

OIC/COMCEC-FC/22-06/REP

**REPORT**  
**OF THE TWENTY SECOND MEETING**  
**OF THE FOLLOW-UP COMMITTEE**  
**OF THE COMCEC**

İzmir, 23-25 May 2006

COMCEC Coordination Office  
State Planning Organization  
Ankara, May 2006

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# **REPORT**

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

**(İzmir, 23-25 May 2006)**



Original : English

**REPORT**  
**OF THE TWENTY SECOND MEETING OF THE**  
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**(İzmir, 23-25 May 2006)**

1. The Twenty Second 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 Izmir on 23-25 May 2006.

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- State of Qatar               | : Vice Chairman (Representing the Arab Region)    |
| 5- Republic of Indonesia        | : Vice Chairman (Representing the Asian Region)   |
| 6- Republic of Sierra Leone     | : Vice Chairman (Representing the African Region) |
| 7- Islamic Republic of Pakistan | : Rapporteur                                      |
| 8- State of Kuwait              | : Member of the Previous Bureau                   |
| 9- Federal Republic of Nigeria  | : Member of the Previous Bureau                   |

3. Representatives of the following countries attended the Meeting as observers:

Syrian Arab Republic  
Bangladesh

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)

(The list of participants is attached as Annex I.)

### **Opening Session (Agenda Item 1)**

5. H.E. Associate Prof. Dr. Abdüllatif ŞENER, Minister of State and Deputy Prime Minister of the Republic of Turkey, inaugurated the Meeting Following recitation from the Holy Qur'an.

6. 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. Ali Murat BAŞÇERİ, Advisor to the President on Foreign Affairs. In his message H.E. President SEZER emphasized the importance of the economic cooperation among the OIC Member States.

7. H.E. President SEZER drew attention to the %20 intra-OIC trade target set by the OIC Ten-Year Programme of Action. H.E. SEZER also emphasized the importance of the PRETAS in reaching that target. H.E SEZER called up on the member states who have not yet done so to sign and ratify the Agreement and the PRETAS as soon as possible.

8. H.E. President SEZER concluded his message with best wishes for the success of the Meeting.

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

9. Following the message of H.E President SEZER, H.E. Assoc. Prof. Dr. Abdüllatif ŞENER addressed the Meeting.



10. Welcoming the delegates, H.E. Assoc. Prof. Dr. Abdüllatif ŞENER, appreciated COMCEC for being a valuable platform for the economic and commercial cooperation among the OIC Member States. After giving a concise summary of the recent macro economic outlook in the world and OIC community he stressed the importance of the regional trade agreements in increasing the Intra-OIC trade.

11. In this context, H.E. Assoc. Prof. Dr. Abdüllatif ŞENER pointed out the urgent need of early signing of the PRETAS for the launching of the second round of trade negotiations under TPS-OIC in 2006.

12. Regarding the implementation of the COMCEC Projects within the context of OIC Plan of Action, H.E. Assoc. Prof. Dr. Abdüllatif ŞENER called up on the project owners and related coordinator OIC institutions to accelerate their efforts for the implementation of the projects.

13. H.E. Assoc. Prof. Dr. Abdüllatif ŞENER concluded his speech by indicating sustainable economic development as the way of securing regional peace and stability.

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

14. The message of H.E. Professor Ekmeleddin İHSANOĞLU for the Meeting was read by Mr. Oker GÜRLER, Director of Economic Affairs of OIC General Secretariat.

15. He commended the role of Turkey in promoting economic and commercial cooperation among the OIC Member States by regularly hosting the COMCEC Meetings every year since its inception. He added that Turkey's long history of civilization, and rich culture as well as its strategic position as the meeting point of East and West makes it highly qualified for playing a greater role in solidifying world peace.

16. While pointing out the interaction between the OIC Ten-Year Programme of Action adopted at the 3<sup>rd</sup> Extraordinary Session of the Islamic Summit Conference held in Makkah Al Mukarramah, Kingdom of Saudi Arabia, in December 2005 and the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among them he stated that implementation of the OIC Plan of Action would reinforce the implementation of the Ten-Year Programme of Action and vice versa.

17. He stated that the adoption of the Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS) signified a new era in the efforts of OIC Member States to expand intra-OIC trade. In this connection, he also indicated that the OIC Ten-Year Programme of Action mandated COMCEC to promote measures towards strengthening and raising intra-OIC trade to 20% of the overall trade volume during the ten-year period. In this context, he expressed his confidence that COMCEC would spare no effort to achieve this target.

18. H.E. Professor İHSANOĞLU conveyed his deep sense of appreciation to the Government of Turkey and Malaysia for demonstrating solidarity with the less developed countries, particularly in Africa. In this context, he commended the Turkish initiative, African Development Strategy and the Malaysian initiative, capacity building program for poverty alleviation.

(A copy of the text of the message of H.E. Professor Ekmeleddin İHSANOĞLU is attached as Annex IV.)

19. The Meeting was then addressed by the Heads of Delegations of the State of Qatar, Republic of Indonesia, Islamic Republic of Pakistan, Federal Republic of Nigeria and Republic of Sierra Leone on behalf of the respective 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 the need for further strengthening economic cooperation among OIC Member States.

20. A signing ceremony was held and the Head of Delegation of Syrian Arab Republic signed the Protocol on Preferential Tariff Scheme for TPSOIC (PRETAS).

### **Working Sessions**

21. 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.

22. After the adoption of the Agenda, the Meeting set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur, H.E. Lt. General (Retd) Syed Iftikhar Hussain SHAH, and Head of the Delegation of the Islamic Republic of Pakistan.

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

**Background Report of the OIC General Secretariat (Agenda Item 3)**

23. Mr. H. Oker GÜRLER, Director of Economic Affairs of the OIC General Secretariat, presented the Background Report of the 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.

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

*Future Activities*

24. The Fifth Islamic Conference of Tourism Ministers will be held in Baku, Republic of Azerbaijan, on 9-12 September 2006.

25. ICCI will hold, in collaboration with the Council of Saudi Chambers of Commerce and Industry and with the support of the Saudi Supreme Council for Tourism, the First Private Sector Forum on Tourism on 11-13 September 2006, in Jeddah. The Republic of Mali has offered to host the Second Private Sector Forum on Tourism in 2007.

*Recommendations*

26. The Committee **took note** of the Background Report of the General Secretariat.

27. 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 appeal** to those 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) and the Protocol on the Preferential Tariff Scheme for the TPSOIC (PRETAS) so as to widen the participation of Member States in the System.

28. The Committee **requested** the OIC General Secretariat, ICDT and SESRTCIC to consider the existing agreements and statutes in terms of the needs of the Member States and submit a joint report thereon to the COMCEC for consideration.

29. 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.

30. The Committee **called on** the Member States to host sectoral expert group meetings in priority areas of cooperation in the Plan of Action, and **took note** that the expert group meetings, which were previously offered by some member states, have now become open to other member states to host, in accordance with the May 2006 deadline set by the previous COMCEC sessions .

31. The Committee reiterated the importance of tourism as an area of cooperation among the OIC Member States and **urged** the member sates to actively participate in the Fifth Islamic Conference of Tourism Ministers to be held in Baku, Republic of Azerbaijan, on 9-12 September 2006.

32. The Committee **called upon** the Member States to encourage their private sector to actively participate in the First Private Sector Forum on Tourism to be held in Saudi Arabia in 2006.

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

#### **Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States (Agenda Item 4)**

34. Mr. Oker GÜRLER, Director of Economic Affairs of OIC General Secretariat, presented the report on the review of implementation of the Plan of Action, and the COMCEC Coordination Office submitted the Report of the 8<sup>th</sup> Sessional Committee.

(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 VII and VIII.)

#### *Recommendations*

35. The Committee **took note** of the report of the General Secretariat and the Sessional Committee.

36. The Committee **approved** the recommendations of the Sessional Committee, and **called** on that project proposals to be circulated through the OIC General Secretariat.

37. The Committee **took note** of the Memorandum on Understanding between Turkish Patent Institute and Islamic Centre for Development of Trade on the implementation of the project called "Technical Cooperation among Patent Offices in OIC Member Countries".

### **Review of the Implementation of the OIC Ten-Year Programme of Action Relating to Economic Cooperation (Agenda Item 5)**

38. Mr. Oker GÜRLER, Director of Economic Affairs of OIC General Secretariat, briefed the Committee about the developments in this regard.

#### *Background Information*

39. The OIC Ten-Year Programme of Action was adopted by the 3<sup>rd</sup> Extraordinary Session of OIC held on 7-8 December 2005.

#### *Recommendations*

40. The Committee **decided** that the review of the implementation of the OIC Ten-Year Programme of Action be a permanent agenda item of COMCEC.

41. The Committee **requested** the OIC institutions to continue with their coordinated efforts for ensuring speedy and effective implementation of the OIC Ten-Year Programme of Action.

42. The Committee **called upon** the OIC Institutions to further implement the OIC Ten Year Programme of Action and to set up their Plan of Actions and Programmes, with the view to achieving the goals of the OIC Ten Year Programme and entrusted them to report to the annual sessions of COMCEC and other concerned OIC fora.

43. The Committee further **requested** the OIC General Secretariat to report regularly on the subject to the COMCEC.

**Report by IDB and ICDT on the Expansion of Intra-OIC Trade (Agenda Item 6)**

44. The representatives of IDB and ICDT presented their respective reports to the Committee on the promotion of intra-OIC trade.

(The Reports by IDB and ICDT on the Expansion of Intra-OIC Trade are attached as Annexes IX and X.)

*Background Information*

45. The IDB mobilized the needed resources through its operational plans under the four trade financing schemes, namely the Import Trade Financing (ITFO), the Export Financing Scheme (EFS), the Islamic Bank Portfolio (IBP), the Unit Investment Fund (UIF) and the three mechanisms (Co-financing, Two Step Murabaha and Syndication) at its disposal. It was noted that IDB allocated total financing of US\$6.5 billion towards intra-OIC trade from 1420H-1426H (1999-2005), representing 75% of the approved trade financing operations.

46. The IDB introduced new mechanisms in the area of funds mobilization through co-financing arrangements, Two Step Murabaha Financing (2SMF) and syndications which started in 1420H (1999) for the purposes of financing intra-trade among OIC Member Countries and has mobilized a total of US\$2.14 billion through these mechanisms so far, with US\$562 million mobilized in 1426H (2005) alone.

47. The IDB has been working to increase intra-OIC trade through financing trade-related projects and technical assistance. In 1426H (2004-2005) under its four trade financing schemes IDB had a total approval of US\$1.72 billion.

*Recommendations*

48. The Committee **noted with satisfaction** that the intra-OIC trade recorded positive results since the share of intra-OIC trade in the overall trade of the OIC Member States has recorded an increase from 13.5% in 2003 to 14.45% in 2004, and the value of this trade reached approximately 100 billion US dollars in 2004.

49. The Committee **emphasized** that the Framework Agreement on TPISOIC and the PRETAS are the basis in reaching the 20% intra-OIC trade target set by the Ten-Year Programme of Action among the OIC Member States.

50. The Committee **took note** of the establishment of International Islamic Trade Finance Corporation (IITFC) as a dedicated trade financing entity within the IDB Group and **called on** OIC Member Countries to extend total support for the successful realization of the objectives of this new entity.

51. The Committee **requested** Member States to keep on providing ICDT with data relating to trade and investment statistics and regulations.

52. The Committee **requested** IDB to include in its next report information about the progress regarding the establishment of the International Islamic Trade Finance Corporation (IITFC) and the development with regard to the capital increase of IDB.

53. The Committee **requested** IDB and ICDT to bring specific proposals and solutions regarding the expansion of the intra-OIC trade to the 22<sup>nd</sup> Session of the COMCEC.

54. The Committee **entrusted** IDB and ICDT to follow up the expansion of intra-OIC trade and report it to the COMCEC and other OIC fora.

**Activities on Establishing a Trade Preferential System among the OIC Member States (TPSOIC) (Agenda Item 7)**

55. The Secretariat of the TNC presented a report on the developments in the trade negotiations under TPS-OIC.

*Background Information*

56. The First Round of Trade Negotiations under the Framework Agreement on Trade Preferential System among the Islamic Countries (TPSOIC) was concluded in 2005, and the Protocol on the Preferential Tariff Scheme for the TPSOIC (PRETAS) was prepared by the Trade Negotiating Committee. The PRETAS was adopted by the 21<sup>st</sup> Session of the COMCEC and presented to the member states for signing/ratification.

57. The 21<sup>st</sup> Session of the COMCEC decided to launch the second round of the trade negotiations under TPSOIC in 2006.

*Recommendations*

58. The Committee **recommended** that the second round of trade negotiations would be initiated by the ministers in charge of trade of the Member States participating in the Trade Negotiating Committee with a view to show the political will to establish the Trade Preferential System among the Member States of OIC, to expedite the ratification process of the PRETAS and to work out a road map for the second round.

59. The Committee **urged** the Member States of the Trade Negotiating Committee to sign the PRETAS at their earliest convenience.

60. The Committee **called on** the Member States, to accede to the Framework Agreement on Trade Preferential System so as to take part in the trade negotiations, and **expressed its satisfaction** that the membership of the Trade Negotiating Committee has increased to 17.

61. The Committee **welcomed** the offer of the Republic of Turkey to host the Second Round of the Trade Negotiations under TPSOIC. The Secretariat of the Trade Negotiating Committee will communicate the Member States the date and venue of the first meeting of the Second Round.

**Matters Relating to the World Trade Organization (WTO) (Agenda Item 8)**

62. IDB and ICDT submitted their respective monitoring reports on WTO matters.  
(The reports by IDB and ICDT are attached as Annexes XI and XII.)

*Background Information*

63. The IDB has organized two consultative meetings at ministerial and head of delegation level for OIC member countries on the sidelines of the 6th WTO Ministerial Conference in Hong Kong respectively on 12 and 15 December 2005. The two meetings offered opportunity for the member countries to exchange views on the issues on the agenda of the Conference.

64. The 10th Trade Policy Course was organized in French, in Senegal from 23 January to 10 February 2006.



65. The IDB has organized a seminar on accession issues for OIC member countries which are not members of the WTO, on 28-29 March 2006 in Jeddah. The seminar provided the participating countries with opportunity to exchange views on the accession process and to learn from the experience of newly acceded OIC member countries.

66. The IDB has organized a seminar on trade in Services in Abu Dhabi from 22-24 May 2006.

67. The 21<sup>st</sup> Session of the COMCEC welcomed the full membership of the Kingdom of Saudi Arabia to the WTO, which was approved by the 6<sup>th</sup> Ministerial Conference of WTO held in Hong Kong in December 2005.

*Future activities*

68. IDB will organize the 11' Trade Policy Course in English, in Istanbul, Turkey from 19 June-7 July 2006.

*Recommendations*

69. The Committee **urged** the OIC Member States to participate actively in the ongoing negotiations within the framework of WTO for the issues of high interest for their economies especially those relating to agriculture including cotton, industrial products, services as well as other issues.

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

71. The Committee **called on** 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. In this connection, the Committee **requested** IDB and ICDT to coordinate the positions of Member States within the WTO with a view to setting up a common platform of negotiations.

72. The Committee **entrusted** IDB and ICDT to monitor matters relating to WTO activities and report them to the annual sessions of the COMCEC and other concerned fora.

**Cooperation Among the Stock Exchanges of the OIC Countries (Agenda Item 9)**

73. Under this agenda item, the Progress Report on the Developments Related to the Promotion of Cooperation among the Stock Exchanges of the OIC Member States was submitted by the İstanbul Stock Exchange.

*Background Information*

74. The Round Table Meeting on "Promotion of Cooperation among the Stock Exchanges of the OIC Member States" was held in Istanbul on 28 and 29 March 2005.

75. The 21<sup>st</sup> Session of COMCEC noted the creation of a platform called "OIC Member States Stock Exchanges Forum" as an outcome of the Round Table Meeting.

*Recommendations*

76. The Committee **requested** the OIC Member States Stock Exchanges Forum to come up with tangible results at its next meeting in 2006.

77. The Committee **called upon** the Member States to inform their stock exchanges more about the "OIC Member States Stock Exchanges Forum", promote it and invite them to join the Forum.

78. The Committee **called upon** the Member States to communicate with and encourage their stock exchanges to take initiative and host the Second Round-table Meeting of the "OIC Member States' Stock Exchanges Forum" in 2006.

79. The Committee **requested** the OIC General Secretariat, in collaboration with İstanbul Stock Exchange, SESRTCIC, ICDT and IDB to follow-up the developments on the subject and report to the next Session of the COMCEC.

**Reports by the ICCI on the Private Sector Meetings among the OIC Member Countries (Agenda Item 10)**

80. ICCI submitted its report on its activities with regards to the private sector.  
(The report of ICCI is attached as Annex XIII.)

*Background Information*

81. In addition to the Private Sector Meetings, the Islamic Chamber has also been supplementing these meetings by organizing activities that also involve the participation of the private sector. These activities are Privatization Investment Conferences, Forums, Trade Delegations, and meeting of the Private Sector by the President of the Islamic Chamber. The objective of these events is to provide additional opportunity to the Islamic Chamber and the hosting country to interact with the private sector from the other countries and at the same time to present their investment climate and invite foreign direct investment.

82. The Committee was also informed about the new vision and new programmes of the Islamic Chamber, which aim at enhancing the level of economic cooperation, through increasing the exchange of trade and joint venture investment. In this context the ICCI has undertaken an extensive programme to undertake missions to the various regions of the OIC countries, so as to meet the private sector and to invite them to actively involve them and at the same time to get the support of the Governments.

83. The Committee was informed that the first preparatory meeting for the organization of the 12<sup>th</sup> Private Sector Meeting was held in March 2006 in Dakar.

*Future Activities*

84. The Committee was informed by ICCI of the following future activities:

- 5<sup>th</sup> OIC Task Force Meeting on SMEs in June in Istanbul
- Training Programme for Chambers of Commerce end June 2006 in Qatar
- The 2<sup>nd</sup> Forum for Businesswomen in Islamic Countries in Malaysia, in the third quarter of 2006
- The First Forum on Tourism for Private Sector will be held in Kingdom of Saudi Arabia on 11-13 September 2006
- The 2<sup>nd</sup> World Islamic Economic Forum in Islamabad-Pakistan, on 6-7 November 2006
- The 3<sup>rd</sup> International Conference on Investment and Privatization in OIC Countries, in the Islamic Republic of Iran, in 2006-2007
- The 3<sup>rd</sup> Forum for the Businesswomen in Qatar in 2007

85. The 12 Private Sector Meeting, which was scheduled to be held in 2006 in Senegal along with the 11<sup>th</sup> Islamic Summit, has been postponed to 2007, since the Summit has been postponed to 2007.

*Recommendations*

86. The Committee **called upon** the Member States to encourage their relevant private sector and chambers of commerce to actively participate in these events.

87. The Committee **called upon** the ICCI to continue with its efforts for the development of the private sector, by organizing relevant meetings and to continue to submit the reports to the COMCEC for consideration and support for the follow-up of the recommendations

88. The committee **called upon** the related OIC Institutions, the IDB, NGOs, and the National Chambers of Commerce of the Member States to extend all support to the initiatives of the ICCI related to the development of the private sector.

**Report by the ICDT on Trade Fairs of Islamic Countries (Agenda Item 11)**

89. ICDT submitted a Progress Report on the preparation of the 11<sup>th</sup> Trade Fair of Islamic Countries to be held in Dakar, Republic of Senegal in 2007 concurrently with the 11th ordinary Islamic Summit Conference and on the preparation of the second Tourism Fair of OIC Member States to be held in Beirut, Republic of Lebanon on 22<sup>nd</sup> to 24<sup>th</sup> June 2007.

(The progress reports by ICDT are attached as Annexes XIV.)

*Background Information*

90. The 10<sup>th</sup> Trade Fair of Islamic Countries was organised by ICDT in Manama, in the Kingdom of Bahrain from 5<sup>th</sup> to 9<sup>th</sup> February 2005, by the Kingdom of Bahrain and ICDT, under the theme of "Role of the Private Sector in the Economic Integration between the Islamic Countries"

91. The First Agribusiness Exhibition of the OIC Countries was organised by ICDT from 17<sup>th</sup> to 20<sup>th</sup> April 2005 at the "Palais des Expositions Pins Maritimes" in Algeria under the theme "The Agribusiness sector: partnership model among the Member States of the Organisation of the Islamic Conference".

92. The First Tourism Fair of OIC Member States was jointly organized by ICDT, Turkish Association of Travel Agencies (TURSAB) and Exhibition Centre of Istanbul (CNR), in Istanbul on 24-26 November 2005.

*Future Activities*

93. The ICDT will organize the 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> Trade Fairs of Islamic Countries in Dakar, Republic of Senegal in 2007 concurrently with the 11<sup>th</sup> Islamic Summit Conference, in the Republic of Iraq in 2008 and in the Republic of Guinea in 2010 respectively.

