

REPORT
OF THE SIXTEENTH MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC

Istanbul, 9-11 May 2000

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

(Istanbul, 9-11 May 2000)

Original : English

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

(Istanbul, 9-11 May 2000)

1. The Sixteenth Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul, from 9 to 11 May 2000.

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

- Republic of Turkey : Chairman
- Kingdom of Saudi Arabia : Vice Chairman
- State of Palestine : Vice Chairman
- Syrian Arab Republic : Vice Chairman (Representing the Arab Region)
- Islamic Republic of Iran : Vice Chairman (Representing the Asian Region and Current Chairman of the Summit)
- Burkina Faso : Vice Chairman (Representing the African Region)
- Islamic Republic of Pakistan : Rapporteur
- State of Kuwait : Member of the Previous Bureau
- Republic of Indonesia : Member of the Previous Bureau

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

-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)

-Islamic Shipowners Association (ISA)

4. The representative of D-8 also attended the Meeting as guest.

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

Opening Session

5. The Meeting was inaugurated by H.E. Dr. Akın İZMİRLİOĞLU, Undersecretary of the State Planning Organization of the Republic of Turkey.

6. In his message addressed to the Meeting, H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of COMCEC, said that he was addressing the meeting for the last time as Chairman of COMCEC, and conveyed his thanks to all those who participated in the work of COMCEC for the cooperation, support and understanding extended to him as Chairman of COMCEC since 1993.

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

7. The Meeting was then addressed by H.E. Dr. Akın İZMİRLİOĞLU, Undersecretary of the State Planning Organization of the Republic of Turkey. H.E. İZMİRLİOĞLU, referring to the ever increasing importance of regional cooperation and the experience of OIC in this regard, pointed out that the present volume of the OIC-intra trade was not commensurate with the economic and trade potentialities of the member states. He stressed the importance of devising more effective ways and

means of mobilizing those potentialities for the well-being of the member states. H.E. İZMİRLİOĞLU wished every success to the Meeting.

(The text of the Statement of H.E. Dr. Akın İZMİRLİOĞLU is attached as Annex III.)

8. H.E. Ambassador Nabika DIALLO, Assistant Secretary General of OIC, conveyed the message of the OIC Secretary General, H.E. Dr. Azzeddine LARAKI. The Secretary General expressed his gratitude to H.E. Süleyman DEMİREL, President of the Republic of Turkey and Chairman of 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 OIC Secretary General appealed to Member States to consolidate their cooperation and integrate their economies with a view to accelerating their development and avoiding further marginalization in the face of the new global economic situation, characterized by globalization and the emergence of major blocs. H.E. LARAKI wished success to the Meeting.

(A copy of the text of the message of H.E. Azzeddine LARAKI is attached as Annex IV.)

9. The Meeting was then addressed by the Heads of Delegation of the State of Kuwait, the Republic of Indonesia, Burkina Faso, the Islamic Republic of Pakistan, the Syrian Arab Republic, the Islamic Republic of Iran, the Kingdom of Saudi Arabia, the State of Palestine and the Republic of Turkey. The Heads of Delegation expressed their thanks and appreciation, in general, to the Government of Turkey for the excellent arrangements made for the Meeting, ferringo the ever increasing gap between the developed and the developing countries and the non-tariff barriers applied by the developed countries on the foreign trade of the developing countries, the Heads of Delegation underlined in their statements the urgent need to enhance solidarity among member states, and seek ways and means of promoting cooperation amongst them based on concrete and realistic projects.

Working Sessions

10. The working sessions of the Meeting were chaired by H.E. Dr. Akin İZMİRLİOĞLU, Undersecretary of the State Planning Organization of the Republic of Turkey.

11. After the adoption of the Agenda, the Meeting set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur, H.E. Ambassador Karamatullah Khan GHORI, 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.)

Background Report of the OIC General Secretariat

12. Under Agenda Item 3, H.E. Ambassador Nabika DIALLO, the OIC Assistant Secretary General, 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. HOSSAIN highlighted the progress achieved towards the implementation of the resolutions of COMCEC pertaining to the agenda items.

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

14. The Committee emphasized the importance of implementing the existing Agreements and Statutes in the area of economic cooperation. In this connection, the Committee renewed its call to Member States who had not yet done so, to sign and ratify the Agreements.

15. The Committee, while underlining the crucial importance of the active participation of the private sector in economic cooperation amongst member states, called upon ICCI to pursue its efforts to further involve the private sector in the economic cooperation among member states.

Recalling the Resolution of the 15th Session of the COMCEC (RES-I. Para 41) the Committee also emphasized the importance of the effective implementation of the monitoring mechanism, to evaluate the recommendations of the private sector meetings and called upon ICCI to continue with its efforts in this regard.

16. The Committee expressed thanks and appreciation to the Government of the Republic of Cameroon for hosting and to ICCI for organizing the Sixth Private Sector Meeting with the support of IDB, in collaboration with the Ministry of Industry and Trade, and the Chamber of Commerce, Industry and Mines of Cameroon, from 4 to 6 October 1999, in Yaounde. The Committee also noted that the Seventh Private Sector Meeting would be organized by the ICCI in collaboration with the Qatar Chamber of Commerce and Industry from 15 to 17 October, 2000 in Doha, State of Qatar. The Committee appealed to the Member States to participate in the Eighth Islamic Trade Fair and the Seventh Private Sector Meeting.

17. The Committee noted with appreciation that the Eighth Islamic Trade Fair, would be organized from 15 to 20 October 2000 in Doha, by the State of Qatar and ICDT, in collaboration with ICCI and IDB. The Committee appealed to the member states to participate in the Eighth Islamic Trade Fair.

(The Background Report by 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

18. Under Agenda Item 4, H.E. Ambassador DIALLO, the OIC Assistant Secretary General, introduced a report on the implementation of the Plan of Action. H.E. Ambassador Motahar HOSSAIN, Director of Economic Affairs of the OIC General Secretariat, subsequently presented the report. H.E. HOSSAIN reviewed the status of sectoral experts' group meetings convened to implement the Plan of Action and explained the reasons and possible remedies for the slow progress in this regard.

19. In compliance with the directive of the 15th COMCEC, the Follow-up Committee deliberated on the possible ways and means to accelerate the implementation of the OIC Plan of Action and decided to forward the following recommendations to the 16th Session of COMCEC for consideration:

- (i) In order to generate the interest of member states in any joint venture project, initially only those projects that are of interest to a group of member states should be concentrated upon. The project profile must focus on this aspect of the project proposals specifically indicating the expected benefits to the countries of the region/group of member states.

- (ii) The existing practice of proposing projects by one member state acting on its own and then circulating it to enlist interested member states had not proved to be effective. An alternative approach of ascertaining a nucleus of possible interested member states and conducting preliminary consultations with them by the country originally conceiving the project idea before and after submitting it at the expert group meeting was likely to have better chances of success.
- (iii) The facilities and expertise available within the existing OIC system in general and those of the IDB, SESRTCIC, ICDT, IIT and ICCI in particular, should be fully utilised in preparing the project proposals in a professional and technically sound manner. The feasibility of establishing a direct and concrete linkage between preparation/implementation of project proposals and the utilisation of resources and facilities available in relevant institutions, such as the IDB, needs to be seriously looked into.
- (iv) The feasibility of utilizing IDB's expertise in appropriate cases, for forming a consortium comprising appropriate financial institutions, both inside as well as outside the OIC framework, for financing implementation of joint venture projects under the OIC Plan of Action should be explored.
- (v) In view of the pivotal role of the private sector in the economic development of member states, the Committee reaffirms the importance of involving the private sector and calls upon the Islamic Chamber to do this through the meetings, it holds in this regard.

20. The Committee requested member states that had already offered to host sectoral expert group meetings to facilitate their early convening and renewed its appeal that offers be made to host similar meetings on the remaining sectors of the Plan of Action.

21. The Committee recommended to COMCEC to renew its appeal to the Member States who were the proponents of the projects to expedite the formation of the project committees as envisaged in the Plan of Action, with a view to implementing the projects proposed during the sectoral experts' group meetings.

(The Report by the OIC General Secretariat on the Implementation of the Plan of Action is attached as Annex VII)

Report by IDB on the Expansion of Intra-OIC Trade in the 21st Century

22. Under the Agenda Item 5, in pursuit of the COMCEC, the 8th Islamic Summit and the 25th Islamic Conference of Foreign Ministers resolutions regarding the IDB document on the Preparation of the Ummah for the 21st Century, the representative of IDB briefed the Meeting on the concrete steps it had taken to secure the quantitative and qualitative targets for the promotion of intra-OIC trade.

23. The Committee appreciated the steps taken by IDB and its operational plans and plan of action to mobilize the needed resources by allocating one billion US dollars of its own resources to raise the level of intra-OIC trade from its present level of 10 percent to 13 percent and urged other Islamic Institutions and Member States to take the needed steps to further promote intra-OIC trade. The Committee further urged Member States to join EFS and ICIEC and to subscribe to other schemes designed to boost intra-OIC trade.

(The Report by IDB on the Expansion of Intra-Trade among OIC/IDB Member Countries is attached as Annex VIII.)

Matters Relating to the World Trade Organization (WTO)

24. Under Agenda Item 6, the representative of the Islamic Development Bank presented a report regarding WTO Meetings and related issues. The Committee also took note of the reports circulated by ICDT on the same subject.

25. The Meeting considered the report of IDB on its assistance to Member States in their relations with WTO which included:

- a) Consultative meetings before, during and after the WTO Ministerial Meetings.
- b) Preparation for future multilateral trade negotiations.
- c) Technical assistance activities, including seminars and workshops.
- d) Courses in trade policy.
- e) Country-specific Technical Assistance.

26. The Committee took note with appreciation of the monitoring report presented by the OIC General Secretariat on matters related to WTO.

27. The Committee reiterated the significance of consultations among the OIC Member States prior to the WTO ministerial conferences, to enable them to coordinate their positions on various issues considered under the umbrella of WTO and urged the OIC General Secretariat and IDB to maintain their assistance to member states in this respect.

(The copies of the papers submitted by IDB and ICDT are attached as Annexes IX and X respectively.)

Preparations for the Exchange of Views on "Strengthening Small and Medium Sized Enterprises Facing Globalization and Liberalization"

28. Under Agenda Item 7, the representative of COMCEC Coordination Office made a presentation on the preparations for the exchange of views on "Strengthening Small and Medium Sized Enterprises Facing Globalization and Liberalization" to be conducted during the 16th Session of COMCEC.

29. The Committee expressed its thanks and appreciation to the Government of the United Arab Emirates for hosting, and to SESRTCIC for organizing in collaboration with IDB, the international conference on "Strengthening Small and Medium Sized Enterprises Facing Globalization and Liberalization" to be held on 21 - 22 May 2000 in Abu Dhabi.

30. The Committee recommended that relevant OIC and other related international organizations and experts of international repute be invited to the Session to present papers on the subject.

31. The Committee urged 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. The Committee also urged the member states who were willing to present their respective country reports on the subject, to make them available in three languages to the General Secretariat.

32. The Committee reiterated its former proposals as possible themes for the exchange of views sessions to be held during the subsequent COMCEC Sessions. These are:

-Reform of the Global Monetary and Financial System and its Effects on OIC Member States.

-Poverty Alleviation in Member States.

-Promotion of Private Sector Investments in Member States and the Role of IDB in This Regard.

-Effects of Non-tariff Barriers on the Foreign Trade of Member States.

-Foreign Aid and the Least Developed Member States.

-The Impact of Electronic Commerce.

The Committee also felt that further proposals could be made during the Sixteenth Session of COMCEC.

Draft Agenda of the Sixteenth Session of the COMCEC

33. Under Agenda Item 8, the Committee considered the Draft Agenda of the Sixteenth Session of the COMCEC to be held from 23 to 26 October 2000, in Istanbul, and decided to submit it to the 16th Session of the COMCEC.

(A copy of the Draft Agenda of the 16th Session of the COMCEC, as approved by the Committee, is attached as Annex XI.)

Closing Session

34. At its closing session chaired by H.E. Oumar DIAWARA, Ambassador of Burkina Faso to Riyadh and Head of Delegation of Burkina Faso, the Committee adopted its Report together with its Annexes. The Committee requested the OIC General Secretariat to circulate the Report among Member States, and to submit it to the Sixteenth Session of the COMCEC.

35. H.E. Ambassador Oumar DIAWARA proposed to send a message of thanks to H.E. Süleyman DEMIREL, President of the Republic of Turkey and Chairman of the COMCEC, which was unanimously approved by the Committee.

36. H.E. Dr. Maher EL-KURD, Deputy Minister of Economy and Trade and Head of Delegation of the State Palestine, made a statement on behalf of the delegates. H.E. Dr. Maher EL-KURD 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. H.E. EL-KURD also thanked the Chairman of the Meeting and all the supporting staff for the excellent arrangements made for the Meeting.

37. In his closing statement, H.E. Ambassador Oumar DIAWARA expressed his thanks and appreciation to the President and Government of Turkey for their wise leadership, and excellent arrangement made for the meeting and, appreciation to the delegates for their valuable contributions and spirit of cooperation. H.E. DIAWARA. also thanked the General Secretariat, subsidiary and affiliated institutions of the QIC for their valuable assistance. He stated his confidence that the recommendations made at the end of their deliberations would be instrumental in enhancing the effectiveness of the COMCEC and open new avenues for closer economic cooperation among the Member States. Finally, H.E. Oumar DIAWARA. wished the delegates a safe journey home.

(A copy of the text of the Closing Statement by H.E. Ambassador Oumar DIAWARA, is attached as Annex XII.)

ANNEXES

- I -

LIST OF PARTICIPANTS
OF THE SIXTEENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC
(Istanbul, 9-11 May 2000)

Original : English

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

(Istanbul, 9 - 11 May 2000)

A. MEMBER STATES OF THE OIC

BURKINA FASO

- H.E. Oumar DIAWARA
Ambassador of Burkina Faso in Riyadh
- Mr. Amidou TOURE
Counsellor, Ministry of Foreign Affairs

REPUBLIC OF INDONESIA

- H.E. Jacky D. WAHYU
Ambassador of Indonesia in Ankara
- Mr. Febrian Alphyanto RUDDYARD
Government Official, Ministry of Foreign Affairs
- Mr. Yana RUDIYANA
Government Official, Ministry of Foreign Affairs
- Ms. Niniek K. Naryatie SISWOJO
First Secretary,
Embassy of Republic of Indonesia in Ankara

ISLAMIC REPUBLIC OF IRAN

- Mr. Ali Reza EGHLIM
Counselor, Department for International Economic and Specialized
Agencies Affairs, Ministry of Foreign Affairs

STATE OF KUWAIT

- Mr. Ishaq ABDULKARIM
Director of International Economic Department, Ministry of Finance
- Mr. Mishal Menwer AL-ARDHI
Head of the OIC Affairs Division, Ministry of Finance
- Mr. Saad Mahammad AL-RASHIDI
Economic Researcher, Ministry of Finance

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. Karamatullah Khan GHORI
Ambassador to Turkey
- Mr. Sohail Ittehad HUSSAIN
Minister, Embassy of Pakistan in Ankara
- Mr. Rizwan Saeed SHEIKH
Vice Consul in Istanbul

STATE OF PALESTINE

- H.E. Dr. Maher EL-KURD
Economic Advisor for the President. Deputy Minister for the Economy and Trade
- Mr. Abdel Karim HATIP
Embassy of Palestine

KINGDOM OF SAUDI ARABIA

- Mr. Abdullah Al- Wahab AL-NAFISAH
Director of Arab and Islamic Countries' Affaires Department,
Ministry of Trade and Commerce
- Mr. Mohamad Bin Abdullah Al-Gamdi
First Secretary, Department of Economic Affaires,
Ministry of Foreign Affaires
- Mr. Dakhil Abdullah EL- DAKHIE
Economic Consultant, Ministry of Finance

SYRIAN ARAB REPUBLIC

- Dr. Mohamed KOUDAYMI
Counsel General in Istanbul

REPUBLIC OF TURKEY

- H.E. Dr. Akın İZMİRLİOĞLU
Undersecretary of State Planning Organization
- Mr. Oğuz ÖZBİLGİN
Assistant Secretary General,
President's Office
- Mr. Arif UĞUR
Chief Adviser of the President
- Mr. Uğur DOĞAN
Head of Department,
Ministry of Foreign Affairs
- Mr. Özcan KUTAY
Head of Department,
Ministry of Industry and Trade
- Mr. Koray AKGÜLOĞLU
Undersecretariat of Foreign Trade
- Mr. Hasan DEMİRCİ
Expert, Union of Chambers of Commerce Industry and
Commodity Exchange of Turkey
- Mr. Murat Kepir
Small and Medium Industrial Development Organisation

B. THE OIC GENERAL SECRETARIAT

- H.E. Thierno Nabika DIALLO
Assistant Secretary General
- H.E. Ambassador Motahar HOSSAIN
Director of Economic Affairs

C. OIC ORGANS AND INSTITUTIONS

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

- H.E. Ambassador Erdiñç ERDÜN
Director General
- Dr. Abdelrahman ZEINEL ABDIN
Assistant Director General

ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

- Mr. El Hassane HZAINÉ
Director of Study and Training Department
- Mr. Ahmed MERNISSI
Department of Finance and Administration

ISLAMIC INSTITUTE OF TECHNOLOGY (IIT)

- Prof. Dr. Fazlı İLAHI
Head of MCE Department

ISLAMIC DEVELOPMENT BANK (IDB)

- Mr. Abdul Aziz AL-KELAIBI
Director, Cooperation Office
- Dr. Mukhtar HAMOUR
Deputy Director, Economic Policy and Strategic Planning Department
- Mr. Ahmed A. Abdul WAISE
Operation Officer, Cooperation Office

ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI)

Ms. Attiya Nawazish ALÌ
Manager, Trade Promotion

ORGANIZATION OF ISLAMIC SHIPOWNERS ASSOCIATION (OISA)

- H.E. Dr. Abdullatif A. SULTAN
Secretary General

P. OTHER INTERNATIONAL INSTITUTIONS

DEVELOPING EIGHT (D - 8)

- H.E. Ayhan KAMEL
Executive Director
- Ms. Sunay DİZDAR
First Secretary, Assistant to Executive Director

E. COMCEC COORDINATION OFFICE

General Directorate of Foreign Economic Relations,
State Planning Organization of the Republic of Turkey

- Mr. Celal ARMANGİL
Director General
- Mr. Mustafa ŞİRİN
Head of Department
- Ms. Pakize ÖZKAN
Executive Secretary
- Ms. Bige HAMURDAN
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- Mr. Ebubekir MEMİŞ
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- Mr. Yakup KARACA
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- Mr. Fatih ÜNLÜ
Expert, Drafting

- Mr. Orhan ÖZTAŞKIN
Expert, Protocol and Press Relations
- Ms. Saime ŞAHİN
Expert, List of Participants
- Mr. Kemal ARSLAN
Expert, Computer Service

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

- Mr. Ali AYVA
Head of Department
- Ms. Mükerrerem ÖZKILIÇ
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- Mr. Adnan DİNGİL
Deputy Head of Section
- Mr. Yaşar GÜLSOY
Expert
- Mr. Mevlüt YAŞAR
Expert
- Mr. Tayfur YÜKSEL
Officer
- Mr. Cafer ERDOĞAN
Officer
- Mr. Seyit AMBARKÜTÜK
Technician

- II -

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

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

(Istanbul, 9 May 1999)

Original: Turkish

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

**Sixteenth Meeting of the
Follow-up Committee of the COMCEC
(Istanbul, 9 May 2000)**

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

It is a great pleasure for me to welcome you once again in Turkey on the occasion of the Sixteenth Meeting of the Follow-up Committee.

