

OIC/COMCEC-FC/20-04/REP

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

Istanbul, 11-13 May 2004

COMCEC Coordination Office
Ankara, May 2004

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

(Istanbul, 11-13 May 2004)

Original: English

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1. The Twentieth Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul on 11 - 13 May 2004.

2. Representatives of the following Member States of the Committee attended the Meeting:

- | | |
|---------------------------------|--|
| 1 - Republic of Turkey | : Chairman (Permanent) |
| 2- Kingdom of Saudi Arabia | : Vice Chairman (Permanent) |
| 3- State of Palestine | : Vice Chairman (Permanent) |
| 4- Malaysia | : Vice Chairman (the Current Chairman of the Summit) |
| 5- State of Kuwait | : Vice Chairman (Representing the Arab Region) |
| 6. Federal Republic of Nigeria | : Vice Chairman (Representing the African Region) |
| 7. Islamic Republic of Pakistan | : Rapporteur |
| 8. Syrian Arab Republic | : Member of the Previous Bureau |

3. The Islamic Republic of Iran (Vice Chairman representing the Asian Group) and Burkina Faso (Member of the Previous Bureau) could not attend the Meeting.

4. Representatives of the General Secretariat and the following OIC subsidiary organs, 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 Development Bank (IDB)
Islamic Chamber of Commerce and Industry (ICCI)
Organization of the Islamic Shipowners' Association (OISA)

5. Representatives of the following institutions also attended the Meeting:

World Trade Organization (WTO)
Economic Cooperation Organization (ECO)
Center for Regional Cooperation in Ankara (UNIDO)
Federation of Consultants from Islamic Countries (FCIC)

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

Opening Session

6. H.E. Assoc. Prof. Dr. Abdüllatif ŞENER, Minister of State and Deputy Prime Minister of the Republic of Turkey, inaugurated the Meeting.

7. H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and the Chairman of COMCEC, sent a message to the meeting, which was read by Mr. Vehbi Esgel ETENSEL, Advisor to the President on Foreign Affairs. In his message H.E. President SEZER underlined the importance of COMCEC as a platform for the cooperation among the OIC Member States. In this context, he stressed the importance of developing the existing cooperation mechanisms by developing its institutional capacities as well as inculcating new visions for the COMCEC commensurate with the new global changes.

8. H.E. President SEZER indicated that the regional trade arrangements among the Member States should have priority along with the global trade arrangements. In this regard, he referred to the successful launching of the OIC trade negotiations under the Framework Agreement on Trade Preferential System Among the OIC Member States. H.E. President SEZER called on the Member States of the COMCEC, that had not yet signed or ratified the Framework Agreement, to do so as soon as possible.

9. Referring to the recent developments in Cyprus, H.E. President SEZER expressed his hope that the Islamic World would help the Turkish Republic of Northern Cyprus in its endeavors to integrate with the rest of world by removing all restrictions and embargoes on the Turkish Republic of Northern Cyprus.

10. Referring to the developments in the Middle East region H.E. President SEZER, stated that a vision for Iraq should be based on creating a country, where all its people could participate in reconstructing the country and its political institutions.

11. Concerning the Palestinian-Israeli conflict, H.E. President SEZER stated that the establishment of a fair, permanent and comprehensive peace would also contribute to the enhancement of stability and cooperation in the region.

12. H.E. President SEZER concluded his message by expressing his hope that the work of the Committee would yield beneficial results in the search for peace and prosperity.

(A copy of the text of the message of H.E. President Ahmet Necdet SEZER is attached as Annex II.)

13. Following the message of H.E President SEZER, H.E. Assoc. Prof. Dr. Abdullatif ŞENER, Minister of State and Deputy Prime Minister of the Republic of Turkey, addressed the Meeting.

14. Welcoming the delegates, H.E. Dr. ŞENER, expressed his appreciation of the COMCEC as a valuable platform for the economic and commercial cooperation among the OIC Member States. Upon giving a concise summary of the recent world economic trends, he stressed that it is necessary for the developing countries to achieve an adequate level of infrastructure, skilled labor force, and macroeconomic stability for attracting sufficient foreign direct investment, which is imperative for economic development. He expressed the view that the Member States of the OIC should pursue such a policy so as to protect them from the adverse effects of the short term capital flows. In this regard, he called on COMCEC to accelerate its endeavors to remove the barriers against the trade and foreign direct investment among its Members States. He especially underlined the importance of the private sector investments.

15. In this context, Deputy Prime Minister ŞENER referred to the trade negotiations held under the Framework Agreement on Trade Preferential System Among the OIC Countries as a historical opportunity to this end. Expressing his pleasure at the successful progress in the trade negotiations, H.E. Dr. ŞENER assured that Turkey would maintain its active support for the remaining three meetings of the first round of the trade negotiations to be held in Turkey. H.E. Dr. ŞENER also called on the Member States of OIC, that had not yet done so, to sign and ratify the Framework Agreement in order to actively participate in the negotiations.

16. H.E. Dr. ŞENER concluded by indicating sustainable macroeconomic development as the way to securing regional peace and stability.

(The text of the Statement of H.E. Assoc. Prof. Dr. Abdullatif ŞENER is attached as Annex III.)

17. H.E. Dr. Abdelouahed BELKEZIZ addressed a message to the Meeting, which was read by H.E. Ambassador Thierno Nabika DIALLO, Assistant Secretary General for Economic Affairs of OIC. In his statement, H.E. Dr. BELKEZIZ exalted H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of COMCEC, for his wisdom and leadership in guiding the work of the COMCEC and thanked the Government of Turkey for organizing the Meeting. He also expressed felicitations to all the participants of the Meeting.

18. Referring to the successful launching of the First Round of Trade Negotiations under the Framework Agreement on Trade Preferential System Among OIC Member States in Antalya on April 6th -9th 2004, he stressed on its positive implications on developing the economic and commercial co-operation among the Member States of OIC through promotion of intra-OIC trade. In this context, H.E. Dr. BELKEZIZ reiterated the numerous appeals of OIC Summits and ICFMs to the Member States that have not yet signed and ratified the Framework Agreement, to do so.

19. He also appealed to the Member States to take the same course of action concerning the other statutes and agreements related to the economic and commercial co-operation among them.

20. H.E. Dr. BELKEZIZ pointed out that the increased competition and progressive marginalization of the developing countries in international trade is an important

backdrop, against which the need to coordinate positions of the OIC Member States on matters relating to the WTO is a crucially important issue.

21. Appreciating the new supplementary mechanism concerning the implementation of the Plan of Action, H.E. Dr. BELKEZIZ expressed his hope that the supplementary mechanism would accelerate the implementation process of the Plan of Action.

22. Referring to the importance of small and medium enterprises (SMEs) in the economies of the Member States, H.E. Dr. BELKEZIZ hoped that the Task Force on SMEs would submit a final report for consideration of the Member States.

(A copy of the text of the message of H.E. Dr. Abdelouahed BELKEZIZ is attached as Annex IV.)

23. The Meeting was then addressed by the Heads of Delegation of the State of Kuwait and the Islamic Republic of Pakistan on behalf of the regional groups. They expressed their thanks and appreciation to the President of the Republic of Turkey, the Government and people of Turkey for their continued support for economic and commercial cooperation among the Member States as well as for the warm welcome and excellent arrangements made for the Meeting. They stressed on the need for further strengthening economic cooperation among OIC Member States.

(A copy of the text of the statements made by the Heads of Delegation of the State of Kuwait and the Islamic Republic of Pakistan are attached as Annex V and VI.)

Working Sessions

24. The working sessions of the Meeting were chaired by H.E. Dr. Ahmet TIKTIK, Undersecretary of the State Planning Organization of the Republic of Turkey.

25. After the adoption of the Agenda, the Meeting set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur, H.E. Ambassador Sher Afgan KHAN, Head of the Delegation of the Islamic Republic of Pakistan.

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

Background Report of the OIC General Secretariat

26. Under Agenda Item 3, H.E. Ambassador Thierno Nabika DIALLO, Assistant Secretary General for Economic Affairs of OIC, introduced the Background Report of the General Secretariat, which was subsequently summarized by H.E. Ambassador A.H.M. MONIRUZZAMAN, Director of Economic Affairs of the OIC General Secretariat. In his presentation, he highlighted the various activities undertaken by the Member States and the OIC Institutions in the implementation of the resolutions of COMCEC.

27. Representatives of the OIC institutions also made presentations on their activities and provided brief information on their respective annual work program.

28. The Committee **took note** of the Background Report of the General Secretariat and the presentation of the OIC institutions and expressed its appreciation to them.

29. The Committee **emphasized** the importance of OIC Agreements and Statutes in the area of economic and commercial cooperation. In this connection, the Committee **renewed** its call to Member States, that had not yet done so, to sign and ratify the Agreements as early as possible, particularly the Framework Agreement on the Trade Preferential System Among Member States of the OIC (TPSOIC) so as to facilitate the participation of member states in the first round of trade negotiations.

30. The Committee **renewed** its appeal to the Member States that 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 those projects proposed during the sectoral experts group meetings.

31. The Committee **requested** the Member States that had already offered to host sectoral expert group meetings to expedite the convening of said meetings. It was also of the view that the Member States offering to host the expert group meetings (EGMs) may kindly do so within a specified time period of two years, on the expiry of which it could be open to other Member States willing to host the same meeting as decided by the COMCEC. The Committee **also appealed** to the Member States to come forward with proposals for hosting EGMs in the priority areas of the Plan of Action, where no EGM has so far been held.

32. The Committee **requested** the General Secretariat to include in its subsequent Background Reports necessary recommendations, where appropriate.

(The Background Report by the General Secretariat is attached as Annex VIII.)

Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States

33. Under Agenda Item 4, H.E. Ambassador Thierno Nabika DIALLO, Assistant Secretary General for Economic Affairs of OIC, introduced the report on the review of implementation of the Plan of Action. H.E. Ambassador A.H.M. MONIRUZZAMAN, Director of Economic Affairs of the OIC General Secretariat, subsequently presented the report on Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States. The Committee **took note** of the report with appreciation.

34. The COMCEC Coordination Office also submitted the report of the Sessional Committee, which was convened on May 10th 2004. The Committee took note with appreciation of the report.

35. The Committee **took note** that the OIC General Secretariat had sent a reminder to all Member States on January 20, 2004 to **urge** them to expedite their responses on the project proposals put forward at the sectoral expert group meetings for the formation of project committees. As per the recommendation of the Sessional Committee, the Committee **requested** the General Secretariat to send another reminder to the Member States requesting them to send their response by 30th September 2004, so that a progress report could be submitted to the 20th Session of COMCEC.

(The Report by the OIC General Secretariat on the Implementation of the Plan of Action, and the Report of the Sessional Committee are attached as Annexes IX and X.)

Report by IDB and ICDT on the Expansion of Intra-OIC Trade

36. Under Agenda Item 5, the representatives of IDB and ICDT presented their respective reports to the Committee on the promotion of intra-OIC trade.

37. The Committee **appreciated** the steps taken by IDB through its operational plans to mobilize the needed resources under four schemes, Import Trade Financing (ITFO), Export Financing Scheme (EFS), Islamic Bank Portfolio (IBP), Unit

Investment Fund (UIF) and the two mechanisms (two step murabaha and syndication). The Committee **appreciated** the continuing efforts of IDB in this regard enabling it to finance an amount of US \$5.03 billion in favor of intra-OIC trade from 1420H-1424 H (1999-2003) constituting 76% of its approved trade financing operations totaling an amount of US \$6.57 billion. The Committee **expressed** its appreciation for the efforts of IDB to increase intra-OIC trade through financing trade-related projects and technical assistance. The Committee further urged Member States to subscribe to the Export Financing Scheme and to accede to the programs of ICIEC and to other schemes designed to boost intra-OIC trade. The Committee **invited** Member States to offer concrete proposals towards increasing intra-OIC trade during the next Session of COMCEC in November 2004.

38. The Committee **took note also**, in this connection, of a proposal made by the delegation of Turkey and suggested that the proposal may be submitted to the 20th Session of COMCEC.

39. The Committee also **appreciated** efforts of IDB to allocate a total amount of US\$1.58 billion through Two Step Murabaha (2SMF) and syndication mechanisms since 1420H (1999) with about US\$427 million having been approved in 1424H (2003) alone under the two mechanisms, of which US\$200 million was mobilized from other Islamic banks and financial institutions for the purpose of financing intra-OIC trade among OIC/IDB Member States. It also **appreciated** the approvals aggregating US\$2.03 billion by IDB in 1424H (2002-2003) under its four trade financing schemes and about US\$18.04 billion or 87% of the total amount of US\$20.74 billion approved by IDB under ITFO and EFS since their inception.

40. The Committee **took note** with appreciation of ICDT's 2002-2003 Annual Report on "Trade between the Member States of the OIC Member States" and noted with satisfaction that the intra-OIC trade recorded positive results for the third consecutive year with its share in total trade of Member States increasing from 12% in 2001 to 12.7% in 2002, and the value of this trade reaching approximately US\$ 59 billion.

41. The Committee **requested** Member States to provide ICDT with updated data relating to trade and investment statistics and regulations on a regular basis.

42. The Committee **requested** IDB and ICDT to continue to follow up the expansion of intra-OIC trade and report it to the COMCEC.

(The Reports by IDB and ICDDT on the Expansion of Intra-OIC Trade, as well as the proposal of the Republic of Turkey are attached as Annexes XI, XII and XIII respectively .)

Proposal on Gold-based Trade Payment Arrangements (GTPA) for the Promotion of Intra-OIC Trade

43. The Follow-up Committee **took note** of the referral of the subject of the agenda item to the COMCEC in pursuance of paragraph no. 6 of the Report of the Economic Social, Administrative and Financial Affairs Committee of the Preparatory Ministerial Meeting of the 10th Islamic Summit Conference regarding the Gold-Based Trade Payment Arrangements (GTPA), which states that technical experts of the Member States, particularly from central banks, should further study the GTPA under the coordination of the COMCEC and in close cooperation with IDB and related OIC bodies, and that workshops and seminars be conducted on the technicalities and advantages of the GTPA.

44. The Follow-up Committee **requested** the IDB to organize an experts group meeting to be composed of experts of Central Banks, Ministries of Finance and other national institutions of Member States, and other relevant institutions of OIC, in coordination with the COMCEC Coordination Office, to further study and elaborate the proposed Gold-Based Trade Payments Arrangements, and submit an advisory report to the subsequent COMCEC Session in order to take its decision on the feasibility of the proposal.

Report of the Trade Negotiating Committee for Establishing Trade Preferential System among the OIC Member States

45. The Committee **welcomed** the launching of the first round of trade negotiations under the Framework Agreement on trade preferential system among the OIC Member States through the holding of the first meeting of the Trade Negotiating Committee (TNC) on 6-9 April, 2004, in Antalya.

46. The Secretariat of the TNC, which is composed of the COMCEC Coordination Office and the ICDDT, presented a report on the first meeting of TNC.

47. The Committee **expressed** its thanks and appreciation to the Republic of Turkey for hosting and conducting the first meeting of the TNC.

48. The Committee **expressed** its appreciation to the COMCEC Coordination Office and the ICDT for performing, in an excellent manner, their role as the Secretariat of the Trade Negotiating Committee.

49. The committee **took note** with appreciation of the fruitful results of the first meeting of the TNC and **urged** the participating countries to communicate their views on the Negotiation Strategy for TPS-OIC as adopted at the meeting at their earliest convenience before September 2004.

50. The Committee **called on** the Member States, that have not yet done so, to sign and ratify the Framework Agreement of TPS-OIC, so as to enable them to participate in the trade negotiations.

Matters Relating to the World Trade Organization (WTO)

51. The Committee **took note** with appreciation of the reports presented by the representatives of IDB and ICDT regarding this agenda item. The Committee also **took note** of the observations made by the representative of WTO.

52. The Committee **appreciated** the efforts of IDB in organizing consultative meetings in order to prepare the Member States to exchange their views and coordinate their positions on major issues in the context of WTO ministerial conferences as well as future negotiations therein. It also appreciated IDB's other technical assistance aimed at capacity building of OIC Member States.

53. The Committee **noted** with appreciation the Report submitted by the ICDT on the Fifth Ministerial Conference of the WTO held in Cancun from 10 to 14th September 2003 and subsequent developments and **expressed** its concern over the failure of Cancun Conference owing to the lack of interest on the part of the developed countries in the vital concerns of developing countries especially those of African cotton producers.

54. The Committee **called on** IDB, ICDT and other related institutions to keep on extending their assistance to the Member States in the context of the future multilateral trade negotiations;

55. The Committee **requested** IDB and ICDT to pool and coordinate their efforts to reinforce the human and institutional capacities of OIC Member States so as to facilitate their full integration into the multilateral trading system on equitable and fair basis;

56. The Committee **commended** IDB in organizing meetings for the Geneva-based permanent Mission of the Member States to discuss the impact of the outcome and conclusions of the 5th WTO Ministerial Meeting as well as to consult on various matters relating to WTO.

57. The Committee **requested** IDB and ICDT to continue to monitor matters relating to WTO activities and report thereon to the annual sessions of the COMCEC.

(The copies of the papers submitted by IDB and ICDT are attached as Annexes XIV and XV.)

Report by the ICCI on the Preparation for the Eleventh Private Sector Meeting among the OIC Member Countries

58. Under this agenda item, the representative of the ICCI presented a report on the preparations for the 11th Private Sector Meeting.

59. The Committee **noted** that, as per the mandate given to the ICCI by the COMCEC to hold the Private Sector Meeting (PSM) annually, the 11th Private Sector Meeting, which was to be held in 2004, will now be held on 5-7 February 2005 in accordance with the request of Bahrain Chamber of Commerce and Industry and the Islamic Centre for Development of Trade to host the 11th Private Sector Meeting concurrently with the Islamic Trade Fair.

60. The Committee was then briefed on the preparations of the aforesaid events by the representative of the Bahrain Chamber of Commerce and Industry (attending as a member of the delegation of ICCI). The Committee **appreciated** the briefing and proposed that in similar circumstances in future the Chamber of Commerce and Industry hosting the private sector meeting and/or Islamic trade fairs may be invited.

61. The Committee **thanked** the Kingdom of Bahrain and the Bahrain Chamber of Commerce and Industry for hosting, as well as the ICCI for organizing the 11th Private

Sector Meeting to be held on 5-7 February 2005 in Manama and **called on** Member States to encourage their private sectors to actively participate in the Meeting.

62. The Committee **noted** that the ICCI will be organizing the first Private Sector Forum on Tourism in Riyadh from 6 to 8 December 2004, in collaboration with the Supreme Commission on Tourism of Saudi Arabia and the Council of Saudi Chambers.

63. The Committee was also informed of the First Business Women Forum of OIC Countries to be organized by the ICCI in Sharjah from 21 to 22 December 2004, in collaboration with the Federation of UAE Chambers and the Business Women Association of UAE.

64. The Committee also **noted** that the ICCI and the Union of Turkish Chambers had signed a memorandum of understanding (MOU) for opening the ICCI regional office in Istanbul for Central Asian Republics and Europe, which would be officially opened in November 2004 at the time of the 20th Session of the COMCEC.

(The report of the ICCI is attached as Annex XVI.)

Report by the ICDT on Trade Fairs of Islamic Countries

65. The Committee **noted** with appreciation that the Ninth Trade Fair of Islamic Countries was organised successfully in Sharjah from 21st to 26th December 2002 by the State of United Arab Emirates and ICDT.

66. The Committee **welcomed** the agreement reached between the Republic of Guinea and the Kingdom of Bahrain, under which the Kingdom of Bahrain will host the 10th Trade Fair of Islamic Countries.

67. The Committee **reviewed** with appreciation the content of the Progress Report submitted by ICDT on the organization of the 10th Trade Fair of Islamic Countries to be held in Manama, Kingdom of Bahrain, on February 5th - 9th 2005, under the theme of "The Role of Private Sector in the Economic Integration of the Islamic Countries"; and **called on** the Member States of OIC to actively participate in this fair.

68. The Committee further **welcomed** the offers of the Republic of Senegal, the Republic of Iraq and the Republic of Guinea to host the 11th, 12th and the 13th editions of the Trade Fair of Islamic Countries in 2006, 2008 and 2010 respectively.

69. The Committee **noted** with appreciation the Progress Report submitted by ICDT on the organization of the First Tourism Fair of Islamic Countries to be held in Istanbul, Republic of Turkey from 22 to 25 September 2005, and **urged** the OIC Member States to actively participate in this fair.

(The report of ICDT is attached as Annex XVII.)

Promotion of Cooperation Among the Stock Exchanges of the OIC Countries

70. Representatives of SESRTCIC and ICDT provided brief information on their efforts to prepare a joint report under the new guidance given by the 19th Session of the COMCEC. Upon the suggestion of the Representative of the Republic of Turkey, the Vice Chairman of the Istanbul Stock Exchange (ISE) made a presentation on their experience relating to bilateral and multilateral cooperation, particularly the Federation of Euro-Asian Stock Exchanges (FEAS), of which Stock Exchanges of some OIC Member States are members. The Vice-Chairman of ISE also submitted a number of proposals to promote cooperation among the capital market institutions of the Member States of OIC.

71. The Committee **called for** benefiting from the experience of the Istanbul Stock Exchange and **requested** SESRTCIC and ICDT to prepare a joint report in this field.

(The text of the Turkish proposals is attached as Annex XVIII.)

Preparation for the Exchange of Views on "Trade and Transport Facilitation among the OIC Member States" to be organized during the Twentieth Session of the COMCEC

72. The Committee **expressed** its appreciation to ICDT for preparations for the Workshop on the "Trade and Transport Facilitation among the OIC Member States" to be held in the Islamic Republic of Pakistan from 14th to 16th September 2004, and **urged** Member States and the OIC Institutions to actively participate in this workshop.

73. The Committee **thanked** the Islamic Republic of Pakistan for hosting "the Workshop on Trade and Transport Facilitation among the OIC Member States".

74. Following the presentation made by the COMCEC Coordination Office, the Committee **took note** of the various past and present proposals as possible themes for the exchange of views sessions to be held during the subsequent COMCEC Sessions. These were as follows:

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

Poverty Alleviation in Member States

Foreign Aid and the Least Developed Member States.

Financing for Development

Sustainable Development

Capacity Building for Trade and Investment Services to Enhance Intra-OIC Business Environment

75. The Committee **encouraged** the Member States to propose other themes for future exchange of views sessions of COMCEC.

Draft Agenda of the Twentieth Session of the COMCEC

76. The Committee **considered** and **approved** the Draft Agenda of the Twentieth Session of the COMCEC to be held from 23 to 26 November 2004, in Istanbul and decided to submit it to the Twentieth Session of the COMCEC.

77. The COMCEC Coordination Office informed the Committee that, in accordance with the Statute and Rules of Procedures of the COMCEC, the election of the Bureau of the General Assembly of the COMCEC takes place every three years at the COMCEC session following each Islamic Summit Conference. Accordingly, the election of the Bureau was due to be held at 19th Session of the COMCEC. However, it was not possible to put it on the agenda of the said Session because of the very short time between the 10th Islamic Summit and the 19th Session of the COMCEC. Therefore, election of the Bureau is due to take place at the 20th Session of the COMCEC.

78. The Committee **requested** the OIC General Secretariat to invite the Member States of the three OIC regional groups to consult within their respective group on the designation of their nominees for the COMCEC Bureau.

(A copy of the Draft Agenda of the 20th Session of the COMCEC, as approved by the Committee, is attached as Annex XIX.)

Arrangements for the Commemoration of the 20th Anniversary of the COMCEC

79. Under this Agenda item, the COMCEC Coordination Office made a presentation providing information on the subject.

80. The Committee **noted** that, upon the proposal of the IDB, the Republic of Turkey in its capacity as the Chairman of the COMCEC considered hosting a high level ministerial meeting focusing on promotion of intra-OIC trade and investment, to be held concurrently with the 20th Session of the COMCEC to commemorate its 20th anniversary.

81. The Committee also **noted** the joint preparatory work undertaken by the IDB and the COMCEC Coordination Office with regards to convening of the meeting; the salient features of which are as follows:

- The meeting will be held at the Ministerial level with the participation of the relevant Ministers of the Member States.
- The meeting and the 20th Session of the COMCEC will be two distinct events with their own agenda except for their joint opening and closing sessions.
- The meeting will consist of panels composed of academicians and prominent experts, a business forum and Ministerial brainstorming sessions to be moderated by eminent personalities of international prominence.
- A number of activities such as expert group meetings, workshops, seminars and studies will be held prior to the Meeting with a view to substantiating its agenda.

82. The Committee **underlined** the importance of the high level ministerial meeting and **called upon** the Member States to actively take part in it. The Committee also stressed the importance of the private sector to be part of this important meeting and urged the Member States to encourage and ensure a wider private sector participation.

83. The Committee **took note** of the information provided by the COMCEC Coordination Office stating that a formal announcement concerning the meeting would be made during the 31st Islamic Conference of Foreign Ministers scheduled on 14-16 June 2004 in Istanbul.

Closing Session

84. At its closing session chaired by H.E. Lütfi ELVAN, Deputy Undersecretary of the State Planning Organization of the Republic of Turkey, the Committee adopted its Report together with its Annexes. The Committee requested the COMCEC Coordination Office to circulate the Report among Member States, and to submit it to the Twentieth Session of the COMCEC.

85. Mr. Muhammad RIAZ, the representative of the Islamic Republic of Pakistan, proposed to send a message of thanks to H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of the COMCEC, which was unanimously approved by the Committee.

86. H.E. Ambassador Fouad YASEEN, Head of Delegation of State of Palestine, made a statement on behalf of all delegates. H.E. YASEEN 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. He also thanked the Chairman of the Meeting and all the supporting staff for the excellent arrangements made for the Meeting.

87. In his closing statement, H.E. Lütfi ELVAN, Deputy Undersecretary of State Planning Organization of the Republic of Turkey, expressed his thanks to the delegates for their valuable contributions and spirit of cooperation. H.E. ELVAN, also thanked the OIC General Secretariat, and the subsidiary and affiliated institutions of the OIC for their valuable contributions. With regards to the issues on the agenda of the

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Meeting and its recommendations, he expressed his satisfaction that a wide range of issues, topics of interests and activities were covered, notably the launching of the first round of trade negotiations within the framework of TPSOIC, and other trade and private sector activities which increasingly enriches the work of the COMCEC.

(A copy of the text of the Closing Statement by H.E. Lütfi ELVAN is attached as Annex XX.)

ANNEXES

LIST OF PARTICIPANTS

**OF THE TWENTIETH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC**

(Istanbul, 11-13 May 2004)

Original: English

**LIST OF PARTICIPANTS
OF THE TWENTIETH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC
(Istanbul, 11-13 May 2004)**

A. MEMBER STATES OF THE OIC

STATE OF KUWAIT

- H.E. ABDUL MOHSIN AL-HUNAIF
Deputy Minister of Finance
- H.E. ABDULLAH AL-DUWAIKH
Ambassador of Kuwait to Turkey
- Mr. MANSOUR AL-OLAIMI
First Secretary,
Kuwait Embassy in Ankara
- Mr. MESHAL AL-ARDHI
Head of the OIC Affairs Division,
Ministry of Finance
- Mr. ADEL AL-ASSOUSI
Head of Division in Deputy Minister's Office
- Ms. HIND BOU HAMRA
Economic Researcher,
Ministry of Finance

MALAYSIA

- Mr. NATCHIMUTHU VASUDEVAN
Principal Assistant Director,
Ministry of International Trade and Industry

FEDERAL REPUBLIC OF NIGERIA

- Mr. BELLO ARDO MOHAMMED
Minister Counsellor,
Embassy of Nigeria, Ankara

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. SHER AFGAN KHAN
Ambassador of Pakistan to Turkey

- Mr. MUHAMMAD RIAZ
Consul General,
Consulate General of Pakistan, Istanbul
- Ms. HUMAIRA ZIA MUFTI
Section Officer,
Ministry of Commerce

STATE OF PALESTINE

- H.E. FOUAD YASEEN
Ambassador of Palestine to Turkey
- Ms. SAEDA AL-SHOBAKY
Director of Arab Relation Department,
Ministry of Economy
- Mr. ABDEL KERIM ALKHATIP
Representative of the Embassy of Palestine in Istanbul

KINGDOM OF SAUDI ARABIA

- Mr. AHMED BIN HAMZA BEDAIWI
Assistant Deputy Minister for Foreign Trade,
Ministry of Commerce and Industry
- Mr. ABDULLAH BIN ABDUL WAHAB AL-NAFISAH
Director of Arab and Islamic Relation Department, (MOCI)
- Mr. ABDULLAH BIN MOHAMED AL-LAHEM
Economy Specialist,
Ministry of Economy and Planning
- Mr. ALI BIN ABDULLAH AL-SHEHRI
International Economic Relations Department,
Ministry of Foreign Affairs

SYRIAN ARAB REPUBLIC

- Mr. FIRAS AL - RASHIDI
Consul Third Secretary,
Consulate General of Syria, Istanbul

REBUPLIC OF TURKEY

- H.E. Assoc. Prof. Dr. ABDÜLLATİF ŞENER
Minister of State and Deputy Prime Minister

- H.E. Dr. AHMET TIKTIK
Undersecretary of State Planning Organization
- Mr. LÜTFİ ELVAN
Deputy Undersecretary of State Planning Organization
- Mr. VEHBİ ESGEL ETENSEL
Advisor of Foreign Affairs, President's Office
- Mr. KENAN IŞIK
Advisor of Minister of State and Deputy Prime Minister
- Mr. İLHAMİ ÖZTÜRK
Advisor of Minister of State and Deputy Prime Minister
- Mr. HASAN AYKIN
Advisor of Minister of State and Deputy Prime Minister
- Mr. ERCAN GÖÇER
Chief of Cabinet,
Ministry of State and Deputy Prime Ministry
- Mr. HÜSEYİN ERKAN
Executive Vice Chairman,
Istanbul Stock Exchange
- Mr. HÜSNÜ DİLEMRE
Deputy Director General of Agreements,
Undersecretariat of Foreign Trade
- Ms. FATMA UĞUR
Deputy Director General of Foreign Relations,
Turkish Central Bank
- Mr. ZEYNETTİN KASIMOĞLU
Assistant Secretary General,
Undersecretariat of State Planning Organization
- Mr. ASIM ARAR
Head of Department,
Ministry of Foreign Affairs
- Ms. SAADET DEMİRDÖKER
Vice Head of International Relations Department,
Turkish Patent Enstitute
- Mr. ALİ ÇEVİK
Expert, Ministry of Treasury

- Mr. ASIM AKSOY
Expert, Ministry of Foreign Trade
- Mr. RAHMAN NURDUN
Technical Assistant Expert,
Turkish International Cooperation Agency
- Ms. NURSEN COŞAR
Deputy Director,
Export Credit Bank of Turkey
- Mr. HASAN DEMİRCİ
Expert,
Union of Chambers of Commerce Industry and Exchanges of Turkey

B. THE OIC GENERAL SECRETARIAT

- H.E. Ambassador Thierno Nabika DIALLO
Assistant Secretary General for Economic Affairs
- Ambassador A.H.M. MONIRUZZAMAN
Director of Economic Affairs

C. SUBSIDIARY ORGANS OF THE OIC

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

- H.E. Ambassador Erdinç ERDÜN
Director General
- Mr. KAMURAN MALATYALI
Coordinator of Technical Activities
- Mr. OKER GÜRLER
Director of Research Department

THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

- Mr. ALLAL RACHDI
Director General
- Mr. EL HASSANE HZAINÉ
Director of Studies and Training Department

D. SPECIALIZED INSTITUTIONS OF THE OIC

THE ISLAMIC DEVELOPMENT BANK (IDB)

- Dr. LAMINE DOGHRI
Division Chief
- Dr. AFTAB CHEEMA
Senior Economist
- Mr. AHMED ABDUL WASIE
Cooperation Officer

E. AFFILIATED INSTITUTIONS OF THE OIC

THE ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI)

- Ms. ATTIYA NAWAZISH ALI
Assistant Secretary General
- Mr. JEHAD HASSAN BU KAMAL
Board Member and Vice Treasurer,
Bahrain Chamber of Commerce and Industry
- Mr. ABDERRAHIM HASSAN NAQI
Acting Director General

ORGANIZATION OF THE ISLAMIC SHIPOWNERS ASSOCIATION (OISA)

- H.E. Dr. ABDULLATIF BIN ABDULLAH SULTAN
Secretary General
- Mr. OSMAN MOHAD ELAMIN ELHAG
Director of Cabinet

F. OTHER INTERNATIONAL INSTITUTIONS

FEDERATION OF CONSULTANTS FROM ISLAMIC COUNTRIES (FCIC)

- Mr. ATILLA KAPRALI
Secretary General

ECONOMIC COOPERATION ORGANIZATION (ECO)

- Mr. NAIB KHAN
Director, Trade and Investment

WORLD TRADE ORGANIZATION (WTO)

- Mr. SAMER SEIF EL-YAZAL
Economic Affairs Officer,
Institute for Training and Technical Cooperation

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

- Mr. CELAL ARMANGİL
Director, UNIDO Centre for Regional Cooperation in Ankara

G. COMCEC COORDINATION OFFICE

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

- Dr. ADNAN TEKŞEN
Deputy Director General,
Acting Head of the COMCEC Coord. Office
- Mr. FERRUH TIĞLI
Head of Department
- Ms. BİGE HAMURDAN
Executive Secretary
- Ms. İLKNUR ARABACI
Secretary
- Mr. BAŞAK KAYIRAN
Expert, Press Relations
- Mr. YAKUP KARACA
Expert, Coordinator for Drafting
- Mr. METİN EKER
Expert, Drafting
- Mr. METİN GENÇKOL
Expert, Drafting
- Mr. HÜSEYİN AVNİ METİN
Expert, Protocol Relations
- Mr. GÖKTEN DAMAR
Expert, Protocol Relations
- Mr. MURAT DELİÇAY
Expert, Drafting

- Mr. ALİ İŞLER
Expert, Drafting
- Mr. SELÇUK KOÇ
Expert, Drafting
- Ms. SEMA HİMA
Expert, Coordinator of Documentation
- Ms. SEHER KURUGÜL
Expert, Assistant Coordinator for Documentation
- Ms. BİLGE GÜLLÜ
Expert, Coordinator of Registration Office
- Mr. HARUN MANSIZ
Expert, Computer Services

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

- Mr. HAYDAR KOÇAK
Head of Section
- Mr. MEVLÜT YAŞAR
Expert
- Mr. NURETTİN AYDIN
Expert
- Mr. MUSTAFA AKTAŞ
Treasurer
- Mr. HASAN KAVALCI
Technician
- Mr. ÖMER BIYIK
Technician

-II-

**MESSAGE OF
H.E. AHMET NECDET SEZER
PRESIDENT OF THE REPUBLIC OF TURKEY,
CHAIRMAN OF THE COMCEC**

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

(Istanbul, 11 May 2004)

Original: Turkish

**MESSAGE OF
H.E. AHMET NECDET SEZER,
PRESIDENT OF THE REPUBLIC OF TURKEY AND
CHAIRMAN OF THE COMCEC**

**Twentieth Meeting of the Follow-up
Committee of the COMCEC
(Istanbul, 11 May 2004)**

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

I am happy to welcome you on the occasion of the Twentieth Meeting of the Follow-up Committee of the COMCEC.

The COMCEC continues to be an important forum where cooperation in the field of economy and commerce among Member Countries is strengthened and where economic developments around the world are reviewed.

The rapid change of international conditions necessitates further strengthening of the long-standing cooperation among Member Countries in the fields of economy and commerce sharing common historical and cultural values. Within this framework, the development of cooperation mechanisms within the COMCEC, having new perspectives in the COMCEC oriented towards the future and developing organizational infrastructure are essential.

I believe that the current session will open new horizons for us through defining the agenda items of the COMCEC and allowing us to follow-up resolutions adopted during previous meetings.

Distinguished Chairman,
Honorable Delegates,

In addition to its regular agenda, the COMCEC meeting to be held next November will be beneficial for reviewing the activities realized during the last 20 years and those planned for the future.

It is important that Member Countries discuss the problems they face in their attempts to integrate with the world and develop concrete proposals which strengthen mechanisms of cooperation within the OIC. Bearing that in mind, I believe it will be beneficial for the Sessional Committee to be held next November to concentrate mainly on the issues of increasing intra-OIC commerce and investments, on evaluating cooperation and on developing the private sector.

Given the fact that developing countries do not have a sufficient share of the world trade, it is crucial that the institutions and rules regulating international commerce are designed with a view to supporting development attempts and foreign trade of such countries. Taking into account the long process required by works carried out at a global scale, it is doubtless that regional arrangements should have the priority. In this respect, cooperation among Member Countries should be developed through intra-OIC commercial arrangements.

At a time when regional commercial arrangements are growing, the successful accomplishment of the First Round of Trade Negotiation Committee within the Framework Agreement of Trade Preferential System among the Member Countries of the OIC as hosted by Turkey in Antalya is promising for the future of trade negotiations. I would hereby like to call the countries, who have not done so, to urgently sign and ratify the Framework Agreement so that they can incorporate to this process of negotiation.