94. The ICDT will organize also the second Tourism Fair of OIC Member States in Beirut, Republic of Lebanon from 22<sup>nd</sup> to 24<sup>th</sup> June 2007 and the 3<sup>rd</sup> Tourism Fair of Islamic Countries will be held in Egypt in 2009.

*Recommendations*

95. The Committee **urged** the OIC Member States to actively participate in the 11<sup>th</sup> Trade Fair of Islamic Countries

96. The Committee **urged** the OIC Member States to actively participate in the 2<sup>nd</sup> and 3<sup>rd</sup> Tourism Fairs of OIC Member States to be held respectively in Lebanon in Egypt.

97. The Committee **requested** the ICDT to hold more sector specific trade fairs and to use professional expertise in this way.

98. The Committee **welcomed** the offer of Syria to host the 4<sup>th</sup> Tourism Fair of OIC Member States.

99. The Committee **requested** ICDT to prepare regularly progress reports on the Trade Fairs of Islamic Countries as well as the Tourism Fairs of OIC Member States and the other specialized exhibitions and submit them to the COMCEC Sessions, and the related OIC fora.

**Capacity Building Programme for Poverty Alleviation in OIC Member States  
(Agenda Item 12)**

100. IDB submitted a report to the Committee about the recent developments.

*Background Information*

101. Forum on Trade and Investment Expansion in the Cotton Sector in the Member States of the Organization of the Islamic Conference (OIC) was organised in Ouagadougou, Burkina Faso from 18th to 19th April 2005.

102. The Second Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries was held on 28-30 March 2006 in Izmir.

103. The Fourth Senior Officials Meeting of the Steering Committee on the capacity Building Programme for OIC Countries was held in Bandar Seri Begawan, on 29-30 March 2006.

104. A Memorandum of Understanding was signed between the Government of Turkey and the Islamic Development Bank in May 2006 regarding cooperation pertaining to Turkey's African Development Strategy.

*Future Activities*

105. The Third Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries will be held on 2-6 October 2006 in Antalya.

*Recommendations*

106. The Committee **requested** OIC General Secretariat in collaboration with IDB to monitor matters regarding the Capacity Building Programme in the OIC Countries and report on them to the annual sessions of the COMCEC and other concerned OIC fora.

107. The Committee **took note of** the recommendations of the report of the Second Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries.

108. The Committee **appealed** to the Member States to assist Palestinian National Authority in resolving their economic problems which arises from the economic embargo aggravating the poverty .

**Preparation for the Exchange of Views on "Capacity Building on Trade Facilitation and Investment Among the OIC Member Countries" to be organized during the Twenty Second Session of the COMCEC (Agenda Item 13)**

109. IDB briefed the Committee about the workshop on Facilitation of Trade and Investment Among the OIC Member Countries to be held in Jeddah on 26-28 June 2006 by IDB in collaboration with the General Secretariat of OIC.

*Future Activities*

110. IDB will organize a workshop on the Facilitation of Trade and Investment Among the OIC Member Countries in collaboration with the OIC General Secretariat and any other international organizations and report the recommendations of the workshop to the 22<sup>nd</sup> Session of COMCEC.

*Recommendations*

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

Micro-Credit Financing and Poverty Alleviation in Member States  
External Aid and the Least Developed Member States.  
Energizing Trade and Investment in Cotton Sector in OIC Member States

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

113. The Committee **requested** SESRTCIC to explore a more efficient and result-oriented mechanism for the Exchange of Views Sessions.

**Draft Agenda of the Twenty Second Session of the COMCEC (Agenda Item 14)**

114. The Committee examined and amended the proposed Draft Agenda of the Twenty Second Session of the COMCEC, which is to be held from 21 to 24 November 2006, in Istanbul.

*Recommendations*

115. The Committee **decided** to submit the Draft Agenda to the 22<sup>nd</sup> Session of COMCEC.

(A copy of the Draft Agenda of the 22<sup>nd</sup> Session of the COMCEC, as amended by the Committee, is attached as Annex XV.)

**Any Other Business (Agenda Item 15)**

116. The Committee was informed of the activities of the organization of Islamic Shipowners Association.

117. The Committee **called upon** Member States to support the Bakkah Shipping Company and its maritime companies to register their ships with the Islamic Protection and Indemnity Club making insurance coverage for cargo, crew, losses and damages.

118. The Committee **urged** member states shipping companies to benefit from the web-based Cooperative Information System set up in the General Secretariat of the Association to exchange information amongst themselves directly on areas such as chartering, sale, purchase, cargo transfer, excess cargo, wedging, painting and paintwork, insurance, etc. without shipbrokers or middlemen and increase cooperation activities between them with direct contact.

**Thanks and appreciation**

119. The Committee **thanked and appreciated** the Member States, OIC Institutions and all the cooperating partners that have carried out the activities which are mentioned in the "Working Sessions" section of this Report or made any contribution to them.

**Closing Session**

120. At the Closing Session chaired by H.E. Dr. Ahmet TIKTIK, 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 Twenty Second Session of the COMCEC.



121. The representatives of the members of the Committee thanked the Government of the Republic of Turkey for its continuous support to the COMCEC, H.E. Dr. Ahmet TIKTIK for his wise and able chairmanship, and all the participants for their valuable contributions to the working of the Committee.

122. In his closing statement, H.E. Dr. Ahmet TIKTIK, Undersecretary of State Planning Organization of the Republic of Turkey, extended his thanks and appreciations to all the delegates and as well as to all the support personnel that worked at the Meeting for their valuable contributions. He also pointed out some of the important items in the agenda of the Meeting and called on to further develop the cooperation in them, particularly the early signing and ratification of the Framework Agreement on TPSOIC and the PRETAS, and the launching of the Second Round of Trade Negotiations in 2006; the implementation of the COMCEC projects; the Cooperation among the Stock Exchanges of the Member States.

(A copy of the text of the Closing Statement by H.E. Ahmet TIKTIK is attached as Annex XVI.)



# ANNEXES



# ANNEX

## I



Original : English

**LIST OF PARTICIPANTS  
OF THE TWENTY SECOND MEETING OF THE  
FOLLOW-UP COMMITTEE OF THE COMCEC  
(İzmir, 23 - 25 May 2006)**

**A. MEMBER STATES OF THE OIC**

**REPUBLIC OF INDONESIA**

- Mr. R. TOTO WASPODO  
Counsellor, Charge d' Affairs,  
Indonesian Embassy , Ankara
- Mr. NIZARUMAR  
Second Secretary in charge in Economic Affairs  
Indonesian Embassy,Ankara
- Mr. JUNE KUNCORO HADININGRAT  
Ministry of Foreign Affairs of The Republic of Indonesia

**STATE OF KUWAIT**

- Mr. MISHAL MENWAR AL-ARDHI  
Head of the OIC Affairs Division, Ministry of Finance
- Mr. SAAD MOHAMMAD AL-RASHIDI  
Economic Researcher, Ministry of Finance

**FEDERAL REPUBLIC OF NIGERIA**

- H.E. SENATOR AD AMU AJUJI WAZIRI  
Ambassador of Nigeria to Turkey

**ISLAMIC REPUBLIC OF PAKISTAN**

- H.E. Lt. General (Retd) SYED IFTIKHAR HUSSAIN SHAH  
Ambassador of Pakistan to Turkey
- Mr. MUHAMMAD RIAZ  
Consul General, Istanbul
- Mr. JAMSHID KHAN  
Joint Secretary, Ministry of Commerce

**PALESTINIAN NATIONAL AUTHORITY**

- Dr. MANHAL AHMED SHAATH  
Director General of Economic Relations,  
Ministry of Foreign Affairs

**STATE OF QATAR**

- Mr. SEOUD JASSIM AL-JUFAIRI  
Director of Economic Affairs Department  
Ministry of Economy and Commerce
- Mr. AHMED SALEH AL-MOHANADI  
Head General of the Public relations

**KINGDOM OF SAUDI ARABIA**

- Mr. ABDULLAH AL - NAFISAH  
Director General of Foreign Trade  
Ministry of Commerce and Industry
- Mr. HUSSAIN AL - RASHEED  
Economist  
Ministry of Commerce and Industry
- Mr.NASER BIN MOHAMMED AL MOTLAQ  
Senior Economist Specialist at the Ministry of Finance

**REPUBLIC OF SIERRA LEONE**

- Mr. SUMAILA ABDUL SAHIB KOROMA  
Minister Councillor and Head of Chancery

**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 Organisation
- Mr. LÜTFİ ELVAN  
Deputy Undersecretary of State Planning Organisation
- Mr. ALİ MURAT BAŞÇERİ  
Advisor for Foreign Affairs, President's Office
- Mr. ZEYNETTİN KASIMOĞLU  
Assistant Secretary General, SPO
- Mr. ALİ SAİT AKIN  
Head of Department, Ministry of Foreign Affairs
- Mr. MEHMET ALİ SAĞLAM  
Head of Section, Undersecretariat of Treasury



- Mr. MEHMET İŞCAN  
Director of Izmir Region, Export Promotion Center of Turkey
- Mr. AHMET MAHİR YENER  
Expert for Foreign Trade, Undersecretariat of Foreign Trade
- Dr. ERALP POLAT  
Deputy Head of Foreign Relations,  
Istanbul Stock Exchange
- Mr. SEÇKİN CENKİŞ  
Ministry of Industry and Trade
- Mr. MESUT GÜR SOY  
Manager of İzmir, Expert Credit Bank of Turkey
- Ms. NURSEN COŞAR  
Assistant Manager of Expert Credit Bank of Turkey

**Sessional Committee**

- Assoc. Dr. YUSUF BALCI  
President of Turkish Patent Institute
- Mr. VAHDETTİN ERTAŞ  
Acting Head of Istanbul Gold Exchange
- Assoc. Prof. Dr. F. SANCAR OZANER  
Advisor, The Scientific and Technical Research Council of Turkey
- Mr. YUSUF KORUCU  
Head of Department, General Directorate of Electrical Power Resources Survey  
and Development Administration
- Mr. HAYRİ BEYG Ü SOLMAZ  
Acting Manager of Technology Development Center, Middle East Technical University  
(METU), Small and Medium Industry Development Organization of Turkey (KOSGEB)
- Mr. BÜLENT GADA  
Head of Section,  
Ministry of Energy and Natural Resources
- Ms. FÜSUN ATASAY  
Head of Section, International Relations Department,  
President of Turkish Patent Institute
- Ms. ÖZLEM TAĞTEKİN  
Deputy Manager, Istanbul Gold Exchange

- Mr. AHMET KOÇER  
Expert, Turkish Patent Institute

- Mr. ŞENOL DUMAN  
Assistant Manager of TURKSAT

**B. OBSERVER**

**PEOPLE'S REPUBLIC OF BANGLADESH**

- H.E. Major General REZAQUL HAIDER  
Ambassador of Bangladesh to Turkey

**SYRIAN ARAB REPUBLIC**

- H.E. Dr. KHALED RAAD  
Ambassador of Syrian to Turkey

**C. THE OIC GENERAL SECRETARIAT**

- Mr. HASAN OKER GÜRLER  
Director General (Acting) of Economic Affairs Department  
- Mr. NAGHI JABBAROV  
Professional Officer, Economic Affairs Department

**D. SUBSIDIARY ORGANS OF THE OIC**

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

- Dr. SAVAŞ ALPAY  
Director General  
  
- Mr. NABIL DABOUR  
Director of Economic and Social Research Department

**ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)**

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

**E. SPECIALIZED ORGANS OF THE OIC**

**ISLAMIC DEVELOPMENT BANK (IDB)**

- Mr. AHMED ABDULWASIE  
Operations Officer, Cooperation Office
- Mr. ABOU JALLOW  
Trade Finance Officer , Trade Finance and Promotion Department

**F. AFFILIATED ORGANS OF THE OIC**

**ISLAMIC CHAMBER OF COMMERCE AND INDUSTRY (ICCI)**

- Ms. ATTIYA NAWAZISH ALI  
Assistant Secretary General, Coordination

**G. COMCEC COORDINATION OFFICE**

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

-Mr. FERRUH TIĞLI  
Director General,  
Head of COMCEC Coordination Office

-Mr. BAŞAK KAYIRAN  
Expert, Press Relations

-Mr. METİN EKER  
Expert, Coordinator for Drafting

-Mr. METİN GENÇKOL  
Expert, Drafting

-Mr. HÜSEYİN AVNİ METİN  
Coordinator for Organization

-Ms. SEMA HİMA  
Coordinator of Documentation

-Mr. ORHAN ÖZTAŞKIN  
Protocol

-Ms. AYTEN KAÇAR  
Assistant Expert, Drafting

-Mr. ALİ İŞLER  
Assistant Expert, Drafting

- Mr. SELÇUK KOÇ  
Assistant Expert, Drafting
- Ms. BİGE HAMURDAN  
Coordinator of Registration Office
- Ms. ŞERİFE MENĞİ  
Executive Secretary
- Mr. SAKİR DİLSİZ  
Assistant Coordinator of Documentation
- Ms. İLKNUR ARABACI  
Executive Secretary

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

- Mr. YAŞAR GÜLSOY  
Head of Department
- Mr. MEVLÜT YAŞAR  
Coordinator of Transportation
- Mr. NURETTİN AYDIN  
Coordinator for Accommodation
- Mr. TAYFUR YÜKSEL  
Protocol Officer
- Mr. MUSTAFA AKTAŞ  
Treasurer
- Mr. ÖMER BIYIK  
Technician

# ANNEX

## II



Original : Turkish

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

**Twenty Second Meeting of the  
Follow-up Committee of the COMCEC**

**(İzmir, Tuesday 23 May 2006)**

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

I would like to welcome all the participants of the 22<sup>nd</sup> Meeting of the Follow-Up Committee of the COMCEC.

The importance of economic cooperation between countries has substantially increased, now that we have in place mounting international competition and rapid transformation covering all domains in our world of today. In this context, it is of great magnitude for the member countries to staunchly proceed with economic cooperation in perspective of the Organization of Islamic Conference (OIC) and to work out solutions to economic problems within the framework of global dynamics connected with long term strategies.

COMCEC, to the credit of its studies consistent with this objective, continues to operate as a multilateral platform where advances in the area of economic and trade relations of member countries as well as transformations in terms of world economy and trade are adequately considered and subject to stock-taking.

We believe that relevant decisions to be made on the part of this Follow-Up Committee in the run up to the 22<sup>nd</sup> COMCEC Meeting will accelerate economic cooperation within the framework of the OIC and will constitute the basis for the elaboration of manifold well-to-do proposals for the following period.

Honorable Chairman,  
Distinguished Delegates,

The ten-year Program of Action, which acts as a guideline in relation to issues taken up by OIC member countries with respect to economic, social and political aspects, was approved by the Third Extraordinary Islamic Summit at the end of last year. This programme envisages the improvement of economic cooperation as embodied in studies intended for raising trade rates up to 20% between member countries by benefiting from the pace of this economic cooperation.

In order to be successful at development efforts of our countries and to have enough shares from world trade, it is necessary to enhance cooperation between countries through commercial arrangements at the OIC scale. At this point, we are encouraged about the future, given that the first round of negotiations of the "Trade Preferential System between OIC Member Countries (TPS-OIC)" and the signing of the "Protocol on Trade Preferential Tariffs Discount System (PRETAS)" had been successfully completed.

It is of great importance that this proposal, which will largely contribute to substantiating the objectives identified with regard to cooperation in trade and economic fields, is supported by all member countries. At this stage, we are inviting all member countries to sign and approve TPS-OIC Framework Agreement and PRETAS as soon as possible in order to initiate the Second Round of Negotiations of TPS-OIC and to finalize the proposal successfully.

Honorable Chairman,  
Distinguished Delegates,

The OIC is the second largest political organization after the United Nations. Today, in such a situation in which we face problems and have opportunities, we believe that it will be in the interest of the international order as well as the member countries, if OIC is set to have a function as extending bridges between civilizations and cultures and bringing them closer rather than separating them. To this end, we support the transformation and formation process initiated in order to ensure that the OIC is an active organization which is democratic, transparent, duly respected and responsive to the requirements of the age.



In order to dispel prejudices and misunderstandings which led to discriminatory and alienating attitudes against Islam, effective and result-gaining cooperation and supporting documents combating all types of terrorism are in conformity with universal values and intended for good governance, do entertain considerable importance as to the messages that we will give to the world to be perceived rightly. Turkey will keep up its close and constructive cooperation with all member countries concerning this issue.

Honorable Chairman,  
Distinguished Delegates,

Movable goods stock exchanges have an important function in transferring capital and investments to national economy during development processes. Within this perspective, efforts for cooperation between stock markets of OIC member countries have been launched and the "Islamic Countries Stock Exchanges Forum" was established through the Meeting held in Istanbul in March 2005. Taking this opportunity, we invite institutions affiliated to OIC and member countries to participate in and support the activities to be conducted in the following period within the framework of this Forum.

Private sector-oriented propaganda activities have vital function in improving economic and trade relations between countries. Within this scope, we are pleased to see the efforts of the Islamic Chamber of Industry and Commerce and the Islamic Centre for Trade Development, which managed such useful activities as commercial fairs, seminars and workshops aiming at furthering cooperation and communication between private sectors of OIC members.

Another issue, which has important role in supporting the activities of private sector and in promoting trade between member countries, is to enhance investment and trade environments in our countries. Therefore, we believe that negotiations to be held during the Twenty Second Meeting of Follow-up Committee of the COMCEC on "Capacity Improving as regards Facilitating Trade and Investment" will make important contribution to private sectors of member countries, and to intra-OIC trade and economic cooperation. Islamic Development Bank is making preparations for a workshop on this issue; we wish it will undertake this useful activity successfully.

Reduction of poverty in underdeveloped low-income OIC member countries has topped the agenda of many Islamic Summits and Conferences of Foreign

Ministers. Therefore, we are pleased to see and support exhaustive studies within the scope of "Capacity Improving Programs aimed at Poverty Reduction in OIC Member Countries". If the proposals suggested within the framework of this Program are supported by all member countries, this is certain to increase the efficiency and prestige of the OIC as part of the international order. Continued financial support lent by the Islamic Development Bank to the above-mentioned proposals will facilitate achieving the objectives of the given Program.

Honorable Chairman,  
Distinguished Delegates,

Resounding calls by the Organization of Islamic Conference in Istanbul and New York in 2004 and in Sanaa in 2005, with regard to ending the isolation of Muslim Turkish Cypriots have been delightful for Turkish Cypriots.

We expect serious steps to be taken by Member Countries towards giving effect to these decisions to protect the prestige and consistency of the Organization in front of international community. We believe that these steps will considerably contribute to the integration of Turkish Cypriots with the rest of the world.

Punishment inflicted on Turkish Cypriots, who voted for peace and compromise in the referenda held in Cyprus in April 2004, must come to a stop. The Turkish Republic of Northern Cyprus should be financially and politically supported and contacts and relations in all fields upgraded.

I would like to touch briefly on some progress experienced in the Middle East.

Turkey supports efforts for establishing an Iraq which maintains its territorial integrity and political unity, has peaceful relations with its neighbors, is democratic, transparent, well governed and prosperous.

Recently important steps have been taken in Iraq with a view to set the political process in motion.

We wish the new Iraqi Government would follow a broad-based policy that represents all categories of the Iraqi people, strengthens national unity and which does not tolerate racial and sectarian discrimination. We hope that this Iraqi government

will realize applicable solutions to problems that need to be resolved at first hand, prioritizing security.

Establishing lasting peace and stability in the Middle East depends on the eventual solution of the Palestinian-Israeli conflict. To end the existing clogage and to remove the distress of Palestinians in the peace process, which directly influences the future of the entire people, we must energize our common efforts so as to reestablish an atmosphere of dialogue and compromise between the two sides.

We must work hard towards the protection of the two-state solution-based objective and to initiate negotiations on the basis of the Road Map. Equitable, lasting and comprehensive peace in the region can only be reached through negotiations.

Keeping these ideas in mind, I would like to greet all participants sincerely and wish a successful meeting.



# **ANNEX**

## **III**



Original: Turkish

OPENING STATEMENT  
BY H.E. ASSOC. PROF. DR. ABDÜLLATİF ŞENER  
MINISTER OF STATE AND DEPUTY PRIME MINISTER  
OF THE REPUBLIC OF TURKEY

**Twenty-Second Meeting of the  
Follow-up Committee of the COMCEC  
(İzmir, 23 May 2006)**

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

I would like to express my pleasure for meeting with you again and hosting this elite gathering in Izmir on the occasion of the Twenty Second Meeting of the Follow-up Committee of the COMCEC.

Interest in the promotion of multilateral platform cooperation regarding development of economic and trade relations between our countries as well as in the evaluation of worldwide economic developments is markedly featured. The COMCEC, constituting one of these platforms, and on its 22<sup>nd</sup> year, has maintained its efforts towards achieving higher levels of welfare for our countries.

