Arab Republic of Egypt (Member of the Previous Bureau)
- Islamic Republic of Iran (Member of the Previous Bureau)
- Republic of Cameroon (Member of the Previous Bureau)

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

- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- Islamic Center for Development of Trade (ICDT)
- Islamic Institute of Technology (IIT)
- Islamic Development Bank (IDB)
- Islamic Chamber of Commerce and Industry (ICO)
- Federation of Consultants of Islamic Countries (FCIC)
- Organization of Islamic Shipowners Association (OISA)
- International Association of Islamic Banks (IAIB)

The representative of the Cooperation Council for the Arab States of the Gulf (GCC) attended the Meeting as observer.

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

Opening Session

4. The Meeting was inaugurated by H.E. Ufuk SÖYLEMEZ, Minister of State of the Republic of Turkey.

5. In his message addressed to the Meeting, H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of the COMCEC, stated that the concrete achievements of the COMCEC, judged against the difficulties posed by the dispersion of OIC member countries in a world-wide geographic area, would be considered successful. H.E. Süleyman DEMİREL also underlined the importance of the initiative to establish a mechanism for consultation among member countries during the WTO meetings. The President wished success to the Committee in its important task.

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

6. The Meeting was, then, addressed by H.E. Ufuk SÖYLEMEZ, Minister of State of the Republic of Turkey. H.E. SÖYLEMEZ, welcoming the delegates to Ankara, pointed out that with the globalization, which encompassed varying degrees of increasing integration of world markets of goods, services, capital, technology

and labor, presented opportunities and challenges for the development process. The Minister, while stating that interdependence among countries had already led to the emergence and strengthening of regional groupings, expressed the importance Turkey attached to the cooperation activities with the Islamic world. Stressing the important role of OIC in this connection, H.E. SÖYLEMEZ congratulated H.E. Dr. Azzeddine LARAKÍ on his election as Secretary General of the OIC.

(The text of the Statement of H.E. Ufuk SÖYLEMEZ is attached as Annex III).

7. The Meeting was also addressed by H.E. Ousman N.R. OTHMAN, Assistant Secretary General of OIC who conveyed the message of the OIC Secretary General, H.E. Dr. Azzeddine LARAKÍ, wishing success to the Meeting. H.E. OTHMAN expressed his gratitude to H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of the COMCEC, and to the Government of the Republic of Turkey for their unfailing interest in and abiding commitment to the promotion of economic and commercial cooperation among Member States. The Assistant Secretary General also expressed his thanks and appreciation for the excellent arrangements made for the Meeting.

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

8. The Meeting was then addressed by the Heads of Delegation of the Republic of Indonesia, the State of Kuwait and the State of Palestine. The Heads of Delegation expressed their thanks and appreciation to H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of the COMCEC, and to the Government of Turkey for their continuing interest in economic cooperation among

OIC/COMCEC-FC/13-97/ REP

member countries. They also thanked the Government of Turkey for the excellent arrangements made for the Meeting. In their statements, stressing the importance of the crucial changes in the world political and economic climate, the Heads of Delegation underlined the urgent need to enhance solidarity among member countries, and to look for ways and means of promoting cooperation based on concrete and realistic projects.

9. The working sessions of the Meeting were thereafter chaired by H.E. Necati ÖZFIRAT, Undersecretary of the State Planning Organization of the Republic of Turkey.

10. After the adoption of the Agenda, the Committee set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur, H.E. Khalid AMIN, Head of the Delegation of the Islamic Republic of Pakistan.

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

Report of the OIC General Secretariat

11. Under Agenda Item 3, H.E. Ousman N.R. OTHMAN, Assistant Secretary General of OIC, introduced the Background Report of the General Secretariat, which was subsequently summarized by H.E. Ambassador Motahar HOSSAIN, Director of Economic Affairs of the OIC General Secretariat. In his presentation, H.E. Motahar HOSSAIN highlighted the progress achieved towards the implementation of the resolutions of the COMCEC pertaining to the agenda items.

12. The Committee took note of the Report of the General Secretariat and expressed thanks for its preparation.

OIC/COMCEC-FC/13-97/ REP

13. The Committee took note with appreciation that ICCI would, in collaboration with the Board of Investment of the Government of Pakistan and the Federation of Pakistan Chamber of Commerce and Industry, be organizing the Fourth Private Sector Meeting in Karachi from 27 to 29 October 1997. The Committee appealed to member countries to urge their private sector representatives to actively participate in the meeting.

14. The Committee noted with appreciation that the 7th Islamic Trade Fair would be organized in 1998, in Beirut, Lebanon, in cooperation with ICDT, ICCI and other relevant institutions. The Committee appealed to Member States to participate in the 7th Islamic Trade Fair, and to offer to host the subsequent ones.

15. The Committee commended the current initiatives being taken by the Islamic Shipowners Association to establish an Islamic Shipping Company in application of a Resolution of the Islamic Conference of Foreign Ministers.

(The text of the Background Report of the General Secretariat is attached as Annex VI).

Review of the Implementation of the Plan of Action to Strengthen

Economic and Commercial Cooperation Among OIC Member States

16. Under Agenda Item 4, H.E. N.R. OTHMAN, the OIC Assistant Secretary General, introduced a report on the implementation of the Plan of Action. The report was subsequently presented by H.E. Ambassador Motahar HOSSAIN, Director of Economic Affairs of the OIC General Secretariat. H.E. HOSSAIN gave background information on the efforts to implement the OIC Plan of Action and

20. The Committee noted with appreciation that the Sectoral Experts' Meeting to be hosted by the Republic of Turkey on 'Money, Finance and Capital Flows' would be held on 1-3 September 1997, in Istanbul. The Committee also welcomed the offer of the Republic of Turkey to host the sectoral experts' group meetings in the areas of "Industry", in October 1997 in Istanbul, and "Technology and Technical Cooperation" in May 1998 in Ankara.

21. The Committee also renewed its appeal to Member States to offer to host Expert Group Meetings in other sectors to ensure speedy implementation of the OIC Plan of Action.

22. The representative of IDB informed the Committee about its paper entitled "Preparation of the Islamic Ummah for the 21st Century in the Area of Economic, Trade and Finance Cooperation Among the OIC Member Countries" circulated at the extraordinary Islamic Summit Conference held in Islamabad on 23 March 1997.

23. The Committee agreed that this paper provided useful insights and important implications for the work of the COMCEC and requested IDB to pursue the elaboration of the document and to submit it to the Thirteenth Session of the COMCEC under a separate agenda item for appropriate action.

(The Report of the OIC General Secretariat on the Implementation of the Plan of Action, the Report of the Seminar on the OIC Plan of Action and the African Member Countries held in Senegal from 28 to 29 April 1997, and the paper of IDB on "Preparation of the Islamic Ummah for the 21st Century in the Area of Economic, Trade and Finance Cooperation Among the OIC Member Countries" are attached as Annexes VII, VIII and IX).

reviewed the status of convening sectoral experts' group meetings in this context. H.E. HOSSAIN concluded his presentation by informing the committee about the workshop on the 'OIC Plan of Action and African Member Countries', organized by the Government of the Republic of Senegal, in cooperation with IDB, in Dakar from 28 to 29 April 1997.

17. Appreciating the report of the OIC General Secretariat, the Committee thanked the Republic of Senegal and IDB for organizing the workshop, and agreed on the submission by the Republic of Senegal of its report to the 13th Session of the COMCEC. The Committee also recommended that similar workshops be organized to promote cooperation among member countries within the framework of the implementation of the Plan of Action.

18. The Committee expressed its appreciation to the Arab Republic of Egypt for reaffirming its proposal to convene the two sectoral experts' group meetings on "Food, Agriculture and Rural Development" and "Transport and Communications", prior to the Thirteenth Session of the COMCEC, with dates and venue to be communicated to member countries, through the OIC General Secretariat, in due course.

19. The Committee also appreciated that the Islamic Republic of Pakistan reaffirmed its proposal to convene the sectoral experts' group meeting on "Foreign Trade", prior to the Thirteenth Session of the COMCEC, with dates and venue to be communicated to member countries, through the OIC General Secretariat, in due course.

Working Paper by the COMCEC Coordination Office on the Formation of Regional Groups Within OIC for a More Effective Economic Cooperation.

24. Under Agenda Item 5, in deference to the directive of H.E. Prof Dr. Necmettin ERBAKAN, Prime Minister of the Republic of Turkey and Alternate Chairman of the COMCEC, the representative of COMCEC Coordination Office presented a "Working Paper on the Formation of Regional Groups within OIC for a More Effective Economic Cooperation among the OIC Member Countries".

25. The Committee expressed its thanks and appreciation to the COMCEC Coordination Office for the preparation of the Working Paper. After extensive discussions, the Committee agreed that the subject needed in-depth study and reflection. The Committee, therefore, requested the OIC General Secretariat to circulate the Working Paper among member countries for their views and comments. The Committee agreed that the views and comments of the Member States on the proposal be submitted, as part of the relevant background report of the OIC General Secretariat, to the 13th Session of the COMCEC.

(The Working Paper on the Formation of Regional Groups within OIC for a More Effective Economic Cooperation is attached as Annex X).

Matters Relating to the World Trade Organization (WTO)

26. Under Agenda Item 6, the representative of the OIC General Secretariat presented a report on a mechanism to facilitate consultations among OIC Member States at WTO Meetings.

27. The Committee requested the OIC General Secretariat to submit the following proposal on the said mechanism to the 13th Session of the COMCEC:

- The WTO issue may be a permanent item of the agenda of the COMCEC and its Follow-up Committee.

- The OIC General Secretariat and the OIC concerned institutions, namely, ICDT, ICCI, SESRTCIC, IDB may monitor the WTO activities of importance and interest to the Member States, and report on their activities in their respective fields of competence to the COMCEC through the Follow-up Committee.

- A meeting of OIC Member States shall be convened during the WTO Meetings to facilitate the process of consultation amongst themselves and facilitate coordination of positions. The OIC General Secretariat shall take the initiative to arrange these meetings.

28. The Committee thanked the Islamic Development Bank for its efforts to assist the OIC Member Countries in their endeavors to become active members of WTO. The Committee appreciated the initiative taken by IDB to organize consultations among member states during the WTO Ministerial Meeting held in Singapore in December 1996.

29. The Committee took note with appreciation that IDB would organize a seminar for member countries to discuss their problems in regard to their accession to WTO, in Jeddah from 7 to 10 June 1997, and urged member countries to actively participate in the seminar.

30. The Committee requested the IDB, to continue its assistance to member countries in their efforts to become members of WTO and implement the Uruguay Round Agreements.

(The Working Paper Containing the Views of the OIC General Secretariat on Possible Mechanism for Consultations Among OIC Member States on WTO Meetings is attached as Annex XI)

Draft Statute of the Standards and Metrology Institute for Islamic Countries (SMIIC)

31. Under Agenda Item 7, the Committee considered the Draft Statute of the Standards and Metrology Institute. The Committee requested the OIC General Secretariat to submit the revised draft Statute to the 13th Session of the COMCEC, to be held from 1 to 4 November 1997 in Istanbul, for approval.

Preparations for the Exchange of Views on 'Implications of Regional Economic Groupings. Particularly the European Union, for the Economies of Member Countries'.

32. Under Agenda Item 8, the representative of the COMCEC Coordination Office made a presentation on the preparations for the "exchange of views" to be conducted during the 13th Session of the COMCEC.

33. The Committee recommended that background papers be presented by relevant OIC and other international organizations on the subject and that representatives of secretariats and concerned bodies of the main regional economic groupings be invited to the Session.

34. The Committee noted with satisfaction that the Ankara Center would be organizing a workshop on the subject, with the participation of eminent experts from member states, on 18-19 September 1997, in Ankara. The Committee felt that the report of the Ankara Center on the workshop would constitute a major input for the exchange of views to be conducted during the 13th Session of the COMCEC.

35. The Committee requested the General Secretariat to make the necessary arrangements, in cooperation with the COMCEC Coordination Office and other relevant OIC institutions, for an effective and in-depth exchange of views on the subject.

36. The Committee decided to submit to the 13th Session of the COMCEC the following proposals as possible themes for the exchange of views to take place during the 14th Session of the COMCEC:

- a) Economic Stabilization Measures and Structural Reforms in Member Countries.
- b) Human Resource Development for Sustained Economic Growth and Progress in Member Countries.

- c) Strengthening Small and Medium-sized Enterprises Facing Globalization and Liberalization.
- d) Poverty Alleviation in Member Countries.
- e) Promotion of Private Sector Investments in Member Countries and the role of IDB in this regard.
- f) Effects of non-Tariff barriers applied by certain countries on the Foreign Trade of Member Countries.
- g) Foreign Aid and the Least Developed Member Countries.

37. The Committee felt that further proposals could be submitted by member states to the 13th Session of the COMCEC.

Draft Agenda of the Thirteenth Session of the COMCEC

38. Under Agenda Item 9, the Committee considered the Draft Agenda of the Thirteenth Session of the COMCEC to be held from 1 to 4 November 1997, in Istanbul.

39. The Committee approved the Draft Agenda, and decided to communicate it, through the OIC General Secretariat, to Member States.

(A copy of the Draft Agenda of the Thirteenth Session of the COMCEC, as approved by the Committee, is attached as Annex XII).

Closing Session

40. At its closing session, chaired by H.E. Timuçin SANALAN Deputy Undersecretary of the State Planning organisation of Turkey, on behalf of H.E. Ufuk SÖYLEMEZ, Minister of State of the Republic of Turkey, the Committee adopted its Report together with its Annexes. The Committee requested the OIC General Secretariat to circulate the Report among the Member States, and to submit it to the Thirteenth Session of the COMCEC.

41. H.E. Sam KUTESA, Minister of State for Planning and Economic Development of the Republic of Uganda, made a statement on behalf of the delegates. H.E. KUTESA expressed his sincere thanks to the Government and people of Turkey for the warm welcome and hospitality extended to the delegates during their stay in Istanbul. The Minister also thanked the Chairman of the Meeting and all the supporting staff for the excellent arrangements made for the Meeting. The Minister also proposed to send a message of thanks to H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of the COMCEC which was unanimously agreed by the Committee.

42. In his closing statement, read by H.E. Timuçin SANALAN, H.E. Ufuk SÖYLEMEZ, expressed his thanks to the delegates for their valuable contributions and sense of cooperation. H.E. the Minister also thanked the General Secretariat, subsidiary and affiliated institutions of the OIC for their valuable assistance. He expressed his confidence that the recommendations made at the end of their deliberations would be instrumental in enhancing effectiveness of the COMCEC and open new avenues for closer economic cooperation among the Member Countries. Finally, H.E. Ufuk SÖYLEMEZ, wished the delegates a safe journey home.

(A copy of the text of the Closing Statement by H.E. Ufuk SÖYLEMEZ is attached as Annex XIII).

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

(Ankara, 10-12 May 1997)

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

(Ankara, 10-12 May 1997)

1. Background Report by the OIC General Secretariat to the Thirteenth Meeting of the Follow-up Committee of the COMCEC OIC/COMCEC-FC/13-97/D(1)
2. Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States. OIC/COMCEC-FC/13-97/D(2)
3. Report by the Seminar on the OIC Plan of Action and the African Member Countries. OIC/COMCEC-FC/13-97/D(7)
4. Working Paper on Formation of Regional Groups within OIC for a More Effective Economic Cooperation. OIC/COMCEC-FC/13-97/D(3)
5. Working Paper Containing views of the General Secretariat of the OIC on Possible Mechanism for Consultations Among OIC Member States on WTO Matters. OIC/COMCEC-FC/13-97/D(4)
6. Statute for the Standards and Metrology Institute for Islamic Countries Prepared by the Islamic Countries Standardisation Experts Assembly. OIC/COMCEC-FC/13-97/D(5)

7. Paper of IDB on "Preparation of the Islamic Ummah for the Twenty-First Century in the Area of Economic, Trade and Finance Cooperation Among the OIC Member Countries." OIC/COMCEC-FC/13-97/D(8)
8. Activities of the Islamic Development Bank Related to the World Trade Organisation (WTO)
9. Brief Report on the Activities of the Islamic Chamber to the 13th Meeting of the Follow-up Committee of the COMCEC
10. Fourth Private Sector Meeting for the Promotion of Joint Venture Investment and Trade Among Islamic Countries.