This is the last time that I address you as the Chairman of COMCEC, because my term of office as President of Turkey ends next week.

I would like to convey my sincere thanks to all of you for the cooperation, support and understanding you have extended to me in my work as Chairman of the COMCEC since 1993.

During the last seven years of my Chairmanship, the Organization of the Islamic Conference and the COMCEC have endeavoured to adapt to the radical and strategic changes taking place in the world.

After the end of the cold war, the growing weight of the demand for democratisation and human rights has given a new impetus to development and regional cooperation efforts. The revolutionary advances in information technology have caused an unprecedented increase in capital movements, production and consumption have rapidly globalized and efforts aiming at

progress and development at the national level have acquired an international character.

General interest in the Organization of the Islamic Conference has greatly increased together with the number of its members and observers. The New Strategy and Plan of Action prepared by the COMCEC aimed to orient the economic cooperation among Member States so as to cope with global developments.

Cooperation based on voluntary participation of a small number of Member States and participation of the private sector in cooperation activities, referred to in the New Strategy and Plan of Action, provide a sound basis for economic cooperation.

On the other hand, the exchange of views held during annual COMCEC Sessions have created a unique opportunity for including important world economic developments in the COMCEC agenda.

All these activities as well as your work in the coming period will greatly contribute to the establishment of the economic cooperation of member states on a more realistic basis.

I believe that the Organization of the Islamic Conference, the second largest organization after the United Nations, and the COMCEC must increase its efforts to have more weight on issues included in the agenda of the international community in order to be more efficient.

In conclusion. I would like to renew my thanks for your valuable contributions to the work of the COMCEC and wish you success in your work.

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

-III-

**OPENING STATEMENT BY
H.E. DR. AKIN İZMİRLİOĞLU,
UNDERSECRETARY OF THE STATE PLANNING
ORGANIZATION OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE**

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

(Istanbul, 9 May 2000)

Original: Turkish

**OPENING STATEMENT BY
H.E. DR. AKIN İZMİRLİOĞLU
UNDERSECRETARY OF THE STATE PLANNING ORGANIZATION
OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE FOLLOW-UP COMMITTEE**

**Sixteenth Meeting of the Follow-up Committee
of the COMCEC
(Istanbul, 9 May 2000)**

Honourable Members of the Follow-up Committee,
Distinguished Assistant Secretary General of the OIC,
Esteemed Guests,

On behalf of the Government of Turkey, I would like to welcome you to Istanbul on the occasion of the Sixteenth Meeting of the Follow-up Committee.

As usual, we will review during this meeting the cooperation themes and projects included in the COMCEC agenda and formulate the necessary recommendations at the end of our three-day Meeting. I am confident that, thanks to your contributions and understanding, this meeting will reach a successful conclusion.

Honourable Delegates,
Dear guests,

Looking at the world agenda as we stand on the threshold of a new century, globalization constitutes an unescapable reality which is already shaping the future order of world economy. The world is rapidly moving towards a single market and this situation brings nations and countries even closer together.

On the other hand, the importance of regional cooperation has increased, and so did that of globalization and regional cooperation. In this context, I would like to stress that the existing economic and commercial cooperation among our countries assume increasing importance.

The Organization of the Islamic Conference, with a history of over three decades, has at present 56 member countries, spread over a large geographic area covering Asia, Africa, Europe and South America. Our organization is also equipped with the institutional structures and mechanisms required for economic and commercial cooperation.

It is however not possible to say that our economic and commercial cooperation is at present satisfactory. The trade volume among member countries is approximately 10 percent of their total trade. We have to expand the trade volume among our countries at least to 30 percent and look for more efficient ways to mobilize the existing potential to ensure a higher well-being for our peoples.

I am likewise convinced that our governments must, on the one hand, implement the structural programmes required for the diversification of their foreign trade and, on the other, liberalize their foreign trade regimes and introduce measures to encourage regional trade and investments.

In this context, I would like to stress the importance of following closely the developments taking place in the World Trade Organization system and to pursue the cooperation initiated among our countries in this regard.

In this connection, I would like to convey my thanks to the Islamic Development Bank both for its work aimed at increasing trade among our countries and for extending technical assistance to our member countries wishing to become members of the World Trade Organizations. The pursuance and extension of the activities undertaken by the Bank will significantly contribute to the development of cooperation among our countries.

Distinguished Delegates,
Dear Guests,

The Economic Cooperation Strategy and Plan of Action, elaborated by the COMCEC, which is the result of efforts to review the cooperation among member states, applying an approach and understanding in harmony with world developments, has constituted a major advance in that direction.

I must, however, note that the implementation of the cooperation projects included in the Plan of Action have not yet yielded satisfactory results.

I am confident that our Committee, taking into consideration the points mentioned in the report of the General Secretariat on this issue, will make useful recommendations in relation to the problems arising in the implementation of the Plan of Action. These recommendations aiming at a solution of the problems will contribute significantly to the work of the Ninth Islamic Summit to be held in November in Doha, where economic issues will be the main item on the agenda.

Honourable Delegates,
Distinguished Guests,

The world is witnessing rapid technologic advances. Trends in research and development, the use of technology, the dissemination of information, and the establishment of the information society steadily gain weight in developed countries. There is no doubt, however, that these developments in the information technology create serious inequalities between peoples and countries, and that countries unable to keep pace with this progress will be left further behind in the race for development.

International trade is the most important aspect of the new global economy. The integration of markets due to technological innovations in the field of communications in particular, have transformed trade methods in the world.

I would also like to mention in this connection that in the face of rapidly changing world economic conditions, holding exchange of views during

COMCEC sessions on world economic issues effecting our economies, is an important opportunity.

The selection of the theme of "Strengthening the Small and Medium-Sized Enterprises in the face of Globalization and Liberalization" for the exchange of views to take place during the next Session of the COMCEC, is certainly a pertinent choice.

I am convinced that the exchange of views on this theme will make significant contributions to our experience as regards the ways and means to overcome the difficulties facing the small and medium-sized industries, which play an undeniable role in production and employment, as well as regards the economic policies to be implemented in this connection.

Distinguished Delegates,
Dear Brothers,

Taking into consideration the rich natural resources, population potential, and deeply-rooted traditions of the Islamic World, there is no doubt that member countries will gain enormous benefits by taking part in the globalization process and ensuring transparency in their trade regimes.

Regional trade and investments should be encouraged to further expand. Maintenance of protective barriers and isolation will be obstacles to the integration of member countries with world markets.

I believe that steps towards liberalization of trade regimes will increase intra-OIC trade activities. I therefore consider that the main task of the COMCEC is to give priority to the lifting of trade barriers, the adoption of a free market economy and the encouragement and promotion of the private sector in our region.

In this historical process of transformation, Turkey strives to strengthen and diversify all her relations with the outside world. The Islamic world, with which we enjoy historical, moral and cultural ties has a foremost place in this endeavour.

Together with the sister member countries, Turkey will continue to make every effort aimed at furthering the success of the Organization of the Islamic Conference and the COMCEC.

In conclusion, once again, I extend a warm welcome to all of you and wish full success in your work.

Thank you.

-IV-

**MESSAGE OF H.E. DR. AZEDDINE LARAKI,
SECRETARY GENERAL OF THE ORGANIZATION
OF THE ISLAMIC CONFERENCE**

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

(Istanbul, 9 May 1999)

MESSAGE OF HIS EXCELLENCY DR. AZEDDINE LARAKI,
SECRETARY GENERAL OF THE OIC AT THE
16TH MEETING OF THE COMCEC FOLLOW-UP COMMITTEE
(ISTANBUL, 9-11 MAY, 2000)

Bismillahir Rahmanir Rahim

Mr. Chairman,
Excellencies,
Distinguished Delegates,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh

It is indeed a great pleasure for me to address my war greetings and fraternal sentiments to you all who have traveled from Four Corners of the world to take part in the deliberations of this important meeting of the COMCEC Follow-up Committee. I also express my very sincere thanks and appreciation to the government of the Republic of Turkey for hosting this meeting and for the warm welcome and generous hospitality extended to all the delegates.

This year's Meeting of the Follow-up Committee, incidentally, is taking place on the eve of the 27th Islamic Conference of Foreign Ministers. It is also the first meeting to be held in the new millennium under the COMCEC umbrella. By virtue of its mandate and agenda, I am confident that while the deliberations in this important for a will provide valuable inputs for the forthcoming ICF, its positive outcome will also significantly contribute towards the success of the forthcoming session of the Standing Committee for Economic and Commercial Cooperation.

In compliance with its mandate, the Follow-up Committee, will not only review the progress of implementation of various decisions and resolutions of the 15th Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC), it also will prepare the agenda of the forthcoming session of the COMCEC. The particular importance of this year's deliberation in the Follow-up Committee lies in the fact that in discharge of the responsibility reposed on it by the 15th COMCEC, the Follow-up Committee will closely examine all relevant factors that have caused disappointing slow progress of implementation of the OIC Plan of Action and suggest remedial measures to alleviate the situation. It is gratifying to note that this crucially important issue have been deliberated in detail in the last two sessions of the Standing Committee. I am also happy that the General Secretariat and relevant OIC institutions have been providing useful inputs with a view to helping deliberation on this subject. I am sure, the Follow-up Committee is fully equipped and prepared to discharge this heavy responsibility.

Another area where bold action has become imperative, is the boosting of intra-OIC trade which continues to remain at its ever-dismal low. Much deliberation has taken place in various OIC for a over the years about the importance of Intra-OIC trade. However, one can not escape the fact that not much tangibles have come out in terms of concrete enabling-measures on which the much desired expansion of intra-OIC trade depends. Time has come to courageously grapple with the issue and usher in substantial and far-reaching policy measures like lowering duties, removing tariff and non-tariff barriers, ensuring the free flow of labour and capital within the OIC countries and granting preferential treatment by the Member States to each other's products. This exercise needs to be taken in a comprehensive manner so as to identify impediments on the way to achieving robust economic interactions among the Member States and devising ways and means of stimulating much needed political will in this respect.

It is quite encouraging that under the auspices of COMCEC, several agreements and statutes have been prepared and adopted over the last two decades. The unfortunate reality, however, is that very few of these have come into force due to lack of required number of signature and ratification. This matter needs to be addressed seriously as laying a sound legal foundation of intra-OIC economic co-operation, which these legal instruments are meant to provide, is a *sin qua non* of stimulating economic co-operation.

The creation of the Islamic Chamber of Commerce and Industry and associating it with the activities of the COMCEC was a significant step forward to strengthen the OIC's on-going efforts to develop private sector in the Member *States*. The recent setting up of the Islamic Corporation for the Development of Private Sector is a very timely action. However, innovative actions at the Follow-up Committee in order to establish some effective functional linkage between the activities of COMCEC and the private sector has assumed greater urgency.

I am sure, these and several other relevant issues will be adequately addressed by the Follow-up Committee while deliberating on the agenda items before it. I am confident that the quality of their deliberations will enormously contribute to the successful conclusion of this meeting.

I wish the 16th meeting of the Follow-up Committee of the COMCEC every success.

Thank you.

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

- V -

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

(Istanbul, 9-11 May 2000)

Original : English

AGENDA
OF THE SIXTEENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC
(Istanbul, 9-11 May 2000)

1. Opening Session
 - Statement by the Chairman of the Follow-up Committee
 - Statement by the Secretary General of OIC
 - 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. Report by IDB on the Expansion of Intra-OIC Trade in the 21st Century.
6. Matters related to World Trade Organization Activities.
7. Preparations for the Exchange of Views on "Strengthening Small and Medium-Sized Enterprises Facing Globalization and Liberalization", to be organized during the Sixteenth Session of the COMCEC.
8. Draft Agenda of the Sixteenth Session of the COMCEC
9. Any Other Business
10. Adoption of the Report
11. End of the Meeting

- VI -

**BACKGROUND REPORT BY THE
OIC GENERAL SECRETARIAT**

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

(Istanbul, 9-11 May 2000)

**BACKGROUND REPORT BY THE OIC GENERAL SECRETARIAT
TO THE SIXTEENTH MEETING OF THE
COMCEC FOLLOW-UP COMMITTEE
(ISTANBUL, REPUBLIC OF TURKEY 9-11 MAY 2000)**

INTRODUCTION:

Since the addition of economic dimension to the activities of the Organization of the Islamic Conference at the 2nd Islamic Summit held at Lahore, Islamic Republic of Pakistan in 1974, several initiatives were undertaken to boost economic cooperation among Member States. A number of Ministerial Meetings on different sectors were held, several legal instruments were developed, Standing Committee for Economic and Commercial Cooperation (COMCEC) was established and a series of Subsidiary, Affiliated and Specialised bodies were brought into being with a view to furthering economic cooperation among Member States.

The object of this Report is to provide background information on these initiatives with appropriate updates in relevant areas.

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.

DEVELOPMENT OF ECONOMIC AND TRADE COOPERATION.

a) **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 met 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) Export Financing Scheme (EFS) formerly known as
Longer Term Trade Financing Scheme (LTTFS)

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. The title of the Scheme has recently been changed to Export Financing Scheme (EFS).

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 1418 H, the Scheme comprised 23 member states. In each member state which participates in EFS there are one or more national agencies for the Scheme. The role of the national agencies is to coordinate the promotion of the EFS export financing in their countries.

The total subscribed capital by the member countries of the Scheme up to the end of 1418 H was ID 315.5 million, out of which ID 132.7 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.

Originally the scheme was conceived to finance exports from one member country to another. However, in order to expand its scope and promote exports of member countries, in 1417H, the Board of Executive Directors amended the scheme to allow for export to OECD member states. By widening the scope of the scheme, it is expected that the market for exports from member countries will be much larger than previously.

In 1418 H the net approvals under the scheme amounted to ID 27.25 million (US \$ 37.00 million) for 8 operations in 5 exporting member countries as against 13 operations in 5 exporting member countries in 1416H amounting to ID 39.30 million (US \$ 55.76 million). From its inception to 1418H, the EFS has approved 126 net financing operations in 12 exporting member states amounting to ID 306.00 million (US \$ 429.00 million).

(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; ID 100 million (about US \$ 150.00 million,) has been subscribed by eighteen OIC/IDB member states and the IDB has subscribed and paid up the remaining 50 per cent.

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.

The ICIEC commenced operations in July, 1995 and provides export credit in insurance to cover the non-payment of export receivables resulting from commercial and non-commercial risks, in accordance with the principles of Shariah. The ICIEC also plans to offer investment insurance against country risks, mainly risk of exchange transfer restriction, war, civil disturbance and breach of contract by a host government. Three types of policies have already been launched. A comprehensive risk policy, a Supplements Medium Term Policy, and the Bank Master Policy.

(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 conception of ICDT's data bases is finalized, all the modules are completed and operational except for the module "Regulations". It is practically identical to the OICIS-NET basic model accepted by the Islamic Development Bank and made up of the following modules:

-Tables and parameters: management of all static tables (countries, languages, products, activities, unit of measures;

-Statistics: acquisition and Processing of all annual statistical data and economic indicators for each country;

- Events: Trade events data acquisition and processing;
- Business Opportunities: treatment of business opportunities;
- Operators: all information concerning intra-OIC import/export regulations;
- Query and reports: tools that give users facilities to extract and sort data directly on all the system tables;
- Economic indicators.

Information dissemination is carried out through the usual means (mail, fax, Tijaris). It is also possible on CD-ROM as well as by remote inquiries through Internet or the communication system of the OICIS-NET to be used as soon as it is operational. It is worth mentioning that I.C.D.T. is already provided with an internet site on the following address: www.icdt.org.

(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.

Taking into account the latest signatures, number of countries which signed the Framework Agreement on Trade Preferential System now stands at 22. 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. Accordingly, the General Secretariat circulated the Draft Statute among the Member States.

At the 13th COMCEC the General Secretariat submitted a resume of comments and observations received from the Member States. The COMCEC felt that the draft Statute needed to be reviewed from the legal and technical point of view. Accordingly, the Turkish Standards Institute organised the 8th Expert Group Meeting for the purpose in Ankara, from March 24-26, 1998. The revised draft was presented to the 14th Session of the COMCEC (Istanbul, November 1-4, 1998) which adopted the Statute with some modification in the article dealing with subscription from members. In adopting the draft Statute, the COMCEC invited Member States which are willing to participate in the activities of the Standards and Metrology Institute for Islamic Countries (SMIIC) to sign and ratify it. The General Secretariat has notified all Member States about the opening of the Statute of the SMIIC for signature and ratification. At the signing ceremony held during the 15th Session of the COMCEC, the Republic of Turkey, Syrian Arab Republic and State of Palestine signed the Statute of the SMIIC.

(vii) Organization of Islamic Trade Fairs

The Islamic Trade Fairs are being organised regularly by the Islamic Centre for Development of Trade (ICDT) in collaboration with the relevant Ministry of the host governments and with the support of the Islamic Chamber of Commerce and Industry (ICCI). The Islamic Trade Fairs are playing very important roles in boosting intra-OIC trade by bringing together business firms, entrepreneurs and their products. The growing number of participants in these fairs demonstrate the increasing importance being attached

to these events by the business community in the Islamic world. So far seven Islamic Trade fairs have been successfully organised.

The Seventh Islamic Trade Fair was organised in Tripoli, Lebanon from October 12-18, 1998 in collaboration with the Ministry of Economy and Trade and the Chamber of Commerce and Industry of Lebanon as well as the ICCI. The government of the State of Qatar is hosting the 8th Islamic Trade Fair in Doha from 15-20 October, 2000. The Republic of Senegal has offered to host the 9th Islamic Trade Fair in the year 2002 and the Republic of Guinea offered to host the 10th Islamic Trade Fair in the year 2004.

(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. Annual Private Sector Meetings are being held regularly before the COMCEC Sessions.

The 15th Session of COMCEC, held in Istanbul from November 4-7, 1999 expressed appreciation to the Government of the Republic of Cameroon and the ICCI for organizing the Sixth Private Sector Meeting (Yaounde, Cameroon 4-6 October, 1999) in collaboration with the Federation of Cameroon Chamber of Commerce and Industry. The Seventh Private Sector Meeting will be held in Doha, State of Qatar in October 2000. The Republic of Guinea has offered to host the 8th and 11th Private Sector Meetings in 2001 and 2004 respectively while Republic of Senegal has offered to host the 9th Private Sector Meeting in the year 2002.

(ix) Exchange of Views Sessions during the annual sessions of the COMCEC

The Tenth Session of COMCEC agreed that a separate item allowing delegates to exchange views on current world economic issues of interest to Member States be put on the COMCEC agenda in its subsequent sessions. Since then Exchange of Views Sessions have been held on the following topics during the Eleventh (1995), Twelfth (1996), Thirteenth (1997) , Fourteenth (1998) and Fifteenth (1999) Sessions of the COMCEC :-

(1) Implications of Uruguay Round of Trade Negotiations and the Establishment of the World Trade Organization (WTO) on the external trade of the OIC Member Countries:(11th COMCEC), (2) Privatisation Experiences of the OIC Member Countries" (12th COMCEC), (3) Implications of Regional Economic Groupings, especially the

European Union for the Economies of Member Countries" (13th COMCEC) and (4) Intra-OIC Trade, Investments, Economic Stabilisation and Structural Reforms in Member Countries (14th COMCEC), and (5) Human Resources Development for Sustained Economic Growth and Progress in Member Countries (15th COMCEC).