Distinguished Delegates

Despite oil price hikes and natural disasters, the growth of world economy in 2004 with a recorded rate of 5.3 % as the highest level over the last 30 years, was followed by a rate of 4.8 % in 2005. The continued rise of such high growth rates is also expected for 2006 and 2007. Especially, growth pace in China, India and Russia as well as developing Asian economies certainly had had a role to play in these rates.

Significant growth rates have been recorded in developing countries in parallel with economic revival. The average growth rate of developing countries has become 7.2 % in 2005 and 7.6 % in 2004. Although economic growth in OIC member countries has remained behind developing economies, it was above world-average with a growth rate of 5.5 % in 2005.

Distinguished Members of the Follow-up Committee,

In parallel with high growth rates in 2005, the volume of world trade in goods and services has increased by 7.3 %. It is foreseen that trends of growth will be maintained and a growth-level of 8 % in the trade-volume will be achieved in 2006.

In accordance with this, we also see some important developments in the economies of OIC member countries. Foreign trade of OIC countries has increased by 30 % with 783 billion dollars in imports and 681 billion dollars in exports as compared to the previous year. Trade among OIC member countries has reached the level of 14% in 2004 with a 25 billion dollars increase as compared to the previous year. In this context, the intensification of efforts of member states towards reaching the volume of 20 % of trade among OIC countries, which was designated for 2015 by preceding year's Extraordinary Islamic Summit, has great importance.

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

The rapid increase in regional trade agreements is one of the most important reasons of growth in world trade. Regional trade agreements have increased 6 times over the last 20 years. By November 2005, the number of World Trade Organization (WTO) agreements reached 334, 183 of them are in force. If we consider nearly 40 % of world trade as being conducted within the frame of regional trade agreements, benefiting from the expanding role of regional trade agreements for the utilization of trade is more highlighted among OIC members.

As we all know, efforts vis-a-vis the Establishment of a Trade Preferential System is an important project for trade promotion among OIC member countries. I appreciate the opening of the Trade Preferential Protocol, PRETAS, for signatures at the 21<sup>st</sup> Meeting of COMCEC, which was prepared with the completion of the first round of trade negotiations within a 12 month period in 2004 and 2005. I invite all member states to sign PRETAS, which so far was signed by 5 members, in order for PRETAS to serve promotion of trade among our countries. I hope to see the second round of trade negotiations initiated and finalized as soon as possible.

Distinguished Delegates

Private sector activities play a very important role in the development of economic cooperation. The participation of businessmen from OIC member states in



the 10 International Business Forum, to be held by MUSIAD (Association of Independent Manufacturers and Businessmen) with the contribution of OIC General Secretariat is gaining significance. I strongly believe that the participation of businessmen in this Forum is directed at the assessment of investment prospects for global markets, thus introducing windows of opportunity in this respect. I invite the businessmen of our countries to improve cooperation by participating in this Forum.

I have full confidence COMCEC members and related OIC institutions will conduct the necessary studies on the improvement of private sector activities. I appreciate the contributions of the Islamic Chamber of Commerce and Industry, Islamic Center for Development of Trade and the Islamic Development Bank. I believe they will keep up their contributions in these activities for the forthcoming period.

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

Another important issue with regard to OIC members' taking their share from the welfare boom of the growing world economy is to heighten our international competition in economic and social fields. In this respect, improving investment prospects, providing the international markets with goods of high added value and developing fields of cooperation in information technology should be among our prior objectives. Regarding the realization of the intended improvement, the place of OIC members in the Global Growth Competition Index is one of the most important parameters. We see that, only seven OIC members are listed among top 50 countries in the 2005 Index. Macro-economic environment, technological development and improvements in political institutions will contribute to bringing OIC member countries to the desired level.

In order to reduce poverty and to provide a suitable environment for development on both national and international levels, it can be said that to prevent poverty in our countries, to ensure fair income distribution and to establish stable economic structure, with perseverance, are among our important missions. In this regard, I appreciate Capacity Building Programs initiated in some OIC countries in order to prevent poverty, and I congratulate the countries and institutions that have contributed to the initiation and implementation of these programs. In addition, I wish country delegates success in their efforts in contributing to the development of the cotton-producing competitiveness of OIC members.

Distinguished Members of the Follow-up Committee,

The ten-year Program of Action adopted by the Third Extraordinary Islamic Summit held in Mecca on December 7-8, 2005, has significance for member states in terms of designing some objectives. Enhancing solidarity, stepping-up dialogue with the international community, fostering tolerance, combating international terrorism and islamophobia, promoting human rights and principles of good governance included in this Program are important goals for the economic and social development of OIC member states.

Serious steps towards the implementation of economic, social and cultural cooperation projects included in the ten-year Program of Action as well as the development of new fields for cooperation need to be taken for the purpose of cementing international tribute for OIC activities.

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

Before concluding my speech, I would like to remind you of the compact agenda of COMCEC which will hold its 22<sup>nd</sup> Meeting next November. Especially, emphasis on the development of inter stock exchange cooperation, projects under construction, and capacity-enhancing programs within the framework of the Ten-Year Program of Action and also the inclusion of the objectives of the OIC Ten-Year Program of Action in the agenda of COMCEC is of great importance.

I expect active participation of and contributions by COMCEC member states, the General Secretariat of the Organization of Islamic Conference and related institutions as far as the aforementioned activities were concerned. I believe that your valuable studies within the frame of the Twenty-Second Meeting of the Follow-up Committee of the COMCEC will contribute to our countries' common welfare and peace, and I wish you all success in your efforts.

ANNEX

IV



Original: English

**MESSAGE OF  
H.E. PROFESSOR EKMELEDDİN İHSANOĞLU  
SECRETARY GENERAL OF THE  
ORGANIZATION OF THE ISLAMIC CONFERENCE AT THE  
22<sup>N</sup><sup>D</sup> MEETING OF THE FOLLOW-UP COMMITTEE OF THE  
COMCEC**

**İzmir, Republic of Turkey**

**(23-25 May 2006)**

H.E. Assoc. Prof. Abdiillatif ŞENER, Deputy Prime Minister and Minister of State of the Republic of Turkey,  
Excellencies,  
Distinguished delegates,  
Ladies and Gentlemen,

I must, first of all, convey the regrets of Prof. Ekmeleddin İHSANOĞLU, Secretary General of the OIC, for not being able to personally attend this important meeting due to previous commitments. Accordingly, he has designated me to represent him in this meeting and to deliver, on his behalf, this message.

I would like to avail of this opportunity to extend to you all the greetings and best wishes of H.E. the Secretary General for the successful outcome of your deliberations.

**QUOTE**

H.E. Assoc. Prof. Abdiillatif ŞENER, Deputy Prime Minister and Minister of State of the Republic of Turkey,  
Excellencies,  
Distinguished Delegates and  
Honourable Guests,

*Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh.*

At the outset, I would like to avail of this opportunity to convey my profound gratitude and deep sense of appreciation to His Excellency Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of the Standing Committee for Economic and Commercial Cooperation (COMCEC) of the OIC, for his kind support and keen interest in the activities of the COMCEC, as well as to the Government of the Republic of Turkey, in particular, His Excellency Recep Tayyip ERDOĞAN, Prime Minister and H.E. Assoc. Prof. Abdüllatif ŞENER, Deputy Prime Minister and Minister of State of the Republic of Turkey for their continuous support and keen interest in the activities of the OIC.

Turkey has been playing an exemplary and commendable role in promoting economic and commercial cooperation among the OIC Member States by regularly hosting the COMCEC Sessions and its Follow up Committee Meetings every year since its inception. I am confident that, Turkey's contributions towards this noble aim will continue intensively in the future. Turkey's long history of civilization, and rich culture as well as its strategic position as the meeting point of East and West makes it highly qualified for playing a greater role in solidifying world peace.

Today's meeting of the COMCEC Follow-up Committee has a special characteristic since it is being held after the 3<sup>rd</sup> Extraordinary Session of the Islamic Summit Conference held in Makkah Al Mukarramah, Kingdom of Saudi Arabia, in December 2005. The Makkah Al Mukarramah Extraordinary Summit mainly focused on the challenges facing the Islamic world and adopted a practical programme titled "OIC Ten-Year Programme of Action". This programme provides an opportunity for the Islamic world to overcome these challenges.

Within the context of our interest in the implementation of the OIC Ten-Year Programme of Action, we have fixed a permanent item on the agenda of the various OIC fora to follow up its implementation regularly. We have convened a coordination meeting of all OIC Institutions and developed a document to streamline our efforts for ensuring speedy and effective implementation of the Ten-Year Programme. In this regard, we have also requested Member States to convey their views on its implementation to the General Secretariat.

In this regard, I am happy to inform that Senior Officials Meeting Preparatory to the 33<sup>rd</sup> Session of the Islamic Conference of Foreign Ministers (ICFM), held recently on 6-8 May 2006, agreed to submit to the Ministers a draft resolution on the implementation of the OIC Ten-Year Programme of Action.

I would like to invite your kind attention that the OIC Ten-Year Programme of Action "called upon the Member States to implement the provisions of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among them". In other words, implementation of the OIC Plan of Action will reinforce the implementation of the Ten-Year Programme of Action and vice versa. Therefore, I appeal to all OIC Institutions to render more support to the COMCEC with a view to achieving its objectives.

The OIC Ten-Year Programme of Action mandated COMCEC to promote measures towards strengthening and raising intra-OIC trade to 20% of the overall trade volume during the ten-year period. In this context, I am confident that COMCEC will spare no effort to achieve this target.

The Programme, among others, also aimed to establish a special fund within the IDB for poverty alleviation. We are hopeful that the Islamic Development Bank will create this fund and activate it in the short run so that it can meet the aspirations of the Islamic World in this respect.

The Programme also decided to promote activities aimed at achieving economic and social development in African Countries and adopt to this end a special programme for the development of Africa. In this context, I would like to mention that this issue is one of our top priorities. We are keen to undertake concrete measures on this subject. In fact, soon after having assumed my duties at the OIC, I undertook a tour to 6 Member States in Africa in March 2005. I visited Burkina Faso, Chad, Gambia, Mali, Niger and Senegal to obtain first hand information on the prevailing socio-economic conditions in these countries. During this tour, I launched a programme aimed at strengthening sustainable development in Africa, including elements to develop food and cotton industries in West Africa through the promotion of joint ventures among the OIC Member States.

In this connection, I would like to convey my deep sense of appreciation to the Governments of Turkey and Malaysia for demonstrating solidarity with the Least Developed Countries (LDCs), particularly in Africa, and developing and enhancing excellent relations among them. I would like to commend the Turkish initiative, namely "African Development Strategy (ADS)" and the Malaysian initiative of Capacity Building Programme for Poverty Alleviation. These programmes aim at contributing to the development, particularly in Africa, and reducing poverty in LDCs, through developing trade and economic cooperation among them and building capacities in these countries.

The objectives of these programmes are in line with the main objectives of the OIC Ten-Year Programme of Action. For this reason, I have strongly supported these initiatives and I will always encourage similar activities aimed at enhancing economic and commercial cooperation among the Member States, in particular, those between African members and the others.

Recently, Turkey hosted, in close cooperation with and financial support from the Islamic Development Bank (IDB), the Second Experts Group Meeting (EGM) on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries in Izmir, on 28-30 March 2006. The Meeting agreed to work out an Action Plan to develop more practical ways and means to enhance cooperation among member countries in the area of cotton production and trade. To this end, it established a Steering Committee and entrusted its Chairmanship to Turkey. I am confident that these efforts will bring closer cooperation between the cotton exporting and importing Member States with a view to reducing volatility of the international cotton price and eliminating its adverse effects on the producing countries.

We were personally gratified with the successful conclusion of the First Round of Trade Negotiations conducted among the participating States under the Framework Agreement of the Trade Preferential System among OIC Member States (TPS-OIC). I would like to avail this opportunity to express my profound gratitude to the Republic of Turkey for successfully organizing these trade talks in Antalya and the IDB for contributing to the financing of this Round.

The adoption of the Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS) by the 21<sup>st</sup> Session of the COMCEC in November 2005



signifies a new era in the efforts of OIC Member States to expand intra-OIC trade. We hope that the Member States of the Trade Negotiating Committee will soon sign PRETAS so that the Second Round of Trade Negotiations will be launched in 2006 as envisaged by the 21<sup>st</sup> Session of the COMCEC. I believe that the launching of the Second Round of Trade Negotiations will immensely contribute for attaining the 20 percent level of intra-OIC trade as stipulated by the OIC Ten-Year Programme of Action.

While concluding, I assure you, once again, of the continued active support of the OIC General Secretariat and all OIC Subsidiary Organs, Specialized and Affiliated Institutions in the process of implementation of the OIC Plan of Action and the OIC Ten-Year Programme of Action.

I wish the 22<sup>nd</sup> Meeting of the Follow-up Committee of COMCEC all success.

Thank you.

*Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.*

**UNQUOTE**



# ANNEX

V



Original: English

**AGENDA  
TWENTY SECOND MEETING  
OF THE FOLLOW-UP COMMITTEE  
OF THE COMCEC  
(İzmir, 23-25 May 2006)**

1. Opening Session
  - Inaugural Statement by the Chairman of the Follow-up Committee
  - Statement by the Secretary General of the OIC
  - Statements by the Heads of Delegation
2. Adoption of the Agenda
3. Background Report of the OIC General Secretariat
4. Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States
  - Report of the OIC General Secretariat
  - Report of the Sessional Committee
5. Review of the Implementation of the OIC Ten-year Program of Action Relating to Economic Cooperation
6. Report of the IDB and the ICDT on the Expansion of Intra-OIC Trade
7. Activities on Establishing a Trade Preferential System among the OIC Member States (TPS-OIC)
8. Matters Related to the World Trade Organization Activities
9. Cooperation among the Stock Exchanges of the OIC Member Countries
10. Report of the ICCI on Private Sector Meetings Among the OIC Member Countries
11. Report of the ICDT on Trade Fairs of Islamic Countries
12. Capacity Building Program for Poverty Alleviation in the OIC Member States
  - Second Expert Group Meeting on "Enhancing Production Efficiency and International Competitiveness in the OIC Cotton Producing Countries"
13. Preparation for the Exchange of Views on "Capacity Building on Trade Facilitation and Investment" to be organized during the Twenty-Second Session of the COMCEC
14. Draft Agenda of the 22<sup>nd</sup> Session of the COMCEC
15. Any Other Business
16. Adoption of the Report



ANNEX

VI





Original: English

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

**İzmir, Republic of Turkey**

**23-25 May 2006**

**I. INTRODUCTION**

Since the addition of economic dimension to the activities of the Organization of the Islamic Conference at the 2<sup>nd</sup> 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 specialized 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 major 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 1988, 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 26 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.

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 1997, 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.

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 by COMCEC with an authorized capital of ID100 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 has signed the Articles of Agreement and is at various stages of completing member ship requirements.

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. During the 30<sup>th</sup> Annual Meeting of the Board of Governors of the IDB Group in Putrajaya, Malaysia, in 23-24 June 2005, a resolution was adopted concerning amendment of the Articles of Agreement of the ICIEC to enable the ICIEC to insure investment flows originating from non-

member countries to the member countries. With this new amendment, the ICIEC will play a more important role in fostering investment in its member countries.

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 8<sup>th</sup> COMCEC Session, held in 1992, noted with appreciation the finalization 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](http://www.icdt.org).

The 20<sup>th</sup> COMCEC recommended to the Member States to make full use of the facility and requested the OIC Member States to provide ICDT with data relating to trade, investment statistics and regulations.

### **(v) Islamic Trade Fairs**

The Islamic Trade Fairs are playing very important roles in boosting intra-OIC trade by bringing together business firms, entrepreneurs and their products. The Islamic Trade Fairs are being organized 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 implementation of the rules and regulations governing Islamic Trade Fair, which were prepared by ICDT and adopted by the 18<sup>th</sup> Session of the COMCEC, will streamline the holding of the Islamic Trade Fair.

So far ten Islamic Trade fairs have been successfully organized. The 10<sup>th</sup> Islamic Trade Fair was held in Manama, Kingdom of Bahrain, on 5-9 February 2005. The 11<sup>th</sup> Islamic Trade Fair will be held in Senegal in 2007 on the sidelines of the 11<sup>th</sup> Islamic Summit Conference. The 12<sup>th</sup> and 13<sup>th</sup> Islamic Trade Fairs will be hosted by the Republic of Iraq and the Republic of Guinea in 2008 and 2010, respectively. The ICDT will submit a detailed report on this subject to the COMCEC.

### **(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 eleven Private Sector Meetings have been held successfully. The 11<sup>th</sup> Private Sector Meeting was held in Manama, Kingdom of Bahrain on 5-7 February 2005 concurrently with the 10<sup>th</sup> Islamic Trade Fair. Furthermore, the First Forum for Businesswomen in Islamic Countries was held in Sharjah, the United Arab Emirates (UAE), from 1-3 March 2005. Along with the Business Forum, a trade fair was also held for the businesswomen from 1-4 March 2005 in Sharjah, the UAE at Expo Centre. The 12<sup>th</sup> Private Sector Meeting will be held Senegal in 2007. The ICCI will submit a detailed report on this subject to the COMCEC.

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: (11<sup>th</sup> COMCEC);
- (2) Privatization Experiences of the OIC Member Countries (12<sup>th</sup> COMCEC);
- (3) Implications of Regional Economic Groupings, especially the European Union for the Economies of Member Countries (13<sup>th</sup> COMCEC);
- (4) Intra-OIC Trade, Investments, Economic Stabilization and Structural Reforms in Member Countries (14<sup>th</sup> COMCEC);
- (5) Human Resources Development for Sustained Economic Growth and Progress in Member Countries (15<sup>th</sup> COMCEC);
- (6) Strengthening Small and Medium-sized Enterprises Facing Globalization and Liberalization (16<sup>th</sup> COMCEC);
- (7) Effects of Non-Tariff Barriers on the Foreign Trade of Member States (17<sup>th</sup> COMCEC),
- (8) Private Sector Investment in the Member Countries and the Role of IDB (18<sup>th</sup> COMCEC);
- (9) Impact of Electronic Commerce and Use of Information Technology in the Promotion and Development of intra-OIC Trade (19<sup>th</sup> COMCEC);
- (10) Trade and Transportation Facilitation among the OIC Member States (20<sup>th</sup> COMCEC); and
- (11) Role of Tourism in the Promotion of Economic Cooperation among OIC Member States (21<sup>st</sup> COMCEC).

"Capacity Building on Facilitation of Trade and Investment" was chosen at the 21<sup>st</sup> Session of COMCEC as the topic for Exchange of Views at the 22<sup>nd</sup> Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC) to be held on 21-24 November 2006 in Istanbul, Republic of Turkey.

As requested by the COMCEC, Islamic Development Bank (IDB) is expected to organize a workshop on this topic in collaboration with the OIC General Secretariat and any other international organization, prior to the Twenty Second Session of the COMCEC and submit its report to the Session. The outcome of the workshop is to be submitted to the next Session of the COMCEC as an input for the exchange of views.

### **(viii) Framework Agreement on Trade Preferential System**

The recent entry into force of the Framework Agreement on Trade Preferential System among the OIC Member States has been significant development in the efforts of OIC to expand intra-OIC trade. Upon its ratification by more than ten Member States, the COMCEC at its 18<sup>th</sup> Session resolved to set up the Trade Negotiating Committee (TNC) consisting of the participating countries that have ratified the Agreement and declared

trade concessions to be negotiated. The 19<sup>th</sup> 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.

The first meeting of the First Round of the TNC constituted under the Agreement was held in Antalya on 6-9 April 2004. The TNC adopted at the meeting a negotiation strategy, which proposes product-by-product scheme for trade negotiation, guidelines and plan of action for market access as well as schedule of trade liberalization under the Agreement. This was followed up by two more meetings in Antalya (7-10 September, 2004 and 5-8 January, 2005). During these meetings the negotiation focused on setting up a modality for the trade negotiations within a specific time-frame and product coverage. The first round was concluded with the preparation of a "Draft Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS)" at its last meeting held in Antalya on 30 March - 2 April 2005. The Islamic Development Bank (IDB) extended financial support for the First Round of Trade Negotiations.

This Protocol was finalized at a special Session organized on the sidelines of the 21<sup>st</sup> Session of the COMCEC, on 23 November 2005 and adopted by the 21<sup>st</sup> Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC). The number of participating countries in the Trade Preferential System reached 17<sup>1</sup>.

The Protocol shall enter into force on the 90<sup>th</sup> day of the date of receipt by the depository of instruments of ratification, acceptance or approval by at least 10 governments of the Participating States. Egypt, Jordan, Tunisia and Turkey signed the said Protocol at a special ceremony organized during the 21<sup>st</sup> Session of the COMCEC. Malaysia also signed the Protocol on 27 March 2006. With the adoption of the PRETAS, a significant phase has been reached in the efforts at the level of OIC to strengthen economic and commercial cooperation. The process of negotiation will hopefully be expanded ultimately to include all the OIC Member States through their ratification of the Framework Agreement and the PRETAS.