ANNEXES

I

**LIST OF PARTICIPANTS OF THE
THIRTEENTH MEETING OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC**

(Ankara, 10-12 May 1997)

Original:English

LIST OF PARTICIPANTS
13th MEETING OF THE FOLLOW-UP COMMITTEE OF THE COMCEC
(Ankara. 10 - 12 May 1997)

A. MEMBER STATES OF THE OIC

REPUBLIC OF CAMEROON

- HE. MOHAMADOU LABARANG
Ambassador of Cameroon to Riyadh
- Mrs. HAMAN ADAMA HALIMATOU
Technical Adviser, Ministry of Commerce
- Mr. AKOM MVONDO
Ministry of Commerce

ARAB REPUBLIC OF EGYPT

- Mr. MOUSTAFA KHALAF
Minister-Plenipotentiary Commercial
Head of the Egyptian Commercial Office in Istanbul
- Mr. ABDELMENAMMOUSA
Commercial Counsellor, Ministry of Trade, Cairo
Director of Arabic and Regional Cooperation
- Mr. AHMED NASSER
Commercial Counsellor, General Consulate of Egypt to Istanbul
- Mr. SAMEHABOUL-ENEIN

First Secretary of Egypt Embassy to Turkey

REBUPLIC OF INDONESIA

- HE. SUYITNOPATMOSUKISMO
Assistant to the State Minister, Coordinator for Production and Distribution
- HE. SOELARSO H. SOEBROTO
Ambassador of Republic of Indonesia to Turkey

- Mr. EDDY YUSUF
Senior Official, Department of Foreign Affairs
- Mr. DEDE K. E. IDRIS
Deputy Director, Department of Industry and Trade
- Dr.KOMARA DJAJA
Senior Official, the National Development Planning Board
- Dr. SUPRUADI
Senior Official, Office of the Coordinator Minister for Production and Distribution
- Ms. NINEEK K NARYATIE SISWOJO
Second Secretary of Embassy of Indonesia

ISLAMIC REPUBLIC OF IRAN

- Mr. ABDOL ALI AMIDI
Director General, Department of International Institution and Organization,
Ministry of Economic Affairs and Finance
- Mr. HAMID NAZARI TAJABADI
Senior Expert,
Department of Economic Affairs, Ministry of Foreign Affairs
- Mr. SAEID KHANI OUSHANI
Expert, Department of International Institution and Organization,
Ministry of Economic Affairs and Finance

STATE OF KUWAIT

- Mr. ISHAK ABDULKARIM
Director of the Department of International Affairs
- Mr. MESHAL AL-ARDHI
Head Section of Economic Affairs
- Mr. SA'AD AL-RASHIDI
Economic Researcher

KINGDOM OF MOROCCO

- HE. ABDELLATIF AQALLAL
Ambassador of Kingdom of Morocco to Turkey
- Mr. NOUR-EDDINE ELALAOU
Second Secretary of the Kingdom of Morocco Embassy
- Mr. SALAH-EDDINE AQRI
Ministry of Foreign Affairs of the Kingdom of Morocco

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. HÜMAYUN KHAN BANGASH
Ambassador of Pakistan to Turkey
- HE. KHALID AMIN
Senior Joint Secretary (Foreign Trade), Ministry of Commerce
- Mr. RAHAT UL AIN
Consul General of Pakistan in Istanbul
- Mr. SHAHM. JAMAL
Director, Ministry of Foreign Affairs
- Mr. MAZHAR JAVED
Second Secretary, Embassy of Pakistan to Turkey

STATE OF PALESTINE

- H.E. FOUADYASEEN
Ambassador of State of Palestine to Turkey
- Mr. AWNI BATTASH
Director General, Ministry of Planning and International Cooperation
- Mr. MOAZE GHOSHEH
Trade Cooperation Director

KINGDOM OF SAUDI ARABIA

- Dr. HAMAD AL-AWFY
Director General, Quality Control and Inspection Department
Ministry of Commerce

- Mr. SULAIMANS. ALFRAIH
First Secretary at the Ministry of Foreign Affairs
- Mr. MOHAMMED ALGHOFALI
Counsellor at the Ministry of Finance and National Economy

REPUBLIC OF TURKEY

- H.E. UFUK SÖYLEMEZ
Minister of State
- HE. NECATİ ÖZFIRAT
Undersecretary, State Planning Organization
- Mr. OĞUZ ÖZBİLGİN
Deputy Secretary General, President's Office
- Mr. TİMURÇİN SANALAN
Deputy Undersecretary, State Planning Organization
- Dr. ÖZHAN ÜZÜMCÜOĞLU
Adviser, President's Office
- Assoc. Prof. Dr.. SEDAT ÇELİKDOĞAN
Chief Adviser to Prime Minister
- Mr. YAVUZ AKTAŞ
Head of Department, Ministry of Foreign Affairs
- Dr. SALİH YILMAZ
Head of Department, General Directorate of Foreign Economic Relations,
Undersecretariat
- Mrs. ERKŞAN GÜNKUT
Head of Department, General Directorate of Agreements Undersecretariat
for Foreign Trade
- Assoc. Prof. Dr MURAT MERCAN
Adviser, Prime Ministry
- Dr. MURTAZA ATA
Adviser to Prime Minister

- Mr. CEVDET ÖZMEN
Deputy Director of the Standardization for Islamic Countries
Turkish Standards Institutions
- Mr. ZAFER ÇAĞLAYAN
Union of Chambers and Commodity Exchange of Turkey,
- Mr. SELİM SOYDEMİR
Deputy Head of Department, The Capital Market Board of Turkey
- Mrs. NURHAN ERKAN
Expert, The Capital Market Board of Turkey
- Mr. Ö. ASIM AKSOY
Deputy Expert, General Directorate of Agreements,
Undersecretariat for Foreign Trade

REPUBLIC OF UGANDA

- HE. SAM KUTESA
Minister of State for Planning and Economic Development
- HE MOHAMED KISUULE
Ambassador of Uganda to Riyadh
- Mr. JOE WILLY HAGUMA
Principal Finance Officer

B. THE OIC GENERAL SECRETARIAT

- HE. OUSMAN N.R. OTHMAN
Assistant Secretary General for Economic and Legal Affairs
- H.E. M. MOTAHARHOSSAIN
Ambassador, Director of Economic Affairs
- Mr MOHAMMED ALI BOHEH
Administrative Officer

C. THE OIC SUBSIDIARY ORGANS

THE STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTER FOR ISLAMIC COUNTRIES (SESRTCIC)

- Mr. İLHAN UĞUREL
Director, Department of Statistics and Information
- Mr. OKER GÜRLER
Senior Economist
- Mr. AL WALEED HAMOUR
Economist

THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

- Dr. BADRE EDDINE ALLALI
Director General

THE ISLAMIC INSTITUTE OF TECHNOLOGY (IIT)

- Prof. Dr. ABDUL MATIN PATWARI
Director General

D. AFFILIATED ORGANS OF THE OIC

ISLAMIC DEVELOPMENT BANK (IDB)

- H.E. ABDURRAHMAN NUR HERSI
Adviser to the Bank
- Mr. TARIK KIVANÇ
Executive Director
- Dr. MUKHTAR HAMOUR
Head, Economic Cooperation Section,
Economic Policy and Strategic Planning Department

ORGANIZATION OF THE ISLAMIC SHIPOWNERS ASSOCIATION (OISA)

- Dr. ABDULLATIF A. SULTAN
Secretary General

THE ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI)

- Ms.ATTIYANA WAZISH ALI
Manager, Trade Promotion

**THE FEDERATION OF CONSULTANTS FROM ISLAMIC COUNTRIES
(FCIC)**

- Mr. HASSAN EL-SHAFIE
President

INTERNATIONAL ASSOCIATION OF ISLAMIC BANK (IAIB)

- Mr. SAMIRABID SHAIKH
Secretary General

E. INTERNATIONAL ORGANIZATION

**THE COOPERATION COUNCIL FOR THE ARAB STATES OF THE GULF
SECRETARIAT GENERAL (GCC)**

- Mr. ALIAL-ATAR
Director of International Economic Relations

F. COMCEC COORDINATION OFFICE

(Within the State Planning Organization of the Republic of Turkey)

- Mr. CELAL ARMANGİL
Head of COMCEC Coordination Office
- Mr. MUSTAFA ŞİRİN
Head of Department, COMCEC Coordination Office
- Mrs. GÜLBÜN SUEL
Executive Secretary
- Mrs. BİGE HAMURDAN
Executive Secretary

Mr. FERRUHTIĞLI
Expert, Coordinator for Documentation

- Mr. EBUBEKİR MEMİŞ
Expert, Coordinator for Documentation
- Mr. YAKUP KARACA
Expert, Drafting
- Mr. İSMAİL AKPINAR
Expert, Drafting

Annex I to OIC / COMCEC - FC /13-97 / REP

- Mr. FATİH ÜNLÜ
Expert, Drafting and Press Relations
- Mr. ORHAN ÖZTAŞKIN
Expert, Protocol and Press Relations
- Mr. ATA ATALAY
Expert, Protocol Relations
- Mrs. BİLGE GÜLLÜ
Expert, List of Participants
- Mr. KEMAL ARSLAN
Expert, Computer Services

**G. DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL,
AFFAIRS OF THE STATE PLANNING ORGANIZATION**

- Mr. ALİ İŞIKLAR
Head of Department, Administrative
- Mrs. MÜKERREM ÖZKILIÇ
Head of Section
- Mr. YAŞAR GÜLSOY
Expert
- Mr. MEVLÜT YAŞAR
Expert
- Mr. SEYİT AMBARKÜTÜK
Technician

II

**MESSAGE OF H.E. SÜLEYMAN DEMIREL
PRESIDENT OF THE REPUBLIC OF TURKEY
CHAIRMAN OF THE COMCEC**

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10 May 1997)

Original: English

MESSAGE OF H.E. SÜLEYMAN DEMİREL,
PRESIDENT OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE COMCEC

Thirteenth Meeting of **the**
Follow-up Committee of **the** COMCEC

(Ankara, 10 May 1997)

Mr. Chairman,
Excellencies,
Distinguished Delegates,

It is a distinct pleasure for me to welcome you once again to Turkey on the occasion of your Thirteenth Meeting.

I am happy to see that your esteemed committee, established at the First Session of the COMCEC in 1984, continues to function in an effective manner after thirteen years during which radical transformations took place in the world political and economic scene.

This in itself is an indication of the existence of a strong political will on the part of the member countries to cooperate.

With the joining of Surinam to the OIC community, the number of member countries has now reached 54, occupying a wide geographical area in the world stretching over African, Asian, European and South American continents.

The dispersion of the member countries in such a wide geography clearly poses difficulties in launching joint economic cooperation projects. <

Judged against these difficulties, the concrete achievements of the COMCEC, however modest, would be considered as a success. In fact, the Longer Term Trade Financing and Export Credit Insurance Schemes of the COMCEC are functioning satisfactorily, thanks to the efforts of the Islamic Development Bank.

On the other hand, some of the projects initiated at the First Session in 1984 were overtaken by the radical changes in the world economy. In the area of trade, for example, the conclusion of Uruguay Round Agreements necessitates a new approach to cooperation among member countries. In this connection, I would like to underline the importance of the initiative to create a mechanism for consultation among member countries during the WTO meetings.

I am confident that in your present meeting you will formulate appropriate recommendation for early implementation of the new Strategy and Plan of Action which contains realistic principles commensurate with the new trends in the world.

I wish every success to the Follow-up Committee in its deliberations, and a pleasant stay in Ankara to the delegates.

Süleyman DEMİREL
President of the Republic of Turkey,
Chairman of the COMCEC

III

**OPENING STATEMENT OF H.E. UFUK SÖYLEMEZ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY
CHAIRMAN OF THE FOLLOW-UP COMMITTEE**

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10 May 1997)

Original: English

**OPENING STATEMENT BY H.E. UFUK SÖYLEMEZ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY
CHAIRMAN OF THE FOLLOW-UP COMMITTEE**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC**

(Ankara, 10 May 1997)

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

It is a great pleasure for me to open the Thirteenth Meeting of the Follow-up Committee.

At the outset, I wish to welcome you all to Ankara, the administrative capital of the Republic of Turkey since 1923. As your esteemed Committee is meeting for the first time in Ankara, I hope you will also enjoy its unique but more formal atmosphere as compared to Istanbul.

I would also like to avail myself of this opportunity to convey my congratulations and wishes of success to His Excellency Dr. Azeddin LAREKI, the new Secretary General of OIC. We are confident that, under his able and wise leadership, our Organization will take a prominent place it deserves in the world community.

Distinguished Delegates,
Dear Brothers,

As the twentieth century draws to a close, we continue to live in a turbulent world. It is all the more important, therefore, to transform the OIC community, which now includes 54 member countries, into a realm of peace, stability and prosperity. I believe it can more safely be achieved through concrete economic and social development in member countries.

Turkey assesses the COMCEC as one of the solid and reliable platforms for multilateral economic cooperation having the potential to contribute, however modestly, to development efforts of member countries.

The profound changes that have taken place in the world, question some of the traditional ways of addressing the challenge of development.

One such increasingly important change affecting all countries, is the process of market-driven globalisation due to rapid progress in information exchange and telecommunications. Globalisation encompasses varying degrees of increasing integration of world markets of goods, services, capital, technology and labour.

This has generated greater openness, freer movements of factors of production and created greater opportunities for international cooperation. Globalisation permits countries to share experiences, learn from one another's achievements and difficulties, and promote a cross-fertilisation of ideals, cultural values and aspirations, taking into account the recognition of cultural diversity.

Globalisation of the world economy presents opportunities and challenges for the development process as well as risks and uncertainties. As a result of the process of globalisation and growing interdependence in the economic, social and environmental fields, an increasing number of issues cannot be effectively addressed by countries individually.

Financial deregulation and consequent growth and integration of global capital markets have not only created opportunities but also significant risks.

Rapid, short-term private capital movements often cause considerable fluctuations in exchange rates. The volatility associated with these short term flows may not only strain national fiscal and monetary policies but even lead to severe disruptions in the global financial system as witnessed during the Mexican crisis in 1994.

The deepening interdependence among countries has already led to the emergence and strengthening of regional economic groupings and arrangements. Such groups and arrangements, which are outward oriented, supportive of, and complementary to the multilateral trading system, are

important actors in the global development process. COMCEC should not be an exception to this world trend.

Since 1980's, Turkey is trying, with all its successes and failures, to accommodate her economic and social system with these emerging world trends.

In these efforts, we attribute great significance to regional economic cooperation, particularly with those countries with which we have historical ties, common cultural values and share a great Religion, Islam.

Other than its membership of the Organisation of the Islamic Conference, Turkey is also an active and often leading member of such cooperation schemes as the Black Sea Economic Cooperation, The Economic Cooperation Organisation, the recent D-8 initiative, as well as the various schemes and arrangements of the United Nations System.

Turkey is also a member of OECD and entered into Customs Union with Europe.

My Government does not consider all these endeavours as competing schemes but as complementary to each other.

For example, the Customs Union of Turkey with Europe offers unlimited market access for industrial products exported to Turkey by the third countries, due to very low customs duties and many exemptions. These products once imported into Turkey, are considered to be in free circulation in the European Union without further duties or limitations. The

new conditions are bound to generate substantial increases in imports from all countries in the region and create new opportunities for further cooperation.

Distinguished Delegates,
Dear Brothers,

In our efforts to promote cooperation within COMCEC, we, as Government representatives, should try to create a suitable environment and the necessary mechanisms conducive to freer movement of goods and capital among member countries. To create such an environment, development of necessary legal and physical infrastructure, and the encouragement of higher level of integration among the economies of the member countries gain utmost importance.

With these words, I would like to conclude my statement by wishing the Committee every success in its work, and an enjoyable stay in Ankara to the delegates.

Thank you.

IV

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

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10 May 1997)

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

Thirteenth Meeting of the
Follow-up Committee of the COMCEC

(Ankara, 10 May 1997)

Excellency Mr. President,
Honourable Quests and
Distinguished delegates,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

At the very outset, let me convey to you the warm greetings of H.E. Dr. Azeddine Laraki, Secretary General of the Organization of the Islamic Conference who has also wished the meeting all success.

Allow me also to express my deep gratitude and appreciation to the government of the Republic of Turkey for the warm welcome and generous hospitality extended to all the delegations since their arrival in this city.

Mr. President,

The Follow-up Committee of the COMCEC is entrusted with the twin responsibility of reviewing the follow-up activities pertaining to the resolutions adopted at the previous session of the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC) and at the same time undertake necessary preparatory work for the following session of the COMCEC, including preparatory work for the following session of the COMCEC, including preparation of its agenda. It is a matter of great satisfaction that the Follow-up Committee has been discharging its two pronged responsibility successfully.

The present meeting is being held at a crucial juncture when important developments of far reaching implications are taking place in the world economy. The implications of the contemporary world economic order characterised by trend towards globalisation of trade and commerce, emergence of powerful regional economic groupings, increased competition and progressive marginalisation of the weaker economies in international trade are unfolding rapidly. The establishment of the World Trade Organization, identification of new areas for trade liberalisation, and persistence of protectionist trends in developing economies in the grab of human rights and environmental concerns have profound implications for the economies of the OIC Member

States. The urgency of successfully carrying out macro-economic and structural reforms in the Member States to avert their being further marginalised in the world economic scene has become all the more acute.

Against this backdrop, implementation of the OIC Plan, of Action to . . . Straighten Economic and Commercial Cooperation Among Member States without further delay has become imperative. The need to coordinate positions of the OIC Member States' on - matters relating to the WTO is another crucially .important issue. It is encouraging to note that both the COMCEC as well as the Follow-up Committee of the COMCEC have remained seized with these questions.