Distinguished Chairman,
Honorable Delegates,

New conditions have emerged in Cyprus following the referenda that took place on 24 April 2004. We believe that this reality ought to be acknowledged and recorded by all. We find it unacceptable to leave the Turkish Cypriot people suffer from the results for which they are not responsible. Under the new circumstances in Cyprus, we expect the Islamic World to assist the efforts of the Turkish Cypriot people to integrate with the world and the removal of all types of restrictions and embargo on the Turkish Republic of Northern Cyprus.

I would like to mention some recent developments in the Middle East giving rise to grief and concern in the Islamic World.

The difficult period that COMCEC Member Iraq undergoes is causing us sorrow. Stability and security could not be attained as required throughout Iraq in the postwar period. Unfortunately, the difficulty in meeting everyday requirements of the people still prevails. Increasing acts of violence do not only preclude efforts about the reconstruction of the country and the functioning of the political process, but also creates an environment strengthening dissident trends.

Our vision for Iraq should be based on the creation of a country where all sectors of the population can make their voices heard, and where they can equally participate in reconstructing the country and in political mechanisms, where the country protects its territorial integrity and political unity, achieving internal harmony and peace, and living in peace with its own nation, its neighbors and with the international community.

The ongoing lack of settlement to the Palestinian-Israeli conflict and the aggravating conditions in the region are causing deep grief in the entire Islamic World. I would like to emphasize once again that the Palestinian-Israeli conflict must be resolved on the basis of the United Nations Security Council resolutions no. 242 and 338 and resolution no. 1397 which reflect the concept of a region where Israel and Palestine will co-exist within their secure and recognized borders. The establishment of a fair, permanent and comprehensive peace will also contribute to the enhancement of stability and cooperation in the region.

For an ultimate and permanent solution, we believe that the implementation of "Road Map" is the only chance at hand. The re-opening of channels of communications is a matter of extreme priority. Turkey welcomes resolution no. 1515 adopted unanimously in the United Nations Security Council in relation to the Road Map.

Based on the fact that only extensive peace can be permanent, we believe Syrian and Lebanese channels should be revitalized at an appropriate stage.

As in the past, Turkey will, continue to keep her determination to contribute to the efforts aimed at the establishment of a long desired peace in the Middle East.

Distinguished Chairman,
Honorable Delegates,

In renewing my belief that strengthening the economic and commercial cooperation among our countries will also make an important contribution to the development of international cooperation, I hope that our efforts towards cooperation will contribute to the increase of wealth and decrease of poverty for our people and will help accelerate development in all areas.

In conclusion, I welcome you again and trust that your work will yield beneficial results in our search for prosperity and peace.

-III-

OPENING STATEMENT BY
H.E. ASSOC. PROF. DR. ABDULLATIF SENER,
MINISTER OF STATE AND DEPUTY PRIME MINISTER OF THE
REPUBLIC OF TURKEY

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11 May 2004)

Original: Turkish

**OPENING STATEMENT
BY H.E. ASSOC. PROF. DR. ABDÜLLATİF ŞENER,
MINISTER OF STATE AND DEPUTY PRIME MINISTER**

**Twentieth Meeting of the
Follow-up Committee of the COMCEC
(Istanbul, 11 May 2004)**

Distinguished Members of the Follow-up Committee,
Distinguished Assistant Secretary General,
Honorable Delegates,

I would like to start my address by expressing my pleasure at hosting this elite gathering in Istanbul on the occasion of the Twentieth Meeting of the Follow-up Committee of the COMCEC.

The importance of regional cooperation has increased for countries endeavouring to solve their problems and reach a higher level of welfare. Developing countries must boost multi-lateral cooperation in order to access higher welfare levels and establish new economic and commercial relationships. The COMCEC has constituted an important forum bringing the Islamic countries economically and commercially closer in the last twenty years. Fields of cooperation, concrete projects and strategic perspectives have been discussed, put into decisions or implemented in this forum.

The Follow-up Committee, on the other hand, fulfills an essential function in the preparation of COMCEC Sessions. I am fully confident that you, the distinguished delegates, will take the necessary action on the agenda items so as to develop concrete cooperation projects.

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

Following the recession in the years 2000 and 2001, world economy, has started an upward trend in 2002. The growth rate observed throughout 2002 was 2.8% on the average while this rate reached 3.2% in 2003. Slow revival in industrialized countries,

instability in the Middle East and the consequent rise in oil prices have all influenced these negative developments. There are, however, signs indicating an upward trend in the economies of the USA, Japan and especially Asia. The latest data indicate that risks have been balanced to some extent around the world, that the search for macroeconomic policies towards growth has been increased and that, in spite of possible negative developments, positive expectations are on the rise.

In 2003, the stagnation in EU countries has led to a slow-down in the revival of the economy, and an increase of the value of the Euro. Growth in Latin American countries has remained low but consistent in spite of the occurrence of crises. Developing Asian economies have kept a high growth rate in 2003 as well.

It is interesting to note that the surplus in current transactions and capital accounts have resulted in an important increase in foreign exchange reserves. The growth rate of developing countries has reached 4% in 2003 under the influence of the high growth rate of Asian economies and is expected to further rise in the near future. With inflationary pressure being alleviated, its rate declining to the lowest levels of the last 30 years, the boom in the economies of these countries has been extensive. In this context, emerging economies are seen to be affected in varying degrees by developments in industrialized countries, by credit conditions on international markets, geopolitical factors and the specific situations in various countries.

Unstable growth trends in world trade is directly and negatively influenced by foreign capital investments. This is an undesirable development for countries striving to develop which have important needs in technological capacity and financing. Although direct foreign capital investments are expected to reach their former level in the near future, this will undoubtedly depend on the ability of developing countries to create an infrastructure, qualified workforce and a stable macroeconomic structure so as to be able to attract direct foreign investments. In this framework, I believe that developing countries should be more selective concerning short-term capital movements, and adopt an attitude encouraging direct foreign capital investment in order to protect themselves from the impact of global financial crises. I trust that the OIC institutions which perform valuable work will enlighten us on this subject to make our assessments more valuable.

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

As a forum where developments in the global economy are followed and the risks and opportunities for our economies are assessed, the COMCEC should accelerate its efforts at bringing the Islamic world closer in the economic and commercial fields. We especially need to accelerate the implementation of the projects that favor lifting barriers in trade and investments, and enhance the cooperation between Member Countries.

In this framework, it is clear that an increase in private sector investments is required for the creation of new opportunities. I am fully confident that the distinguished members of the Committee and the relevant bodies of the Organization of the Islamic Conference (OIC) will concentrate on private sector investments which is one of the most important agenda items in the twentieth year of the COMCEC.

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

It is a great satisfaction to see that some cooperation projects that have been included in the agenda of the COMCEC for many years have reached the implementation stage.

The first of such projects concerns the intensification of trade between OIC Member Countries which is one of the priorities of the COMCEC. The Framework Agreement for the Establishment of a Trade Preferential System has become operational after ratification by the required number of countries.

In this context, the first tour of trade negotiations was started at the first meeting of the Trade Negotiations Committee, held in Antalya in April 2004. This development, which indicates our will to increase trade among Member Countries, is a historic opportunity for us. Trade and economic relations between Member Countries will be greatly boosted as a result of these negotiations.

The strategy for the negotiations on the liberalization of trade among Member Countries has been established during the first meeting of the Trade Negotiations Committee. I am fully convinced that the Trade Negotiations Committee will pursue

its work in a harmonious and efficient manner at its subsequent meetings. I would like to take this opportunity to invite all Member Countries to take part in this COMCEC project which is open to all the OIC community.

I am likewise happy to announce that the second, third and fourth meetings of the first tour of the Trade negotiations, in the framework of the COMCEC which will last until April 2005, will be hosted by Turkey. The government of Turkey will do everything in its power to ensure the successful result of these negotiations

Another field of cooperation on the COMCEC agenda which has reached a satisfactory stage is the Implementation Mechanism of the Plan of Action. As your distinguished Committee is well aware, the OIC Plan of Action is the basic document including all the fields and objectives of economic and trade cooperation of the COMCEC. Our greatest desire is to activate the objectives and principles aiming at developing and strengthening the cooperation among brotherly countries so that the Plan of Action may become operational. It is important that the Implementation Mechanism of the Plan of Action be developed under the light of the experience acquired up to the present. It is imperative to pursue the work started on this subject by devising a mechanism and institutional infrastructure that will allow us to develop the cooperation among us in the light of the present state of affairs. It is therefore necessary that the implementation of the Plan of Action continue to be a priority on our agenda.

While many cooperation projects have been submitted to the COMCEC in the framework of the Plan of Actions, serious problem are being encountered in their implementation. It is obvious that the mechanism required for the execution of these projects should function efficiently. It is of paramount importance that the projects submitted to the COMCEC be assessed from the technical point of view, the financial support for the feasibility studies be obtained and a structure for monitoring their implementation be put in place to activate the above-mentioned Mechanism.

I would like to take this opportunity to express my gratitude for the contribution of the OIC General Secretariat and its affiliated institutions as well as the Islamic Development Bank to this process and my trust in their continuous support.

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

Another point I consider important in the efforts aimed at enhancing the intra-OIC trade concerns a better utilization of the opportunities existing in the field of trade and transportation among Member Countries and the examination of the problems. It has in fact been decided to have an exchange of views on the Facilitation of Trade and Transportation during the COMCEC Session this year. The Islamic Center for the Development of Trade will organize a meeting to be hosted by Pakistan on this theme. I am convinced that this meeting will be successful and fruitful. The results of this meeting will also constitute an important input for the exchange of views meeting to be held during the Twentieth COMCEC Session.

Peace and stability in our region can be attained by sustainable economic development and a higher level of welfare for the people. The Government of Turkey will go on contributing to efforts at development in the Islamic world and supporting every initiative for strengthening cooperation.

In conclusion, I would like to remind you of the November Session of the COMCEC, which is its twentieth anniversary. I hope that new opportunities will arise for the increase of investment and trade, the development of the private sector and open new horizons in economic cooperation and development. I expect the active contribution of the Member Countries of the COMCEC, the General Secretariat of the OIC and the related and affiliated institutions to these activities.

I thank you for your attention and wish you full success in your work.

-IV-

**MESSAGE OF
H.E. DR. ABDELOUAHED BELKEZIZ,
SECRETARY GENERAL OF THE ORGANIZATION
OF THE ISLAMIC CONFERENCE**

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

(Istanbul, 11 May 2004)

**MESSAGE OF
H.E. DR. ABDELOUAHED BELKEZIZ,
SECRETARY GENERAL OF THE ORGANIZATION OF THE
ISLAMIC CONFERENCE**

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

(Istanbul, 11 May 2004)

Excellency Mr. President SEZER,
Distinguished delegates and
Honourable Guests,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

I would like first of all, to pay a special tribute to H.E. Mr. Ahmet Necdet Sezer, President of the Republic of Turkey and the Chairman of COMCEC for his wisdom and leadership in guiding the work of COMCEC.

I would like also to express my deep gratitude and appreciation to the government of the Republic of Turkey for the excellent arrangements made for this important meeting.

Let me also convey my warm greetings to all the delegates and participants of the 20th Meeting of the Follow-up Committee of COMCEC.

The present meeting is being held at a time when important developments are taking place at the level of OIC having implications for the expansion of intra-OIC trade. I am referring to the launching of the First Round of Trade Negotiation under the Framework Agreement on Trade Preferential System among OIC Member States, which held its first meeting in Antalya on 6-9 April 2004. This is an important phase for COMCEC in its mission of developing economic and commercial cooperation among the Member States. I hope this Committee will

undertake a constructive review making necessary recommendations to the next COMCEC Session in November. I would also hope that the positive results achieved at the first meeting of the Trade Negotiating Committee will lead us to the next phase of trade negotiations with speed and effectiveness.

The development of intra-OIC trade as envisaged under the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among Member States has also received a significant thrust with this launching of the trade negotiation. I would like to reiterate here the appeals made by the OIC Summits and Conferences of Foreign Ministers to the Member States that have not yet signed or ratified the Agreement to do so. It is most desirable that all Member States come into the fold of this trade preferential system for the common benefit of the Ummah.

I wish further to refer to the important statutes and agreements, including the Framework Agreement on Trade Preferential System Among OIC Member States, which were prepared under the aegis of the OIC to promote intra-OIC economic cooperation. I would urge the Member States to sign and ratify these agreements and statutes, which would provide the much needed framework for intra-OIC economic cooperation as well as intra-OIC investment and joint ventures.

Increased competition and progressive marginalization of the weaker economies in international trade is an important backdrop, against which the need to coordinate positions of the OIC Member States on matters relating to the WTO is a crucially important issue. It is encouraging to note that COMCEC have remained seized with the matter.

On the issue of implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation, COMCEC at its last session endorsed the supplementary mechanism as developed by the COMCEC Coordination Office in cooperation with the General Secretariat, Islamic Development Bank, Islamic Centre for Development of Trade, Islamic Chamber of Commerce and Industry and other concerned institutions. I hope this mechanism will open up new way of approaching the subject of implementation of the Plan with this Committee making appropriate recommendations to the next COMCEC Session.

Industrial Development is one of the priority areas identified in the Plan of Action. Small and medium enterprises in fact constitute the bulk of the industrial establishment in most of the OIC countries making significant contribution to growth and employment and thus constituting the main feature in the industrial development of these countries. There is an urgent need to strengthen the SMEs by creating an enabling business environment with improved skills, management and better market information. I am happy to note in this connection that the Task Force that the OIC had set up for developing a programme for energizing the SMEs has already successfully held three meetings, one in Dhaka in January 2002, the second in Maputo in May 2003 and the third in Lahore in March 2004. I hope it will soon come up with a programme for strengthening small and medium size enterprises in Member States.

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

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.

- V -

**STATEMENT BY
THE HEAD OF DELEGATION
OF STATE OF KUWAIT**

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

(Istanbul, 11 May 2004)

Original: Arabic

**STATEMENT BY
THE HEAD OF THE DELEGATION
OF THE STATE OF KUWAIT**

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

(Istanbul, 11 May 2004)

In the name of God the Merciful the Compassionate

Distinguished Chairman,
Distinguished Heads of Delegations
Distinguished Delegates

Peace be Upon You.

I have the pleasure, on behalf of the Arab Group, to express my thanks and gratitude for the president, government and people of Turkey for their generosity, warm reception and excellent arrangements for this meeting; which will undoubtedly participate to the success of our activities (God's willing).

Mr. Chairman,

We meet today to consider an agenda comprising items that require from us more constructive action and more fruitful cooperation. COMCEC chose the topic "Trade and Transport Facilitation among the OIC Member States" to be the key subject through which we exchange our view points and share the experiences of our countries for attaining the best ways and means to facilitate intra-OIC trade for promoting the exchange of commodities and services produced by the member states. Such a choice was convenient for the purpose of expanding intra trade, gaining access to global markets and raising up the member states' development levels.

Distinguished Chairman,
Distinguished Delegates.

COMCEC gives special attention to supporting the private sector, considering the private sector encouragement as one of the important economic policies adopted by our states.

In this context, I would like to express my appreciation for the efforts of the Islamic Chamber of Commerce and Industry (ICCI) in organizing meetings for the private sector with the aim of identifying the investment opportunities available in the member countries as an initial step towards the establishment of joint mutual investment projects in the different fields.

I would express my satisfaction with launching the first round of trade negotiation held recently in Antalya 6-9 April 2004. I hope these negotiations will continue to realize the expected objective represented in expanding the member states intra trade and bring us close to the optimal aim of establishing the Islamic joint market of the OIC member countries.

In this context I would like to extend my thanks and appreciation to the Islamic Development Bank for the efforts it extended to promote intra trade between OIC-member states through organizing advisory meetings for them and providing the necessary technical assistance aiming to coordinate the member states' positions towards the issues presented to the World Trade Organization, to consolidate their stands in the WTO negotiations, magnify their gains and safeguard them against the negative impacts as much as possible.

In conclusion, I would like to reiterate my thanks and appreciation to the Turkish Government for the warm reception and excellent arrangements for this meeting. I wish great success for all of you.

Peace be Upon You.

-VI-

**STATEMENT BY
THE HEAD OF DELEGATION
OF THE ISLAMIC REPUBLIC OF PAKISTAN**

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

(Istanbul, 11 May 2004)

Original: English

**STATEMENT BY H.E. MR. SHER AFGAN KHAN,
AMBASSADOR OF PAKISTAN TO TURKEY AND LEADER OF
THE PAKISTAN DELEGATION ON BEHALF OF THE ASIAN GROUP IN THE
TWENTIETH MEETING OF THE FOLLOW-UP COMMITTEE OF THE
STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL
COOPERATION OF THE ORGANIZATION OF THE
ISLAMIC CONFERENCE (COMCEC)**

(Istanbul, 11 May 2004)

Mr. Deputy Prime Minister,
Mr. Assistant Secretary General
Distinguished Delegates, Distinguished Representatives of
OIC & UN Affiliate Organizations,
Ladies and Gentlemen,

1. It is great pleasure and honour as the leader of the delegation of the Islamic Republic of Pakistan to speak on behalf of the OIC Asian Group to express our deep gratitude to the Government of the Republic of Turkey for extending their traditional and gracious hospitality and to the COMCEC Secretariat for making excellent arrangements for this Twentieth Meeting of the Follow Up Committee of the COMCEC, in Istanbul.

2. We are grateful to H.E. Mr. Ahmet Necdet Sezer, President of the Republic of Turkey, the Secretary General of the OIC for their thought provoking ideas contained in their messages, and to you Mr. Deputy Prime Minister, for chairing the opening session of the Twentieth meeting of the Follow-up Committee of the COMCEC and sharing your valuable thoughts with us from which we would duly benefit. I am confident that the call by the President Sezer for the integration of the Turkish Cypriots will receive due support from the OIC.

Mr. Chairman, Distinguished delegates, Ladies & Gentlemen,

3. As you would recall that during the 19th session of the COMCEC enriching statements were made by the distinguished Ministers and leaders of the delegations, on a number of important issues confronting the OIC member countries in particular on

the "Impact of Electronic Commerce and Use of Information Technology in the Promotion and Development of Intra-OIC Trade". The suggestions/proposals and recommendations made during the 19th Session were most timely and useful and underlined the critical need of eCommerce in increasing trade and commercial relations among the Muslim countries. There is great need to modernize our systems so as to be in step with the world and thus to create the possibility to leapfrog in our economic and commercial relations.

4. We hope that during the deliberations of this session important recommendations would be made for finding the answers to the challenges faced by the Muslim Ummah and for furthering the mandate of COMCEC. It is indeed a matter of common concern for the Muslim countries of the world to enhance trade and commercial relations in a concerted manner so that the Muslim world becomes an important player in world trade and economic matters and not remain marginalized at the fringes.

5. The Tenth OIC summit held in Malaysia has already addressed itself for a rejuvenated and restructured OIC. As suggested by President Pervez Musharraf in his address to the Tenth OIC summit, a new dynamic outlook of the organization would help us to develop a strategy and a plan of action for enabling the Ummah to meet the challenges of the 21st century in consonance with traditions of tolerance, emancipation and human exaltation. We hope that the deliberations of this 20th meeting of the Follow-up Committee of the COMCEC would make concrete recommendations in this regard and facilitate the accomplishment of the call made in the 10th OIC summit particularly in the fields of trade, commerce and investment.

6. In the end I would once again, on behalf of the Asian Group of Countries, convey my sincere thanks to the organizers and the government of the Republic of Turkey for making most elegant arrangements for the meeting.

-VII-

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

(Istanbul, 11-13 May 2004)

Original: English

**AGENDA
OF THE TWENTIETH MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC
(Istanbul, 11-13 May 2004)**

1. Opening Session
 - Inaugural Statement by the Chairman of the Follow-up Committee
 - Statement by the Secretary General of OIC
 - Statements by the Heads of Delegations
2. Adoption of the Agenda
3. Background Report by the OIC General Secretariat
4. Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation among the OIC Member States
 - Report of the OIC General Secretariat
 - Report of the Sessional Committee
5. Report by the IDB and the ICDT on the Expansion of Intra-OIC Trade
6. Proposal on Gold-based Trade Payment Arrangements (GTPA) for the Promotion of Intra-OIC Trade
7. Report of the Trade Negotiating Committee for Establishing Trade Preferential System among the OIC Member States
8. Matters Related to the World Trade Organization Activities
9. Report by the ICCI on the Preparation for the Eleventh Private Sector Meeting among the OIC Member Countries
10. Report by the ICDT on Trade Fairs of Islamic Countries
11. Promotion of Cooperation among the Stock Exchanges of the OIC Countries
12. Preparation for the Exchange of Views on "Trade and Transport Facilitation among the OIC Member States" to be organized during the Twentieth Session of the COMCEC
13. Draft Agenda of the Twentieth Session of the COMCEC
14. Arrangements for the commemoration of the 20th Anniversary of the COMCEC
15. Any Other Business
16. Adoption of the Report
17. End of the Meeting

-VIII-

**BACKGROUND REPORT BY
THE OIC GENERAL SECRETARIAT**

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11-13 May 2004)

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

(ISTANBUL, REPUBLIC OF TURKEY 11-13 MAY, 2004)

I. INTRODUCTION

Since the addition of economic dimension to the activities of the Organization of the Islamic Conference at the 2nd Islamic Summit held in Lahore, 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 to provide a framework of economic and trade cooperation among OIC Member States. The Standing Committee for Economic and Commercial Cooperation (COMCEC) was established in 1981 by the Third Islamic Summit Conference held in Makkah Al-Mukarramah/Taif with the task of following up the implementation of all resolutions adopted by OIC in economic and commercial fields. 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 updated background information on these initiatives under the following two headings, namely Development of Economic and Trade Cooperation and Status of the Signing and Ratification of Statutes and Agreements.

II. 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 of strengthening cooperation in the field of trade. 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 included recommendations 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 in the field of enhancement of intra-OIC trade is summarized below:

(i) Export Financing Scheme (EFS)

Following approval by COMCEC, 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 1408H, aims at promoting exports of non-conventional commodities among OIC Member States as well as to non-member countries by providing the necessary short and long term funds. The repayment periods under the Scheme were originally between 6 and 60 months for exports from the Member States of the Scheme to any other OIC Member State. This period has now been extended to ten years for capital goods such as ship, machinery etc. The Scheme comprise of 24 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 1422 H was ID 317 million, out of which ID 167 million was subscribed by member countries. The IDB has contributed to the Scheme a sum of ID 150 million, half of which has already been paid up. The paid up capital stands at ID 133.50 million.

Originally the scheme was conceived to finance exports from one Member State to another. However, in order to expand its scope and promote exports of Member States, 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 States will be much larger than previously.

Since its inception till the end of 1422H, the net approvals under the scheme amounted to US\$1176.2 million for operations in favour of 19 exporting member countries, the approval in 1423H being US\$227.2 million for 21 operations.

Member States are encouraged by COMCEC to adhere to this scheme in order to benefit from its financing and ensure more earnings from their exports.

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

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) is a subsidiary of the IDB established in 1994 with a authorized capital of ID 100 million (about US\$127 million) and commenced operations in 1995. Members of the Corporation are the IDB and the Organization of the Islamic Conference (OIC) Member States that have signed and ratified the Articles of Agreement of the Corporation and have paid their respective subscription to the capital stock of the Corporation. The IDB subscribed to 50 per cent of the capital and the majority of the Member States of the OIC have signed the Articles of Agreement and are at various stages of completing member ship requirements, (up to date 30 countries joined the Corporation).

The objective of the ICIEC is to enlarge the scope of trade transactions and the flow of investment among Member Countries of the OIC. ICIEC provides: (i) export credit insurance and reinsurance to cover non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks and (ii) investment insurance and reinsurance against country risk mainly the risk of exchange transfer restrictions, expropriation, war and civil disturbance and breach of contract.

As at the end of 1423H, the total number of policies in force stood at 70. During the year 1422H, it issued 23 new export credit policies and renewed 55 export credit policies and 1 investment insurance policy. The current commitments of the corporation during 1423H reached US\$265 million. As at the end of 1423H, the total exposure of the Corporation reached US\$126 million.

ICIEC has been continuing to implement its marketing strategies through national and international promotional seminars, presentation seminars, follow-up visits to member countries and meetings with exporters and banks.

(iii) Islamic Multilateral Clearing Union

The IDB undertook a study of the project at the request of COMCEC. The 8th COMCEC Session, held in 1992, noted with appreciation the finalisation by the IDB of the "Agreement on the Multilateral Islamic Clearing Union" and approved, in principle, the proposed Agreement and endorsed the recommendations of the Governors of the Central Banks and Monetary Authorities of Member States held in Cairo in 1990.

The Tenth COMCEC Session held in Istanbul, October 22-25, 1994, 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 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, which was submitted to the second COMCEC session. A study group was set up to revise that study with a view to developing a "database system" on trade information relating to OIC Member States, ensuring an optimal utilization of means already existing in Member States.

The conception of ICDT's data bases is finalized, all the modules are completed and operational. It is practically identical to the OICIS-NET basic model accepted by the Islamic Development Bank. 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.

The 19th COMCEC recommended to the Member States to make full use of the facility.

(v) 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. So far nine Islamic Trade fairs have been successfully organised.

The Ninth Islamic Trade Fair was organized in Sharjah, U.A.E. from December 21 to 26, 2002 by ICDT in collaboration with ICCI and the Sharjah Chamber of Commerce and Industry. The Kingdom of Bahrain will host the 10th Islamic Trade Fair in the year 2004. The Member States are encouraged to participate actively in the Islamic Trade Fairs.

The rules and regulations governing Islamic Trade Fair, which were prepared by ICDT, were adopted by the 18th Session of the COMCEC. The implementation of these rules will streamline the holding of the Islamic Trade Fair.

(vi) 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. 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. These meetings bring together entrepreneurs and business firms of Member States with a view to developing joint investment projects and ideas for implementation within the OIC countries. So far ten Private Sector Meetings have been held successfully.

The 10th Private Sector Meeting was held on 4-6 October 2003 in Tehran, Islamic Republic of Iran.

During these private sector meetings, numerous agreements and contracts were negotiated and signed between the businessmen from OIC Member States. However, despite efforts made by the ICCI, the implementation of the recommendations made by the private sector meetings as well as the agreements and the contracts signed during these meetings are not satisfactory. COMCEC has decided to establish a committee to monitor effective implementation of the recommendations of the private sector

meetings. ICCI has been designated as the focal point in respect of the work of this committee.

(vii) 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:

(1) Implications of Uruguay Round of Trade Negotiations and the Establishment of the World Trade Organization 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); (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); (6) Strengthening Small and Medium-sized Enterprises Facing Globalization and Liberalization (16th COMCEC); (7) Effects of Non-Tariff Barriers on the Foreign Trade of Member States (17th COMCEC), (8) Private Sector Investment in the Member Countries and the Role of IDB (18th COMCEC) and (9) Impact of Electronic Commerce and Use of Information Technology in the Promotion and Development of intra-OIC Trade (19 COMCEC).

"Trade and Transportation Facilitation Among the OIC Member States" was chosen at the 19th Session of COMCEC as the topic for Exchange of Views at the 20th Session of COMCEC. As requested by the COMCEC, ICDT, ICCI and OISA in cooperation with other OIC institutions, such as IDB and SESRTCIC, will organize a workshop on the topic, which will be hosted by Pakistan in 2004. The outcome of the workshop will be presented to the 20th Session of COMCEC as an input for the exchange of views.

The recent entry into force of the Framework Agreement on Trade Preferential System among the OIC Member States following its ratification by more than ten Member States has been significant development in the efforts of OIC to expand intra-OIC trade. The 19th session of COMCEC adopted the Ministerial Declaration launching the first round of trade negotiations among the Member States that have ratified the Framework Agreement. ICDT organized an experts group meeting under the auspices of COMCEC on 24-26 June 2003 in Casablanca to prepare the ground work for the first round. As the host country Turkey has announced that the first round will be held in Antaya on 6-9 April 2004. The initiation of the trade negotiation will hopefully be expanded ultimately to include all the OIC Member States through their ratification of the Agreement.

b) Cooperation in the area of Food Security and Agricultural Development

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 Summit Conference, having considered the report of the Dakar Symposium, adopted a declaration on "the Food Security Decade" in OIC Member States, which, inter alia, made an appeal to Member States to extend additional resources to the relevant financial institutions so that they may increase their assistance to OIC African Member States for the speedy and effective implementation of their national strategy for food security. An Ad-hoc Follow-up Committee established during the Symposium and chaired by the Minister for Rural Development and Hydrology of Senegal, is doing its best to implement the recommendations of the Dakar Symposium. 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 Declaration issued by this Conference emphasised the need to explore ways and means to increase agricultural production and decided to periodically review the situation of food security in all OIC Member States.

Government of the Arab Republic of Egypt offered to host an Expert Group Meeting on Food, Agriculture and Rural Development. The OIC General Secretariat is in contact with the host Government to fix a date for the meeting.

It is worth mentioning that the OIC General Secretariat participated actively in the World Food Summit Five Year Later which was held in FAO Headquarters in Rome in June 2002. Furthermore, during the UN/OIC/ General Meeting held in Vienna in July 2002 OIC/FAO agreed to strengthen their cooperation, inter alia, in the field of preparation and implementation of food security programme on regional and national level; and rehabilitation and rebuilding of agricultural sector in Afghanistan and Palestine.

c) Cooperation in the area of Industry

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, expressing their conviction in transport as an important element of the development of commercial and economic cooperation among Islamic states, decided to cooperate in the development of road and maritime transport, railway and 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 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 Transportation which was earlier scheduled on 7-9 January 2003 in Cairo and it is now postponed. The OIC General Secretariat is in contact with the host Government to fix a new date for the meeting.

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. Reduction of telecommunication tariffs applicable to information organs was an important recommendation of the First Ministerial Meeting. An experts group meeting on ways and means of reducing telecommunication tariffs applicable to information organs was held in Cairo on 28-29 September, 1993.

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 recommendations on cooperation among the Member States 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, 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 adopted the report of the Third OIC Ministerial Meeting on Posts and Telecommunications held in Tehran. The Government of the Republic of Sudan has offered to host the 4th OIC Ministerial Meeting on Posts and Telecommunication and the government of Sudan is expected to announce a date for the meeting.

f) Cooperation in the field of Energy

The First Ministerial Meeting of the OIC Member States on Energy was held in Istanbul, Turkey, from 3 to 6 September, 1989 concurrently with the Fifth COMCEC Session. The Ministers recognising that energy issues are important elements of cooperation among Member States, adopted a comprehensive resolution, recommending, 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 electricity.

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. Government of Sudan has offered to host a sectoral experts group meeting on Energy and Mining, the dates of which are expected to be announced.

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. The Ministerial Meeting, inter alia, urged Member States to enhance cooperation in this field 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 Indonesia pertaining to cooperation in the area of urban infrastructure and rural development.

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, 1984 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 Government of Indonesia has offered to host an international workshop on Employment and Manpower Exchange. The Government of Sudan has offered to host a sectoral expert group meeting on human resources development. Dates of the two meetings are expected of be announced.

i) Cooperation in the Field of Tourism

The Seventh Islamic Summit Conference held in Casablanca in 1994 stressed on the importance of intra-OIC cooperation in tourism and adopted, for the first time, a separate resolution on cooperation in the field of tourism. The Twenty-thgird ICFM held in Conakry in 1995, reiterated the earlier resolution and expressing the conviction that tourism formed a main pivot in the economic development, cultural exchange and rapprochement between nations, invited the Member States to cooperate in number of arreas, including exchange of information, cooperation in tourism events and investment in tourism industry. The subsequent Islamic Summit Conferences and Islamic Conferences of Foreign Ministers adopted similar resolutions on cooperation in the field of tourism.

The Government of the Islamic Republic of Iran hosed the First Islamic Conference of Ministers of Tourism which was held on 2-4 October, 2000 in Isfahan. The Conference recognized the importance of tourism as an area of cooperation among OIC Member States and the need to have strategy for collaborative action for enlarging their share in the global tourism market. It agreed on a number of areas of cooperation assigning priority to the development of tourism infrastructure. It also decided to set up a follow-up committee, which met in Tehran on 27-28 August, 2001.

The report of the Follow-up Committee along with the Tehran Communique on Tourism was submitted to the Second Islamic Conference of Ministers of Tourism, which was held on 10-13 October 2001 in Kuala Lumpur. The Conference adopted a resolution on tourism development along with the Kuala Lumpur Programme of Action for the Development and Promotion of Tourism in the OIC Member States and calling for an experts group meeting to elaborate on the means and modalities of implementation of the Programme of Action. The Conference thanked the Islamic

Republic of Iran, Malaysia and the Republic of Indonesia for offering to act as the focal points for activities in research and training in tourism, marketing, and tourism facilitation respectively. The meeting of the Follow-up Committee of the Second Islamic Conference of Ministers of Tourism was held in Kuala Lumpur on 5-6 September, 2002. The Follow-up Committee examined the means and modalities of implementation of the Kuala Lumpur Programme of Action and enlisted in a Matrix an elaborate list of practical action to be undertaken by the Member States, both individually and collectively.

The Government of the Kingdom of Saudi Arabia hosted the Third Islamic Conference of Ministers of Tourism on 6-9 October, 2002 in Riyadh. The Conference adopted a resolution of tourism development and the Riyadh Declaration. The Fourth Islamic Conference of Ministers of Tourism will be held on 13-15 December 2004 in Dakar, Senegal.

The Government of the Islamic Republic of Iran offered to host the first experts group meeting on tourism, the confirmation on the date and venue of the meeting is expected from the Government of the Islamic Republic of Iran. The General Secretariat is in contact with the host government in connection with the holding of the experts group meeting.

i) 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 subsequently held in Istanbul between 1990 and 1994. 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 held in Istanbul from 22 to 25 October 1994, inter alia, noted that the Meetings of Focal Points for Technical Cooperation were being held annually on a regular basis in Istanbul and appreciated the support extended by Turkey and OIC institutions such as the IDB, SESRTCIC, ICDT and IIT. It 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.

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. The responses received from some interested Member States have been transmitted to the government of the Republic of Turkey with a view to setting up the project committee

in accordance with the Follow-up and Implementation Mechanism of the Plan of Action.

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

The 10th Islamic Summit Conference, the 30th Islamic Conference of Foreign Ministers and the 19th Session of COMCEC urged the Member States that have not yet done so to sign or ratify at an early date the various OIC agreements and statutes in the field of economic and trade cooperation, which are aimed at creating an enabling conditions in which such cooperation could flourish. An updated summary of the situation regarding the signing and ratification of the following six OIC Agreements and Statutes is given below as well as in tabular form in Annex.

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 29. 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 30 Member States and ratified by 22. After having been ratified by more than 10 countries, the agreement came into force in February 1988.

iii) Framework Agreement on Trade Preferential System.

The Framework Agreement on Trade Preferential System was approved by the Sixth COMCEC in October 1990. 23 Member States have so far signed the Framework Agreement. The General Secretariat received the instrument of ratification by the People's Republic of Bangladesh of the Framework Agreement on Trade Preferential System on 17 January, 2004 (i.e. thirteenth ratification). The Agreement having the required number of ratifications has now entered into force. Accordingly, the COMCEC at its 18th Session resolved to set up the Trade Negotiating Committee consisting of the participating countries that have ratified the Agreement and declared that trade negotiation was to be held by the Trade Negotiating Committee. The Republic of Turkey has offered to host the first round of the trade negotiation, which is scheduled on 6-9 April 2004 in Antalya.

iv) Statute of the Islamic Civil Aviation Council.

The Statute of the Islamic Civil Aviation Council has been signed by 16 Member States and ratified by 9 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 11 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)

The 14th COMCEC adopted the Statute and invited Member States that are willing to participate in the activities of the Standards and Metrology Institute for Islamic Countries (SMIIC) to sign and ratify it. 6 Member States have so far signed the SMIIC and ratified by 3 Member States.

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

In the interest of efficiency and avoiding duplication of work, this Background Report, does not include (in accordance with the earlier directive of COMCEC) a summary of the activities of the following six OIC Subsidiary Organs, Specialised and Affiliated Institutions working in the field of economic and commercial cooperation among Member States: Statistical Economic and Social Research and Training Centre for Islamic Countries; Islamic Centre for Development of Trade; Islamic University of Technology; Islamic Development Bank, Islamic Chamber of Commerce and Industry and Organization of the Islamic Shipowners' Association. The individual reports to be submitted by these OIC institutions to the 20th Session of the COMCEC will provide detailed information on their activities.

V. GENERAL OBSERVATIONS

The details as elaborated above show that progress in the various priority areas have been uneven. While ministerial meetings have been held in nine out of ten priority areas, there have been a series of more than one such meetings in some areas (food, industry, telecommunication and tourism). There are also several offers of holding ministerial meetings and concerned Member States are urged to hold these meetings at an early date. Experts group meetings have so far been held only in three priority areas. Although no ministerial meeting has been held in the priority area of labour and manpower, several meetings at the experts level have already taken place. Thus, the Member States have in fact made a beginning in all priority areas. What is required is the

holding of experts group meetings in all these priority areas as envisaged in the strategy of implementation elaborated in the Plan of Action.