## **b) Cooperation in the Area of Food Security and Agricultural Development**

The problem of food security is still an important issue in a number of OIC Member States, particularly in Sahelian countries (Burkina Faso, Mali, Mauritania and Niger) and Eastern African countries (Djibouti, Somalia). The General Secretariat, in cooperation with the IDB, the African Development Bank and the Government of Senegal, organized 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

<sup>1</sup> Lastly, Republic of Maldives ratified the Framework Agreement on Trade Preferential System on 11.4.2006.

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 emphasized 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 meeting date is to-be fixed.

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 OIC/FAO agreed to strengthen their cooperation.

#### **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 20<sup>th</sup> Session of the COMCEC held in Istanbul on 23-27 November 2004 discussed the 'Trade and Transportation Facilitation among the OIC Member States' in its exchange of views session. It indicated the importance of modern information and telecommunications technologies in strengthening the climate of trade and investment and facilitating commerce and transport procedures between OIC Member States.

Prior to the 20<sup>th</sup> Session of the COMCEC, a workshop on the Trade and Transport Facilitation among the OIC Member States was organized by the Government of the Islamic Republic of Pakistan and the ICDT in collaboration with IDB, SESRTCIC, and ICO, in Islamabad from 14-16 September, 2004. The Report and Recommendations of the said workshop was submitted to the 20<sup>th</sup> Session of the COMCEC for consideration during its Exchange of Views Session. The 20<sup>th</sup> COMCEC took note with appreciation the recommendations of the said workshop which was mainly of the opinion that there was a need for a favorable legislative framework for trade and transport facilitation, in the domains of infrastructure, support services and financial support. The workshop recommendations included, inter alia, the following:

1. "To invite member countries to harmonize their national and regional legislatives procedures in conformity with the existing international regulations to facilitate trade and transport,"
2. "To call upon Member countries to take necessary steps to develop an adequate infrastructure for air, maritime road and railway transport and support services", and
3. "To call upon the member countries to use ICT for facilitation of trade and transport."

The Government of the Arab Republic of Egypt offered to host the Expert Group Meeting. The meeting date is to be fixed.

#### **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 4<sup>th</sup> 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 recognizing 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 Labor 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 finalizing 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 finalized the Draft Agreement. The Meeting of the Second Working Group on Labor 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 Labor 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 Labor 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-third 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 areas, 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 hosted 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 Communiqué 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 on tourism development and the Riyadh Declaration. It also called for holding of an expert group meeting on tourism.

As a follow up to the Third Islamic Conference of Ministers of Tourism, the chairman of the Conference conducted a review of the follow up actions already undertaken as well as those to be undertaken in cooperation with the General Secretariat. A meeting of the joint working group consisting of the representatives of the concerned authorities in the Government of the Kingdom of Saudi Arabia (the Supreme Commission on Tourism of Saudi Arabia) and those of the OIC General Secretariat was held in this regard on 17 April 2004 in Jeddah. A review of the progress in implementation of the Resolution on Tourism Development was made, the outcome of which was circulated to the Member States by the General Secretariat.

The Fourth Islamic Conference of Tourism Ministers was held on 28-30 March, 2005 in Dakar, Senegal. The Government of Senegal also organized a forum on investments in the field of tourism concurrently with the Ministerial Conference. The Conference adopted the Resolution on Tourism Development and the Dakar Declaration. It also reiterated the call for holding of an expert group meeting on tourism.

The Fifth Islamic Conference of Tourism Ministers will be held in Baku, Republic of Azerbaijan, from 9-12 September 2006. The 21<sup>st</sup> Session of the COMCEC urged the OIC Member States to actively participate in this Conference.

The Government of the Islamic Republic of Iran hosted the experts group meeting on tourism on 11-14 July 2005 in Tehran. The Expert Group discussed the Tourism Section of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States and recommended a set of Means and Modalities for Implementation under each related paragraphs of the Programs of Action contained in the Tourism section of the OIC Plan of Action. These recommendations were endorsed by the 21<sup>st</sup> Session of the COMCEC held in Istanbul on 22-25 November 2005.

One of the recommendations was related to the 'Creation of a Network of Cross-border Parks and Reserves in West Africa', which was a joint project initiated by Gambia,

Guinea, Guinea-Bissau, Mali, Mauritania, and Senegal. This project was also considered by the 7<sup>th</sup> Sessional Committee of the 21<sup>st</sup> Session of the COMCEC held in Istanbul on 21 November 2005 and included among the list of the projects and the ICDT was assigned as the coordinator of this project.

The 20<sup>th</sup> Session of the COMCEC decided that the "Role of Tourism in the Promotion of Economic Cooperation among OIC Member States" be the theme for Exchange of Views at its 21<sup>st</sup> Session. In compliance with its Resolution (1), the ICDT organized, under the auspices of the Ministry of Tourism, Handicraft and Social Economy of the Kingdom of Morocco and in collaboration with the IDB and the other OIC institutions, a workshop on this topic in Casablanca on 14-15 June 2005. The outcome of the workshop was submitted to the 21<sup>st</sup> Session of the COMCEC as an input for the exchange of views.

The First Tourism Fair of Islamic Countries was successfully organized by the competent authorities of the Republic of Turkey (Ministry of Culture and Tourism, TURSAB, CNR) and the ICDT in Istanbul from 24-26 November 2005, concurrently with the 21<sup>st</sup> Session of the COMCEC. The second, third and fourth Tourism Fairs of Islamic Countries will be hosted by the Republic of Lebanon, the Arab Republic of Egypt, and the Syrian Arab Republic, respectively.

The Private Sector Forum on Tourism will also be organized on a regular basis. In this respect, the Government of the Kingdom of Saudi Arabia offered to hold the first such Forum with the collaboration of the Supreme Council of Tourism of the Kingdom of Saudi Arabia and the Council of Saudi Chamber of Commerce and Industry. The date is to be announced. The Second Private Sector Forum on Tourism will be hosted by the Republic of Mali in 2007.

#### **j) Technical Cooperation among OIC Member States**

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

The IDB has a very effective programme for financing technical cooperation among the OIC Member States.

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

The 10<sup>th</sup> Islamic Summit Conference, the 31<sup>st</sup> Islamic Conference of Foreign Ministers and the 20<sup>th</sup> 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 OIC Agreements and Statutes is given below as well as in tabular form in Annex-I.

#### **a) 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.

#### **b) 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 24. After having been ratified by more than 10 countries, the agreement came into force in February 1988.

#### **c) Framework Agreement on Trade Preferential System**

The Framework Agreement on Trade Preferential System was approved by the Sixth COMCEC in October 1990. 28 Member States have so far signed the Framework

Agreement. 17 Member States<sup>1</sup> have ratified the Agreement. The Agreement, having the required number of ratifications, has now entered into force .

**d) Protocol on Preferential Tariff Scheme for TPS-OIC (PRETAS)**

The Protocol on Preferential Tariff Scheme for TPS-OIC (PRETAS) was adopted by the 21<sup>st</sup> Session of COMCEC held in Istanbul on 22-25 November 2005 as the outcome of the 1<sup>st</sup> Round of trade negotiations. 5 Member States have so far signed the Protocol on Preferential Tariff Scheme as of March 2006.

**e) 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 10 only.

**f) Statute of the Islamic States Telecommunications Union**

The Statute of the Islamic States Telecommunications Union (ISTU) was approved by the Fifteenth ICFM in 1405H (1984). The Statute has been signed by 14 and ratified by 11 Member States. The Statute has not yet entered into force for lack of required number of ratification.

**g) Statute of the Standards and Metrology Institute for the Islamic Countries**

The 14<sup>th</sup> 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 4 ratified it.

**IV. ACTIVITIES OF THE OIC SUBSIDIARY ORGANS, SPECIALISED AND AFFILIATED INSTITUTIONS**

The following OIC Subsidiary Organs, Specialized 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 (SESRTCIC), Islamic Centre for Development of Trade (ICDT), Islamic Development Bank (IDB), Islamic Chamber of Commerce and Industry (ICCI) and Organization of the Islamic Shipowners' Association (OISA) are expected to submit their individual reports to

<sup>1</sup> Lastly, the Republic of Maldives ratified the Framework Agreement on Trade Preferential System on 11.4.2006.

<sup>2</sup> Please, see the sub-section (viii) on the topic under the section on Cooperation for the promotion of Trade among Member States.

the 22<sup>nd</sup> Meeting of the Follow-up Committee of the COMCEC, which will provide detailed information on their activities.

## **V. MATTERS RELATED TO WTO ACTIVITIES**

This subject was discussed at the 21<sup>st</sup> COMCEC. The 21<sup>st</sup> COMCEC, welcoming the full membership of the Kingdom of Saudi Arabia to the WTO, which was approved by the WTO on 11 November 2005, urged the OIC Member States to participate actively in the 6<sup>th</sup> Ministerial Conference of WTO (Hong Kong, 13-18 December 2005) by submitting a positive agenda for the issues of high interest for and implication on their economies, especially, those relating the Agriculture including cotton, industrial products, services as well as the other issues.

IDB organizes consultative meetings to exchange views and coordinate the positions of the Member States on issues relating to the WTO matters. It also organizes training programmes and provides technical assistance to build capacities in the Member States on the same.

In this connection, IDB organized a Ministerial consultative meeting for OIC Member States on the eve of the 6<sup>th</sup> WTO Ministerial Conference in Hong Kong, on 12 December 2005 to exchange views and deliberate on the latest developments in the Doha Work Programme and the likely outcome of the WTO Conference, and explore how best to enhance their cooperation on issues related to the WTO.

Recently, IDB organized a seminar on issues relating to accession to the WTO at the IDB Headquarters in Jeddah, Kingdom of Saudi Arabia, on 28-29 March 2006. The seminar discussed the challenges and problems faced by the countries wishing to accede to the WTO as well as the experiences of the OIC Member States recently joined the WTO. H.E. Dr. Hashim Bin Abdullah Yamany, Minister of Trade and Industry of the Kingdom of Saudi Arabia, also attended the Seminar and made a presentation on the experience of the Kingdom of Saudi Arabia during the accession process to the WTO.

The IDB also organized a seminar on 29-30 March 2005 on "The State of Play in the Current WTO Negotiations on Agriculture and Non-Agricultural Market Access: Challenges and Opportunities for the OIC Member Countries", and a Workshop on 31 January-3 February 2005 on WTO accession for the CIS countries. It further organized in June 2005, a consultative meeting for the OIC Member States' Permanent Missions in Geneva, with a view to discussing the state of play in different negotiation tracks before the WTO General Council Meeting in July 2005. Furthermore, the IDB also organized an expert-level meeting on trade facilitation, on 27-28 September 2005, with a view to assisting the OIC Member States on various dimensions of the WTO's mandate vis-à-vis the trade facilitation negotiations.

In this domain, the ICDT was also mandated by the Secretary General of the OIC and the Standing Committee for Economic and Commercial Cooperation (COMCEC) to follow up in collaboration with the IDB, the multilateral trade negotiations organized by the World Trade Organization (WTO). Within this framework, ICDT submits on a regular basis progress reports on these negotiations to the annual meetings of the COMCEC, the Islamic Commission for Economic, Cultural and Social Affairs and the Islamic Conference

of Foreign Ministers. In this regard, the ICDT is expected to submit a report on the developments relating to the multilateral trade negotiations, in particular on the 6<sup>th</sup> Ministerial Conference of the WTO, which took place in Hong Kong from 13<sup>th</sup> to 18<sup>th</sup> December 2005.

The 21<sup>st</sup> COMCEC, expressing its concern over the slow pace of negotiations on the access to goods and services markets and stating that the OIC Member States are subjected to excessive demands during the course of accession, appealed to WTO members that OIC Member States, acceding to the WTO, should not be subjected to obligations and commitments that are not aimed at in multilateral trade agreements (especially those called WTO-plus obligations) and 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.

Furthermore, noting that the WTO Ministerial Conference was to be held shortly, and whereas Palestine requested to participate in the deliberations of the WTO Ministerial Conference as an observer, the 21<sup>st</sup> Session of COMCEC called upon the Member States to support and endorse Palestine's request to participate in the deliberations of the WTO Ministerial Conference as an observer. It also called upon them to support Palestine to accede to the observer-status membership of WTO.

The 32<sup>nd</sup> ICFM also adopted resolution No. 3/32-E on this matter. It called for support to be extended to OIC Member States seeking accession to WTO and for transparency in WTO decision-making process. It also urged WTO to accord priority and urgency in addressing implementation problems, strengthen the development dimension in multilateral trade agreements, reject inclusion of non-trade issues such as labour and environment standards in the work programme of WTO, and provide technical assistance to the developing countries so as to contribute to their capacity building.

It also stressed the need to ensure that political consideration should not impede the process of accession to WTO and called on Member States to consolidate their efforts and coordinate their position in international organizations, in particular WTO, World Bank and IMF. Also the Conference called on OIC Member States who have acceded to the WTO to support and facilitate negotiations for the accession of the other Member States which have not yet joined the WTO. The OIC Permanent Representative in Geneva is also following this question.

In this connection, the OIC Ten-Year Programme of Action adopted by the 3<sup>rd</sup> Extraordinary Summit held in Makkah Al Mukarramah in December 2005, also appealed to support OIC Member States in their efforts to accede to the World Trade Organization (WTO), and promote concerted positions between the Member States within the WTO.

## **VI. COOPERATION AMONG THE STOCK EXCHANGES OF THE OIC MEMBER COUNTRIES**

The Ninth Islamic Summit Conference dealt, for the first time, with this subject under the Agenda item entitled "Establishment of an International Islamic Stock Exchange Union" by adopting Resolution 39/9-E(IS) on the subject. The resolution, noting the non-existence of a specialized institution under the aegis of OIC concerned with coordination,



monitoring and development the stock markets of the Member States, invited Member States to set up a comprehensive database on their respective stock exchanges and investment regimes and to explore the possibility of concluding regional agreements establishing links among their stock exchanges. It also requested the Secretary General to direct the appropriate OIC institutions to undertake necessary studies immediately on mechanism for a possible establishment of an Islamic Stock Exchanges Union and a Clearing House.

The Secretary General issued necessary directives. SESRTCIC prepared a study on the subject titled "Possible Methods for Establishing the Islamic Stock Exchange and Clearing Union", which was circulated to the Member States. The 18<sup>th</sup> Session of COMCEC (Istanbul, 22-25 October 2002) considered the study prepared by SESRTCIC as well as another study on the same subject by ICDT. It entrusted SESRTCIC and ICDT to continue to follow up and study jointly the subject and submit a joint report to the 19<sup>th</sup> Session of COMCEC, which, examining the joint report, stressed the importance of the matter for enhancing business opportunities in the OIC countries, suggested a step-by-step approach for the proposed alliance among OIC stock exchanges and clearing houses; and entrusted SESRTCIC and ICDT to undertake necessary studies on creating such a mechanism.

Earlier, the 29<sup>th</sup> Islamic Conference of Foreign Ministers reiterating the earlier resolution requested SESRTCIC and ICDT to undertake such a study with the proviso that such studies would not lead "to creation of any new bodies but the activation of existing mechanism in such fields." The 30<sup>th</sup> ICFM reiterated the earlier resolutions and changed the title of the resolution from "Establishment of an International Islamic Stock Exchange Union" to "Promotion of Cooperation among the Stock Exchanges in the OIC Countries". The Tenth Islamic Summit Conference and the 31<sup>st</sup> Islamic Conference of Foreign Ministers adopted similar resolutions.

Recalling Resolution No. 38/10-E(IS) adopted by the 10<sup>th</sup> Session of the Islamic Summit Conference, and Resolution No. 38/31-E adopted by the 31<sup>st</sup> Session of the ICFM, the 32<sup>nd</sup> ICFM adopted a Resolution No. 22/32 on the subject.

It urged Member States to continue to take the necessary steps to mobilize internal resources in the form of stocks and shares and to facilitate the optimal utilization of such resources in profitable investment projects both in public and private sectors.

The Istanbul Stock Exchange of the Republic of Turkey held a round table meeting on "Promotion of Cooperation among the Stock Exchanges of the OIC Member States" in Istanbul on March 28-29, 2005.

Noting with appreciation the creation of a platform for cooperation among the OIC stock exchanges called "Islamic Stock Exchange Forum" as an outcome of the aforesaid Round Table Meeting, the 32<sup>nd</sup> ICFM requested SESRTCIC and ICDT to undertake necessary studies on creating a mechanism for cooperation among the OIC Member States in the areas of financial markets and clearing of stocks and bonds without such studies leading to the creation of any new bodies but the activation of existing mechanisms in such fields.

The results of the above-mentioned round table meeting were also discussed at the 21<sup>st</sup> Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC), held in Istanbul in November 2005. 21<sup>st</sup> Session of the COMCEC called upon the stock exchanges of Member States to pool their efforts in terms of cooperation, in this regard in the "Islamic Stock Exchanges Forum", and invited them to actively join the Forum. It also requested the Istanbul Stock Exchange to follow-up, in collaboration with the SESRTCIC, ICDT and IDB, the developments on the subject and report to the next Session of the COMCEC.

## **VII. CAPACITY BUILDING FOR POVERTY ALLEVIATION IN OIC MEMBER STATES**

The 28<sup>th</sup> Session of the Islamic Commission considered the matter for the first time in order to consider an initiative by Malaysia in its capacity as the Chairman of the 10<sup>th</sup> Islamic Summit, to develop a programme for capacity building among the low-income and Least Developed Countries of OIC focusing on concrete measures to give effect to the resolutions adopted by OIC in the area of poverty alleviation.

Recalling Resolution No. 6/10-E (IS) adopted by the 10<sup>th</sup> Islamic Summit Conference, and Resolution No. 6/31-E adopted by the Thirty-first Session of the Islamic Conference of Foreign Ministers, the 32<sup>nd</sup> Session of the Islamic Conference of Foreign Ministers adopted Resolution No. 25/32-E on the Capacity Building for poverty alleviation in the OIC Member States.

Welcoming the initiative of Malaysia to establish a Capacity Building Programme aiming at poverty alleviation in less developed and low income OIC countries, the 32<sup>nd</sup> ICFM thanked Malaysia for hosting a series of senior officials meetings of the "Steering Committee to Establish a Capacity Building Programme for OIC Countries" to consider the Programme's contents and its appropriate mechanism.

Stressing the role of the IDB in facilitating the implementation of the Programme and understanding that participation in the Programme is on a voluntary basis, the 32<sup>nd</sup> ICFM called upon the Member States to extend all support to the Programme in the spirit of progress and development of the Islamic Ummah.

This programme (CBP40ICC) was initiated by the Government of Malaysia, in its capacity as the Chairman of the 10<sup>th</sup> Islamic Summit Conference, for the least developed and low income OIC Member States to alleviate poverty problem in less developed and low income OIC Member States.

The objective of this Programme is to assist in formulating appropriate projects to strengthen capacity building to enhance human resources development, institutional, organizational, management skills, including the development of infrastructures. It is proposed that such capacity building could cover a range of activities including health, education, agriculture, science and technology, and information and communication technology (ICT) which have the potential to generate income and employment.

All OIC Member States are eligible to participate in the CBP40ICC either as a recipient or contributor country. Members of the OIC are welcome to offer proposals for

projects to be implemented. All projects under this Programme will primarily be undertaken in the recipient countries.

It is a framework Programme bringing together the relevant OIC Member States, private sector of the OIC countries and existing institutions such as the Islamic Development Bank (IDB) in order to exploit the potentials of targeted countries to bring about a win-win solution for all parties.

Malaysia coordinates closely with the IDB in formulating the details of the Programme, including identifying participating countries and doable projects. The IDB plays an active role in the following manner:

- i) Identify viable projects which have the potential to generate income and employment in the targeted countries;
- ii) Working with governments, facilitate the undertaking of these projects including addressing the issue of funding.

This Programme does not entail the establishment of a new Fund, as its thrust is to utilize existing resources and institutions.

It aims to complement existing programmes and projects undertaken by the OIC Member States relating to capacity building for poverty alleviation. Close consultation and coordination among all involved parties at all levels is required to avoid duplication of efforts in this area.

An interim Steering Committee has been established comprising Senior Officials from Brunei Darussalam, Islamic Republic of Iran, Republic of Indonesia, Hashemite Kingdom of Jordan, Malaysia, Republic of Turkey, State of Kuwait, State of Qatar, Islamic Republic of Pakistan, Kingdom of Saudi Arabia, Sultanate of Oman, the United Arab Emirates, Kingdom of Morocco, Arab Republic of Egypt, Republic of Yemen, and the Republic of Senegal. Participation in the Steering Committee and in the implementation of the projects under this Programme is not mandatory but on a voluntary basis.