It is ' gratifying to note that follow-up actions have been taken on the 12th COMCEC resolution pertaining to the holding of a consultation meeting among the OIC delegations attending the WTO ministerial meeting held in Singapore in December last. Besides, as requested by the 12th COMCEC, the OIC General Secretariat, the COMCEC Coordination Office and the IDB is working together to propose to the current meeting of the Follow-up Committee a mechanism for regular consultations among Member States on WTO matters.

Mr. President,
Distinguished delegates,

There is no denying of the fact that the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation has not made any appreciable progress. Lack of offers by Member States to host the sectoral Expert Group meetings has remained a major problem. Holding of these Expert Group meetings are of crucial importance for the reason that the strategies and mechanism- of implementation of the Plan of Action envisages commencement of the implementation process through preparation of viable project ideas in all priority sectors of cooperation by these Expert Group meetings.

A fresh look needs to be cast at this problem and I believe the Follow-up Committee is the appropriate forum to initiate deliberations on the issue and come out with some viable alternative suggestions for the 13th session of the COMCEC scheduled to be held in November this year.

The regular item on the agenda of the Follow-up Committee and of the annual sessions of the COMCEC will provide a suitable opportunity to address the issue. It is my conviction that in view of the importance of moving ahead with the process of implementation of the Plan of Action without any further delay, the delegates in the Follow-up Committee as well as the participants of the 13th session of the COMCEC will conduct a thorough discussion on this issue with a view to charting the required course of action.

Meanwhile, I address my fervent appeal to those Member States who have offered to host some of the Expert Group meetings to finalise the date and venue of these meetings most expeditiously so that the Member States can be informed well in time and necessary preparations can be completed by the General Secretariat and other related OIC institutions to make these meetings successful.

The new, item in the draft agenda of this year's meeting of the Follow-up Committee on the formation of Regional Groups within OIC for a more effective economic cooperation, is an important concept which, I am sure will receive careful attention of the delegates.

Mr. President,

I take this opportunity to draw the attention of the distinguished delegates to the fact that a number of important Agreements, including the Framework Agreement on Trade Preferential System Among OIC Member States, which were prepared under the aegis of the OIC to promote intra-Islamic trade could not enter into operation even decade after their being placed for signature and ratification by Member States due to lack of required number of ratification. I hope, the Follow-up Committee will take a closer look into the matter and make necessary recommendations to the forthcoming session of the COMCEC as to the adoption of fresh sensitisation measures with a view to alleviating the situation.

To conclude, Mr. Chairman,

Let me express my firm conviction that the meeting of the Follow-up Committee will bear effective and fruitful results. I wish the meeting success.

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

V

**AGENDA
OF THE THIRTEENTH MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC**

(Ankara, 10-12 May 1997)

Original : English

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

(Ankara, 10-12 May 1997)

1. Opening Session.
 - Statement by the Chairman of the Follow-up Committee.
 - Statement by the OIC Secretary General.
 - Statements by the Heads of Delegation.
2. Adoption of the Agenda.
3. Background Report by the OIC General Secretariat.
4. Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States.
5. Working Paper by the COMCEC Coordination Office on the Formation of Regional Groups Within OIC For a More Effective Economic Cooperation.
6. Matters related to WTO Meetings.
 - a) Report by IDB on the Ministerial WTO Meeting in Singapore
 - b) Mechanism for Consultation Among Member Countries During WTO Meetings.

Annex V to OIC/ COMCEC-FC/13-97/REP

7. Draft Statute of the Standards and Metrology Institute for Islamic Countries.
8. Preparations for the Exchange of Views on the "Implications of Regional Economic Groupings, Particularly the European Union, for the Economies of the Member Countries", to be organized during the Thirteenth Session of the COMCEC.
9. Draft Agenda of the Thirteenth Session of the COMCEC.
10. Any Other Business.
11. Adoption of the Report.
12. End of the Meeting.

VI

**BACKGROUND REPORT
BY THE GENERAL SECRETARIAT OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE**

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10-12 May 1997)

BACKGROUND REPORT BY THE OIC GENERAL SECRETARIAT TO
THE THIRTEENTH MEETING OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC

ANKARA, REPUBLIC OF TURKEY
10 - 12 MAY 1996.

This Background report covers the following three broad areas :

Development of economic and trade cooperation;

Status of the signing and ratification of the Agreements/Statutes within the framework of economic cooperation among OIC Member States,

Summary review of the activities of subsidiary organs, specialized and affiliated institutions of the OIC in the field of economic cooperation.

I- DEVELOPMENT OF ECONOMIC AND TRADE COOPERATION.

- a) Implementation of the Plan of Action to Strengthen Economic Cooperation Among Member States.

The Follow-up and Implementation Mechanism for the Plan of Action adopted by the Seventh Summit envisages holding of an inter-sectoral Expert Group Meeting (EGM) to review the requirements for implementing the provisions of the Plan of Action pertaining to each sector of area of cooperation, and making proposals, when necessary to enhance cooperation in this area. The Eleventh Session of the COMCEC accepted a suggestion of the 11th meeting of the Follow-up Committee of the COMCEC to the effect that, instead of holding one inter-sectoral EGM to start the implementation of the Plan of Action, it will be more practical to hold more than one meeting to deal either with one area or a number of interrelated areas at a time.

All subsequent meetings of the COMCEC as well as the Islamic Conference of Foreign Ministers appealed to the member states to host these Expert Group Meetings. The Twelfth session of the COMCEC (Istanbul, November 12-15, 1996) renewed this call to the member states to host the Expert Group meetings. During the session of the COMCEC, The government of the Republic of Turkey offered to host the Expert Group meeting on Money, Banking and Capital Flows. The Twelfth COMCEC also welcomed the offer of the government of the Republic of Senegal to organise, in collaboration with the OIC General Secretariat, the COMCEC Coordination office and the IDB, a Workshop on the Plan of Action for the African countries.

Earlier, at the 11th COMCEC, the Government of the Arab Republic of Egypt had offered to host two EGMs (on Agriculture, Food and Rural Development and on Transport and Communications). The Government of the Islamic Republic of Pakistan had offered to host one EGM on Foreign Trade.

All necessary preparations were completed and working documents prepared by the SESRTCIC were sent to the member states concerning the two Expert Group Meetings which were to be held in Cairo in the third week of September, 1996. However, these meetings were postponed at the request of the host government. New dates have not yet been finalised. The General Secretariat is pursuing the matter with the Government of the Arab Republic of Egypt.

As regards the Expert Group Meeting which was to be hosted by Pakistan, the General Secretariat pursued the matter with the government of Pakistan with a view to finalising all necessary preparations. No suitable dates and venue of the meeting has been communicated to the General Secretariat so far.

A workshop for the African countries on the Plan of Action is scheduled to be organised in Dakar from April 28-29, 1997 by the government of the Republic of Senegal with the collaboration of the OIC General Secretariat, the IDB and COMCEC Coordination Office. The purpose of the workshop is to sensitise the African member states about the various aspects of the Plan of Action from which they can benefit. Three discussion papers dealing with the different aspects of the Plan of Action are to be presented by the OIC General Secretariat, the SESRTCIC and the IDB respectively. A set of recommendations are expected to be made on conclusion of the detailed discussions on the three papers.

(b) Cooperation for the Promotion of Trade,
Among OIC Member States

During the first COMCEC Session held in November 1984, the Trade Ministers of OIC member states got together for the purpose of exploring ways and means for strengthening cooperation in areas falling under their responsibility. The Ministers identified a number of priorities in the field of trade and adopted a resolution on the "Implementation of the Short Term Programme for the Promotion of Trade Among OIC Member States", which includes recommendations for the preparation of a number of projects/schemes.

At its first Session, COMCEC discussed and approved the proposals to draw up three multilateral financial schemes aimed at enhancing trade among Member States,

namely, a Longer-term Trade Financing Scheme, an Islamic Corporation for the Insurance of Investment and Export Credit, and a Multilateral Islamic Clearing Union. The progress achieved in the establishment and operation of each of these schemes as well as the other efforts for the enhancement of Intra-Islamic trade is summarised below:

(i) Longer Term Trade Financing Scheme

The project had been initiated by COMCEC which approved the scheme and entrusted the IDB with its implementation. The Longer-Term Trade Financing Scheme was approved by the Tenth IDB Annual Meeting, held in Amman, Jordan, in March 1986.

This Scheme, which became operational in 1408 aims at promoting exports of non-conventional commodities among OIC member states by providing the necessary funds for periods ranging between 6 and 60 months for exports from the member countries of the Scheme to any other OIC member state. up to the end of 1416 H, the Scheme comprised 22 member countries. In each member country which participates in LTTFS there are one or more national agencies for the Scheme. The role of the national agencies is to coordinate the promotion of the LTTFS export financing in their countries.

The total subscribed capital by the member countries of the Scheme up to the end of 1416 H was ID 314 million, out of which ID 131 million is paid up. The IDB has contributed to the Scheme a sum of ID 150 million, half of which has already been paid up. In 1416 H the net approvals under the scheme amounted to ID 59.88 million (US \$ 90 million) for 13 operations in 6 exporting member countries as against 8 operations in 53 exporting member countries in 14154 H.

(ii) Islamic Corporation for the Insurance of, Investment and Export Credit (ICIEC)

Another important project introduced in the field of the promotion of trade exchange, is the Islamic Corporation for the Insurance of Investment and Export Credit. At COMCEC's request the IDB undertook a feasibility study and prepared the Agreement for the establishment of the said Corporation. The scheme was approved by COMCEC in October 1991. Subsequently, the IDB Board of Governors approved this agreement and appealed to member states to subscribe to the capital of the Scheme. 50 percent of the authorised capital has been subscribed by fifteen member states and the IDB has subscribed the remaining 50 per cent. The Corporation started its operation at IDB headquarters on 21 July, 1995 as a subsidiary of the IDB.

The objectives of the Scheme are to increase the volume of transactions and the flow of investments among member states. The services, however, will be limited only to the signatory states of the Agreement that will have ratified it, submitted their ratification instruments to the Bank and paid up their shares.

During the 11th Session of the COMCEC, held in November 1995 at Istanbul, Turkey, the IDB representative presented a brief on the progress regarding the setting up of the Islamic Corporation for the Insurance of Investment and Export Credit under the aegis of the IDB.

The COMCEC expressed its thanks and appreciation to the IDB for its efforts in successfully finalizing this important project. It appealed to the member states which had not yet done so, to sign and ratify the Articles of Agreement of the Corporation and subscribe to its capital so as to ensure that most OIC member states will benefit from it.

The Twelfth session of the COMCEC repeated this request. It appreciated the efforts of the management of the ICIES for the successful operation of the scheme and encouraged the organisation of other familiarisation seminars for member countries on the operations of the Corporation. The Twelfth COMCEC further noted that in addition to the fifteen member states who have become members of the ICIEC, membership of six other countries are in the final stage of processing.

(iii) Islamic Multilateral Clearing Union

This is another scheme designed to ensure trade promotion among OIC member states. The IDB undertook a study of this project at the request of COMCEC.

The 8th COMCEC Session, held in 1992, had noted with appreciation the finalisation by the IDB of the "Agreement on the Multilateral Islamic Clearing Union" as well as its submission to the 8th Meeting of the Governors of the Central Banks and Monetary Authorities of the member states held in Cairo, Egypt, in 1990. The same COMCEC Session approved, in principle, the proposed Agreement and endorsed the recommendation of the Governors of the Central Banks and Monetary Authorities of member states regarding this scheme.

The Tenth COMCEC Session held in Istanbul, October 22-25, 1994 had, inter alia, invited member states to consider working out clearing arrangements among themselves, provided that these agreements be flexible in the goods covered and that joining them be on a voluntary

basis, provided also that clearing agreements be concluded among sub-groups of member states willing to join, with the ultimate goal of setting up a multilateral Islamic Clearing Union.

iv) Establishment of a Trade Information Network
(TINIC)

The First COMCEC Session, held in 1984, adopted a resolution on the "Short term implementation Programme for trade promotion" recommending the setting up of a Trade Information Network for Islamic Countries to facilitate the collection, treatment, analysis and propagation of trade information for the benefit of users. The Islamic Centre for the Development of Trade (ICDT) was requested to prepare a feasibility study on the modality of such a network, in cooperation with the concerned OIC institutions and other international organisations.

Consequently, the ICDT submitted a feasibility study to the second COMCEC session. A study group was set up to revise that study with a view to developing a "database system" for collecting and propagating, inter alia, maximum trade information within OIC member states, eliminating duplication and ensuring an optimal utilization of means already existing in member countries.

The Tenth COMCEC Follow-up Committee Meeting held in Istanbul, Republic of Turkey, in May 1994, noted with satisfaction that the first meeting on TINIC Focal Points jointly organized by the Islamic Centre for Development of Trade (ICDT) and the IDB was held from 19 to 21 April 1994 in Casablanca to examine cooperation problems among Focal Points and set up the required databases.

The Committee requested the ICDT to pursue its preparations for establishing a database in close cooperation and coordination with TINIC Focal Points and the IDB and to submit a progress report on the issue to the 10th COMCEC Session.

The ICDT is carrying on with the work for designing of database. The architecture of four data bases have been finalised in the areas of a). Foreign Trade Operators, b). Foreign Trade Statistics, c). Trade Opportunities and d). Trade Events.

v) Establishment of a Trade Preferential System
among OIC Member States (TPSOIC)

In pursuance of the relevant decisions of the First and Second COMCEC Sessions, the ICDT carried out a study on a trade preferential system within OIC member states. The documents of this system were approved by the Sixth COMCEC

Session held in Istanbul from 7 to 10 October 1990 which requested the General Secretariat to pursue the implementation of the system in question.

COMCEC requested the OIC General Secretariat to contact member states to expedite the formalities of their joining the Framework Agreement and urged member states to start in the meantime, bilaterally or through COMCEC, exchanging lists of respective offers of concessions and initiate informal consultations on them as a prelude to the future negotiations on the said concessions.

The Tenth COMCEC Session, held in Istanbul in October 1994 noted with appreciation that 14 member states had signed and 5 of them ratified the Framework Agreement. It urged member countries that had not yet signed/or ratified it, to do so at their earliest convenience.

Taking into account the latest signatures, number of countries which signed the Framework Agreement on Trade Preferential System now stands at 20. The number of ratifications, however, remains at 5. Number of ratifications required for the Agreement to enter into force is 10.

vi) Harmonisation of Standards

During the first session of COMCEC it was decided to prepare a methodology aimed at harmonising the norms in force in member states with a view to eliminating the obstacles in the way of trade promotion among OIC countries. The Turkish Standardization Institute (TSI), which now plays the role of Coordination Committee, was requested to prepare the project document.

The draft Statute of the Standards and Metrology Organisation for Islamic Countries (SMOIC) was circulated among the member states for their views and comments thereon. Following the decision of the Eleventh Session of COMCEC, the text of the Draft Statute was re-circulated among the member states. The draft was also sent to the Islamic Chamber of Commerce and Industry for its views and comments.

The views and comments on the draft Statute received from the member states were examined by an Expert Group convened for the purpose in Istanbul in September, 1996. The final draft of the Statute was prepared taking into account the views of the member states. The draft statute on the Standards and Metrology Organisation for the Islamic Countries was presented to the 12th COMCEC (Istanbul, November 12-15, 1996) for adoption. The COMCEC however, decided to change the title of the Statute as "Statute of the Standards and Metrology Institute for the Islamic Countries", and requested the General Secretariat

to circulate the Draft Statute among the member states for their approval and submit it to the 13th session of the COMCEC for adoption. Accordingly, the General Secretariat has circulated the Draft Statute among the member states.

vii) Organisation of Islamic Trade Fairs

The Eleventh COMCEC Session held in Istanbul, from 5 to 8 November 1995 noted with satisfaction that the Fifth Islamic Trade Fair was successfully held from July 16-21, 1994 in Tehran, Islamic Republic of Iran.

The Twelfth COMCEC Session having taken cognizance of the report of the Secretary, General of the Islamic Chamber of Commerce and Industry on the subject, noted with satisfaction that the Sixth Islamic Trade Fair was successfully held in Jakarta, Republic of Indonesia from 22 to 27 October 1996 concurrently with the Third Private sector Meeting. It also welcomed the offer of the government of Lebanon to host the 7th Islamic Trade Fair in 1998, in cooperation with the ICDT, the ICCI, the IDB and other relevant institutions. The COMCEC appealed to Member States to actively participate in the said Islamic Trade Fair.

viii) Cooperation Among the Private Sectors of the OIC Member Countries.

Development of private sector in the Islamic world is one of the major preoccupations of the COMCEC. The Ninth session of the COMCEC, agreed that a flexible approach be followed regarding the possible role of the private sector in the overall activities of the COMCEC and where necessary, during the Islamic Trade Fairs. Decision to hold Private sector Meetings regularly on annual basis prior to the COMCEC sessions is an important measure in support of the private sector in the member states.

The Twelfth Session of COMCEC, held in Istanbul, Turkey, from 12 to 15 November 1996, took note of the report submitted by the ICCI on the Third Private Sector Meeting which showed positive trend in terms of the number of participating countries, business transactions made and Joint venture projects agreed upon, through bilateral and multilateral contacts.