The 17th COMCEC Session stressed the importance of the recommendations of the Experts Group Meeting for Accelerating the Implementation of the Plan of Action (Document: OIC/COMCEC/EGM-PA/01/REP.) and called for their implementation. The Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among the OIC Member States (COMCEC/20-2004/FC/PLAN) submitted to this meeting of the Follow-up Committee of COMCEC gives details on progress made in the process of implementation of the Plan of Action and draws particular attention to a number of key recommendations of the aforesaid Experts Group Meeting.

ANNEX-I

LIST OF MEMBER STATES WHO SIGNED AND RA TIFIED
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 (SMIC)	
	Adopted as per Res. No 1/8-E of the 8* ICFM Tripoli/Libya 16-22/5/1977	Adopted as per Res. No7/12-E of the 12 th ICFM Baghdad/Iraq 1-5/6/1981	Adopted as per Res. No1 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. NO17/15-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
<i>Afghanistan</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Algeria</i>	20/5/80	-	-	-	-	-	-	-	-	-	-	-
<i>Albania</i>	-	-	15/11/96	-	-	-	-	-	-	-	-	-
<i>Azerbaijan</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Bahrain</i>	21/05/80	30/08/80	-	-	-	-	-	-	-	-	-	-
<i>Bangladesh</i>	05/12/77	18/04/78	04/11/97	-	4/11/97	17-01-04	10/9/83	5-12-01	-	16/4/88	-	-
<i>Benin</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Brunei Darussalam</i>	*	'	-	-	-	-	-	-	-	-	-	-
<i>Burkina Faso</i>	23/12/85	-	-	19/5/92	14/9/93	-	21/10/01	-	-	-	21-10-01	-
<i>Cameroon</i>	23/01/78	11/07/83	25/10/94	26-09-95	25/10/94	26-09-95	-	-	-	-	-	07-07-00
<i>Comoros</i>	28/04/78	16/01/81	-	-	-	-	-	-	-	-	-	-
<i>Kyrgyz Republic</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Kazakhstan</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Djibouti</i>	21/04/79	-	25/08/82	-	-	-	-	-	-	-	-	-
<i>Egypt</i>	08/11/77	06/06/78	-	16/12/78	15/11/96	31/12/99	-	-	11/6/87	7/5/88	-	-
<i>United A. Emirates</i>	29/12/77	1979	12/02/89	14/01/89	-	-	30/5/89	21-3-89	30/5/89	21/3/89	-	-
<i>Gabon</i>	23/01/78	-	-	-	-	-	-	-	-	-	-	-
<i>Gambia</i>	21/05/80	-	04/09/93	-	08/11/95	-	8/11/95	-	8/11/95	-	-	-
<i>Guyana</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Guinea</i>	26/12/77	10/02/81	08/11/95	20/6/03	05/09/93	20/6/03	8/11/95	20/6/03	8/11/95	20/6/03	-	20-6-03
<i>Guinea-Bissau</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Indonesia</i>	30/04/79	08/01/80	01/05/83	3/12/83	04/02/92	-	-	-	-	-	-	-
<i>Iraq</i>	02/07/78	1978	-	-	24/10/01	-	-	27/10/02	-	-	-	-
<i>Iran</i>	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	-	-
<i>Jordan</i>	29/12/77	10/05/79	04/11/98	25-02-99	01/02/93	21/12/98	25/10/94	-	12/3/88	8/4/86	-	-
<i>Kuwait</i>	05/12/77	10/05/80	18/11/81	12/ 4/83	-	-	-	-	-	-	-	-
<i>Lebanon</i>	15/11/96	18/7/03	15-11-96	-	15-11-96	11/7/03	-	-	-	-	-	-
<i>Libya</i>	5/12/77	15/04/78	25/10/94	13/2/96	05/11/92	02/11/92	-	-	-	04/01/89	-	-
<i>Malaysia</i>	18/05/78	14/01/81	30/09/87	-	-	-	-	-	-	-	-	-
<i>Maldives</i>	17/12/77	-	-	-	-	-	-	-	-	-	-	-
<i>Mali</i>	27/04/78	08/08/81	-	24/05/82	-	-	-	-	-	-	-	-
<i>Morocco</i>	23/01/78	16/04/79	02/11/80	07/05/90	29/09/93	-	26/10/00	-	30/12/85	-	-	-

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Annex VIII to OIC/COMCEC-FC/20-04/REP

ANNEX-I

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 (SMIC)	
	Adopted as per Res. No 1/8-E of the 8 ICFM Tripoli/Libya 16-22/5/1977		Adopted as per Res. No7/12-E of the 12 ICFM Bagdad/Iraq 1-5/6/1981		Adopted as per Res. No 1 of the 6 Session of the 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 W 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>	15/04/81	28/04/81	25/10/94	10/12/94	-	-	-	-	-	-	-	-
<i>Uganda</i>	08/08/78	14-11-01	26/11/78	10/2/78	05/09/93	14-11-01	-	-	-	-	-	-
<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	7-11-99	-
<i>Qatar</i>	24/09/78	09/09/80	26/10/00	5/11/02	-	-	21/10/01	5/11/02	-	-	-	-
<i>Saudi Arabia</i>	14/01/78	27/06/79	23/9/85	17/9/84	10/09/92	-	-	11-04-04	-	-	-	-
<i>Senega/</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	-	26/10/00	28-1-03
<i>Syria</i>	04/06/78	15/07/80	21/10/01	-	-	-	-	02-4-02	-	-	7-11-99	-
<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	31/7/00	6/1/83	11/11/83	8/11/95	14-02-00	18-9-01	-
<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	29	30	22	23	13	16	10	13	11	6	3

<u>Name of Member States</u>	<u>Date</u>	<u>Signature</u>
1. Republic of AZERBAIJAN	.../.../
2. Hashemite Kingdom of JORDAN	.../.../
3. Islamic State of AFGHANISTAN	.../.../
4. Republic of ALBANIA	.../.../
5. State of UNITED ARAB EMIRATES	.../.../
6. Republic of INDONESIA	.../.../
7. Republic of UZBEKISTAN	.../.../
8. Republic of UGANDA	.../.../
9. Islamic Republic of IRAN	.../.../
10. Islamic Republic of PAKISTAN	.../.../
11. State of BAHRAIN	.../.../
12. BRUNEI DARUSSALAM	.../.../
13. People's Republic of BANGLADESH	.../.../
14. Republic of BENIN	.../.../
15. BURKINA FASO	.../.../
16. Republic of TAJIKISTAN	.../.../
17. Republic of TURKEY	.../.../
18. TURKMENISTAN	.../.../
19. Republic of CHAD	.../.../
20. Republic of TOGO	.../.../
21. Republic of TUNISIA	.../.../
22. People's Democratic Republic of ALGERIA	.../.../
23. Republic of DJIBOUDI	.../.../

<u>Name</u>	<u>of</u>	<u>Member</u>	<u>States</u>	<u>Date</u>	<u>Signature</u>
24.	Kingdom of	SAUDI ARABIA		.../.../.	.....
25.	Republic of	SENEGAL		.../.../.	.....
26.	Republic of	SUDAN		.../.../.	.....
27.	SYRIAN Arab Republic			.../.../.	.....
28.	Republic of	SURINAME		.../.../.	.....
29.	Republic of	SIERRA LEONE		.../.../.	.....
30.	Republic of	SOMALIA		.../.../.	.....
31.	Republic of	IRAQ		.../.../.	.....
32.	Sultanate of	OMAN		.../.../.	.....
33.	Republic of	GABON		.../.../.	.....
34.	Republic	of	The GAMBIA	.../.../.	.....
35.	Republic of	GUYANA		.../.../.	.....
36.	Republic	of	GUINEA	.../.../.	.....
37.	Republic	of	GUINEA BISSAU	.../.../.	.....
38.	State of	PALESTINE		.../.../.	.....
39.	Federal Islamic Republic of	COMOROS		.../.../.	.....
40.	KYRGHYZ	Republic		.../.../.	.....
41.	State of	QATAR		.../.../.	.....
42.	Republic	of	KAZAKHSTAN	.../.../.	.....
43.	Republic of	CAMEROON		.../.../.	.....
44.	State of	KUWAIT		.../.../.	.....
45.	Republic	of	LEBANON	.../.../.	.....
46.	Socialist People's	LIBYAN ARAB JAMAHIRIYA		.../.../.	.....
47.	Republic	of	MALDIVES	.../.../.	.....

Annex VIII to OIC/COMCEC-FC/20-04/REP

<u>Name of Member States</u>	<u>Date</u>	<u>Signature</u>
48. Republic of MALI	.../.../.....	
49. MALAYSIA	.../.../.....	
50. Arab Republic of EGYPT	.../.../.....	
51. Kingdom of MOROCCO	.../.../.....	
52. Islamic Republic of MAURITANIA	.../.../.....	
53. Republic of MOZAMBIQUE	.../.../.....	
54. Republic of NIGER	.../.../.....	
55. Federal Republic of NIGERIA	.../.../.....	
56. Republic of YEMEN	.../.../.....	

-IX-

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

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

(Istanbul, 11-13 May 2004)

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

Twentieth Meeting of the Follow-up Committee
of the COMCEC

(Istanbul, 11-13 May 2004)

I. Introduction:

The 19th COMCEC requested the General Secretariat (at paragraph 16 of resolution I) to continue to submit to the annual sessions of the COMCEC a periodical review of the implementation of the Plan of Action. This review is submitted in pursuance of the resolution.

II. Background Information on the Plan of Action:

The Sixth Islamic Summit entrusted the COMCEC to draw up 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. Accordingly, a revised Plan was approved by the Tenth Session of the COMCEC (November 1994). This document together with the Strategy approved earlier by the COMCEC was endorsed by the Seventh Islamic Summit Conference (Casablanca, December 1994) in its Resolution 8/7-E(IS).

The Seventh Islamic Summit noted, *inter alia*, that the strategy for economic cooperation adopted by the COMCEC allowed for cooperation among sub-groups of Member States and was based on the principles of economic liberalization, promotion of the private sector, and integration with the world economy and on respect for the economic, political, legal and constitutional structures of the Member States and their international obligations. It also noted that the Plan of Action was open to further improvement during its implementation. The Summit stressed on the urgency of implementing the Plan and called upon the Member States to host the inter-sectoral expert group meetings as envisaged in the chapter on Follow-up and Implementation of the Plan.

The COMCEC Follow-up Committee at its eleventh meeting considered the technical and organisational issues of holding an inter-sectoral meeting and recommended that, instead of holding one inter-sectoral meeting to initiate 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. The Eleventh COMCEC accepted the recommendation and invited the member states to host both sectoral and inter-sectoral meetings.

III. Mechanism for the Implementation of the Plan:

As per the provision of the Follow-up and Implementation Mechanism which forms integral part of the Plan of Action, the process of implementation of specific cooperation projects in each of the ten priority sectors is to commence through holding of sectoral Expert Group Meetings. The mandate given to the Expert Group Meetings in each sector/area of the Plan is to review the requirements for action and make proposals. The Expert Group Meetings are to be held to identify specific cooperation projects. Subsequently, "project committees" are to be formed with interested Member States under the chairmanship of the country originally proposing the project(s). The responsibility of implementing any project remain with the concerned project committee(s).

IV. Expert Group Meetings:

Since adoption of the revised Plan all meetings of the COMCEC, Islamic Summit Conferences and the Islamic Conferences of Foreign Ministers appealed to the Member States to host sectoral Expert Group Meetings.

The Government of the Republic of Turkey hosted the Expert Group Meeting on Money, Finance and Capital Flows in Istanbul from 1-3 September 1997. 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. The Government of the Republic of Turkey organised the Expert Group Meeting on Technology and Technical Cooperation in Istanbul from May 6-8, 1998.

A number of cooperation projects and project ideas emerged from these meetings. The report of the Expert Group Meetings, along with the project proposals, were transmitted to all Member States with the request to indicate their interest in writing to the General Secretariat. Those Member States which submitted project ideas, have been requested to provide idea of the complete project in the prescribed Projects Profile Form. Member States that have indicated interest in the project ideas proposed by the OIC institutions have been requested to submit these as their proposals so that the same can be circulated to all Member States.

The responses to the project proposals/ideas received from some Member States till the end of December, 2003 are shown in tabular form as an annexure. Names of countries indicating interest in any specific project(s)/project idea(s), as shown in the table, have been communicated to the countries which originally proposed these project(s)/project ideas):

The Government of the Arab Republic of Egypt offered to host experts group meetings on food, agriculture and rural development; and also on transportation. The Government of the Islamic Republic of Iran has offered to host an experts group meeting on tourism. The General Secretariat is in contact with the two Governments concerning the holding of these meetings.

V. Recent Related Activities in Areas within the Plan of Action:

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 Declaration issued by the Conference emphasised on the need to explore ways and means to increase agricultural production in potential areas and decided to periodically review the situation of food security in all OIC Member States.

The Third OIC Ministerial Meeting on Posts and Telecommunications was held in Tehran, Islamic Republic of Iran from July 8-11, 1996. A 25-point resolution was adopted by the meeting identifying areas of cooperation and specific recommendations for action by the Member States. The meeting decided that expert group meetings, seminars and symposiums in the field of cooperation in Posts and Telecommunications be held annually even at regional level and including the private sector. It was also decided to hold the Ministerial Meeting on Posts and Telecommunications more frequently, at least once in every three years.

The First OIC Ministerial Meeting on Tourism was held in Isfahan from 2-4 October, 2000. The meeting adopted a resolution on tourism and the Isfahan Declaration. The resolution decided, inter alia, to set up a follow-up committee, which met in Tehran on 27-28 August, 2001. The Second Islamic Conference of Ministers of Tourism was held on 10-13 October, 2001 in Kuala Lumpur, which adopted a resolution on tourism development along with the Kuala Lumpur Programme of Action. The Meeting of the Follow-up Committee of the aforesaid Conference was held on 5-6 September, 2002 in Kuala Lumpur. The Third Islamic Conference of Ministers of Tourism was held on 6-9

October, 2002 in Riyadh, which adopted a resolution on tourism development along with the Riyadh Declaration.

The Ninth Islamic Trade Fair was held in Sharjah from 21 to 26 December 2002 concurrently with the 9th Private Sector Meeting (21-23 December, 2002).

VI. Follow-up on the Decisions of the 19th Session of COMCEC:

The appeal addressed by the 19th COMCEC to Member States who have not yet done so to sign and ratify the various Agreements and Statutes prepared under the auspices of the OIC to help intensify economic cooperation among Member States has been transmitted to all concerned by the General Secretariat. Besides, the General Secretariat had earlier requested the Islamic Chamber of Commerce and Industry to advise all its constituent national chambers to make whatever contribution they can in expediting early action by their respective governments with respect to early signature and ratification of OIC Agreements and Statutes as per the appeal of the COMCEC.

The 19th COMCEC welcomed the offers of the Governments of the Arab Republic of Egypt, Republic of Gabon, Islamic Republic of Iran, Republic of Indonesia, Malaysia, Republic of Sudan and the Republic of Turkey to host various Ministerial meetings, sectoral experts group meetings, regional seminars and workshops. The General Secretariat is in contact with these Member States with a view to making necessary arrangements for holding these meetings and seminars/workshops.

It may also be mentioned that earlier the 15th COMCEC requested the OIC General Secretariat to closely pursue the follow-up actions and the results of the three sectoral expert group meetings held so far. It also urged the Member States to forward to the General Secretariat their responses to the project proposals put forward at the sectoral expert group meetings for the formation of the above-mentioned project committees at the earliest possible date. The General Secretariat circulated the aforementioned project proposals to all member states with the request to indicate their interest at an early date. A few responses received so far have been transmitted to the country(s) which proposed the project(s) so that the task of establishing specific Project Committees can be taken up.

As responses of vast majority of Member States are still awaited, a reminder has been sent out by the General Secretariat to all Member States on 20 January 2004 urging them to expedite their responses. In the interest of avoiding any further delay in making progress in the implementation of the Plan of Action, Member States sponsoring projects

are requested to communicate their response by 15 May 2004 with the stipulation (as directed by COMCEC) that, should there be no response from a sponsor within the deadline, it will be assumed that sponsor is no longer interested in the project and it will be struck off the list of projects.

VII. Consideration of the Overall Situation of Implementation of the Plan:

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. A number of observations and conclusions drawn from an assessment of the experience gained on the EGMs held so far were elaborated in the afore-mentioned review. After detailed discussion on the aforementioned review, the 15th Session of the COMCEC adopted a resolution expressing concern over the "slow progress of the implementation of the Plan of Action" and recommended to the Follow-up Committee at its next meeting to "suggest best possible remedies to alleviate the situation". Accordingly, the Follow-up Committee at its 16th Meeting held in Istanbul on 9-11 May, 2000 deliberated on the possible ways and means to accelerate the implementation of the Plan and decided to forward a number of recommendations to the 16th Session of COMCEC for consideration.

The 16th COMCEC expressed concern over the slow progress in the implementation of the Plan of Action and urged the Member States to take appropriate action for expediting its implementation. It resolved in this connection that an open-ended experts group meeting be convened before the 17th meeting of the Follow-up Committee (9-10 May, 2001) "to explore all possible ways and means of accelerating the implementation of the Plan of Action". Accordingly, an Expert Group Meeting for Accelerating the Implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among Member States was held in Istanbul on 6-7 May, 2001. The report of the said meeting containing its recommendations was placed before the 17th Meeting of the Follow-up Committee of COMCEC, which decided to submit the recommendations to the 17th Session of COMCEC. The 17th COMCEC considered the report of the expert group meeting as annexed in the report of the 17th Meeting of the Follow-up Committee of COMCEC and approved the recommendations of the experts group meeting and stressed their importance. The General Secretariat has circulated the report of the experts group meeting.

Recommendation 13 of the Experts Group Meeting for Accelerating the Implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among Member States calls for giving mandate to the relevant OIC

institutions to study, apprise and provide the necessary financial and technical support to the proposed cooperation projects. The Follow-up Committee of the COMCEC at its 18th Meeting requested the COMCEC Coordination Office to undertake, in coordination with the OIC General Secretariat, SESRTCIC, ICDT, IUT, IDB, ICCI and OISA, a study explaining the content and the terms of their possible assignment, and submit it to the 18th Session of the COMCEC for its consideration.

The COMCEC Coordination Office undertook a study and presented it to the 18th Session of COMCEC, which welcomed, in principle, the supplementary mechanism presented in the study. However, it requested that the proposed supplementary mechanism be further elaborated "... So as to define the scope and content of the possible tasks to be assigned to the relevant OIC institutions ...". It also requested the COMCEC Coordination Office to finalise the study for submission to the 19th Meeting of the Follow-up Committee of COMCEC. The COMCEC Coordination Office carried out the necessary consultation with the aforesaid OIC institutions including discussion during the consultative meetings of OIC institutions active in the economic and commercial fields. Significantly, at the 5th Consultative Meeting of such OIC institutions, held on 13 January 2003, which were co-chaired by the Secretary General of the Organization of the Islamic Conference and the President of the Islamic Development Bank, it was decided to establish a working group of these OIC institutions to finalise the study on supplementary mechanism.

The COMCEC Coordination Office made a presentation on the supplementary mechanism during the 19th Meeting of the Follow-up Committee of COMCEC informing that the study had already been circulated to the Member States for their views. The 19th Meeting of the Follow-up Committee took note of the study which was reviewed earlier in the meeting of the Working Group held in Ankara on 25-27 March 2003. The Follow-up Committee called upon the Member States to communicate their views by 15 July 2003, where upon the COMCEC Coordination Office was to finalise the study in consultation with the OIC General Secretariat and the relevant OIC institutions. Accordingly, the COMCEC Coordination Office presented the final outcome of its study to the 19th session of COMCEC, which endorsed the supplementary mechanisms as developed by the COMCEC Coordination Office in cooperation with the OIC General Secretariat and the relevant OIC institutions.

While so endorsing the supplementary mechanism, the COMCEC agreed that the Sessional Committee of the COMCEC was the appropriate body to supervise the activities of the concerned OIC institutions and to coordinate their activities in fulfilling their mandate regarding the implementation of the Plan of Action. Accordingly, it

adopted the necessary modification in the Statute and the Rules of Procedure of COMCEC.

VIII. Conclusion and Recommendations:

While reviewing the progress achieved so far in the implementation of Plan of Action the General Secretariat wishes to draw particular attention of the COMCEC to the need to ensure effective and speedy implementation of the recommendations of the Experts Group Meeting for Accelerating the Implementation of the OIC Plan of Action for Economic and Commercial Cooperation, held in Istanbul 6-7 May, 2001, which were endorsed by the 17th Session of COMCEC. Following recommendations deserve particular attention without prejudice to the other recommendations:

"The meeting viewed that promotion of political commitment was the primary requirement to achieve progress in the implementation of the Plan of Action and recommended that closer collaborative efforts be intensified among the Chairman of the Islamic Summit, the Chairman of the COMCEC and the Secretary General of the OIC with a view to obtaining the required political commitment among member countries. In this connection, the meeting also highlighted the importance of intensifying efforts on the political front with a view to having the OIC Agreements signed and ratified expeditiously."

"Focal Points may be set up for each priority area of the Plan of Action one in each Member State and one consisting of a relevant OIC institution. The two Focal Points would work jointly to implement the projects which were identified in consultation with Member States fully involved both public and private sectors). A Focal Point Unit may also be set up within the COMCEC Coordination Office to coordinate all Focal Points activities for the various Experts Group Meetings."

"From the initial stage of pre-feasibility/feasibility study of any cooperation project in any sector/area, particularly under technology and technical cooperation, OIC organ(s)/institution(s) having appropriate expertise and physical facilities should be involved as focal point(s) so that this organ(s)/institution(s) can provide, among others, the required technological inputs to facilitate smooth implementation of the project."

"There is a need to have a financial framework, detailing the ways and means and the institutional set up through which project proposals are to be financed within their existing mandate, policy and procedure. To this end, the relevant OIC institutions could

be mandated to study, apprise and provide the necessary financial and technical support to the proposed cooperation projects."

"The OIC institutions should enhance their efforts to further cooperation with Regional Organizations. The concerned OIC family of institutions need to reinforce their cooperative efforts with the relevant regional organizations in the form of research, meetings, workshops and seminars on topics related to reinforcing economic cooperation among member countries."

"Efforts should be made to speed up the signing and ratification of the Framework Agreement for Trade Preferential System (TPS-OIC) to enable ICDT to organize trade negotiations among the Member States for exchange of preferences and consider removal of non-tariff barriers which would contribute significantly to developing intra-OIC trade."

In anticipation of the holding of the experts group meetings, the General Secretariat re-circulated the report of the experts group meeting on accelerating the implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among Member States stressing the urgency of consultations among the Member States with a view to developing projects on cooperation for consideration by these experts group meetings.

In this connection, emphasis is laid on the need to develop regionally-based projects or projects supported by a group of Member states in a particular region, which may have the prospect of support from regional institutions. Accordingly, it is stressed that the active involvement may be sought of such regional institutions as ECO, GCC, Arab Maghreb Union, ECOWAS. These institutions may, therefore, be invited to attend future experts group meetings. There is also a need to establish linkage with such regional programme as the New Partnership for Development of Africa.

Furthermore, there is a need to involve the private sector in developing cooperation projects for consideration by the experts group meeting. It is, therefore, also envisaged that representatives of the private sector should also take part in the experts group meeting.

There is also a need to harmonise the OIC Plan of Action to strengthen Economic and Commercial Cooperation among the Member States and the various programmes of Islamic Development Bank (IDB), particularly with the implementation of IDB's concept paper on the preparation of the Ummah for the 21st century. In this respect the

fields of development of science and technology as well as communication and information technology deserves particular attention.

There is further the need to accelerate the process of signing and ratification of the various agreements and statutes finalized under the aegis of OIC in the economic and Commercial fields as these would provide the necessary framework for economic and commercial cooperation among the Member States.

Annex 1

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	Saudi Arabia, 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	
15.	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
16.	Ionoxyail (totril) Process development for this valuable fungicide and its Dibromo analogue.	Iran	Saudi Arabia
17.	Carbamazepine Process development for production of Carbamazepine at 25 MT/year capacity.	Iran	Saudi Arabia
18.	Sut-SOFT, Software for modeling of Heat Transfer, Mass Transfer and Stress Analysis.	Iran	Saudi Arabia
19.	Field-Test establishment.	Iran	Saudi Arabia

Annex 2

MONEY, FINANCE AND CAPITAL FLOWS			
20.	Establishment of an Islamic Insurance-Reinsurance Corporation.	Turkey	
21.	Islamic Finance Corporation under the Auspices of the IDB.	Turkey	
22.	Multilateral Islamic Clearing Agency (Union).	Turkey	
23.	Development of a cohesive multi-year programme for Training and Seminars to be conducted in Financial and Monetary Fields.		
24.	Compilation by SESRTCIC, in collaboration with IDB/IRTI Of a Directory of Muslim Experts in the field of money, Banking and finance.	Turkey	
25.	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	
26.	Compilation by SESRTCIC, in collaboration with the IDB/IRTI of a Directory on Banks and Financial Institutions in the member countries.	Turkey	
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, Tunisia.
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	

Annex 3

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 Faso
38.	Setting up of Regional Companies Specialised in Organisation of Trade Fairs and Exhibitions.	ICDT	Burkina Faso
39.	Setting up of Permanent Exhibition Halls.	ICDT	
40.	Organising a Permanent Virtual Goods Exhibition on The INTERNET Web site of the ICDT.	ICDT	

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**REPORT
OF THE SESSIONAL COMMITTEE**

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

(Istanbul, 10 May 2004)

Original : English

**REPORT
OF THE SESSIONAL COMMITTEE
Istanbul, 10 May 2004**

1. The Sessional Committee held its meeting prior to the 20th Follow-up Committee of COMCEC on 10th May 2004. The meeting was chaired by H.E. Ambassador Nabika Diallo, Assistant Secretary General of OIC. The meeting was attended by the following;

- General Secretariat of the Organization of the Islamic Conference
- COMCEC Coordination Office
- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- The Islamic Centre for Development of Trade (ICDT)
- Islamic Chamber of Commerce, Industry and Commodity Exchange (ICCI)
- The Islamic Development Bank (IDB)
- Islamic Shipowners' Association (OISA).

The meeting was also attended by a delegation from the Republic of Turkey.

2. The meeting adopted the following agenda items;
- 1- Review of the Proposed Cooperation Projects within the OIC Plan of Action.
 - 2- Review of the Trade Negotiations within the Framework Agreement on Trade Preferential System among the OIC Member Countries (TPS-OIC).
 - 3- Review of the Preparations for the "Economic Summit at Ministerial Level" on the Occasion of the Anniversary of the 20th Session of the COMCEC.

4- Any Other Business.

The Agenda was reviewed and adopted as presented.

3. **Under Agenda item 1**, the COMCEC Coordination Office, presented a report on the consultative meeting held in Jeddah on 1 March 2004, regarding the status of projects within the OIC Plan of Action. Thereafter the OIC institutions, namely SESRTCIC, ICDT, ICCI and IDB informed the Committee of the steps taken so far by them, specifically for the projects sponsored by them or wherein they were indirectly involved. The Committee was informed that the General Secretariat of OIC and COMCEC Coordination Office had contacted the member countries but had not received any response. The Committee then decided that for all projects, which are country specific, the General Secretariat of OIC and COMCEC Coordination Office would write to the sponsoring countries to indicate if they are still interested in their project. Furthermore if the project proposes the setting up of any new establishment/association or any other similar institution under the OIC, they will be informed that as per the resolution of the ICFM no new institution can be set up. However if the project is a national project then the member country can go ahead with it.

4. It was agreed that this would be a last reminder and that they are expected to respond before the end of September, as a report has to be submitted to the twentieth session of COMCEC in November 2004.

5. The Committee also proposed that in the existing list of projects, a column for "Coordinator" should also be added.

6. The Committee considered for each of the projects as follows:

1. Projects under title Technical Cooperation from number 1 to 19.

For project number 2 on "Technical Cooperation in the Area of Heritage Preservation among OIC Member States", the Committee was informed that Saudi Arabia had contacted IRCICA to be involved in the said project.

For project number 7 on "Technical Cooperation among Patent Offices in the OIC Member States", Turkey gave a presentation on the steps taken for the implementation of this project and circulated a paper on it. For the other remaining project, the member countries will be contacted by the General Secretariat of the OIC and COMCEC Coordination Office as per the above decision, taken under agenda item 1.

2. Projects under Money, Finance and Capital Flows from 20 to 26.

- For project number 20 on "Establishment of an Islamic Insurance/ Reinsurance Corporation" the Committee directed the COMCEC to contact Turkey
- For project number 21 on "Islamic Finance Corporation under the Auspices of the IDB", the Committee noted that the Islamic Corporation for Insurance and Export Credit had already been established.
- For project number 22 on "Multilateral Islamic Clearing Agency (Union)", the Committee requested IDB to review the project whose feasibility study had already been prepared when it was on the agenda of the COMCEC, in coordination with Turkey, keeping in mind the Malaysian proposal, namely, Gold-Based Trade Payment Arrangements (GTPA) for the Promotion of Intra-OIC Trade Gold Dinar.
- For project number 24 on "Compilation by SESRTCIC, in collaboration with IDB/IRTI of a Directory of Muslim Experts in the field of money, Banking and finance", the Committee requested coordination among COMCEC, IDB and Turkey.
- Project numbers 24 and 25 on "Compilation by SESRTCIC, in collaboration with IDB/IRTI of a Directory of Muslim Experts" and "Regular and Systematic Collection and dissemination of detailed data and information on the money, banking and finance...", the related institutions namely IDB, SESRTCIC along with COMCEC Coordination Office and the Turkish authorities were requested to continue pursuing their efforts in the implementation of these projects.

- However, the Committee also was of the view to merge projects 24 and 26 on "Compilation by SESRTCIC, in collaboration with IDB/IRTI of a Directory of Muslim Experts ..." and "Compilation by SERSTCIC, in collaboration with the IDB/IRTI of a Directory on Banks and Financial Institutions in the member countries", as the content of both, was similar.

3. Projects under Foreign Trade from 27 to 40.

- For project number 27 to 34 on "A Mechanism for Systematic Collection and Dissemination of Detailed Information on Tariff and Non-tariff Trade Barriers of the Member Countries" and "Preparation of a Detailed Study of Trade Regulations And Procedures of Member States", the Committee requested ICDT to merge the projects as their content was similar and to continue with its programs related to this combined project.
- For project number 28 on "Establishment of Islamic Trading House(s)", the Committee noted that the ICDT had already done some work thereon and would circulate a revised feasibility study on this project, to Turkey, and thereafter to the other Member Countries and related OIC institutions.
- For project number 29 "A Mechanism for Integration of the OIC Member Countries to the World Trade System", the Committee noted that IDB, ICCI and ICDT are already working on the project and that IDB and ICDT are undertaking efforts for the project implementation.
- For project number 30 "A Study on the Determination of the Economic Comparative Advantages of the OIC Member Countries". The Committee was informed of IDB's efforts on the related subject matter. In addition ICDT, SESRTCIC and ICCI were requested to continue with their efforts in the preparation of the study in coordination with the member states. The Committee also proposed to amend the title of the project to become "A Study on the Determination of the Economic Comparative Advantages and Complementarities of the OIC Member Countries."

- For project number 31 "Creation of an Islamic Export Market Development Fund", the Committee noted that the IDB had already taken over this project in the form of its existing windows and programs (such as ITFO, EFS, IUF and IBP.) which could be strengthened, and the Member States could be requested to participate in such initiatives.
- For project 32 on "Collection and collation of statistical", the Committee noted that ICDT was already performing this work and would continue to assume responsibility on this project.
- For project number 33 on "Development of a Joint Transportation Scheme for The Land-locked Member States", the Committee requested SESRTCIC to continue to assume responsibility on this project.
- For project number 35 and 36 on "Trade facilitation service, to be provided" and "Import Management Facilities to be provided by the National Chambers of the Member Countries", the Committee requested ICCI to merge these projects as they are similar.
- For projects number 37 and 38 on "Program for Training of Trainers in the Area of International Trade" and "Setting up of Regional Companies Specialized in Organization of Trade Fairs and Exhibitions", the Committee requested ICDT to consult Burkina Faso. Regarding project 38, ICDT was requested to prepare a detailed study/report on this matter and circulate it among OIC institutions and member states.
- For project number 39 and 40 on "Setting up of Permanent Exhibition Halls" and "Organizing a Permanent Virtual Goods Exhibition on The INTERNET Web site of the ICDT", the Committee requested ICDT to continue with its efforts in this context.

The Committee underlined the importance of nominating coordinators for all the projects from the OIC institutions. However it was agreed that this should be done, once the reply is received from the member countries regarding their interest in the project proposed by them.

The Committee also heard a presentation made by the representative of the Istanbul Stock Exchange. The representative highlighted the need for an active cooperation among the Islamic Stock Exchanges.

7. **Under Agenda item 2**, the representative of COMCEC gave a briefing about the first meeting of the Trade Negotiating Committee held in Antalya from 6 to 9 April 2004. The Committee was informed that the meeting adopted a negotiation strategy for the TPSOIC and also adopted a work programme for the Round. The Committee was also briefed by ICDT regarding the joint efforts and work done by the Secretariat of the TNC.

The Committee emphasized the need to further expedite efforts of member countries to ratify the agreement.

8. **Under agenda item 3**, the Committee was briefed by the COMCEC Coordination Office regarding the preparation of the "Economic Summit at Ministerial Level" on the Occasion of the Anniversary of the 20th Session of the COMCEC. However the Committee was of the view that this item should be referred to the Twentieth Follow-up Committee of COMCEC.

9. The Committee concluded its session with thanks to the chair and to the participants for their participation.

ATTACHMENT

Table 1: Project Proposals/Ideas submitted to the EGMs

I-	TECHNICAL COOPERATION		
Serial No	Project Proposals/Ideas	Proposing State/ Institution	Interested Country
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 Center	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 Center For Islamic Countries.	Turkey	Saudi Arabia, 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	
15.	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
16.	Lonoxylail (totril) Process development for this valuable fungicide and its Dibromo analogue.	Iran	Saudi Arabia
17.	Carbamazepine Process development for production of Carbamazepine at 25 MT/year capacity.	Iran	Saudi Arabia
18.	Sut-SOFT, Software for modeling of Heat Transfer, Mass Transfer and Stress Analysis.	Iran	Saudi Arabia
19.	Field-Test establishment	Iran	Saudi Arabia
II-	MONEY, FINANCE AND CAPITAL FLOWS		
20.	Establishment of an Islamic Insurance-Reinsurance Corporation.	Turkey	
21.	Islamic Finance Corporation under the Auspices of the IDB.	Turkey	
22.	Multilateral Islamic Clearing Agency (Union).	Turkey	
23.	Development of a cohesive multi-year program for Training and Seminars to be conducted in Financial and Monetary Fields.		
24.	Compilation by SESRTCIC, in collaboration with IDB/IRTI Of a Directory of Muslim Experts in the field of money, Banking and finance.	Turkey	
25.	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	
26.	Compilation by SERSTCIC, in collaboration with the IDB/IRTI of a Directory on Banks and Financial Institutions in the member countries.	Turkey	
III-	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, 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	Oman, Tunisia
31.	Creation of an Islamic Export Market Development Fund.	SESRTCIC	
32.	Collection and Collation of Statistical Information Regarding the Import Needs and Export Potential of Member Countries.	SESRTCIC	
33.	Development of a Joint Transportation Scheme for The Land-locked Member States.	SESRTCIC	

Annex X to OIC/COMCEC-FC/20-04/REP

34.	Preparation of a Detailed Study of Trade Regulations And Procedures of Member States.	SESRTCIC	
35.	Development of a Joint Transportation Scheme for The Land-locked Member States.	ICCI	
36.	Import Management Facilities to be Provided by the National Chambers of the Member Countries.	ICCI	
37.	Program for Training of Trainers in the Area of International Trade.	ICDT	Burkina Faso
38.	Setting up of Regional Companies Specialized in Organization of Trade Fairs and Exhibitions.	ICDT	Burkina Faso
39.	Setting up of Permanent Exhibition Halls.	ICDT	
40.	Organizing a Permanent Virtual Goods Exhibition on The INTERNET Web site of the ICDT.	ICDT	

-XI-

**REPORT OF IDB
ON THE EXPANSION OF INTRA-OIC TRADE**

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

(Istanbul, 11-13 May 2004)

REPORT BY IDB ON THE EXPANSION OF INTRA-TRADE
(For the 20th Follow-up Meeting of the COMCEC to be held on 11-13 May 2004 in Istanbul, Turkey)

BACKGROUND

1. Following the 1997, Tehran Eight Islamic Summit, IDB was requested to formulate and develop qualitative and quantitative ways and means to increase intra trade cooperation with other OIC institutions. At the 2nd Preparatory Meeting of the OIC (Tehran in June 1998), it was resolved that intra trade among member countries should be increased from 10% to 13% of their total trade beginning from 1420H.
2. An Inter OIC Task Force, which was set up by IDB, met in Jeddah in August 1998 and came up with specific recommendations on trade, which include the creation of new trade financing instruments by IDB under new terms and conditions, enhancement of co-financing, appointment of focal points in member countries, use of technology to provide intra trade information, formation of Eximbanks, promotion of bilateral payment arrangement mechanisms and capacity building in trade through technical assistance
3. The recommendations of the OIC Task Force was endorsed by the IDB Board of Executive Directors at its meeting in Cotonou, Benin in November 1998.