Strengthening Small and Medium-Sized Enterprises Facing Globalization and Liberahzaton has been chosen at the 15th COMCEC to be the topic of Exchange of Views session to be held during the 16th COMCEC. The COMCEC also requested the SESRTCIC, in collaboration with related OIC institutions, namely, ICDT, ICCI, IDB and other international organisations, to organise a workshop on the topic, prior to the 16th COMCEC and submit its report to the Session.

b) 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 states, 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 Suninin adopted a declaration on "the Food Security Decade" in OIC Member States.

The Sixth Islamic Summit Conference, having considered the report of the Dakar Symposium, requested member states and ail 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 "thai they may increase their assistance to OIC African member states for the speedy and effective implementation of their national stratsgy for food security." An Ad-hoc Follow-up Committee of the Symposium, established during the Symposium and chaired by 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 states 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 states in developing food security and agriculture.

c) 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 (ICO), 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.

d) 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 states 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 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 Government of the Arab Republic of Egypt offered to host the Expert Group Meeting on Transport and Communication in Cairo from September 22-24, 1996. Subsequently at the request of the host Government, the meeting was postponed. New dates of the meeting are expected shortly.

e) 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 of Iran 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. The Government of the Republic of Sudan has offered to host the 4th OIC Ministerial Meeting on Posts and Telecommunication and

consultations are in progress between the government of Sudan and the General Secretariat with a view to finalising a date for the above meeting.

f) 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.

g) 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.

The Ministerial Meeting, 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.

h) 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 Exchange 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.

i) 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 Government of the Republic of Indonesia had offered to host the Expert Group Meeting on Tourism to be followed by a Ministerial level meeting on the same subject. All preparations were completed by the host country and the General Secretariat to hold these meetings in Jakarta from November 8-11, 1997. However, these meetings had to be postponed at the last moment due to lack of adequate response from Member States.

Meanwhile, the government of Indonesia officially communicated its decision to the General Secretariat to withdraw its offer to host the aforementioned two meetings due to budgetary constraints. The decision has been transmitted to all Member States.

j) 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. The 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.

The Republic of Turkey hosted the Expert Group Meeting on Technological and Technical Cooperation in Istanbul from May 6-8, 1998. The project proposals emerging from the Expert Group Meeting as well as those subsequently submitted by the Islamic Republic of Iran have been transmitted to all Member States for necessary action under the Follow-up and Implementation Mechanism of the Plan of Action. The responses received from some interested Member States have been transmitted to the government of the Republic of Turkey as per the provision of the follow-up and implementation mechanism with a view to the eventual setting up of the project committee(s) to initiate implementation activities.

STATUS OF THE SIGNING AND RATIFICATION OF
STATUTES AND AGREEMENTS.

The General Secretariat submitted latest position on the signing and ratification of the following OIC Statutes and Agreements to the Twenty-fifth ICFM and 14th COMCEC, held respectively in Doha and Istanbul in March 1998 and November 1998 .

- 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) Statute of the Islamic Telecommunications Union.
- v) Statute of the Islamic Civil Aviation Council.
- vi) Statute of the Standards and Metrology Institute for the Islamic Countries(SMIIC).

An updated 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 these countries while giving special attention to the least developed member states. Up to now the agreement has been signed by 41 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 25 member states and ratified by 18. After having been ratified by more than 10 countries, the agreement came into force in February 1988.

iii) Framework Agreement on Trade Preferential System.

Twenty-two member states have so far signed the Framework Agreement including Federal Republic of Nigeria which signed it during the Fourteenth COMCEC. Seven member states have so far ratified it. At least ten member states need to ratify the Agreement so that it can enter into force.

iv) Statute of the Islamic Civil Aviation Council.

The Statute of the Islamic Civil Aviation Council has been signed by 13 member states and ratified by 4 only.

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 13 and ratified by 9 Member States. The Statute has not yet entered into force for lack of required number of ratification.

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

In compliance with the decision of the 13th COMCEC, that the draft Statute of the SMIIC was reviewed from the legal and technical point of view at the 8th Expert Group Meeting convened for the purpose in Ankara, from March 24-26, 1998.. The revised draft was presented to the 14th Session of the COMCEC (Istanbul, November 1-4, 1998) which adopted the Statute with some modification recommended by the 14th Meeting of the COMCEC Follow-up Committee in the article dealing with subscription from members. In adopting the draft Statute, the COMCEC invited Member States which are willing to participate in the activities of the Standards and Metrology Institute for Islamic Countries (SMIIC) to sign and ratify it. The General Secretariat has notified all Member States about the opening of the Statute of the SMIIC for signature and ratification. At the signing ceremony held during the 15th Session of COMCEC the Republic of Turkey, Syrian Arab Republic and the State of Palestine signed the SMIIC.

....!

The 15th 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. This appeal was also renewed by the 8th Islamic Summit and the 26th ICFM held in December 1997 and June 1999 in Tehran and Ouagadougou respectively.

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

This report provides a bird's-eye view of activities of the OIC Subsidiary Organs, Specialised and Affiliated Institutions working in the field of economic and commercial cooperation among Member States. Detailed information can be obtained from the individual reports expected to be submitted by the institutions concerned.

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 Eighth 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.

(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 organ 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. The Centre is particularly very active in the preparation of background technical papers for the Expert Group Meetings (EGM) held within the framework of the implementation of the Plan of Action. These EGMs are mandated to review the requirements for action and proposals in each of the ten priority sectors for effective implementation of the Plan of Action.

Furthermore, the Centre is carrying out successfully its activities in the areas of Statistics and Information, Socio-economic Research and Training and Technical Cooperation. One major contribution of the Centre has been the preparation and launching of a web site on the INTERNET where basic 'almanac-type' information about the OIC as an organisation and about each of the member countries is contained. The site also contains for each member country frequently updated statistical data on a selected set of socio-economic development indicators. The Centre has also completed a number of

research projects dealing with socio-economic problems facing the OIC countries. These included debt, trade, poverty, structural adjustment programmes and regionalisation trends, among other issues. SESRTCIC continues to organise joint training programmes with UN agencies such as the FAO-Regional Office for the Near East (Cairo) and the UN Statistical Division (DESA) in areas of interest for Member countries. SESRTCIC has issued its Bulletin on Training Opportunities in OIC Member countries for 1999, and is preparing a new edition for 2000.

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, held every year at various levels in the areas of economic and technical cooperation. The Annual Economic Report on the OIC countries, Economic Problems of the Least Developed and Land-locked OIC countries, Monitoring Recent Developments within the Framework of the WTO and the implications of the Establishment of Regional and International Economic Groupings for the Islamic World are some of these important reports.

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

In 1998-1999 the Centre has carried on its efforts with a view to developing trade among the OIC Member States, through its various activities which are on the whole as follows:

- a) Elaboration of various studies in the field of trade promotion between Islamic countries and on the implications of the different economic developments in the world on the economies of the OIC Member States (Implications of the Euro on the OIC member states - June 1999- Study on the new trends in human resources development in the field of training in international trade-April 1999, export promotion and investment policies: the case of export processing zones-June 1999 etc....);
- b) Organisation of various training sessions such as the seminar on electronic trade that was organised by the Centre in June 1999 in Casablanca;
- c) Trade promotion, in particular through the organisation of Islamic Trade Fairs. The next fair will take place in Doha , State of Qatar, from 15th to 20th October 2000;
- d) Setting up of a Trade Information Network TINIC (Web version on Internet and CD ROM version distributed to National Focal Points and to economic operators) - Organisation of the 3rd Meeting of the NFPs in June 1999;

- e) Publication of the Annual Report on Inter-Islamic Trade (1998), Tijaris (ICDT's quarterly magazine on Inter-Islamic and International Trade), The OIC Exporters' Guide, the Investor's Guide and the Roster of Experts in the field of international trade in the OIC Member states, publication of sectoral studies (Fisheries, textiles, investments);
- 0 Technical assistance to Member states and OIC/UN cooperation programme aiming at improving competitiveness of some OIC countries as well as the managing skills of some contractors, nationals of these countries;
- g) Follow up of international trade negotiations by preparing studies, organising seminars and by attending the various meetings of the WTO.

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

Since the Fourteenth Session of the COMCEC held on 01-04 November 1998, human resources development activities of the Islamic Institute of Technology in the fields of engineering and technology and technical and vocational education as mandated, increased greatly. With the introduction of 4-year B.Sc. in Computer Science and Information Technology Programme from the ongoing Academic Year 1998-99 along with the existing programmes of 4-year B.Sc. Engineering, 1-year M.Sc. in Technical Education, 1-year B.Sc. in Technical Education, 3-year Higher Diploma in Engineering etc. and with the establishment of a new Centre for Energy and Environment and a Department of Research, Extension, Advisory Services and Publications to accelerate research and development activities, more Member States are taking keen interest in the programmes of the Institute and sending more students and trainees here. The nominations from different Member Countries have increased considerably from 831 in 1996-97 to 1099 in 1997-98 and to 1235 in the ongoing Thirteenth Academic Year 1998-99 from 19 Member countries including Islamic Development Bank (IDB) sponsored 5 Ethiopian students. But due to shortage of accommodation only 246 out of 1235 could be admitted this year even after construction of 5th floor of the existing academic and dormitory buildings. The total number of students has increased from 368 in the Academic year 1997-98 to 484 in the Academic Year 1998-99. To cope with the increasing number of students, the construction work of new Halls of Residence for about 600 students is progressing satisfactorily under IDB's loan of about US\$ 2.50 million and is expected to be completed in the beginning of the next year.

The IIT as the focal point in the priority area of Human Resources Development for the OIC Member States has also organised 31 short courses, seminars and workshops including 4 short courses/seminars conducted during the inter session break in November and December 1998 and one International Seminar on "Human Resources Development for Sustained Economic Growth and Poverty Alleviation as well as Progress in the

Member States of the OIC" held on 11-13 April 1999 in Dhaka. This International Seminar was organised in the light of the resolution of the Eighth Islamic Summit Conference held in Tehran on 09-11 December 1997 and following the proposals of the Fourteenth Meeting of COMCEC Follow-up Committee and the decision of the Fourteenth Session of the COMCEC held in Istanbul 1-4 November 1998. The recommendations adopted in the seminar were presented at the Fifteenth Meeting of the COMCEC Follow-up Committee and will constitute a major input to the exchange of views on the subject to take place during the Fifteenth Session of the COMCEC. The Institute is going to hold four seminars/short courses viz. a) Curriculum Development in Technical and Vocational Education, b) NC and CNC Manufacturing, c) Computer Programming in C++ and VISUAL C++ with Applications and d) Modern Applications of Electronics in Industries in November 1999 to January 2000 and planning to organise another International Seminar on HRD for Energy and Environment towards the end of the year 2000.

Besides the academic programmes, IIT also organised different co-curricular activities like Annual Indoor Games Competition, sports, friendly matches, and socio-cultural activities and religious programmes like Qirat competition and religious discussion meetings throughout the year. The Institute is also planning to hold some socio-cultural programmes like Arabian Night, Bangladeshi Night, African Night and Pakistani Night represented by different groups of students in IIT and Qirat and Debate competition during the months of July and August 1999.

The Institute held its Degree Awarding Twelfth Congregation (Convocation) Ceremony on 11 October 1998 which was attended by Her Excellency Sheikh Hasina, Prime Minister of Bangladesh as Chief Guest and expects to hold the Thirteenth Convocation on 22 November 1999 with H.E. Dr. Azeddine Laraki, the Secretary General of the OIC in the Chair and H.E. Sheikh Hasina as Chief Guest. The Twenty-fourth Meeting of the Governing Board of the Institute will also be held simultaneously on 22-24 November 1999.

Details of 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.

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 states 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, in collaboration with other relevant OIC bodies, 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.

As per the decision of the 13th COMCEC, the IDB has been organising coordination meetings of the delegations of the OIC member states attending the WTO Ministerial Meetings. Following the decision of the 8th Islamic summit, the IDB has organised several meetings of the task forces comprising the relevant OIC bodies to work out modalities of implementation of various ideas contained in its document on preparing the Ummah for the 21st Century.

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

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 Second Three-Year Plan of Action (1997-2000). This Plan has incorporated on a high priority basis the projects recommended by the Task Force of IDB on training and Intra-Islamic Trade. These Plans of Action are made within the guidelines of the strengthening of economic cooperation among member countries as emphasised by the OIC Plan of Action. The preliminary assessment of the implementation of the first phase of the Action Programme was made during the 30th Executive Committee and the 15th General Assembly Meetings of the ICCI, held in Sharjah in February 1998 and it was evaluated that the 80% of the target of the First Plan were achieved and the remaining 20% pertaining to the collection and processing of information could not be implemented due to technical and financial constraints

Since 1995, the ICCI has actively pursued its programme for the private sector and has held six private sector meetings in Turkey (1994), Egypt (1995), Indonesia (1996), Pakistan (1997), Lebanon (1998). The recommendations of these meetings have been submitted to the 10th, 11th, 12th, 13th, and 14th Sessions of the COMCEC for consideration. The 6th Private Sector Meeting was held in Yaounde, Cameroon from 4-6

October 1999. The government of State of Qatar has offered to host the 7th Private Sector in the year 2000. 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 while the second went to Guinea, the Gambia, Sierra Leone and Senegal. The Third Delegation will be visiting some of the Central Asian Republics sometime in the year 2000.

The ICCI also cooperates with the Islamic Centre for Development of Trade, in organising the Islamic Trade Fairs. 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 was held in Mali in 1998 for the benefit of the francophone countries.

The Islamic Chamber of Commerce and Industry is also organising the following seminars and training programmes in collaboration with the IDB and related UN Agencies:

Conference/Seminars

1. Meeting on Development Cooperation and towards Establishment of a Pan Arab Free Trade Zone and its Extension to the rest of the Islamic countries leading to the establishment of an Islamic Common Market.

Training Programmes

1. Development of Packaging of Consumer Goods and Perishable Projects.
2. Training of Central Asian Member Chamber staff.
3. Workshop on designing pre-investment Reports for establishment of industrial Enterprises with special reference to Small and medium industrial enterprises projects.

4. Enhancement of capacities among enterprises
In OIC countries to meet ISO 9000
and ISO 1400 standards.
5. Training course on development of Industrial
Management and marketing skills for Private
Enterprises in OIC member countries.

The Islamic Chamber has recently selected an important area of manpower development in respect of development of management and marketing skill of women entrepreneurs. In this context, the Islamic Chamber is contacting relevant UN and Other International agencies to co-operate in organising a Training Workshop.

Furthermore, the Islamic Chamber will also be holding an Investment forum, in cooperation with the UNIDO office in Bahrain, in November 1999. The objective of this forum will be to invite all the UNIDO agencies, investors, financial investors and project sponsors to discuss possibilities of setting up joint venture projects among the OIC member countries.

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

The Islamic Chamber is also working on, strategies to increase cooperation with Regional Organisations, such as the Economic Cooperation Council (ECC), Gulf Cooperation Council (GCC) and Arab Maghreb Union (AMU). These regional organizations have their own programmes for development of trade among their member countries. Islamic Chamber proposes to collaborate with these regional organisations to undertake trade expansion projects under specific regional system.

The Islamic Chamber has started recently to arbitrate, for any trade disputes that arise between the private sector of OIC countries.

In order to foster intra-Islamic trade and industry, the Islamic Chamber has signed Memorandum of Understandings and Cooperation Agreements with various institutions, such as the Islamic Development Bank (IDB), ICDT, Singapore-Malay Chamber, Export Promotion Bureau of Pakistan and the Arab Labour Organisation. In addition it will also sign a MOU with the GCC Arbitration Council and Cooperation Agreement with the Egyptian Fund for Technical Cooperation for the Central Asian CIS countries. The Chamber is currently negotiating to sign an MOU between Islamic Chamber and UNIDO. In this connection the Chamber is in contact with UNIDO-IPS, Bahrain.

(0) 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.

Recent activities of the International Association of Islamic Banks can be summarised as under:

- 1- Providing since 1993 a high standard of professional database for all Islamic Financial Institutions. The '96 Directory of Islamic Banks and Financial Institutions span - inter alia:
 - a) Analysis and survey of more than 160 Islamic Financial Institutions including paid-up capital, total assets, total deposits, reserves and net profits;
 - b) Investment quota of every sector (trading, agriculture, industry, services, real estate) financed by these Institutions and Modes of Financing (murabaha, musharaka, mudaraba, ijara);
 - c) General information including Type of Institution. Date of Incorporation, Shariaa Board/Advisor, Number of Branches and Number of Employees;
 - d) Charts showing - by regions and geographical dispersion - percentage of these financial indicators.
2. Strengthening existing cooperation with Harvard University in the field of collecting data base on Islamic Financial Institutions:
 - a- A delegation from Center for Middle East Studies (Harvard Islamic Finance Information Program - HIFIP) paid a visit to the Association to seek IAIB help in elaborating their scientific study on horizons and fields of funding through Islamic banks.
 - b- The Centre is also creating with the help of IAIB a wide data base on Islamic finance using most recent techniques to link it with the international database network.

c- IAIB Secretary General has been recently appointed as Member of the HIFIP's Operating (and Advisory) Board which meet periodically at Harvard University to review the progress of the Program.

3. Building-up a framework for cooperation between Central Banks and Islamic Financial Institutions:

A 10-Member Central & Islamic Banks Common Committee has been formed by IAIB 10th Expert-Level Meeting of Central and Islamic Banks (Doha, Qatar - 10-11 Jumada II, 1418H - 12-13 October 1997).

4. Covering important relevant issues world wide and briefing Islamic Financial Institutions on their developments:

Latest issue of IAIB monthly Information Brief is being dedicated to the recent economic crisis in South East Asia.

(g) Islamic Shipowners' Association (ISA). Jeddah.

The Islamic Shipowners' Association (ISA) had been established by a decision of the Third Islamic Summit Conference held in Makkah Al-Mukarramah in 1981 as an affiliated organ of the OIC for serving the Islamic Ummah in the area of maritime transport. Thirty-one Islamic States have joined the ISA represented by over fifty five Islamic shipping companies contributing to the budget of the ISA according to the tonnage of each company. The Islamic Shipowners' Association commenced the necessary steps for setting up of the Cooperative Information System which would be attached to the General Secretariat of the ISA in Jeddah for serving the member companies used on the members' ships and also the P&I Clubs they belong to, insurance on hull and machineries, type of vessels whether passenger or general cargo vessels, vessels carrying hydrocarbon materials, ports called on regularly, ships of member companies and names of agents, vessels that require chartering and place of their availability so that members can utilize the same without brokers etc.

The Islamic Shipowners' Association had carried out a feasibility study for the establishment of an Islamic shipping company in the private sector. All necessary steps for setting up the company have been completed. The proposed company under the name the Bakkah Shipping Company will have an authorized capital of US Dollars one hundred and fifty million and a paid up capital of US Dollars fifty million. The Company will run on purely commercial basis based on profit and loss.

The Eighth Islamic Summit held in Tehran in December, 1997 welcomed the preparation aimed at the setting up of the Company and called upon Member States, companies, the private sector and individuals to contribute to the capital of the Company

and treat its vessels in the same way as they treat the national vessels in the ports of the Member States (Resolution No. 32/8-E(IS)). Following registration, its stocks will be communicated to the member states.

The company has since been registered with Headquarters in Jeddah.

BN-COMCEC-16-FC
Fd/COMCEC-16-FC.