The Twelfth COMCEC also expressed thanks and appreciation to the government of the Republic of Indonesia and the Indonesian Chamber of Commerce for hosting and organising the Third Private Sector Meeting in collaboration with the ICCI from 21-23 October, 1996 in Jakarta. It noted with appreciation the recommendations contained in the Report of the Third Private Sector Meeting during which bilateral and multilateral contacts were made among private entrepreneurs of the member states. The COMCEC session encouraged the federations of chambers of commerce and

industry in member countries to develop a framework to further strengthen cooperation with the Islamic Chamber and contribute to its programmes aimed at enhancing trade and investment among Islamic countries.

The Islamic Republic of Pakistan has offered to host the Fourth Private Sector Meeting while the Republic of Uganda offered to host one of the forthcoming Private Sector Meetings.

The Islamic Chamber of Commerce and Industry, organised 28th Session of its Executive Committee from 15-16 and the 14th General Assembly from 17-19 October, 1996. Both the meetings were held in Jakarta, Republic of Indonesia.

x) Exchange of Views on "Privatisation Experiences of the OIC Member Countries"

The Tenth COMCEC Session agreed that a separate item allowing delegates to exchange views on current world economic issues of interest to member countries be put on the COMCEC Agenda in its subsequent Sessions.

The exchange of views during the Eleventh Session of the COMCEC was held on the topic "Implications of the Uruguay Round of Trade Negotiations and the Establishment of the World Trade Organization (WTO) on the External Trade of OIC Member Countries".

The topic for exchange of views during the Twelfth session of the COMCEC was the "Privatisation Experiences of the OIC Member Countries". In preparation of the exchange of views, a "Workshop on Privatisation in OIC Countries" was organised by SESRTCIC in Bhurban, Islamic Republic of Pakistan from 19-20 October, 1996 in collaboration with the Privatisation Commission of Pakistan. Reports on the privatisation experience of six member states were presented in the Workshop. Besides, related papers were presented by the IDB, ICCI and IBRD.

After thorough deliberations on the topic for exchange of views, The Twelfth COMCEC arrive at, several conclusions and identified actions needed for the success of privatisation programmes in the member states, the COMCEC also invited member states to continue to share each other's experiences in the implementation of the privatisation programmes. Following areas of cooperation we s also identified:-

- (a) Technical cooperation,
- (b) Organising Workshops among OIC privatisation administrations,

- (c) Technical assistance in support of privatisation programmes in LDCs,
- (d) Promotion of an information flow among member states using facilities, such as OIC-ISNET.

The topic for exchange of views during the Thirteenth session of the COMCEC has been chosen to be "Implications of Regional Economic Groupings, particularly the European Union, for the Economies of the member countries."

- c) Cooperation in the area of Food Security and Agricultural Development.

Food Security is one of the top priorities in the OIC Plan of Action. However, the problem of food security remains unresolved in a number of OIC member countries, particularly in Africa.

The General Secretariat, in cooperation with the IDB, the African Development Bank and the Government of Senegal, organised a symposium on Food Security in the Islamic countries in December 1991, in Dakar, Republic of Senegal, in conjunction with the Sixth Islamic Summit Conference. The Sixth Islamic Summit adopted a declaration on "the Food Security Decade" in OIC Member Countries.

The Sixth Islamic Summit Conference, having considered the report of the Dakar Symposium, requested member states and all financial, economic and technical organizations of the Ummah to assist the African States concerned to ensure effective implementation of the recommendations of the Dakar Symposium. It also appealed to member states to extend additional resources to the relevant financial institutions so that they may increase their assistance to OIC African member states for the speedy and effective implementation of their national strategy for food security."

An Ad-hoc Follow-up Committee of the Symposium, established during the Symposium and chaired by His Excellency the Minister for Rural Development and Hydrology of the Republic of Senegal, is doing its best to implement the recommendations of the Dakar Symposium on Food Security in African OIC member states. Two meetings at expert level and two at senior official level have already been held. A mission comprising the Government of Senegal, the Islamic Development Bank and the African Development Bank, has already visited a number of countries to evaluate their respective programmes in the area of food security.

The Government of the Islamic Republic of Iran hosted the Fourth OIC Ministerial Conference on Food Security and Agricultural Development in Tehran from 14 to 16 January 1995. The meeting was well attended and the Declaration issued by this Conference emphasised the need to explore ways and means to increase agricultural production in high potential areas, and decided to periodically review the situation of food security in all OIC member states which are importers of food, in attaining a higher degree of food self-sufficiency. It also expressed firm determination and political will to expand cooperation among the concerned member countries in developing food security and agriculture.

d) Cooperation in the area of Industry

A series of Ministerial Meetings on Industrial Cooperation among OIC Member States have been held over the past few years.

Several Joint Venture Projects have been identified, studied and approved for member states in cooperation with the Islamic Chamber of Commerce and Industry (ICCI), the Islamic Development Bank (IDB) and the United Nations Industrial Development Programme (UNIDO).

The General Secretariat, subsidiary organs and affiliated institutions, in collaboration with the relevant UN institution (UNIDO) continue to work together to strengthen cooperation among member states in the field of industrial development and joint investment.

In pursuance of the decisions of the Third Ministerial Consultation on Industrial Cooperation held in 1987, a meeting of the "Task Force for the Promotion of Joint Ventures" was convened by the IDB in Jeddah in November 1987, which considered in detail the mechanism for the promotion of joint ventures among Member countries as outlined by the Ministers.

The Ninth COMCEC Session held in Istanbul on 01 to 04 September 1993 invited member states that had not yet done so, to examine recommendations of the Task Force on the proposed mechanism and communicate their views and comments thereon to the OIC General Secretariat so as to facilitate their consideration by the Fourth Ministerial Consultation, and appealed once more to member states to host the Fourth Ministerial Consultation in order to finalize the scheme.

e) Cooperation in the area of Transport

The First OIC Ministerial Meeting on Transport was held in Istanbul, September 7-10, 1987, concurrently with the Third COMCEC Session. The Ministers, during the meeting, expressed their conviction that transport is an important

element of the development of commercial and economic cooperation among Islamic countries and, among other things, decided to cooperate in the development of the following sectors:

- (a) Road Transport,
- (b) Maritime Transport,
- (c) Railway Transport, and
- (d) Training in the field of Transport.

The General Secretariat is in close contact with the member states and concerned agencies for the implementation of the decisions of the Ministers of Transport.

The Eleventh Session of the COMCEC, held in Istanbul, from 5-8 November 1995 urged member states and the OIC organs concerned to take measures needed for the implementation of the resolutions of the First Meeting of the Ministers of Transport of Member States, and appealed to member states to host the Second Meeting of Ministers of Transport.

The Organisation of Islamic Ship Owners's Association is pursuing its efforts for the establishment of an Islamic Shipping Company in the private sector. The formal launching of the Company is expected soon.

f) Cooperation in the field of Telecommunications

The First Ministerial Meeting on Telecommunications was held concurrently with the Fourth COMCEC Session in Istanbul, Turkey, in September, 1988 and the Second Ministerial Meeting on Telecommunications was held in Bandung, Indonesia, from November 5-8, 1991. The Tenth COMCEC Session, held in Istanbul, from 22 to 25 October 1994 called upon member states and the relevant OIC organs to take the measures needed for the implementation of the resolutions of the First and Second Ministerial Meetings on Telecommunications.

The Government of the Islamic Republic hosted the Third OIC Ministerial Meeting on Post and Telecommunication in Tehran from July 8-11, 1996. A 25-point resolution was adopted by the meeting identifying areas of cooperation and made specific requests and recommendations for action by the member states with a view to further cooperation among them in the field of posts and telecommunications. Some of the important actions suggested by the meeting include, setting up of a Data Bank for Post and Telecommunication Experts within the OIC-ISNET member countries ; defining a mechanism enabling member states to benefit from the studies and researches already undertaken by other member states in the field of PTT ; preparing an updated list of experts in technical field of PTT ; preparing an updated list of

technical cooperation and training activities available in the member states and compilation of member states' specific needs and capabilities with implementable project ideas and proposals or activities and encouraging joint investments for development and manufacture of telecommunication equipments.

The meeting decided to establish a Follow-up Committee to monitor the implementation of the Third OIC Ministerial Meeting on Post and Telecommunications. It also decided that expert group meetings, seminars and symposiums be held annually even if at regional level and including the private sector. It was also decided to hold the ministerial meeting on posts and telecommunications more frequently, once in every three years.

The Twelfth COMCEC noted with appreciation the successful convening of the Third OIC Ministerial Meeting on Posts and Telecommunications in Tehran, Islamic Republic of Iran and adopted its report.

g) Cooperation in the field of Energy

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

The Ministers of Energy of member states, recognising 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, the OIC Energy Ministers adopted a comprehensive resolution on this subject.

This resolution recommends, inter alia, that member states improve the performance of energy installations, speed up technology transfer among themselves in the energy sector, encourage research in new and renewable energy resources and establish inter-linked regional networks in the field of electric energy.

The Tenth COMCEC Session held in Istanbul on 24 and 25 October, 1994 called upon member states and the OIC organs concerned to take the measures needed for the implementation of the Resolutions of the First OIC Ministerial Meeting and appealed to member states to host the Second Ministerial Meeting on Energy.

h) Cooperation in the field of Infrastructure and Public Works.

The First OIC Ministers of Infrastructure and Public Works Meeting was held from 6 to 9 October, 1991 in Istanbul, Republic of Turkey, concurrently with the Seventh COMCEC Session,

Noting with satisfaction that Islamic countries had considerable potentialities and cooperation prospects in the field of infrastructure and public works capable of meeting the present and future needs of OIC member states.

Noting further that there existed an immense opportunity of cooperation among OIC countries in the infrastructure and public works sector and conscious of the need to pursue action on numerous projects and suggestions submitted by member states, the Ministerial Meetings, inter alia, urged member states to use all ways and means to enhance their cooperation and requested that a separate section of the budget be devoted to public works and infrastructure among the priority sectors of the "Plan of Action to Strengthen Economic Cooperation among Member States. It also recommended the development of existing potentialities and projects within the OIC System in this field.

The Tenth COMCEC Session, held in Istanbul, Turkey, from 22 to 25 October 1994 having taken note of the Resolutions adopted at the First Ministerial Meeting on Infrastructure and Public Works, held in Istanbul from 6 to 9 October, 1991 called upon all concerned to take the measures needed for the implementation of the resolutions of the First Meeting of the Ministers of Infrastructure and Public Works. It also took note of the proposals made by the Republic of Indonesia pertaining to cooperation in the area of urban infrastructure and rural development for incorporation in the Plan of Action.

i) Cooperation in the field of Labour and Social Security.

The Second Experts Group Meeting on Labour, and Social Security, held in Kuala Lumpur, Malaysia in October, 1994 set up two Working Groups - one for finalising the "Draft Bilateral Agreement on Social Security" and the other for the "Draft Model Bilateral Agreement on Labour and Manpower Exchange". The Working Group on Social Security met in Amman, Jordan, in 1985 and finalised the Draft Agreement. The Meeting of the Second Working Group on Labour and Manpower Exchanged was held in Istanbul, Turkey from 27 to 29 May 1989. It also finalized the Draft Agreement.

The General Secretariat, in forwarding the Reports of the Working Group on Labour and Manpower Exchange along with the Draft Agreement to member states informed them that the two Draft Agreements would be submitted to the Third Expert Group Meeting on Labour and Social Security for their consideration.

The Twenty-first ICFM expressed satisfaction for the offer made by the Government of the Arab Republic of Egypt to host the meeting of the working group on Employment and Manpower Exchange.

However, the Government of the Arab Republic of Egypt has, since informed the General Secretariat that it was no longer in a position to host the Expert Group Meeting on Labour and Social Security.

j) Cooperation in the field of Tourism

The Twenty-third Islamic Conference of Foreign Ministers, held in Conakry, Republic of Guinea, from 9 to 13 December 1995 adopted a resolution to strengthen cooperation among OIC Member States. The Conference stressed that tourism constitutes a main pivot in economic development and rapprochement between nations. The Twenty-fourth Islamic Conference of Foreign Ministers held in Jakarta from December 9-12, 1996 recalled that tourism has been identified as a priority area for cooperation in the Plan of Action and requested the Secretary General to convene as soon as possible, an Expert Group Meeting in the field of Tourism within the framework of COMCEC and the Plan of Action, to Strengthen the Economic and Commercial Cooperation Among OIC member states.

Meanwhile, the Conference also invited the member states to cooperate in the following areas:

-provision and exchange of publicity and advertising materials on tourism in different languages.

-organising special tourism weeks and popular art exhibitions in the Islamic world.

-production of documentary films on main archeological landmarks in the member states which are to be exchanged,

-organizing group travel among Islamic countries to strengthen bonds among member states,

-encouraging tourist investments in member states and directing investors to realise tourist projects in these states.

-facilitating contacts among experienced
tourist offices in member states

The General Secretariat has forwarded this resolution to member states urging early implementation, of the same.

k) Technical Cooperation among OIC
Member States

The First Ministerial Meeting on Technical Cooperation was held concurrently with the Sixth Session of COMCEC in Istanbul, Turkey, October 7-10, 1990. Five National Focal Points Meetings for Technical Cooperation among Member States were held in Istanbul between 1990 and 1994, thanks to the funding of the Turkish Government.

The above meetings reviewed the state of technical cooperation among OIC Member States and adopted recommendations aimed at strengthening this cooperation. The meetings stressed the need to promote the administrative and financial capabilities of national focal points on technical cooperation. During bilateral contacts, cooperation programmes were updated and new ones drawn up.

The Twenty-First ICFM and Ninth COMCEC recommended that member states strengthen their technical cooperation with special emphasis on training in the economic, cultural and social fields as well as on the training of instructors.

The Tenth COMCEC Session held in Istanbul from 22 to 25 October 1994, inter alia noted with satisfaction that the Meetings of Focal Points for Technical Cooperation (FOPTCIC) were being held annually on a regular basis, in Istanbul and thanked the Republic of Turkey for hosting them. It also appreciated the ongoing support extended by Turkey and by OIC institutions such as the IDB, SESRTCIC, ICDT, IIT and IFSTAD which contributed to the success of these meetings.

Tenth COMCEC also called upon member states and the OIC organs to implement the resolutions of the First Ministerial Meeting on Technical Cooperation held in Istanbul from 7 to 10 October 1990. It noted with satisfaction that the Fifth Focal Points Meeting on Technical Cooperation (FOPTCIC-V) was held, May 13-16, 1994, in Istanbul.

II. STATUS OF THE SIGNING AND RATIFICATION OF STATUTES AND AGREEMENTS.

The General Secretariat submitted to the Twelfth Session of COMCEC and the 24th ICFM, held respectively in Istanbul and Jakarta in November 1996 and December 1996, on the signing and ratification of the following Agreements and Statutes approved under the auspices of COMCEC:-

- i) General Agreement on Economic, Technical and Commercial Cooperation Among Member States.
- ii) Agreement on Promotion, Protection and Guarantee of Investments Among Member States.
- iii) Framework Agreement on Trade Preferential System Among OIC Member States.
- iv) Articles of Agreement on Islamic Corporation for the Insurance of Investment and Export Credit.
- v) Statute of the Islamic Telecommunications Union.
- vi) Statute of the Islamic Civil Aviation Council.

A table summing up the situation regarding the signing and ratification of the Agreements/Statutes is enclosed with this report.

- i) General Agreement on Economic, Technical and Commercial Cooperation.

The General Agreement on Economic, Technical and Commercial Cooperation was approved by the Eighteenth ICFM in 1397H (1977). The Agreement aims at encouraging capital transfer and investment, exchange of data, experience, technical and technological skills among Member States and at facilitating the implementation of a fair and non-discriminatory treatment among the said countries while giving special attention to the least developed member states. Up to now the agreement has been signed by 39 countries and ratified by 27. It became effective from 28 April 1981.

- ii) Agreement on the Promotion, Protection and Guarantee of Investments.

The Agreement on Promotion, Protection and Guarantee of Investments among member states was adopted by the Twelfth ICFM in 1401H (1981). The Agreement lays down the

basic principles for the promotion of capital transfer among member states and protects their investments against commercial risks while guaranteeing the transfer of capital and its proceeds abroad. Up to now, the agreement has been signed by 24 member states and ratified by 17. After having been ratified by more than ten (10) countries, the agreement came into force in February 1988.

iii) Framework Agreement on Trade Preferential System.

Twenty member states have so far signed the Framework Agreement including two who signed it during the Twelfth COMCEC. Five member states have so far ratified it. At least ten member states need to ratify the Agreement so that it can enter into force.

The Ninth COMCEC Session requested the General Secretariat of the OIC to contact member states with a view to speeding up the completion of the formalities for their adhesion to the Framework Agreement, and invited all member states to start exchanging, bilaterally or through COMCEC, their respective proposed lists of concessions and to conduct informal consultations on them, as a prelude to the future negotiations on concessions.

iv) Articles of Agreements on Islamic Corporation for the Insurance of Investment and Export Credit.

This Islamic Corporation for the Insurance of Investment and Export Credit has come into force from 21 July, 1995. The Corporation has started functioning as a subsidiary institution under the aegis of the IDB.