TRADE FINANCING OPERATIONS OF IDB

4. IDB is one of the few multilateral financial institutions in the world that is engaged in promoting and financing of intra trade among its member countries. Its financing programme, dedicated to assist 55 member countries that are all developing countries, has both the developmental and commercial objectives.
5. The programme is implemented in line with Article 2 of its Articles of Agreement, which empowers the Bank to promote foreign trade, especially in capital goods, among member countries. It was launched as a mode of placement of liquid funds, with the fundamental objective of assisting member countries' development efforts in areas of export and import trade. As a mode of fund placement, it has to generate reasonable returns and at the same time, it has to meet the developmental objectives of assisting member countries in external trade and promoting increased intra trade among them.
6. The Eighth Islamic Summit (Tehran 1997), particularly in its endeavour to help the Islamic Ummah face the challenge of the 21st Century, mandated IDB to increase its trade financing activities in order to support intra-trade among OIC member countries.
7. The financing programme, which commenced operations in 1397H (1977) consists of four schemes or windows namely the Import Trade Financing Operations (ITFO), Export Financing Scheme (EFS), Islamic Banks Portfolio (IBP) and Unit Investment Fund (UIF). The latter two (IBP and UIF) are business windows of the Bank, which also focus on import financing.

8. In addition, IDB also manages an export financing programme, on behalf of the Khartoum-based Arab Bank for the Economic Development in Africa, which is especially dedicated to finance exports of Arab goods to non-Arab League member countries of the African Union.

ACHIEVEMENTS TO DATE

Resources for trade financing and promotion

9. In support of the Resolution on Intra trade of the Tehran Summit, IDB has made available an amount of US\$5.65 billion from its ordinary capital resources for financing under ITFO since 1420H. Additional resources of US\$1.21 billion have been set aside under EFS. Its breakdown is as follows:

US\$ Million			
YEAR	ITFO	EFS	TOTAL
1420H	1,000.0	200.0	1,200.0
1421H	1,030.0	200.0	1,230.0
1422H	1,060.0	270.0	1,330.0
1423H	1,200.0	270.0	1,470.0
1424H	1,356.0	270.0	1,626.0
TOTAL	5,646.0	1,210.0	6,854.0

10. In addition to the above, the Bank has also allocated a total amount of US\$3.14 million during the period 1420H to 1424H under its Trade Cooperation and Promotion Programme (TCPP) (1420H and 1421H US\$ 1.7 million; 1422H: US\$0.80 million; 1423H: US\$0.32 million; 1424H US\$0.32 million). The fund was used to finance market studies, organizing of trade fairs, training, seminars, and technical assistance for capacity building of the Least Developed Member Countries.

Approval

11. From 1397H until 1424H, IDB had approved an aggregate amount of US\$20.74 billion under the four financing schemes (See Attachment 1), with the following breakdown:

- | | | |
|------|------|--------------------|
| i. | ITFO | US\$ 16.81 billion |
| ii. | EFS | US\$ 1.23 billion |
| iii. | IBP | US\$ 2.18 billion |
| iv. | UIF | US\$ 517 million |

12. The net amount approved between 1420H and 1424H was US\$7.72 billion. Details are as follows:

US\$ Million					
YEAR	ITFO	EFS	IBP	UIF	TOTAL
1420H	649.84	69.05	106.56	19.00	844.45
1421H	986.98	188.22	190.00	95.00	1,460.92
1422H	1,223.50	178..95	83.00	44.50	1,529..95
1423H	1,301.00	198.36	260.25	97.00	1,856.61
1424H	1,649.83	124.80	161.25	91.50	2,027.38
TOTAL	5,811.15	759,38	801.66	347.00	7,719,31

13. The approved amount in 1424H under the four schemes was US\$2.03 billion, which was an increase of 9% over the US\$1.86 billion approved in the previous year. The bulk of this approval (US\$1.77 billion or 88%) was made under the ITFO and EFS schemes.

Intra trade financing

14. It has been the strategic objective of IDB to improve and enhance the level of intra trade among its member countries from the developing world. By and large, this objective has been met. Of the US\$16.80 billion that has been approved under ITFO to date, US\$12.55 billion or 75% has been dedicated to financing of imports from member countries. As for EFS, the whole amount of US\$1.23 billion was to finance intra exports of member countries. Performance of Intra trade financing under ITFO is shown in Attachment 2.

15. For the period 1420H to 1424H, the amount approved for financing of intra trade under ITFO and EFS was US\$5.03 billion or 76% of their combined approval of US\$6.57 billion.

Fond Mobilization for trade financing

16. Another initiative undertaken by IDB is in area of fund mobilization. This has been introduced in 1420H, in response to the higher business target as a result of increased intra trade mandate of the 1997 Tehran Islamic Summit.

17. The ITFO programme is funded by the Bank's Capital and in order to overcome the expected resource constraint, mobilization of external funds through the

Two Step Murabaha (2SMF) and syndication mechanisms has been adopted as one of the key funding strategies. Leveraging on IDB's position as a multilateral development bank, a total amount of US\$1,575 million has been raised through the two mechanisms since 1420H. In 1424H alone, about US\$427 million was approved under the two mechanisms, of which US\$200 million was mobilized from other Islamic banks and financial institutions.

18. It is to be noted that IDB's endeavour in this field has been possible due to the strong support that it has received from Islamic banks particularly those from the financial centers of member countries.

Trade promotion activities

19. IDB also promotes intra trade through its Trade Cooperation and Promotion Programme (TCPP). The thrust of the programme is strengthening of trade relationships, exploring possible trade cooperation and facilitating opportunities for intra trade and export development among member countries. The programme also provides technical assistance for capacity building to the Least Developed Member Countries.

20. Between 1420H to 1424H, IDB had organised thirty four Seminars /Workshops, eighteen trade fairs, two meetings of the Focal Points and financed nine studies/training courses {in collaboration with member Governments and organisations such as the Islamic Centre for Development of Trade (ICDT) and the Arab Industrial Development and Mining Organisation (AIDMO)} under the programme.

21. Three seminars/workshops, six trade-fairs, four seminars/workshops /studies and five training courses/studies were implemented in 1424H. (See Attachment 3 for details on TCPP activities during the year.)

CONCLUSION

22. IDB has made significant contribution towards financing of trade among member countries as evidenced by the size of approval under the four schemes to date. It has doubled its efforts since 1420H in response to the Resolution on Intra trade of the 1997 Tehran Eighth Islamic Summit. The Bank made more funds available from its own internal resources and raised additional funds from the market through the Two- Step Murabaha and syndication mechanisms for trade financing. Additional funds were also allocated to support activities under its Trade Cooperation and Promotion Programme

23. The result of these efforts has been very encouraging. The average annual approval for the four financing schemes between 1420H to 1424H was US\$1.45 billion, which is significantly higher than the average approval of US\$567 million that was achieved between 1397H to 1419H. The approval figure has reached US\$1.89 billion in 1424H.

24. The thrust of IDB's trade financing programme is to support intra trade. Between 1397H and 1424H, about US\$13.78 billion or 76% of the total amount of US\$18.04 billion approved under ITFO and EFS was used to finance intra trade. (1420H-1423H- US\$5.03 billion or 76% of combined total of US\$6.57 billion)

25. IDB has also been granting an amount in excess of US\$850 million annually to finance projects and technical assistance. A major portion of this financing is used for imports of goods and services from other IDB member countries. This, again, is another contribution by IDB to increase intra trade.

**Trade Finance and Promotion Department,
Islamic Development Bank**

ATTACHMENT 1**Trade Financing Approvals
From 1397H up to 1424H* -in US\$ Million**

Year	ITFO		EFS		IBP		U.I. F		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
1492	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	5	24.00			67	609.38
1499	53	514.77	23	39.09	5	18.51			81	572.37
1410	64	545.30	18	28.38	5	20.43			87	594.11
1411	46	485.50	15	26.79	8	76.00			69	588.29
1412	60	503.90	11	64.35	3	130.00	1	1.53	75	699.80
1413	44	351.63	11	41.86	4	28.80	3	9.72	62	432.08
1414	47	405.39	6	28.30	8	179.85	1	5.00	62	618.54
1415	50	473.33	8	28.24	10	175.35	5	32.10	73	709.02
1416	44	498.50	10	66.08	6	187.50	5	32.50	65	784.58
1417	46	509.94	11	44.52	11	206.50	4	24.50	72	785.46
1418	32	479.40	8	37.00	18	234.20	7	47.50	65	798.10
1419	31	787.20	14	60.80	10	103.10	4	17.60	59	968.70
1420	33	649.84	13	69.05	8	106.56	2	19.00	56	844.45
1421	58	986.98	21	188.22	9	190.0	8	95.0	96	1,460.20
1422		1,223.50	18	178.95	8	83.00	5	44.50	92	1,529.95
1423	73	1,301.00	19	198.36	14	260.25	10	97.00	114	1,856.61
1424	88	1,649.83	11	124.80	13	161.25	13	91.50	126	2,027.38
TOTAL	1226	16,807.44	219	1233.17	145	21*5.30	68	517.45	1856	28,743.45

- Net of cancellations.

ATTACHMENT 2

PERFORMANCE OF INTRA TRADE FINANCING
UNDER ITFO

Year	Number of Countries	Number of Operations	Amount*		Member Country Sources		
			I.O M	US\$ M	US\$ M	%	
Till 1413H	9	662	6,486.17	7,842.53	6,223.02	79.34	
1414H	9	47	290.03	405.39	356.25	87.9	
1415H	9	50	318.82	473.33	348.33	73.60	
1416H	9	44	333.89	498.50	330.50	66.30	
1417H	8	46	357.92	509.94	315.44	60.86	
1418H	9	32	351.93	479.40	389.40	81.23	
1419H	10	31	581.53	787.20	321.00	40.78	
1420H	12	33	478.09	649.84	479.84	73.84	
1421H	14	58	758.38	986.98	792.70	80.31	
1422H	17	61	969.45	1,223.50	945.25	77.26	
1423H	17	73	985.12	1,301.00	922.00	70.87	
1424H	17	88	1,204.88	1,649.83	1,132.06	68.62	
TOTAL		1225	13,116.21	16,807.44	12,555.79	74.70	

- Net of cancellations

ATTACHMENT 3

TRADE COOPERATION AND PROMOTION PROGRAMME
ACTIVITIES IN 1424H

Trade Fairs:

- Banking Technologies & Free Zones Exhibition, Damascus 1-4/04/2003.
- 3rd International Trade & Industrial Fair, Shanyark 2003-2-5/09/2003. Almaty.
- 2nd Arab Industries World Exhibition, Jeddah. 13-19/09/2003.
- Expo-OIC 2003 (in conjunction with OIC Summit), Putrajaya - Malaysia. 14-19/10/2003.
- 6th Afro-Arab Trade Fair. Dar ES Salaam, Tanzania 5-14/12/2003.
- IDB Pavilion the 2nd International Finance Business Forum, Casablanca 2-3/12/2003.

Seminars /Workshops & Meetings:

- Workshop on impact of ECommerce & using information to hence Intra-trade on OIC member countries. Tunis - 10-12/06/2003.
- The OIC trade Business Seminar, Kuala Lumpur, Malaysia 15/10/2003.
- OIC Business Forum - Kuala Lumpur - 15-16/10/2003.

Training Courses & Studies:

- & Three training courses on ISO - Damascus, 16-24/08/2003.
- & Study on Arab Industry integration.
- & Study on Trade opportunities between CIS countries and OIC member countries (in collaboration with ICDT).

SYNDICATION/2SMF FROM 1420H TO 1424H

US\$ (million)

Year	Syndication	2SMF	Total
1420H	100	109	209
1421H	-	274	274
1422H	140	155	295
1423H	50	170	220
1424H	364	63	427
Total:			1425

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**REPORT BY ICDT
ON THE EXPANSION OF INTRA-OIC TRADE**

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

(Istanbul, 11-13 May 2004)

**ICDT'S ANNUAL REPORT ON
TRADE BETWEEN THE MEMBER STATES OF
THE ORGANISATION OF THE ISLAMIC CONFERENCE
2002 - 2003**

ABSTRACT

The sixteenth edition of ICDT's Annual report takes stock of the foreign trade of the OIC Member States in General and of Inter-Islamic Trade in particular.

1/ MAIN TRENDS OF THE FOREIGN TRADE OF THE OIC MEMBER STATES:

1/ Evolution of the World Economy :

1.1. Commodity trade and trade in services :

The world Commodity trade experienced in the year 2002 an increase by 2.5% against a decrease by 1% in 2001 thanks to the rigidity of the USA' demand and in the big Asian economies according to the WTO' report published in April 2003.

Besides, the growth of the world trade was higher than that of the world production by 1.5% and remains unequal in some regions such as Latin America, and Western Europe in the year 2002.

Given the world economic environment: the war on Iraq, the risk of an increase in fuels prices, the risk of the spreading of the Severe Acute Respiratory Syndrome (SARS), might cast a shadow on the prospects of the economic growth in 2003.

In the year 2002, the value of commodity exports increased by 4% reaching 6,240 billion US dollars after having experienced a drop by about 4% in 2001.

Trade in services has for its part experienced an increase by 5% in 2002 exceeding 1540 billion US dollars mark after a drop by 1% in 2001. This trade recovery in a context marked by the sluggishness of the world economy results from the high decrease of investment flows, considerable variations of the exchange rate (appreciation of the yen in comparison with the dollar), weakening of the confidence of transnational companies, strengthening of restrictions on international transactions in order to lessen the risks linked to international terrorism and the aggravation of geopolitical conflicts.

Trade in services increased in spite of the never-ending fear for international terrorism and the increase in fuels prices, which have impeded the growth of trade in travelling and transport services. Such a crisis entailed redundancies of the personnel of the big airlines.

Yet, such a severe crisis has to a large extent been compensated by the quick growth of trade in other services.

The recovery of the world trade varied according to regions: the United States, the Developed Economies of Eastern Asia, China and the transitional economies were at the origin of such recovery.

On the other hand Western Europe and Japan recorded stagnation and even a drop in their domestic demand.

In Latin America the Crisis in Argentina and Venezuela contributed to the slowing down of economy in this region.

In North America, the recovery of imports coincided with the improvement of domestic demand but exports dropped in this region.

1-2. The prospects of the world economy in 2003/2004:

The international economic environment suggests dark prospects for the world economy, which has been directly affected by the consequences of the war on Iraq, the persistence of the Severe Acute Respiratory Syndrome (SARS) and the influence of the fluctuations of the exchange rate and of the fuels prices and basic commodities.

The slowdown of economic growth recorded in 2002 in industrialised countries, the almost continuous lack of confidence of enterprises and consumers in early 2003 that is illustrated by the stagnation of the stock markets and the increase in the oil prices contribute to the weakening of the growth of the world economy in 2003.

According to experts, the world growth will not exceed 3% in 2003.

- The IMF forecasts a low economic growth for 2003, according to it a degradation of the international economic environment is more likely to occur than an improvement within the next months, following the war on Iraq, the Severe Acute Respiratory Syndrome (SARS) and the fluctuations of the exchange rate and fuels prices and basic commodities for the next months. Its economic growth forecasts have been downgraded to 3.2% in 2003 against 4.1% in 2004.
- The IMF has also pointed out that after a sharp drop in international trade in 2001, the world trade is expected to increase by 2.9% in 2002 and by 4.3% in 2003 and 6.1% in 2004 upon a probable improvement of the activities of the electronic sector and a perceptible increase in the domestic demands in some countries such as the USA.

The IMF considers that the American Federal Reserve is ready to reduce its rates if necessary and in case the drop in shares would have a negative impact on domestic demand. In the Euro zone, the IMF considers the Euro area has not also experienced a satisfactory economic recovery, this zone remains vulnerable to new difficulties, particularly in Germany and that it would need lower rates than that are currently applied. It forecasts a growth by only 0.8% for the Euro zone in 2002 and by 1.1% in 2003 and even 2.3% in 2004.

With regard to Japan, the IMF has on the contrary upgraded its forecasts. It guesstimates that the Japanese economy is expected to experience again an upward tendency by 0.3% in 2002 and that a growth by 0.8% may be reached in 2003 and 1% in 2004.

2/Evolution of the OIC Member States' Economies:

The economic growth of the OIC Member States in 2001 by 4% was lower by 1% than that of all developing countries (5%). This increase is unequal and varies from a country to another; it is in fact directly affected by the ups and downs of the international economic situation, and particularly by the fluctuations of the raw materials prices, as well as the financial markets volatility.

Some Member States, net exporters of fuel (Gulf Arab States), of metals and gas (Countries of the Independent States Community) or of agricultural products (African and Mediterranean States), experienced according to the circumstances, an increase or decrease in their economic growth.

The GDP growth rate of the OIC Member States dropped from 5.5% in 1996 to 4% in 2001, i.e a reduction by 37.5%, which indicates the fragility of the OIC Member States' economies despite the structural adjustments policies implemented by some Member States.

The OIC Member States in 2001 had totalled a GDP that represented more than 4.5% of the world GDP; the total exports of OIC Member States reached 498.2 billion USD dollars, accounting for 8.1% of the world exports and the imports were estimated at 429.6 billion US dollars, i.e. 6.75% of world imports.

3/ Evolution of the Global Foreign Trade of the OIC Member States:

3.1. Commodity Trade:

The growth of foreign trade is closely linked to the world prices of fuels and metals, and also to primary agricultural products, which account for the major share of the foreign trade of the OIC Member States.

The exports value of the OIC Member States between 1999 and 2001 recorded a perceptible growth by 26.3% going up from 394 billion US dollars in 1999 to 498.2 billion US dollars in 2001. The import followed the same trend recording an increase by about 21.8% going up from 352 billion US dollars in 1999 to 429.6 billion US dollars in 2001.

This upward tendency of the OIC Member States' foreign trade results on the one hand, from an increase in the trade of the GCC Member States by about 35.6%, in the trade of Asian Countries and from a rise in the trade of Sub Sahara African Countries by 70.4% for exports and by 40.5% for imports thanks to the Cote d'Ivoire's trade (new OIC Member) as well as to an increase in fuels prices on the other.

The geographical distribution of the global commodity trade:

The distribution of the OIC Member States' world trade in 2001 was as follows:

Exports: Asian countries accounted for the largest share with 43.3% of the Member States world exports; followed by the GCC countries with 28.8%, Middle East countries were in the third position with 11.7%, the AMU countries held the fourth position with 9% and finally sub-Saharan Africa with 7.2% of the world exports of the OIC Members States.

Imports: the same tendency rules Imports: Asian countries imports represented 40.5% of world imports of Member States, followed by the GCC and the Middle East States with respectively 24.2% and 18.9% for each region. AMU countries are in the fourth position with 9.2%, and finally, sub-Saharan Africa with 7.2% of the world imports of Members States.

Product structure of the global commodity trade:

The Study on the product structure of intra-OIC trade is based on the latest trade statistics relating to a sample of countries available at ICDT. Thus, it has been noticed that this structure varies from a country to another; the following tendencies were also noted between 1998 and 1999 -2001:

Exports:

- An increase by more than 60% in the exports share of food products, which went up from 10.2% in 1998 to 16.3% in 2001. This increase results from the exports of food products of the following countries: Sudan, Uganda, Niger, Iran, Bangladesh and Albania.
- An increase by 5.2% in the share of miscellaneous manufactured products between 1998 and 2001, which increased from 28.5% in 1998 to 30% in 2001. The main Islamic countries, which have contributed to this increase are as follows: Bangladesh, Bahrain, Iran, Lebanon, Togo, Tunisia and Turkey, which have exported a substantial value of manufactured goods to their Islamic partners;
- An increase by 4.6% in the share of OIC fuels exports between 1998 and 2001, which went up from 37% in 1998 to 38.7% in 2001 thanks to the Intra-OIC exports of Azerbaijan, Bahrain, Kuwait, Libya, Nigeria and Tajikistan, Senegal and Surinam, upon a three fold increase in the world fuels prices in 2001;
- Decrease by 5.8% in the OIC exports share of the other raw materials following their industrial processing in some middle-income countries for the benefit of manufactured goods, which declined from 5.1% in 1998 to 4.8% in 2001 especially, in Bangladesh, Algeria, Togo and Mauritania;
- A decline by 47% in machinery and transport equipment, which went up from 19.2% in 1998 to 10.2% in 2001 in view of a reduction in the intra-OIC exports of these products of Kuwait, Morocco, Niger and Turkey.

Imports:

- An increase by more than 400% in the OIC fuels imports, thanks to the substantial supply within the markets of some Islamic Countries, namely, Egypt, Lebanon, Mauritania, Niger, Pakistan, Senegal, Togo, this share went up from 5.2% in 1998 to 28.38% in 2001;
- An increase by 31.4% in the OIC imports share of food products, which went up from 13.3% in 1998 to 17.47% in 2001; upon an increase in the OIC imports of oil countries which were also boosted up by a drop in the prices of some food products; these are Saudi Arabia, Egypt, Kuwait, Libya, Nigeria and Surinam.
- A decline by 69.6% in the OIC import share of machinery and transport equipment which fell from 36.9% in 1998 to 11.22% in 2001 owing to drop in the imports of some countries, namely, Egypt, Lebanon, Libya and Senegal;
- A decline by 14.9% in the OIC import share of the other raw materials, which decreased from 6.6% in 1998 to 5.2% in 2001;
- A slight reduction by 1.8% in the OIC import share of miscellaneous manufactured goods, which went down from 38% in 1998 to 37.3% in 2001.

3.2. Trade in services:

In 2001, the total services exports of the OIC Member States reached 73.82 billion US dollars and imports 104.44 billion US dollars, i.e. a global deficit by 30.61 billion US dollars.

Exports:

The main services exporters are as follows:

Among the main OIC Member States, services exporters, we may quote by descending order **Turkey**, which holds the first position totalling 16.05 billion US dollars, i.e. 21.75% of Member States' total exports and the other countries by ascending order account for the following shares: **Malaysia** 13.77 billion US dollars, i.e. 18.66% of Member States' total exports, **Egypt** 9 billion US dollars, i.e. 12.25% of Member States' total exports, **Indonesia** 5.5 billion US dollars, i.e. 7.45% of Member States' total exports, **Saudi Arabia** 5.18 billion US dollars, i.e. 1.02% of Member States' total exports, **Morocco**, 4 billion US dollars, i.e. 5.46% of Member States' total exports and **Tunisia** 2.91 billion US dollars, i.e. 3.94% of Member States' total exports. These seven countries totalled 76.53% of total services exports of Member States in 2001.

Imports:

The main services importers are: **Saudi Arabia**, which totalled 19.3 billion US dollars, i.e. 18.43% of Member States' total imports, **Malaysia**, 16.72 billion US dollars, i.e. 16% of Member States' total imports, **Indonesia** 15.88 billion US dollars, i.e. 15.20% of Member States' total imports, **Egypt** 7 billion US dollars, i.e. 6.74%, **Turkey**, 6.92 billion US dollars, i.e. 6.63%, **Kuwait** with 5.33 billion US dollars, i.e. 5.11%, **Nigeria** 3.47 billion US dollars, i.e. 3.33% and **Kazakhstan**, 2.61 billion US dollars, i.e. 2.5%. These eight countries have accounted for 74% of total Member States' imports in 2001.

The geographical distribution of services exports of the OIC Member States in 2001:

Exports:

The geographical distribution of services exports of the OIC Member States is generally concentrated in the Middle East and Asia.

The geographical distribution is as follows:

- > The first services exporting region is **the Middle East**, accounting for 39.32% of total services supply of the OIC Member States, i.e. 29.02 billion US dollars;
- > The second exporting region is **Asia**, with 34.31% of the total services supply of the OIC Member States, i.e. 25.33 billion US dollars;
- > The third exporting region is the **GCC**, with 11.20% of the total services supply of the OIC Member States, i.e. 8.26 billion US dollars;
- > **Sub Saharan Africa** holds the fourth position with 5.65% of total services supply of OIC Member States, i.e. 4.17 billion US dollars.
- > And finally, the **Maghreb** with 5.52% of the OIC Member States' total exports of services, i.e. 7 billion US dollars;

Imports:

The geographical distribution of services imports of the OIC Member States is generally concentrated in Asia and the Gulf Cooperation Council.

The geographical distribution is as follows:

- > The first services exporter area is **Asia**, which imported 43.24 billion US dollars, i.e. 41.40% of Member States' imports;
- > The second importing area is the **GCC**, which imported 27.06 billion US dollars, i.e. 25.91% of Member States' imports;
- > The third importing area is the **Middle East**, which imported 18.60 billion US dollars, i.e. 17.82% of Member States' imports;
- > **Sub Saharan Africa** holds the fourth position accounting for 10.91 billion US dollars, i.e. 10.45% of Member States' imports;
- > The **Maghreb** holds the last position with 4.61 billion US dollars, i.e. 4.42% of Member States' imports.

Product structure of trade in services:

On the basis of the breakdown of the services balance of the OIC Member States in 2001, we can make the following observations:

Exports: tourism holds a privileged position in the total services exports of Member States, with a 34.53% share, i.e. to 31.84 billion US dollars. The second most important position in services exports is held by private transfers, which account for 23.29% of services total exports, i.e. 21.47 billion US dollars. The third position is held by the transport sector with 16.79% of the OIC Member States' total exports accounting for 15.48 US billion dollars.

Imports: except for "other services", we notice that the transport sector accounts for an important share, with 28.08% of the total services imports of Member States, i.e. 31.3 billion US dollars, followed by the private transfers with 21.76% of the total services imports of Member States, corresponding to 24.26 billion US dollars, and the third position is held by travels with 15.56% of Member States total services imports, i.e. 17.35 billion US dollars.

II. THE MAIN TRENDS OF INTRA-OIC TRADE EVOLUTION:

The new countries included in our sample, the increase in fuel prices, the fall in food products' prices and the adhesion of the Cote d'Ivoire to the OIC combined to the exchange rate fluctuation were the most important factors that contributed to change the trade data of the OIC Member States in 2001.

The share of intra-OIC trade (intra-OIC exports+intra-OIC imports) in the overall trade of the OIC Member States (Member States' world exports+Imports) has recorded a positive evolution by more than 11.5% in 2001 rising from 10.95% in 1999 to 12.21% in 2001. A perceptible increase in the value of this trade by 38.5% has also been noted, it went up from 81.8 billion US dollars in 1999 to 113.3 billion US dollars in 2001.

The intra-OIC exports share in the global exports of Member States increased by 5.23% going up from 10.07% in 1999 to 10.60% in 2001.

Besides, a noticeable increase has also been noted in the share of intra-OIC imports in global imports increasing by 18%, from 11.93% in 1999 to 14.08% in 2001.

Taken globally, intra-OIC trade (imports + exports) has consequently recorded positive results in so much as the share of this trade in the Member States' total trade increased from 11.57% in 1999 to 12.21% in 2001, i.e. an increase by 5.53%.

A considerable upward trend has been noticed in intra-OIC trade value, the intra-OIC exports value rose from 39.73 billion US dollars in 1999 to 52.81 billion US dollars in 2001, i.e. an increase by about 33% and intra-OIC imports increased from 42 billion US dollars in 1999 to 60.5 billion US dollars in 2001, i.e. an increase by 43.8%.

1/Product structure of intra-OIC Trade:

- Intra-OIC exports structure:

The exports of intra-OIC primary products reached 31.59 billion US dollars in 2001, i.e. 59.8% of intra-OIC total exports, compared to 53% in 1998, i.e. a 12.85% increase thanks to an increase in fuels receipts by about 29% between 1998 and 2001 whose prices showed a threefold increase in the international markets.

Contrarily, intra-OIC exports of manufactured goods showed a slight reduction by about -14.5%, going down from 47% in 1998 to 40.2% in 2001. This decrease is due to the intra-OIC exports of machinery and transport equipment and of other miscellaneous

manufactured goods of the categories 6,8 and 9 of the SITC respectively by -26.14% and -17.98% during this period in spite of a considerable increase in the intra-OIC exports of chemicals by about 42.4%.

- Intra-OIC imports structure:

Intra-OIC imports were composed of primary products that represented 51.47% of intra-OCI total imports in 2001, (i.e. 31.14 billion US dollars) compared to 53.5% in 1998, i.e. a -3.8% decrease caused by a reduction in intra-OIC imports of food products by -13.4% during this period in spite of the drop in their prices in international markets.

Besides, an increase in the share of intra-OIC imports of raw materials and fuels by respectively 8.08% and 1.36% between 1998 and 2001 has also been noted.

On the other hand, the share in the Intra-OIC imports of manufactured products registered a considerable rise by 4.4% going up from 46.5% in 1998 to 48.53% in 2001.

This growth is due to a rise in intra-OIC imports of machinery and transport equipment (+47.8%), chemicals (+23.4%), which indicates a new impetus in the manufacturing and industrial sectors.

2) Geographical distribution of intra-OIC trade :

In 2001, ten OIC Member States accounted for 74% of intra-OIC exports and for 68% of intra-OIC imports. These are by order of importance:

The United Arab Emirates, Saudi Arabia, Indonesia, Turkey, Malaysia, Pakistan, Iran, Oman, Morocco and Egypt.

- The share of these ten countries in intra-OIC exports was estimated at 74% in 2000 and in 2001. The exports value of this country group reached more than 39 billion US dollars in 2001.
- The share of these ten countries in intra-OIC imports switched from 71% in 2000 to 68% in 2001, corresponding to a 4% decrease. Besides, the imports value of this country group registered a rise by 2.5%, increasing from 40 billion US dollars in 2000 to 41 billion US dollars in 2001.

INTRA-REGIONAL TRADE :

The intra-regional trade value increased from 18.3 US billion dollars in 1999 to 24.6 US billion dollars in 2001, i.e. a 34.8% rise, besides, intra-regional trade share in intra-OIC total trade recorded a slight increase by about 1.5%, going up from 45.96% in 1999 to 46.64% in 2001.

This rise is due to an increase in the share of intra-regional trade in intra-OIC trade of the Middle East countries by 20.7% in 2001 in comparison with 1999, of the Sub Saharan Countries by 104.2% during the same period.

INTER-REGIONAL TRADE:

At the level of trade between the OIC regions, a perceptible increase can be noted by more than 31.3% between 1999 and 2001; thus inter-regional trade within the OIC increased from 21.5 billion US dollars in 1999 to 28.2 billion US dollars in 2001. The regions that have contributed to this inter-regional increase during this period are as follows: Sub Saharan African countries (+79.7%) thanks to the new membership of the Cote d'Ivoire in the OIC, the GCC countries (+35.2%) and the Middle East countries (+31.8%).

It can be noted that the share of inter-regional trade in some countries has dropped between 1999 and 2001, these are the Maghreb (-10.4%) and Asian countries (-6.5%).

Consequently, it should be noted that the share of intra-regional trade in intra-OIC trade has slightly decreased by 1.3% going down from 54.04% in 1999 to 53.36% in 2001, showing that the OIC regions carry out their trade more within their regional grouping than between the regions, thus inter-regional trade is more important than intra-regional trade by 7% during the same period.

Besides, the GCC and Asian countries together, have accounted for more than 73% in intra-regional trade and for 67.4% in inter-regional trade in 2001.

**INTER-ISLAMIC TRADE STRUCTURE
AND MAIN TRADING PARTNERS IN 2001**

Country of Origin	Exports to Islamic Countries in 2001 in %	Main Countries of Destination	Share in total intra-OIC exports of the country in% in 2001	Main Exported Products
Afghanistan	43.75	Pakistan U.A.E	68.57 11.43	- Inedible materials - Food products and live animals
Albania	3.46	Egypt Turkey	63.64 27.27	- Inedible raw materials. - Inedible raw materials
Algeria	6.96	Turkey Morocco	71.16 12.88	- Mineral fuels & lubricants - Products classified in section 9 of the SITC - Mineral fuels & lubricants
Azerbaijan	7.13	Turkey Morocco	40.61 14.55	- Inedible raw materials.
Bahrain	7.79	Saudi Arabia U.A.E	27.26 18.22	- Manufactured goods, - Inedible raw materials - Manufactured goods, - Inedible raw materials.
Bangladesh	4.50	U.A.E Iran	29.43 14.26	- Food products and live animals. - Manufactured goods.
Benin	27.47	Indonesia Turkey	26.00 20.00	- Inedible raw materials - Inedible raw materials.
Brunei Darussalam	1.12	Indonesia	70.27	- Mineral fuels and lubricants, machinery and transport equipment.
Burkina Faso	8.64	Morocco Mali	28.57 21.43	- Inedible raw materials, mineral fuels and lubricants. - Inedible raw materials.
Cameroon	5.66	Gabon Nigeria	16.16 13.13	- Inedible raw materials. - Inedible raw materials.
Chad	10.26	Senegal Morocco	50.00 37.50	- Inedible raw materials.
Comoros	-	-	-	-
Cote d'Ivoire	22.76	Mali Burkina Faso	24.49 14.84	- Food and manufactured products - Food and manufactured products
Djibouti	68.02	Somalia Yemen	65.67 28.36	- Food products and live animals. - Food products and live animals.
Egypt	18.65	Saudi Arabia Iraq	19.04 11.79	- Food products and live animals - Manufactured products - Minerals fuels and lubricants - Manufactured goods
Gabon	1.49	Morocco Indonesia	34.54 21.82	- Inedible raw materials, mineral fuels and lubricants. - Inedible raw materials.
Gambia	3.70	Malaysia	100.00	- Inedible raw materials
Guinea	8.18	Cameroon Côte d'Ivoire	44.93 13.04	- Food products and live animals. - Inedible raw materials..
Guinea Bissau	1.43	Cameroon Côte d'Ivoire	50.00 50.00	- N.A. - N.A.
Guyana	0.74	Surinam Nigeria	60.00 40.00	- N.A. - N.A.
Indonesia	7.82	Malaysia U.A.E	40.15 14.28	- Manufactured products, machinery and transport equipment. - Manufactured products, miscellaneous manufactured products.
Iran	7.59	U.A.E Azerbaijan	32.00 15.62	- Food products and live animals - Minerals fuels and lubricants
Iraq	9.83	Jordan Morocco	61.47 34.22	- Mineral fuels and lubricants. - Mineral fuels and lubricants.
Jordan	44.51	Iraq Saudi Arabia	20.11 18.40	- Chemicals and products thereof - Chemicals and products thereof.
Kazakhstan	11.26	U.A.E Iran	33.88 21.56	- N.A. - N.A.