Annex VI to OIC/COMCEC-FC/16-2000/REP

**LIST OF MEMBER STATES WHO SIGNED AND RATIFIED
THE DIFFERENT AGREEMENTS AND STATUTES ON
ECONOMIC, COMMERCIAL AND TECHNICAL
COOPERATION AMONG OIC MEMBER STATES**

NAME OF MEMBER STATES	General Agreement on Economic, Technical and Commercial Cooperation		Agreement on Promotion, Protection and Guarantee of Investments		Framework Agreement on Trade Preferential System		Statute of Islamic Civil Aviation Council		Statute of the Islamic States Telecommunications Union		Statute of the Standards and Metrology Institute for the Islamic Countries (SMIIC)	
	Adopted as per Res. No 1/8-E of the 8 th ICFM Tripoli/Libya 16-22/5/1977		Adopted as per Res. No 7/12-E of the 12 th ICFM Baghdad Iraq 1-5/6,1981		Adopted as per Res. No 1 of the 6th COMCEC Istanbul/Turkey 7-10/10/1990		Adopted as per Res. No 16/13-E of the 13 th ICFM Niamey/Niger 22-26/8/1982		Adopted as per Res. No 17/15-E of the 15 th ICFM Sana'a/Yemen 18-22/12,1984		Adopted as per Resolution No.1 of the 14 th COMCEC Istanbul/Turkey 1-4/11/1998.	
	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify
Afganistan	-	-	-	-	-	-	-	-	-	-	-	-
Algeria	20/5/80	-	-	-	-	-	-	-	-	-	-	-
Albania	"		15/11/96	-	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-	-	-	-	-
Bahrain	21/05/80	30/08/80	-	-	-	-	-	-	-	-	-	-
Bangladesh	05/12/77	18/04/78	04/11/97	-	4/11/97	-	10/9/83	-	-	16,4/88	-	-
Benin	-	-	-	-	-	-	-	-	-	-	-	-
Brunei Darussalam												
Burkina Faso	23/12/85		-	19/5/92	14/9/93	-	-	-	-	-	-	-
Cameroon	23/01/78	02/08/83	25/10/94	-	25/10/94	-	-	-	-	-	-	-
Comoros	28/04/78	16/01/81	-	-	-	-	-	-	-	-	-	-
Kyrgyz Republic	-	-	-	-	-	-	-	-	-	-	-	-
Kazakhstan	-	-	-	-	-	-	-	-	-	-	-	-
Djibouti	21/04/79	-	25/08/82	-	-	-	-	-	-	-	-	-
Egypt	08/11/77	06/06/78	-	16,12/78	15/11/96	31/12/99	-	-	11/6/87	7/5,88	-	-
United A. Emirates	29/12/77	1979	12/02/89	14/01/89	-	-	30/5/89	21-3-89	30/5/89	21/3/89	-	-
Gabon	23/01/78		-	-	-	-	-	-	-	-	-	-
Gambia	21/05/80	-	04/09/93	-	08/11/95	-	8/11/95	-	8/11/95	-	-	-
Guyana	-	-	-	-	-	-	-	-	-	-	-	-
Guinea	26/12/77	10/02/81	08/11/95	-	05/09/93	-	8/11,95	-	8/11/95	-	-	-
Guinea-Bissau	-	-	*	-	-	-	-	-	-	-	-	-
Indonesia	30/04/79	08/01/80	01/05/83	3/12/83	04/02/92	-	-	-	-	-	-	-
Iraq	02/07/78	1978	-	-	-	-	-	-	-	-	-	-
Iran	08/11/95	07/11/95	08/11/95	15/9/94	08/11/95	12/5/93	8/11/95	-	4/9/93	6/10/93	-	-
Jordan	29/12/77	10/05/79	04/11/98	08-03-99	01/02/93	21/12/98	25/10/94	-	12/3/88	8/4,86	-	-
Kuwait	05/12/77	10/05/80	18/11/81	12/4/83	-	-	-	-	-	-	-	-
Lebanon	15/11/96	-	15-11-96	-	15-11-96	-	-	-	-	-	-	-
Libya	5/12/77	15/04/78	25/10/94	13/2/96	05/11/92	02/11/92	-	-	-	04/01/89	-	-
Malaysia	18/05/78	14/01/81	30/09/87	-	-	-	-	-	-	-	-	-
Maldives	17/12/77	-	-	-	-	-	-	-	-	-	-	-
Mali	27/04/78	08/08/81	-	24,05/82	-	-	-	-	-	-	-	-
Morocco	23/01/78	16/04/79	02/11/80	07,05/90	29/09/93	-	-	-	30/12/85	-	-	-

Annex VI to OIC/COMCEC-FC/16-2000/REP

NAME OF MEMBER STATES	General Agreement on Economic, Technical and Commercial Cooperation		Agreement on Promotion, Protection and Guarantee of Investments		Framework Agreement on Trade Preferential System		Statute of the Islamic Civil Aviation Council (ICAC)		Statute of the Islamic States Telecommunications Union (ISTU)		Statute of the Standards and Metrology Institute for the Islamic Countries (SMIIC)	
	Adopted as per Res. No 1/8-E of the 8 th ICFM Tripoli/Libya 16-22/5/1977		Adopted as per Res. No 7/12-E of the 12 th ICFM Bagdad/Iraq 1-5/6/1981		Adopted as per Res. No I of the 6 th Session of the COMCEC Istanbul/Turkey 7-10/10/1990		Adopted as per Res. No 16/13-E of the 13 th ICFM Niamev/Niger 22-26/8/1982		Adopted as per Res. No 17/15-E of the 15 th ICFM Sana'a/Yemen 18-22/12/1984		Adopted as per Resolution No.1 of the 14 th COMCEC Istanbul/Turkey 1-4/11/1998.	
	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify
<i>Mauritania</i>	08/11/77	09/05/79	-	-	-	-	-	-	-	-	-	-
<i>Mozambique</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Niger</i>	18/05/78	07/08/78	-	-	-	-	8/12/84	-	-	-	-	-
<i>Nigeria</i>	4/11/98	-	4/11/98	-	4/11/98	-	4/11/98	-	4/11/98	-	-	-
<i>Oman</i>	15/04/80	28/04/81	25/10/94	10/12/94	-	-	-	-	-	-	-	-
<i>Uganda</i>	08/08/78	-	26/11/78	10/2/78	05/09/93	-	-	-	-	-	-	-
<i>Pakistan</i>	14/01/78	1978	20/12/81	10/7/82	25/10/94	11/10/93	-	1989	-	30/4/86	-	-
<i>Palestine</i>	28/04/78	18/03/80	15/03/82	15/3/82	10/09/92	-	22/5/83	-	3/01/87	11/11/86	7-1199	-
<i>Qatar</i>	24/09/78	09/09/80	-	-	-	-	-	-	-	-	-	-
<i>Saudi Arabia</i>	14/01/78	27/06/79	23/9/85	17/9/84	10/09/92	-	-	-	-	-	-	-
<i>Senegal</i>	25/12/77	28/02/79	17/6/87	30/6/94	01/9/91	30/6/94	17/6/87	4/2/89	17/6/87	4/2/89	-	-
<i>Sierra-Leone</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Somalia</i>	24/12/78	-	19/12/83	25/11/84	-	-	-	-	-	-	-	-
<i>Sudan</i>	14/01/78	-	20/12/81	-	13/5/92	-	4/9/93	-	4/9/93	-	-	-
<i>Syria</i>	04/06/78	15/07/80	-	-	-	-	-	-	-	-	7-U-99	-
<i>Suriname</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Tajikistan</i>	04/11/97	-	04/11/97	-	-	-	-	-	-	-	-	-
<i>Tchad</i>	27/04/78	-	-	-	14/1/92	-	-	-	-	-	-	-
<i>Togo</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Tunisia</i>	27/01/79	13/04/80	10/06/82	11/11/83	21/1/93	-	6/1/83	11/11/83	8/11/95	14-02-00	-	-
<i>Turkey</i>	29/12/77	02/07/82	16/07/87	09/2/91	23/9/91	28/11/91	-	-	-	-	7-11-99	-
<i>Turkmenistan</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Uzbekistan</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Yemen</i>	29/12/77	-	12/06/82	-	-	-	25/10/94	-	25/10/94	-	-	-
<i>TOTAL</i>	41	27	28	19	22	7	13	4	13	10	3	-

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- VII -

**REPORT BY THE OIC GENERAL SECRETARIAT ON
THE IMPLEMENTATION OF THE PLAN OF ACTION**

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

(Istanbul, 9-11 May 2000)

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

Introduction:

The slow implementation of the OIC Plan of Action to Strengthen Economic And Commercial Cooperation Among Member States has remained a source of concern for the COMCEC as well as the Islamic Conference of Foreign Ministers. At the request of the 14th COMCEC, the General Secretariat submitted a detailed review of the overall situation of implementation of the Plan of Action at the 15th Session of COMCEC held in Istanbul from 4-7 November, 1999. After detailed discussion on the paper of the General secretariat, the Committee adopted a resolution which reads as under :

"Expresses concern over the slow progress of the implementation of the Plan of Action and recommends to the Follow-up Committee at its next meeting to suggest best possible remedies to alleviate the situation on the basis of the report of the OIC General Secretariat"

In view of above, the General Secretariat re-circulated copies of its aforementioned document to all members of the Follow-up Committee so that they can study the document and prepare their suggestions/recommendations well in advance. The relevant section of the text of the General Secretariat's aforementioned document is reproduced below for ready reference of the distinguished members of the Follow-up Committee.

D). Background Information:

The Sixth Islamic Summit entrusted COMCEC to draw up and implement a new strategy for the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States, 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 approved by the Tenth Session of COMCEC held in November 1994. This document together with the Strategy approved earlier by the COMCEC was submitted to the Seventh Islamic Summit Conference, held in Casablanca in December 1994. The Summit endorsed these documents through Resolution 8/7-E(IS).

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 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 Implementation of the Plan of Action.

During deliberations on the Follow-up and Implementation Mechanism, at its eleventh meeting, the COMCEC Follow-up Committee considered the technical and organisational issues related to the holding of an inter-sectoral meeting that would cover all the ten priority areas of the Plan of Action. In this context, the Committee recommended 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 inter-related areas at a time, on a priority basis. The Eleventh COMCEC accepted the inter-related areas at a time, on a priority basis. The Eleventh COMCEC accepted the recommendation of the Follow-up Committee and invited the member states to host both sectoral and inter-sectoral meetings.

II. The Implementation Mechanism in a nutshell:

As per the provision of the Follow-up and Implementation Mechanism which forms integral part of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation Among the Member States, the process of implementation of specific cooperation projects in each of the ten priority sectors of the Plan is to commence through holding of sectoral Expert Group Meetings (EGM).

The mandate given to the Expert Group Meetings in each sector/area of the Plan of Action is to review the requirements for action and make proposals, when necessary to help implement the provisions of the Plan of Action pertaining to that area. They are expected also to identify projects that are implementable in a reasonable period of time.

According to Implementation Mechanism, following identification of specific project proposals at the Expert Group Meetings, project committee(s) will be formed under the chairmanship of the country originally proposing the project(s). The Project Committee will be responsible for arranging all activities for the implementation of the project concerned. The project committees would comprise all Member States who will have expressed interest in the implementation of the project(s) in question.

III. Implementation Activities:

(i) Sectoral Expert Group Meetings:

Since adoption of the revised Plan of Action and implementation mechanism, all meetings of the COMCEC as well as the Islamic Conferences of Foreign Ministers appealed to the Member States to host envisaged sectoral Expert Group Meetings. At the 11th COMCEC, the government of the Arab Republic of Egypt had offered to host two Expert Group Meetings (on Agriculture, Food and rural Development and on Transport and Communications).

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. These meetings were postponed at the request of the host government.

However, during the Thirteenth and Fourteenth Meeting of the Follow-up Committee of the COMCEC held in Ankara in May 1997 and 1998 respectively, as well as at the Thirteenth and Fourteenth Sessions of the COMCEC (November 1997 and 1998 respectively), the representative of the Arab Republic of Egypt reconfirmed its government's offer to host the aforementioned sectoral Expert Group Meetings.

The 8th Islamic Summit, the Thirteenth and Fourteenth Sessions of the COMCEC as well as the 24th, 25th and 26th ICFM welcomed the offer of the government of the Arab Republic of Egypt to host these two important Expert Group Meetings. The General Secretariat has requested the government of the Arab Republic of Egypt to communicate new dates for these two meetings. The response to the General Secretariat's letter is awaited.

The government of the Republic of Turkey hosted the sectoral Expert Group Meeting on Money, Finance and Capital Flows in Istanbul from 1-3 September 1997. A number of cooperation projects and project ideas were submitted at the meeting by some member states and OIC institutions. The meeting reiterated the basic principles of the Plan of Action that participation in the implementation of the proposed projects is voluntary for the member states that the private sector would be given a pivotal role in this process. The meeting also stressed the necessity to draw maximum benefit from the facilities already existing within the OIC System in realizing the projects to be proposed in this sector.

The meeting requested the OIC General Secretariat to compile the responses of the member countries on the project proposals and transmit the same, as and when they are received, to the proposing countries which would then convene meetings of the respective project committees, in cooperation within the General Secretariat and related institutions of the OIC, as stipulated in the Plan of Action.

In pursuance of the offer made during the 11th COMCEC, the government of the Islamic Republic of Pakistan organised the Expert Group Meeting on "Foreign Trade Facilitation of the OIC Member States" in Karachi from October 24-25, 1997. A set of project proposals and project ideas emerged from this meeting. The General Secretariat has circulated these proposals and ideas to the Member States and is awaiting their response.

At the 13th COMCEC, Republic of Turkey offered to host the Expert Group Meeting on Technology and Technical Cooperation. In pursuance of this offer, the Expert Group Meeting on Technology and Technical Cooperation was held in Istanbul from May 6-8, 1998. Three countries Jordan, Turkey and Sudan submitted 18 specific project proposals. Several delegates indicated their preliminary interest in some of the projects. As per decision of the Committee, the report of the Expert Group Meeting, along with the project proposals, has been transmitted to all member states with the request to indicate their interest to the General Secretariat by October 1, 1998. Besides, those member states which indicated initial interest during the meeting of the Expert Group were requested to confirm their interest in writing to the General Secretariat by October 1, 1998.

Subsequently, the Islamic Republic of Iran and Hashemite Kingdom of Jordan submitted some additional proposals after the meeting of the Expert Group on Technological and Technical Cooperation. The government of Burkina Faso indicated its interest in certain project ideas submitted by the OIC institutions at the Expert Group Meeting on Foreign Trade. Government of Cameroon has submitted a couple of new project ideas. Those new projects which were received in the prescribed Project Profile Form have been circulated among the member states. Those member states which submitted project ideas, have been requested to provide complete project in Projects Profile Form. And the member states that have indicated interest in the project ideas contributed by the OIC institutions have been requested to submit these as their proposals so that the same can be circulated among all member states.

The responses to the already circulated project proposals/ideas received from some member states till the end of October 1999 are shown below in tabular form for ease of perusal. Names of countries indicating interest in any specific project(s)/project idea(s) have been communicated to the countries which originally proposed these project(s)/project ideas):

Annex VII to OIC/COMCEC-FC/16-2000/REP

Sl. No	Project Proposals/Ideas	Proposing State/ Institution	Interested Country
	TECHNICAL COOPERATION		
1.	Technical cooperation in the area of Software Engineering Among OIC Member States.	Jordan	
2.	Technical Cooperation in the Area of Heritage Preservation Among OIC Member States.	Jordan	
3.	Production of pulp and paper in Sudan.	Sudan	
4.	Strengthening the Innovation, Design and Prototype Manufacturing Centre.	Sudan	
5.	Shelter and Habitat in Sudan.	Sudan	
6.	Photovoltaic Cells Production.	Sudan	
7.	Technical Cooperation Among Patent Offices in the OIC Member States.	Turkey	Kazakhstan
8.	Technical Cooperation in the area of Business Incubators Among OIC Member States.	Turkey	
9.	Cooperation in the area of Technical Development: Medium Range Regional Turbofan Airliner.	Turkey	Kazakhstan
10.	Provision of Technical Assistance for Establishment of Technology Development Foundation in the OIC Member States.	Turkey	
11.	Energy Research and Technology Development Centre For Islamic Countries.	Turkey	Kazakhstan
12.	Space Agency for Islamic Countries.	Turkey	Kazakhstan
13.	Distance Educational Project.	Turkey	
14.	Technical Cooperation in the area of Environmental Protection: Proper use of coastal zone to prevent Accelerated beach/coast erosion.	Turkey	
	MONEY, FINANCE AND CAPITAL FLOWS		
15.	Establishment of an Islamic Insurance-Reinsurance Corporation.	Turkey	
16.	Islamic Finance Corporation under the Auspices of the IDB	Turkey	
17.	Multilateral Islamic Clearing Agency (Union).	Turkey	
18.	Development of a cohesive multi-year programme for Training and Seminars to be conducted in Financial and Monetary Fields.		
19.	Compilation by SESRTCIC, in collaboration with IDB/IRTI Of a Directory of Muslim Experts in the field of money, Banking and finance.	Turkey	
20.	Regular and Systematic Collection and dissemination of detailed data and information on the money, banking and finance activities in the member countries. Establishment by SESRTCIC. in collaboration with the IDB, of a set of database on the relevant activities comprising such data and information.	Turkey	

Annex VII to OIC/COMCEC-FC/16-2000/REP

Sl.No.	Project Proposals/Ideas	Proposing State/ Institution	Interested Country
21.	Compilation by SESRTCIC, in collaboration with the IDB/IRTI of a Directory on Banks and Financial Institution; in the member countries.	Turkey	
22.	Metametrone and Metribuzine Process development for production of the 1,3,4 triazine 6 one deriv, which are used as fungicide in Iran.	Iran	Saudi Arabia
23.	Ionoxyl (totril) Process development for this valuable fungicide and its Dibromo analogue.	Iran	Saudi Arabia
24.	Carbamazepine Process development for production of Carbamazepine at 25 MT/year capacity.	Iran	Saudi Arabia
25.	Sut-SOFT, Software for modeling of Heat Transfer, Mass Transfer and Stress Analysis.	Iran	Saudi Arabia
26.	Field-Test establishment.	Iran	Saudi Arabia
	FOREIGN TRADE		
27.	A Mechanism for Systematic Collection and Dissemination Of Detailed Information on Tariff and Non-tariff Trade Barriers of the Member countries.	Turkey	Burkina Faso Sultanate of Oman.
28.	Establishment of Islamic Trading House(s).	Turkey.	
29.	A Mechanism for Integration of the OIC Member Countries to the World Trade System.	Turkey	Burkina Faso
30.	A Study on the Determination of the Economic Comparative Advantages of the OIC Member countries.	Turkey	Sultanate of Oman.
31.	Creation of an Islamic Export Market Development Fund.	SESRTCIC	
32.	Collection and Collation of Statistical Information Regarding the Import Needs and Export Potentials of Member Countries.	SESRTCIC	
33.	Development of a Joint Transportation Scheme for The Land-locked Member States.	SESRTCIC	
34.	Preparation of a Detailed Study of Trade Regulations And Procedures of Member States-.	SESRTCIC	
35.	Trade Facilitation Services to be Provided by the National Chambers of the Member Countries.	ICCI	
36.	Import Management Facilities to be Provided by the National Chambers of the Member Countries.	ICCI	
37.	Programme for Training of Trainers in the Area of International Trade.	ICDT	Burkina Fast
38.	Setting up of Regional Companies Specialised in Organisation of Trade Fairs and Exhibitions.	ICDT	Burkina Fasc
39.	Setting up of Permanent Exhibition Halls.	ICDT	
40.	Organising a Permanent Virtual Goods Exhibition on The INTERNET Web site of the ICDT.	ICDT	

ii). An Assessment of The sectoral Expert Group Meetings held so far

So far three sectoral Expert Group Meeting have taken place in the areas of (I) Money, Finance and Capital Flows, (ii) Foreign Trade; and (iii) Technological and Technical Cooperation respectively. The process of implementation of the Plan of Action which commenced with the holding of the sectoral Expert Group Meeting on Money, Finance and Capital Flows in September 1997 has brought out the following moot points which would constitute important elements in any eventual review of the Implementation Mechanism itself:

- a) Experience of the Expert Group Meetings which have been held so far demonstrates that project profiles are submitted by member states mostly during the course of the EGMs and not in advance. This makes it difficult for member states to study term in advance which would enable the experts participating in the EGM to make any commitment or indication of interest of their respective governments in any project(s). This, in turn, makes the formation of project committees during the EGMs impossible.
- b) Number of Member States submitting project proposals for the EGMs has remained very limited. Though the mechanism keeps open the possibility for member states to submit project proposals even after the holding of the EGMs only one has, so far, exercised this option despite specific requests in this respect having been addressed to them.
- c) The formation of project committees depends on the indication of interest by member states for any particular project(s). Such firm indication of interest has not yet been forthcoming in sufficient members on the project proposals which emerged from the three EGMs held so far.
- d) In some cases, the responses received from the member states are not clearly indicative of their intent as far as joining any particular project proposal is concerned. These merely constitute general observations and comments rather clear-cut expression of interest or commitment to be associated with any particular joint venture.
- e) In many cases, the responses from the member states do not correspond to the stipulations of the modalities of follow-up actions as envisaged in the mechanism of implementation of the project proposal(s)/ideas that emerge from the EGMs. This could be due to lack of understanding of the implementation mechanism itself.
- vi) Many project proposals submitted by member states are prepared exclusively in the context of the national development priorities of the proposing member state and are often devoid of any element of regional or multilateral nature. This is resulting in apparent lack of interest by other member states. Projects lacking in obvious benefits for other countries often fail to draw their attention.
- g) Whatever responses have been received so far on particular project(s)/project ideas have duly been transmitted to the proposing country which, under the mechanism of implementation has been responsibility of constituting the respective project committee(s). No such designated member state has yet taken any initiative to undertake the next step nor have they indicated their intended action in this respect.