The Articles of Agreement of the Islamic Corporation for the Insurance of Investment and Export Credit have so far been signed by 31 member states and ratified by 18.

v) Statute of the Islamic States Telecommunications Union (ISTU)

The Statute of the Islamic States Telecommunications Union (ISTU) was approved by the Fifteenth ICFM in 1405H (1984). The Statute has been signed by 12 and ratified by 9 Member States. The Statute has not yet entered into force for lack of required number of ratifications.

vi) Statute of the Islamic Civil Aviation Council.

The Statute of the Islamic Civil Aviation Council has been signed by 12 member states and ratified by 4 only which is not sufficient to make the Statute operational.

The Twelfth Session of the COMCEC has urged member states that have not yet signed and/or ratified various Statutes and Agreements in the field of economic cooperation drawn up or concluded within the framework of OIC, to do so as early as possible.

III. ACTIVITIES OF THE OIC SUBSIDIARY ORGANS. SPECIALISED AND AFFILIATED INSTITUTIONS ACTING FOR THE STRENGTHENING OF ECONOMIC AND COMMERCIAL COOPERATION AMONG MEMBER STATES:

- (a) Statistical Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC), Ankara,

The Statistical Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) was founded in Ankara, Turkey in pursuance of Resolution No. 2/8-E adopted by the Islamic Conference of Foreign Ministers, held in Tripoli, in May 1977. The Centre, more commonly known as the Ankara Centre, started operations from June 1, 1978 as a subsidiary organs of the Organisation of the Islamic Conference (OIC).

The Centre has been active in the implementation of many of the provisions of the OIC Plan of Action to Strengthen Economic Cooperation Among Member States, which was adopted as an adjunct to the historic Makkah Declaration on Joint Islamic Action by the Third Islamic Summit Conference in January 1981. Furthermore, the Centre was involved in the technical work relating to implementation of the Sixth Summit Resolution, adopted in Dakar in December 1991, on the formulation of the New Strategy for Strengthening Economic Cooperation. The Centre also undertook the preparation of the revised OIC Plan of Action to Strengthen Economic and Commercial Cooperation,

In addition to the regular implementation of its mandated activities, the Centre also undertakes extensive assignments to prepare and present background documents and reports to the OIC meetings in the areas of economic and technical cooperation, held every year at various levels.

- b) Islamic Centre for Development of Trade (ICDT).
Casablanca.

The activities of the Islamic Centre for Development of Trade (ICDT) can be broadly categorised under the following headings: (a) undertaking various studies in the field of promotion of trade among Islamic countries and on the implication of various developments in the world

economy for the economies of the OIC Member States; (b) running various training programmes, organising seminars and workshops; (c) undertaking trade promotional activities like organising Islamic Trade Fairs, developing trade information networks; (d) bringing out publications, e.g. Tijaries (ICDT's quarterly magazine on Inter-Islamic and International trade); OIC Exporters' Guide and Roster of Experts in international trade available within the OIC Member States, and (e) providing technical assistance to member states.

The work programme of the Centre for 1996/1997 submitted to the Sixth session of the General Assembly of the Islamic Centre for Development of Trade contains details of the Centre's work programme for the year under reference.

(c) Islamic Institute of Technology (IIT). Dhaka.

Islamic Institute of Technology has been mandated to help develop the vast human resources of the member states and train technical manpower to the international standard needed for the industrial, economic and social development of the Islamic Ummah. In order to achieve this goal, the Institute offers engineering and technological courses in the fields of mechanical, electrical and electronic technologies as well as in Instructor Training Programmes, organises international short courses, workshops and seminars and conducts research.

The Institute successfully completed its Tenth Academic Year 1995-96 on 10 September 1996 with the holding of the Tenth certificate awarding Congregation Ceremony. A total number of 186 students from different member states of the OIC received their degrees and diplomas while some 140 others were admitted to higher classes.

In the Eleventh ongoing Academic Year 1996-97, nominations of 837 candidates from 21 member states were received for different courses. Due to shortage of accommodation 374 students only could be selected in limited specialisations and courses and out of this 273 students reported for enrollment.

As part of its activities, the Institute also organises throughout the year International Short Courses, Workshops and Seminars for skill up-grading and knowledge up-dating of different personnels of offices, educational institutions and industries of the member states. This year, the Institute had successfully organised four such seminars.

In its capacity as the OIC Focal Point .in the priority area of Human Resources development within the framework of UN-OIC Cooperation, the IIT is working in different projects in consultation with the concerned Agencies of the United Nations System. Details and positions in these various activities are given in comprehensive activity reports of the Director General published from time to time by the Institute.

(d) Islamic Development Bank (IDB). Jeddah.

The Islamic Development Bank has always worked closely with other specialized agencies, affiliated bodies and subsidiary organs of the OIC. The working relationship concerns areas such as the exchange of data and information, the undertaking of joint studies, meetings and assignments in special task forces/committees. Within this framework, the Bank and these institutions have continued to cooperate during 1416H.

The OIC Information Systems Network (OICIS-NET) forms another major project undertaken by the IDB/IRTI, under the auspices of both COMCEC and COMSTECH. The Network is to facilitate the collection and dissemination of information among OIC member countries and its specialist organizations through inter-linking national, regional, and sectoral focal points specialising in different sectors or subject areas. The Network is under implementation through a Pilot Scheme, where nine member countries are covered with their national focal centres. Coordination meetings of focal points are being held to consider the practical steps to implement the scheme in respect of priority sectors, particularly trade.

At the request of the various OIC bodies, the IDB prepared and finalised various Statutes/Agreements/Schemes in the field of economic cooperation among the OIC member states. The latest in this respect is the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC). The IDB also provides technical assistance in successfully organising a number of activities undertaken by the various institutions under the aegis of the OIC.

(e) Islamic Chamber of Commerce and Industry
(ICCI) Karachi.

The Islamic Chamber Commerce and Industry (ICCI) continues to pursue its programme of economic and commercial cooperation among the private sector of the OIC member states. Within this framework, it is implementing various projects and programmes, which have been formulated under its Three Year Plan of Action (1995-1997) . This Plan of Action was made within the guidelines of the strengthening of economic cooperation among member countries as emphasised by the OIC Plan of Action.

Since 1995, the ICCI has actively pursued its programme for the private sector and has held three private sector meetings in Turkey (1994), Egypt (1995) and in Indonesia (1996). The recommendations of these meetings have been submitted to the 10th, 11th and 12th Sessions of the COMCEC for consideration. The Private Sector Meetings have proved to be a useful meeting place of entrepreneurs, businessmen and representatives of financial institutions to discuss future avenues of cooperation and to find new markets for their products.

To foster greater interaction among the businessmen of the Islamic Countries, the ICCI has sent Economic Delegations to some of the African Countries. The first such Delegation went to Niger, Burkina Faso and Mali, the second went to Guinea, the Gambia, Sierra Leone and Senegal. The Third Delegation will be visiting some of the Central Asian Republics.

The ICCI is also involved in organising the Islamic Trade Fairs with the Islamic Centre for Development of Trade (ICDT). In addition, it also arranges for small exhibitions at the time of the private sector meetings.

As part of its services for its member chambers, the ICCI has undertaken a programme of holding Seminars and Workshops. The first such Seminar on Support Services for Small and Medium Enterprises, was jointly held with the cooperation of the Islamic Development Bank in Karachi in December 1996. The second such Seminar will be held in Mali for the benefit of the francophonic countries later this year.

In this rapidly evolving age of Information Technology, the Islamic Chamber is putting emphasis on the development of a well integrated database. This database contains information on the OIC member countries with particular reference to trade, economy, commerce, industry, trade fairs and other relevant information.

(f) International Association of Islamic Banks (IAIB), Jeddah.

The main objectives of the International Association of the Islamic Banks are i) promoting the philosophy and principles of Islamic Banking ; ii) establishing parameters for cooperation and coordination amongst Islamic Banks and also amongst Islamic Central Banks and iii) maintaining a database for all Islamic Financial Institutions.

Some of the important activities being undertaken by the IAIB include, inter alia, the publication of

- - An Annual Directory of Islamic Banks and Financial Institutions;
- - Monthly Information Brief about current financial and Economic issues, and
- - Monthly Education Brief on Islamic Economics.

(g) Organization of the Islamic Shipowners' Association (OISA). Jeddah.

In implementation of the resolution of the Islamic Conference of Foreign Ministers calling upon the OISA to set up an Islamic Shipping Company, the required feasibility study **was** conducted which was discussed and approved by the members of the OISA.

The OIC General Secretariat has written to the Foreign Ministry of the Kingdom of Saudi Arabia conveying to them the wish of the members to have Jeddah as the headquarters of this Company. The final steps so far taken for the establishment of this Company would be discussed in the OISA General Assembly Session to be held in Tehran next November.

A study was conducted for establishing a Cooperative Information Center at the OISA General Secretariat in the field of maritime transport. The tender for the required equipment has been sent to all members for submitting their bids.

There is a study for establishing an Islamic P&I Club. This matter had been discussed in the Sixteenth Meeting of the Executive Committee and Tenth Session the General Assembly of the OISA held in Jeddah during 5-7 November 1996. The Shipping Lines of the Islamic Republic of Iran would finance and undertake a study in this regard in collaboration with well known International P&I Clubs and submit the same to the next Meeting for perusal and appropriate decision.

The OISA is expected to discuss later some new projects such as the establishment of an Islamic Classification Society and linking the Islamic World with regular shipping routes etc.

A common problem being faced, especially by the subsidiary organs of the OIC, is non-payment of mandatory contributions by a large number of member states. The Seventh Islamic Summit "urged these member states to honour their regular mandatory contributions to the budgets of these bodies and to settle their arrears at their earliest convenience in view of the current financial difficulties being faced by these organs which made them unable to fulfil their responsibilities and threatened their very existence"

VII

**REVIEW OF THE IMPLEMENTATION
OF THE PLAN OF ACTION TO STRENGTHEN
ECONOMIC AND COMMERCIAL COOPERATION
AMONG OIC MEMBER STATES**

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10-12 May 1997)

**REVIEW OF THE IMPLEMENTATION OF THE PLAN OF ACTION
TO STRENGTHEN ECONOMIC AND COMMERCIAL COOPERATION
AMONG OIC MEMBER STATES**

Thirteenth Meeting of the
Follow-up Committee of the COMCEC
(Ankara, 10-12 May 1997)

This review of the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States has been undertaken in this document in two parts :-

- a) Background information on the Plan of Action and,
- b) implementation activities with respect to the Plan of Action and related resolutions of the COMCEC.

The Background:

The Sixth Islamic Summit had entrusted COMCEC to draw up and implement a new strategy for the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member Countries, taking into consideration the changes that took place in the world since the adoption of the Plan of Action in 1981. After a series of meetings organized under the aegis of COMCEC, a revised Plan was drawn up which was subsequently approved by the 10th session of COMCEC, in October 1994, and endorsed by the Seventh Islamic Summit Conference, held in Casablanca, Kingdom of Morocco from December 13-15, 1994. The Follow-up and Implementation Mechanism of the Plan of Action stipulates that there would be a regular item on the agenda of the annual sessions of the COMCEC entitled "Review of Implementation of the Plan of Action".

The Seventh Islamic Summit, inter alia, noted that the economic cooperation strategy adopted by the COMCEC allowed for cooperation among sub-groups of member countries and was based on the principles putting emphasis on the private sector, economic liberalization, integration into the world economy, respect for the economic, political, legal and constitutional structures of the member states and their international obligations. It further noted that the Plan of Action was a general and flexible policy document open for improvement during its implementation in accordance with the provisions stipulated in its chapter on Follow-up and Implementation. The Summit agreed on the need to urgently implement the Plan of Action and called upon the member states to host, the inter-Sectoral Expert Group meetings envisaged in the chapter on Follow-up and Implementation of the Plan of Action.

The Tenth Session of the COMCEC agreed that one contemporary world economic item of concern to the member states would be included in the agenda of each subsequent COMCEC sessions for exchange of views by the delegates. Accordingly, "Implications of the Uruguay Round of Trade Negotiations and the Establishment of the World Trade Organisation on the External Trade of OIC Member Countries" was chosen to be the subject matter for exchange of views during the Eleventh session of the COMCEC. The theme of discussion at the Twelfth session of the COMCEC was "Privatisation Experience of the OIC Member States" while the topic selected for the Thirteenth session of the COMCEC was "Implications of Regional Economic Groupings particularly the European Union, for the Economies of the Member Countries".

On the modality of implementation of the Plan of Action, the Eleventh COMCEC accepted a suggestion of the 11th Meeting of the Follow-up Committee of COMCEC that, instead of holding one inter-sectoral meeting to start the implementation of the Plan of Action, a more practical approach would be to hold more than one meeting to deal either with one area or a number of interrelated areas at a time, on a priority basis. The Committee invited all Member States to host both sectoral and inter-sectoral meetings.

The Eleventh Session of COMCEC further appreciated the offer by the Arab Republic of Egypt to host the two Expert Group meetings in the field of Transport and Communications, and on Food, Agricultural and Rural Development. It also welcomed the offer by the Islamic Republic of Pakistan to host a sectorial meeting within the framework of the implementation of the Plan of Action.

The Twelfth session of the COMCEC (Istanbul, November 12-15, 1996) renewed the call to the member states to host the Expert Group meetings. The government of the Republic of Turkey offered to host the Expert Group meeting on Money, Banking and Capital Flows. The COMCEC also welcomed the offer of the government of the Republic of Senegal to organise in collaboration with the OIC General Secretariat, the COMCEC Coordination office and the IDB a Workshop on the Plan of Action for the African countries. The Twelfth COMCEC urged member states participating in the WTO Ministerial Meeting (Singapore, December 9-13, 1995) to conduct necessary consultations through a meeting of their delegations to coordinate their positions on the issues involved. It further requested the OIC General Secretariat, the COMCEC Coordination Office and "3 to propose to the 13th meeting of COMCEC Follow-up Committee, a mechanism to facilitate consultations among member states in pursuit of common stands at future WTO meetings.

Implementation Activities

The various activities undertaken, in implementation of Plan of Action and other related decisions of the CCMCEC are summarized below :-

The Third OIC Ministerial Meeting on Posts and Telecommunications was held in Tehran, Islamic Republic of Iran from July 8-11, 1996. A 25-point resolution was adopted by the meeting identifying areas of cooperation and made specific requests and recommendations for action by the member states with a view to further cooperation among them in the field of posts and telecommunications. Some of the important actions suggested by the meeting includes, setting up of a Data Bank for Post and Telecommunication Experts within the OICIS-NET member countries ; defining a mechanism enabling member states to benefit from the studies and researches already undertaken by other member states in the field of PTT ; preparing an updated list of technical cooperation and training activities available in the member states and compilation of member states' specific needs and capabilities with implantable project ideas and proposals for activities and encouraging joint investments for development and manufacture of telecommunication equipments.

The meeting decided to establish a Follow-up Committee to monitor the implementation of the Third OIC Ministerial Meeting on Post and Telecommunications. It also decided that expert group meetings, seminars and symposiums in the field of cooperation in Post and telecommunications be held annually even if at regional level and including the private sector. It was also decided to hold the ministerial meeting on Posts and telecommunications more frequently, once in every three years.

A workshop for the African countries on the Plan of Action is scheduled to be organised in Dakar from April 28-29, 1997 by the government of the Republic of Senegal with the collaboration of the OIC General Secretariat, the IDB and COMCEC Coordination Office. The purpose of the workshop is to sensitise the African member states about the various aspects of the Plan of Action from which they can benefit. The discussion papers would be presented by the General Secretariat, the SESRTCIC and the IDB. A set of recommendations are expected to be made on conclusion of the detailed discussions on the three papers dealing with various aspects of the Plan of Action.

The Sixth Islamic Trade Fair was successfully held in Jakarta, Republic of Indonesia from 22-27 October, 1997 concurrently with the Third Private Sector Meeting. The Trade Fair was organised by the ICDF in collaboration with

the Indonesian Chamber of Commerce and Industries and with support from the IDB and the Islamic Chamber of Commerce and Industry. The next Islamic Trade Fair will be held in Lebanon in 1998.

The Government of the Islamic Republic of Iraq hosted the Fourth Old Ministerial Conference on Food Security and Agricultural Development in Tehran from 14 to 16 January 1995. The meeting was well attended and the Declaration issued by this Conference emphasised the need to explore ways and means to increase agricultural production in high potential areas, and decided to periodically review the situation of food security in all OIC member states which are importers of food in attaining a higher degree of food self-sufficiency. It also expressed firm determination and political will to expand cooperation among the concerned member countries in developing food security and agriculture.

As a follow-up of the resolution of the 12th COMCEC, the OIC General Secretariat, a meeting of delegations from OIC member states attending the WTO Ministerial Meeting was held in Singapore during the Ministerial meeting, to coordinate position on various matters related to the WTO.

In compliance with the request of the Twelfth COMCEC, the OIC General Secretariat, the COMCEC Coordination Office and the IDB is working out a proposal on establishment of a mechanism of consultation for member states on WTO matters. The proposal will be presented to the Thirteenth Meeting of the COMCEC Follow-up Committee Meeting for consideration.