This Programme has shown a significant progress in less than a year since its start with the convening of the First Meeting of the Steering Committee in Kuala Lumpur, Malaysia, on 10 December 2004. Malaysia hosted a series of senior officials meetings of the "Steering Committee to Establish a Capacity Building Programme for the OIC Member States" to discuss the Programme's contents and its appropriate mechanism. On 29 March 2005 in Kuala Lumpur, Prime Minister of Malaysia, Dato Seri Abdullah Ahmad Badawi, launched the Programme.

Under the first phase of this programme (2005-2006), three pilot projects were identified as follows:

- Capacity Building for the Development of Fisheries Sector in Bangladesh,
- Capacity Building in Planning, Negotiating and Management for Exploitation of Oil and Mineral Resources in Mauritania, and
- Capacity Building in Palm Oil Industry, and Animal Farming Technology in Sierra Leone.

The Third Meeting of the Steering Committee was held at the IDB Headquarters, Jeddah, Kingdom of Saudi Arabia on 5-6 Ramadan 1426H (8-9 October 2005). The meeting was co-chaired by Tan Sri Ahmad Fuzi Haji Abdul Razak, Secretary General of the Ministry of Foreign Affairs, Malaysia and Dr. Amadou Boubacar Cisse, Vice-President (Operations), Islamic Development Bank.

This meeting brought together -for the first time- technical experts from the beneficiary countries (i.e. Bangladesh, Indonesia, Mauritania and Sierra Leone), with members of the Steering Committee and private sector representatives.

After discussing issues related to 'multi-party' partnership for alleviating poverty through creation of economic opportunities and better capacities in the least developed member countries, the meeting adopted following decisions and recommendations:

- (i) Endorsed the projects for Bangladesh, Indonesia, Mauritania, and Sierra Leone, and charted out the next steps leading to their implementation. (Recently, IDB conceptually cleared an allocation of US\$ 24 million to finance four capacity building projects in these countries);
- (ii) Emphasized the need for the capacity building initiative to be continuously nurtured and developed; a task force comprising representatives of OIC, IDB and Malaysia could study modalities for the conduct of the business of the initiative and its possible institutionalization.
- (iii) Asked IDB to establish and avail online a database of skills and expertise in the various fields of economic management and development, to be accessible by all member countries interested in offering or obtaining capacity building assistance.
- (iv) Commended PETRONAS, Malaysia, for its contribution to capacity building and economic growth in the member countries, as demonstrated by its commitment, solidarity and social responsibility in Sudan and by its strong desire to assist Mauritania in the framework of this initiative.
- (v) Similarly, commended the Government of Malaysia, through its Technical Cooperation Programme, on the role it has played in building the capacities and contributing to the economic development of several OIC member countries.
- (vi) Agreed to include Burkina Faso, Comoros, Guinea, Maldives, Palestine, Senegal and Somalia under Phase II of the Programme.

Recently, the Fourth Meeting of the Steering Committee was held in Bandar Seri Begawan, Brunei Darussalam on 29-30 March 2006. The Meeting was hosted by the Ministry of Foreign Affairs and Trade, Brunei Darussalam and chaired by His Excellency Datuk Rastam Mohd Isa, Secretary General of the Ministry of Foreign Affairs, Malaysia.

The Meeting reviewed the status of implementation of the four ongoing pilot projects (in Bangladesh, Indonesia, Mauritania and Sierra Leone) and encouraged the parties concerned to work towards their successful implementation.

The Meeting also reviewed the status and steps taken by the IDB in the preparation of projects for the Second Phase of the CPB40ICC. The Committee agreed to consider four projects for implementation in the Second Phase as recommended by the IDB namely, Guinea (mango processing), Jordan (wind energy/improving investment environment), Maldives (fisheries), and Yemen (Economic Policy Formulation), without prejudice to the other projects identified earlier at the Third Steering Committee Meeting, namely, Burkina Faso, Comoros, Palestine, Senegal and Somalia. The Meeting also agreed to consider the request from Senegal to develop their industrial sector.

The Meeting also stressed the importance of involving the private sector in the Capacity Building Programme as envisaged in the original concept of the Programme. To this end, it urged that information on the Programme as well as identified Projects be disseminated to all OIC Member States as well as the relevant OIC institutions such as, Islamic Solidarity Fund (ISF), Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) and Islamic Chamber of Commerce and Industry (ICO) as well as national chambers of commerce and industries, trade and professional associations.

Malaysia briefed the Committee on the financial commitment of Malaysia, amounting to more than US\$ 3 million, for the ongoing Pilot projects under Phase One of the Programme.

The OIC representative also briefed the Meeting on the status of the implementation of the OIC Ten Year Programme of Action, adopted at the 3<sup>rd</sup> Extraordinary Summit held in Makkah Al Mukarramah in December 2005. The OIC Ten-Year Programme of Action called upon the Member States to participate in international efforts to support programmes aimed at alleviating poverty and capacity-building in the Least-Developed Member States of the OIC. The OIC General Secretariat is closely following this issue, of great importance to the Member States.

## **VIII. COOPERATION IN ENERGIZING TRADE AND INVESTMENT IN COTTON**

The 28<sup>th</sup> Session of the Islamic Commission considered the matter as a follow up to the Resolution No. 39/31-E on Inequity of International cotton Trade and its Impact on the Poorest Producer Countries adopted by the 31<sup>st</sup> ICFM. The Commission in its consideration of the matter took into account the outcome of the Forum on "Energizing Trade and Investment in the Cotton Sector of the OIC Member States" held in Ouagadougou on 18-19 April, 2005.

It also considered the initiative of the Secretary General to contact the heads of State and Government during his visit to some African countries, namely Burkina Faso, Chad, Mali, The Gambia, Senegal and Niger from 24 to 31 March 2005, to obtain first hand information on the prevailing socio-economic conditions in these countries, and on the efforts being implemented or planned to help them economically and socially. During this tour, it was agreed, inter alia, to energize the development of food and cotton industries in these countries through the promotion of joint ventures among the Member States.

In this connection, the OIC General Secretariat in cooperation with the Government of Burkina Faso, the Islamic Development Bank (IDB) and the Islamic Centre for Development of trade (ICDT), a Forum on "Energizing Trade and Investment in the Cotton Sector of OIC Member States" in Ouagadougou, Burkina Faso on 18-19 April 2005. The main objective was to discuss the ways and means of increasing the value-added in cotton sector in Africa.

Recently, a follow up meeting of the Ouagadougou Forum on "Energizing Trade and Investment in the Cotton Sector in the OIC Member States" was held at the Headquarters of the Islamic Centre for Development of Trade (ICDT) in Casablanca, Kingdom of Morocco on 3 February 2006, between the representatives of the Ministry of Commerce and Industry of Burkina Faso and the ICDT.

The Islamic Development Bank (IDB) organized the first "Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in Cotton Producing Member States" at the IDB Headquarters in Jeddah, on 22-23 March 2005. The first Cotton EGM emphasized the significance of cotton production in national economies of many Member States. It also highlighted the possible role of multilateral financing institutions, like the IDB. The EGM developed a detailed Action Plan which comprises actions at the national, regional and international/IDB Group level for enhancing cooperation among OIC cotton-producing member countries, particularly in areas related to productivity and competitiveness.

In this connection, the Republic of Turkey hosted the "Second Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries" from 28-30 March 2006 in Izmir, Republic of Turkey. Recommendations adopted by the Expert Group Meeting were circulated to all concerned OIC Member States and submitted to the 29<sup>th</sup> Session of the Islamic Commission for Economic, Social and Cultural Affairs. They will be submitted to the 22<sup>nd</sup> Session of COMCEC and other relevant OIC fora.

The 32<sup>nd</sup> ICFM adopted Resolution No. 24/32 on Cooperation in Energizing Trade and Investment in Cotton Sector. It underlined the necessity of taking all possible measures within the OIC to support the least-developed cotton-producer countries in their legitimate demand of securing greater added value in the processing of this product.

It also called upon the Islamic Development Bank (IDB), in particular, to consider financing cotton processing industry from the resources allocated under the IDB/NEPAD Partnership Programme, for the Least-developed Countries Programme as well as any other source under the IDB Group.

The OIC Ten-Year Programme of Action adopted by the 3<sup>rd</sup> Extraordinary Summit held in Makkah Al Mukarramah in December 2005, also emphasized that special attention needs to be given to Africa, which was the most affected region, due to poverty, diseases, illiteracy, famine, and debt burden. Accordingly, it has devoted a special section for the measures to support African development under the section heading of "Supporting development and poverty alleviation in Africa".

In this connection, OIC Ten-Year Programme of Action envisaged to promote activities aimed at achieving economic and social development in African countries,

including supporting industrialization, energizing trade and investment, transferring technology, alleviating their debt burden and poverty, and eradicating diseases; welcome the New Economic Partnership for African Development (NEPAD), adopt to this end, a special programme for the development of Africa.

Furthermore, while underlining the need to achieve higher levels of development and prosperity, it emphasized that the priority must be given to, inter alia, enhancing economic cooperation, and alleviating poverty in OIC Member States, particularly in conflict-affected areas.

## **IX. IMPLEMENTATION OF THE OIC TEN-YEAR PROGRAMME OF ACTION IN THE FIELD OF ECONOMY**

The Third Extraordinary Session of the Islamic Summit Conference was convened by the Custodian of the Two Holy Mosques His Majesty King Abdullah Bin Abdul Aziz from 7-8 December 2005 in Makkah Al Mukarramah to address the challenges faced by the Muslim world in the 21<sup>st</sup> century and to identify the ways and means to tackle them with a renewed spirit based on the principles of Islamic solidarity.

The outcome of the Summit was a major achievement for the Muslim world as it adopted a document of historical significance, namely, the OIC Ten-Year Programme of Action which provided a blueprint encompassing all spheres of concerns for the Muslim world which required collective action on part of the Ummah.

The basis of the OIC Ten-Year Programme of Action (POA) was the result of deliberations by Muslim scholars and intellectuals during a session convened on 9-11 September 2005 in Makkah Al Mukarramah on the invitation of Custodian of the Two Holy Mosques, who had decided to invite a representative group of scholars in each area to examine the issues confronting the Muslim Ummah. The Panel of scholars from the Muslim world as well as from the non member states deliberated three days all the important issues and thereafter, proposed in the shape of three reports, their recommendations emerging out of three panels on the following three main themes:

- Political and media Affairs
- Economic, education, science and technology affairs
- Islamic thought, intellectual, social and cultural affairs

The syntheses of the recommendations were formulated in the draft report on the three areas for presentation to the Member States during the meeting convened in Riyadh on November 12, 2005. The draft was examined and thereafter, it was decided by the meeting to convene another one close to the extraordinary session. The Second Session of the Senior Officials was convened on November 30, 2005, which presented its draft document to the Foreign Ministers Meeting on 6 December 2006, which approved it with amendments and submitted for adoption by the Summit.

In the Holy city of Makkah Al Mukarramah, the Extraordinary Session of the Islamic Summit Conference of Kings, Heads of State and Government adopted the OIC Ten-Year Programme of Action and founded the basis for progressive and forward looking new vision for the OIC in the 21<sup>st</sup> century.

Following the Summit, the Secretary General decided that follow up and implementation of the OIC Ten-Year Programme of Action should start immediately. In this regard, the Secretary General assigned the responsibility to all the departments within the General Secretariat to prepare, on their respective areas, recommendations on the implementation of the OIC Ten-Year Programme of Action. Simultaneously, the Secretary General addressed letters to the Member States' Foreign Ministers requesting them to provide their inputs and to send their views/comments on the implementation of the OIC Ten-Year Programme of Action in the national and international context. As a further step, the Secretary General invited the OIC Subsidiary Organs, Specialized and Affiliated Institutions to propose their inputs for its implementation and discuss the issue in a meeting to be convened on March 5, 2005 in Jeddah.

All organs of the OIC met on March 5, 2006 and extensively reviewed the provisions of the OIC Ten-Year Programme of Action. The officials of the organs suggested the course of action to be adopted by the individual institutions in their areas for implementing the OIC Ten-Year Programme of Action. The meeting was also attended by the three Standing Committees of the OIC, namely COMSTECH, COMCEC and COMIAC. The Coordination Meeting approved the Roadmap for the implementation of the OIC Ten-Year Programme of Action. (A copy of the Report of the said meeting is attached as Annex-II.)

The OIC Ten-Year Programme of Action (POA) formulates measures and action in the field of economy under the following sub-headings of the main heading of the II) Development, Socio-Economic and Scientific Issues:

1. Economic Cooperation,
2. Support for the Islamic Development Bank (EDB),
3. Social Solidarity in the face of Natural Disasters, and
4. Support for Development and Poverty Alleviation in Africa.

The General Secretariat avails this opportunity to request once again the Member States to finalize their views and comments in response to the letters sent by the Secretary General to the Member States so that the essential input for implementation by the Member States may be incorporated in the Roadmap for the implementation of the OIC Ten-Year Programme of Action.

The following paragraphs review the current status of the OIC Ten-Year Programme of Action in the field of economy. In this part of the document, the paragraphs in bold are directly quoted from the OIC Ten-Year Programme of Action whereas the paragraphs in regular characters reflect the progress relating to and/or action towards its implementation.

## **1. Economic Cooperation**

### **POA II.1.1:**

Call upon the Member States to sign and ratify all existing OIC trade and economic agreements, and to implement the provisions of the relevant OIC Plan of Action to Strengthen Economic and Commercial Cooperation among OIC Member States.



**Progress/Action:**

Ensuring the implementation of PRETAS and launching the 2<sup>nd</sup> round of trade negotiations under the Framework Agreement on Trade Preferential System (TPSOIC). COMCEC and the OIC General Secretariat will adopt appropriate measures with a view to achieve the above objectives.

Call upon the OIC General Secretariat to galvanize the political will to sign and ratify the PRETAS.

Request the OIC General Secretariat, ICDT and SESRTCIC to review the existing agreements and statutes and report thereon to the Standing Committee for Economic and Commercial Cooperation (COMCEC) for consideration.

Set up a committee composed of OIC General Secretariat and its relevant institutions to follow up the implementation of the existing agreements and the statutes.

Strengthen relations between the OIC and the regional economic groupings within the OIC.

**POA II.1.2:**

**Mandate COMCEC to promote measures to expand the scope of intra-OIC trade, and to consider the possibility of establishing a Free Trade Area between the Member States in order to achieve greater economic integration to raise it to a percentage of 20% of the overall trade volume during the period covered by the plan, and call on the Member States to support its activities and to participate in those activities at the highest possible level with delegations possessing the necessary expertise.**

**Progress/Action:**

To consider the possibility of establishing a Free Trade Zone on the basis of the Framework Agreement on Trade Preferential System among the OIC Member States (TPS-OIC) and the Protocol on the Preferential Tariff scheme for TPS-OIC (PRETAS).

Recommend COMCEC to mandate ICCI, ICDT, IDB and SESRTCIC to undertake the necessary study on the possibility of establishing a Free Trade Zone between the Member States.

After a decision is taken by the Standing Committee for Economic and Commercial Cooperation (COMCEC) and the ICFM on the above-mentioned subject, a detailed implementation document will be prepared in accordance with the decision taken.

For promoting intra-OIC trade, ICDT, IDB and ICCI should study the ways and means for achieving this objective.

In this regard, ICCI will undertake the following:

1. Establishing free trade zones in OIC Member States in consultation with concerned Governments of the OIC Member States.
2. Establishing of free trade zone among OIC Member States in coordination with COMCEC.
3. Establishing labour training recruitment companies in OIC Member States in order to provide qualified manpower to the economies of Member States.
4. Establishing investment opportunities exploration companies in OIC Member States.
5. Establishing a business owners association in OIC countries as an affiliated body to ICCI.
6. Establishing of an association for young businessmen as an affiliated body to the ICCI.
7. Establishing private companies for increasing tourist exchange between OIC Member States.
8. Establishing Emaar International Bank as a private Bank for promoting trade and investment in OIC Member States and financing infrastructures support for sustainable development of Member States.
9. Working out in coordination with Member States for removal of customs barriers between OIC Member States through the implementation of the trade preferential system them.
10. Setting up private committees to boost economic and trade cooperation and implement OIC Ten-Year Programme of Action and the COMCEC Plan of Action for strengthening economic and commercial cooperation among OIC Member States.

Additionally, the following activities will also be promoted:

1. Trade Fairs of Islamic Countries;
2. Tourism Fairs of Islamic Countries;
3. Annual Meetings of the Private Sector;
4. Specialised exhibitions and supply/demand workshops on high trading potential products;
5. Businessmen Forums;
6. Virtual Fairs;
7. Business Centres for businessmen meetings;
8. Permanent exhibition of the OIC countries' products at the ICDT's headquarters;
9. Trade Facilitation;
10. Trade Information;
11. More coverage of the OIC activities at the Media of OIC Member States; and
12. Upgrading means of transport such as maritime, air, and land transport through cooperation between ICCI, OISA, IDB, ICDT and in coordination with regional and international organisations and/or institutions.

To ensure effective implementation of agreements signed during OIC Private Sectors Meeting as well as recommendations of OIC Economic Fora, (Istanbul Economic Forum, Putrajaya Economic Forum, Jeddah OIC Economic Forum, Turkish African Economic Forum).

To encourage technical cooperation and harmonization of rules and regulations of OIC Member States in the domain of maritime transport.

To encourage investments in maritime transports in the OIC Member States with a view to provide efficiency and making national maritime transport companies more competitive in the international market.

To support Bakkah Shipping Company (BASCO) with a view to develop a sound and efficient system of transportation, communication and commerce to start a real permanent line between OIC countries' ports from Africa, Mediterranean, Red Sea, Gulf and Far East to expand the scope of intra-OIC trade.

To invite Member States and their maritime companies to register their ships with the Islamic P&I (Protection and Indemnity Club) making insurance coverage for cargo, crew, losses and damages, in order to allow the Club to meet the level of the existing International P&I Club on equal footing with national ships at the Member States seaports.

**POA II.1.3:**

**Promote endeavors for institutionalized and enhanced cooperation between OIC and regional and international institutions working in the economic and commercial fields.**

**Progress/Action:**

The OIC General Secretariat and its relevant institutions are requested to organize a meeting with regional economic groupings within the OIC in order to enhance the intra-OIC trade.

Memoranda of Understanding (MOU) will be concluded to enhance cooperation between related OIC institutions and regional and international institutions working in the economic and commercial fields.

OIC institutions are encouraged to exchange information on memoranda of understandings signed with UN agencies and other international and/or regional economic groupings.

**POA II.1.4:**

**Support OIC Member States in their efforts to accede to the World Trade Organization (WTO), and promote concerted positions between the Member States within the WTO.**

**Progress/Action:**

Request IDB and ICDT to follow up the trade multilateral negotiations of the WTO in this sector and coordinate of the positions of Member States with a view to setting up a common platform of negotiations.

**POAIL.1.5:**

**Call upon the OIC Member States to facilitate the freedom of movement of businessmen and investors across their borders.**

**Progress/Action:**

OIC Member States, the General Secretariat and the ICCI will coordinate their efforts for the implementation of this provision.

**POAIL.1.6:**

**Support expanding electronic commerce among the OIC Member States and call on the Islamic Chamber of Commerce and Industry to strengthen its activities in the field of data and expertise exchanges between chambers of commerce of the Member States.**

**Progress/Action:**

An MOU will be concluded between relevant international institutions, the OIC Secretariat and concerned UN institutions to explore possibilities of launching joint programme projects for capacity building in electronic commerce. This will help reduce the digital gap. This area has great potential for South-South cooperation. The cooperation possibilities among the OIC Member States will also be explored.

IDB, ICCI, ICDT and SESRTCIC provide to Member States whenever necessary, technical assistance in order to work out national strategies as well as required regulations for developing electronic commerce.

**POA II.1.7:**

**Call upon the Member States to coordinate their environmental policies and positions in international environmental fora so as to prevent any adverse effects of such policies on their economic development.**

**Progress/Action:**

COMCEC is expected to take initiatives in this domain.

Request SESRTCIC to create and maintain a special database on environmental indicators and a roster of environmental experts in the OIC Member States.

## **2. Supporting the Islamic Development Bank (IDB)**

### **POA II.2.1:**

**Establish a special fund within the IDB in order to help address and alleviate poverty, and provide job opportunities; and commission the IDB Board of Governors to establish this special fund, including mechanisms for its financing.**

#### **Progress/Action:**

IDB prepared a concept paper on the subject, which elaborates the amount needed for its establishment, and discusses its mechanisms. The Board of Executive Directors of IDB has decided to submit a proposal in this respect to the 31<sup>st</sup> Board of Governors of the Bank scheduled to be held in Kuwait on 30-31 May, 2006 for consideration and approval.

### **POA II.2.2:**

**Mandate the Islamic Development Bank to coordinate with the OIC General Secretariat in order to make the necessary contacts with the World Health Organization and other relevant institutions to draw up a programme for combating diseases and epidemics, to be financed through the special fund that will be created within the IDB.**

#### **Progress/Action:**

A joint task force will be set up comprising IDB, OIC General Secretariat and WHO.