- h) Under the Follow-up and Implementation mechanism of the Plan of Action, only a Member State can submit project proposals which also has to take the responsibility of establishing specific project committee(s) comprising interested member states and take ' all subsequent steps, related to the implementation of project(s). Since the OIC institutions can not assume this responsibility, the project ideas contributed by them during the deliberations of the EGMs, constitute only broad ideas which need to be taken up by a member state.
- i) Lack of a mechanism or arrangement that would directly involve the private sector representatives and financing institutions in the process of implementation has remained a marked weakness of the existing follow-up and implementation mechanism. Unavailability of financial support and technical assistance for the preparation of the project proposals is one of the stumbling blocks hampering inflow of dully developed project proposals from the member states.
- j) Lack of responses from member states to host country's invitation to attend sectoral Expert Group Meetings and non-availability of well informed and technically qualified people in the delegations attending the EGMs have remained a persistent problem. This crucial issue can be resolved only through a heightened level of interest by the member states translated into effective participation of the competent and well informed experts attending these meetings.

IV. Some Suggestions:

Starting from the axiom that the success or failure of any initiative of multinational character is essentially conditioned by the approach of the member states themselves and that a heightened level of interest and high degree of political will is the sin qua non for achieving any tangible results, following suggestions can be made for addressing to the stagnant situation currently being experienced in the implementation process of OIC Plan of Action:

- a) Preparation of pre-feasibility documents of regionally attractive projects indicating not only the technical viability of the project, but also the benefits that the would-be partner states could expect to derive for themselves, requires a certain degree of technical and professional expertise which might be lacking in some of the member states that could, otherwise, be interested in proposing and taking a lead role in piloting such joint venture projects. Inducting the relevant institutions within the OIC system having necessary expertise of project preparation and evaluation with the process from the outset under suitable institutional arrangements could have salutary effects.
- b) While preparing the pre-feasibility documents for any proposed joint venture projects, efforts should be concentrated in clarifying the nature and extent of financial obligations which an interested member state will be expected to fulfil. The documents should also identify the possible sources of funds other than the direct contribution from the participating member states. This will add elements of predictability which is so vitally needed in motivating member states to consider their participation in the project.

- c) The idea of designating one or more of the competent OIC institutions for each of the project proposals worked out within the framework of the implementation of the OIC Plan of Action may be given serious consideration. The institution designated as the project focal point would be expected to provide technical support to the proposing country in preparation of the pre-feasibility studies, providing technical clarification and assisting the proposing countries in preparing documentation for the meeting of the Project Committees.
- d) Greater use should be made of the IDB technical expertise and resources in preparation of pre-feasibility and feasibility studies. IDB support should also be ensured for the proposing member state in hiring experts and undertaking evaluation of expected benefits of the proposed projects to other member states.
- e) A thorough and serious review and evaluation of the Follow-up and Implementation Mechanism of the Plan of Action as well as of the re-evaluation of the modus-operandi of the COMCEC itself should be undertaken in order to enable the Standing Committee to take stock of the situation and devise rectification wherever necessary. The review should also cover the ways and means of involving the private sector as well as financial institutions in the implementation of the Plan of Action.
- f) Frequent review and follow-up of the work of the Project Committees should be undertaken preferably during the annual COMCEC sessions. Sessional Committees should be established to help concurrently with the COMCEC Sessions to help launching the initial meetings of the project committees which ought to have been formed by now.
- g) A mechanism needs to be developed for monitoring the implementation of the private sector meetings in the context of the COMCEC and implementation of the OIC Plan of Action. In this respect, the suggestion of the ICCI for the formation of a monitoring group consisting of the ICCI, the OIC General Secretariat, SESRTCIC, ICDT and IDB deserves to be closely looked into.

- VIII -

**REPORT BY IDB ON THE EXPANSION OF INTRA-TRADE
AMONG OIC/IDB MEMBER COUNTRIES**

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

(Istanbul, 9-11 May 2000)

**REPORT BY IDB ON EXPANSION OF INTRA-TRADE
AMONG OIC/IDB MEMBER COUNTRIES**

(To be presented at the 16th Session of the COMCEC to be held on 9-11 May
2000, Istanbul, Turkey)

PURPOSE

1. This Paper is to highlight the role of and achievements made by IDB in increasing intra trade among OIC/IDB member countries. The Paper also highlights some policy issues on intra trade growth.

BACKGROUND

2. In accordance with the resolutions of the Eight Islamic Summit Conference (held in Tehran in December 1997) and the 2nd Meeting of OIC on the Preparation of the Ummah for the 21st Century (held in Tehran in June 1998), IDB set up an inter-OIC Task Force which met in Jeddah (August 1998) to set the targets towards achieving the 13% intra trade growth .

3. The Task Force came up with specific recommendations on how to achieve the quantitative and qualitative targets to increase intra-trade. The most important recommendations are the creation of new trade financing allocations by IDB under new terms and conditions, appointment of focal points for trade financing operations, enhancement of co-financing, use of information technology to provide intra trade information, creation of regional trading/marketing companies, formation of Eximbanks and the promotion of Bilateral Payment Arrangement mechanisms and capacity building in trade through technical assistance.

4. In the light of these recommendations, the IDB Board of Executive Directors at its meeting held in Cotonou, Benin in Rajab, 1419H (November, 1998) agreed that IDB implement action plans for the achievement of a quantitative target to increase the intra-trade of the member countries from 10% to 13% of the total trade of member countries over the next three years (i.e. one percent annually).

ACTIONS TAKEN BY IDB TO FACILITATE INCREASE IN INTRA TRADE

5. The year 1420H marked the first year of implementation of the Plans of Action to achieve the target of increased intra trade in line with the resolution of the Eighth Islamic Summit.

6. In order to facilitate and achieve the set quantitative target, IDB had allocated US\$1.0 billion from its own resources in I420H and this will be supported by other resources to be mobilized through Syndication and Two Step Murabaha Financing (2SMF) from Islamic Banks and other financial institutions. These mechanisms are expected to raise a total amount of US\$ 2.0 billion during the year and

correspondingly for the following two years. An additional budget of US\$ 1.2 million was approved for the year to support trade cooperation activities such as market studies, seminars, trade fairs, international trade related training and technical training for member countries in relation to matters related to intra trade.

7. IDB has taken the initiative to request member countries to appoint Focal Points of Trade, which will work jointly with the Bank to achieve the intra-trade target. To date, twenty-seven member countries have nominated their Focal Points.

8. The First Meeting of the Focal Points (FP) was held in Jeddah on J. Thani 17-18, 1420H (27-28 September 1999) and was attended by 21 representatives of member countries and 3 representatives from regional institutions.

9. The Meeting made six broad recommendations on the following areas:

One. FPs and IDB are to share pertinent information on intra-trade (e.g. export/import regulations and procedures, exports/imports of goods and services, prioritised products for IDB financing and national/regional export credit/insurance agencies);

Two. Technical assistance by IDB for capacity building of Focal Points;

Three. FPs, in their capacity, should encourage the establishment of Tax free zones (where they do not exist);

Four. FPs should consider adopting the concept of Bilateral Payment Arrangements (BPA) in order to facilitate intra -trade. IDB in conjunction with Malaysia should consider organising a seminar on BPA.

e. FPs has been requested to urge their Governments to sign and/or ratify the Trade Preferential System Agreement of OIC(TPSOIC);

f. IDB jointly with one of the FPs will organise a high level meeting which will be attended by senior officials responsible for international trade for the purpose of harmonising collective strategies for intra trade growth.

10. **IDB's trade financing schemes are important instruments in facilitating growth of intra trade. The schemes are Import Trade Financing Operations (ITFO), the Export Financing Scheme (EFS), Islamic Banks' Portfolio (IBP) for Investment & Development and the IDB Unit Investment Fund (UIF).**

11. **To date, the Bank has cumulatively approved US\$ 14,703.39 million under the four financing schemes. In 1420H, a total amount of US\$1,087.65 million has been approved as compared to last year's approval of US\$ 1,008.82 million. (See Table 1)**

12. Details on the performance of the financing schemes are as follows:

A. **IMPORT TRADE FINANCING OPERATIONS (ITFO)**

ITFO scheme which was launched in 1397H (1977) to finance the import of raw materials, intermediate goods and capital goods by member countries, has enabled the countries concerned to purchase the much-needed developmental goods. It has also helped in the promotion of trade among member countries, and serves as an important vehicle for the utilization of the Bank's liquid funds in compliance with Shari'ah principles.

Through the scheme, member countries with exportable surplus of certain products such as crude oil and refined petroleum products, industrial raw materials and chemicals, fertilizer and fertilizer raw material, steel products, equipment spare parts and components and primary commodities have been able to sell them to other member countries, which traditionally have been importing them from non-member sources. ITFO also focuses on enhancement of export capabilities of member countries. This is being done through lines of financing extended to banks/financial institutions and targeting at small and medium scale enterprise.

Since inception of ITFO in 1397H up to 1420H, IDB has cumulatively approved US\$ 12,035.35 for 963 operations with about 74.02% of the approved amount used to finance intra trade among member countries. (See Tables 2A and 2B in the Annexure)

In 1420H, the Bank has approved US\$ 884.84 million under ITFO as compared to US\$ 823.42 million during the previous year.

An important action taken by IDB during the year was the launching of Syndication and 2SMF. To date, approvals have been made for Syndication amounting to USS 100 million in favour of Bangladesh and 2SMF respectively USS 84 million for Pakistan and USS 25 million for Turkey. The year also marked the beginning of IDB's operations in Central Asia where an ITFO Line of USS 5 million was approved for Kazakhstan.

The Bank has also taken steps to review the policies and procedures of the scheme in order to make them more commercially attractive and operationally efficient.

This includes the establishment of the Guidelines for Syndication and Two Step Murabaha Financing (2SMF). Under the Guidelines, the President, IDB has been authorized:

- One. To issue Rules and Regulations for the implementation of the Guidelines on Syndication and 2SMF;
- Two. Where IDB is the Lead Modarib in a Syndication, to approve underwriting commitment of up to USS 40 million;

Three. Where IDB is the Lead Modarib in a Syndication, to approve the excess amounts over and above the said US\$ 40 million underwriting commitments, in cases where IDB may be required to cover the shortfall of other financing institutions' disbursement contributions on any disbursement due date. This is however subject to BED being promptly informed after the exercise of this delegated authority.

In order to enhance utilization of the Syndication and 2SMF, repayment period for the two schemes has been extended from 6 months to maximum period of up to 12 months.

B. EXPORT FINANCING SCHEME (EFS)

The Export Financing Scheme (EFS) was introduced in 1408H with the objective of promoting the export of goods of member countries through short and long term financing of exports destined to both member and non member countries.

The Scheme has its own membership, capital, budget and resources, and its accounts are maintained separately. As at the end of 1420H, there were twenty-three (23) members of the scheme. The members of the Scheme are Algeria, Bahrain, Bangladesh, Brunei, Egypt, Gabon, Indonesia, Iran, Jordan, Kuwait, Lebanon, Libya, Malaysia, Morocco, Pakistan, Saudi Arabia, Senegal, Somalia, Sudan, Syria, Tunisia, Turkey, and Uganda.

The subscribed capital of the scheme at the end of the 14290H was ID 315.5 million, of which ID 132.7 million is paid up. From its ordinary capital resources, the Bank has contributed to ID 150 million of which ID 75 million has been paid up.

Since inception of the scheme until end of 1420H, cumulative approvals under the EFS amounted to US\$ 560.03 million (See Table 3 in the Annexure).

During the 1420H, approvals under EFS amounted to US\$ 82.25 million as compared to US\$ 64.80 million approved in 1419H. It is to be noted that all EFS operations were for financing of exports to member countries.

In order to improve its utilization, an overall review of the EFS has been made by the Bank during the year. Policy changes to the scheme that have been approved by the Board of Executive Directors are as follows:

- One. Reduction of local content requirement from 40% to 30% in order to widen criteria for goods eligible for financing. This relaxation will be reviewed every three years;
- Two. All exports, both traditional and non-traditional, will be eligible for EFS financing;

- Three. Percentage of financing will be increased to 100%, subject to provision that financing is secured against guarantees acceptable to IDB;
- Four. Management fees of 65% of the spread (i.e. 30% rebates for repayments on or before due dates and 35% for management services), applicable to ITFO lines of financing, will also be given to National Agencies with EFS Lines;
- Five. The whole EFS schemes will be denominated in US Dollars;
- Six. The list of eligible importing countries shall include all countries except those, which are subject to OIC Boycott Regulations.
- Seven. The President, IDB is authorized to fund and host an IDB "Trade Fair Website" where importers and exporters could advertise, free of charge, their requirements or supply capabilities;
- Eight. Potential beneficiaries of the trade financing schemes may apply direct to IDB for the financing. IDB Trade Financing marketing missions will be allowed to market direct with potential beneficiaries with the knowledge of IDB's Governors' Office in Member Countries.

Additionally, a Technical Committee has been formed to prepare guidelines for the Suppliers'/Buyers Credits and Pre Shipment Financing and will soon be submitting its report to the Board of Executive Directors.

C. BADEA EXPORT FINANCING SCHEME (BEFS).

BADEA is a special programme under the EFS to finance exports from Arab countries to non-Arab League member countries of the Organisation of African Unity (OAU).

The establishment of this programme is the outcome of the Memorandum of Understanding (MOU), signed on 26.10.1418H (23.02.1998) between the Islamic Development Bank (IDB) and Arab Bank for Economic Development in Africa (BADEA), based in Khartoum. Under the MOU, an allocation of US\$ 50 million will be managed by IDB as a Modareb

IDB as a Modareb shall receive a fee as a percentage of the net profit from the Export Financing Scheme amount and shall finance the indirect expenses. BADEA shall meet the direct expenses incurred in the operations of the scheme.

Since its inception, three operations amounting to US\$ 12.8 million have been approved, of which US\$ 4.4 million was approved in 1420H..

D. ISLAMIC BANKS' PORTFOLIO FOR INVESTMENT & DEVELOPMENT

The Islamic Banks' Portfolio (IBP) is an income fund which was set up by IDB in 1408 in association with 20 Islamic banks and financial institutions. It is an independent fund and managed by the Bank as the 'Mudarib'.

The main objective of the IBP is to mobilize the liquidity available with the Islamic Banks and financial institutions and investing in viable operations. It is also to promote the development of the Islamic Financial Market by issuing Islamic financial instruments and to diversify its portfolio with a view of generating a return commensurate to its risk profile.

The IBP has a fixed paid up capital of US\$ 100 million and variable capital of US\$ 280 million. In addition, IBP has access to funds of US\$ 250 million. The unit of account for IBP is the US dollar and its financing is oriented towards (but not exclusively) the private sector in the IDB member countries.

Since inception, US\$ 1,918.56 million has been approved for various IBP operations. Of the US\$ 334.78 million approved in 1420H, US\$ 101.56 million was for trade financing.

E. IDB UNIT INVESTMENT FUND (UIF)

UIF is essentially a resource mobiliser and supplements Bank's efforts in financing. The main thrust of the investment strategy of the Fund is to finance viable projects in the private sector of IDB member countries by way of direct financing and co-financing with IDB, IBP and other financial institutions. The long term financing is extended through leasing, installment sale and istisna'a modes of financing with maturities ranging from 5 to 12 years. The Fund also finances short-term trade financing (Murabaha financing) operations, in order to utilize its liquid funds for maximizing the overall return on its investments.

During the last ten years of its operations (1410H-1420H), the Fund has approved a total of 32 trade financing (syndicated Murabaha financing) operations for an aggregate amount of US\$ 189.45 million. In 1420H, two (2) operations amounting to US\$ 19.0 million have been approved.

PROMOTION OF INTRA-TRADE AS A POLICY ISSUE

13. Conceptually, promotion of intra-trade refers to the intentional increase in the absolute and relative volume and value of trade (i.e. exports and imports) as well as the diversion of the direction of trade over time among the members of a group of countries or region. A group of countries may increase their value/volume of trade with each other as part of an overall economic growth of the countries. That growth is not consciously planned; and therefore, does not per se, necessarily constitute a promotion of intra-trade. Promotion should be intentional, by definition, and based

upon a deliberate strategy, policy and action programmes which will affect and change, the absolute and relative size as well as the direction of trade among the members vis a vis their trade with third parties.

14. Promotion of intra-trade comes from two sources; firstly, due to trade creation which results from increases in production/output and the emergence of new products and a high desire to exchange goods among the members of the group. Secondly, due to the diversion of trade from existing trade partners to the members of the OIC/IDB Group.

15. The trade creation aspect of promotion of intra-trade is primarily a long-term concern as it requires expansion in infrastructure in both production and trade facilities and the formulation of a long term trade and economic strategy by the countries concerned. Trade diversion, however, can take place much sooner. It means replacing imports sourced from non member countries by imports from member countries.

16. Consequently then, a deliberate trade promotion policy/strategy implemented by a group of countries, like OIC/IDB group, with formal and informal bonds, would be able to change the direction, volume and the commodity composition, as well as the partners. Nevertheless, such a policy should also expect and consider possible retaliation from non-member trading partners.

17. The issue of intra trade promotion is a matter of international economic policy formulation and joint implementation by a group of countries, based upon their consensus and mutual interests. The involved partners are thus expected to make decision to promote intra-trade and take appropriate measures to implement their collective decision in the context of the current international trading rules ie. WTO rules, norms and prior commitments.

18. It is important in the early years to focus on the diversion aspect where financing requirement can be made available to facilitate Member countries to trade more with each other. In this regard, Member Countries have to identify constraints and bottlenecks and take steps to overcome them and to develop concrete policies to facilitate trade diversion.