Sectoral Expert Group Meetings (EGM)

The Follow-up and Implementation Mechanism for the Plan of Action adopted by the Seventh Summit envisages holding of an inter-sectoral Expert Group Meeting (EGM) to review the requirements for implementing the provisions of the Plan of Action pertaining to each sector or area of cooperation, and making proposals, when necessary to enhance cooperation in this area. The Eleventh Session of the COMCEC it was recommended that instead of holding one inter-sectoral EGM, it will be more practical to hold more than one meeting to deal either with one area or a number of interrelated areas at a time, on Priority basis.

Appeals have been made in all subsequent meetings of the COMCEC as well as the Islamic Conference of Foreign Ministers to host these Expert Group Meetings. The government of the Arab Republic of Egypt offered to host two EGMs, on Agriculture, Food and Rural Development and

Transport and Communications respectively). All necessary preparations were completed and working documents prepared by the SESRTCIC were sent to the member states. However, these meetings were postponed at the request of the host government. New dates have not yet been finalised. The General Secretariat is pursuing the matter with the Government of the Arab Republic of Egypt.

At the Eleventh COMCEC (1995), the Government of the Islamic Republic of Pakistan offered to host one EGM on Foreign Trade.. The General Secretariat has been pursuing pursued the matter with the government of Pakistan with a view to finalising all necessary preparations. No suitable dates and venue of the meeting has yet been communicated to the General Secretariat.

At the Twelfth Session of the COMCEC (1996) , the government of the Republic of Turkey has offered to host the Expert Group Meeting on Money, Banking and Capital Flows. The General Secretariat is in touch with the host government to finalise the dates.

VIII

**REPORT OF THE SEMINAR
ON THE OIC PLAN OF ACTION AND
THE AFRICAN MEMBER COUNTRIES**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC**

(Ankara, 10-12 May 1997)

Original: English

Annex VII to OIC/COMCEC-FC/13-97/REP
REPORT OF THE SEMINAR ON THE OIC PLAN OF ACTION
AND THE AFRICAN MEMBER COUNTRIES

The Seminar-workshop on the Plan of Action of the Organization of the Islamic Conference (OIC) and the African Member States, jointly organized by the Islamic Development Bank (TUB) and the Republic of Senegal, was held in Dakar on 28-29 April, 1997.

The participants at the Seminar included the following countries Benin, Cameroon, Gabon, Gambia, Guinea-Conakry, Mali and Senegal, and representatives of the Organization of the Islamic Conference (OIC), the Islamic Development Bank (IDB), the Coordinating Bureau of the Standing Committee on Economic and Commercial Cooperation (COKCEC), the Statistical, economic, and Beial Research and Training Centre for Islamic Countries (SESSRTCIC or the Accra Centre) and the Islamic Centre for the Development of Trade (ICST) (list of participants is attached).

The formal opening session was chaired by His Excellency Moustapha NIASSE, Minister of state, Minister of Foreign Affairs and Senegalese Abroad. After the reading of verses from the Holy Quran, addresses were read by the OIC and IDB representatives and the Minister of State.

His Excellency Ambassador Motaher Hussein, Director of Economic Affairs, read out the message of the OIC Secretary General, Dr. Azzedine Laraki, in which he thanked the Government of the Republic of Senegal and the Islamic Development Bank for their fruitful collaboration. He wished the participants a successful seminar. He then pointed out the importance of the Plan of Action for the promotion of cooperation among Member States. He also expressed his firm belief that this Seminar will manage to further sensitize Member states and speed up the implementation of the Plan.

In his address to the participants, the IDB representative, Dr. Marwan SEIFEDDINE, Director of the Regional Bureau in Rabat, thanked the Government of the Republic of Senegal for taking the commendable initiative to organize this Seminar. He

expressed his institution's willingness to do its utmost to support every action designed to implement the Plan of Action.

Then the Minister of State, Minister of Foreign Affairs and Senegalese Abroad, on behalf of the Head of state, President Abdou DIOUF, and his Government, read out an address in which he thanked the OIC and the IDB for their valuable support which made it possible to hold this Seminar. He warmly thanked the participating countries and extended a friendly welcome to their delegations.

The Minister of State went on to outline the background history of the Plan of Action which derived from the need for an improved integration of the OIC Member States' economies. This revised Plan was developed under the well-advised guidance of Turkey which chairs the COMCEC.

He also pointed out some of the objectives of the Plan, namely:

- the guarantee of food security ;
- the increase and diversification of productions, and
- the increase of capital flow amongst Islamic countries.

According to the Minister of State, the themes to be discussed during the Seminar will enable the participants to realize the scope of the Plan. Finally, he expressed his hope that the conclusions of these proceedings will permit to strengthen cooperation among the OIC Member States for the benefit of the Ummah

The workshop, which was chaired by His Excellency Ambassador Cheikh SYLLA, Director of International Organisations at the Ministry of Foreign Affairs and Senegalese Abroad, began with the adoption of the agenda and the election of Benin as the Seminar Rapporteur.

The first theme, entitled "The Role of the OIC and Its Institutions in the Reinforcement of Economic Cooperation Amongst Member States," was presented by His Excellency Ambassador Motaher HUSSEIN, Director of Economic Affairs at the OIC General Secretariat.

In his expose, Ambassador HOSSEIN focused on the nature and extent of OIC's commitment and that of its organs in promoting economic cooperation among Member States and in implementing the Plan of Action.

He summarized the OIC's actions in key areas ranging from the development of an institutional framework of cooperation amongst Member States, to promoting of the private sector in the Islamic Community. He also drew the participants' attention to the difficulties and impediments to achieving the objectives and in the implementation of the Plan of Action. He urged the seminarists to suggest practical means of overcoming these problems.

The seminar also took note of the initiative of His Excellency, Dr. Ezzedine LARAKI, the new OIC Secretary General, to prepare a four-year plan of the activities of the General Secretariat and its subsidiary organs in the economic area. The General Secretariat's New approach, related to the concept of intra-Islamic economic cooperation at two levels, was also discussed.

In the debates following the presentation of the theme, emphasis was placed on:

- the role of the private sector in economic promotion in general and in the implementation of the Plan of Action in particular.
- the importance of the exchange of economic and social information amongst Member Countries on the one hand, and between Member Countries and the OIC institutions on the other hand.

the necessity to base economic cooperation on the complementarity of economies and the formation of regional and subregional groupings.

In order to facilitate frequent meetings between experts with an aim to popularizing the various aspects of the Plan of Action, the Seminar expressed the need to cut down on organizing costs of meetings for host countries.

In this regard, the Seminar noted with interest the announcement by the COMCSC Representative of the COMCSC Coordinating Bureau that Turkey will organize the sectoral experts' meeting on "Foreign Currency, the Bank and the Flow of Capital" in September 1997.

Mr. Zine el Abbdine Houk ICDT, Representative, developed the theme on "The Role of Trade Exchange in the Reinforcement of Cooperation Among Member States." In this context, he emphasized:

1. The importance of trade information, and he briefed the participants on the data banks that have been established by the Centre.
2. The meetings organized by the ICDT for the benefit of businessmen On the occasion of the Islamic Trade Fair as well as during sectoral workshops on supply and demand
3. The trade facilities provided for in the Frame Agreement on Trade Preferences.

The representative of SESRTCIC (Ankara), Mr Abdel Rahman Zein el Abdin, Director of Research, then presented the document entitled "The OIC Plan of Action and the African Member Countries: An Approach to Implementation."

Mr. Sein el Abdin first pointed out the main objective of the Action Plan, and then focused on some very important points concerning the strategy and the Plan of Action, namely the necessity to pursue a free market economic policy and to consolidate the role of the private sector, the encouragement of cooperation amongst subgroupings and regions encompassing a small number of countries, and the options for the latter to take part in joint action schemes.

He then offered suggestions for the best route for the Member States to take in the implementation of the Action Plan. He stressed the importance of three basic questions which constitute real problems for many member countries: financing, data, information and know-how.

In the debates following the presentation of this theme, emphasis was laid once again on the private sector's commitment to carrying out the Plan of Action. Moreover, the importance was stressed of ensuring the free flow of information among member countries so they can become more knowledgeable about one another's potentials.

Another point that was underscored was the need to inform the private sector of the resolutions by the various OIC bodies. In this respect, the Seminarists expressed their wish that the Islamic Chamber of Commerce and Industry (ICCI) act as an intermediary between the OIC and the private sector.

There was debate about certain problems involving the implementation of the Plan of Action. Included among them are maritime transport and the compatibility of the World Trade Organisation Agreements with the preferential system among OIC Member Countries.

In their addresses, the IDB representatives mentioned the Bank's contribution to the development of cooperation among the Member states. Thus, they reviewed the different modes of

financing for ongoing projects as well the mechanisms set up for them.

They provided insight into the Banks' involvement in the area of foreign trade financing, namely in the framework of the long-term financing of exports designed in application of the COMCEC recommendations.

Particular focus was placed on the structures and projects set up by the IDE to encourage the reinforcement of cooperation amongst Member States.

They stressed that financing by the Bank is not only limited to profitable projects, but extends, rather, to every aspect of the defence of the Ummah's interests: training, research, humanitarian actions, solidarity with Islamic peoples in distress, the war on poverty, etc...

In addition, they defined the objectives, functions and powers of the IDB, and asserted that the Bank is an instrument designed for the promotion of the economic development and the social advancement of the Member Countries and Islamic communities in accordance with the principles of the Shariah. In that capacity, the Bank is determined to be an institution working towards cooperation amongst Member Countries.

Referring to the promotion of cooperation among Member Countries, they pointed out that it constitutes a major axis of the Bank's medium term strategy. This role of the Bank involves strengthening regional integration, increasing the volume of trade and financial and technical cooperation within the Islamic world.

During the discussions, the participants representing the Senegalese private sector, while acknowledging the positive role of the IDB, remarked that their sector has not yet benefited from its financing and that the Bank's procedures are generally long and difficult. They also mentioned the

difficulties encountered by the private sector of the IDE member countries in obtaining information about the procedures for applying to the Bank and for meeting the guarantees it requires. On the other hand, they pointed out the need for the IDB to support the activities of women and the private sector which play an important role in the economic development of member countries.

Based on the debate, the Seminar made the following recommendations:

1. Request Member Countries to reflect on the ways and means of facilitating the Experts' sectoral meetings in order to speed up implementation of the Plan of Action. In this respect it was felt that contributions by host countries could, be limited to providing logistic and secretarial support.
2. Encourage the Secretary General to carry on with his efforts aimed at working out a four-year plan of action in order to reorganize the activities of the OIC and its subsidiary organs.
3. Take fresh initiatives to encourage the signing and ratification of the various Agreements relating to the Strengthening of economic cooperation among Member States.
4. Request Member States to take the appropriate urgent steps to find a solution to the serious financial problems facing the OIC and its subsidiary organs.
5. Urge Member States to make prompt responses to requests for information and data bases.
6. Encourage Member States to take an active part in the work and programmes of the OIC in the economic fields.

7. Keep the private sector regularly informed about the resolutions and decisions of the various OIC bodies so as to enable it to contribute to their implementation. In this respect, ICCI might be requested to circulate such information to its members.

8. Exhort Member States to encourage their Chambers of Commerce to join the ICCI and effectively contribute to its activities.

9. Encourage National Chambers of Commerce and Industry and businessmen to participate in the private sector's annual meetings organized by ICCI.

10. Request Member States to sign or ratify the frame Agreement on Trade Preferences so as to permit its application.

11. Set up relay structures for the promotion of IDB financing and activities.

12. Request the simplification and adaptation of IDB procedures so that they take better account of the financial and development needs of the private sector in the Sub-Saharan Member Countries.

13. Invite the IDB to establish an appropriate framework, of action favouring the promotion of woman's roles and the development of the informal sector in Member Countries.

At the end of the deliberations, the delegates, speaking on behalf of the participants, expressed their sincere gratitude to the Senegalese authorities for the African attention and hospitality extended to them during their stay in Dakar.

The report and its appendices were adopted during the closing session.

The OIC General Secretariat was requested to submit the report to the COMCEC Follow-up Committee during its next session.

In closing the session, His Excellency Ambassador Cheikh SYLLA, Director of International Organizations at the Ministry of Foreign Affairs and Senegalese Abroad, speaking on behalf of the Minister of State, His Excellency Mr. Moustapha KIASSE, observed the high level of interest raised by the Seminar. This interest was illustrated by the wealth of debates and the multitude of information culled by the participants, particularly about the OIC and its system. He extended his thanks to all the participants, and in particular the OIC and the IDB, without whose invaluable support this meeting would not have been possible, but also to COMCEC, the ICDT and the SESRTCIC, which all contributed enormously to the success of the Seminar.

He also expressed his sincere gratitude to the coordinating and supporting staff, who had ensured that deliberations proceeded under the best possible conditions.

Finally, Ambassador SYLLA wished all the participants a safe return to their respective countries.

Dakar, 29 April 1997

IX

**PAPER OF IDB ON "PREPARATION OF THE
ISLAMIC UMMAH IN THE 21" CENTURY IN THE AREA
OF ECONOMIC, TRADE AND FINANCE COOPERATION
AMONG THE OIC MEMBER COUNTRIES**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC**

(Ankara, 10-12 May 1997)

PAPER OF IDB ON

PREPARATION OF THE ISLAMIC UMMAH
FOR
THE TWENTY-FIRST CENTURY
IN THE AREA OF ECONOMIC TRADE AND FINANCE
COOPERATION AMONG THE OIC MEMBER COUNTRIES

Memorandum
circulated at
The Extraordinary Islamic Summit
Islamabad, Pakistan
Zul Qada 1417H (March 23, 1997)

I INTRODUCTION

1. The twentieth century is approaching its end. Mankind is on the threshold of **the** twenty-first century. This is destined to be a turning point heralding **the beginning, not only** of a new millennium but also opening a new chapter in **humanity's** search for a new civilizational paradigm.
2. The fall of communism, the disintegration of the Soviet empire and the failure of global capitalism to establish a just world order have once again brought into sharp focus the real predicament of mankind: poverty with affluence; hunger and famine despite exponential growth in production and technology; explosion of new diseases despite Herculean achievements in the sciences of medicine ; increase in crime, intolerance and terrorism despite spread of education and culture; disintegration of the family and debasement of humanity despite the knowledge revolution. Innovation based on science and technology have reduced the entire world into a global city but distances between humans have increased resulting in greater tension, strife, rivalry and confrontation. Humanity stands in search of a new order, truly universal, humane and just, ensuring equality, freedom, human rights and democratic order based on the principles of Shura.
3. The Islamic UMMAH, emerging as it is from a long night of colonial subjugation and possessed of a Divine Message that integrates the material with the moral and the secular with the spiritual and that tempers power with justice and compassion, has the potential to establish for herself and the mankind a new civilizational paradigm. Despite its rich material and spiritual resources and great cultural heritage, the UMMAH lags behind the dominant powers of the world in terms of science, technology and socio-economic development. Western powers despite the decline and fall of colonial regimes continue **to seek** institutional hegemony over the Muslim and the Third World countries through a series of political and economic arrangements. Unless the dependency syndrome is broken there is no possibility of a break-through for the UMMAH

and the mankind. The new concert of powers is still a product of the greater economic strength., technological dynamism and politico-economic cooperation among the developed countries. Globalization and regional coordination are key instruments in the hands of the powers that are calling the shots. How can the **UMMAH** face this challenge and show a new path to mankind?

4. The answer lies in the achievement of ideological integration, moral uprightness command over technology, and greater economic and political unity and integration of the UMMAH. The strengths of the UMMAH are distinct: by its moral and spiritual message, its significant presence in all parts of the world with 23% of the world population under its umbrella and 19% of the land area of the world under its 54 independent States. Almost 30% of the basic economic resources of the world are under its domain. Moreover, there are some 120 Muslim communities, over 400 million souls, in countries outside OIC members.

5. The growth paradigm of the dominant schools has failed to bring about sustained socio-economic development of all people and all regions, ensuring well-being and equity for all humans. The holistic approach of the Islamic **UMMAH** can ensure growth with justice for all, making the twenty-first century an era of peace, equity, respect for liberty, repeat for human rights, Shoorā and improvement of human life. This is possible only if the Islamic UMMAH is prepared to develop and implement a socio-economic framework of participatory economic growth and sub-regional, regional and global cooperation and, wherever possible, integration. The need of the hour is to move towards this new international environment, with an integrated Islamic UMMAH as the new centre and pace-setter, with strong links with the entire Third World, enriching and influencing each other towards establishing a new just order within and dealing with the developed world from a position of equality and judicious mutuality.

6. This memorandum prepared with the help of eminent personalities from different corners of OIC member countries is an effort toward identifying some of the challenges of the twenty-first century and suggesting some strategies for the Islamic UMMAH to meet these challenges with dignity and equanimity. The memorandum highlights the challenges inherent to the international economic environment, depicts areas of the much needed cooperation to face such challenges, outlines the driving force of such cooperation in the development process, describes the mechanism needed to implement the cooperative effort and identifies a set of activities, that could be undertaken within this framework, through further strengthening and rationalising a number of institutions of the UMMAH established during the last three decades.