The OIC/IDB coordination group will prepare terms of references for feasibility studies of the programme. These studies will define the scope of the programme, mode of financing and management, and select a consultant for the same.

In a coordination meeting between the OIC General Secretariat and the IDB held on 13 February 2006, it was agreed that this programme should be financed from the special fund to be established within the IDB and three organizations would undertake the preparation of the programme.

### **POA II.2.3:**

**Commission the IDB Board of Governors to take necessary measures for ensuring a substantial increase in the Bank's authorized, subscribed, and paid-up capital, so as to enable it to strengthen its role in providing financial support and technical assistance to OIC Member States, and strengthen the Islamic Corporation for Trade Finance recently established within the IDB.**

#### **Progress/Action:**

Regarding the increase of the IDB's capital, the Bank has prepared a document on the subject and submitted to its Board of Executive Directors. Board of Executive Directors has already approved relevant documents to be submitted to the Annual Board of Governors Meeting in Kuwait in May 2006.

Regarding the Islamic Corporation for Trade Finance, the Bank prepared its Articles of Agreement and submitted them to the meeting at expert's level. Then the meeting after considering them referred it to the Board of Executive Directors. The Articles of Agreement will be considered by the Board of Governors due to be convened in Kuwait in May, 2006.

**POA II.2.4:**

**Urge the IDB to develop its mechanisms and programmes aimed at cooperation with the private sector and to consider streamlining and activating its decision-making process.**

**Progress/Action:**

IDB is undertaking necessary action in this regard.

**POA II.2.5:**

**Urge the IDB and its institutions to promote investment opportunities and intra-OIC trade, and to conduct other feasibility studies to provide the necessary information to develop and promote joint ventures.**

**Progress/Action:**

IDB will undertake necessary action in this regard.

**3. Social solidarity in the face of natural disasters**

**POA II.3. 1:**

**Islam advocates solidarity with, and assistance to, all the needy without discrimination, which requires the Islamic States to develop and adopt a clear strategy on Islamic relief action and support the trend towards cooperation and coordination between individual relief efforts of Islamic States and Islamic civil society institutions on the one hand, and international civil society institutions and organizations on the other hand.**

**Progress/Action:**

ICO, IDB, Islamic Solidarity Fund, Islamic Committee for International Crescent (IOC) and Regional/National Relief Agencies and Organizations in OIC Member States will organize a meeting with a view to working out a strategy on Islamic Relief Action.

ICCI will work for the establishment of an international organization for Zakat in coordination with OIC, IDB and ISF and in consultation with OIC Member States.

POA II.3.2.:

**Help countries affected by these disasters to rebuild their buffer stocks.**

**Progress/Action:**

Invite IDB, ICCI, ISF, ICIC and relief organizations and aid agencies in Member States to coordinate action in achieving this objective.

**4. Supporting development and poverty alleviation in Africa**

**POA II.4.1:**

**Promote activities aimed at achieving economic and social development in African countries, including supporting industrialization, energizing trade and investment, transferring technology, alleviating their debt burden and poverty, and eradicating diseases; welcome the New Economic Partnership for African Development (NEPAD), adopt to this end, a special programme for the development of Africa.**

**Progress/Action:**

Create an African Members' Group on OIC-NEPAD cooperation. The first step would be to bring together the Secretariats of NEPAD and OIC for discussion.

Invite OIC General Secretariat, IDB, SESRTCIC and ICDT to undertake the necessary studies for working out a special programme for Africa.

OIC-IDB coordination group to initiate preparation of terms of reference for the feasibility studies for the programme. The feasibility studies will define scope of the programme, mode of financing, management. The IDB may finance the feasibility studies of the programme.

The feasibility studies will be submitted to an OIC expert group and then to OIC Member States, and ICFM for approval.

Recommend SESRTCIC to work out and keep up to date a special poverty index for OIC Member States with particular reference to Africa.

**POA II.4.2:**

**Call upon the Member States to participate in international efforts to support programmes aimed at alleviating poverty and capacity-building in the Least Developed Member States of the OIC.**

**Progress/Action:**

The 4<sup>th</sup> Meeting of the Steering Committee for Capacity Building for Poverty Alleviation was held in Brunei Darussalam on 29 - 30 March 2006. Projects concerning capacity building in palm oil industry in Sierra Leone, fisheries in Bangladesh, development of

small enterprises and micro credit in Tsunami-affected Banda Aceh and exploration of oil and mineral resources in Mauritania are under implementation.

**POA II.4.3:**

**Urge donor Member States to cancel bilateral and multilateral debts to low income Member States.**

**Progress/Action:**

The OIC General Secretariat has communicated the Programme of Action to all Member States for consideration.

**POA II.4.4:**

**Urge international specialized institutions and organizations to exert greater efforts to alleviate poverty in the Least-Developed Member States and assist Muslim societies, the refugees and displaced in the OIC Member States, and Muslim Minorities and Communities in non-OIC Member States; urge States to contribute to the World Fund for Solidarity and Combating Poverty.**

**Progress/Action:**

The OIC experts level meeting for the implementation of the Brussels Programme of Action for LDCs held at the OIC Headquarters on 6-7 March 2006 is also a part of the implementation process of the provisions of the OIC 10-year programme of action. Therefore, it is necessary to ensure an effective and speedy implementation of the recommendations adopted by this experts level meeting. The expert group meeting has adopted important recommendations in this domain. These recommendations will be submitted to the next Session of the Islamic Commission for Economic, Cultural and Social Affairs and to the Thirty Third Session of the Islamic Conference of Foreign Ministers to be held in Baku, Republic of Azerbaijan, in June 2006.

To ensure coordination for achieving objectives of the Millennium Development Goals, the Brussels Programme of Action for LDCs and the provisions of the OIC Ten Year Programme of Action relating to poverty alleviation.

**X. CONCLUSION AND GENERAL OBSERVATIONS**

The details as elaborated above, relating to the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States, 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, such as food, industry, telecommunications and, in particular, tourism. In fact, in recent years, parallel to changing global conditions, the OIC Member States have shown great interest for development of the tourism sector. While many expert group meetings under the OIC Plan of Action in various sectors could not be held, Tourism Ministers met four times since their first meeting in Isfahan on 2-4 October



2000. The private sector involvement in various OIC activities has also increased considerably.

Sectoral Expert group meetings, which are mandated to review the requirements for implementation of the OIC Plan of Action in each sector and identify specific cooperation projects, have so far been held only in four areas: Money, Finance and Capital Flows (Istanbul, 1-3 September 1997), Foreign Trade Facilitation (Karachi, 24-25 October 1997), Technology and Technical Cooperation (Istanbul, 6-8 May 1998), and Tourism (Tehran, 11-14 July 2005).

Furthermore, although no ministerial meeting has been held in the 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 17<sup>th</sup> 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 recommendations of the said EGM were attached as Annex to the General Secretariat's report on the "Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation among the OIC Member States", submitted to this Meeting. The said document gives details on progress made in the process of implementation of the OIC Plan of Action, draws particular attention to some key recommendations of the aforesaid Experts Group Meeting and puts forward some additional recommendations for the implementation of the OIC Plan of Action.

The OIC Ten-Year Programme of Action adopted by the Third Extraordinary Session of the Islamic Summit Conference held in Makkah Al Mukarramah in December 2005, as reviewed in the previous section, emphasized the importance of the implementation of all the existing OIC trade and economic agreements, as well as the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States. In this regard, it called the Member States to sign and ratify all these agreements and to implement the relevant provisions of the OIC Plan of Action.

It also mandated COMCEC to promote measures to expand the scope of intra-OIC trade, and to consider the possibility of establishing a Free Trade Area between the Member States in order to achieve greater economic integration to raise it to a level of 20% of the overall trade volume during the period covered by the plan (2005-2015), and call on the Member States to support its activities and to participate in those activities at the highest possible level with delegations possessing the necessary expertise.

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

NAMES 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		Protocol on the Preferential Tariff Scheme for TPSOIC (PRE TAS)		Statute of the Islamic Civil Aviation Council		Statute of the Islamic States Telecommunications Union		Statute of the Standards and Metrology Institute for the Islamic Countries (SMIIC)	
	<i>Adopted as per Resolution No 1/8-E of the 8<sup>th</sup> ICFM Tripoli/Libya 16-22/05/1977</i>		<i>Adopted as per Resolution No 7/12-E of the 12<sup>th</sup> ICFM Baghdad/Iraq 1-5/06/1981</i>		<i>Adopted as per Resolution No 1 of the 6<sup>th</sup> COMCEC Istanbul/Turkey 7-10/10/1990</i>		<i>Adopted as per Resolution No 1 of the 21<sup>th</sup> COMCEC Istanbul/Turkey 22-25/11/2005</i>		<i>Adopted as per Resolution No 16/13-E of the 13<sup>th</sup> ICFM Niamey/Niger 22-26/08/1982</i>		<i>Adopted as per Resolution No 17/15-E of the 15<sup>th</sup> ICFM Sana'a/Yemen 18-22/12/1984</i>		<i>Adopted as per Resolution No.1 of the 14<sup>th</sup> COMCEC Istanbul/Turkey 1-4/11/1998</i>	
	(1)		(2)		(3)		(4)		(5)		(6)		(7)	
	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify
Afghanistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albania	-	-	16/11/96	-	-	-	-	-	-	-	-	-	-	-
Algeria	20/5/80	-	-	-	-	-	-	-	-	-	-	-	-	-
Azerbaijan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bahrain	21/05/80	30/08/80	-	-	25/11/05	-	-	-	-	-	-	-	-	-
Bangladesh	05/12/77	18/04/78	04/11/97	-	04/11/97	17/01/04	-	-	10/09/83	05/12/01	-	16/04/88	-	-
Benin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Brunei Darussalam	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Burkina Faso	23/12/85	-	-	19/05/92	14/9/93	-	-	-	21/10/01	-	-	-	21/10/01	-
Cameroon	23/01/78	11/07/83	25/10/94	26/09/95	24/10/94	26/09/95	-	-	-	-	-	-	-	07/07/00
Comoros	28/04/78	16/01/81	-	-	-	-	-	-	-	-	-	-	-	-
Cote d'Ivoire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Djibouti	21/04/79	-	25/08/82	-	-	-	-	-	-	-	-	-	-	-
Egypt	08/11/77	06/06/78	-	16/12/78	15/11/96	31/12/99	25/11/05	-	-	-	11/06/87	07/05/88	-	-
Gabon	23/01/78	-	-	-	-	-	-	-	-	-	-	-	-	-

Annex VI to OIC/COMCEC-FC/22-06/REP

NAMES 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		Protocol on the Preferential Tarriff Scheme for TPSOIC (PRETAS)		Statute of the Islamic Civil Aviation Council		Statute of the Islamic States Telecommunications Union		Statute of the Standards and Metrology Institute for the Islamic Countries (SMIIC)	
	<i>Adopted as per Resolution. No 1/8-E of the 8<sup>th</sup> ICFM Tripoli/Libya 16-22/05/1977</i>		<i>Adopted as per Resolution No 7/12-E of the 12<sup>th</sup> ICFM Baghdad/Iraq 1-5/06/1981</i>		<i>Adopted as per Resolution No 1 of the 6<sup>th</sup> COMCEC Istanbul/Turkey 7-10/10/1990</i>		<i>Adopted as per Resolution No 1 of the 21<sup>th</sup> COMCEC Istanbul/Turkey 22-25/11/2005</i>		<i>Adopted as per Resolution No 16/13-E of the 13<sup>th</sup> ICFM Niamey/Niger 22-26/08/1982</i>		<i>Adopted as per Resolution No 17/15-E of the 15<sup>th</sup> ICFM Sana 'a/Yemen 18-22/12/1984</i>		<i>Adopted as per Resolution No.1 of the 14<sup>th</sup> COMCEC Istanbul/Turkey 1-4/11/1998</i>	
	(1)		(2)		(3)		(4)		(5)		(6)		(7)	
	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify
Gambia	21/05/80	-	04/09/93	-	05/09/93	-			08/11/95	-	08/11/95	-		-
Guinea	26/12/77	10/02/81	08/11/95	20/06/03	08/11/95	20/06/03			08/11/95	20/06/03	08/11/95	20/06/03	-	20/06/03
Guinea-Bissau	-	-	-	-	-	-			-	-	-	-	-	-
Guyana	-	-	-	-	-	-			-	-	-	-	-	-
Indonesia	30/04/79	08/01/80	01/05/83	03/12/83	04/02/92	-			-	-	-	-	-	-
Iran	08/11/95	07/11/95	08/11/95	15/09/94	08/11/95	12/05/93			08/11/95	-	04/09/93	06/10/93	-	-
Iraq	02/07/78	1978	-	-	24/10/01	-			-	27/10/02	21/11/01	-	-	-
Jordan	29/12/77	10/05/79	04/11/98	25/02/99	01/02/93	21/12/98	24/11/05		26/10/94	-	12/03/88	08/04/89	24/11/05	-
Kazakhstan	-	-	-	-	-	-			-	-	-	-	-	-
Kuwait	05/12/77	10/05/80	18/11/81	12/04/83	26/11/04	-			-	-	-	-	-	-
Kyrgyz Republic	-	-	-	-	-	-			-	-	-	-	-	-
Lebanon	15/11/96	26/11/03	15/11/96	06/03/05	15/11/96	11/7/03			-	-	-	-	-	-
Libya	05/12/77	15/04/78	25/10/94	13/02/96	05/02/92	02/11/92			-	-	-	04/01/89	-	-
Malaysia	18/05/78	14/01/81	30/09/87	-	30/06/04	23/08/04	27/03/06		-	-	-	-	-	-
Maldives	17/12/77	-	-	-	-	11/04/06			-	-	-	-	-	-
Mali	27/04/78	08/08/81	-	24/05/82	-	-			-	-	-	-	-	03/05/05
Mauritania	08/11/77	09/05/79	-	-	-	-			-	-	-	-	-	-
Mazambique	-	-	-	-	-	-			-	-	-	-	-	-
Morocco	23/01/78	16/04/79	02/11/81	07/05/90	29/09/93	-			26/10/00	-	30/12/85	-	-	-
Niger	18/05/78	07/08/78	-	-	-	-			08/12/84	-	-	-	-	-
Nigeria	04/11/98	-	04/11/98	-	04/11/98	-			4/11/98	-	04/11/98	-	-	-
Oman	15/04/80	28/04/81	25/10/94	10/12/94	-	-			-	-	-	-	-	-
Pakistan	14/01/78	1978	20/12/81	10/07/82	25/10/94	11/10/93				1989	-	30/04/86	-	-
Palestine	28/04/78	18/03/80	15/03/82	15/03/82	10/09/92	-			22/05/83	-	03/01/87	11/11/86	07/11/99	-

## Annex VI to OIC/COMCEC-FC/22-06/KEP

NAMES 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		Protocol on the Preferential Tarriff Scheme for TPSOIC (PRETAS)		Statute of the Islamic Civil Aviation Council		Statute of the Islamic States Telecommunications Union		Statute or the Standards and Metrology Institute for the Islamic Countries (SMIIC)	
	<i>Adopted as per Resolution No 1/8-E of the 8<sup>th</sup> ICFM Tripoli/Libya 16-22/05/1977</i>		<i>Adopted as per Resolution No 7/12-E of the 12<sup>th</sup> ICFM Baghdad/Iraq 1-5/06/1981</i>		<i>Adopted as per Resolution No 1 of the 6<sup>th</sup> COMCEC Istanbul/Turkey 7-10/10/1990</i>		<i>Adopted as per Resolution No 1 of the 21<sup>th</sup> COMCEC Istanbul/Turkey 22-25/11/2005</i>		<i>Adopted as per Resolution No 16/13-E of the 13<sup>th</sup> ICFM Niamey/Niger 22-26/08/1982</i>		<i>Adopted as per Resolution No 17/15-E of the 15<sup>th</sup> ICFM Sana'a/Yemen 18-22/12/1984</i>		<i>Adopted as per Resolution No, 1 of the 14<sup>th</sup> COMCEC Istanbul/Turkey 1-4/11/1998</i>	
	(1)		(2)		(3)		(4)		(5)		(6)		(7)	
	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify	Sign	Ratify
Qatar	24/09/78	09/09/80	26/10/00	05/11/02	26/11/04	-			21/10/01	05/11/02	-	-	-	-
Saudi Arabia	14/01/78	27/06/79	23/09/85	17/09/84	10/09/92	-			-	11/04/04	-	-	-	-
Senegal	25/12/77	28/02/79	17/06/87	30/06/94	09/09/91	30/06/94			17/06/87	04/02/89	17/06/87	04/02/89	-	-
Sierra-Leone	-	-	-	-	-	-			-	-	-	-	-	-
Somalia	24/12/78	-	19/12/83	25/11/84	-	-			-	-	-	-	-	-
Sudan	14/01/78	-	20/12/81	30/05/02	13/05/92	-			04/09/93	-	04/09/93	-	26/10/00	28/01/03
Suriname	-	-	-	-	-	-			-	-	-	-	-	-
Syria	04/06/78	15/07/80	21/10/01	-	26/11/04	27/11/05			-	02/04/02	-	-	07/11/99	-
Tajikistan	04/11/97	-	04/11/97	-	-	-			-	-	-	-	-	-
Tchad	27/04/78	-	-	-	14/01/92	-			-	-	-	-	-	-
Togo	-	-	-	-	-	-			-	-	-	-	-	-
Tunisia	27/01/79	13/04/80	10/06/82	11/11/83	21/01/93	31/07/00	25/11/05	-	06/01/83	11/11/83	08/11/95	14/02/00	18/09/01	-
Turkey	29/12/77	02/07/82	16/07/87	09/02/91	23/09/91	28/11/91	25/11/05	-	-	-	-	-	07/11/99	—
Turkmenistan	-	-	-	-	-	-			-	-	-	-	-	-
U.A.E	29/12/77	1979	12/02/89	14/01/89	26/11/04	15/08/05			30/05/89	21/03/89	30/05/89	21/03/89	-	-
Uganda	08/08/78	14/11/01	26/11/87	10/02/87	05/09/93	14/11/01			-	-	-	-	-	-
Uzbekistan	-	-	-	-	-	-			-	-	-	-	-	-
Yemen	29/12/77	-	12/06/82	-	-	-			25/10/94	-	25/10/94	-	-	-
TOTAL	41	29	30	24	29	17	5	-	16	10	14	11	7	4

Original: English

**REPORT OF THE**  
**COORDINATION MEETING OF THE**  
**OIC INSTITUTIONS FOR THE IMPLEMENTATION OF THE**  
**OIC TEN-YEAR PROGRAMME OF ACTION**

**JEDDAH, KINGDOM OF SAUDI ARABIA**  
**5 MARCH 2006**

1. The Coordination Meeting of the OIC Institutions for the Implementation of the OIC Ten-Year Programme of Action was held in Jeddah, Kingdom of Saudi Arabia, on 5 March 2006, on the invitation of the Secretary General of the OIC.

2. The Coordination Meeting of the OIC Institutions for the Implementation of the OIC Ten-Year Programme of Action was attended by the representatives of the General Secretariat and following subsidiary organs, specialized and affiliated Institutions:

1. Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC).
2. Research Centre for Islamic History, Art & Culture (IRCICA).
3. Islamic Centre for Development of Trade (ICDT).
4. Islamic Fiqh Academy (IFA).
5. Islamic University of Technology (TUT).
6. Islamic Development Bank (IDB).
7. Islamic Organization for Education, Science and Cultural (ISESCO).
8. Islamic Chamber of Commerce and Industry (ICCI).
9. Organization of the Islamic Shipowners' Association (OISA).

3. The Meeting was also attended by the Standing Committee for Economic and Commercial Cooperation among OIC Member States (COMCEC), the Standing Committee for Science and Technology (COMSTECH) and the Standing Committee for Information and Cultural Affairs (COMIAC).

*(A List of Participants is attached as Annex 1)*

**OPENING SESSION**

4. The Meeting started with a recitation of verses from the Holy Qur'an.

5. The inaugural session ceremony was chaired by H.E. Prof. Ekmeleddin IHSANOGLU, Secretary General of the OIC.

6. In his opening address, H.E. Prof. Ekmeleddin IHSANOGLU, paid tribute to the Custodian of the Two Holy Mosques, King Abdullah Bin Abdul Aziz, who called for the convening of the 3<sup>rd</sup> Extraordinary Session of the Islamic Summit Conference in Makkah Al-Mukarramah, and steered its deliberation to the successful conclusion of adopting the historic OIC Ten-Year Programme of Action. He further stated that this Plan of Action will give the OIC a new goals and objectives and prefer the Islamic Ummah who is facing the challenges of the new century. The Secretary General of the OIC further indicated that this meeting is designed to bring the family of the OIC together in a bid to reflect together on the implementation task before us, defining the role of each institution and exploring its capacity to undertake the responsibilities falling within its scope. His Excellency invited all participants to review thoroughly the draft Road Map prepared by the OIC General Secretariat with contribution from OIC subsidiary organs, specialized and affiliated institutions and submit appropriate proposals with a view of ensuring steady and effective implementation of the Programme of Action.