19. Generally, major constraints/bottlenecks, such as tariff and non-tariff barriers would naturally have implications for promoting intra-trade. The source of the constraints might be domestic, international or both. Some would have short term and some others might have long term impacts on intra-trade.

20. They require urgent attention of the decision making bodies in the member countries since they are mostly structural and political in nature and beyond the mandate, authority and capacity of IDB. If these bottlenecks are reduced, even partially, by appropriate policy measures, intra-trade could be expected to increase to a higher level than at present.

21. Given the complexity of the issue, IDB can only be a catalyst by providing, among others, financing to support member countries' endeavour to increase intra trade. However, this has to be complemented by member countries themselves who need to develop policies, strategies and administrative/regulatory measures to support IDB's efforts. Private sector also requires encouragement by the respective Governments through policy direction to increase utilisation of trade financing facilities of IDB.

TABLE 1

**Trade Financing Approvals
From 1397H up to 1420H -in US\$ Million**

Year	ITFO		EFS		IBP		U.IF		TOTAL	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1397	5	50.52							5	50.52
1398	11	155.82							11	155.82
1399	22	338.09							22	338.09
1400	32	456.99							32	456.99
1401	31	453.44							31	453.44
1402	27	400.30							27	400.30
1403	28	519.50							28	519.50
1404	42	704.42							42	704.42
1405	36	653.00							36	653.00
1406	53	601.01							53	601.01
1407	48	531.34							48	531.34
1408	60	577.00	2	8.38	7	27.00			69	612.38
1409	53	514.77	23	39.09	5	9.00			81	562.86
1410	64	545.30	18	28.38	12	27.00			94	600.68
1411	46	485.50	15	26.79	12	103.00			73	615.29
1412	60	503.90	11	64.35	7	188.00	1	1.55	79	757.80
1413	44	351.63	11	41.86	7	58.00	3	9.79	65	461.28
1414	47	405.39	6	28.30	8	182.00	1	5.54	62	621.23
1415	51	483.33	8	28.24	11	286.00	5	30.56	75	828.13
1416	46	538.50	10	66.08	11	209.00	5	31.70	72	845.28
1417	47	519.94	11	44.52	20	338.00	4	24.38	82	926.84
1418	36	537.40	8	36.99	25	287.00	7	49.33	76	910.72
1419	35	823.42	15	64.80	10	103.00	4	17.60	65	1,008.82
1420	39	884.84	13	82.25	5	101.56	2	19.00	58	1,087.65
Total	963	12,035.35	151	560.03	140	1,918.56	32	189.45	1284	14,703.39

- Net of cancellation.
- The figures include intra trade operations (Two Step Murabaha Financing and Syndication) which started in 1420H

TABLE 2A

Approved Import Trade Financing Operations from 1397H to 1420H and Intra Trade Operations (Two Step Murabaha Financing and Syndication) from 1420H

Year	Number of Countries	Number of Operations	Amount*				Member Country Sources	
			t.D	M	US\$	M	US\$ M	%
1397H	4	5	43.61		50.52		27.98	55.4
1398H	9	11	127.44		155.82		99.10	63.6
1399H	13	22	262.36		338.09		268.51	79.4
1400H	18	32	350.06		456.99		371.09	81.2
1401H	14	31	367.89		453.44		342.64	75.6
1402H	12	27	357.34		400.30		316.30	79.0
1403H	11	28	480.60		519.50		430.50	82.9
1404H	14	42	671.68		704.42		530.05	75.3
1405H	12	36	661.77		653.00		555.00	85.0
1406H	13	53	531.09		601.01		527.02	87.7
1407H	11	48	425.34		531.34		411.50	77.5
1408H	12	60	427.10		577.00		510.50	88.5
1409H	13	53	394.34		514.77		424.80	82.5
1410H	16	64 •	419.37		545.30		389.50	71.4
1411H	13	46	349.33		485.50		337.50	69.5
1412H	11	60	366.12		503.90		401.40	79.7
1413H	9	44	250.73		351.63		279.63	79.5
1414H	9	47	290.03		405.39		356.25	87.9
1415H	9	51	325.62		483.33		348.33	72.1
1416H	9	46	360.93		538.50		330.50	61.4
1417H	8	47	364.85		519.94		315.44	60.7
1418H	12	36	394.06		537.40		439.40	81.8
1419H	11	35	607.37		823.42		391.00	47.48
1420H	11	39	651.34		884.84		504.84	57.56
TOTAL		963	9,480.37		12,035.35		8,908.78	74.02

• Net of Cancellation

TABLE 2B

**Approved Import Trade Financing Operations
from 1397 H to 1420H***

Year	Number of Countries	Number of Operations	Amount"		Member Country Sources	
			ID M	US\$ M	US\$ M	%
1397H	4	5	43.61	50.52	27.98	55.4
1398H	9	11	127.44	155.82	99.10	63.6
1399H	13	22	262.36	338.09	268.51	79.4
1400H	18	32	350.06	456.99	371.09	81.2
1401H	14	31	367.89	453.44	342.64	75.6
1402H	12	27	357.34	400.30	316.30	79.0
1403H	11	28	480.60	519.50	430.50	82.9
1404H	14	42	671.68	704.42	530.05	75.3
1405H	12	36	661.77	653.00	555.00	85.0
1406H	13	53	531.09	601.01	527.02	87.7
1407H	11	48	425.34	531.34	411.50	77.5
1408H	12	60	427.10	577.00	510.50	88.5
1409H	13	53	394.34	514.77	424.80	82.5
141 OH	16	64	419.37	545.30	389.50	71.4
1411H	13	46	349.33	485.50	337.50	69.5
1412H	11	60	366.12	503.90	401.40	79.7
1413H	9	44	250.73	351.63	279.63	79.5
1414H	9	47	290.03	405.39	356.25	87.9
1415H	9	51	325.62	483.33	348.33	72.1
1416H	9	46	360.93	538.50	330.50	61.4
1417H	8	47	364.85	519.94	315.44	60.7
1418H	12	36	394.06	537.40	439.40	81.8
1419H	11	35	607.37	823.42	391.00	47.48
1420H	11	36	497.57	675.84	295.84	58.96
TOTAL		960	9,326.55	11,826.35	8,699.78	73.56

- Net of Cancellation
- The figures exclude intra trade operations (Two Step Murabaha Financing and Syndication) which started in 1420H

TABLE 3Approved EFS Operations from 1408H up to 1420H*

Country		ID MILLION	US\$ MILLION
1.	Bahrain	7.71	11.00
2.	Bangladesh	4.81	6.44
3.	Egypt	19.36	25.62
4.	Indonesia	4.82	6.50
5.	Iran	4.45	6.00
6.	Jordan	14.15	19.20
7.	Kuwait	3.94	5.48
8.	Libya	1.55	2.24
9.	Lebanon	7.34	10.00
10.	Malaysia	39.99	56.71
11.	Morocco	14.47	19.66
12.	Pakistan	9.32	14.00
13.	Saudi Arabia	98.70	135.14
14.	Sudan	2.24	3.07
15.	Syria	0.35	0.48
16.	Tunisia	37.37	50.46
17.	Turkey	133.38	188.04
TOTAL		403.95	560.04

* Net of cancellations.

-IX-

**PROGRESS REPORT ON IDB'S TECHNICAL ASSISTANCE
TO MEMBER COUNTRIES IN MATTERS RELATED TO WTO**

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

(Istanbul, 9-11 May 2000)

**REPORT ON THE ISLAMIC DEVELOPMENT BANK'S (IDB)
WTO- RELATED TECHNICAL ASSISTANCE TO ITS MEMBER COUNTRIES**

Introduction

The signing of the Uruguay Round Agreements in Marrakesh in April 1994 by more than 120 countries was a distinctive landmark in recent economic history. It was the beginning of a new multilateral trading system which has far reaching implications for the global economy in general, and for the developing countries in particular. This new trading system has created many challenges as well as opportunities for the developing countries. However, while the challenges are being faced by all developing countries, these countries are not in a position to take full advantage of the opportunities arising from it.

This new multilateral trading system has also created a challenge for the Islamic Development Bank itself. Out of its 53 member countries, thirty-three are also members of the World Trade Organization, and 10 others have observer status in the WTO. Thus, more than three-fourth of our members are either already members of WTO or are in different stages of accession. These countries are facing serious challenges in terms of implementation of the Uruguay Round Agreements and fulfilling their legal obligations under those agreements or, in the case of acceding countries, in meeting the accession requirements which are becoming more and more stringent. Most of these countries do not have the necessary institutional capabilities, technical skills, and physical infrastructure needed to adjust to this momentous change.

Within its limited resources, the Islamic Development Bank is trying its best to provide the necessary assistance to the member countries in understanding the agreements and in meeting their obligations. The Bank is also giving special importance to capacity building in the member countries in the context of WTO. For this purpose, the Bank has started a technical assistance programme under which it is organizing seminars, workshops, and training courses for the relevant officials in member countries. In addition, the Bank is also playing an important role in preparing the member countries for future multilateral trade negotiations and in coordinating the positions on issues of common interest.

The resolution adopted by the Eleventh Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC), held in Istanbul from 5-8 November 1995, recognized "that effective implementation of the Uruguay Round Agreements will necessitate adjustments in the economic and administrative structures of the member countries to safeguard their interest and take maximum advantage from the opportunities to be created thereby". This resolution further emphasized "the need to closely monitor the implementation of the Uruguay Round Agreements and to request the General Secretariat and related OIC institutions to design and propose to member countries for implementation of technical assistance programme to assist those among them which might have difficulties in responding to the new challenges".

Similarly, the resolution adopted by the Twelfth Session of COMCEC held in Istanbul from 12-15 November 1996 urged "member countries participating in the WTO-Ministerial

Meeting to take place in Singapore, from 9-13 December 1996, to conduct the necessary consultations through a meeting of their delegations to coordinate their positions on the issues involved, taking advantage of the technical support to be provided by the IDB". The resolution also requested "the OIC General Secretariat, the COMCEC Coordination Office and IDB to propose to the Thirteenth Meeting of COMCEC Follow-up Committee a mechanism to facilitate consultations among member countries in pursuit of common stands on future WTO meetings". The Thirteenth Session of COMCEC (November 1997) requested IDB to take the initiative for consultations and coordination among member countries before WTO meetings.

The IDB's WTO-related technical assistance activities can be grouped into two broad categories: (i) those related to preparing the member countries for coordinating their positions on major issues in the context of WTO Ministerial Conferences as well as for future negotiations; and (ii) other technical assistance activities aimed primarily at capacity building. This progress report has been prepared specifically keeping in view the above mentioned COMCEC resolutions.

I. EXCHANGE OF VIEWS AND COORDINATION OF POSITIONS AMONG MEMBER COUNTRIES

First WTO Ministerial Conference

The Bank has been doing its best to provide a forum for its member countries to exchange views and coordinate their positions on matters related to the WTO. During the First WTO Ministerial Conference held in Singapore from 9-13 December, the IDB, in accordance with the resolution adopted at the Twelfth Session of COMCEC, organized three consultation meetings for member countries. These meetings were attended by representatives of the following twenty countries: Algeria, Bahrain, Bangladesh, Benin, Burkina Faso, Cameroon, Chad, Egypt, Indonesia, Jordan, Morocco, Mozambique, Oman, Pakistan, Saudi Arabia, Sierra Leone, Sudan, Tunisia, U.A.E., and Uzbekistan.

The major recommendations that emerged from these three consultations were that the IDB should provide the following assistance to its member countries:

1. Technical assistance to member countries in the process of negotiating their membership in the WTO;
2. Technical assistance on request, and on a case-by-case basis, to enable member countries that are already members of the WTO to derive maximum benefits from the Organization;
3. Organize a Seminar to assess the outcome of the First Ministerial Conference of the WTO and to evaluate the likely impact of the decisions arrived at during the Conference on present and future IDB members of the WTO; and
4. Assist member countries to keep abreast of developments in the WTO and help them in coordinating their positions in the various bodies of the WTO. In particular, help member

countries to make early and effective preparatory arrangements for the Second WTO Ministerial Conference.

After the coordination meetings in Singapore the IDB organized a seminar on Accession to the WTO and Implementation of the Uruguay Round Agreements. This seminar was held at the IDB Headquarters in Jeddah in June 1997. The details of this seminar are given in the next section. Before the seminar the Bank organized a meeting of the permanent Missions based in Geneva of IDB member countries in the process of acceding to the WTO. This meeting was held from 17-22 March 1997. The following eight member countries participated in this meeting: Albania, Algeria, Jordan, Kazakh-tan, Kyrgyz Republic, Oman, Saudi Arabia and Sudan. In addition, two other member countries, namely Egypt and Pakistan, were also invited to the meeting because of their active role in the Uruguay Round Agreements and WTO-related matters.

During this meeting, the IDB member countries in the process of accession to the WTO briefed participants on their current accession status and the specific problems they were facing during the accession process. One thing that came out very clearly from their statements and discussions was that they were all facing very serious problems in fulfilling the WTO conditions and that they were not well prepared for this kind of situation. The acceding countries highlighted the fact that the conditions for accession to WTO were becoming more stringent and that the price which they were being forced to pay for membership in the WTO was substantially higher than that paid by the original members. They also highlighted their substantive technical assistance needs.

Meetings before the Second WTO Ministerial Conference

1. Brain-storming Meetina of Experts

As mentioned earlier, the Thirteenth Session of COMCEC had adopted a resolution recommending that meetings of OIC member countries shall be convened with regard to WTO meetings and related issues for consultations and coordination of positions and that the Islamic Development Bank shall take the initiative for arranging such meetings in collaboration with ICDT and other related institutions. In order to carry out this mandate the IDB organized a brain-storming meeting of experts in Geneva with a view to identifying issues of high interest to the member countries and assist them in coordinating their positions before the Second WTO Ministerial Conference. The meeting was held at Intercontinental Hotel, Geneva on February 27-28, 1998 and was attended by more than 40 participants from 19 IDB member countries and 6 organizations. The meeting discussed the priority WTO-related issues for the OIC member countries and identified the topics for discussion in the consultative meeting before the Second WTO Ministerial Conference. Subsequent to this meeting, the IDB identified experts and arranged the preparation of discussion papers on selected topics to serve as the basis for discussion in the high level consultative meeting.

2. Consultative Meeting of Senior Officials before the Second WTO Ministerial Conference

Following the brainstorming meeting of experts in Geneva, the IDB organized a meeting of senior officials from the ministries of commerce in member countries at its headquarters in Jeddah on 29-30 April 1998. The purpose of the meeting was to provide a forum to the OIC member countries to discuss and exchange views on WTO-related issues of high interest to them and to coordinate their positions on those issues that were likely to be taken up during the Second WTO Ministerial Conference. A total of 71 participants from 37 member countries and 7 institutions including IDB took part in that meeting.

Eight substantive papers dealing with issues of interest to OIC developing countries identified by the Geneva brainstorming meeting were presented and were discussed during the two-day-Consultative Meeting by a group of experts from Islamic Countries. These issues discussed in the meeting related to the following topics: (i) implementation of the Uruguay Agreements (agriculture, textile and clothing, anti-dumping, and special and differential treatment for developing Countries); (ii) dispute settlement mechanism; (iii) accession to the WTO; and (iv) built-in-agenda and the new issues.

Detailed discussion was held on the above subjects for two days. During the discussions, among other things, it was pointed out that the Ministerial Resolutions adopted at Marrakesh and Singapore were not fully implemented. The participants emphasized that the OIC member countries should insist on this point during the Geneva Ministerial Conference. The participants expressed their appreciation for the Islamic Development Bank in assisting the OIC member countries to participate more effectively in the WTO and to enable them to cope with the challenges of integrating them into the new Multilateral Trading System. They encouraged the Bank to continue its efforts in this regard with special attention to the implementation issues in general, and to agriculture, and textile and clothing in particular. The participants also stressed the need that the IDB should take follow-up action for the benefit of the OIC member countries and prepare them for the Third WTO Ministerial Conferences

In the concluding session, the meeting also drafted a Memorandum for submission to the Ministers of OIC member countries taking part in the Second WTO Ministerial Conference. This Memorandum contained the elements which the participants thought the OIC Commerce Ministers should use in issuing a common declaration at the time of the Second WTO Ministerial Conference in Geneva.

3. Consultative Meetings in Conjunction with the Second WTO Ministerial Conference

After the meeting in Jeddah the Bank again organized consultative meetings in Geneva in conjunction with the WTO Ministerial Conference. The idea of these meeting was to provide an opportunity to the Commerce Ministers of OIC member countries attending the WTO Conference to meet and discuss the latest developments on the relevant issues with a view to coordinate their positions on such issues. Two consultative meetings were held in Geneva: the first on 17 May 1998 - a day before the WTO Ministerial Conference, and the second after the conclusion of the Conference on 20 May 1998. The main points of these sessions are given below:

(i) Consultative Meeting of 17 May 1998

The consultative meeting of 17 May 1998 was held at the WTO headquarters and was attended by Commerce Ministers, Ambassadors, and other senior officials of OIC member countries. The meeting was chaired by Dr. Ahmad Mohamed Ali, the President of IDB. Mr. Hassan Abouyoub who was the Chairman of the Brain-Storming Meeting in Geneva (February 1998) and Co-Chairman of the Consultative Meeting held in Jeddah in April 1998, briefed the participants on the discussions in those two meetings. It was pointed out during those meetings that the Ministerial Resolutions adopted at Marrakesh and Singapore were not fully implemented, and the participants had emphasized that the OIC member countries should insist on this point during the Geneva Ministerial Conference. He also highlighted the need for undertaking studies to support the position of OIC member countries. Other points highlighted by Mr. Abouyoub were the complexity of the dispute settlement mechanism and the expertise required and high cost involved in using this mechanism by the developing countries. Following the briefing by Mr. Abouyoub several speakers commented on the new developments on different WTO-related issues and discussed ways and means to consolidate the stance of OIC member countries. The main points of this discussion and suggestions made by the participants were the following:

1. The promises and the expectations for which the WTO was created have not been realized in achieving a balanced flow of benefits to all the developed and developing countries. The benefits are tilting towards one side and the developing countries, including Muslim countries, keep facing problems in the garb of child labour, social accounting standards and other measures like anti-dumping duties, etc.
2. The Agreements which were in favour of developing countries, such as Agreements on Textile and Clothing are to be implemented in 10 years, but when it comes to electronic-commerce and other things, developed countries expect the developing countries to open up over-night.
3. The draft Ministerial Declaration in its original form was a one-sided document reflecting the interests of developed countries. However, the developing countries, particularly some of the IDB member countries like Egypt, Pakistan, Morocco and Tunisia were able to reflect some of their interests in the Declaration. The IDB member countries insisted that the developed countries should not introduce new issues at a time when even the decisions of Marrakesh Conference had not been fully implemented. Even though the revised draft Ministerial Declaration was not an ideal one, it would have been worse if the IDB member countries had not participated in the negotiations.
4. The purpose of the Third Ministerial Conference in 1999 seems to be to ensure a new round of negotiations on the built-in agenda that will start in 1999 with the Agriculture and Services in the year 2000. It was suggested that the OIC member countries should continue to resist launching of a new round till such time that what was agreed upon earlier has been fully and honestly implemented.