II. THE INTERNATIONAL ECONOMIC ENVIRONMENT

7. Whatever shape the world takes in the 21st century, Muslim countries individually and as a group must be equipped to deal with such a world. They should not simply be at the receiving end; they should take part in formulating

the rules of the game, in conformity with the Islamic values and principles and acquire the tools necessary to play their part, minimize the adverse effects and share in the gains.

8. The writing is already on the wall. The international economic relations of the Twenty-First Century are likely to be dominated by two emerging trends: globalization and regionalism.

9. The conclusion of the Uruguay Round Agreements (URAs) and the consequent creation of the World Trade Organization (WTO) would ensure the liberalization of international economic transactions. The process of globalization means that the prosperity of the national economies will be critically affected by their interaction with the world economy.

10. The second mark of the Twenty-First Century is exemplified by the emergence of regional economic groups (e.g. EU, NAFTA, etc.). These economic groups are likely to dominate the trade of the twenty-first century. The dynamics of trade creation and trade diversion will have a strong adverse impact on countries that remain out of the stream and do not belong to existing groups or create groups of their own.

11. The URAs new set of conditions would reshape the environment of international economic relations, and would have significant implications for the Muslim countries. The trend towards liberalization, envisages a world for tomorrow, where highly competitive Muslim countries will enter at a competitive disadvantage, inter-alia, because of:

- a) Weakness in the fields of industry and technology; Comparatively high cost of technology transfer, and consequently the cost of production, due to the new agreements on Intellectual Property Rights;
- b) Limited flow of aid and capital;
- c) Low level of production, productivity and exports;
- d) Imposition of restrictions under the guise of environmental and social standards that are likely to adversely affect production and exports of Muslim countries;
- e) Higher food-import bills due to removal of agricultural subsidies.

12. The ultimate effects of URAs would be a relative reduction of exports of Muslim countries to the industrial countries, increase in the prices of commodities involving intellectual property rights, increase in the prices of agricultural products and greater dependence on external assistance.

13. Information technology and communications have advanced in great leaps since the mid-seventies. Computers are becoming more sophisticated and less expensive, and newly developed management techniques are emerging. As a result, enterprises capable of benefiting from such advance could reduce their operating costs.

14. While on the one hand, the latest developments in information technology tend to increase the optimal size of enterprises putting further pressure on small and medium enterprises in member countries, yet they increase the ability to acquire, adapt and use technology in the developing countries, which may take advantage of such advances to narrow the ever widening technological gap. It is, however, obvious that Muslim countries are particularly subjected to the restrictions limiting the effective transfer of technology, know-how and knowledge up-date.

15. The selective and increasing trend to stem the flow of labour resources by western countries, would require that Muslim countries create the necessary productive capacity to absorb their surplus labour and provide the necessary growth to counter the brain drain as well as to motivate self employment through development of micro-enterprises, and micro-credit mechanisms.

III. ENHANCING ISLAMIC COOPERATION TO DEAL WITH THE NEW ECONOMIC ENVIRONMENT

16. Given the strict WTO time limits,, Islamic countries should speed up the process of taking advantage of URA rules which allow regional groups to apply, during a transitional period, lower tariff rates on imports from group members. Islamic countries must make effective use of this provision to work out a formula for mutual tariff reductions under a clear programme. Similarly, the Agreement on Preferential Treatment, concluded under the auspices of the OIC, should be made effective and fully adhered to by member countries.

17. Cooperation among Islamic countries should be strengthened by enhancing multi-modal transport and communication facilities and linkages; restrictions that hamper the interaction among business and among businessmen should be removed.

18. The role of the private sector as the prime mover in the national economies must be maintained and its initiatives be expanded so as to play a greater role in shaping economic interrelations among Muslim countries and creation of a climate congenial to the promotion of entrepreneurship, including provision for incentives, training facilities and counseling.

19. OIC member countries should cooperate to minimize the adverse effects of new restrictions on international intellectual property rights. This could be done by reducing dependence on imported technology, by absorbing and endogenizing advances in technology through cooperative efforts. In this pursuit OIC member countries should take advantage of the large stock of research and

development available at universities and other research institutions along with further promoting R&D. The active support of the public sector as well as the serious involvement of the private sector can assist Muslim countries in their strive to be suppliers of new technologies.

20. The New "OIC Strategies for Strengthening Economic and Commercial Cooperation", and its accompanying Plan of Action should be effectively pursued and operationalized.

21. The integration of the international capital market and the free flow of investment funds coupled with unfavorable investment climate have induced the sizable outflow of capital to foreign markets, depriving Muslim countries of the use of such funds. Special efforts should be collectively undertaken to develop closer commercial and financial links, to improve the investment environment and related securities as well as to develop appropriate instruments and financial engineering tools, utilizing advances in information technology in order to develop efficient and integrated Islamic capital markets that ensure better level of mobilization savings for new investment, and repatriation of funds invested by Muslims abroad.

IV. RENDERING COOPERATION AS AN EFFECTIVE ENGINE FOR DEVELOPMENT

22. In preparing for the Twenty-first Century, cooperation among OIC member countries is of paramount importance. Cooperation should be given content to make it an effective engine for development. Most importantly, a clear and strong political commitment to the process of cooperation, that is constantly renewed, is a prerequisite for effective cooperation.

23. Translation of political commitment for cooperation among OIC member countries could be pursued through the establishment of effective and dedicated national institutions that would create the needed national and regional public awareness necessary for the successful pursuit of this goal.

24. It is important that economic cooperation should be safeguarded against the vagaries of political changes and fluctuations. If properly supported, strong and effective participation of the private sector could ensure continuity of policies and institutions.

25. Cooperation among OIC member countries should be built upon member country's regional groups. Member countries which do not belong to regional groups should either join existing ones or form new ones. Regional groups, like the GCC, the ECO, UEMOA, ASEAN and the AMU could be the real building blocks of global cooperation among member countries. The success of these organizations can be considered as a first step towards creating an Islamic common market.

26. The creation of the Islamic common market is imperative if Muslim countries are to deal on equal footing with other international blocks in the twenty-first century . The creation of this market, pursued as an ultimate objective, would require a series of intermediate steps in forms of bilateral as well as multilateral agreements, free trade zones and customs unions. The undertaking of that objective should set in motion the moves towards reduction and ultimate elimination of restrictions on the flow of goods, capital and human resources.

27. An important benefit of liberalising trade among Muslim countries is to pave the way for emergence and growth of trans-national Islamic companies capable of internalising the benefits of information and communication technologies as well as large scale production, trade and finance. The rise of those company can be speeded up through facilitating merger and joint-ventures between enterprises across Muslim countries and providing them with necessary tax and other incentives.

28. **OIC** member countries should strive to have meaningful economic cooperation with other developing countries through common memberships of regional groups or other suitable arrangements.

29. Economic development requires the efforts of all concerned, public or private. Drawing on our own tradition about Wakf and other benevolent services, Islamic non-governmental organizations emerging from within the **UMMAH** and genuinely serving its cause, can help in mobilizing efforts and resources for development and social welfare. Since our NGOs have not been fully utilised, efforts should be directed to remedy this serious deficiency and reduce the dependence on certain organizations that have shown little concern about our real needs or even to have served rather suspicious goals.

30. The OIC member countries must adopt development priorities which would guide their efforts towards improving their standard of living. The most important priorities for the twenty-first century are water, food and security needs in general. Collective efforts must be undertaken to satisfy the increasing water requirements for both consumption and production. In conjunction with these efforts, measures must be taken to narrow the food gap through agricultural development.

V. MECHANISM NEEDED FOR IMPLEMENTING COOPERATIVE EFFORTS

31. To secure the objectives stated above, the Muslim countries would need efficient institutional set-up, appropriate mechanisms and a judicious framework within which cooperation could be effectively pursued.

32. The New Plan of Action for Economic and Commercial Cooperation, adopted by the OIC Summit provides one such framework, as it sets guidelines and targets for cooperative efforts in different economic sectors. What is

needed is to scrupulously implement that Plan. Its implementation could proceed at two levels:

- a) on the OIC level, COMCEC should be developed into a broad based forum to formulate and follow-up a phased implementation programme for the Plan of Action, and to accelerate the implementation of economic and commercial agreements among member countries,
- b) At the sub-regional level, relevant programmes of the Plan of Action should be implemented by competent Organizations, such as the GCC, ECO and AMU. Thus a two way cooperation between Sub-regional Organizations and the OIC Institutions should be developed.

33. Efforts should be made in the Medium to Long-term, to strengthen and vitalize the existing Islamic institutions in order to enable them to better perform their functions especially in relation to:

- a) evolving an Intra-OIC strategy for trade expansion based on trade-flow analysis, stimulation of balanced and healthy growth of selected sectors and products and identification of complementarities and matching,
- b) enforcing, monitoring and implementing trade regulations
- c) providing the necessary Technical Assistance for capacity building as well as support of applied research and developing Islamic Information Systems.

34. Appropriate mechanisms for enhancing cooperation, should encompass:

- a) designating, on the national level, special focal points to deal with Islamic economic and commercial cooperation. These national focal points should also act as special trade and investment points and involve the private sector in their development;
- b) establishing centres of excellence at the OIC level in order to promote the endogenization and advancement of technology, and to provide the training needed to enhance human capabilities in member countries.
- c) streamlining and rationalising government policies and institutions to achieve the aforesaid objectives.

35. The UMMAH should utilize and enhance the research capabilities of national and international universities and research institutions to develop

theoretical and empirical models to study the economies of member countries and assist them to design the appropriate economic policies.

VI. THE ROLE OF IDB

36. The Medium-term Strategic Agenda of the Bank adopted nearly three years ago declares the promotion of economic cooperation as an over-arching theme to cover all activities of the Bank. Accordingly, the Bank's role in promoting cooperation could be enhanced by effectively implementing the priorities stated in the Strategic Agenda and by designing its future strategies in the light of the emerging global situation in the 21st Century. In this regard, the following specific measures may need to be considered by the IDB:

- a) Increasing IDB's technical assistance to member countries to address the pressing needs for capacity building for both (i) preparation and implementation of development projects; and (ii) the process of integration into the world globalized economy and addressing the implications of the new multilateral trading system and Agreements. Particular importance will be accorded to the strengthening of regional and national human capacities, to trade and development policy formulation and to Intra-OIC Trade expansion strategies.
- b) Evolving integrated Technical Cooperation packages, with a view to provide the required technical assistance. Considering the specialised nature of the field, IDB would collaborate with regional groupings, specialised agencies, Multilateral Development Institutions operating in countries of joint membership, within their respective institutional mandate and expertise. In the field of World Trade, appropriate attention will be given to inter and in-country training, provision of expert services and organisation of seminars and workshops dealing with rights and opportunities on market access, regulations and notification requirement, identification of trade policy options, dispute settlement, etc... .
- c) Sponsoring regional projects, particularly those meant to enhance trade, investment, transport and communication links among member countries. In this regard, it could also play a catalytic role to mobilize resources for such projects.
- d) Making special efforts to be better link between IDB project financing and its trade related activities. For this purpose, efforts should be made to finance projects that could increase intra-trade and decrease dependence on imports from non-member countries. Similarly, trade financing should be targeted to building capacity or promoting export-oriented production.

- e) Promoting, through IDB financing joint ventures among member countries for products, which are widely needed in member countries. This would help in expanding trade and reducing deficits of member countries,
- f) The IDB could encourage the establishment of trade and investment points and devise ways and means to enhance consultations and cooperation with them.. A phased programme should be made to set-up these points in member countries,
- g) The OICIS-NET is one of the most important projects which the IDB has launched to develop close contacts among member countries. As the project has reached the stage of implementation, member countries cooperation with IDB is required to take the necessary arrangements to participate in the Network and to ensure that they will have access to its facilities in the near future.
- h) The IDB will strive to develop information systems usable through OICIS-Net in order to enable member countries to benefit from modern information technology in a variety of fields including trade, Islamic banking experts from member countries etc.
- i) The IDB has already increased the level of its operation in recent years. The trend needs to be continued and accelerated further in order to meet the growing financing needs of member countries in the twenty-first century. Special attention will be given in this regard to financing of intra-trade.
- j) Some of the international universities and high level institutes established by the OIC or by its member countries are playing an important role in providing knowledge to the member country's youth. Providing increased assistance to these universities, centres of excellence and training institutions at the OIC level would go a long way in promoting economic cooperation, social cohesion, and cultural integrity among member countries. The IDB could play an important role in this process through sponsoring special course on Islamic economics, management and shared heritage as well as harmonisation of trade policies. IDB assistance would also take the form of providing scholarships to sponsor students in addition to the regular assistance through the special Waqf.
- k) The IDB has already established two regional offices, one in Rabat, Morocco and the other in Kuala Lumpur, Malaysia. A third regional office is being established in Almaty, Kazakhstan. The twenty-first century would require that IDB expands its regional offices and its field presence to relatively active countries in other sub-regions, so as to be more easily accessible to its clients.

VII. CONCLUDING REMARKS

This preliminary memorandum is a first step towards developing a grand strategy to face the future. It is a call to rethink our position, reformulate our priorities, re-awaken the UMMAH to the contemporary imperatives and to mobilize its resources, both private and public towards facing the formidable challenge. It is IDB firm belief that the greater the challenge, the greater the opportunity, provided it is faced in the right spirit and with effective preparation.

This memorandum has tried to focus on the new spirit and new approach that is needed to meet the challenge of the times. It also represents a humble effort to suggest a few ways and means to prepare the UMMAH to face this challenge. It is hoped that the intellectuals and the policy makers will give serious thought to these suggestions. There is a need to have continuous and meaningful discussion and debate on these issues.

These proposals can be translated into reality only through systematic planning, sustained hard work, courageous mobilization of resources, calculated experiments and sharpening and strengthening of the political will. God has given us all the resources, material and human. History has presented all the opportunities one can dream of. We are sure that the UMMAH shall Insha Allah creatively respond to this challenge, strive to set its own house in order, and present a noble example for all who are searching for an order that would ensure material well-being with moral bliss , peace and justice.

X

**WORKING PAPER ON THE FORMATION
OF REGIONAL GROUPS WITHIN OIC
FOR A MORE EFFECTIVE ECONOMIC COOPERATION**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC**

(Ankara, 10-12 May 1997)

Original: English

**WORKING PAPER
ON FORMATION OF REGIONAL GROUPS WITHIN OIC FOR
A MORE EFFECTIVE ECONOMIC COOPERATION**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC
(Ankara, 10-12 May 1997)**

I. PURPOSE AND SCOPE

1. H.E. Prof. Dr. Necmettin ERBAKAN, Prime Minister of the Republic of Turkey, in his capacity as Alternate Chairman of the COMCEC, stressing the importance attached by the Turkish Government to fostering economic relations among OIC member countries, instructed the COMCEC Coordination Office to seek more effective ways and means for the implementation of the Plan of Action. Within this framework, H. E. ERBAKAN suggested that the possibility of forming of sub-regional economic groups among member countries be explored.

2. Thus, the present Paper aims at providing some initial thoughts on the formation of sub-regional groups among member countries, to be considered by the Follow-up Committee at its 13th Meeting.

3. This Paper consists of three main sections. In Section Two, background information is provided on the basic tenets of the new Strategy and the Plan of Action for Economic and Commercial Cooperation Among OIC Member Countries, particularly on the Follow-up and Implementation Mechanism of the Plan of Action which differentiates it from the previous one. Section Three

considers some preconditions for the formation of sub-regional groups within OIC for a more effective economic cooperation, and evaluates the possibility of some alternative sub-regional groups. The concluding section summarises the main points raised throughout the Paper.

II. NEED FOR SMALLER GROUPS AND PRINCIPLES FOR THE NEW STRATEGY AND THE PLAN OF ACTION

4. As the 1990's drew to a close, the OIC felt the need to undertake a stock - taking of the 20 years of OIC economic cooperation and to review the implementation of the 1981 Plan of Action adopted at the Third Islamic Summit Conference held in Taif in 1981. It was realised that the achievements in terms of tangible results minimal, whereas the economic problems and difficulties facing the Islamic world not only grew, but also acquired new dimensions due to the political and economic changes that started to occur globally.

5. With the adhesion of Surinam as a full member to OIC, at the last Islamic Conference of Foreign Ministers (ICFM) held in Jakarta, the number of member countries reached 54 covering a wide geographical area scattered in the Asian, African, European and South American continents. The scattering of the OIC member countries over such a wide geographical area as well as the differences in their respective levels of development, clearly posed difficulties in identifying and implementing joint economic cooperation projects.

6. The COMCEC was mandated, in this connection, to formulate new strategies to strengthen economic cooperation among member countries and subsequently update the 1981 Plan of Action. The COMCEC, after extensive

studies and a number of experts' group meetings, prepared and adopted two basic documents, namely, the Strategy and the new Plan of Action to strengthen Economic and Commercial Cooperation Among the OIC Member Countries, taking into consideration the past experience and the structural changes in the global economy, and submitted them, for endorsement, to the Seventh Islamic

Summit Conference held in Casablanca in 1994. With the endorsement of the Summit, the COMCEC was fully mandated with the implementation of The Plan of Action and with its revision whenever necessary.