*(A copy of the address of H.E. Prof. Ekmeleddin IHSANOGLU, Secretary General of the OIC is attached as Annex 2)*

7. The Meeting then addressed by the Director-General of ISESCO, the Director-General of Islamic Fiqh Academy (IFA), the President of the Islamic Chamber of Commerce and Industry (ICO), the Director of Cooperation Office at the Islamic Development Bank (IDB), the Director-General of the Research Centre for Islamic History, Art and Culture (IRCICA), the Director-General of the Islamic Centre for Development of Trade (ICDT), the Assistant Director-General of Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC), the Vice-Chancellor of the Islamic University of Technology (IUT) and the Secretary General of the Organization of the Islamic Shipowners' Association (OISA).

8. The Meeting was also addressed by the Head of COMCEC Coordination Office, the Coordinator General of COMSTECH and the Representative of Senegal on behalf of the COMIAC.

9. The Meeting established the following two Committees:

- a- Education, Culture, Science, Technology, Media and others chaired by Dr. Ali Akbar Salehi, Assistant Secretary General of the OIC for Science and Technology.
- b- Economic Affairs co-chaired by Mr. Tori Limangana, Assistant Secretary General of the OIC for Economic Affairs and Ambassador Nabika Diallo, Adviser to the Secretary General.

**PROCEEDINGS OF EDUCATION, SCIENCE, TECHNOLOGY AND MEDIA COMMITTEE**

10. The Committee was chaired by Dr. Ali Akbar Salehi, Assistant Secretary General for Science and Technology, and was attended by representatives from ISESCO, IRCICA, Islamic Fiqh Academy, IDB, ISF, IUT, ICCI and the Standing Committee for Information and Cultural Affairs (COMIAC). In his opening remarks, Dr. Salehi explained the reasons behind holding the meeting. He stated that it meant to exhaust good ideas and propose what could speed up the implementation process of the Program of Action. He emphasized that the road map will be a guiding paper and the detailed work lies on the burden of Member States and the concerned institutions. He indicated that all institutions are required to prepare a comprehensive, detailed and defined programs that would address the relevant issues by taking into account the following elements:

- The objective goals
- The delivery system (tools and means)  
The financial resources  
The time frame

11. He asked all institutions to provide the General Secretariat with their progress reports on the implementation process in order to include them in the final progress report to be presented to the ICFM and the Summit meetings.

12. The meeting considered all issues contained in the road map for the implementation of the Program of Action related to Education, Science, Technology and Media and approved the revised road map with the new proposals presented by the representatives of the OIC institutions .

**PROCEEDINGS OF THE ECONOMIC AFFAIRS COMMITTEE**

13. The Meeting of the Economic Affairs Committee was addressed by Sheikh Saleh Kamel, President of the Chamber of Commerce and Industry (ICCI) who presented a programme comprising many activities which were considered by a meeting recently organized among ICCI, IDB, OISA and some other Institutions.

14. The Meeting discussed these proposals which were incorporated in the Draft Road Map for the implementation of the Programme of Action.

15. The Meeting considered Chapter 2 titled Socio-economic Development and after thorough examination approved the revised Draft Road Map with some amendments for the following items:

- 1- Economic cooperation.
- 2- Supporting the Islamic Development Bank (IDB).

- 3- Social solidarity in the face of natural disastrous.
- 4- Supporting development and poverty alleviation in Africa.

### **CLOSING SESSION**

16. The closing ceremony was chaired by H.E. Prof. Ekmeleddin Ihsanoglu, Secretary General of the OIC who reiterate the importance of strengthening cooperation and coordination between the OIC Institutions with a view of improving their efficiency in the service of the Ummah so that it will be in better position to face the challenges of the 21<sup>st</sup> Century.

17. The Meeting adopted the Road Map for the Implementation of the OIC Ten-Year Programme of Action.

*(The Road Map is attached as Annex 3 - OIC/10Y-PoA/RM/2006/Final)*

18. The Meeting adopted its report and draft Road Map for the Implementation of the OIC Ten-Year Programme of Action which will be submitted to the Islamic Commission for Economic, Social and Cultural Affairs, the Senior Officials Meeting preparatory to the 33<sup>rd</sup> ICFM, to the 22<sup>nd</sup> Session of COMCEC, to COMSTECH, COMIAC and other relevant OIC fora.

19. The Meeting exchanged views on the preparation of the UN-OIC Coordination Meeting to be held in Rabat, Kingdom of Morocco, from 11-13 July 2006 and directed all OIC Institutions to actively prepare this meeting. The Meeting also decided that the UN-OIC Coordination will focus on the implementation of the 10-Year OIC Programme of Action.

20. The Meeting requested all OIC concerned Institutions to submit their reports to the OIC General Secretariat for the UN-OIC meeting by end of April 2006 so that the OIC prepare a comprehensive report to be submitted to the UN Institutions..



**ANNEX**

**VII**



**Original: English**

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

**22<sup>ND</sup> MEETING OF THE FOLLOW-UP COMMITTEE OF THE STANDING  
COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)**

**İzmir, Republic of Turkey  
23-25 May 2006**

**I. Introduction:**

The 21<sup>st</sup> COMCEC, held in Istanbul on 22-25 November 2005, requested the General Secretariat (at paragraph 11 of Resolution I) to continue submitting 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 said resolution.

**II. Background Information on the Plan of Action:**

The Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States was adopted by the Third Islamic Summit Conference meeting held in Makkah Al Mukarramah, Kingdom of Saudi Arabia, on 25-28 January 1981. The Sixth Islamic Summit (Dakar, 9-11 December 1991) 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 (22-25 October 1994). This document together with the Strategy approved by the COMCEC was endorsed by the Seventh Islamic Summit Conference (Casablanca, 13-15 December 1994) in its Resolution 8/7-E(IS). The 1994 Plan identified the sectoral objectives and programmes of action in the following fields:

- Food, Agriculture and Rural Development;
- Industry;
- Energy and Mining;
- Foreign Trade;
- Transport and Communications;
- Tourism;
- Money, Banking and Capital Flows;
- Technology and Technical Cooperation;

- Human Resource Development; and
- Environment.

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 organizational 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 remains with the concerned project committee(s).

### **IV. Implementation of the Plan:**

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 (EGM) to identify specific cooperation projects.

After the approval of the OIC Strategy and the Plan of Action by the Tenth Session of the COMCEC, three sectoral Expert Group Meetings were convened during 1997-98 period. 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 organized the Expert Group Meeting on Foreign Trade Facilitation of the OIC Member States in Karachi from 24-25 October 1997. The Government of the Republic of Turkey organized the Expert Group Meeting on Technology and Technical Cooperation in Istanbul from 6-8 May 1998.

A number of cooperation projects and project ideas emerged from these meetings. The reports 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 the necessary details on their project proposals in the prescribed Projects Profile Forms. 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.

Despite the efforts made, the slow progress in implementation of the OIC Plan of Action became a source of concern for the COMCEC. The 15<sup>th</sup> 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 16<sup>th</sup> Meeting held in Istanbul on 9-11 May 2000 deliberated on the possible ways and means to accelerate the implementation of the Plan and forwarded a number of recommendations to the 16<sup>th</sup> Session of COMCEC.

The 16<sup>th</sup> COMCEC resolved that an open-ended expert group meeting be convened "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. During the meeting, the experts came up with a number of recommendations which were submitted to the 17<sup>th</sup> Session of COMCEC through the 17<sup>th</sup> Meeting of the Follow-up Committee of COMCEC. The 17<sup>th</sup> COMCEC approved the recommendations of the expert group meeting (Annex-II).

Recommendation 13 of the Expert 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, appraise and provide the necessary financial and technical support to the proposed cooperation projects. The COMCEC Coordination Office at the request of COMCEC undertook a study and presented it to the 18<sup>th</sup> 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 finalize the study for submission to the 19<sup>th</sup> Meeting of the Follow-up Committee of COMCEC.

The COMCEC Coordination Office carried out the necessary consultations with the relevant OIC institutions including discussion during the consultative meetings of OIC institutions working in the field of economic and commercial cooperation. The study was further reviewed in the meeting of the Working Group held in Ankara on 25-27 March 2003.

The 19<sup>th</sup> Meeting of the Follow-up Committee took note of the study and called upon the Member States to communicate their views by 15 July 2003, where upon the COMCEC Coordination Office was to finalize the study in consultation with the OIC General Secretariat and the relevant OIC institutions. Subsequently, the 19<sup>th</sup> Session of COMCEC endorsed the supplementary mechanism as developed by the COMCEC Coordination Office in cooperation with the OIC General Secretariat and the relevant OIC institutions.

The COMCEC further 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 modifications in the Statute and the Rules of Procedure of COMCEC.

The Sessional Committee with its new responsibility under the modified Statute and the Rules of Procedure (as approved by the 19<sup>th</sup> COMCEC) has already held so far seven meetings, reports of which had been submitted to COMCEC as well as circulated to the Member States.

The 19<sup>th</sup> COMCEC appealed to the Member States that were the proponents of projects to expedite the formation of the project committees as envisaged in the Plan of Action with a view to implementing the projects proposed at the sectoral experts group meetings. The Sessional Committee also agreed to review all the projects proposed by the sectoral EGMs. Accordingly, the General Secretariat circulated the aforementioned project proposals to all Member States with the request to indicate their interest on them. Additionally, the sponsors of the projects were requested to fill in the project profile forms and to send their responses to the General Secretariat. In the interest of avoiding any further delay in making progress in the implementation of the Plan of Action, Member States sponsoring projects were requested to communicate their responses by 15 May 2004 with the stipulation (as directed by COMCEC) that, should there be no response from a sponsor within the deadline, it would be assumed that the sponsor was no longer interested in the project and it would be removed from the list of projects. This was followed up by a reminder (addressed to the Permanent Representatives of the Member States sponsoring projects) on 30 August 2004.

At the 5<sup>th</sup> Sessional Committee Meeting, held during the 20<sup>th</sup> Session of the COMCEC in November 2004, the project proposals which had already been proposed at the three sectoral expert group meetings (Money, Finance and Capital Flows; Foreign Trade Facilitation; Technology and Technical Cooperation) were reviewed. After deletion of some project proposals from the project list due to their earlier realization or absence of interest, the Sessional

Committee adopted a new project list. The 20<sup>th</sup> COMCEC, taking note of the review undertaken by the Sessional Committee at its fourth and fifth meetings on the project proposals, approved in principle the deletion of the projects listed in paragraph 16 of the Report of the 5<sup>th</sup> Sessional Committee Meeting.

At the 6<sup>th</sup> Sessional Committee Meeting held during the 28<sup>th</sup> Session of the Islamic Commission for Economic, Cultural and Social Affairs in Jeddah on 4 May 2005, some OIC institutions were assigned as coordinator for the implementation of the six priority projects. The 21<sup>st</sup> Meeting of the Follow-up Committee of the COMCEC, held in Istanbul on 10-12 May 2005 approved the recommendations of the 6<sup>th</sup> Sessional Committee, including the designation of the some of the subsidiary organs and affiliated institutions of the OIC to coordinate the work needed for the implementation of the six project proposals made by the Republic of Turkey, and called necessary action to be taken towards this end.

The 7<sup>th</sup> Sessional Committee Meeting held in Istanbul on 21 November 2005 before the 21<sup>st</sup> Session of the COMCEC, reviewed the progress achieved with respect to the already proposed cooperation projects and also considered the additional projects. (The revised project list is attached as Annex-I.)

Regarding the Project Proposal on the 'Establishment of Energy Technology Network (en-tech-net) among the Member States, Islamic University of Technology (IUT) was designated as the coordinator of the project.

Regarding the Project Proposals on the 'Satellite Control and Monitoring Centre (SATCMC)' and the 'Low Earth Orbit Satellite', the Committee noted that the private sector may have some interest in these Projects in promoting linkages among the media of OIC Member States and called upon the owner to prepare the necessary documentation and to contact the ICCI.

Regarding the Project Proposal on the 'Creation of a Network of Cross-Border Parks on Tourism and Reserves in West Africa', proposed in the Expert Group Meeting on the Implementation of the OIC Plan of Action in the Area of Tourism, held on 11-14 July 2005 in Tehran, Islamic Republic of Iran, the Committee designated the ICDT as the coordinator of the project.

The Committee agreed to submit these additional Projects to the 21<sup>st</sup> Session of the COMCEC for their inclusion in the existing list of Projects.

The 21<sup>st</sup> Session of the COMCEC took note of the Report of the Sessional Committee and approved the recommendations contained therein.

**V. Follow-up on the Decisions of the 21<sup>st</sup> Session of COMCEC:**

The appeal addressed by the 21<sup>st</sup> Session of the 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 OIC Secretary General addressed letters to the Member States' Foreign Ministers on the same. The Secretary General also stated that accelerating, the implementation of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation, Including the signing and ratification of the OIC Agreements and Statutes would help the Islamic world increase intra-OIC trade, reduce poverty in OIC Member States, address marginalization and other challenges posed by globalization and liberalization.

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 signature and ratification of OIC Agreements and Statutes as per the appeal of the COMCEC.

The First Round of Trade Negotiations, held in Antalya from April 2004 to March 2005 has been successfully concluded with the preparation of the Draft Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS)" by the Trade Negotiating Committee (TNC). This Protocol was finalized at a special Session organized on the sidelines of the 21<sup>st</sup> Session of the COMCEC. on 23 November 2005 and adopted by the same.

The General Secretariat also invited the Members of the Trade Negotiating Committee (TNC) who have not yet signed or ratified, to kindly expedite the signing and ratification of the PRETAS.

In this regard, it is worth mentioning that the number of Member States who signed the PRETAS increased to 5 when the Minister of International Trade and Industry of Malaysia signed the Protocol on Preferential Tariff Scheme for TPS-OIC (PRETAS) at a signing ceremony held at the OIC Headquarters on March 27, 2006, in addition to the Arab Republic of Egypt, the Hashemite Kingdom of Jordan, the Republic of Tunisia and the Republic of Turkey who signed the Protocol during the 21<sup>st</sup> Session of the COMCEC. It will enter into force upon ratification by 10 Member States. Furthermore, the number of countries who ratified the Framework Agreement on the Trade Preferential System (TPS-OIC) also increased to 17 with the receipt of the ratification document of the Republic of Maldives by the OIC General Secretariat on April 11, 2006.

The 21<sup>st</sup> COMCEC underlined the importance of the implementation of the recommendations of the Expert Group Meeting for Accelerating the Implementation of the OIC



Plan of Action for Economic and Commercial Cooperation held in Istanbul, Republic of Turkey, on 6-7 May 2001 which was approved by the 17<sup>th</sup> Session of the COMCEC. (Copy attached as Annex-II.)

The 21<sup>st</sup> COMCEC requested the Member States that have already offered to host sectoral experts group meetings to expedite the convening of the said meetings; and also called the Member States offering to host the Experts Group Meetings may kindly do so by May 2006 after which deadline, it could be open to other Member States willing to host the same meeting as decided by the COMCEC.

It also appealed to Member States to come forward with proposals for hosting sectoral or inter-sectoral Expert Group Meetings in the priority areas of the Plan of Action, where no EGM has so far been held.

Meanwhile, the fourth sectoral EGM on tourism was hosted by the Government of the Islamic Republic of Iran in Tehran from 11-14 July 2005. The Expert Group discussed the Tourism Section of the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States and recommended a set of Means and Modalities for Implementation. One of these recommendations is on the Creation of a Network of Cross-Border Parks and Reserves in West Africa, which is a joint project initiated by Gambia, Guinea, Guinea-Bissau, Mali, Mauritania, and Senegal. The Expert Group took note with appreciation of the said project and agreed to submit it for consideration to the 21<sup>st</sup> Session of the COMCEC. These recommendations were considered and endorsed by the 21<sup>st</sup> Session of the COMCEC. The joint project on the Creation of a Network of Cross-Border Parks and Reserves in West Africa was included among the list of the cooperation projects and the ICDT was designated as the coordinator of the project.

The First Tourism Fair of Islamic Countries was held under the theme "OIC Tourism: A Meeting Point of Peace and Tolerance", jointly organized by the competent authorities of the Republic of Turkey (Ministry of Culture and Tourism, TURSAB, CNR) and the ICDT in Istanbul, from 24-26 November 2005, concurrently with the 21<sup>st</sup> Session of the COMCEC. The second, third and fourth Tourism Fairs of Islamic Countries will be hosted by the Republic of Lebanon, the Arab Republic of Egypt, and the Syrian Arab Republic, respectively.

The first Private Sector Forum on Tourism will be organized by the ICCI in collaboration with the Supreme Council of Tourism of the Kingdom of Saudi Arabia and the Council of Saudi Chamber of Commerce and Industry. The dates will be announced. The Second Private Sector Forum on Tourism will be hosted by the Republic of Mali in 2007.

The 20<sup>th</sup> Session of the COMCEC has chosen the "Role of Tourism in the Promotion of Economic Cooperation among OIC Member States" as the topic for Exchange of Views at its 21<sup>st</sup> Session. In compliance with this Resolution (1), the ICDT organized, under the auspices of

the Ministry of Tourism, Handicraft and Social Economy of the Kingdom of Morocco and in collaboration with the IDB and the other OIC institutions, a workshop on this topic in Casablanca on 14-15 June 2005. The outcome of the workshop was submitted to the 21<sup>st</sup> Session of the COMCEC as an input for the exchange of views session. The 21<sup>st</sup> COMCEC endorsed the recommendations of the workshop, and called upon OIC Member States to endeavour to implement them.

The 21<sup>st</sup> Session of COMCEC has chosen the theme "Capacity Building on Facilitation of Trade and Investment" as the topic for Exchange of Views at the 22<sup>nd</sup> Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC) to be held on 21-24 November 2006 in Istanbul, Republic of Turkey.

As requested by the COMCEC, Islamic Development Bank (IDB) is expected to organize a workshop on this topic in collaboration with the OIC General Secretariat and any other international organization, prior to the Twenty Second Session of the COMCEC. The outcome of the workshop is to be submitted to the 22<sup>nd</sup> Session of the COMCEC as an input for the exchange of views.

The 21<sup>st</sup> COMCEC also reiterated the need to involve the private sector in developing cooperation projects for consideration by the expert group meetings to be held under the various priority areas identified in the Plan of Action. In this regard, the Islamic Chamber of Commerce and Industry (ICCI) as an affiliated institution of the OIC continued its efforts in organizing private sector meetings as directed by the COMCEC for an effective implementation of the Plan of Action. So far, 11 private sector meetings have been convened in various OIC countries, the last one held in Manama, Kingdom of Bahrain, from 5-7 February 2005. Concurrently, the Kingdom of Bahrain hosted the 10<sup>th</sup> Islamic Trade Fair in Manama from 5-9 February 2005 in cooperation with the Islamic Centre for Development of Trade (ICDT) and the Islamic Chamber of Commerce and Industry (ICCI).

#### **VI. 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 emphasized 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 8 to 11 July 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 Fourth Islamic Conference of Ministers of Tourism was held on 28-30 March, 2005 in Dakar, Senegal, which adopted a resolution on tourism development along with the Dakar Declaration. The Fifth Islamic Conference of Tourism will be held in Baku Azerbaijan from 9-12 September 2006. The 21<sup>st</sup> Session of the COMCEC urged the OIC Member States to actively participate in this Conference.

## **VII. 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 on 6-7 May, 2001, which were endorsed by the 17<sup>th</sup> Session of COMCEC (Annex-II). In particular, the first one underlined 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."

In fact, a strong political commitment facilitates the initiation, establishment and expansion of cooperative arrangements and activities and at a later stage it helps development of more integrated cooperation schemes among the Member States. Thus, the Member States will be prepared to create necessary legal, institutional, economic and financial environment in their respective countries, as well as multilaterally, to facilitate cooperative arrangements and activities.

In this regard, it is worth mentioning that the OIC Ten-Year Programme of Action, adopted by the 3<sup>rd</sup> Extraordinary Session of the Islamic Conference, convened by the Custodian of the Two Holy Mosques His Majesty King Abdullah Bin Abdul Aziz from 7-8 December 2005 in Makkah Al Mukarramah, also stressed the importance of the political will under the very first heading of '**Political Will**' which reads as follows:

**"Demonstrate the necessary political will in order to translate the anticipated new vision into concrete reality and call upon the Secretary-General to take necessary steps to submit practical proposals to the Member States for consideration and subsequent submission to the Islamic Conference of Foreign Ministers."**

The OIC Plan of Action did not specify quantitative and/or specific targets and objectives, which normally constitute the very basic elements of a plan document. This is explained as follows: "Since this document (the OIC Plan of Action) is addressed to the realization of the collective aspirations of a large number of member countries, with different levels of development and differing priorities at the national level, it was not found possible or feasible to set for it specific quantitative and temporal targets and objectives similar to those that would normally be found in a typical national development plan"<sup>1</sup>.