Annex XII to OIC/COMCEC-FC/20-04/REP

Country of Origin	Exports to Islamic Countries in 2001 in %	Main Countries of Destination	Share in total intra-OIC exports of the country in % in 2001	Main Exported Products
Kirghizstan	24.11	Uzbekistan Kazakstan	41.74 33.91	- N.A. - Manufactured goods
Kuwait	61.16	Saudi Arabia U.A.E	21.69 17.16	- Minerals fuels and lubricants - N.A.
Lebanon	38.00	Saudi Arabia U.A.E	22.00 21.43	- Food products and live animals - N.A.
Libya	6.12	Turkey Tunisia	57.27 38.86	- Minerals fuels and lubricants - Minerals fuels and lubricants
Malaysia	5.66	Indonesia U.A.E	31.32 16.69	- Machinery and transport equipment - Minerals fuels and lubricants - Machinery & transport equipment
Maldives	0.58	Bangladesh	100.00	- N.A.
Mali	10.27	Malaysia Nigeria	26.67 20.00	- N.A. - N.A.
Mauritania	11.42	Côte d'Ivoire Cameroon	33.33 24.56	- Food and manufactured products. - Food and manufactured products.
Morocco	7.08	Libya Tunisia	11.55 10.43	- Chemicals and products thereof. - Chemicals and products thereof
Mozambique	0.37	Djibouti	66.66	- N.A.
Niger	40.91	Nigeria	90.48	- N.A.
Nigeria	7.91	Côte d'Ivoire Indonesia	26.70 23.88	- N.A. - Mineral fuels and lubricants
Oman	15.57	U.A.E Egypt	53.36 20.32	- N.A. - N.A.
Pakistan	21.87	U.A.E. Saudi Arabia	34.66 14.70	- Food products and live animals. - Food products and live animals.
Palestine	-	-	-	-
Qatar	6.29	U.A.E Saudi Arabia	61.28 13.69	- Inedible raw materials - Minerals fuels and lubricants
Saudi Arabia	14.62	U.A.E Bahrain	17.44 15.09	- Mineral fuels and lubricants. - Mineral fuels and lubricants.
Senegal	22.38	Mali Gambia	25.79 16.84	- Inedible raw materials - Inedible raw materials
Sierra Leone	1.85	Morocco	100.00	
Somalia	87.50	U.A.E Yemen	53.25 27.27	- N.A. - Food products and live animals.
Sudan	15.05	Saudi Arabia Egypt	36.47 21.80	- Food products and live animals - Inedible raw materials. - Food products and live animals.
Surinam	1.74	Guyana	66.67	- NA.
Syria	23.22	Turkey Lebanon	33.15 15.67	- Food products and live animals. - Minerals fuels and lubricants
Tajikistan	32.21	Uzbekistan Turkey	41.43 35.71	- N.A. - N.A.
Togo	40.00	Benin Nigeria	40.05 26.14	- N.A. - N.A.
Tunisia	11.13	Libya Iraq	33.80 10.56	- Food products and live animals - Chemicals and products thereof
Turkey	13.35	Saudi Arabia Algeria	10.96 10.08	-Machinery and transport equipment; manufactured goods - Manufactured goods
Turkmenistan	52.79	Iran Azerbaijan	38.56 19.68	- N.A. - N.A.
Uganda	6.73	Algeria Malaysia	47.62 9.52	- N.A. - N.A.
U.A.E	14.75	Oman Pakistan	25.44 20.60	- N.A. - Minerals fuels and lubricants.
Uzbekistan	12.40	Tajikistan Kazakhstan	35.40 18.86	- N.A. - N.A.
Yemen	13.99	Malaysia Kuwait	54.47 14.43	- Food products and live ar.irr.als - Food products and live animals

-XIII-

TEXT
OF PROPOSAL OF THE REPUBLIC OF TURKEY

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

(Istanbul, 11-13 May 2004)

Original: English

TEXT OF PROPOSAL OF THE REPUBLIC OF TURKEY

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

(Istanbul, 11-13 May 2004)

- IDB has a number of windows for trade financing. The procedure and financial conditions of these windows are rather different from each other. For the sake of efficiency and in order to avoid discrimination among the companies and countries, the IDB should take necessary administrative measures to remove the difficulties caused by this multiplicity.
- In this connection, the status of the EFS which was established in 1987 as a separate fund should be reviewed and the ways and means to improve its activities and procedures should be found.
- Under the current practice, IDB requests companies to provide a letter of guarantee received from a commercial bank for the total of financing facility and mark up. IDB should put into effect alternative guarantee schemes such as escrow account, mortgage and lien, corporate guarantee etc. This policy change will absolutely increase the volume of trade financing operations also the projects.
- More importance should be given to the project financing to further improve the member countries' production capacity in every sector.

-XIV-

**REPORT BY IDB
ON ISSUES RELATING TO ACTIVITIES OF
THE WORLD TRADE ORGANIZATION**

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

(Istanbul, 11-13 May 2004)

COOPERATION OFFICE

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

I. Introduction

The conclusion of the Uruguay Round in April 1994 and the establishment of the WTO in its wake, constitutes one of the most important milestones in the history of the world trading system. The new trade body WTO came into being in January 1995 with the following key objectives:

- to set rules for international trade and trade related activities,
- to provide a forum to negotiate trade liberalization multilaterally,
- to settle disputes between contracting parties,
- to provide information on trade and trade policies; and
- to cooperate with other multilateral institutions.

The WTO's mandate includes not only the original GATT-1947 as amended and added to but also the new General Agreement on Trade in Services, the Agreement on Trade-related Intellectual Property Rights and various plurilateral trade agreements. In short, WTO is a permanent institution which covers all trade in goods, services and ideas (Intellectual Property Rights) and provides a more automatic and comprehensive dispute settlement system compared to the one under GATT.

While the new multilateral trading system has contributed to liberalization of the world trade, yet it has placed onerous demands on the limited human and technical resources of the developing countries. As a result, many developing countries including some IDB member states have not been able to integrate their economies into the world trading system.

Keeping in view these developments on the international trade scene, the Islamic Development Bank embarked upon an intensive Technical Assistance Programme in 1997 to help OIC member countries to upgrade their institutional and manpower resources relating to WTO activities. The resolutions adopted at the 11th, 12th and 13th sessions of the COMCEC provided further guidance to the IDB's efforts in that direction.

II. Activities of the IDB WTO-Related Technical Assistance Program

With the objective of enhancing both the institutional and human capacity of OIC member countries, the IDB established a special WTO Unit in January 1998 dealing specifically with issues concerning the World Trade Organization (WTO). Out of the 57 OIC Member Countries, 40 are members of the WTO and 8 have observer status. The IDB's WTO-related Technical Assistance Program covers numerous activities such as courses, seminars, workshops, studies, consultative meetings for the OIC member countries in preparation for the WTO Ministerial Meetings as well as providing specific technical assistance to the OIC member countries. The following itemized progress report has been prepared specifically keeping in view the above referred COMCEC resolutions and the IDB's WTO-related Technical Assistance Program conceived in 1997 with the objective of improving the institutional and manpower capability of the member countries.

(1) Consultative Meetings

The IDB organized 18 consultative meetings prior to and after the WTO Ministerial Meetings in favor of the OIC member countries in preparation for the last five WTO Ministerial Conferences held in Singapore, Geneva, Seattle, Doha and Cancun. These consultative meetings provide a forum for member countries to exchange views and, where possible, coordinate their positions on matters related to the WTO.

• Consultative meeting held in preparation for the 1st WTO Ministerial Conference held at Singapore in December 1996

Three consultative meetings were held at the level of senior trade officials. In these meetings, the major recommendations emerged were that the IDB would provide the following assistance to member countries:

- Technical assistance to member countries in the process of negotiating their membership in the WTO.
- 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.
- Organize a seminar to assess the outcome of the first Ministerial Conference of the WTO and to evaluate the likely impact of the decision reached during the conference on present and future IDB members of the WTO.
- 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.

- **Consultative Meetings held in preparation for the 2nd WTO Ministerial Conference at Geneva in May 1998**

Four consultative meetings were held (Brainstorming meeting of experts, senior officials, commerce ministers during the Conference, and commerce ministers after the closing session of the Ministerial Conference).

The following papers dealing with issues of interest to the OIC member countries were presented and discussed (a) Implementation of the Uruguay agreements: agriculture, textile and clothing, anti-dumping, special and differential treatment for developing countries, (b) dispute settlement mechanism, (c) accession to the WTO (d) Built-in agenda.

The meetings concluded that OIC member countries should have their own comprehensive agenda whereas their own interests are highlighted and responses to other issues in the agenda impacting their interests are covered e.g. environment, labor standards, consumer interests, NGOs, transparency etc. It was suggested that IDB should consider developing a key department in order to provide technical assistance to member countries on WTO-related issues. (In response, the IDB Management established the Cooperation Office to undertake this task along with other tasks as well).

- **Consultative Meetings held in preparation for the 3rd WTO Ministerial Conference at Seattle in November 1999.**

Two consultative meetings were held at Jeddah and Seattle (senior trade officials at Jeddah and delegates attending the Ministerial Conference at Seattle). The meetings covered wide spectrum of issues ranging from implementation of the existing WTO agreements, Built-in agenda, multilateral negotiations, Singapore issues and possible new issues likely to be taken in Seattle. The meetings also discussed the three studies on agriculture, investment and services undertaken by the IDB and the participants appreciated the IDB's efforts. The meeting stressed on certain points:

- Called for full and faithful implementation of the WTO agreements.
- Inclusion of interests of developing countries in the built-in agenda.
- On-going work on Singapore issues (trade & investment - trade, competition policy, transparency, government procurement and trade facilitation) should be combined.

Labor and environmental standards should not be used as protection measures.

The meeting underscored the need for further work on Electronic-Commerce.

Addressed the need to enhance further the technical assistance to the LDCs.

Emphasized on fair and accelerated terms regarding the accession process.

Need of a positive agenda for developing countries.

- **Consultative meetings held in preparation for the 4th WTO Ministerial Conference at Doha in November 2001.**

Four consultative meetings were held (experts group at Geneva, senior officials at Jeddah, coordination at Doha, and a follow-up at Doha). The main aim of these meetings was to exchange views among OIC member countries and coordinate their position on the major issues in the agenda for the WTO Ministerial Conference on implementation issues, Singapore issues (trade and investment, trade and competition policy, transparency, government procurement and trade facilitation, negotiations on agriculture & services and expected new issues). Detailed discussions were carried out during these meetings and it was agreed by the OIC member countries to adopt a unified stand whenever feasible. In addition, the final draft of the IDB's two studies on Trade-related aspects of Intellectual Property Rights (TRIPs) and Electronic-Commerce were discussed and reviewed in the Geneva meeting. In order to keep abreast of the on-going negotiations in the Committee of Heads of Delegation during the Doha Ministerial Conference, the IDB organized a follow-up meeting in favor of OIC member countries where responses to queries about the on-going negotiations were given and review of the final draft Declaration was conducted before it is being adopted in the closing session of the WTO Ministerial Conference.

- **Consultative meeting for the OIC member countries to evaluate the results of the Doha Conference and their effects on them, and to prepare for the forthcoming trade negotiations. 28-30 October 2002, Jeddah - Kingdom of Saudi Arabia.**

This meeting provided a forum for the OIC member countries to discuss and evaluate the results of the Doha Conference and their effects on them, as well as to prepare for the forthcoming multilateral trade negotiations and other subjects of common interest to the OIC member countries.

• **Brainstorming Meeting of the Geneva-Based OIC Member Countries' Permanent Missions, in Preparation for the 5th WTO Ministerial Conference. 29 Safar-01 Rabi'I 1424H/01-02 May 2003, Geneva.**

This two-day brainstorming meeting was held in Geneva, Switzerland, from 29 Safar to 01 Rabi'I 1424H (1-2 May 2003) in preparation for the 5th WTO Ministerial Conference that was scheduled to be held in Cancun, Mexico from 10 to 14 September 2003.

Two sessions were held on the first day of the meeting in which three presentations were made on the state of play in the negotiations in non-agricultural products, agriculture and the implementation and special and differential treatment issues. The second day of the meeting was devoted to presentations on the declaration on TRIPS and public health and the issues of concern to the least developed countries in the current negotiations.

The meeting reached the following major resolutions:

- Participants expressed their disappointment over the WTO missed negotiating deadlines, especially on access to essential medicines and agriculture, urging the developed countries to demonstrate more political will in the period leading up to the Cancun Ministerial Conference.
- The meeting stressed the importance of unity and solidarity among the developing countries and the need to resist the attempts by the developed countries to divide them by creating sub-categorizations with diverging interests.
- In the area of non-agricultural products, developing countries should not take the same level of obligations and commitments that were taken in the area of agricultural products.
- While recognizing the divergent interests within the group in agriculture negotiations, participants felt the need to identify common areas of concern in which developing countries could co-ordinate their positions.
- IDB was called on to assist the OIC business community in playing a more active role in the negotiations through awareness seminars and workshops. Reference was made to the Business for Cancun Initiative of the ITC, and the IDB has been requested to assist in this regard.
- Participants expressed their fears and concerns regarding the pressures likely to be exercised on the ministers in Cancun to accept expansion of the Doha agenda emphasizing the importance of preparing the ministers well before the conference.

• **Consultative Meeting for the OIC Member Countries in Preparation for the 5th WTO Ministerial Conference. 27-28 July 2003, Jeddah.**

This two-day meeting was held in Jeddah, from 27-28 JumadaI 1424H (27-28 July 2003) with the intention of providing a forum for trade officials in the OIC member countries to exchange views and discuss the state of play in the Doha Round and the issues likely to feature during 5th WTO Ministerial Conference in Cancun, Mexico.

The meeting was addressed in the inaugural session by H.E. Dr. Ahmad Mohamed Ali, President, IDB group, who emphasized the importance of such preparatory meetings and the readiness of the Bank to address the needs of the OIC member countries in the WTO-related matters, expressing the hope that the meeting would provide an opportunity for OIC member countries to exchange views vis-a-vis the issues currently negotiated in the WTO and to prepare well for the 5th WTO Ministerial Conference. He stressed that coordination of efforts among the OIC member countries would boost their position in the forthcoming WTO Ministerial Conference.

The following issues of interest to the OIC member countries were highlighted in the two-day meeting:

- Special and differential treatment & Implementation.
- Singapore issues.
- Services negotiations.
- Accession.

During the meeting, the development dimensions of the current negotiations and how the developing countries placed high hopes on the Doha Development Agenda were highlighted. However, it was noted that all deadlines for reaching agreement on the Doha Development issues had been missed causing frustration to the developing countries. In this context, it was felt that the IDB's role in raising the awareness among the OIC member countries on the WTO issues should continue. The timely initiative to convene such consultative meetings in preparation for the crucial WTO conference in Cancun was appreciated. It was mentioned that for Cancun to be successful, progress should be made in agriculture, development related issues such as special and differential treatment and the declaration on Trade Related Intellectual Property Rights (TRIPS) and public health.

• **Consultative Meeting for the OIC Member Countries in Preparation for the 5th WTO Ministerial Conference. 9 September 2003, Cancun.**

The objective of this meeting was to provide a forum for exchanging views and coordinate decisions, as much as possible, between the OIC member countries on issues presented in the Cancun Ministerial Meeting agenda. This included an evaluation of the progress of the multilateral trade negotiations and

formulating a unified strategy regarding the cotton initiative brought by the four West-African countries: Chad, Burkina Faso, Benin and Mali.

The meeting witnessed deep discussions on the topics postulating on the Cancun Ministerial Meeting agenda with special emphasis on the importance of coordination among member countries, as much as possible, during the deliberations of the Ministerial Meeting.

The meeting was attended by 130 participants representing 24 OIC Member Countries, in addition to representatives from ESCWA, OEC and GCC.

• **Post-Cancun Dialogue for the Geneva-Based OIC Member Country Permanent Missions, 02 - 03 December 2003, Geneva.**

Within the framework of the Islamic Development Bank's Technical Assistance Program on WTO-related matters, a Post-Cancun Dialogue for the Geneva-based OIC member country permanent missions was held in Geneva, Switzerland, from 8 to 9 Shawwal 1424H / 2-3 December 2003.

The meeting had two objectives: First, to discuss the implications of the failure of the Fifth WTO Ministerial Conference that was held in Cancun on issues of great interest to the OIC-member countries and to provide these countries with a platform to analyze and discuss the reasons that led to this failure and its repercussions on the multilateral trading system. Second, the meeting provided the OIC-member countries permanent missions in Geneva with an opportunity to prepare for the General Council Meeting scheduled for December 15, 2003 as stipulated by the Cancun statement.

During the meeting, the following six presentations were made:

1. The 5th WTO Ministerial Conference: An Evaluation.
2. Agriculture Negotiations and Singapore Issues: Possible Approach in light of the Cancun Outcome.
3. The Cotton Initiative: Putting the Doha Round Development Principles into Practice.
4. Proliferation of Bilateral & Regional Trade Agreements: Does it Weaken or Reinforce the WTO Multilateral Trading System?.
5. The Way foreword for Completion of the Doha Round.
6. Reforming the WTO: Is There a Case?.

The meeting witnessed extremely constructive discussions among the participants and the following are some of the major recommendations:

Participants praised the IDB role in providing OIC Member Countries with technical assistance on WTO-related matters, stressing the need to sustain this role in the future.

The need for more regular and close co-ordination and co-operation among the OIC Member Countries representatives in Geneva was highlighted and the Bank's role in this regard was welcomed.

Discussions emphasized the necessity to resume Cancun negotiations and show some flexibility in the issue of agriculture. Furthermore, accepting negotiations on trade facilitations would be considered as a sign of good will in the Singapore issues.

IDB was called on to assist the member countries on the Singapore issues, and especially the competition issue, by organizing seminars in this topic, in view of its implications on member countries. It is worth mentioning that the IDB is in the process of consulting with the UNCTAD to organize a joint workshop on this issue.

The issue raised by Mr. Rashid S. Kaukab of the South Center regarding restructuring the WTO and its decision-making mechanism, and the attempt by developed countries and especially the EU to introduce reforms that may harm the developing countries' interests was appreciated. It was emphasized that this issue should be handled with extreme caution.

The IDB role in developing the negotiating capacity of member countries was emphasized. In this context, IDB was called on to assist the four West African OIC member countries (Chad, Burkina Faso, Mali and Benin) involved in the cotton initiative through awareness seminars and workshops.

The organization by the IDB of a consultative meeting in the first quarter of 2004 to evaluate Cancun negotiations was deemed necessary.

(2) Courses, Seminars and Workshops

In order to enhance the capacity of the OIC member countries, IDB organized 31 courses, seminars and workshops covering a wide range of WTO issues with the aim of familiarizing the member countries with contents and provisions of the Uruguay Round Agreements and the activities of the WTO so they could be in a better position to defend their interests. Furthermore, IDB signed two Memoranda of Understanding (MOU) with the World Trade Organization (WTO) and International Trade Center (ITC) in order to provide best services in this endeavor.

Trade Policy Courses

The IDB organized three-week Trade Policy Courses in the IDB working languages, (Arabic, English and French), in collaboration with the World Trade Organization (WTO). These courses are short versions of the regular Trade Policy Courses organized by the WTO in Geneva for a period of three months and cover a wide range of topics: 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 trade policy courses held are as follows:

1. The first trade policy 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).
2. The second trade policy course was in English language for the English-speaking member countries of the Bank. It was held at Rawalpindi, Pakistan, from 19 Dhul Hijjah 1419H to 8 Muharram 1420H (5-24 April 1999).
3. The third trade policy course was in French language for the French-speaking member countries of the Bank. It was held in Ouagadougou, Burkina Faso from 14 February to 3 March 2000.
4. The fourth trade policy course in Arabic was held in Doha, State of Qatar on 10-28 Rajab 1421H (7-25 October 2000).
5. The fifth trade policy course in English was held in Istanbul, Republic of Turkey, 1-19 Rabi Awwal 1423H /13-31 May 2002.
6. The sixth trade policy course was in three languages (Arabic-English and French). It was held at IDB Headquarters in Jeddah, Kingdom of Saudi Arabia, 28 Rabi II - 16 Jumada I 1424H / 28 June - 16 July 2003.

Seminars

1. 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).
2. 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).
3. Seminar on WTO for the Muslim Countries in Central Asia and some Middle East Countries. Ashgabat, Republic of Turkmenistan, December 1996.
4. Seminar on WTO for IDB member countries in West and Central Africa. Dakar, Republic of Senegal, January 1997.
5. Seminar on Accession to the WTO and Implementation of the Uruguay Round Agreements, Jeddah, Kingdom of Saudi Arabia, June 1997.

6. Seminar on Policies and Methods of Promoting IDB Member Countries' Exports of Textile and Ready-made Garments to European Market. Amman, Jordan, August 1997.
7. Seminar on Accession to the World Trade Organization and Implementation of the Uruguay Round Agreement, Jeddah, Kingdom of Saudi Arabia, 7-10 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. Regional seminar on Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary Measures (SPS) , in collaboration with the International Trade Centre (ITC), Geneva was held in Conakry, Guinea, 2-5 August, 1999.
13. Seminar on Technical Barriers to Trade and Sanitary and Phyto-sanitary Measures was held in English, Dhaka, People's Republic of Bangladesh, on 21-24 Dhul Hijjah 1420H (27-30 March 2000).
14. Seminar on WTO Dispute Settlement Mechanism and Anti-dumping Agreements in Arabic, Jeddah, Kingdom of Saudi Arabia, 5-8 Jumad Thani 1421H (3-6 September 2000).
15. Seminar on WTO and Multilateral Trading System for IDB member countries in the Middle East and North Africa, Amman, Hashemite Kingdom of Jordan, 24-27 Dhul Hijjah 1421H (19-22 March 2001).
16. Seminar in English on WTO Dispute Settlement Mechanism, Anti-dumping and Safeguards Agreements , Kuala Lumpur, Malaysia, 29 Muharram-2 Safar 1422H (23-26 April 2001).

17. Seminar in French on WTO Dispute Settlement Mechanism, Anti-dumping and Safeguards Agreements, Dakar, Senegal, 27-29 Dhul Hijjah 1422H/11-13 March 2002

Workshops

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. 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.
3. Workshop on Impact of WTO Agreements on Trade in Services in IDB Member Countries. Amman, Jordan, 24-26 January 1999.
4. Workshop to discuss the three studies, namely agriculture, investment and services at Geneva, 13-16 Rabi Thani 1420H / 26-28 July 1999.
5. Regional symposium on Trade and Environment (organized in collaboration with United Nations Environment Programme, Regional Office for West Asia. Cairo, 6-8 September 1999.
6. 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.
7. 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)).
8. Regional study and a workshop on the impact of trade liberalization on the environment in the Arab region, Manama, Bahrain, 7-11 July 2001. (Project submitted by the Centre for Environment and Development in the Arab Region (CEDARE).

(3) Studies

The IDB has so far undertaken 5 major sectoral studies on Agriculture, Investment, Services, Trade-related Aspects of Intellectual Property Rights (TRIPs), and Electronic-Commerce. In that regard, the IDB hired the services of some world renowned experts in such fields and collaborated with UNCTAD in supervising some of these studies. Each study included a selected set of case studies on OIC member countries and contained valuable technical

tips and negotiation strategies on the various issues concerning the OIC member countries.

As an added measure to ensure that these studies are fully adapted to the needs of the OIC member countries, the IDB consulted with the OIC member countries on the outlines of preparing the Terms of Reference (TORs) of these studies and held brainstorming sessions where the drafts of these studies were discussed and reviewed by a pool of experts from the OIC member countries and other specialized institutions (WTO/IJNCTAD/ESCWA/ICDT etc). In addition, IDB (Cooperation Office -WTO Unit) produces, on a regular basis, technical WTO notes where current WTO issues of concern to the OIC member countries are assessed and analyzed. Both the studies and the technical notes are circulated to the OIC member countries and related institutions.

(4) IDB Participation in WTO Committees

The IDB currently attends meetings of two WTO Committees, namely the committee on Trade and Environment and the committee on Trade and Development, as an observer.

(5) WTO Specific Technical Assistance to OIC Member Countries

The IDB, in line within its WTO-related Technical Assistance Programme provides specific technical assistance to the OIC member countries on request through hiring consultancy services or fielding in-house WTO experts on vital WTO issues such as accession, drafting of national laws. establishing WTO units and providing capacity building in general. They include the following:

Country	Activity	Date
Kyrgyz Republic	- Study visit of officials for acquiring skills and experience in WTO operations.	2000
	- Technical assistance to Kyrgyz Republic on capacity building in the current negotiations.	2002 / 2003
Kazakhstan	Support to Kazakhstan for Accession to WTO.	2002 / 2003
Lebanon	Support to Lebanon for Accession to WTO	2000
Niger	Workshop on the impact of Uruguay Round Agreements on the economy of Niger.	2000

Maldives	Support for establishing of an Intellectual Property System in the Republic of Maldives.	2003
Saudi Arabia	Six Seminars/workshops on WTO-related topics.	1999 / 2000
Sudan	<ul style="list-style-type: none"> - Financing a trade official to attend 3-month trade policy course, Geneva - Financing of two studies on services sector. - Financing of 4 strategic studies for the government of Sudan in the framework of its accession to WTO. - Financing of a visit to Geneva of a WTO expert from the Bank to provide Technical support and advice to the Sudanese delegation in the first working party meeting. 	<p>1998</p> <p>2000</p> <p>2003</p> <p>2003</p>
Suriname	Assistance to Suriname for drafting laws related to "professional and financial services" and "safeguards".	1999
Tajikistan	Support to Tajikistan for Accession to WTO.	2002
UAE	Support for establishing of WTO Unit in the Ministry of Trade.	2000
Yemen	Support for Accession to WTO.	2001

REPORT ON
THE ISLAMIC DEVELOPMENT BANK (IDB) GROUP'S
WTO- RELATED TECHNICAL ASSISTANCE
TO THE " QIC " MEMBER COUNTRIES

Executive Summary

Following the creation of the World Trade Organization (WTO) in 1995 and in response to the challenges posed by the new multilateral trade agreements to the developing countries, the IDB embarked on a wide Technical Assistance Programme for the benefit of the Organization of Islamic Conference member countries in 1997. The programme aims at strengthening and enhancing both the institutional and human capacity of the member countries in WTO-related issues through the delivery of a number of activities such as trade policy courses, seminars, workshops, sectoral studies, consultative meetings and specific assistance to acceding countries. The objectives underlying this programme include:

- Enhancing the knowledge and understating of the WTO agreements.
- Building the negotiating capacity.
- Understanding the obligations and rights as stipulated in the WTO agreements.
- Providing fora to the member countries to consult and exchange views on WTO issues and coordinate positions.
- Assisting acceding member countries.

The WTO-related Technical Assistance activities provided by the IDB for the period 1995-2003 are as follows:

1. 18 consultative meetings prior to, during and after the last 5 WTO Ministerial Conferences (Singapore - 1996, Geneva - 1998, Seattle - 1999, Doha - 2001 and Cancun - 2003).
2. 6 trade policy courses:
 - Jeddah1998
 - Rawalpindi 1999
 - Ouagadougou 2000
 - Doha 2001
 - Istanbul 2002
 - Jeddah2003
3. 17 seminars on different WTO-related topics.
4. 8 workshops on the impact of some WTO agreements on member countries.
5. 5 sectoral studies.
6. Subject-specific Technical Assistance to 11 member countries.

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REPORT BY ICDT
ON ISSUES RELATING TO ACTIVITIES
OF THE WORLD TRADE ORGANIZATION

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11-13 May 2004)

BACKGROUND

The Islamic Centre for Development of Trade (I.C.D.T) is a subsidiary organ of the Organisation of the Islamic Conference (O.I.C) in charge of Trade Promotion between Islamic Countries, was mandated by the Secretary General of the O.I.C and the Standing Committee for Economic and Commercial Cooperation for Islamic Countries (COMCEC) to follow up in collaboration with the Group of the Islamic Development Bank, the multilateral trade negotiations organised by the World Trade Organisation (W.T.O).

Within this framework, I.C.D.T submits on a regular basis, progress reports on these negotiations to the COMCEC's annual meetings, the Islamic Commission for Economic, Cultural and Social Affairs of the O.I.C and the annual Islamic Conference of the Foreign Affairs Ministers (ICFM).

Likewise, the Centre works out reports and studies in preparation of the WTO Ministerial Meetings in order to shed light on the positions of Islamic Countries at this meetings and identify a common platform to coordinate their stances.

Besides, the Centre organizes seminars and workshops on the Multilateral Trade Negotiations for the benefit of the representatives of Member States from the both the public and private sectors.

WTO's MULTILATERAL TRADE NEGOTIATIONS: FROM DOHA TO CANCUN

1/ RESULTS OF DOHA MINISTERIAL CONFERENCE :

The 142 Members of the World Trade Organisation (WTO) put and end to six days marked by intense negotiations in Doha by agreeing on the opening of a new round of international trade negotiations that should end by 1st January 2005, the ninth in the history of the WTO called **Doha development agenda**.

The first meeting of the Committee on trade negotiations in charge of supervising negotiations will take place on 31st January 2002 at the latest. The Committee will set up all the committees or organs that are needed to facilitate negotiations.

Besides Members have approved accession protocols to the WTO of the People's Republic of China and of China (Taipei), which have respectively become the 143 and 144 Members of this organisation.

They also granted the waiver with a view to the implementation of Cotonou Agreement that governs preferential trade between the EU and the ACP countries, which was ratified about 18 months ago, but it was frozen due to the opposition of some Latino-American countries, banana exporters.

1/ Summary of the Ministerial Declaration :

Negotiation methodology :

According to the Ministerial declaration, "the conduct, conclusion and entry into force of the outcomes of negotiations shall be treated as part of a single undertaking", even though, agreements reached at an early stage may be implemented on a provisional or a definitive basis. Only the improvements and clarifications of the Dispute Settlement understanding shall be conducted separately.

The new declaration authorises Members to start negotiations on a series of issues. Among the traditional issues of the built-in agenda, such as agriculture and services but also new negotiations on environment, industrial tariffs, anti-dumping measures, fisheries subsidies, regional agreements and dispute settlement. The Declaration establishes also future negotiations on "Singapore themes", namely, investment, competition, transparency of public procurements and trade facilitation, in spite of the strong opposition of a large number of developing countries.

Agriculture :

As expected, agriculture was the first stumbling stone. At the end of a long week and of an endless last night, the UE accepted the mention in the negotiation mandate, of "the reduction of, with a view to phasing out all forms of export

subsidies" by adding the mention "without prejudicing the outcome of negotiations". The strong points of the agricultural mandate include substantial improvements of markets access and "substantial reductions in domestic trade-distorting domestic support".

One of the key requests of Developing Countries concerns the creation of "a development box" remains achievable in the course of negotiations of post Doha conference. In fact, The Declaration specifies that "the special and differential treatment for Developing countries shall be an integral part of all elements of the negotiations" so as "to effectively take into account their development needs, including food security and rural development". The modalities for further commitments, including provisions for special and differential treatment shall be established no later than 31 March 2003, in other words the expiry date of the moratorium, which protects agricultural subsidies from the rules of the system of dispute settlements.

Services :

- Negotiations on services started in January 2000 will continue.
- By June 30th 2002, participants shall submit their initial requests aiming at specific commitments (sectors that they wish to be liberalised by other Member States) and initial offers by 31st March 2003.
- The developmental dimension will be taken into account in negotiations on services.

Market Access to industrial products :

The aim of negotiations is to reduce or as appropriate eliminate tariffs including the reduction or elimination of tariff peaks, high tariffs and tariff escalations as well as non-tariff barriers, in particular on products of export interest to developing countries".

Environment :

Members have agreed to launch immediate negotiations "without prejudicing their outcomes on three environmental issues: (i) relationships between the WTO rules and some trade provisions of the multilateral environmental agreements on (MEAs), (ii) the procedures of steady information exchange between the secretariats of the WTO and the MEAs as well as the criteria for the granting of observer status and (iii) the reduction or elimination of tariff and non-tariff obstacles to environmental goods and services.

Besides, the Ministerial Conference requested the Committee on Trade and environment to pursue work on all items on its agenda within its current terms of reference and make recommendations to the fifth session of the Ministerial Conference, including the opportunity of launching negotiations.

Singapore's themes :

The ongoing educative process at the WTO since the First Ministerial Conference of Singapore in 1996 on investment, rules relating to competition policies, the

transparency of public procurements and trade facilitation will continue until the Fifth Ministerial Conference in 2003.

Members agreed to start negotiations after the Fifth Ministerial Session on the basis of a decision to be taken by explicit consensus at that session on modalities of negotiations.

WTO rules :

The final Declaration provides for negotiations aiming at "clarifying and improving" disciplines on subsidies and countervailing measures and in particular anti-dumping measures. Yet negotiations shall preserve the basic concepts and principles along with the efficiency of these agreements. Members have also launched negotiations aiming at clarifying and improving the existing disciplines and procedures within the WTO that apply to regional agreements".

Provisions concerning development :

Among the references to development included in the Declaration, the following should be underlined:

- Launching of a work programme on the integration of small economies (without creating a new sub-category of WTO Members), setting up of a framework for technical cooperation activities of the WTO (§ 38-41) and drawing up of work programme for the LDCs to be defined by the sub-committee on the LDCs.
- Establishment of two working groups on debt, finance and technology transfer, which will convey the outcomes of their deliberations to the next Ministerial Conference to be held on 2003.
- Development of plan of action, to be adopted by the general council in December 2001 that will ensure adequate funding for technical assistance. Besides § 41 enumerates the fields in which members undertake to extend technical assistance and ensure capacity building in developing countries.
- Members have committed themselves to the objective of duty-free quota-free market for products originating from LDCs.
- As concerns the special and differential treatment (S&DT), § 44 "takes note" of the proposal of developing countries to negotiate a framework agreement on S&DT, but proposes no action. But Ministers have agreed to that all the provisions relating to S&DT shall be reviewed with a view to strengthening them and making them more precise, effective and operational.

2/ Summary of the Decision on implementation issues:

The Declaration calls on Members to launch negotiations on implementation, in a separate decision on implementation related issues and concerns. Indeed Developing Countries have exerted pressure on industrialised countries long before Seattle failure, to address these issues and in particular the imbalances resulting from Marrakech Agreements.

Even though developing countries have not obtained what they wanted with regard to textiles, they have come to Doha with some results in the field of

implementation, especially with respect to restrictions for reasons of balance of payment and subsidies¹.

A number of proposals submitted by the LDCs concerning technical and financial assistance in the field of technical obstacles to trade (TOT) and sanitary and phytosanitary standards (SPS) have also been introduced in the decision like some extensions of the transition periods concerning the agreement on Trade Related Investment Measures (TRIMS).

3/ Summary of the Ministerial decision on Trade Related Aspects of Intellectual Property Rights Agreement (TRIPS) and Public Health

- The WTO members reiterated their commitment to the TRIPs agreement. The Declaration confirms that members will allow flexibility in the implementation of the TRIPs agreement so as to enable developing countries and the least developed countries to take measures to resolve the problems of public health, while promoting access to medicine.
- The Declaration confirms again that governments have the right to protect public health by granting compulsory licences for the production of generics of medicine of vital importance in the event of epidemics, such as the HIV/AIDS, tuberculosis and Malaria.
- The Declaration fully respects the international system of patents and the role of research-development in the discovery of a new and more efficient medicine, needed by some members of the WTO to cope with difficult sanitary situations.
- The Declaration does not in any way reduce the rights and obligations of the patents granted by virtue of the TRIPS Agreement. It simply confirms that the agreements gives to members the needed room for manoeuvre to enable them to take necessary measures to settle the problems of public health stemming from epidemics, such as those of VIH/AIDS, Tuberculosis and Malaria without fearing to give rise to a dispute.
- In the Declaration, Members have undertaken to keep on doing their utmost with a view to finding solutions to the problems facing countries whose ability to manufacture generic medicine is limited. Members have thus agreed to extend by ten years the transition period accorded to the Least Developed Countries to implement their obligations related to the patents of pharmaceutical products.

(A compromise was reached concerning the eligibility of developing countries with respect to exemption from commitments on subsidies reduction. The adopted provision stipulates indeed that such exemptions shall not be revoked until the GDP per capita of a country is higher than 1000 US dollars for three consecutive years).

11/ POST DOHA WORK PROGRAMME :

A/ The Trade Negotiations Committee (TNC) and the negotiations organs:

The TNC Committee held its first meeting on January 28th and after four days of tough deliberations, the main bone of contention of this meeting concerned the choice of the chairman, the WTM members agreed on February 1st 2002 on the organisation modalities of the future trade negotiations.

At the end of this agreement, the TNC whose mission consisted of monitoring negotiations, was placed under the supremacy of the General Council to which it must submit regular reports. Mr Panitchpakdi Supachai, the new Director General of the WTO since September 1st 2002 will monitor negotiations until January 2005.

The Trade Negotiations committee will meet every two or three months or more often if necessary.

The structure of the negotiations committee is as follows:

-Two new negotiating groups were created: the first one on market access for non-agricultural products and the second one on the rules of the WTO (Subsidies, anti-dumping rules, and regional agreements).

-Negotiations on agriculture and services will continue within the framework of special sessions of the Committee on Agriculture and the Council on services.

-Special sessions were scheduled for the following committees:

- The Committee on Trade and Development-Negotiations on special and differential treatment;
- The TRIPS council-Negotiations on the establishment of a multilateral notification and registrations system for wines and spirits;
- The Committee on trade and environment-negotiations on the WTO/multilateral Environment Agreements (MEA) relationships and environmental goods and services.
- The Dispute Settlement Body - Negotiations on the disputes Settlement Understanding.

The pending² implementation issues, for which the Ministerial Declaration does not provide for any specific mandate, will be examined at the level of the competent organs of the WTO and will submit a report to the negotiations committee by the end of 2002, with a view to taking an appropriate on their work.

² The issues for which there is a precise and definite negotiations mandate in the Doha Declaration will be dealt within the framework of this mandate.

Schedule of Meetings

Meetings	Deadline
• Negotiations relating to the memorandum of understanding on Dispute Settlements	May 2003
• Negotiations on the registration system of geographical indications	Fifth Ministerial Conference in 2003 (in Mexico)
• Mid-term review	Fifth Ministerial Conference in 2003 (in Mexico)
• Deadline provided for other negotiations	On January 2005 at the latest on January 1 st 2005 as single commitment.
• Decision on the adoption and the implementation of outcomes	Extraordinary session of the Ministerial Conference date Non-fixed yet

B/ Chairmanship of the negotiations organs:

- The Chair of the TNC for negotiations organs will rotate between Geneva-based Ambassadors. It has been split in two, one for the special negotiations sessions and another for the regular sessions. The chair of the special sessions will last until the fifth Ministerial Conference in 2003 fall, date on which, their terms may be extended.