5. The next Ministerial Conference would be a meeting for taking stock of what has happened especially with regard to the developing countries and the least developed countries in Africa and Asia. It requires a close monitoring and follow-up and participation in the WTO meetings where the various issues are tackled. Some member countries cannot participate in those meetings because of technical and/or financial reasons. For this reason the task of IDB becomes more important especially given the fact that there are many least developed countries which are considering accession to the WTO and they need support and guidance.
6. A unique feature of the Declaration is that it lays down a work programme for preparation for the next meeting in which there is a balance between issues which relate to the implementation issues already existing in the built-in agenda and the issues which were inherited from Singapore. Another feature is that members have a right to bring in new issues if they so wish. This opportunity should be grabbed, and IDB member countries should not merely be at the receiving end even in case of new issues. IDB can prepare a significant role in terms of preparing research papers and preparing the delegations of member countries in the capitals to at least understand the issues and ventilate their views at the forum.
7. The OIC member countries should seriously think and consider how to come up with a common strategy. They should identify what has been achieved, what has not been achieved, and what is the purpose for which the developed countries want to jump to the next agenda.
8. So far the WTO has been very passive. The OIC member countries should propose to it as a joint forum of Islamic countries to evaluate whether it has achieved the objectives for which it was established. It should also be made incumbent upon the WTO Secretariat to pay attention to important issues like halting of the official development assistance to some IDB member countries, reduction of foreign investment, burden of indebtedness and the conditionalities imposed upon them.

It was suggested that IDB should consider: (i) developing a key department within its organizational structure having the best expertise on WTO issues, the services of which should be available to OIC member countries as and when they require; (ii) providing technical assistance to the member countries when they need it; (iii) having a comprehensive programme of collection of data from all its member countries on their imports and exports, and see how IDB could promote mutuality, and complement trade amongst its member countries; and (iv) formulation of an OIC trade grouping, like other regional trade groupings.

The participants expressed their high appreciation for the efforts of the IDB for arranging the Consultative Meetings and suggested that such meetings should also be held in the future.

(ii) Consultative Meeting of 20 May 1998

The second consultative meeting of OIC member countries was held on 20 May 1998 in the Palais des Nations, Geneva, after the closing session of the Ministerial Conference. The meeting was chaired by Dr. Syed Jaafar Aznan, Vice President (Trade and Policy) of IDB. The

purpose of the meeting was to get preliminary reactions of the participants on the discussions, statements and issues raised during the Ministerial Conference and their suggestions to prepare for the next WTO Ministerial Conference.

The meeting discussed at length the major issues and the steps needed to be taken for the preparation of the next Ministerial Conference. The observations and suggestions made by the participants included the following:

1. A brainstorming meeting should be organized in the near future to determine in a final way the priorities that need to be addressed, the modalities to address those priorities, and identification of topics on which studies need to be undertaken. The IDB should identify specific areas and activities in relation to matters like trade, agriculture, services, etc.
2. A comprehensive survey of the benefits and the pros & cons of the Uruguay Round Agreements should be undertaken to take stock of what has been gained over the last 3 years. The WTO Secretariat should be asked to prepare a paper on all the implementation problems that have been raised by the developed countries, agreement by agreement, in their statements. This paper should then be studied to see how to address those problems.
3. A Ministerial meeting of OIC member countries be organized in end-1998 or in early 1999 to assess the outcome of the studies undertaken, to have discussions and consultations on the various issues/positions, to look at the matter comprehensively and prepare for the next WTO negotiations.
4. The OIC member countries should have their own agenda identifying their own interests. They should also prepare their response to the agenda of the USA, e.g. in the areas of environment, labour standards, consumer interests, NGOs, transparency, etc.
5. In many member countries there is an urgent need to back the national efforts and strengthen their capacity to enable the government, government agencies and the private sector to supply with fresh and updated data related to the WTO activities. This can be done with the assistance of WTO, ITC, UNCTAD etc. This data could be available on-line, using the network facilities.
6. IDB should consider having a comprehensive programme of collection of data from all its member countries on their imports and exports, and see how it could be used to promote trade among its member countries. The IDB and the Casablanca Center should also cooperate in this regard and through their databases/studies highlight the potentials of strengthening trade among the Muslim countries.
7. There should be a focal point in Geneva to monitor the meetings of the WTO, coordinate among different OIC delegations, collect studies/documents which should be sent to the member countries.

In addition to the above, observations/suggestions were also made concerning accession to WTO, and on preparation of the WTO-related work programme. On the subject of accession

to the WTO it was observed that it was one of the major problems facing the developing and the least developed countries and that they were facing many difficulties including the preparation of instruments of accession. It was suggested that the accession issues therefore be included in the future activities of the OIC. Concerning the work programme it was suggested that it should consist of some of the activities which may be proposed by the experts meeting which should be convened as soon as possible, and that it should include: (i) undertaking some studies on important issues for member countries, like sectoral implications of multilateral trade negotiations; (ii) organizing seminars for the benefit of the private sector to sensitize the businessmen about the commercial and economic implications; and (iii) organizing workshops for the purpose of training of trainers in member countries.

The meeting was also informed that the ICDT had compiled the rules and regulations related to trade. The ICDT offered to enrich this collection of information in collaboration with other member countries and make them available to all concerned member countries. The participants again expressed their high appreciation for the meetings organized by IDB and urged the Bank to continue holding such consultative and coordination meetings on a periodic basis.

Preparations for Future Multilateral Trade Negotiations and the Third WTO Ministerial Conference

The Consultative Meeting of OIC Member Countries for the Preparation of the Third WTO Ministerial Conference was held at IDB Headquarters on 7-8 Rajah I420H (16-17 October 1999). The meeting was attended by 47 participants from 35 member countries and four participants from sister institutions, namely, OIC, SESRTC1C, ICDT, and ICCI. Besides, nine experts from UNCTAD, WTO, ESCWA, and from some of the IDB member governments participated in the meeting. The working sessions of the meeting were chaired by H.E. Ambassador Mounir Zahran, Adviser to the Minister of Foreign Affairs, Egypt.

The discussions in the meeting covered a wide spectrum of issues ranging from implementation of the existing WTO Agreements, Built-in Agenda, Mandated Negotiations, Singapore Issues to possible New Issues likely to be taken up at the Seattle Conference. The meeting also discussed the three studies on agriculture, investment, and services, prepared under the joint supervision of the Bank and the UNCTAD. As a culmination of the in-depth discussions in the meeting on a variety of trade-related subjects, a set of main findings was unanimously adopted. In nutshell, the findings embodied the following points:

The implementation of WTO Agreements and particularly the ones wherein the IDB member countries enjoy comparative advantage leaves much to be desired. Hence, the meeting called for full and faithful implementation of those agreements.

The meeting stressed that the interest of developing countries including IDB member countries should be fully taken into account in the on-going activities under the Built-in Agenda.

The meeting underscored the need to redress some of the structural weaknesses of agreements like agriculture and services in the Mandated Negotiations which are to start after the Seattle Ministerial Conference.

The meeting concluded that the on-going work on Singapore Issues like trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation should be continued as these areas are still not mature for any formal negotiations.

The meeting stressed that labour and environmental standards should not be used as instruments of protectionism .

The meeting, while recognizing the importance of electronic commerce, underscored the need for further work on the subject.

The meeting addressed the issue of the marginalization of LDCs and called for enhancing technical assistance to the least developed member countries of the IDB.

The meeting also called for accelerating the accession process of the IDB member countries and stressed that these countries should be offered terms that neither exceed nor are unrelated to the commitments of developing and LDC members of the WTO. The meeting noted that other than economic criteria political considerations also affect the accession process.

The meeting emphasized the need to evolve a positive agenda on the part of developing countries including the IDB members as a negotiating strategy for the Seattle Conference and post-Seattle multilateral trade negotiations.

In brief, the debate in the course of the meeting led to the conclusion that the IDB should maintain its present momentum of technical assistance to its member countries in order to enable them to effectively participate in the post-Seattle multilateral trade negotiations. In this context, the need for continued updating of the three studies and possibly undertaking of new studies in other relevant areas was underscored.

Consultative Meeting of 29 November in Seattle in conjunction with the Third WTO Ministerial Conference.

The IDB organized a Consultative Meeting of OIC member countries in Seattle, USA, in conjunction with the Third WTO Ministerial Conference. The meeting was held at Crowne Plaza Hotel on 21 Sha'ban 1420H (29 November 1999). A total of 80 participants from 38 member countries of the OIC, including representatives from two institutions, namely, ICDT and GCC Secretariat attended the meeting. The meeting was intended to provide a forum to OIC member countries to exchange views on issues relating to the Third WTO Ministerial Conference and form common positions to the extent possible.

II. OTHER TECHNICAL ASSISTANCE ACTIVITIES

Since the signing of the Uruguay Round Agreements and the establishment of the World Trade Organization, the IDB has been doing its best to provide technical assistance to member countries with a view to familiarizing them with the contents and provisions of the Uruguay Round Agreements and the activities of the WTO so that they could be in a better position to defend their interests. In this regard, the IDB has so far financed/cofinanced the following :

1. Workshop on the Impact of the GATT Agreement and ISO Requirements on the export capabilities of IDB Member Countries. Jakarta, Indonesia, Muharram 1416H (June 1995).
2. Seminar on the Impact of the GATT Agreement on Trade in Services on OIC Member Countries (organized by the Islamic Centre for Development of Trade in cooperation with IDB). Casablanca, Morocco, Jumad Thani 1416H (November 1995).
3. Workshop on the Impact of the Technical Regulations introduced by the World Trade Organization and the European Union on OIC Member Countries in the Mediterranean. Ankara, Turkey, October 1996.
4. Regional Seminar on the International Trade Agreement related to the Technical Barriers to Trade among Arab Maghreb Countries (organized by the Tunisian Ministry of Trade in cooperation with the IDB). Tunis, Tunisia, Jumad Thani 1416H (November 1996).
5. Seminar on WTO for the Muslim Countries in Central Asia and some Middle East Countries. Ashgabat, Republic of Turkmenistan, December 1996.
6. Seminar on WTO for IDB member countries in West and Central Africa. Dakar, Republic of Senegal, January 1997.
7. Seminar on Policies and Methods of Promoting IDB Member Countries' Exports of Textile and Ready-made Garments to European Market. Amman, Jordan, August 1997.
8. Seminar on the Islamic Countries' Future Trade in Food Production with European Market in the Light of the Current Developments in the World Trade. Tunis, Tunisia, December 1997.
9. Seminar on Export Promotion & Complementarity in Textile among IDB Member Countries in the light of the Current Developments in the World Trade. Beirut, Lebanon, July 1998.
10. Seminar on Policies and Methods of Promotion of Non-Traditional Exports of IDB Member Countries. Damascus, Syria, August 1998.
11. Seminar on Technical Barriers to Trade and their Implication for the Exports of IDB Member Countries in the Mediterranean Region. Cairo, Egypt, September 1998.
12. Workshop on Impact of WTO Agreements on Trade in Services in IDB Member Countries. Amman, Jordan, 24-26 January 1999.
13. Regional symposium on Trade and Environment (organized in collaboration with United Nations Environment Programme, Regional Office for West Asia. Cairo, 6-8 September 1999.
14. Regional Workshop on Dispute Settlement Procedures and Practices. (Organized in collaboration with United Nations Economic and Social Commission for Western Asia (UN-ESCWA). Beirut, Lebanon, 13-16 September 1999.

15. International Workshop on WTO and Liberalization of World Trade in Services. Kuala Lumpur, Malaysia, 28-29 September 1999. (Organized by the Federation of Consultants for Islamic Countries (FCIC))
16. Regional study and a workshop on the impact of trade liberalization on the environment in the Arab region. (Project submitted by the Centre for Environment and Development in the Arab Region (CEDARE). The project is currently under process).

In addition, as stated earlier, a seminar on Accession to the World Trade Organization and Implementation of the Uruguay Round Agreements was held at the IDB Headquarters in Jeddah from 7-10 June 1997. This seminar was attended by 90 officials from 39 member countries and various international and regional organizations. The seminar addressed vital issues of concern to member countries that are in the process of negotiating accession to the WTO as well as issues of relevance to member countries that are already members of the WTO. It also examined the built-in issues on the future agenda of the WTO and new ones that are likely to emerge with a view to providing member countries with information and training that would enable them to participate effectively in and better defend their interests in the negotiations on these issues.

During 1997, the IDB also prepared a technical assistance programme for the member countries to assist them in their WTO-related activities. This programme was prepared in collaboration with the United Nations Development Programme, the World Trade Organization, the United Nations Conference on Trade and Development, and the International Trade Centre. Under this Programme, the IDB would provide technical assistance to its member countries for the following four objectives:

1. Increase awareness of the provisions of the Uruguay Round Agreements and the activities of the WTO and their likely implications and impact on economic growth and development in member countries;
2. Assist member countries that so desire to enhance their negotiating abilities so as to gain accession to the WTO on the most favorable terms;
3. Assist member countries to carry-out their obligations related to the WTO in a manner that will ensure that they derive maximum benefits from their membership in this organization; and
4. Assist member countries in preparing for future negotiations in the WTO and in identifying, assessing and promoting their interests in these negotiations in a coordinated manner.

These objectives are to be achieved by: (i) providing appropriate training for officials from both the public and the private sector in member countries that deal with these issues; (ii) organizing seminars and workshops to help member countries to develop their capacities in WTO and trade-related matters; (iii) providing, on request, advisory support to member countries on specific issues and areas; and (iv) organizing brain storming expert meetings to examine issues of

interest to OIC member countries which are likely to arise from the built-in agenda for future negotiations in the WTO.

Several projects under this Programme were processed during 1998 and 1999. Briefly, the status of these projects is the following:

Trade Policy Courses

During 1419H, the IDB organized three Trade Policy Courses in collaboration with the World Trade Organization (WTO). These were short versions of the regular trade policy courses that are organized by the WTO in Geneva for a period of three months.

The first course was in Arabic language for the Arabic speaking member countries of the Bank. It was held at IDB Headquarters in Jeddah from 23 Jumad Awwal to 14 Jumad Thani 1419H (14 September - 4 October 1998). Twenty-two participants mainly from ministries of trade and commerce from 12 member countries took part in this training course. The course covered a wide range of topics including the following: market access, customs and trade administration, agriculture, textile and clothing, sanitary and phyto-sanitary measures, technical barriers to trade, government procurement, general agreements on trade in services, intellectual property rights, anti-dumping, subsidies and countervailing measures, safeguards and state trading, dispute settlement, agreement on trade-related investment measures, trade and competition policy, trade and environment, regionalism, and future work.. The course was very much appreciated by the participants and it was suggested that similar course be organized by the Bank in future. Certificates were awarded to the participants on successful completion of the course.

The second trade policy training course was for the English-speaking member countries. It was held at Rawalpindi, Pakistan, from 19Dhul Hijjah 1419H to 8 Muharram 1420H(5-24 April 1999). The scope and coverage of the course was the same as in the case of the first course. A total of 31 officials attended this course. These included twenty-two officials from 11 member countries, one IDB staff member. Most of the participants were middle-level officials from the Ministries of Trade and Commerce who were dealing directly with trade matters. At the request of the government of Pakistan eight officials from the Foreign Trade Institute of Pakistan were also allowed to audit the course. Like the earlier course in Jeddah, this course was also very well received by all the participants and very much appreciated by the host government.

The third trade policy course was for the French-speaking member countries of the Bank . It was held in Ouagadougou, Burkina Faso from 14 February to 3 March 2000. A total number of 38 officials from 18 IDB French-speaking member countries participated in the course.

Seminar on Technical Barriers to Trade and Sanitary and Phytosanitary Measures:

A regional seminar on TBT and SPS was organized by the IDB in collaboration with the International Trade Centre (ITC), Geneva, for the French speaking member countries, all of which are least developed countries and 12 out of 13 of them are already members of the

WTO (Comoros is the only exception). The seminar was held in Conakry, Guinea, on 2-5 August, 1999 and was hosted by the Central Bank of the Republic of Guinea.

The objective of the seminar was to enhance the participants' understanding of the "Uruguay Round Agreement on Technical Barriers to Trade, Sanitary and Phyto-Sanitary Regulations" and its implications as these barriers and measures impede the export growth of developing countries, including IDB member countries, as well as limit the access of these countries to markets in developed countries.

The second seminar on Technical Barriers to Trade and Sanitary and Phyto-sanitary Measures was held in Dhaka, People's Republic of Bangladesh on 21-24 Dhul Hijjah 1420H (27-30 March 2000) for the English speaking IDB member countries. In the seminar, 46 persons participated from the relevant 17 member countries.

Country-specific Projects:

The Bank continues to receive specific technical assistance requests from a number of member countries. While most of these project proposals have already been approved by the Bank and are being implementation, others are currently under process. Some of these proposals are listed below:

1. Assistance to **Suriname** for drafting laws related to "professional and financial services" and "safeguards".
2. Seminar on specific agreements under WTO (agriculture, rule of origin, services, investment, environment etc. (**Chad**).
3. Workshop on the impact of Uruguay Round Agreements on the economy of **Niger**.
4. Seminars/workshops on WTO-related topics (**Saudi Arabia**).
5. "Support to Kazakhstan for Accession to WTO" (**Kazakhstan**).
6. Study visit of officials for acquiring skills and experience in WTO operations (Kyrgyz **Republic**).
7. "Support to Lebanon for Accession to WTO" (**Lebanon**)
8. Organizing of Trade Policy Course in Arabic (**Qatar**)
9. Undertaking of sectoral studies, enhancing negotiating skills, and capacity building in WTO-related areas (**Sudan**).
10. Support to UAE for establishment of WTO Unit/Department.

The IDB's planned programme for 1421H not only encompasses implementation of the ongoing projects but also includes new initiatives in the shape of seminars on Dispute Settlement and Anti-dumping Agreement and commissioning of studies on Electronic Commerce and Trade Related Aspects of Intellectual Property Rights. Additionally, the IDB is contemplating to put on internet its three already completed studies on agriculture, investment and services. This should greatly help the IDB member countries in the course of impending negotiations on agriculture and services under the aegis of the World Trade Organization (WTO).

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**RECENT DEVELOPMENTS OF
THE WORLD TRADE ORGANIZATION
BY ICDT**

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

(Istanbul, 9-11 May 2000)

RECENT DEVELOPMENTS IN THE WTO

The main event, which has particularly dominated the latest activities of the WTO, is the preparation of the Third ministerial Conference, which started in Geneva in September 1998 with a series of formal and informal meetings of the WTO's General Council at which delegates put forward a list of issues on the table for the Ministerial Meeting. In the second stage extending from March to September 1999, Members of the WTO put forward concrete proposals concerning possible recommendations to Ministers. Their work concentrated on a draft declaration to be submitted to Ministers in Seattle from November 30th to December 3rd 1999.

I/THE APPROACH OF NEGOTIATIONS AND TIME FRAME :

The European Union proposed launching a new Round of negotiations, on which it even conferred the glamorous term 'the Millennium Round, while the USA prefer the term "Seattle Round".

Few developing countries, have spoken up strongly against such a new Round with new issues thrown in. They would rather talk about how to fix the previous agreement than tackle new subjects. Many other developing countries, especially in Africa, have supported this position.

The main argument of the proponents for launching the new round was to keep momentum of trade liberalization against protectionist pressures which were becoming stronger around the world, as well as providing the possibility for trade offs that would facilitate concessions for different participants, including developing countries.

There is a growing consensus that the new round should be short, not another seven-year marathon like the Uruguay Round. Three years - which is the period most people support - would probably not be enough for another massive mould-breaking agenda like that of the Uruguay Round.

II/WTO THIRD MINISTERIAL CONFERENCE AGENDA :

The preparatory process pursued in the WTO General Council since September 1998 is aimed to define WTO's future work programme, including further trade liberalization objectives, and prepare recommendations to the WTO Third Ministerial Conference, the preparatory work has been centred on several areas':

- a) Issues and proposals relating to the implementation of the WTO Agreements;

- b) Issues and proposals relating to already mandated negotiations on agriculture and services and "built-in agenda" in other areas;
- c) Issues and proposals relating to the follow-up to the High-Level Meeting on Least-Developed Countries (1997);
- d) Issues and proposals relating to the other possible work on the basis of programme initiated at Singapore Ministerial Conference such as "new issues" and,
- e) Any other matters concerning multilateral trade relations of WTO members.