7. Bearing in mind the difficulties involved in initiating and implementing joint projects among now 54 countries covering a wide geographical area of the world, the new Strategy emphasised the need for smaller groups of member countries for a more effective economic cooperation and for stronger political will. In fact, para (20) of the Strategy reads as follows:

"The OIC shall give priority to joint projects that can be undertaken by small groups of the member countries at regional, sub-regional or inter-regional levels, without any financial obligation to the rest of the member countries. This approach should facilitate a gradual transition to a more integrated OIC economic community over time by potential extension and/or interlinking of the initial schemes:"

8. The Plan of Action, in line with the provisions of the Strategy, calls for the initiation of projects at sub-regional and regional levels in 10 areas of cooperation, as a generator of multilateral OIC level action, at subsequent stages, through linkages and expansion as would be practicable. Accordingly, voluntary

participation, wherever applicable, in the achievement of the proposed OIC cooperative schemes is stressed and encouraged.

9. Furthermore, the Mechanism of Follow-up and Implementation of the Plan of Action calls for sectoral and/or inter-sectoral experts' group meetings in the areas of cooperation contained in the Plan, with a view to identifying feasible projects, in participation with interested member countries. The next step envisaged in the Follow-up and Implementation Mechanism is to constitute "project committees" composed of member countries interested in specific projects. Thus, the new Plan foresees formation of sub-groups of member countries not on an a-priori basis, but on the basis of their genuine interest in projects identified in sectoral meetings.

10. The formation of sub-groups of member countries in the form of project committees requires certain alterations in some of the current practices and rules of procedure, particularly regarding the "consensus" principle for decision making and quorum provisions. However, in view of current developments in the world, adoption of a more flexible attitude regarding the decision making process within OIC and restructuring the whole OIC system accordingly appears to be more appropriate for a sound functioning of OIC.

11. The success of this new approach depends on the willingness of member states to assume the responsibility of hosting sectoral meetings and taking an active part in the project committees.

12. Although there are a number of member states which offered to host sectoral experts' meetings, none of them was held so far. Therefore, as of the date of the 13th Meeting of the Follow-up Committee, project committees have not been formed and neither were sub-groups of member countries set up, there

are no agreed projects. Thus, it is not yet possible to judge the success of the new approach to economic cooperation of the new Strategy and the Plan of Action.

III. POSSIBILITY OF CONSTITUTING SUB-REGIONAL ECONOMIC GROUPS WITHIN OIC

13. Pending the implementation of the new Plan of Action, an a-priori division of the OIC member countries into sub-regional economic groups may be considered to enlarge the scope of the OIC economic and commercial cooperation to become more effective and result-oriented. However, taking into consideration the number of OIC member countries and the geographical area covered, to designate sub-groups among member countries is not an easy task. Such a division should meet several economic and political requirements for a successful multilateral economic cooperation.

14. Some of the main requirements for a successful multilateral economic cooperation are;

- i. economic complementarity among member countries and a reasonable volume of intra-trade,
- ii. compatibility of economic systems and foreign trade and payments arrangements,
- iii. compatibility of political systems and international affiliations,
- iv. geographical proximity, and, last but not least,
- v. common historical backgrounds and cultural values.

15. It is difficult to find in the world a regional economic grouping which satisfies all the above requirements. The European Union appears to be the cooperative scheme approximating the ideal type. The recent upsurge in regionalism does not mean that all these groupings satisfy the requirements for a

successful multilateral cooperation. In most of the existing schemes, either one or two of the above requirements are satisfied, whereas others are neglected.

16. These preliminary considerations emphasise the need for a careful and detailed study in order to attain an effective and acceptable sub-regional grouping within OIC. However, starting from the existing three geographical groups within OIC, namely, African, Arab and Asian, it is possible to propose some further regionalization among member countries, which may or may not satisfy the requirements mentioned in para 14 above.

17. The following two alternatives may be considered within this framework:

Alternative-I:

- i. Balkans: Albania as a full OIC member and Bosnia-Herzegovina and Macedonia as observers.
- ii. Caucasia: Azerbaijan as a full OIC member and some Muslim communities such as Chechnia and Dagisthan.
- iii. Central Asia: The member countries of the Economic Cooperation Organisation (ECO) which are also full OIC members.
- iv. Middle East: Turkey, Saudi Arabia, Egypt, Jordan, Iraq, Lebanon, Palestine, Syria, Yemen, Bahrain, Kuwait, Oman, Qatar and U.A.E.
- v. North Africa: Algeria, Libya, Sudan, Morocco, Tunisia, Somalia and Mauritania.
- vi. Central Africa: Benin, Burkina Faso, Cameroon, Chad, Gabon, Gambia, Guinea, Guinea Bissau, Comoro Islands, Djibouti, Niger, Nigeria, Senegal, Sierra Leone and Uganda.
- vii. East Asia: Bangladesh, Brunei, Indonesia, Malaysia and the Maldives.

Alternative-II:

- i. Africa-1: Egypt, Algeria, Libya, Sudan, Morocco, Tunisia, Somalia, Comoro Islands, Djibouti and Mauritania.
- ii. Africa-2: Benin, Burkina Faso, Cameroon, Chad, Gabon, Gambia, Guinea, Guinea Bissau, Mali, Mozambique, Niger, Nigeria, Senegal, Sierra Leone Surinam and Uganda.
- iii. Middle East-land Balkans: Turkey, Jordan, Iraq, Lebanon, Palestine, Syria, Yemen, Albania as a full OIC member and Bosnia-Herzegovina, Turkish Republic of Northern Cyprus and Macedonia as observers.
- iv. Middle East-2: Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.
- v. Western Asia: Pakistan, Bangladesh, Iran and Afghanistan.
- vi. South-East Asia: Brunei Darussalam, Indonesia, Malaysia and the Maldives.
- vii. Central Asia: Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan, Kirgyzstan and Tajikistan.

18. The above alternatives have certain weaknesses and difficulties as well as certain advantages. In Alternative-I, for example, there are some groups which involve observers, Muslim communities or autonomous Republics in non-member sovereign states. Some of the groups consist of member countries which form regional cooperation groupings among themselves, such as ECO and GCC, independent of OIC. Alternative-II, more or less resembles the sub-groups constituted at the General Assembly of the OIC Islamic Chamber of Commerce and Industry, held in October 1996. The alternatives could be multiplied.

IV. CONCLUSION

19. In the preceding paragraphs, the main characteristics of the new OIC Strategy and the Plan of Action for economic cooperation is first evaluated in terms of the subject matter of this paper. It was emphasised that, to overcome the known difficulties in initiating joint action among now 54 member countries scattered over a world-wide geographic area, the constitution of sub-groups of member countries may be considered. However, such sub-groups are expected to be formed through participation of interested member countries in "project committees", on a voluntary basis depending on their willingness to take part in implementing specific projects identified at sectoral meetings.

20. In view of the absence of any progress in the implementation of the new Plan of Action so far, the Paper also considered the possibility of a-priori formation of sub-groups among member countries and put forward two alternatives.

21. If the Follow-up Committee deems it appropriate to form sub-groups among member countries for a more effective implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation, it may wish to give necessary instructions for a more in-depth study of the matter to come up with feasible recommendations for submission to the COMCEC.

XI

**WORKING PAPER CONTAINING VIEWS OF THE GENERAL
SECRETARIAT OF THE OIC ON POSSIBLE MECHANISM FOR
CONSULTATIONS AMONG OIC MEMBER STATES ON WTO
MATTERS**

**Thirteenth Meeting of the Follow-up Committee
of the COMCEC**

(Ankara, 10-12 May 1997)

**WORKING PAPER
CONTAINING VIEWS OF THE GENERAL SECRETARIAT OF THE OIC
ON THE MECHANISM FOR CONSULTATIONS**

**AMONG OIC MEMBER STATES ON WTO MATTERS
Thirteenth Meeting of the Follow-up Committee
of the COMCEC
(Ankara, 10-12 May 1997)**

At its Twelfth Session, the Standing Committee for Economic and Commercial Cooperation (COMCEC) requested the OIC General Secretariat, COMCEC Coordination Office and the Islamic Development Bank (IDB) to propose to the 13th Meeting of the COMCEC Follow-up Committee a mechanism to facilitate consultations among Member States in pursuit of common stand at future WTO Meetings.

In view of above, the General Secretariat has taken the initiative of holding a joint meeting of the representatives of the General Secretariat, COMCEC Coordination Office and the IDB in Ankara on May 8-9, 1997 in order to work out the outline of the mechanism for consultation mentioned above. This working paper contains the views of the General Secretariat in this matter. The paper is divided into two parts. The first part deals with some parameters and relevant factors which define the scope of the work involved and at the same time constitute relevant elements which are considered to be important in conceptualising any mechanism for consultation among the OIC Member States. The Second part contains elements of a Mechanism for Consultation presented in a step by step approach.

A. Some important parameters and relevant factors

a) Timing of holding consultations

The envisaged consultations essentially concerns issues which are needed to be dealt with at the Ministerial Meetings which are held once every two years. The preparatory activities and groundwork for decisions by the Ministerial meetings-Hare undertaken during the intervening period between two Ministerial meetings at various levels and fora like the WTO Committees, the G-77, different regional economic groupings etc. To have the maximum result, timing of the envisaged consultation among the OIC Member States should be such that it helps the Member States to be ready in time with common position on issues of importance to them before any major relevant meeting.

b) Selection of issues for deliberation and consultations

In view of the difference in the level of development, structure of foreign trade and natural resource endowment as well as nature of commodities

imported and exported, it is quite natural to encounter divergence of trade and commercial interests within the Member States of the same organisation or regional grouping. This reality must be borne in mind in devising any mechanism for consultation for the Member States. This will help in identifying areas of common interest where attention needs to be focused in a concentrated manner.

c) Determining appropriate venue of the consultations

An effective mechanism of consultation also requires careful selection of the venue of envisaged consultation meetings. The mechanism should identify a venue for consultation meetings which by virtue of its proximity to the hub of WTO activities and nearness to the source of relevant and upto-date input materials offers maximum promise of success of such meetings.

d) Assigning coordinating role for organising consultation meetings

Smooth and successful holding of the envisaged consultation meetings would require monitoring and collection of latest information on the relevant issues, undertaking analysis and preparing documents etc. This will necessitate involving all concerned bodies and institutions within the OIC system which in turn will require considerable coordination activities at appropriate level. The proposed mechanism should include appropriate arrangement on this issue.

e) Determining a consultation process which would avoid creation of a new institution at this stage

In view of the financial constraints, the envisaged Mechanism of Consultation should be such that it does not require setting up of a new institution at this stage. Efforts should rather be concentrated on harnessing the existing institutions and facilities available within the OIC system and making the best possible use of them to facilitate the consultation process.

B. Outline of the proposed Mechanism of Consultation

In the light of the above and considering the need to involve all concerned organs and institutions of the OIC System with the consultation process, the General Secretariat proposes the following outline of the Mechanism under reference:-

Step one: keeping tab on relevant developments

The General Secretariat, in consultation with the COMCEC Coordination office, OIC Mission in Geneva, the IDB, the SESRTCIC, the ICDT and the Islamic Chamber of Commerce and Industry will prepare periodic monitoring reports providing summary of developments taking place at different fora on important WTO matters which are of interest to the Member States. These monitoring reports would try to focus on issues where consultations by the Member States are needed. These reports would be sent to Member States regularly in order to help them in their preparation for the envisaged Consultation Meetings at appropriate time.

Step Two : determining the right timing of the meetings and notifying the member states

In order to make use of the best possible opportunity, it might be necessary to keep the timing of the proposed Consultation Meetings flexible. Through regular consultations with concerned OIC bodies and institutions attempts will be made by the General Secretariat to ascertain and propose the best possible time for these Consultation Meetings. Before making the proposal about the timing of the meeting to the competent OIC forum, the views of the Permanent Representatives of the Member states in Geneva can also be ascertained through the OIC Office in Geneva. On the basis of the response of the Member States, the Secretary General of the OIC will notify all concerned about the date.

As regards the venue, considering the fact that most Member States have accredited their Permanent Representatives in Geneva as representatives to the WTO who are involved with the day to day developments of the WTO matters and also taking into account the presence of the OIC Observer Mission in Geneva and proximity of the source of information with respect to most meetings on WTO matters, the General Secretariat is of the opinion that Geneva

would be the most suitable venue for the Consultation Meetings. It would also be cost-effective as most Member Countries would be in a position to effectively participate in these meetings through their Permanent Representatives who are already based in Geneva.

Step Three : undertaking necessary spade works for holding the meetings

The OIC Mission in Geneva can be utilised for undertaking the necessary spadework for organising the meeting under the guidance of the General Secretariat. The UN can be approached to provide the meeting room. Permanent Mission of any Member State can also provide the meeting place. The Working papers will be prepared by the OIC General Secretariat and concerned institutions and sent to the Member States in time.

Step Four : Effecting follow-up actions

As a follow-up, the report of the Consultation Meeting will be presented to the COMCEC for endorsement. After the endorsement of the COMCEC, the recommendations and conclusions of the meeting will be transmitted to all Member States and efforts will be made to have them reflected, as far as possible, in the recommendations of meetings of other relevant multilateral bodies or organisations like the G-77.

XII

**DRAFT AGENDA
OF THE THIRTEENTH SESSION
OF THE COMCEC**

**As Recommended by the
Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 10-12 May 1997)

Original: English

**DRAFT AGENDA
OF THE THIRTEENTH SESSION OF
THE COMCEC
(Istanbul, 1-4 November 1997)**

1. Opening Session.
2. Adoption of the Agenda.
3. Reports of the OIC General Secretariat.
 - Background Report.
 - World Economic Development with Special Reference to OIC Member Countries.
 - Report of the Follow-up Committee.
 - Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States.
4. Matters Relating to WTO.
 - Mechanism for Consultation Among Member States.
 - Technical Assistance by IDB in matters relating to accession to WTO.
5. Report by ICCI on the Fourth Private Sector Meeting Among OIC Member Countries, for the promotion of Trade and Joint Venture Investments.
6. "Preparation of the Islamic Ummah for the 21st Century in the Areas of Economic, Trade and Financial Cooperation among the OIC Member Countries" by Islamic Bank.

7. Draft Statute of the Standards and Metrology Institute for Islamic Countries.
8. Exchange of Views on the "Implications of Regional Economic Groupings, particularly the European Union, for the Economies of Member Countries".
9. Matters Related to Economic Assistance to Some Islamic Countries.
10. Date of the Fourteenth Session of the COMCEC.
11. Any Other Business.
12. Adoption of the Resolutions of the Thirteenth Session of the COMCEC.
13. Closing Session.

XIII

**CLOSING STATEMENT OF H.E. UFUK SÖYLEMEZ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY
CHAIRMAN OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC**

**Thirteenth Meeting of the
Follow-up Committee of the COMCEC**

(Ankara, 12 May 1997)

Original: English

**CLOSING STATEMENT OF H.E. UFUK SÖYLEMEZ
MINISTER OF STATE OF THE REPUBLIC OF TURKEY**

**Thirteenth Meeting of Follow-up Committee
of the COMCEC**

(Ankara, 12 May 1997)

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

As we have come to the end of our work, I would first like to express my thanks and appreciation to the honourable members of the Follow-up Committee for their valuable efforts and spirit of cooperation which ensured the success of the present Meeting.

I would also like to express my thanks and appreciations to the General Secretariat of the OIC, to the Islamic Development Bank, to the Ankara Center and to the other institutions for their positive contributions to the work of our Committee.

My thanks also go to the interpreters and administrative and supporting staff for their dedicated work and tireless efforts which made the Meeting possible.

I am confident that the recommendations that came out of our deliberations will be instrumental in enhancing the effectiveness of the COMCEC and open new avenues for closer economic cooperation among our sister countries.

It is encouraging to know that several sectoral meetings will be hosted by member countries, to expedite the implementation of our new Plan of Action.

In relation to the establishment of a mechanism to facilitate the consultations among OIC Member States at WTO Meetings, I would like to express special thanks and appreciation to the OIC General Secretariat and to the Islamic Development Bank for their efforts to assist the member countries in matters related to WTO.

Another point of satisfaction for us is that the studies for the establishment of the Standards and Metrology Institute for Islamic Countries have been finalised. With the establishment of this Institute, the OIC community will have a mechanism for the harmonisation of standards to promote trade among member countries.

During our Meeting, we have also reviewed the preparations for the exchange of views on the 'Implications of Regional Economic Groupings for the Economies of the Member Countries', to take place at the next session of the COMCEC in November. I believe that the exchange of views on this important issue will provide us with valuable insights and open new horizons for cooperation.

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

Before concluding my remarks, I wish to put on record my special thanks to His Excellency Ousman OTHMAN, Assistant Secretary General of the OIC, whose term of office at the Secretariat will be ending shortly. We shall always remember his valuable contributions to the work of the COMCEC, as well as his unique spirit of cooperation. We wish him every success in his future career and happiness in life.

I thank you once again for your contribution to the success of the Meeting and, hoping that you have enjoyed your short stay in Ankara, wish you a safe journey home.