The WTO designated on February 15th 2002, the chairmen of the different negotiations organs as follows:

- Council for trade in services, special session: Ambassador Alejandro Jara (Chile), regular session; Ambassador, Mary Whelan (Ireland)
- Negotiating group on market access for non-agricultural products, Ambassador Pierre Louis Girard (Switzerland)
- Negotiating group on rules, Ambassador Timothy John Groser (New Zealand).
- Committee on Trade and environment, special session, Ambassador Yolande Bike (Gabon); ordinary session, Ambassador oguz Demiralp.
- Council on TRIPS, special session, Ambassador Eui Yong Chung (South Korea), ordinary session Ambassador Eduardo Perez Motta (Mexico)
- Dispute settlement organs, special session Ambassador Peter Balas(Hungary); regular session, Ambassador Magdi Farahat (Egypt)
- Committee on trade and envelopments, special session, -Ambassador Ransford Smith (Jamaica), regular session, Ambassador Toufiq Ali (Bangladesh).

Besides, the WTO members have appointed on February 15th 2002, Mr. Sergio Marchi (Canada) as chairman of the General Council, Mr Supperamaniam (MALAYSIA) as Chairman of the regular sessions of the council on commodities as well as the chairmen of the following working groups:

Working group on Trade and Investment	Luiz Felipe de Seixas Correa (Brazil)
Working group on trade and competition policy	Fredric Jenny (France)
Working group on transparency in government procurements	Ronald Saborio Soto (Costa Rica)
Working group on trade, debt and finance	Hernando Jose Gomez (Columbia)
Working group on trade and transfer of technology	Stefan Haukur Johanesson (Island)

It may be underlined with pride that the OIC Member States will actively participate in the future negotiations, several Ambassadors in Geneva will chair some negotiating organs, as mentioned here above, and these are in particular:

- Ambassador Supperaniam (Malaysia) chairman of the regular sessions of the council for commodities
- Ambassador Magdi Farahat (Egypt), Chairman of the regular sessions of the Committee on Agriculture;
- Ambassador Yolande Bike (Gabon), Chairman of the special session and Ambassador Oguz Demiralp (Turkey) Chairman of the regular sessions of the Committee on trade and environment;
- Ambassador Toufiq Ali (Bangladesh) chairman of the ordinary sessions of the Committee on trade and development.

C/ Negotiations methodology:

As it was pointed out before, according to Doha Ministerial Declaration "the monitoring and concluding of negotiations as well as the entry into force of their outcomes will be considered as part of single commitment, yet, the agreements concluded in the first negotiations stages may be implemented on a provisional or final basis.

The negotiating process encompasses all the negotiations themes included on Doha agenda items, the fifth Ministerial Conference that is scheduled to be held in Mexico in 2003, will take stock of the progress achieved during the negotiations that will be concluded on January 1st 2005 at the latest.

Only negotiations on the improvements and clarifications of the memorandum of understanding on the disputes settlement and the multilateral registration system of geographical indications for some products will be conducted separately and should be completed in May 2003 at the latest.

- Decision making process:

Developing countries, of which OIC countries have obtained reassurances that allow the representatives of Member States to play the leading role in negotiations; appointed persons should normally be chosen among the representatives of the WTO³.

³ The open support of Mike Moore to the launching of negotiations on controversial themes, especially, investments and competition policy has given rise to doubt as to his ability to act as an "honest broker" in all member states' interest.

In fact, following, the objections expressed by Developing countries on negotiations, some instructions as to the conduct of negotiations were defined, namely,

- The supremacy of the General Council: The negotiating committee was placed under the authority of the General Council, the TNC and the other organs do not constitute a parallel mechanism.
- Limitation of the room for manoeuvre of chairmen: the reports of the chairmen of the negotiations group, to be submitted to the surveillance bodies, should reflect consensus or where this is not possible, different positions on issues. Such measures will limit their capacity to submit in their own responsibility compromise proposals.
- Only one negotiating organ will meet simultaneously, in order to enable those countries, which are not adequately provided with decision-making power to follow most of the meetings.
- After each session, reports in the three official languages of the WTO will be promptly prepared and circulated to the different delegations.

III/ CURRENT NEGOTIATIONS:

In order to end the Doha Round as planned at the beginning of 2005, it is henceforth imperative that an agreement be reached at the Ministerial Conference to be held in September in Cancun (Mexico) with regard to agriculture, services and medicine in order to fight the big pandemic. Such deadline will present problems in view of the state of the transatlantic relations that were severely deteriorated by the war on Iraq.

Two informal Ministerial Meetings were held in Sidney on 14th and 15th November 2002 and in Tokyo from 14th to 16th February 2003. These meetings were not decision-making fora, but a gathering of the Ministers of Commerce of 25 countries to examine the progress achieved since the fourth WTO ministerial conference, which was held in Doha (State of Qatar), in November 2001. The debates mainly focused on the ways and means to boost negotiations in order to ensure the success of the fifth WTO ministerial conference, which will be held in Mexico in September 2003.

- The informal meeting of the Ministers of Commerce of the WTO held in Sydney on November 14th and 15th 2002.

In addition to the issues concerning the commercial truck, especially, market access, the rules, the geographical indications and Singapore's issues (competition, investment, transparency in government procurement and trade facilitation). The Sidney Meeting tackled some concerns of developing member countries regarding, especially, a plan allowing the compulsory approval of the essential drugs in poor countries whose production capacities are inadequate to struggle against diseases such as AIDS, malaria or tuberculosis. Ministers have also discussed the progress of the proposal relating to implementation and to the provisions on special and differential treatment, which aim at facilitating the integration of developing countries in the world economy.

Ministers have also had fruitful discussions on other wide range of issues.

- The informal meeting of Ministers of Commerce of the WTO held in Tokyo from 14th to 16th February 2003.

This meeting mainly dealt with the agricultural reform and the way and means to keep up the negotiations pace preceding the fifth Ministerial Conference of the WTO that was scheduled to be held in Cancun (Mexico) in September 2003.

The following countries have attended the informal meeting: Australia, Brazil, Chile, Costa Rica, the European Union, Egypt, Hong Kong, India, Japan, Kenya, Korea, Lesotho, Malaysia, Mexico, New Zealand, Nigeria, Senegal, Singapore, Switzerland and the United States. The Director General of the WTO, Mr Supachai Panitchpadki has also attended the meeting. Even though it was only an informal meeting and not a decision-making forum, yet, it provided an important platform for discussion and an opportunity to make the WTO negotiations progress. This meeting mainly dealt with the proposals of Mr. Stuart Harbinson, the chairman of negotiations on agriculture.

The second Meeting of LDCs' Ministers of Commerce in Dhaka (Bangladesh) from 31st May to 2nd June 2003

The second meeting of LDCs' of Ministers of Commerce held in June 2003 in Dhaka (Bangladesh) so as to enable LDCs to identify and examine common interest matters within the context of Doha Development Program, and to come up with a common position to the fifth Ministerial Conference of the WTO that was scheduled to be held in Cancun in September 2003.

This meeting was followed by the senior officials meeting from 31st May to 1st June 2003 in Dhaka.

Ministers call for, inter alia, devising compensatory mechanisms to fully address the erosion of preference margins resulting from liberalization of most-favoured-nation schemes and binding commitments on duty-free and quota-free markets for all products of LDCs.

- The meeting of Ministers of Commerce of the African Union in Grand-Baie in Mauritius from 19th to 20th June 2003

The meeting of Ministers of the African Union, in the context of technical committee in charge of trade issues, customs, and immigration, aiming at coming up with an African common position to the fifth Ministerial Conference of the WTO that was scheduled to be held in Cancun in September 2003 and evaluating the recent development of the first round of negotiations of Preferential Economic Agreements with the EU.

Besides, Ministers also examined the cotton dispute between the WAEMU countries and the Industrialised countries.

- The Consultative Meeting of the OIC Member States for the preparation of the 5th Ministerial Conference of the WTO, Jeddah from 27th to 28th July 2003

The group of the Islamic Development Bank organised a consultative meeting of the OIC Member States for the preparation of the 5th Ministerial Conference of the WTO, in Jeddah from 27th to 28th July with the participation of about 30

countries and some regional and international organisations with a view to examining the latest developments of the Multilateral Trade Negotiations within the WTO and coordinate their positions on the basis of those of Developing countries. Participants examined the following agenda items: Preparations of the proceedings on trade negotiations within the WTO, implementation issues and special and differential treatment, Singapore issues, negotiations on services negotiations on market access of non-agricultural products, stakes of the negotiations on agriculture and accession to the WTO.

Participants laid stress on the weak results reached within the WTO since Doha Conference and insisted on the respect of the notions of the special and differential treatment, implementation issues, technical assistance, reciprocity, access facilitation of OIC Countries to the WTO and the market access to agricultural and non-agricultural markets.

Besides, participants commended ICDT and the group of IDB for the efforts they have made to follow up the WTO issues, they also expressed satisfaction at the technical assistance they extended to OIC Countries.

A/ Market access Negotiations on non-agricultural products:

At the first meeting of the negotiations group on market access, Members have examined different negotiations approaches on market access for industrial products, especially the way of tackling customs duties, non-tariff obstacles, the concerns of developing countries and environment products. The EU, Japan, New Zealand, South Korea and the United States have presented proposals that will be submitted to discussions.

At the special session of April 11th and 12th 2002, Members were already profoundly concerned with the problem of fixing a reference date in order to agree on the negotiations modalities on industrial tariffs. Debates were then centred on an earlier proposal that was made by the chairman of the negotiations group who suggested that Members should reach an agreement on modalities by 30th March 2003, as it is the case of agriculture and services.

These modalities should define the negotiations' code of conduct and may include objectives with respect to figures, sector by sector reduction formulas, and request-offer formulas. The method based on a formula approach or linear tariff reductions of equal importance entail in general reductions in percentages that affect all the product categories. The method based on the request-offer formulas rests on general on bilateral requests and offers, the results extend to all the other WTO members on the basis of the Most Favoured Nation Treatment.

The Doha Mandate (paragraph 16 of the Doha Declaration) commits Members to "reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without a priori exclusions. The negotiations shall take fully into account the special needs and interests of developing and least-developed countries participants, including through less than full reciprocity in reduction commitments, in accordance with the relevant

provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations".

In order to provide the best conditions to the proceedings of the negotiations group on market access, participants have agreed on the following on July 18th 2002:

- > To submit proposals on the negotiations modalities on market access by November 1st 2002, whilst welcoming any proposals submitted before this date and taking into account those submitted before December 31st which are included in a summary of proposals that will be presented to the first meeting of the group in 2003;
- > To agree on the guidelines of the main modalities by March 2003 with a view to reaching an agreement on these modalities by May 31st 2003.

Current positions:

- South Korea supported by Japan, has declared that it "prefers to "follow a formula approach coupled with limited use of the request-offer approach when necessary". According to Korea, the modalities based on a formula approach will entail the greatest comprehensive tariff reduction for all Members. It will also be an effective means to reach an agreement in the shortest possible time (for example with January 1st 2005 as deadline). Yet Korea has made such proposals with some reservations while noting the importance of reducing customs duties to a certain target-level corresponding to the developmental level of countries.
- China, India and Kenya have declared to the negotiations group that they prefer a request-offer approach. According to Kenya, several developing countries were not able to open their market in a linear manner, in view of the weakness of their industrial base, while pointing out that it feared the possibility of a disindustrialisation, as well as the loss of receipts for the daily functioning of the Government, in case the country is obliged to perceptibly reduce import tariffs on industrial products.
- The EU has shown a certain flexibility and has pointed out that if there are different modalities to reduce customs duties "the chosen modality should entail the greatest possible tariff reductions for Members". According to the European Union the most important objective of negotiations should consist in making up for the gap between the rights effectively applied and the bound duties.
- The United States have submitted on July 3rd their document stressing the need for ensuring a wider market access for environmental products. Malaysia pointed out that negotiations on environmental products did not involve an agreement on environmental standards for the various industrial products.

The improvement of market access for environmental goods is a delicate subject which was included in the mandate of the negotiations group on market access. The first obstacle is linked to the definition of environmental goods. Some members suggest using as starting point already existing lists, like for example the list of environmental goods of the APEC (proposal backed by New Zealand and the United States). Others (the EU), would rather opt for the application of

the production process or methods (PMP) in order to make a distinction between these different products. The utilisation of the PMP as definition criteria is strongly opposed by developing countries.

- An in-depth debate on non-tariff obstacles on the basis of the list of non-tariff obstacles⁴ notified by participants was also held by the group. The debates on this part of the mandate have more than ever been targeted and progress was achieved with respect to this issue. It was also underlined that it was important to take into account the special and differential treatment in every proposal on negotiations modalities on non-tariff obstacles. The deadline for an agreement on negotiations modalities on customs duties and non-tariff obstacles was May 31st 2003.

B/ Negotiations on agriculture:

A few days before Tokyo meeting (14-16 February 2003), Mr Stuart Harbinson, Chairman of negotiations on agriculture distributed a first draft of the modalities paper in order to stimulate the debates on agricultural negotiations. The modalities consist of rule and formulas to be used by the WTO Members in order to draw up their calendar for the reduction of customs duties, domestic support, which distort trade as well as export subsidies and to increase the volume of tariff quotas.

The Doha Ministerial has fixed March 31st as a deadline for the setting up of the negotiations modalities on agriculture of the WTO. The proposals of Stuart Harbinson, chairman of the WTO working group on agriculture were rejected by the European Union, the United States and the CAIRNS group (Which numbers 17 big exporting countries) and a part of developing countries.

One of the most cutting criticisms was made by the European Union which deemed that the paper does not reflect the equilibrium of positions taken by the WTO Members' for a greater liberalisation of trade in agricultural products several keys objectives contained in the Declaration do not appear in the proposal. Particularly the paper does not take into account the commitments taken in Doha for the inclusion of non-trade concerns in negotiations.

For the EU, the WTO should take into account the support extended to farmers linked to food security and the protection of animals and environment. Besides, the text does not take into account the "massive distortions of competition caused by some forms of subsidies practiced by some developed countries, alluding to the United States.

Developing Countries such as India, Kenya and Nigeria which showed satisfaction with the paper of Harbinson which they consider as a small victory for Developing countries coalition. The latter which have fought for the last three years for the opening of their markets in proportion to their developmental level and for the protection of their food security.

Some information sources have indicated that India has welcomed "the negative list" approach, which allows developing countries to exempt their strategic

⁴ These notifications were compiled in a preliminary copy of the document TN/MA/W/25

products from general reductions commitments. Yet, India rejected the proposal of tariff reduction spread over ten years granted to developing countries, which it considers as very short.

Current positions:

The divergences between the main protagonists in agricultural negotiations concern several issues:

- > Exports subsidies: constitute a major controversy between on the one hand the European Union and Japan, which simply propose their reduction and the United States, the CAIRNS group and Developing countries, which claim their full removal. Opinions about this issue are have not converged for the last two years.
- > The formula of customs duties reduction: The United States and the CAIRNS group propose to reduce their customs duties according to the Swiss formula (At the end of this period all the customs duties should be lower than 25%), the European Union, the other countries "friends of multifunctionality", India, Mauritius, and other Island countries propose a reduction formula similar to that of the Uruguay Round (Minimal average reduction per tariff line). The like-minded country group (made up of Cuba, Egypt, Honduras, India, Indonesia, Malaysia, Pakistan, Dominican Republic, Tanzania, Uganda and Zimbabwe) propose a first tariff reduction by 50% spread over three years, followed by another reduction by 50%. No convergence is expected between the countries, which propose the first two formulas, which are radically different.
- > Domestic supports: Positions are still unchanged and issues are also still alike: Which redefinition of the green box? Should the blue box be abolished? What reduction formula of the orange box' measure should be adopted?
- > The other non trade concerns were given little attention. Countries are still opposed to on the ways and means to take them into account and to what extent? Besides they are almost not mentioned in Harbinson paper.
- > Geographical indications: Some member countries (European Union) think that this issue should be tackled within the framework of agricultural negotiations, while for other (the United States), the TRIPS is the ideal framework.

Finally the only notable progress can be summarised as follows:

- > The acceptance of the United States to discuss about export credits, considered as a form of export subsidy. But the detailed proposals they have presented to on this issue remain insufficient;
- > The consensus on the need for improving the administration of tariff quotas;
- > Exemption from commitments for the LDCs.

C/ Negotiations on Trade in Services :

After the deadline of 30th June 2002 fixed in Doha Ministerial Declaration for the presentation of initial request for specific commitments. Concrete progress has been achieved as shown by the submission of bilateral initial requests for about 30 countries, asking for the improvement of market access and covering all the

sectors. Even though, these requests are bilateral and confidential, it well known that it is Developed countries, which have submitted the greatest number of requests, Developing countries have also participated in an effective manner to the current stage of the submission of requests. At least one third of all the submitted requests are made by Developing Countries, in which they ask for concessions in the fields where they have competitive advantages in the services sector (such as the information technology sector).

- The requests of Developed Member Countries cover a wide range of services, from energy to tourism, including professional services, franchising services, information technology services and environmental services. The requests of Developing countries concern transborder movements of professionals, professional services and maritime services. If Developing Member Countries wish to really participate, they must immediately start analysing requests and it is desirable that they define the sectors for which they should submit their own requests in their interest.
- Negotiations have also concerned government procurements and subsidies in the services sector. With respect to governments procurements and even though article XIII.2 provides for multilateral negotiations, developing countries argue that governments procurements in the field of services are exempted from obligation in the areas of national treatment, market access and the treatment of the Most Favoured Nation (MFN), by virtue of article XIII.1. Yet, the EU for which this issue is invested with a great importance, thinks that the market access, national treatment, MFN treatment are covered by the negotiations mandate, if we admit the possibility of choosing the sector that should be opened and to impose some restrictions to national treatment when necessary.
- With respect to the subsidies that are not currently subjected to disciplines, several members (Argentina, Chile, and Hong Kong) have proposed that Members should provide information on their services subsidies programmes.
- Special safeguard provisions for trade in services

No agreement has been reached on an essential point for Developing Countries and which have in the past formed the subject of intense debates: the special safeguard provisions for trade in services.

Several member developing countries have pointed out that it is necessary to protect their services sector against unexpected circumstances, but developed countries (United States and EU) are opposed to this mechanism and are concerned with the implementation difficulties.

- Autonomous unilateral liberalisation :

After more than two years of discussions, the special session of the Council on Trade in Services (CTS) approved on March 6th 2003 the modalities of the

treatment of autonomous liberalisation, a credit for the autonomous liberalisation⁵.

The granting of credits for autonomous liberalisation measures will take place through bilateral negotiations. According to the Chairman of the Council on Services, the Ambassador Jara (Chile), the modalities do not involve any legal obligation or any entitlement to automatic credit or recognizance.

Any member which has undertaken an autonomous liberalisation may apply for a credit during negotiations in progress. In the implementation of the modalities and in the recognizance of credits, members will fully take into account the flexibility provided for developing countries on an individual basis as well as the developmental level of these countries. Several developing countries consider such provisions as a progress towards the recognizance of the objectives of the GATS, namely an increasing participation of Developing countries in trade in services.

- Modalities of the special treatment in favour of the LDCs

The modalities of the special treatment in favour of Member LDCs is another important issue "linked to the modality". In June 2002, debates focused on the following different points: the LDCs take on specific commitments in a limited number of services sectors, they should also be provided with assistance to be extended by developed countries in order to better define the fields of some interest for them in terms of trade and they should undertake to invest in the fields in which the LDCs have taken on specific commitments; foreign suppliers should be encouraged to help them in the fields of technology transfer and training in each of the sectors of specific interest in terms of exports to the LDCs among others. On the occasion of an informal meeting in early October 2002, the LDCs have announced that they intend to present formal proposal.

D/ Agreement on Trade Related Property Rights (TRIPS):

The extraordinary session of the TRIPS Council held its second meeting on June 28th 2002. The agenda items were as follows: negotiations on the establishment of a Multilateral system of the notification and recording of geographical indications for wines and spirits; observer status of intergovernmental organisations and other issues.

The extraordinary session has successively tackled the four categories of issues included in the note of the president, namely 1) the definition of the expression "geographical indications" and of the geographical indications likely to be included in the system, 2) objective of the notification and recording system 3) the meaning of the notification and recording system and 4) participation. There was a broad exchange of views. It was possible to identify a number of common points of views on some items, but divergences persisted on several other issues. With respect to the third category of issues (multilateral notification and recording system), the third extraordinary session has decided to ask the WTO

⁵ Autonomous unilateral measures are measures taken unilaterally by the WTO Members to liberalise the services sector within the framework of their own national liberalisation processes or of structural adjustment programmes of the World Bank and of the IMF, since 1995.

secretariat to establish with the help of the WIPO International Bureau, a document of factual information on the existing international notification and recording systems.

If it is obvious that the geographical indications (GI) are on the agenda items of the new negotiations round of the WTO, members profoundly disagree about the scope of the required debates. Deep divergences concern in particular the extension to other products of the higher protection level provided for wines and spirits under article 23 of the agreement of Trade Related Intellectual Property Rights (TRIPS). Some Developing countries lay the stress on the fact that there is a clear negotiations mandate on the extension of the geographical indications.

Other countries such as Argentina insist on the fact that such a mandate does not exist, either with regard to the negotiations conduct or to appropriate actions that deserve to be defended.

It is important to acknowledge since the beginning, the discriminatory and overlapping nature of the current impasse concerning the geographical indications. The existence of a double protection system of geographical indications-one for wines and spirits and the other which is weaker for other products- is considered as discriminatory. Several countries provided with well-known geographical indications were not in a position to ensure for themselves an additional protection under the Agreement on the TRIPS.

In the debates two country groups are opposed:

- > India, Pakistan, Thailand, Switzerland, the European Union, Morocco among others are in favour of the extension of the protection of the GI. They consider it as means to develop the marketing of products for which they have a comparative advantage (the Darjeeling or basmati rice for example), to obtain for it higher price and prevent abuses. These countries think that the GI are a means to protect the traditional knowledge and know-how.
- > Australia, Canada, New Zealand, the United States among others, which are big exporters of agricultural products fear the use of these geographical indications for protectionist purposes. They also stress the administrative costs to be incurred by Developing countries.

Within the TRIPS, debates are taking place to know if Doha Declaration has provided for the launching of negotiations on the extension of the GI. The first group thinks that it is obviously the case, while the second group refuses this interpretation.

TRIPS and public health :

- The chairman of the Council on TRIPS has pointed out at the end of its meeting on February 5th 2003, that debates have gone back to the level they reached before the Doha Conference of the year 2001 on the diseases covered by the Agreement. South Africa supported by Norway think that the continuation of such debates is a waste of time. Brazil and India have declared that they would not accept a lessening of the objective of Doha Declaration on this issue._For its part, Kenya pointed out that efforts should be concentrated on the

establishment of national production capacities and not on the limitation of concerned diseases. The USA considers that confidence should be restored in the pharmaceutical sector, which might fear a weakening of the intellectual property rights as result of a reinterpretation of the Doha Declaration. Such position is shared with South Africa, Chile and Bulgaria.

- > The USA, Canada and Switzerland are radically opposed to any modification of the text. The USA propose either a moratorium on the disputes relating to the imports of generic drugs in the countries which can prove a situation of sanitary crisis, or an exemption from the implementation of the TRIPS of the countries wishing to export generic drugs to countries facing such emergencies.
- > For the USA, flexibility in the formulation of the text may entail an extension of its provisions to non contagious diseases such as diabetes, high blood pressure, and asthma, which yield high benefits to American pharmaceutical laboratories. Besides, to avoid the utilisation of a possible agreement by developing countries provided with high production capacities of drugs to produce medicine. The USA have insisted on the fact that the moratorium solution of claims would concern poor countries only and would actually exclude high income developing countries.

E/ Agreement on textiles and clothing

Meeting under the auspices of the General Council on July 31st 2002, Developing countries have denounced the absence of agreements that would enable them to have an easy access to the markets of rich countries, as requested by the Ministerial Conference in Doha in November 2001.

Exporting members that are mainly concerned (India, China, Hong Kong, Brazil, Thailand, Indonesia, Pakistan and Bangladesh among others), have explicitly expressed their discontent at the Council Meeting as to what they called "lack of flexibility" showed by Developed countries, considering that powerful "textile lobbies" are controlling the sector and are thus influencing their commercial policies.

The USA and the EU, the main targets of Developing countries' criticisms, have naturally rejected them putting forward the fact that the non- implementation of the agreement on textiles and clothing is only an exception that can be easily corrected. They have also underlined that concessions granted by them for the benefit of some developing countries were little justified in so far as these countries had themselves allowed a very small opening only of their textiles market.

F/ Committee on Trade and Development:

Reaching the deadline of July 31st 2002, date on which the Members of the Committee on trade and Development had to report on the review of their special and differential treatment in favour of Developing countries, the WTO members have decided to extend the deadline to December 31st 2002, date of reference to submit to the General Council "clear recommendations" pending a decision on special and differential treatment.

The special session of the Committee on Trade and Development met on January 17th, 24th and 29th, then on February 3rd and 7th. At the session February 7th, debates concerned a new draft report of the Chairman Ransford Smith (Jamaica), on which Members wished to rely in order to agree on a final report to be submitted to the General Council.

The same fundamental issues remained at the core of the debates namely, the proposals focusing on particular agreements, the analysis and the examination of various transversal issues, the setting up of a supervisory mechanism, the examination of proposals concerning the institutional arrangements as well as technical and financial assistance and training and the way to include the special and differential treatment in the structure of the WTO rules.

Another stumbling block concerns the way this issue should be approached as well as the order in which the different proposals specific to agreements and the transversal issues should be tackled. Some members of which Switzerland, Japan, Norway and the United States would like first to stress the principles and objectives. Other Members-essentially developing countries, uphold that according to Doha mandate, priority should be given to the consideration of specific proposals.

An important ground for controversy was the interpretation of some aspects of Doha mandate. While Members recognized the importance Ministers attached to the work programme relating to special and differential treatment and admitted the need for re-examining all the provisions relating to special and differential treatment with a view to strengthening them and making them more accurate, effective and operational, there were two much disagreements as to the way to reach such objectives.

- Some Members proposed to make the provisions relating to the special and differential treatment more accurate, effective and operational by bringing changes to the current wording of some provisions providing for a "maximal effort" and that was stipulated in the mandate. Others did not want to amend the text of the agreements or modify otherwise what they considered as the equilibrium of the existing rights and obligations.
- Some delegations estimated that the best thing to do would be to send back these proposals to the negotiations organs, while others thought that such practice is not in accordance with Doha mandate. They thought that proposals could in any case be directly tackled by the negotiations groups and other organs.
- In spite of these divergences, members seemed rather willing to reach an agreement on a proposal of developing countries aiming at asking the General Council to bring some "clarifications" to the mandate relating to the special and differential treatment conferred by Doha Ministerial Conference. In this context, Members adopted on February 10th, just before the meeting of the General Council, a report (ref TN/CDT/7), in which they recommend to the General Council to "give clarifications as it may deem appropriate" on the mandate of the special and differential treatment.

Yet, the general Council has neither adopted the report nor accepted the demand of "clarification" as result of an opposition of a number of countries.

Some Member Countries (European Union, the United States, Australia...) were against the adoption of a request for a "clarification" of the mandate of the special and differential treatment made by the Committee on trade and Development because that would give rise to an inopportune precedent for the future. Others members, especially, Developing countries insist in the fact that a "clarification" is necessary in so much as these divergences, noted since the first session of negotiations are partly due to the absence of the common perception of the conferred mandate.

G/ Singapore's issues:

At Doha Ministerial Conference, the mandate conferred by the Doha Declaration concerning the opening of negotiations on trade and investment, trade and competition, the transparency of government procurements and trade facilitation at the fifth session of the Ministerial Conference was interpreted in an extremely different manner. As a result and as requested by several delegations, the Chairman of the Conference had to give clarifications on the exact meaning of the adopted text. He considered that a decision should be made by explicit consensus before starting negotiations. In view of some reserves made by participants on this issue and of the absence of an explicit mandate, the debate on modalities did not at all progressed and the one on the basic issues moved on little. Yet disagreements on the substance are obvious if we consider the specific issues to be finally taken into account by negotiations.

- **Working group on trade and investment:** The disagreements which have divided for a long time the supporters of a multilateral agreement on investments (EU, Canada, Korea, Japan) and the opponents to such an agreement (in general developing countries and non-governmental organisations) do not seem to have much changed since the suspension in 1998 of negotiations on a multilateral agreement on investment organised under the auspices of the OECD.
- **Investment organised under the auspices of the OECD:** Debates concerned the international investment agreement of the WTO and focused on some issues like the definition of the different kinds of investments that would be taken into account by the agreement. Should its implementation scope be limited to foreign direct investment (FDI), in other words, a means to get long term interests by investing on activities based in other countries? It is the opinion of developing member countries as well as of Japan and Korea among others. Or should the agreement encompass also a definition of investment "based on assets" extending to portfolios and to other financing modes, in general short term and speculative modes? Canada and the United States are in favour of this broad definition, while the EU prefer a definition of the FDI encompassing the whole elements but would add a portfolio investment if it meets all the criteria, in order to exerting an influence on the management of the beneficiary and establish with him a long term relationship.

The prescriptions in the field of transparency and non-discrimination, especially, national treatment and that of the most favoured nation (MFN) are also included

among the issues to be debated. With respect to modalities, discussions focused on the "positive list" approach. The latter is similar to the method contained in the GATS, which limits the sectors in which commitments have been made, but like the GATS it also provides for non-discrimination by imposing fundamental obligations on the MNF treatment and national treatment. Other issues require a clarification, especially, those relating to exceptions, safeguards concerning the balance of payments and to consultations in order to define disputes concerning investments by virtue of an international investment agreement, which should be governed by the Dispute Settlement Mechanism.

- **Working group on trade interaction and competition policy:** This working group has so far tackled most of the basic issues for which it has been mandated by Doha Declaration, namely, the fundamental principles such as transparency, non-discrimination, equitable procedure, but also provisions relating to unjustifiable agreements, modalities for voluntary cooperation as well as strengthening of the institutions in charge of competition in developing countries through capacity building.

The EU pronounced itself in favour of a restricted definition similar to that contained in the OECD's recommendation applying to competition in domestic markets. Yet, this does not exclude export cartels, which have more direct consequences on the WTO developing member countries. A series of instructions, drafted under the auspices of the UNCTAD, deal more deeply with this issue. Transparency and non-discrimination and equity in respect of procedures were discussed at the 26 and 27 September 2002 sessions. The crucial and controversial has issue on negotiations modalities has not been tackled yet.

- **Transparency of government procurements:** Australia is the sole member, which has submitted a formal working document on the methods to *conclude government procurements markets*, which essentially deals with the need for establishing a framework of provisions relating to the obligation of giving explanations and to probity by requiring an adequate documentation on government procurements contracts and on the chosen method. This would allow to make sure that tenderers are treated in an objective, loyal and equal manner.
- **Trade Facilitation:** Debates on the simplification of import procedures took place at the Council on Commodity Trade, during which developing countries submitted several proposals in order to add the degree of specificity to the already existing agreements on the simplification of export procedures. Even though such proposal might become a very useful instrument for developing member countries and would allow to improve in a perceptible manner the efficiency of their customs, the latter made some reservations about it and expressed their fears. They argued that in view of their undeveloped customs system, it would be difficult for them to make commitments on these issues. It is the EU, which submitted the most complete plan on this issue by proposing separate agreements on GATS articles relating to trade facilitation, namely articles V (freedom of transit) VIII (Levies and formalities on imports and exports) and X (publication and application of trade related rules).

H/ Working group on trade, debt and finance:

The second meeting of the working group on trade, debt and finance of the WTO held on July 11th and 12th 2002 was mainly devoted to the presentation of the reports of some regional and international agencies on the links of trade and finance. The Organ has finally adopted its work programme for 2002 that was blocked at April meeting, upon disagreements on the importance to be given to the debt section in the plan.

The next meetings of the working group are fixed for September 30th and to 17th December.

TV/ THE OIC MEMBER STATES AND THE WTO:

In April 2004, the total number of the WTO Member was estimated at 147 countries with the accession of Armenia (which has become on February 5th 2003, the 145th Member), the ex Yugoslavian Republic of Macedonia) and Nepal (23 April 2004) of which 38 are OIC Members.

- The OIC Member States whose accession to the WTO is underway:

The number of the OIC Member States that have applied for accession to the WTO is estimated at eleven, these are: Algeria, Saudi Arabia, Azerbaijan, Kazakhstan, Lebanon, Libya, Uzbekistan, Sudan, Syria, Tajikistan and Yemen.

It should be noted that the access conditions of the new applicants have become excessive and inconsistent with the economic Developmental level of the applicant country. In fact, the candidates are subject to more restraining obligations than those to which the WTO Members are subject (called the WTO-plus obligations) and the special and differential treatment is not accorded to developing countries during their accession to the WTO.

The transition periods accorded to the first WTO Members were not automatically offered to acceding countries under Article XII, whatever their economic development level may be. Some transition periods were allowed in limited sectors and for short periods after the transmission of a comprehensive implementation schedule and in return of which the conformity to the WTO was guaranteed (promulgation of the required legislation, training of the staff in charge of implementation etc...in all sectors.

It is therefore, important for the OIC countries to defend the idea of according appropriate transition periods to acceding countries. Likewise, market access should be adapted to the economic development to the candidate applying for accession. The adherence to multilateral agreements, such as the Agreement on government procurement and the Agreement on Civil aviation should not be considered as a pre-requisite for accession to the WTO. It is also important to simplify and to speed up the accession procedures applicable to the LDCs.

1. Algeria :

With an observer status since 1987, Algeria officially submitted to the WTO a report on its foreign trade regime in June 1996. The submission of this report will represent the first step in the membership procedure in this organisation.

Since then, some WTO Member States, such as the United States, the EU, Switzerland, Japan and Australia, sent a series of questions to Algeria. The answers were sent to the WTO secretariat and a first meeting of the working group on the accession of Algeria to the WTO was held in Geneva in April 1998.

Algeria held five rounds of multilateral negotiations (April 1998, February 2002, May 2002 then November 2002 and May 2003) and two rounds of bilateral negotiations in the agricultural, industrial and services sectors (April 2002 and November 2002). The examined subjects are: agriculture, customs system, State trade, transparency and legal system reform and TRIPS.

With respect bilateral meetings, Algeria has met about ten countries, these are the United States, Japan, Switzerland, Australia, Canada, the European Union, Cuba, Uruguay, Turkey and the Republic of Korea.

The working group on the accession of Algeria, which is chaired by M.C Perez del Castillo (Uruguay) numbers 43 countries.

2. Saudi Arabia :

The multilateral negotiations on the accession of Saudi Arabia to the WTO, started in July 1993, and the bilateral negotiations on the markets access, a short time later.

The working group on the accession of Saudi Arabia to the WTO, chaired by Canada, made considerable progress in the examining of this country's foreign trade system.

At present, negotiations deal with: agriculture, inspection before shipment, sanitary and phytosanitary standards, technical obstacles to trade, TRIPS and services. The working group of focusing on the drafting of the accession protocol.

About thirty WTO members have asked to discuss on bilateral basis on the access conditions of Saudi Arabia to the WTO. Saudi Arabia has already concluded 14 bilateral agreements with several of these countries, of which European Union, Australia, Pakistan, Uruguay, South Korea, Mexico, Brazil, Venezuela, Argentina and since February 2003, with Turkey. The discussions with the United States are underway.

The working group on the accession of Saudi Arabia, which is chaired by Canada, gathers 51 countries in addition to the European Union and its Member States.

3. Azerbaijan :

Azerbaijan's Working Party was established on 16th July 1997. Azerbaijan submitted a Memorandum on its Foreign Trade Regime in April 1999. Replies to a first set of questions concerning the aide-memoir were circulated in July 2000 then a second series in December 2001. The first meeting of the working group was held on June 7th 2002.

4- Kazakhstan :

Kazakhstan's Working Party was established on 6th February 1996. Bilateral market access negotiations in goods and services commenced in October 1997, and are continuing based on a revised goods offer and the existing services offer. Topics under discussion in the Working Party include: agriculture, the customs system (and customs union arrangements), price controls, import licensing, industrial subsidies, SPS and TBT, transparency of the legal system and legislative reform, services and TRIPS. The Working Party last met in December 2002 and the next meeting might take place in the first half of 2003.

5- Lebanon :

Lebanon's Working Party was established on 14th April 1999. The aide-memoir on the Foreign Trade Regime was circulated in June 2001 and the answers to issues concerning the aide-memoir were circulated in June 2002. The working group met for the first time on October 14th 2002 and the next meeting might take place in the second half of 2003.

6- Libya:

Libya deposited an official application for accession to the WTO on December 21st 2001 (Doc.WTO/ACC/2ii).

7- Sudan :

The Working Party on the accession of Sudan was established on 25th October 1994. Sudan's Memorandum on its Foreign Trade Regime was circulated in January 1999. Replies to a first set of questions concerning the Memorandum were circulated in November 2000 and a second set of questions were put in January 2003. The Working Party has not met yet.

8- Tajikistan :

On 29th May 2001, a formal request for accession under Article XII was sent to the Director-General by the Government of Tajikistan. A Working Party was established at the General Council meeting on 18 July 2001. Tajikistan has submitted the aide-memoir on its foreign trade system in February 2003 and the working group has not met yet.