The main objective of the Ministerial Conference is to enable the WTO members to launch a new round of trade negotiations.

To some extent, the agenda of this round is nearly determined.; negotiations on agriculture and trade in services are mandated by agreements concluded within the framework of the Uruguay Round.

1. Negotiations scheduled in the built-in agenda:

2000 :

Agriculture :

Mandate: negotiations for continuing the process of substantial progressive reductions in support and protection

Services:

Mandate: new negotiations starting in 2000 with a view to achieving a progressively higher level of liberalization

Intellectual Property Rights (TRIPS) :

Mandate: review of the implementation of the Agreement after 1 January 2000

Investment Measures (TRIMS) :

Mandate: review of the operation of the Agreement and discussion on whether provisions on investment policy and competition policy should be included in the Agreement

2001 :

Textiles and Clothing :

Mandate: review of the implementation of the Agreement by 2001

2004 :

Textiles and Clothing :

Mandate: review of the implementation of the Agreement by 2004

These are the issues that concerned parties have undertaken to negotiate; yet other proposals have been made to include new issues in the agenda.

2. Implementation of the Uruguay round agreements :

Many of the proposals are not specifically intended for the negotiations, but for programmes of work on important issues. Most of these have emerged as issues of concern for many countries over the last four years when the Uruguay Round results took effect or were implemented.

Developing countries have identified a number of problems relating to the implementation of existing commitments, including some of those in the Uruguay Round agreements. (See further on the positions of developing countries).

In general DCs strongly argued that existing commitments should be fully implemented before we start negotiating new ones.

3. New issues :

The EU has already made it clear that it wants to pursue new issues' such as international investment rules, competition policy and government procurement through this Round.

These three issues were put on the agenda of the first WTO Ministerial Conference in Singapore in 1996. Most developing countries were against having any negotiations for Agreements on these issues, but the pressure from the developed countries was so strong that they compromised and agreed to taking part in working groups' to discuss the issues. The developing countries made it clear that the working groups had the mandate only to discuss the topics in a sort of academic way, in what was called an educative process'. The working groups had no mandate to start negotiations for Agreements. .

The three working groups have now gone through more than two years of discussion, during which time some of the developed countries made it clear they intend to 'upgrade' the talks into negotiations

Their plan now is to use the device of the 'Millennium Round' to make the three issues (investment, competition, government procurement) the subject of talks for new Agreements.

But this is not the end of the story. Some of the industrialised nations also want other issues like 'trade and environment' and 'labour standards' to be part of the proposed new Round.

DCs reiterated also that the Singapore Ministerial declaration confirmed that ILO is the competent body to set and deal with all issues relating to labour standards.

In electronic commerce, already an interim agreement has been reached to have a standstill on duty (meaning thereby zero duty) for 18 months from May 1998 onward. The exercise now is to examine what is to be done thereafter.

4. Towards a positive agenda for developing countries:

As of 29 September 1999, 196 proposals had been submitted in the WTO preparatory process in more than 20 subject areas, of which more than 47% were coming from developing countries (including those proposals which developing countries submitted jointly with several developed WTO members). The greatest number of proposals were in the following subject areas: Agriculture - 36 proposals (11 - from developing countries) ; Services - 11 proposals (12 - from developing countries) ; Industrial products - 14 proposals (2 - from developing countries) ; TRIPs - 15 proposals (8 - from developing countries) ; and "New issues" - 29 proposals (9 - from developing countries).

We can observe that, in the preparatory process leading up to the Conference, developing countries had not been concentrating entirely on opposing the inclusion of certain issues in the WTO work programme, but they are formulating a positive agenda including proposals and counterproposals for action on issues of interest to them.

Several developing countries have submitted specific wish lists to the WTO General Council. These include:

- The creation of a working group to look at implementation issues;
- Converting all Special and Differential provisions into concrete commitments;
- Tighter restrictions on the use of anti-dumping measures;
- Allowing developing countries more flexibility in applying food, animal and plant health and safety (SPS) measures to their products;
- Enabling developing countries to participate more in bodies which set food safety and technical standards;
- Speeding up the integration of textiles and clothing products into GATT rules;
- Allowing developing countries more time and greater flexibility to implement the agreements on investment measures (TRIMs) and intellectual property (TRIPs);
- Allowing developing countries greater flexibility to subsidize agriculture;
- Tighter restrictions in the use of subsidies by developed countries in agriculture;

111/ HOLDING OF THE THIRD MINISTERIAL CONFERENCE :

His Excellency the Secretary General of the Organisation of the Islamic Conference, Dr. Azzedine Laraki has appointed the Islamic Centre for Development of Trade to attend the proceedings of the 3rd Ministerial Meeting of the WTO held in Seattle from November 30th to December 3rd 1999.

The proceedings of the third ministerial meeting of the WTO, which were initially scheduled to begin on November 30th, started on December 1st 1999 only due to demonstrations against the WTO. But just the day before Mr. Mike Moore had managed to open the conference in presence of a limited number of delegates; likewise informal bilateral meetings took place between the

European Union and Developing Countries, namely India, South Africa, Mexico, Brazil and Egypt as well as with the United States.

Deliberations were held in plenary sessions and in commissions: during the plenary sessions, the heads of delegations took the floor to express the point of views of their countries. In this regard, the following OIC Member States made speeches in plenary sessions: Pakistan, Bangladesh, Turkey, Malaysia, Morocco, Nigeria, Senegal, Bahrain, Tunisia, Qatar, Maldives, Togo, the United Arab Emirates, Uganda, Mauritania, Algeria, Cameroon, Indonesia, Brunei, Gabon, Saudi Arabia, Egypt, Sierra Leone, Kuwait, Surinam, Burkina Faso, Gambia, Guinea Bissau, Guyana, Djibouti, Sudan, Albania and Kazakhstan.

It should be noted that Bangladesh and Morocco were respectively the speakers of the Least Developed countries and of the Group of 77 and China.

Besides, the delegation of the State of Qatar has proposed to host the 4th Ministerial Conference of the WTO.

In Seattle, negotiations took place within the framework of a "plenary committee" chaired by Mrs the Ambassador Barshefsky (United States) and co-chaired by Mr Anup Kumar, Minister of Commerce and Investment of Fiji. Working groups tackled specific topics.

Five working groups were formed in addition to the plenary committee;

- Working group on agriculture: Chaired by Mr. George YEO, Minister of Commerce and Industry of Singapore;
- Working group on market access and services: chaired by Mr. Mpho MALIE, Minister of Commerce, Industry and Marketing of Lesotho;
- Working group on Singapore issues (Transparency of government procurements, investments and trade, competition policy, trade facilitation) chaired by Mr. Alexander LOCKWOOD SMITH, Minister of International Trade of New Zealand;
- Working group on systemic issues: (on the transparency and the participation of NGOs etc) chaired by Mr. Juan Gabriel VALDES, Foreign Minister of Chile;
- Working group on the implementation of the Uruguay Agreements: chaired by Mr. Pierre S. PETTIGREW Minister of International Trade of Canada.

Each working group was in principle open to all delegations and submitted each morning a report to the plenary committee.

What were the stakes of this conference?

The main objective of delegations was to reach a final declaration establishing the WTO's mandate for next years; the guidelines of the draft declaration dated October 19th 1999 that were compiled by the current chairman of the general council Mr. Ali Said Mchumo (from Tanzania) are the following:

- Objectives and priorities;
- Implementation of the existing agreements and decisions;

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New Round of Negotiations (Approach of negotiations and subjects);
Other elements of the working programme;

- Immediate decisions to be made in Seattle (deliverables) (Actions in favour of LDCs, technical co-operation, etc.).

The main position of Member States just before the Seattle meeting were the following:

- Agriculture:

The USA, the CAIRNS group (Australia, New Zealand, some Latin American food exporters) requested the European Union to remove obstacles to trade in agricultural products stemming from common agricultural policy (subsidies and domestic support to farmers); net food importing countries call for the implementation of the 1994 Marrakech decision, which has provided for the setting up of a compensation mechanism to make up for the increase in imports invoices further to the gradual abolition of subsidies that were accorded to these products.

New concepts circulated in Seattle such as the concept of multifunctionality of Agriculture (which means that agriculture has several functions) or the notion of the harmlessness of food products or even the preservation of animal health.

- > Market access for industrial products: Developing countries claim the abolition of peak tariffs and tariff escalation, LDC claim duty free access.
- > As concerns the new issues (of Singapore), DCS reject in principle the transformation of the working group created in Singapore into negotiation groups and call for the continuation of the so-called educative process; on the other hand industrialised countries ask for the inclusion of these new issues in the agenda of the forthcoming negotiations round.
- > Systemic issues are subject of several debates focusing in particular on transparency in the proceedings of the WTO, the possibility of associating the NGOs to the proceedings of the WTO; Developing countries lay particular stress on the decision-making process within the WTO. An agreement establishing a technical assistance centre for DCs, financed by industrialised countries was signed.
- > Immediate decisions in Seattle (deliverables): the United States wishes to obtain immediate decisions from Seattle meeting, especially as concerns LDCs, electronic commerce and transparency in government procurements.

The United States wants to introduce new issues in Seattle Declaration, namely: trade and environment and new social standards.

There is practically no opposition concerning the new negotiations round. It might be called: the millennium round (proposal of the European Union) or the Seattle round (USA).

IV. Outcomes of Seattle Ministerial Conference :

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The outcome of Seattle Conference was a failure; agriculture was indeed the main subject of disagreement between Americans and Europeans, which blamed each other for this failure.

The Americans supported by the Cairns group, have to the end called for the inclusion of a passage providing for the elimination of agricultural export subsidies in the future. But such a request was strongly opposed by Europeans who claimed the recognizance of agricultural specificity (multifunctionality of agriculture).

Developing countries, which had the feeling of being excluded from negotiations, have prompted their breaking off by strongly opposing the inclusion of new issues, such as environment or social standards. Therefore, no progress was achieved concerning the principle of a "broad agenda" proposed by Americans and Europeans who wanted to set up a working group on trade and social standards.

In view of important divergences, the representative of the United States in charge of international trade issues Mrs. Charlene Barshefsky and the Director General of the World Trade Organisation (WTO), Mr. Mike Moore have officially abandoned on December 3rd, the idea of concluding an agreement on the launching of a new trade negotiations round.

The Director General was entrusted with pursuing consultations in Geneva with a view to drawing closer point of views on the reference text, the date and venue of the next ministerial meeting. Negotiations on agriculture and services, which are already scheduled in the Marrakech agreement (Built-in agenda), will be resumed starting from January 2000.

According to some observers, negotiations on trade liberalisation are not expected to take place before the next American elections.

V/CONSULTATIONS BETWEEN THE OIC MEMBER STATES :

On November 29th, 1999, the Islamic Development bank organised in Crown Plaza hotel, a consultative meeting between the OIC Member States.

This meeting was attended by: about 30 Member States, ICDT, the GCC General Secretariat, and the ECO.

The agenda of this meeting mainly concerned the presentation of the outcomes of the group of experts, which met in Jeddah on October 16th and 17th, 1999.

His Excellency Ambassador Mounir Zahran (From Egypt) as chairman of the group of experts informed participants of the main outcomes of the group of experts' meeting held in Jeddah and of the progress of negotiations.

Participants also focused their debates on the ways and means likely to achieve more co-ordination between the positions of the OIC delegations, more especially in Geneva. In this respect, the OIC Bureau of Geneva has been proposed to act as a catalyst in this field.

Annexes

The following 9 OIC Member States have requested to join the WTO. Their applications are currently being considered by WTO accession working parties. Each of the governments listed below has WTO observer status.

Albania
Algeria
Azerbaijan
Kazakhstan
Lebanon
Saudi Arabia
Sultanate of Oman
Sudan
Uzbekistan.

Membership of the World Trade Organization 35 out of 136 of the WTO Members are OIC Member States as of 11 April 2000

Member	Date of membership
Bahrain	1 January 1995
Bangladesh	1 January 1995
Benin	22 February- 1996
Burkina Faso	3 June 1995
Cameroon	13 December 1995
Chad	19 October 1996
Djibouti	31 May 1995
Egypt	30 June 1995
Gabon	1 January 1995
Gambia	23 October 1996
Guinea Bissau	31 May 1995
Guinea	25 October 1995
Guyana	1 January 1995
Indonesia	1 January 1995
Kuwait	1 January 1995
Kyrgyz Republic	20 December 1998
Malaysia	1 January 1995
Maldives	31 May 1995
Mali	31 May 1995
Mauritania	31 May 1995
Morocco	1 January 1995
Mozambique	26 August 1995
Niger	13 December 1996
Nigeria	1 January 1995
Pakistan	1 January 1995
Qatar	13 January 1996
Senegal	1 January 1995
Suriname	1 January 1995
Togo	31 May 1995
Tunisia	29 March 1995
Turkey	26 March 1995
Uganda	1 January 1995
United Arab Emirates	10 April 1996
Jordan	11 April 2000

POSITIONS of the WTO Member States

Country groups	United States	CAIRNS group	European Union	Japan	Developing countries
Negotiations issues					
Agriculture	Direct aids to farmers distort competition, domestic support and export subsidies should be eliminated.	Removal of agricultural support and unrestricted access to all markets.	Multifunctionality of agriculture, support to farmers The European Union considers that it has made a maximum of concessions by introducing changes to the PAC in the 2000 Agenda adopted in Berlin in March 1999.	Supports the multi functionality of agriculture	Developing countries claim a reduction in tariff peaks that are still affecting agricultural products and ask for the use of domestic support; net food importing countries call for the implementation of 1994 Marrakech decision.
Services	Supports a wider market opening, especially in the following sectors: finance, telecommunications, and construction. Trade via Internet must remain duty free.		Supports a wider market opening, especially in telecommunications.		Negotiations on services should be led within the existing structure, liberalization of sectors of some interest for developing countries, particularly the movement of natural persons
Access to industrial products markets	Favorable to new negotiations.		Favorable to new negotiations and to a duty free access to all LDCs" exports.	Favorable to new negotiations. Against abusive anti-dumping practices.	The implementation of the Uruguay Round should first, be ensured before undertaking new negotiations.
Implementation of the Uruguay Round					DCs ask for more time to implement some agreements (TRIPS, TRIMS, customs evaluation.); and call for the review of some provisions of some agreements (especially, the Agreement on textiles, anti-dumping rules and subsidies)
Intellectual property rights					Intellectual property rights should be extended to protect developing countries' traditional culture, fauna and flora.
Singapore issues (investment, transparency of government procurements, competition policy, trade facilitation		Supports the opening of negotiations on these issues.			DCs reject the transformation of the working groups created in Singapore into negotiations groups and ask for the continuation of the so-called educative process

Culture			Supports cultural exception: cultural goods and services should not be subject to international trade rules in view of their specificity.	
Environment	For the access of biotechnological agricultural products		For the prohibition of biotechnological agricultural products in the event their healthiness is dubious.	Environmental issues may be used as protectionist barriers
Social standards	For the setting up of a working group on this issue		For the creation of a joint forum between the ILO and the WTO	Reject all links between social standards and trade
Millennium round	The USA is in favour of a new round but on sectorial basis		The Up. is for the launching of a millennium round with a broad agenda based on the principle of single undertaking	Yes, but the implementation of the Uruguay Round should first be ensured before undertaking new negotiations

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**DRAFT AGENDA OF
THE SIXTEENTH SESSION
OF THE COMCEC**

**as recommended
by the Sixteenth Meeting of the
Follow-up Committee of the COMCEC**

(Istanbul, 9-11 May 2000)

DRAFT AGENDA
OF THE SIXTEENTH SESSION OF THE COMCEC
(Istanbul, 23-26 October 2000)

1. Opening Session.
2. Adoption of the Agenda.
3. Reports by the OIC General Secretariat.
 - World Economic Developments 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. Report by IDB on the Expansion of Intra-OIC Trade in the 21st Century.
5. Matters related to World Trade Organization Activities
6. Report by ICCI on the Seventh Private Sector Meeting Among OIC Member Countries.
7. Exchange of Views on the "Strengthening of Small and Medium-Sized Enterprises Facing Globalization and Liberalization".
8. Matters Related to Economic Assistance to Some Islamic Countries.
9. Date of the Seventeenth Session of the COMCEC.
10. Any Other Business.
11. Adoption of the Resolutions of the Sixteenth Session of the COMCEC.
12. Closing Session.

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**CLOSING STATEMENT BY
H.E. OUMAR DIAWARA,
CHAIRMAN OF THE CLOSING SESSION OF
SIXTEENTH MEETING OF THE FOLLOW-UP COMMITTEE**

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

(Istanbul, 11 May 2000)

Original : French

**CLOSING STATEMENT BY H.E. OUMAR DIAWARA,
CHAIRMAN OF THE CLOSING SESSION
OF THE SIXTEENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC**

(Istanbul, 11 May 2000)

Honourable Delegates,
Distinguished Assistant General Secretary
Esteemed Guests,

I would like to start my address by expressing my satisfaction at the successful conclusion of another meeting of the Follow-up Committee, a leading forum of the COMCEC.

COMCEC, with a past of more than 15 years, has established, during this period, an important platform of cooperation and collaboration for the Member States and by implementing some significant cooperation projects in a short time, has distinguished itself as an outstanding forum of OIC. I believe that the Follow-up Committee, of which we are members, has made a substantial contribution to the success of the COMCEC.

Honourable Delegates,
Esteemed Guests,

We have once again deliberated during this Meeting on the important issues, addressing the development of economic and commercial cooperation among our sister countries.

Issues relevant to the implementation of the Plan of Action have also been reviewed during our debates and significant recommendation have been adopted to accelerate its implementation. I deem it to be is a judicious decision to assign a

more weighty role to the private sector and to the Islamic Development Bank in this respect.

It is also very satisfactory to be informed that the Islamic Development Bank has allocated one billion U.S. Dollars out of its equity capital to expand the trade volume among our countries from the present level of 10 percent to 13 percent in three years and is working towards mobilizing other necessary resources.

Developments in the framework of the World Trade and the criticism voiced in various circles directed to the new international trade system have also been evaluated during our Meeting. I believe that the COMCEC, with its 56 members, can play an important role in adopting a conciliatory approach safeguarding the interest of the less developed and developing countries, as well, vis-à-vis new developments. I believe that the consultations among the Member States, organized by the Islamic Development Bank prior to and during the Ministerial Meetings of the World Trade Organization, provide an excellent opportunity in this respect.

We have reviewed during our Meeting the preparations for the exchange of views on "Strengthening the Small and Medium Size Enterprises in the Light of Globalization and Liberalization", to be made during the 16th Session of the COMCEC.

I believe that the SMSEs in spite of the serious difficulties they encounter in the face of increased competition, bearing in mind insufficient capital accumulation and economies of scale, still possess an important advantage due to their flexible structure and dynamic decision making mechanisms.

Honourable Delegates,
Esteemed Guests,

In conclusion, I would like to express my most sincere thanks and appreciation to all delegations, the General Secretariat of the Organization of the Islamic Conference and the Subsidiary and Affiliated Institutions of the Islamic Conference for their valuable contributions to the success of the Meeting.

I would also like to thank the auxiliary personnel and the interpreters for their devoted endeavours for the success of the Meeting.

Hoping to see you at the 16th Session of the COMCEC, I wish a safe journey to all.

I declare closed the sixteenth meeting of the Follow-up Committee of the COMCEC.