9- Uzbekistan :

The Working Party on the accession of Uzbekistan to the WTO was established on 21 December 1994. Uzbekistan submitted its aide-memoir on the Foreign Trade Regime in September 1998 and replies to questions on his aide-memoir were circulated in October 1999. Bilateral market access contacts have been initiated. The Working Party met for the first time on July 17th 2002.

10- Syria:

Syria's request for accession was notified to the Director General of the WTO on October 2001.

11- Yemen :

Yemen's request for accession was circulated on 14th April 2000. The General Council established a Working Party on 17th July 2000. The aide memoir on the Foreign Trade Regime was circulated in November 2002. The Working group has not met yet.

Country	Date of the setting up of a working group	Chairman of the working group
Algeria	17 June 1987	Uruguay
Azerbaijan	16 July 1997	Germany
Kazakhstan	6 February 1996	Finland
Lebanon	14 April 1999	France
Libya	21 st December 2001*	-
Saudi Arabia	21 July 1993	Canada
Sudan	25 October 1994	Morocco
Syria	30 October 2001*	-
Tajikistan	18 July 2001	-
Uzbekistan	21 December 1994	Mexico
Yemen	17 July 2000	-

* The working group was not established yet.

Source : WTO

V/ ACTIONS THAT ICDT IS PLANNING TO CARRY OUT AFTER DOHA CONFERENCE :

With regard to the WTO multilateral trade negotiations, ICDT will continue its coordination work between the OIC Countries during the next negotiations in Geneva.

Technical assistance will also be ensured for the benefit of Member States, particularly the Least Developed among them in order to assist them in negotiations through consultancy and expertise services.

Besides, ICDT is planning to organise several seminars and meetings between the OIC countries so as to make an assessment of the negotiations stakes, and even their impact on the trade policies and economies of Member States. Popularisation actions will be carried out for new themes in negotiations such as competition policy, trade facilitation, electronic commerce etc...

These activities will involve the participation of not only the representatives of concerned administrations but also those of the private sector in the OIC countries.

In anticipation of the WTO Fifth Ministerial Conference to be held in Cancun in September 2003, ICDT has sent a mail to IDB with a view to coordinating their activities relating to the preparation of the OIC Member States to this Conference.

Negotiations Deadlines

Within the Framework of Doha Work Programme

Deadlines	Subjects (Negotiations within the framework of Doha Ministerial Declaration)	Observations
30th June 2002	Services: Initial requests for specific commitments (liberalisation measures, which countries wish to obtain from their partners)	About thirty member countries, of which some developing countries have submitted initial requests for commitments. It is essentially a bilateral move
20th September 2002	Trade Related Intellectual Property Rights (TRIPS) Suggested deadline for the presentation of proposals on the establishment of a multilateral system of notification and recording of the geographical indications for wines and spirits.	Negotiations on this issue are currently going on the basis of the draft paper of the Chairman JOB (02)/49. So far non consensus has been reached.
It November 2002	Market access for non-agricultural products Presentation of the proposals on the negotiations modalities on market access.	Deadline for an agreement on modalities is 31 st May 2003
3 It March 2003	Agriculture: Establishment of modalities for the new commitments, including the provisions for special and differential treatment. Services : Presentation of initial offers of market access (liberalisation commitments, which countries are ready to offer to their trading partners).	A first draft of modalities for the new commitments is available see TN/AG/W/1 of 17* February 2003 and TN/AG/W/1/rev.1 of 18 th March 2003); In spite of that the deadline was not respected. It is essentially a bilateral move
May 2003	Market access products for non agricultural products	This agreement on modalities will be based on the guidelines that are expected to be defined before March 31 st 2003
3 It May 2003	Memorandum of understanding on disputes settlement: Target Date for the conclusion of an agreement on the improvements and clarifications to be introduced to the memorandum of understanding on disputes settlement.	Paragraph 47 of Doha Ministerial Declaration specifies that the improvements and clarifications of the memorandum of understanding on the disputes settlement will not be considered as part of a single undertaking.
Ministerial conference of Cancun, 10-14 September 2003	Evaluation of negotiations: The fifth session of the Ministerial Conference will make an evaluation of the progress achieved in negotiations, give all the required political orientations and will make decisions according to needs. Agriculture: Presentation of global draft lists based on the modalities that should be adopted in March 2003, including the provisions for the special and differential treatment. TRIPS: Conclusion of negotiations concerning the establishment of a multilateral system of notification and recording of the geographical indications for wines and spirits	

	Link between trade and investment	Launching of negotiations "on the basis of a decision that will be taken by explicit consensus this session on the negotiations modalities"
	Interaction of trade and competition policy	
	Transparency of government procurements	
	Trade facilitation	
	Trade and environment: The Committee on Trade and environment will present a report and make recommendations if it is deemed useful with respect to the future action, including the opportuneness of negotiations.	
	Small economies Recommendation of the General Council with a view to an action	
	Trade, debt and finance	Report of the General Council on the progress achieved in the examination of these issues
	Trade and technology transfer Electronic commerce	
1st January 2005	Conclusion of negotiations under the terms of Doha Ministerial Declaration	

Source: ACCT, Geneva 2003

VI/THE POSITIONS AND RECOMMENDATIONS LIKELY TO BE SUPPORTED BY THE OIC MEMBER STATES :

For a real of "development round"

If the launching of a new round of trade negotiations is something already sure, it is necessary that the interests of the OIC Member States be taken into account, especially by including the differential and special treatment among the major negotiations themes; this treatment goes beyond the granting of longer implementation periods and will enable Members to keep on implementing indefinitely some instruments of their policy in the economic field.

The next round should be beneficial to all Members and should help to bridge the gap between the development levels.

The patching-up solutions that have appeared since Seattle are not efficient enough to right wrongs; only a new approach to the international trade negotiations, based on a balance between incomes and losses, and backed by effective mechanisms to bridge the gaps between the development levels, can give impetus to the world economy; an opposite approach may revive protectionism.

Compensation, or even corrective measures to the misdeeds of liberalisation (a special fund, a development bank with a fund bailed out by a special tax) would be the most appropriate means.

The technical cooperation is also a significant element in the special and differential treatment. It is a necessity to establish a link between the opening to trade and the finance development, specifically to favour the modernisation of the productive system and the development of human resources and to allow developing countries to increase their exportable potentialities and derive benefit from trade liberalisation.

General recommendations :

- To express the serious concerns of the OIC Countries at the general lack of progress in the current round of multilateral trade negotiations as evidenced by missed deadlines on key issues and negotiations of importance to developing countries. The most critical of these have been the lack of progress on the negotiations in agriculture, TRIPS and public health, special and differential treatment and implementation-related issues and concerns;
- To call upon WTO Members to inject momentum in these negotiations in order to ensure that the Cancun WTO Ministerial Conference yields positive results for OIC countries and makes the Doha Work Programme a truly "Development Agenda";
- To emphasize the importance of completing the work programme on special and differential treatment (S&D), endorsed at Doha and reiterate that all S&D provisions in the WTO Agreements must be reviewed with a view to strengthening them and making them more precise, effective, binding and operational;
- To reiterate the urgent need to fully implement the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDC's and Net Food Importing Developing Countries;
- To establish a detailed evaluation of the consequences of the trade liberalisation in the developing countries, before the beginning of new liberalisations;
- To fully enforce the Uruguay round agreements, especially in major fields for OIC countries, (like textile, agriculture and services), before starting new negotiations;
- To extend and benefit from longer transition periods and introduce more flexibility so that OIC Member States will not be compelled to give up on their essential needs in terms of development;
- To reinforce the technical and financial assistance, in the fields of trade policy and negotiations in favour of OIC Member States and developing countries in general;
- To make the decision-making process more transparent and democratic inside the WTO, by associating developing countries to the formal and informal meetings along with a more active participation of the OIC Member States;
- To reiterate that technical cooperation and capacity building are core elements of the developmental dimensions of the Multilateral Trading System and the Doha work programme and urge for the increased collaboration among all agencies in the delivery of requisite technical assistance;
- To express the concerns of the OIC Countries about the lack of transparency and inclusiveness in the WTO negotiations and decision-making processes and call for measures to ensure the effective participation of the OIC Countries in the processes leading to the Fifth WTO Ministerial Conference, at Cancun and beyond.
- To increase the coherence between financial and multilateral trade policies and the recognition of autonomous liberalisations made within the context of national programs of structural adjustments;
- To establish an agenda that would reflect equally the interests of OIC Member States and industrialised countries (textiles, agriculture, free-movement of people);

- To reaffirm the need for a coherent and holistic approach at the multilateral level on issues of trade, debt and finance and stress the need to operationalise WTO provisions that relate to the transfer of technology.
- To call for the continuation of the work of these Working Groups beyond the Fifth Ministerial Conference since these issues are invested with a great importance for the development of the OIC Countries.

Sectorial recommendations :

Singapore's issues:

- Recognizing the complexity and importance of the Singapore issues and note that WTO Members do not have a common understanding on how these issues should be dealt with procedurally and substantively and taking into account the potential serious implications of these issues on economies of the OIC Countries, the latter call for the process of clarification to be continued.

Accessions :

- To avoid demanding from Member States wishing to become WTO Members, unfair conditions that are stricter than those which the WTO Member States, with an equal development level have subscribed to;
- The acceding OIC Member States should not be submitted to obligations and commitments that are not aimed at in multilateral trade agreements (especially those called WTO-plus obligations);
- The provisions of the special and differential treatment should automatically be enforced on OIC Member States, acceding to WTO Members, and the accession procedure should be simplified.

The access to the market of non-agricultural products :

- To affirm that the objectives of the negotiations on non-agricultural market access are to facilitate the development and industrialization processes in the OIC Countries. The modalities and the actual negotiations must reflect these goals appropriately by addressing tariff peaks and tariff escalation, taking fully into account the special needs and interests of developing and least-developed countries, including through less than full reciprocity in reduction commitments and the principle of special and differential treatment;
- To ask developed countries to reduce their customs tariffs, the tariff peaks and customs tariffs progressiveness;
- To ask for duty-free and above quota market access for the LDCs;
- To negotiate the reduction and/or abolition of some non-tariff obstacles to the exports of the OIC member States, especially sanitary and phyto-sanitary measures, as well as technical obstacles to trade and the recourse to guarantees by developed countries.

Agreement on textiles and clothing :

Some issues that are of great importance for OIC Member States should be resolved in particular the following issues:

- The major part of the integration of sensitive products interesting OIC Member States has been deferred to the end of the ten-year period. On these grounds, a postponement of the total implementation of the agreements in textiles and clothing is to be feared;

- Importing countries may have recourse to other protection measures (such as the modification of the rules of origin, a reinforcement of antidumping measures etc), in order to minimize the impact of a total liberalisation;
- Some exporters of the OIC group may have problems due to the loss of the "access guarantee" to markets, which can lead to the implementation of a tariff system.

Agreement on agriculture :

- Since agriculture is of critical importance to OIC Countries's development and holds the potential to lift millions of our people out of poverty, progress in the agricultural negotiations is essential for the successful conclusion of the Doha Work Programme. OIC countries urge WTO Members to fulfil the commitments undertaken in Doha as contained in the mandate for the agricultural negotiations and call upon WTO Members to address the issue of the erosion of preferences. OIC countries call upon WTO Members to exempt LDCs from any reduction commitments;
- To introduce the concept of food safety (food box), so that each country will be able to set and guarantee a certain level of food self-sufficiency as well as the reintroduction in some OIC countries of the possibility to protect and support their farmers, for reasons related to the agricultural development and food safety;
- To guarantee a better access to Western agricultural markets for products from OIC Member States, and to open as soon as possible these markets to products originating in LDCs;
- To request that all LDCs, including the countries whose accession to WTO is underway, be exempted from the commitments related to domestic support and exports subsidies;
- To obtain from developed countries, a concrete and operational commitment in favour of the ministerial decision taken in Marrakech on the measures concerning the possible negative effects of the reform program on LDCs and net food products importers; several of which belong to the OIC group;
- A total withdrawal by developed countries of exports subsidies, within a fixed time limit;
- To ensure some flexibility in the use and the extent of the minimis support granted to developing countries;
- To fully take into account in negotiations, the multifunctional nature and the role of agriculture in the OIC Member States in particular and in developing countries in general;
- To ask all WTO Member States to subscribe to the international standards, directives and recommendations while adopting sanitary and phyto-sanitary measures, or technical obstacles to trade, and help developing countries get associated to the decision-makings that establish these standards;
- To express the full solidarity of the OIC Countries with African countries that are affected by subsidies on Cotton provided by developed countries and strongly support actions initiated by some African countries in the WTO to urgently remedy the negative consequences of these subsidies that affect millions of African farmers.

Agreement on intellectual property :

- To express the concerns of the OIC Countries on the failure to find a multilateral solution that would enable Members with insufficient or no manufacturing capacities, make effective use of the compulsory licensing

under the TRIPS Agreement as mandated by Paragraph 6 of the Doha Declaration on TRIPS and Public Health;

- To maintain the possibility of implementing an independent protection system of the vegetal varieties ("sui generis") instead of the patent system or the UPOV Convention;
- To eliminate inconsistencies between the TRIP agreement and the Convention on the biological diversity, as well as the settlement of the profit sharing issues, related to the exploitation and access of the genetic resources;
- To exempt or reduce the patentability period on products appearing on the WHO model list of essential medications;
- To extend the transition period, in order to give to the countries enough time to concentrate on problems concerning the TRIPs Agreements;
- Negotiations should guarantee the rights of the possessors of traditional knowledge to derive benefit from any innovation accruing to it.

Agreement on services:

- To lay stress on the need for respecting the principle of progressive liberalization and promote and facilitate the participation of OIC countries in international trade in services as well as on the importance of the liberalization by developed countries of sectors and modes of supply that are invested with a great importance to the OIC countries, in compliance with the assessment criteria of trade in services as stipulated in the GATS.
- To emphasize also the need to respect the Member's right to regulate trade in services and liberalize according to their national policy objectives and call for the full implementation of the Guidelines and Procedures adopted in March 2001, giving due consideration in particular to the needs of small service suppliers of WTO Members for the expeditious completion of the work on modalities for developing countries;
- To preserve the GATS structure and pursue an effective enforcement of provisions in favour of developing countries, especially the provisions of articles IV and XIX;
- To introduce a larger liberalisation in the free-movement of persons in order to balance interests between the North and the South;
- Speed up the working out of rules, especially with respect to emergency safeguard measures.

Trade, environment and social standards:

- To Opt for multilateral approach and oppose to any unilateral recourse on trade restrictions imposed for environmental reasons;
- To avoid that the prescriptions in terms of packing, labelling and recycling be new obstacles to market access;
- To Advocate the implementation of systems of mutual recognition of packing, labelling and recycling standards established by developed countries;
- To facilitate access to ecologically rational technologies in order to preserve and increase developing countries' competitiveness in export markets and reinforce their capacity to protect their environment;
- To insist on the necessity of dealing with issues that are not related to trade, such as labour, and environment, within appropriate frameworks (FAO, ILO, WIPO), and not to include them in the working program of the WTO.

REPORT OF THE DIRECTOR GENERAL OF THE ISLAMIC
CENTRE FOR DEVELOPMENT OF TRADE

ON

THE FIFTH MINISTERIAL CONFERENCE OF THE WTO

CANCUN 10-14 SEPTEMBER 2003

**THE FIFTH MINISTERIAL CONFERENCE OF THE WTO
CANCUN 10-14 SEPTEMBER 2003**

His Excellency Dr Abdelouahed BELKEZIZ, Secretary General of the Organisation of the Islamic Conference has appointed the Islamic Centre for Development of Trade to represent the OIC at the 5th Ministerial Conference of the WTO that was held in Cancun from 10 to 14 September 2003.

The Cancun conference is actually a mid-term meeting that was held to take stock of the progress achieved by the negotiations launched within the framework of Doha Development Agenda and to agree on the principles and modalities to complete negotiations within the date limit agreed on in Doha, that is to say, by the year 2005, particularly for sectors where important disagreements are persisting: agriculture, market access to industrial products, Singapore issues etc...This Conference was meant to give political impetus to a clear-cut policy in order to boost up negotiations in Geneva.

In actual fact, this conference has constituted the main event of the WTO proceedings since one year in so much as its preparation started in November 2002 by a series of formal meetings (of the general council) and informal (meetings of the Ministers of some countries) like in Sydney in November 2002, in Sharm Echeikh and in Montreal in 2003. During this meeting, the delegates put forward their point of views on the issues included in Doha Development Agenda.

First, proceedings focused on the ways and means to ease tensions on some issues that hold back negotiations, then on the working out of a draft Ministerial Declaration that was going to be submitted to Ministers in Cancun in September 2003.

The only noticeable asset of this mid term- meeting concerns the agreement on the Trade Related Intellectual Property Rights (TRIPS) and to Public Health. It is in fact a historical and important agreement. Notwithstanding all these facts, the results that have so far been obtained are not very promising.

It is absolutely essential for all the WTO members that this round be achieved in due course. It is the only way to add 400 to 500 Us Dollars to the world income and increase by 150 billion Us dollars that of Developing countries according to the report of the World Bank.

1/ AGENDA ITEMS OF THE FIFTH MINISTERIAL CONFERENCE:

The Ministers of 146 Member Countries of the Organisation, in addition to Nepal and Cambodia that have recently acceded to the WTO, should manage to agree within five days on a Common Declaration, particularly, on two tracks:

1. The revision of the existing agreements, included in the Built-in Agenda that are provided for in the Marrakech Agreements, namely,

- Agriculture;
- Services, through the revision of the General Agreement on Trade in services (GATS) for a greater liberalisation of trade in services;
- The Agreement on Intellectual Property (TRIPS), implementation of Doha agreement, which consists in allowing the import of generic medicine without patent in the event of widespread diseases (AIDS, Malaria, Tuberculosis).

2. Singapore issues, in this instance they are as follows:

- Agreement on investment, which is in fact a disguised come back of the Multilateral Agreement on Investment (MAI) negotiated within the OECD but it was withdrawn in 1998;
- Agreement on competition policies;
- Agreement on transparency and public procurements;
- Agreement on Trade facilitation.

A Draft Ministerial Declaration was the legal basis of negotiations, the General Council of the WTO issued a revised draft declaration on August 24th 2003, which contained several non consensual passages put in square brackets. Obstructions caused by some countries and a large number of new proposals have delayed the publication of the Draft Declaration.

This text of 25 pages covered the key issues of the trade negotiations of Doha Round, it includes in particular proposals of decisions in the areas of agriculture and market access of industrial products. The revised project includes objectives which are in most cases not expressed in figures and which were submitted for approval to the Ministers of 148 member countries of the WTO during the Cancun Conference.

The new draft ministerial declaration that is submitted to Ministers in Cancun under the supervision of the Chairman of the General Council, Mr Carlos Perez del Castillo and the Director General of the WTO Mr Supachai Panitchpakdi on August 31st 2003, does not include several proposals made by member governments. On the whole, this project rather reflected the point of view of the United States and of the European Union.

The Draft Declaration of Cancun has failed to come up to the expectations relating to the implementation issues of the Marrakech agreements and does not actually reflect the developmental dimension that was so much stressed in Doha. This draft is expected to be highly prejudicial to the interests of the OIC Member States in the fields of agriculture, customs tariffs on industrial products and Singapore issues. It should also be admitted that it does not meet the legitimate aspirations of our countries and it is rather seeking to push forward some developed countries and back up their views.

11/ THE PROCEEDINGS OF THE FIFTH MINISTERIAL CONFERENCE:

His Excellency, Mr VINCENTE FOX President of Mexico opened the proceedings of the Conference which were chaired by Mr Luis Ernesto DERBEZ, Minister of foreign Affairs of Mexico. Two OIC Member States were elected Vice-Chairmen of the conference: **EGYPT** and **BANGLADESH**.

The Conference started with the general declarations of the Ministers who have on the whole insisted on:

- The need for concluding negotiations within the time limit that was agreed on in Doha;
- The consolidation and strengthening of the Multilateral Trading System;
- The importance of taking into account the needs of Developing countries and particularly those of the LDCs in negotiations.

Thirty seven (37) OIC Member States were represented by Ministers, the following Member States delivered speeches at the plenary session:

Albania, Saudi Arabia; Bahrain, Bangladesh, Benin, Brunei, Darussalam, Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, United Arab Emirates, Gabon, Guinea, Guyana, Indonesia, Jordan, Kazakhstan, Kuwait, Lebanon, Malaysia, Mali, Morocco, Mauritania, Mozambique, Nigeria, Oman, Uganda, Pakistan, Qatar, Kirghizistan, Senegal, Sudan, Chad, Togo, Tunisia, Turkey and Yemen.

For the most part, there was a big discrepancy between the real negotiations that were held in committees and the political declarations, particularly those of industrialised countries whose positions in negotiations committees were very different from the intentions that were declared in plenary sessions.

Ministers started negotiations on September 11th 2003 at an informal meeting of heads of delegations followed by the discussions of the different groups on key issues. In order to help negotiators reach a compromise, five chairmen called facilitators, chosen among Ministers were appointed so as to try to ease positions by gathering in private meetings members' complaints.

The following chairmen were designated:

- Working group on agriculture: Mr George YEO, Minister of commerce and industry of Singapore;
- Working group on market access to non agricultural products (industrial): Mr Henry Tang Ying-yen, Minister of Finance of China (Honk Kong);
- Working group on Singapore issues (transparency of government procurements, investment and trade, competition policy, trade facilitation): Mr. Pierre S.PETTIGREW Minister of International Commerce of Canada.
- Working group on development: Mr Mukhisa Kituyi, Minister of Commerce and Industry of Kenya;
- Miscellaneous issues: (which includes Trade Related Intellectual Property Rights (TRIPS): Mr Clement Rohee, Minister of Foreign Trade and Cooperation of Guyana.

Besides, upon the intransigence of cotton exporting African countries, it was decided to set up a special working group on this issue that was chaired by the Director General of the WTO, Mr Supachai Panitchpadki.

The chairmen of the working groups submitted a report to the Chairman of the General Council and provided texts intended to amend the draft declaration that was subjected to keen debates.

Formally, negotiations were held at meetings called "Meetings of the heads of delegations", but they were actually held at informal meetings "in Camera" in the famous "green room meetings" where the main protagonists chosen at the discretion of Europe and the United States were summoned.

III/ OUTCOMES OF THE CANCUN MINISTERIAL MEETING:

The Cancun Ministerial conference ended on 14th September. At the closing session, the Chairman Luis Ernesto DERBEZ concluded that in spite of the important progress noticed at the level of consultations, Members stuck to their own stances, particularly with respect to "Singapore issues". Five days were not sufficient for the delegates of the 148 countries to reach an agreement on a common draft declaration.

The draft ministerial declaration prepared by the Mexican chairmanship has strongly disappointed developing countries who have considered that with respect to the agricultural subsidies' issue, the text has remained very close to the common proposal that was made by the EU and the United States before Cancun. They have especially regretted the absence of a precise date for the removal of export subsidies on some priority products whose list has not been drawn up yet.

They have also expressed their disapproval of the answer made at the "cotton initiative" launched by Mali, Chad, Benin and Burkina Faso. These four countries supported by other Developing Countries and by NGOs massively represented in Cancun, requested the prohibition of cotton subsidies to the Countries of the North, especially those supplied by the United to their producers. In fact the text did not mention any short term commitment of this kind. And it has also provided for measures favouring "diversification programmes" of African countries' economies, which according to the words of an African delegate felt themselves "very humiliated and even their interests dragged through the mud".

Through the representative of Kofi Annan, the UN has even declared that it was an "alarming text", which does not even come up with Doha Declaration. Consequently, the continuation of Doha Round of negotiations might probably be very difficult. Developing countries and industrialised countries are more than ever adopting divergent positions.

STUMBLING BLOCKS OF THE CONFERENCE:

- Agriculture:

It is around this file, which is the subject of all disputes that the different camps were formed. On the one hand, the group of 21 (G21)¹, alliance of developing countries and the CAIRNS group, which gathers agricultural products big exporters. On the other hand, the United States and the European Union, big suppliers of export subsidies or of any kind of support to export transactions.

The draft text tackled the three tracks of political policies that were considered as contrary to competition rules: domestic support, market access and export subsidies.

The developing countries of the G21 and the big agricultural exporters of the CAIRNS group required the full abolition of export subsidies to agricultural products of industrialised countries and a high reduction of domestic support.

Yet, the EU and the United States insisted on the elimination of these subsidies only for products of great interest to developing countries. It also provides for the removal of subsidies included in a list of agricultural products and representing a special interest for Developing countries but several points are still to be negotiated.

Besides, the draft text introduces the idea of a commitment of Developed countries to grant free access to the products from the Least Developed Countries without quotas or tariff barriers but without providing for a precise date.

With respect to the improvement of market access for agricultural products, the Draft Declaration takes up the combined formula of customs tariffs reduction suggested by the European Union and the United States in their common initiative of last August 13th. But the text proposes two addenda: To fix from now on a minimal objective for average reduction on the whole agricultural products; to grant the possibility of keeping high tariffs but only on a limited number of products". Finally the text proposes to renew for a duration to be determined subsequently "the peace clause", through which member states undertake not to lodge any complaint to the WTO on disputes relating to agriculture.

Considering the efforts of the countries of the North, the G-21 rejected the final draft declaration; 21 countries led by Brazil, India, China and South Africa require from the Europeans, Americans and Japanese to put an end to their extremely substantial subsidies (1 billion Us dollars per day, which destabilize the farmers of the South).

¹ These countries account for more than half of the world population: these are South Africa, Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Cuba, Ecuador, **Egypt**, El Salvador, Guatemala, India, Mexico, **Pakistan**, Paraguay, Peru, Philippines, Thailand and Venezuela.

- SINGAPORE ISSUES:

In fact, it is not agriculture, which caused, failure of Cancun Conference, the breaking off was caused by developing countries, which refused to discuss new rules aiming at reviewing national procedures that hamper trade and investment.

The Doha declaration, adopted in 2001, provided for measures to facilitate negotiations : " We agree to hold negotiations after the fifth session of the Ministerial Conference on the basis of a decision that will be taken by explicit consensus, during this session on negotiations modalities". The ambiguity of this sentence has further increased the divergences between Member States. Industrialised countries considered that negotiations should start straight away Cancun.

Developed countries, particularly the European Union and Japan wish the opening of negotiations on four subjects, so called Singapore issues, which include investments, competition, government procurements and trade facilitation. South Korea, Taiwan and Switzerland have joined the European Union to claim discussions on Singapore issues.

Upon a concession made by the EU, the new draft ministerial declaration of the WTO, while recording the delays in the WTO members' negotiations, provides for the launching of negotiations on only two out of the so called new Singapore issues: transparency of governments procurements and trade facilitation. With respect to investments, the draft declaration proposes to continue the clarification work. As to the competition issue, the text is even less ambitious; it requires the working group to prepare a new report for the general council.

The proposal of the EU to limit negotiations to two themes was rejected by Developing countries, particularly by India, Malaysia and the LDCs. Developing countries relied on the necessary "explicit consensus" to refuse the inclusion of these issues in the negotiations agenda. The G-77, which represents developing countries held a press conference showing their refusal to launch negotiations on Singapore issues.

- AFRICAN COTTON ISSUE:

The initiative of four African countries, cotton producers (Benin, Burkina Faso, Mali and Chad) aimed at obtaining the total abolition of subsidies granted by the countries of the North, particularly those of the United States, along with a financial compensation for the losses that were incurred by these countries. Its rejection in the final declaration gives rise to the anger of the LDCs and of the ACP countries (Africa, Caribbean and Pacific).

Since a few months, the African leaders launched a campaign aiming at making industrialised countries see reason. Acting on behalf of the whole West African countries and Central African countries, the President of Burkina Faso, His Excellency Balise Compaore, Launched in Geneva a vigorous appeal in favour of the abolition of subsidies granted to the producers of the North.

- On August 15th, four African countries: Benin, Burkina Faso, Mali and Chad submitted in the name of twenty other African countries with the support of Brazil, a proposal requesting the removal of cotton subsidies over a period of three years (-33%) per year as well as the payment of compensations " for the "financial loss" incurred by African producers.

The paragraph on cotton of the Ministerial Declaration constitutes an offence against developing countries. The text proposes that the issue be tackled from the point of view of market access for non-agricultural products. This does not totally solve in the short term, the problem of African cotton producers, which do not own a competitive textile industry, open up to the external world. The fact of suggesting to those African countries which were affected by dumping to resolve this problem by the diversification of their economies was considered as unacceptable in so far as the draft ministerial declaration puts on again the American stance, which proposes to examine the issue within the broader framework of textiles and clothing. Such a proposal was considered as a blind refusal to settle this issue.

MARKET ACCESS FOR INDUSTRIAL PRODUCTS:

Negotiations started on a text proposed by Canada, the United States and the European Union. This text requires from Developing countries to undertake to 'consolidate' their customs tariffs, in other words to fix for each product a customs duty without any modification.

Once again, Developing countries have deemed that industrialised countries require big efforts from them, while the latter have made insufficient concessions in the field of agriculture. Besides, they have declared that a reduction of customs tariffs and tariff ceilings prevent them from undertaking industrialisation policies.

IV/ CONSULTATIONS AMONG THE OIC MEMBER STATES:

In compliance with the resolutions of the 13th session of the COMCEC on this issue, ICDT and IDB have represented the OIC at this important conference.

A coordination meeting between the OIC countries was organised on September 9th 2003 at Hotel Meridien and was chaired by the Egyptian Minister of Foreign Trade, His Excellency Dr. Youssef BOUTROS GHALI.

The Agenda items of this meeting essentially dealt with the examination of the draft declaration and on the presentation of the conclusions to the consultative meeting held in Jeddah on 27th and 28th July 2003.

At this meeting, participants have also discussed the ways and means to enhance coordination between the different positions of the OIC delegations, especially in Geneva.

ICDT presented to the OIC Member States, a working paper on negotiations along with proposals and recommendations that could serve as a platform for a

common position of the OIC countries; it also distributed a special issue of "Tijaris" devoted to Cancun Conference.

V/ CONCLUSIONS:

The failure of Cancun Conference is due to a plurality of factors, particularly the intransigence of industrialised countries, which have required concessions on some issues of vital interest for Developing Countries; the WTO also shares some of the responsibility for this failure. The Chairman of the Conference was also criticized, for having presented a text which does not reflect the concerns of all parties. The Indian Minister of commerce condemned such a practice by vehemently addressing the meeting, he said: "You have deliberately neglected the concerns of a large number of developing countries. It is an attempt to impose the views of few countries on the largest number of participating countries".

Of course, the Cancun Meeting sounds the death-knell for the American-European condominium over the WTO and announces a stronger rising tide of Developing countries through the G-21, but the failure of this conference postpones the completion of Doha round indefinitely, since the year 2004 will be that of the USA presidential elections and of the renewal of the Members of the European commission. The latest developments, suggest the return of commercial unilateralism of the big trading nations that might rush for the conclusion of bilateral and regional agreements with their major partners as they did before during the trials and tribulations of the Uruguay Round.

Ministers have asked the Chairman of the General Council to and the Director General of the WTO to coordinate these works and convene a meeting of the General Council at the level at the level of the senior officials on December 15th; 2003 at the latest, in order to take the necessary measures to launch the negotiations process.

Finally, the strengthening of the influence of the NGOs on the evolution of negotiations should also be stressed, actually they have managed to make themselves heard by backing the positions of Developing countries, especially on agriculture, cotton and Singapore issues.

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REPORT BY ICCI
ON THE PREPARATION FOR
THE ELEVENTH PRIVATE SECTOR MEETING

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11-13 May 2004)

**11th PRIVATE SECTOR MEETING FOR
THE PROMOTION OF TRADE AND JOINT VENTURE
INVESTMENT AMONG ISLAMIC COUNTRIES
MANAMA - KINGDOM OF BAHRAIN, FEBRUARY 5-7,2005**

AIDEMEMOIRE

(1) ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY;

The Islamic Chamber is an affiliated organ of the Organization of Islamic Conference (OIC) and represents the private sector of 57 Islamic Countries. It aims at strengthening closer collaboration in the field of trade, commerce, insurance/reinsurance, shipping, banking, information technology, promotion of investment opportunities and joint ventures in the Member Countries. Its membership is comprised of the National Chambers / Unions / Federations of Chambers of Commerce and Industry of the member countries. ICCI provides guidance to businessmen and industrialists in identifying joint venture projects, works towards the expansion of Intra-Islamic trade by disseminating information on trade opportunities and by providing the Members a Wide Area Computer Network with all trade and industry related information as well as encourages the exchanges of expertise and the transfer of technology among Member countries. ICCI also arranges provision of technical training to private business operators and staff of member chambers.

Through its Plan of Action, ICCI seeks to render promotional, advisory, information, training programmes, technical assistance and other services to the private sector of the Member States of the Organization of Islamic Conference (OIC). These services are provided by promoting, encouraging and facilitating trade and Investment opportunities through organizing annual private sector meetings in one of the OIC Member countries. This was also a mandate given to the Islamic Chamber by the 9th Standing Committee of Commerce and Economic Cooperation in 1993. Subsequently in 1994, the first private sector meeting was held and gathered a large number of businessmen and private sector representatives in the city of Istanbul (Turkey).

This was then followed by 9 other meetings held in Egypt (1995), Indonesia (1996), Pakistan (1997), Lebanon (1998), Cameroon (1999), Qatar (2000), Guinea (2001), U.A.E. (2002) and Iran (2003).

On the kind invitation of Bahrain Chamber of Commerce and Industry, the 11* Private Sector Meeting will be held in Manama, Kingdom of Bahrain on

February 5-7, 2005. This meeting will be held concurrently with the 10 Islamic Trade Fair, which will be held on February 5-9, 2005.

The meeting will be held under the kind patronage of H.H. Shaikh Khalifa Bin Salman Al-Khalifa, Prime Minister of the Kingdom of Bahrain.

Brief information about the host Country and other general information about the Meeting are here below:

(2) **KINGDOM OF BAHRAIN - AN OVERVIEW:**

The Kingdom of Bahrain is a small archipelago, composed of 35 islands lying in the Gulf to the west of Saudi Arabia. The island of Bahrain is the largest, covering an area equal to seven-eighths of the country. Bahrain is the smallest country in the Muslim world, though it is the most thickly populated.

Area (sq. km.): 693

Capital: Manama

Climate: Extremely cold in winter and extremely hot in summer

People:

Population: 0.69 million (2000)

Growth of population (p.a.): 3.6% (2000)

Density per sq. km.: 966 persons

Literacy rate: 86.75% (2000)

Time: 3 hours + GMT

Languages: Arabic is official language but English is also widely spoken.

Membership: OIC, GCC, Arab League, WTO

ECONOMY:

GDP: US\$ 8.0 billion (2000)

GDP growth rate (p.a.): 3.9% (2000)

Agriculture: Dates, alfalfa, vegetables, dairy and poultry farming

Minerals: Oil and gas

Industry: Petroleum refining, Ammonia, Methanol, aluminium, petrochemicals, iron ore, pelletization plant, hydrocarbon, fish and pearl processing

Origins of GDP (% of total):

Agriculture: 1.0% (2000)

Industry: 46.0% (2000)

Manufacturing: 17.0%

Services: 53.0% (2000)

Per Capita Income: US\$ 10,954 (2000)

Currency: Bahrain Dinar

Exchange Rate: Bahrain Dinar 0.377 = 1 US\$ (March 31, 2002)

EXTERNAL TRADE

	1997	1998	1999	2000
				(in million US\$)
Total Exports	11770	4100	6880	8060
Total Imports	4890	3800	2800	3600
Intra-Exports	831	815	713	-
Intra Imports	2266	521	482	-

Main Items of Exports: Refined petroleum and petroleum products, aluminium, gas products, iron and steel, textiles.

Main Partners: Saudi Arabia, UAE, Japan, UK, USA, Singapore, South Korea.

Main Items of Imports: Food stuffs, textile, capital goods, mineral products, machinery and appliances, chemicals.

Main Partners: Saudi Arabia, Japan, UK, USA, Singapore, France.

Main OIC Partners: Saudi Arabia, UAE, Pakistan, Egypt, Indonesia, Iran, Jordan, Kuwait, Malaysia, Oman, Qatar

INVESTMENT CODE

The government has a generally liberal approach to foreign investment, and is in the process of improving Bahrain's attractiveness to international investors. As part of its program to diversify the economy, the government encourages foreign private investment, especially in sectors that are export-oriented and do not compete directly with established local enterprises. It encourages foreign private investment in infrastructure projects also.

Bahrain offers several advantages to foreign investors, including: no personal or corporate taxation; no restriction on capital and profit repatriation. A developed infrastructure with excellent transportation and communication facilities; and duty-free access to Gulf Cooperation Council (GCC) member states for products manufactured in Bahrain. License is not given to compete with companies owned by the government, or which would be a danger to public health or other aspects of the general welfare.

Bahrain's currency, the Bahraini Dinar (BD), is fully and freely convertible and no restrictions on converting or transferring funds, whether or not associated with an investment.

Bahrain welcomes foreign investment and permits 100 percent foreign ownership of new industrial entities and the establishment of representative offices and branches of foreign companies without local sponsors. However, all commercial

investments are subject to government approval and usually are made in partnership with a Bahraini national controlling at least 51 percent of the equity. With few exceptions, foreigners, other than nationals of some of the other five GCC states, may not own land or buildings in Bahrain.

The Bahraini legal system adequately protects and facilitates acquisition and disposition of property rights. Copyright piracy; patent and trademark protection has always been strong. There is no legal or regulatory protection of trade secrets.

The labor force is about 272,000, of which 60 percent are expatriates. A majority of Bahraini workers are government employees. In early 1996, the government of Bahrain launched Offset Program a certain percentage of locals must be employed. The contracts are awarded only to those who implement this program. To avail incentives employers favour hiring local labour. There is no labor tax in Bahrain, the Government Office of Social Insurance program requires that the employee pay five percent of base rate and the employer pay seven percent toward retirement benefits.

Bahrain had a bilateral investment protection agreement with UK only. There are economic and commercial cooperation agreements with Australia, Bangladesh, China, Cyprus, Denmark, Egypt, France, Greece, India, Iraq, Jordan, The Netherlands, Russia, Singapore, South Korea, Syria, Tunisia, Turkey and the UK. France and Bahrain also enjoy a double taxation avoidance agreement.

Mina Sulman, Bahrain's major port, provides a free transit zone to facilitate the duty-free import of equipment and machinery. Another free zone is located in the North Sitra Industrial Estate.

(3) **ELEVENTH PRIVATE SECTOR MEETING**

The Islamic Chamber is regularly organizing Private Sector Meetings on an annual basis since 1994. Uptil now Ten Private Sector Meetings were held. They have proved highly successful in collecting large number of Industrialists and traders from Islamic Countries for bilateral contact meetings and discussions on particular economic and business issues confronting them. Representatives from International Financial Institutions including IDB attended these annual gatherings of businessmen with a view to entertain joint venture projects and applications for trade financing. These Meetings have provided the entrepreneurs to develop long term relationship with their counterparts in OIC Countries. Greater awareness has been developed among OIC businessmen regarding opportunities for collaboration in industrial ventures and for expansion of trade among Islamic Countries. The purpose of the Meetings is to attract investment and technology transfer through collaboration in Joint Venture industrial units. Member Countries Chambers and Board of Investment of selected OIC Countries make presentations about need of financing their projects. They also explain what policies have been formulated in their countries to attract investment and foreign traders with least trade restrictions.

It is expected that about 150 - 200 delegates including Ministers of Industry, Trade and Commerce of some OIC Countries, Islamic Banks and Financial

Institutions from 57 OIC Countries will take part in the private sector meeting. The Islamic Development Bank Group, such as Islamic Corporation for the Development of the Private Sector (ICD) and Islamic Corporation for Insurance of Investment & Export Credit (ICIEC) will also attend the said event.

Matching projects to investment is fundamental to the Private Sector Meeting and the ideal mechanism for achieving this is by submitting Project Profiles for setting-up new or expansion of industrial enterprises in OIC Countries.

(4) OBJECTIVES

The Meeting has two fold objectives, one within the context of trade and the other in joint venture investment and will be based on bi-lateral and multi-lateral contacts.

The aim is economic development of the Muslim Ummah through the development of their business by increasing the present level of inter-Islamic trade and by enhancing the inflow and outflow of investments. The Meeting is intended to serve as a platform for industrial and trade collaboration between Less Developed and More Developed Islamic Countries. It will specifically provide an opportunity to the project sponsors to meet and discuss their projects face-to-face with interested potential investors and Islamic Financial Institutions including the Islamic Development Bank Group which include Islamic Corporation for the Development of Private Sector (ICD), Islamic Corporation for Insurance of Investment and Export Credit (ICIEC) and to agree upon specific practical arrangements for the implementation of projects.

Investment and trade promotion by generally accepted definition means "to make investment and trade happen". Private Sector Meeting may be classified as a set of marketing activities through which the project sponsors try to attract foreign investors and the traders try to expand their business activities. Private Sector Meeting includes the following activities:

- & To generate foreign direct investment, with the possibility of discussing any observation with regard to the foreign investment laws;*
- & To match prospective investors with local sponsors;*
- &To service sponsors and investors;*
- & To serve as a platform for industrial and trade collaboration.*

The above activities comprise investment project matchmaking and supporting the potential partners until they are committed to or have commenced an industrial partnership. In other words these meetings provide opportunity and create conducive platform, where sellers, buyers, project sponsors and potential partners can meet and agree to initiating joint ventures.

(5) EVENTS:

Presentations:

On the first day of the 11th Private Sector Meeting, presentations will be made by IDB, Islamic Corporation for the Development of Private Sector (ICD), Islamic Corporation for Insurance of Investment and Export Credit (ICIEC), the host country, some other Countries / Regional and International Organizations to familiarize the participants with the services, functions and objectives of these Institutions and the investment climate and opportunities of their Countries, covering their various sectors of economy and capacities and capabilities for cooperation with other OIC Countries.

Bi-lateral Meetings:

The Meeting will consist of a series of individual discussions between the Traders / Project Sponsors and potential Investors. An individual Programme will be prepared for each participant according to his interest in any specific product or project identified by the Islamic Chamber for this Meeting.

A preliminary list of projects giving the project title, capacity, total investment cost, type of assistance sought, study if available and address of sponsor/promoter will be provided to the participants. On the basis of individual interests, prospective foreign investors can be supplied, on request, with Project Profiles.

Business Contacts:

For the purpose of marketing of products, a Business Contact Form has been prepared, wherein interested parties will enter their export offer, import enquiry or other similar offers. Thereafter, on the basis of this information, Islamic Chamber will try and match partners and through bilateral discussions during the Meeting, trade opportunities could be identified.

Documentation on Exporting/Importing of OIC Countries and corresponding Partners, List of Industrial Joint Venture Projects, Investment Climate of Kingdom of Bahrain, and other relevant information will be made available to the participants during the Meeting.

(6) REGISTRATION:

The registration fee for each foreign participant attending the Meeting is US\$ 200.00. Payment should be made either by Bank Draft or Telegraphic Transfer (TT) in favour of the Islamic Chamber of Commerce & Industry (National Bank of Pakistan, Model Branch, Clifton, Karachi. FC Account No.990066-3).

Individual, Firms and Institutions wishing to participate in the Meeting should return the Registration and other related Forms duly completed to the Islamic Chamber at the earliest or *latest by November 15, 2004.*

Travel and Hotel costs will be borne by the participants.

(7) HOTEL RESERVATIONS & ACCOMMODATION:

Through the Officials of Bahrain Chamber of Commerce & Industry, negotiations are being made with various Hotels on granting special room rates for the participants of the Meeting.

(8) VISAS:

Bahrain Chamber shall provide to the Islamic Chamber, a letter issued from the relevant Ministry in Bahrain (Ministry of Interior) stating that Entry Visa will be issued for seven days at Bahrain International Airport. However, the authorities will be requested to waive the fee of Bahrain Dinar 15/=.

(9) VENUE:

The Working Sessions would be held at Convention Centre.

(10) MEETING LANGUAGE:

The Meeting will be conducted in Arabic with simultaneous interpretation in English and French. Arrangements will also be made to provide translation facilities, if required, during the bi-lateral contact sessions.

**(11) ROLE OF ISLAMIC DEVELOPMENT BANK
FOR PRIVATE SECTOR DEVELOPMENT :**

1. IDB Group consists of six windows for financing: the Islamic Development Bank (parent institution), IDB Unit Investment Fund, Islamic Banks' Portfolio for Investment and Development, Islamic Corporation for the Insurance of Investment and Export Credit, IDB Infrastructure Fund and Islamic Corporation for the Development of the Private Sector.
2. IDB has been supporting the private sector development in member countries in many ways since its establishment. The efforts made by the Bank include creation of separate windows and institutions to strengthen private sector activities in member countries. The Medium Term Strategic Agenda of the Bank adopted in 1994, identified private sector development as one of the major development themes to be promoted by the Bank through its financing and other activities.
3. **IDB** aims at financing productive projects through a number of medium to long-term financing modes, such as leasing, installment sale, *istisna'* (manufacturing order), equity participation, interest-free loans and diminishing participation. It also aims to encourage trade exchange among member countries, where short-term import and export financing schemes by way of *murabaha* provide an opportunity for meeting the needs of member countries and beneficiaries for strategic goods and commodities of a developmental nature.

IDB also provides technical assistance for project preparation, the transfer of technology and know-how and the institutional support for the benefit of member countries.

(12) PARTICIPANTS:

1. Private sector representatives operating in the manufacturing and services sectors in the member Islamic Countries and Islamic Community in non-OIC Countries.
2. Representatives of financial institutions interested in financing activities of private sector business enterprises in OIC Countries.
3. International financial organizations.
4. UN related agencies.

(13) WHO SHOULD ATTEND:

The Private Sector Meeting is a highly interactive event bringing together, face-to-face, business people with projects and interested potential investors. The Meeting matches enthusiasm with expertise; fine ideas with financial acumen. It will also allow entrepreneurs to first meet, and then develop long-term relationships with their counterparts in other Islamic Countries as well as with the senior officials of the host country.

The Islamic Chamber calls upon all trade and trade related investment entities, Project Sponsors, Investors, Enterprises, Business houses, Businessmen, Traders, Firms, Organizations, Institutions, Banks, Financial Institutions from OIC Countries to attend this important event.

(14) ORGANIZERS / CONTACT PERSONS :

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-XVII-

**REPORT BY ICDT
ON TRADE FAIRS OF ISLAMIC COUNTRIES**

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

(Istanbul, 11-13 May 2004)

REPORT ON THE NINTH TRADE FAIR OF ISLAMIC COUNTRIES

The Islamic Centre for Development of Trade organised in cooperation with the Ministry of Economy and Trade of the State of the United Arab Emirates, represented by Sharjah Chamber of Commerce and Industry, the Ninth Trade Fair of Islamic Countries, from 16th to 21st Shawal (21-26 December 2002) in Sharjah Expo Centre. This event was held Under the High Patronage of H.H Sheikh Dr. Sultan Bin Mohamed Al Qassimi, Member of the Supreme Court and Ruler of Sharjah under the motto: "Islamic World: free trade and sustained Development".

Sharjah Expo Centre extends over 15,000 sqm of outdoor exhibition space and an indoor exhibition space of 16,000 sqm. The latter is divided into four exhibitions halls of 4,000 sqm each. Sharjah Expo Centre is rightly considered as one of the most modern exhibition complexes of the area. It is provided with several halls and rooms fitted with the most modern audiovisual equipment press and information facilities and conference rooms. Likewise, this Expo Centre offers technical services as well as other services to exhibitors such as car renting, quick mail services and secretariat, phone Fax, Internet and photocopy of documents.

The Fair lasted for 6 days; the three first days were devoted to official delegations and businessmen. Then the Fair was opened to the General Public. The opening hours were as follows: from 10 a.m. to 1 p.m. and from 4 p.m. to 9 p.m.

1. Participating countries:

In total 37 countries have participated in the 9th Trade Fair of Islamic Countries:

- People's Democratic Republic of Algeria (37 companies and institutions),
- Azerbaijan (1 company),
- Arab Republic of Egypt (13 companies and institutions),
- Republic of Indonesia (12 companies and institutions),
- Republic of Iraq (27 companies and institutions),
- Islamic Republic of Iran (50 companies and institutions),
- The Hashemite Kingdom of Jordan (16 companies and institutions),
- Kazakhstan (1 company),

- Republic of Kirghizistan (1 company),
- Kingdom of Bahrain (33 companies and institutions),
- Kingdom of Saudi Arabia (18 companies and institutions),
- State of Kuwait (24 companies and institutions),
- The Great People's socialist Libyan Arab Jamahiriya (15 companies and institutions),
- Malaysia (14 companies and institutions),
- Mali (1 company),
- Islamic Republic of Mauritania (1 company),
- Kingdom of Morocco (35 companies and institutions),
- Mozambique (1 company),
- Federal Republic of Nigeria (8 companies),
- Islamic Republic of Pakistan (10 companies),
- State of Palestine (35 companies),
- Republic of Senegal (4 companies),
- State of Qatar (78 companies and institutions),
- Thailand (20 companies and institutions),
- Tunisian Republic (27 companies and institutions),
- Republic of Turkey (30 companies and institutions),
- State of the United Arab Emirates (23 companies and institutions),
- Macedonia.

The Islamic Development Bank participated in this event by sponsoring the participation of some Least Developed Countries, OIC Members, namely:

- The Republic of Sudan,
- The Republic of Yemen,
- The Republic of Kazakhstan,
- The Republic of Mali,
- The Islamic Republic of Mauritania,
- The Republic of Comoro Islands,
- The Republic of Kirghizistan
- The Republic of Azerbaijan,
- The State of Palestine.

1. Evaluation of the Fair:

The number of deals that were settled is estimated at about 650 million Emirati dirhams, about US\$ 180 dollars and that of participants at about 120,000 visitors of which 10,400 businessmen. 650 companies and **Islamic organisations** participated in this event.

2. Distribution of trophies and Certificates

In compliance with article 15 of the regulations of the Trade Fair of Islamic Countries that was adopted by the 18th session of the Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC) held in Istanbul from October 22nd to 25th 2002, the trophies committee composed of the Representative of the State of the United Arab Emirates And the Representative of the Islamic Centre for Development of Trade held a meeting on the basis of the following criteria, namely:

- Area
- Quality of exhibited products
- Number of exhibiting companies
- Number and level of the official commercial representation
- Participation frequency in the Fair to date.

Trophies were awarded to the three following countries:

First prize : **Islamic Republic of Iran**
Second prize : **Republic of Turkey**
Third prize : **Kingdom of Morocco**

And as a reward for the great efforts made by the **State of Palestine** to participate in the Fair in a very honourable manner in spite of its exceptional circumstances, this country has been awarded a special merit Prize.

It was established at official level as well by the press that this event was crowned with a great success, whether with regard to the number of participating countries and companies or the number of businessmen and the importance of the exhibition area, estimated at 14,000 sqm and accounting for 90% of available space. This event was also an excellent opportunity to do business.

NOTE ON

THE 10TH TRADE FAIR OF ISLAMIC COUNTRIES

I- PREPARATORY MEETINGS:

1) First Preparatory Meeting: Casablanca 29th and 30th April 2003

In Compliance with the resolution n°1, paragraph 46 of the 14th Session of the Standing Committee for Economic and Commercial Cooperation among the OIC member States (COMCEC), held in Istanbul from 1st to 4th November 1998, which accepted the offer of the Republic of Guinea to organize the 10th Trade Fair of Islamic Countries and upon the invitation of the Islamic Centre for Development of Trade (ICDT), Subsidiary Organ of the Organization of the Islamic conference (OIC) , in charge of the Organisation of the Trade Fair of Islamic Countries (TFOIC), addressed to the Ministry of Commerce, Industry and the Small and Medium Enterprises of the Republic of Guinea; the supervision authority of the Organisation of the 10th Trade Fair of Islamic Countries, both parties organised in Casablanca on 29th and 30th April 2003 (27 and 28 Safar 1424 H), the first preparatory meeting of the 10th edition of the Trade Fair of Islamic Countries.

Both parties discussed the agenda items relating to the different aspects of the organisation of the 10th edition of the TFOIC to be held in Conakry from 9th to 14th December 2004 under the theme "Intra-OIC trade and strategic partnership for the Development of Africa".

Both parties have written down the results of their discussions in the Memorandum of Understanding that was signed by Mr Abderahmane Sano, President of the Centre International d'Echanges et de Promotion des Exportations (CIEPEX), (the Guinean Trade and Export Promotion Centre) and Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade, on 30th April 2003 (28 Safar 1424 H).

2- Second preparatory meeting: Conakry 7-11 July 2003.

The Director General of ICDT participated in the second preparatory meeting of the 10th Trade Fair of Islamic Countries that was organised in Conakry from July 7th to 11th 2003; during this meeting organisers reviewed all the aspects relating to organisation of this edition.

This meeting was attended by the representatives of the Ministry of Commerce, Industry and the Small and Medium sized Enterprises of the Republic of Guinea, Mr Abdurrahman Sano, Chairman of the International Centre of Trade and Export Promotion (CIEPEX) and the Carthacom Company, which is in charge with the organisation of the Fair.

During this visit the Director General had talks with the Members of the Guinean Government that are concerned by this event (Ministers of Commerce, Finance, Transport, Tourism and Information); he also had a meeting with the President of the Private Sector Association. Besides, Mr RACHDI visited "Le Complexe du Palais du Peuple" that will host this Fair.

3- 3rd and 4th Preparatory Meetings:

A third preparatory meeting of the 10th Trade Fair was organised in Casablanca on July 28th and 29th 2003 at which ICDT and the CIEPEX signed an agreement with CARTHACOM Company, which has been entrusted with organising this Fair. This agreement establishes a distribution of tasks between organisers and CARTHACOM Company.

A fourth preparatory meeting was held in Casablanca on 30th September and 1st October 2003 at which CIEPEX and CARTHACOM finalised the promotional documents and defined a marketing strategy.

The promotional campaign was inaugurated on the occasion of the 10th Islamic Summit and the 19th session of the COMCEC.

On the occasion of the 19th session of the COMCEC, which was held from October 20th to 23rd 2003 in Istanbul, the Kingdom of Bahrain expressed its wish to host the 10th Trade Fair of Islamic Countries, so as to make it coincide with the 11th Private Sector Meeting of Islamic Countries to be held in the Kingdom of Bahrain in 2005.

II- Meetings on the transfer of the Tenth Trade Fair of Islamic Countries from the Republic of Guinea to the Kingdom of Bahrain:

In compliance with resolution n°1 paragraph 75 of the 19th session of the Standing Committee for Economic and Commercial Cooperation between the OIC member States (COMCEC), held in Istanbul from 20th to 23rd October 2003, which takes note of the proposal made by the Kingdom of Bahrain concerning the consultations to be undertaken with the Sister Republic of Guinea on the organisation of the Tenth Trade Fair of Islamic Countries (TFOIC), so as to make coincide with the 11th Private Sector Meeting and in compliance with article 3 of the regulations of the Trade Fair of Islamic Countries relating to the change of the host country; and following the consultations led by ICDT on this matter with the two concerned countries, the Islamic Centre for Development of Trade organised a consultative meeting at ICDT's headquarters on 11th and 12th December 2003(16-17 Shawal 1424H) to examine the transfer modalities of the 10th edition of the TFOIC from the Republic of Guinea to the Kingdom of Bahrain, so as to make it coincide with the 11th Private Sector meeting of Islamic Countries.

At this meeting Participants agreed on the following:

- 1) The official withdrawal of the Republic of Guinea for the benefit of the Kingdom of Bahrain for the organisation of the tenth edition of the Trade Fair of Islamic Countries.
- 2) Support of the application of the Republic of Guinea to host the 13th Trade Fair of Islamic Countries scheduled for 2010.
- 3) The compensation by Bahrain's authorities of the initial organisers of the 10th TFOIC, after the agreement of the three parts on the expenditures that has been so far incurred for the organisation of the 10th TFOIC, on the basis of receipts justifying such expenditures and audited beforehand by ICDT.

At the end of this meeting, ICDT and the representative of the Chamber of Commerce and Industry of the Kingdom of Bahrain agreed to hold a second coordination meeting in the Kingdom of Bahrain.

SIGNATURE OF a MOU BETWEEN TH KINGDOM OF BAHRAIN AND ICDT

A first coordination meeting between the Kingdom of Bahrain and ICDT took place in Manama from February 10th to 11th 2004 in Bahrain, in which ICDT's officials and the competent authorities in the kingdom of Bahrain participated.

Both parties discussed the agenda items relating to the various aspects of the organisation of the 10th TFOIC that will take place in Manama from 5th to 9th February 2003 and recorded the outcomes of their debates in a Memorandum of Understanding. The main guidelines of this memorandum are as follows:

- > Date of the Fair: from February 5th to 9th 20005;
- > Venue of the fair: Bahrain International Exhibition Centre, Manama
- > Theme of the Fair: "Role of the Private Sector in the economic integration of Islamic Countries";
- > The Fair's objectives: to strengthen Cooperation between the OIC Member States and favour partnership relationships between the public and private operators of Member States, promote the economic, trade and investment potentialities in the OIC Member States.
- > Organisers: the Islamic Centre for Development of Trade and Bahrain Chamber of Commerce and Industry, under the auspices of the Ministry of Commerce of Bahrain;
- > Participants: all the OIC Member States, the States that enjoy the status of observer within the OIC and the different institutions and organs of the OIC;
- > Cultural and artistic events are scheduled and trophies and prizes will awarded to the three best national pavilions and participation certificates will be given to all exhibitors. Special Awards will also be given to the best exhibitors.
- > Information on the fair are available on internet at the following electronic address of the Centre: www.icdt.org ;
- > The prices per square meter have been fixed as follows:
 - US\$ 150 per covered and equipped square meter (shelf scheme)
 - US\$ 120 per uncovered and non equipped square meter;
 - US\$ 80 open air square meter.

It has also been decided at the end of this meeting to hold other preparatory meetings to which the representatives of the Islamic Development Bank and the Islamic Chamber of Commerce and Industry will be invited.

THE FIRST TOURISM FAIR OF ISLAMIC COUNTRIES

1. HISTORY :

The 2nd Islamic Conference of the Ministers of Tourism of the OIC Member States held in Kuala Lumpur (Malaysia) from 12 to 13 October 2001 made a recommendation "requesting the Islamic Centre for Development of Trade (ICDT) to organise, in collaboration with the Islamic Development Bank (IDB), the Islamic Chamber of Commerce and Industry (ICO) and the other concerned institutions of the Private Sector, a tourism fair in the OIC Member States once in two years as in the case of the Islamic Trade Fair".

Such a recommendation is invested with a central importance in view of the role played by tourism in the economies of several OIC Member States, and of its increasing role in many other countries.

More than ever, this event is also invested with a great importance for Islamic Countries since it will give them the opportunity to highlight Islamic culture and bring out the human principles and tolerance which characterise the true religion of Islam in order to counteract the unfavourable propaganda against Islam at the level of Western countries.

In this respect, it should be underlined that according to the latest report of the International Tourism organisation, the OIC Member Countries are among the most attractive areas for tourists. Several OIC Member States have recorded a noticeable increase in their tourism activities such as Turkey, Malaysia, the United Arab Emirates, Indonesia and Member States of the Mediterranean area especially, Morocco, Tunisia, Egypt and Lebanon etc...

Immediately after, the Centre has taken necessary steps to prepare this event. It has established preliminary contacts with some Member States of which: Tunisia, the United Arab Emirates, Malaysia, Turkey, Syria, Lebanon, Morocco, Egypt and the Sultanate of Oman, considering the tremendous potentials and experience of these countries in the tourism field with a view to giving rise to applications to host the next three editions of this Fair that have been scheduled to be held in the years 2003, 2005 and 2007.

The Centre has received offers to host this event from Egypt and Lebanon and Turkey. Syria has also shown a special interest to host one of the future editions of the Tourism Fair.

Besides, the Centre has submitted these proposals to the 3rd Conference of the Ministers of Tourism of the OIC Member States, which was held in Riyadh, Kingdom of Saudi Arabia from 6th to 9th October 2002 and to the 18th session of the Standing Committee for Economic and Commercial Cooperation of the Organisation of the Islamic Conference (COMCEC) held in Istanbul from October 22nd to 25th 2002, which designated Turkey, Lebanon, and Egypt to host successively the first edition in 2003, the second in 2005 and the third one in 2007.

2. AIMS OF THE FAIR:

The organisation of the first Tourism Fair of Islamic Countries aims among others at achieving several objectives, namely to:

- > Promote tourism investments in Islamic countries and to identify partnership fields in this sector;
- > Develop and boost tourist flows between the OIC Member States
- > To highlight the rich historical and cultural heritage of Islamic countries;
- > To bring out the advantages and attractive features of each country so as to present it as a privileged tourist destination;
- > To present the true image of Islam as a religion of peace and tolerance.

This fair also aims at making known the means of Islamic countries while laying stress on these countries as privileged tourist destinations provided will all the required cultural, artistic, sports, and entertainment activities to meet the requirements and needs of a large number of tourists.

3. PARTICIPANTS:

In addition to the public authorities that have been designated to take part in this event, the following tourist operators will also participate:

- Tours Operators;
- Travelling agencies and tourist agents;
- Transport companies, Hotels and restaurants,

- Tourism promotion organisations;
- Tourist services providers;
- Operators in the field of arts and crafts;
- Investors in tourism sector.

The importance which the centre including its concerned departments (documentation and information, studies and promotion....) gives to the tourism field results from its awareness of the central role which this sector plays in the economies of the Member States in general. On these grounds, the Islamic Centre for Development of Trade will do its utmost in cooperation with the host country to provide the best conditions for the success of this event so as to ensure the participation of the largest number of Member States and concerned operators.

The Centre is steadily working on the preparation of this event in coordination with the countries, which have expressed their readiness to host this Fair, as well as with the Islamic Development Bank (IDB) and the Islamic Chamber of Commerce and Industry (ICCI).

It should be underlined that recently at the informal meeting held with the COMCEC in Ankara from 25th to 27 March 2003, a meeting was held between ICDT and the Turkish Ministry of Tourism. At the end of this meeting, the Turkish party has requested the deferment of the Fair for the 2004 Spring.

Besides, the concerned Ministry has appointed the Tours operators Associations of Turkey (TURSAP) as the executive agent of this event.

Yet, the first edition of this Fair that was initially scheduled for 2003 in Turkey has been deferred in view of the unfavourable political conjuncture linked to the most recent events in Iraq.

- Deferment of the date of the different editions of the Fair:

Since it is impossible to organise the 1st edition of the Tourism Fair of Islamic Countries within the time limit prescribed in the COMCEC resolutions for the reasons here above mentioned, ICDT held consultations with the competent authorities of the Republic of Lebanon and the Arab Republic of Egypt to postpone for two years each of the 2nd and 3rd edition of this Fair that were scheduled to be held respectively in 2005 and 2007 and allow thus, Turkey to organise the first edition in 2005.

The Republic of Lebanon and the Arab Republic of Egypt have agreed to put off the 2nd and 3rd editions until 2007 and 2009 respectively.

Then ICDT organised the 2nd preparatory meeting with the competent authorities in the Republic of Turkey in Antalya on April 8th 2004. At this meeting, both parties discussed the agenda items relating to the different aspects of the organisation of the 1st edition of the Tourism Fair to be held in Istanbul from 22nd to 25th September 2005. A Memorandum of Understanding on the allocation of tasks between ICDT and the Ministry of Culture and Tourism of the Republic of Turkey and TURSAP as well, will be signed in Istanbul on May 12th 2004 at the 3rd preparatory meeting.

-XVIII-

TEXT
OF THE PROPOSALS BY THE REPUBLIC OF TURKEY

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11-13 May 2004)

Original : English

**PROPOSAL OF THE ISTANBUL STOCK EXCHANGE
ON THE COOPERATION AMONG THE STOCK EXCHANGES
OF THE OIC MEMBER STATES**

As mentioned in the Report prepared jointly by SESRTCIC Ankara and ICDT Casablanca centers dated 20-23 October 2003, success on enhancing co-operation on the financial markets of OIC Member Countries through a mechanism among regulatory bodies and exchanges essentially depends on the state of development in the main OIC markets. In this respect, standardization and harmonization with the internationally accepted rules and regulations as well as close collaboration with existing international institutions will help OIC exchanges and capital markets to integrate within the international financial markets. In order to achieve an effective cooperation among the stock exchanges of the OIC Member Countries, five proposals are indicated below.

Proposal I: Definition and Certification of "Securities convenient for OIC Member Countries"

Definition of a set of criteria can be developed as a reference to identify capital markets products for OIC Member Countries, so that their investors worldwide may find it easier to make their investment decisions. A supervisory committee in the IDB or any other institution that the IDB may suggest can set the criteria and monitor the developments of investment vehicles convenient for OIC Member Countries.

An official certification mechanism or an already existing mechanism, which is administered by an institution that may be suggested by IDB, may also be developed to encourage the listing of such investment vehicles for the OIC Member Countries at the stock exchanges of them.

Proposal II: Regional and Security Indices Convenient for OIC Member Countries

The creation of regional as well as market indices convenient for OIC Member Countries is an effective mechanism to attract the attention of the portfolio investors worldwide.

The effective dissemination of such indices will help the creation of various new mutual funds or attract the already existing mutual funds to these indices and the underlying securities which are listed and traded on the securities markets of the member country stock exchanges.

It may be advisable to request the assistance and guidance of specialized international institutions on the construction of such regional indices and indices convenient for OIC Member Countries. Institutions such as Dow Jones and FT have already constructed Islamic indices namely, Islamic Market Index and FTSE Global Islamic Index respectfully. The securities included in these indices are the securities listed on the developed markets of the world and not necessarily in the markets of the Islamic countries.

In order to set an example, Islamic Development Bank may promote mutual funds which will invest in the securities convenient for the OIC Member Countries, which are acceptable securities by the OIC Member Countries and listed on their stock exchanges.

Proposal III: Cooperation among Regulatory Bodies and other Capital Market Institutions

Cooperation among the regulatory authorities is a necessary step towards a further and more effective cooperation among the securities markets of the member countries.

The recognition of the investment vehicles convenient for OIC Member Countries requires the regulation and registration of the local regulatory authorities. The member country regulatory authorities may also cooperate in issues of insider

trading, market abuse and disputes as well as the enforcement of their regulation. Enforcement requires the cross-border information sharing and cooperation of the regulatory authorities. Such cooperation issues can be realized by signing a memorandum of understanding (MoU) on a bilateral or multilateral basis.

Issues such as cross-border trading, cross membership and cross listing can only be realized after an effective cooperation of first the regulatory authorities, and then the stock exchanges, the central depositories and the clearing houses as well as the broker-dealers of the volunteering member countries.

Proposal IV: Co-operation with the Existing Federations

As mentioned in the SESRTCIC- ICDT Report, associations or federations of stock exchange markets formed with the purpose of promoting business through co-operation, harmonization and integration on a regional basis. Some of the regional federations of stock exchanges are FESE-Federation of European Securities Exchanges, FEAS-Federation of Euro-Asian Stock Exchanges, SAFE-South Asian Federation of Exchanges, ASEA-African Stock Exchanges Association, FIABV-Federation Iberoamericana de Bolsas de Valores and Federation of Arab Stock exchanges. Additionally, WFE- World Federation of Exchanges acts as the largest and non-regional worldwide federation of stock exchanges. All the exchanges are either full members, associate members or observers of WFE in addition to their own regional federations.

OIC member countries' exchanges may use existing federations, become their member and increase co-operation by utilizing their data-centers, recommendations, training programs and other activities.

Furthermore, best practices for the development of stock exchanges will also be a useful source for the OIC member states for the self-assessment of their markets' present positions and can be utilized by countries on the process of establishing a stock exchange or emerging stock exchanges. These best practices were prepared by the joint efforts of Istanbul Stock Exchange, Federation of Eurasian Stock Exchanges (FEAS) and the OECD and can be reached via OECD Internet website (www.oecd.org/dataoecd/31/19/2078603.pdf).

Proposal V: Training Programs

ISE has been organizing training programs for the market participants and professionals from the private and public sector institutions of the capital markets on the Eurasian region. These programs cover both theoretical and practical issues on domestic and international markets. ISE can organize such programs for the stock exchanges and other relevant institutions of OIC member states together with the IDB and/or FEAS.

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DRAFT AGENDA
OF THE TWENTIETH SESSION OF THE COMCEC

as recommended
by the Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 11-13 May 2004)

Original: English

DRAFT AGENDA
of the Twentieth Session of the COMCEC
(Istanbul, 23-26 November 2004)

1. Opening Session
2. Adoption of the Agenda
3. Background Reports
 - i. Background Report by the OIC General Secretariat
 - ii. World Economic Developments with Special Reference to OIC Member Countries by SESRTCIC
 - iii. Supporting the Reform of the International Financial Architecture by SESRTCIC
 - iv. Report of the Follow-up Committee by the COMCEC Coordination Office
 - v. Review of the Implementation of the Plan of Action
 - a) Report of OIC General Secretariat
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 - vi. Promotion of Cooperation among the Stock Exchanges of the OIC Countries
4. Reports by IDB and ICDT on the Expansion of Intra-OIC Trade
5. Proposal on Gold-based Trade Payment Arrangements (GTPA) for the Promotion of Intra-OIC Trade
6. Report of the Trade Negotiating Committee for Establishing Trade Preferential System among the OIC Member States
7. Reports by ICDT and IDB on the Matters related to World Trade Organization Activities
8. Report by ICCI on the Eleventh Private Sector Meeting among OIC Member Countries
9. Report by ICDT on Trade Fairs of Islamic Countries
10. Exchange of Views on the "Trade and Transport Facilitation among the OIC Member States".
11. Matters Related to Economic Assistance to Some Islamic Countries
12. Renewal of the Members of the COMCEC Bureau
13. Date of the Twenty-first Session of the COMCEC
14. Any Other Business
15. Adoption of the Resolutions of the Twentieth Session of the COMCEC
16. Closing Session

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CLOSING STATEMENT BY
H.E. LÜTFİ ELVAN, CHAIRMAN OF THE
CLOSING SESSION OF THE TWENTIETH MEETING OF
THE FOLLOW-UP COMMITTEE OF THE COMCEC

Twentieth Meeting of the
Follow-up Committee of the COMCEC

(Istanbul, 13 May 2004)

Original: English

**CLOSING STATEMENT BY
H.E. LÜTFİ ELVAN, CHAIRMAN OF
THE CLOSING SESSION OF THE TWENTIETH MEETING
OF THE FOLLOW-UP COMMITTEE**

(Istanbul, 13 May 2004)

Distinguished Delegates,
Distinguished Assistant Secretary General,
Honorable Guests,

I would like to express my satisfaction for the successful conclusion of another Meeting of the Follow-up Committee of COMCEC.

During this Meeting, we have debated on important issues related to economic and commercial cooperation among OIC member countries. I believe that the Follow-up Committee, during this meeting, has made a substantial contribution to the success of the COMCEC.

Among its main topics, the Follow-up Committee has reviewed the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member Countries and the progress made in this regard. I call on the concerned OIC member states to send responses on their positions regarding the project proposals, whether they still supporting them or not, by 30th September 2004, in order to submit a report to the Twentieth Session of the COMCEC to be held in Istanbul in November.

Distinguished Delegates,
Esteemed Guests,

I would like to express my special thanks to the IDB and ICDT for their invaluable efforts for the expansion of intra-OIC trade.

It is worthy noting that the efforts to expand intra-OIC trade have resulted in the increase of its share in the total foreign trade from %12 in 2001 to %12,7 in 2002, and

the volume of this trade reached approximately US \$ 59 billion. As you are all aware, we need to continue working together for improving intra-OIC trade.

I would also like to express my special thanks to the Republic of Turkey for successfully hosting and organizing the first meeting of the Trade Negotiating Committee (TNC) held in Antalya from 6 to 9 April 2004. I am happy to see the fruitful results of the first meeting of the TNC, and hope that the participating countries will communicate their views on the Negotiation Strategy for TPS-OIC adopted at the meeting at their earliest convenience. I want to remind the member countries who have not done so, to sign and ratify the TPSOIC Agreement, so as to enable them to participate in the trade negotiations.

I would like to thank the COMCEC Coordination Office and the ICDT for the satisfactory performance of their role as the secretariat of the Trade Negotiating Committee for the implementation of the Framework Agreement on Trade Preferential System among Islamic Countries.

Distinguished Delegates,
Honorable Guests,

The cooperation among the private sectors of the OIC Member Countries has a pivotal role for the expansion of intra OIC trade. In this regard, we have to continue to enhance the role of the private sectors in COMCEC activities. I want to thank the Islamic Chamber of Commerce and Industry for their endeavor to strengthen cooperation among the private sectors. We are pleased to hear that the Eleventh Private Sector Meeting (PSM) will be held in Bahrain on 5-7 February 2005. I expect the actively participation of the all OIC member countries.

During our deliberations in this Follow-up Committee Meeting we have been informed of special arrangements for the commemoration of the twentieth anniversary of the COMCEC. I want to express my hope that all the member countries, OIC General Secretariat and related OIC Institutions will make necessary contributions to the sessions focusing on promotion of intra-OIC trade and investment.

Distinguished Delegates,
Honorable Guests,

I would like to express my most sincere thanks and appreciation to all delegations, to the General Secretariat of the Organization of the Islamic Conference and its Subsidiary and Affiliated Institutions for their invaluable contributions to the success of the Meeting. I also thank the supporting staff and the interpreters for their devoted endeavors.

Hoping to see you at the Twentieth Session of the COMCEC this November, I wish you all a safe journey back.

I announce the Twentieth Meeting of the Follow-up Committee of the COMCEC closed.