However, the lack of specific quantitative and temporal targets and objectives constitutes one of the basic problems relating to the slow progress in the implementation of the OIC Plan of Action.

Setting a time framework, within which planned actions are expected to be taken and concluded, is a basic condition for effective planning and follow-up. All international action plans and programmes have a time dimension.

Priority setting is another basic step in plan formulation. In fact, it constitutes the very basis of the concept of planning. A plan, first of all, aims to allocate or distribute scarce resources amongst the needs according to a set of pre-determined priorities. Otherwise, it may not be possible to implement all of its projects and realize all of its objectives at the same time. Therefore, a criterion or a process whereby different objectives can be weighted and ranked should be introduced.

On the other hand, while many expert group meetings under the OIC Plan of Action in various sectors could not be held, even when offers to host them have been announced, Tourism Ministers met four times since their first meeting in Isfahan from 2-4 October 2000, thanks to the interest and commitment of four Member State governments. The fifth one will be held in Baku, Republic of Azerbaijan, from 9-12 September 2006. The 21<sup>st</sup> Session of the COMCEC urged the OIC Member States to actively participate in this Conference.

<sup>1</sup> Paragraph 2 of the 'Preamble of the OIC Plan of Action'.

When any idea or a project is owned and sponsored by the Member States or the OIC organs and institutions, it is implemented. In fact, several projects on the COMCEC agenda have been realized because they were assigned to various OIC organs and institutions. Based on such observations, some OIC institutions were now assigned as 'coordinator' for the implementation of some projects on the agenda of COMCEC. The activities regarding such projects will be reported to the following COMCEC sessions for necessary action.

Benefiting from the experience of sub-regional and regional economic cooperation schemes involving the OIC member countries is also very important modality for implementation of the OIC Plan of Action. Therefore, organizing annual meetings between the OIC and existing sub-regional and regional groupings such as ECO, GCC, ECOWAS etc. will produce significant impact in this respect.

There is also further 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. This was also emphasized by the OIC Ten-Year Programme of Action and under the heading of the 'Economic Cooperation', it **"called upon the Member States to sign and ratify all existing OIC trade and economic agreements, and to implement the provisions of the relevant OIC Plan of Action to Strengthen Economic and Commercial Cooperation among OIC Member States."**

Furthermore, it also **"mandated COMCEC to promote measures to expand the scope of intra-OIC trade, and to consider the possibility of establishing a Free Trade Area between the Member States in order to achieve greater economic integration to raise it to a percentage of 20% of the overall trade volume during the period covered by the plan, and called on the Member States to support its activities and to participate in those activities at the highest possible level with delegations possessing the necessary expertise."** In other words, the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among OIC Member States and the provisions of the OIC Ten-Year Programme of Action in economic field will be implemented jointly.

Finally, the 3<sup>rd</sup> Extraordinary Session of the Islamic Conference has, among others, assigned great importance to the environmental issues and the OIC Ten-Year Programme of Action **"called upon the Member States to coordinate their environmental policies and positions in international environmental fora so as to prevent any adverse effects of such policies on their economic development"**. The COMCEC is also expected to take initiatives in this domain since it is one of the priority areas of the OIC Plan of Action.

**ANNEX-I**  
**LIST OF THE PROJECT PROPOSALS**

<b>S.No</b>	<b>Project Proposals/Ideas</b>	<b>Proposing State/ Institution</b>	<b>Interested Country</b>	<b>Coordinator</b>
<b>I-</b>	<b>TECHNICAL COOPERATION</b>			
1.	Technical Cooperation Among Patent Offices in the OIC Member States	Turkey	Kazakhstan, Syria, Morocco Bangladesh, Pakistan and Yemen	ICDT
2.	Technical Cooperation in the area of Business Incubators Among OIC Member States.	Turkey		ICCI
3.	Cooperation in the area of Technical Development: Medium Range Regional Turbofan Airliner.	Turkey	Kazakhstan	
4.	Provision of Technical Assistance for Establishment of Technology Development Foundation in the OIC Member States.	Turkey		IUT
5.	Low Cost Imaging Based Mapping System Applications for Monitoring of Natural and Anthropogenic changes in OIC Member Countries Coasts	Turkey		IUT
6.	World Gold Markets and Cooperation Possibilities among Islamic countries	Turkey		SESRTCIC
<b>II-</b>	<b>FOREIGN TRADE</b>			
7.	Trade Facilitation Services to be Provided by the National Chambers of the Member Countries.	ICCI		
8.	Import Management Facilities to be Provided by the National Chambers of the Member Countries.	ICCI		
9.	Setting up of Regional Companies Specialized in Organization of Trade Fairs and Exhibitions.	ICDT	Burkina Faso	
10.	Setting up of Permanent Exhibition Halls.	ICDT		
<b>III</b>	<b>ADDITIONAL PROJECTS</b>			
11.	Establishment of Energy Technology Network (en-tech-net)	Turkey		
12.	Satellite Control and Monitoring Centre (SATCMC)	Turkey		
13.	Low Earth Orbit Satellite	Turkey		
14.	Creation of a Network of Cross-border Parks and Reserves in West Africa	Guinea	Gambia, Guinea Bissau, Mali, Mauritania, Senegal, Sierra Leone	ICDT

**ANNEX-II**

**RECOMMENDATIONS OF THE  
EXPERT GROUP MEETING FOR ACCELERATING  
THE IMPLEMENTATION OF THE OIC PLAN OF ACTION FOR  
ECONOMIC AND COMMERCIAL COOPERATION**

The Expert Group Meeting for Accelerating the Implementation of the OIC Plan of Action for Economic and Commercial Cooperation was held in Istanbul, Republic of Turkey, on 6 and 7 May 2001.

The Expert Group Meeting agreed to a set of recommendations to accelerate the implementation of the OIC Plan of Action, which were submitted to the 17<sup>th</sup> Session of COMCEC through the 17<sup>th</sup> Meeting of the Follow-up Committee of COMCEC. The 17<sup>th</sup> COMCEC approved the recommendations of the expert group meeting. The recommendations are as follows:

1. 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 current 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.
2. In order to heighten the level of interest of the Member States and translate this interest into an effective participation there is a need to highlight some common objectives as the Plan's main targets such as:
  - i. Food security
  - ii. Alleviation of poverty
  - iii. Rural development
  - iv. Infrastructural development
  - v. Production and trade development
  - vi. Employment creation
  - vii. Human resource development (Education, Training, Health, etc.)

3. The implementation of the OIC Plan of Action may be accelerated by assigning priorities to the sectors and/or areas of cooperation and, at the same time, by introducing a time-frame with reasonable quantifiable targets.
4. 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 involving both public and private sectors). A Focal Point Unit may also be set up within the COMCEC Coordination Office to coordinate all Focal Point activities for the various Expert Group Meetings.
5. 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.
6. IDB may continue to provide financial assistance to the host countries for the timely convening of the EGMs, as it has been doing in the past.
7. Project proposals should be received by the Member States at least one month before the meeting for their full consideration.
8. COMCEC may frequently review, evaluate and follow up the work of the Project Committees.
9. Member States should give priority to joint projects that can generate the interest of other Member States and be undertaken by groups of Member States at regional, sub-regional or inter-regional levels.
10. There is need for preliminary consultations between the Member States proposing the project and the Member State wishing to participate in it before submission to the EGM as it would enhance the chances of the project acceptance.
11. A degree of technical and professional expertise is needed in the preparation of pre-feasibility documents of regionally-attractive projects. These documents should indicate the technical viability of the project as well as the benefits that partner states could expect to derive from them.
12. A standard form of project profile may be developed by the COMCEC Coordination Office, adopted by the relevant OIC fora and circulated by the OIC General Secretariat. This form should be circulated at an early date by the proposing Member States.



13. 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, appraise and provide the necessary financial and technical support to the proposed cooperation projects.
14. The nature and extent of financial obligations, which an interested Member State will be expected to fulfill, should be indicated in the feasibility studies and profile documents for any proposed project. These documents should also identify the possible sources of funds to be contributed by the other participating Member States.
15. In order to infuse dynamism into cooperation efforts among the OIC countries, the private sector should be given a more effective role in OIC economic cooperation and should be included at all stages of the implementation process of the OIC Plan of Action. Accordingly, the project proposals may be, if feasible, determined in consultation with the private sector and circulated directly to the various private sector institutions through the ICCI.
16. A working group comprising the Bureau of COMCEC, the OIC General Secretariat and IDB, with ICCI as the focal point, may be set up to assume the responsibility of the monitoring mechanism to implement the recommendations of the Private Sector Meetings.
17. A marketing network for the SMEs may be developed by ICCI with the assistance of UNIDO and ICDT. Through such a network, SMEs in the Member Countries would enlarge their market through creating partnership and supply chains amongst themselves. These partnerships and supply chains would include provision of raw materials and co-production of spare parts, semi-manufactured goods and other items.
18. For development of joint venture investment in industry and service, the sponsors of potential projects may be invited six months before the annual Private Sector Meeting to attend that Meeting. A joint IDB-ICCI Committee may scrutinize these projects and decide how to properly guide the sponsors in the preparation of feasibility studies of these projects and evaluation of the performance of management for the proposed joint venture projects. Afterwards, due information may be provided to the sponsors for re-structuring their proposals for discussion at the ICCI Private Sector Meeting. Thereafter, these projects may be submitted to IDB for consideration of financial and technical assistance.
19. The ICCI may maintain contact with the IDB for information about facilities for trade financing schemes and the various windows available at the Bank.

20. The OIC specialized institutions could make a major contribution by enhancing the institutional capabilities of Member States. The IDB and other OIC institutions should step up the commendable efforts they have been deploying in this area through technical assistance and technical cooperation programs.
21. 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.
22. There is need to further enhance the existing level of coordination among the respective programs and activities of the various OIC related institutions in order to avoid duplication of tasks. In order to enhance the existing collaboration among these institutions, avoid duplication, monitor the progress of the programs assigned to each institution and share and learn from their respective experiences, consultative meetings should be held on a regular basis concurrently with the annual sessions of the COMCEC and Islamic Commission for Economic, Social and Cultural Affairs.
23. Possible steps could be taken for trade facilitation among the Member States such as simplifying custom procedures, documentation and harmonization of standards by the exchange of trade related information through the existing OIC information network systems.
24. There is a need to take the necessary measures in order to assist in the smooth transportation of goods among the Member States.
25. In order to facilitate shipping services among Member States, the Islamic Chamber (ICCI) was called upon to cooperate with the OISA in proposing effective mechanism to this end.
26. Member Countries are encouraged to utilize the services of the cooperative information system set up by the OISA at its headquarter in Jeddah to render services to the shipping companies in the member countries.
27. Given the importance of electronic facilities in the exchange of information and trade promotion, Member States may extend support for the operation of the Trade Information Network (TINIC) data base in terms of regular and sustained flow of statistical, economic and other related information that would contribute to the promotion of intra-OIC trade.
28. 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.

29. Given the objective of establishing an Islamic common market ICDT, in collaboration with IDB, SESRTCIC and ICCI may organize seminars emphasizing the advantage for all Member States to make use of the TPS-OIC Agreement which provides a legal framework for the establishment of a free-trade zone for the OIC Member States.
30. ICDT/Host country organizers may prepare a legal framework to regulate the convening of Islamic Trade Fairs and its organization (Rules of Procedure) and defining relevant procedures and mandate (Tender Document) in order to ensure their continuity and success with the objective of its registration as an International Fair with the International Fairs and Exhibitions Union.
31. The meeting recommended that ICDT, IDB and IIT collaborate in the implementation of a program aimed at acquiring the new techniques, norms and regulations in the field of international trade for the benefit of the Member States.



**ANNEX**

**VIII**



Original : English

**REPORT OF THE 8<sup>th</sup> SESSIONAL  
COMMITTEE OF COMCEC  
(İzmir, 22 May 2006)**

1. The 8<sup>th</sup> Sessional Committee of the COMCEC was held on 22 May 2006, prior to the 22<sup>nd</sup> Follow-up Committee Meeting of the COMCEC (23-25 May 2006).

2. The Meeting was chaired by H.E. Ferruh TIĞLI, Acting Head of the COMCEC Coordination Office.

3. In addition to the OIC General Secretariat and the COMCEC Coordination Office (CCO), the following OIC Institutions attended the Meeting;

- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- Islamic Centre for Development of Trade (ICDT)
- Islamic Development Bank (IDB)
- Islamic Chamber of Commerce and Industry (ICCI)

In addition to the above mentioned OIC Institutions, the Turkish Institutions which are the owners of the projects also attended the Meeting.

4. The Meeting adopted the following agenda items for consideration:

- a) Review of the Proposed Cooperation Projects of COMCEC,
- b) Review of the implementation of the OIC Ten-Year Program of Action adopted by the 3rd Extraordinary Session of OIC held on 7-8 December 2005,
- c) Evaluation of the outcomes of the Second Expert Group Meeting on the Cotton Producing and Processing Industry held in Izmir on 28-30 March 2006.
- d) Any Other Business

**Under Agenda Item 1 :**

5. The COMCEC Coordination Office (CCO) gave a presentation on the demarches undertaken with regard to the Project Proposals. Thereafter, the owners and the coordinators of the Project Proposals talked about recent developments of their projects.

6. The Committee took the following Decisions as per the Projects (Annexed herewith):

- For the Project entitled, (Technical Cooperation Among Patent Offices in the OIC Member States), The Committee expressed its satisfaction of the formulation of the project committee and approved the implementation plan of the project. For the implementation of the project, the coordinator and the owner of the project were asked to cooperate with the IDB, who in principle, is interested in studying its participation in cofinancing the given Project.
- For the Project entitled (Networking of Incubators Among OIC Member States), the Committee noted ICCI and KOSGEB were cooperating with respect to the finalization of the Project Document. The Committee called upon the Project owner and the ICCI to undertake the circulation of the project proposal upon its finalization to the member states, IDB and any other interested financial or other institutions. The committee noted that the owner and coordinator of the project would meet late in December to ascertain the interested member countries. The Committee called upon the Project owner to send the Project to the OIC General Secretariat for circulation to the member states.
- For the Project entitled (Cooperation in the Area of Technical Development: Medium Range Regional Turbofan Airliner) owned by TUSAŞ Aerospace Industries of Turkey (TAI), the COMCEC Coordination Office informed the Committee that TAI had sent the detailed project document to IDB to lobby for its support. After analyzing the document, IDB, with some conditions, would finance certain aspects of the project. The Committee was also informed that



many Arabic speaking Countries had shown interest in the project. Hence, TAI was requested to have the project translated into Arabic and sent to the OIC General Secretariat to circulate it to the interested Member States.

For the Project entitled (Provision of Technical Assistance for Establishment of Technology Development Foundation in the OIC Member States), the Committee was informed that (the) Project owner, Turkish Technology Development Foundation (TTGV), requested the removal of the project from the COMCEC project list.

For the Project entitled (Low Cost Imaging Based Mapping System Applications for Monitoring of Natural and Anthropogenic Changes in OIC Member Countries' Coasts). The owner of the Project, the Scientific and Technical Research Council of Turkey (TÜBİTAK) made a presentation. TÜBİTAK informed the Committee that it had contacted IUT, prepared the action plan and agreed on the budget of the project. IUT, in its capacity as the coordinator of the project, had sent the budget of the project for the financial contribution of IDB which had already shown interest in the project.

For the Project entitled "World Gold Markets and Cooperation Prospects among Islamic Countries", the Committee entrusted SESRTCIC, in its capacity as the coordinator of the Project, to circulate the project proposal once again to the member states. The Committee called upon the SESRTCIC and the Istanbul Gold Exchange (the owner of the Project) to focus on the Member Countries which have gold potential and strong Gold Market to gain their interest to the project. Should a sufficient number of member states express their interest in the Project, the owner of the latter shall call for a meeting of those states to explore the ways and means of the actual implementation of the Project.

For the Project entitled Establishment of Energy Technology Network (en-tech-net) among the Member states. The Committee was informed that he the Project owner, General Directorate of Electrical Power Resource Survey and Development Administration (EIE), requested the removal of the project from the COMCEC

project list. However, the Committee was of the view that being an important project and also due to the absence of IUT, the final decision should be taken during the 22<sup>nd</sup> Session of COMCEC.

- For the Project entitled TURKSAT Satellite Communication and Cable TV Operation AS of Turkey (TURKSAT) presented two projects namely "Satellite Control and Monitoring Centre (SATCMC)" and "Low Earth Orbit Satellite". The Committee noted that the private sector may have some interest in these Projects to promote linkages among the media of OIC member states and called upon the owner to prepare the necessary documentation and to contact the ICO, preferably with the document in Arabic, within a reasonable time, so that ICCI could inform the 22<sup>nd</sup> Session of COMCEC if it will be the coordinator of the project.
- For the Project entitled, "Creation of a Network of Cross-border Parks on Tourism and Reserves in West Africa", proposed in the Expert Group Meeting on the implementation of the OIC Plan of Action in the area of Tourism in Tehran on 11-14 July 2005, it will be jointly coordinated by the ICDT and SESRTCIC.

7. The Committee noted with satisfaction the progress made by the Project owners and coordinators and called upon them to continue their efforts which would ultimately result in their successful implementation.

**Under Agenda Item 2 :**

The OIC General Secretariat gave a brief on the demarches undertaken in this respect. The Committee noted the senior officials meeting held in Jeddah in April 2006, which had drafted a resolution for submission to the 33<sup>rd</sup> Islamic Conference of Foreign Ministers, to be held in Azerbaijan in June 2006. The Committee also took note of the efforts made by the OIC Institutions towards the implementation of the OIC Ten Year Program of Action and noted that there were certain similarities between the OIC Plan of Action, the Millennium Development Goals and the Brussels LDC Program of Action. In addition to the areas of importance already covered by the Plan of Action, the Committee further highlighted the need to promote trade and investment simultaneously.

**Under Agenda Item 3 :**

The OIC General Secretariat briefed the Committee on the meeting held in Izmir. The Committee noted with satisfaction the outcome of the meeting and called upon the agencies concerned to prepare a revised Plan of Action so as to give a better understanding about the challenges and opportunities of the cotton producing OIC countries.

The Meeting concluded its proceedings by addressing a word of thanks to the Chairperson.

### UPDATED LIST OF THE PROJECT PROPOSALS

Serial No	Project Proposals/Ideas	Proposing State/ Institution	Interested Country	Coordinator
1.	Technical Cooperation Among Patent Offices in the OIC Member States	Turkey	Kazakhstan, Syria, Morocco Bangladesh, Pakistan and Yemen	ICDT
2.	Networking of Incubators Among OIC Member States	Turkey		ICCI
3.	Cooperation in the area of Technical Development: Medium Range Regional Turbofan Airliner.	Turkey	Kazakhstan	
4.	Low Cost Imaging Based Mapping System Applications for Monitoring of Natural and Anthropogenic Changes in OIC Member Countries Coasts	Turkey	Bangladesh/ Turkey	IUT
5.	World Gold Markets and Cooperation Prospects among Islamic Countries	Turkey		SESRTCIC
6.	Setting up of Regional Companies Specialized in the Organization of Trade Fairs and Exhibitions.	ICDT	Burkino Faso	
7.	Setting up of Permanent Exhibition Halls.	ICDT		
8.	Establishment of Energy Technology Network (en-tech-net)	Turkey		
9.	Satellite Control and Monitoring Centre (SATCMC)	Turkey	Turkey	
10.	Low Earth Orbit Satellite	Turkey	Turkey	
11.	Creation of a Network of Cross-border Parks and Reserves in West Africa	Guinea	Gambia, Guinea Bissau, Mali, Mauritania, Senegal, Sierra Leone	ICDT/SESRTCIC

ANNEX

IX



**REPORT BY IDB ON THE EXPANSION OF INTRA-TRADE**  
**(For the 22<sup>nd</sup> follow-up meeting of the COMCEC to be held on**  
**23-25 May 2006 in İzmir, Turkey)**

**BACKGROUND**

1. This report is provided by IDB in accordance with the directives issued at the end of the *Eight Islamic Summit* in Tehran in 1997 mandating IDB to formulate and implement measures aimed at increasing intra-trade and economic cooperation among OIC member countries. Also, at the 2<sup>nd</sup> *Preparatory Meeting of the OIC* (Tehran, 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. To formulate a workable implementation plan, an *Inter OIC Task Force*, was set up by IDB and had their first meeting 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, focusing on:

- enhancement of co-financing arrangements;
- appointment of focal points in member countries;
- use of technology to provide intra trade information;
- establishment of Exim banks,
- promotion of bilateral payment arrangement mechanisms and;
- capacity building in trade through technical assistance.

3. The recommendations of the OIC Task Force were endorsed by the IDB Board of Executive Directors at its meeting in Cotonou, Benin in November 1998.

4. Most recently, during the Extraordinary Summit of OIC in Makkah (December 2005), a Ten Year Programme of Action was formulated which among other things, called for the attainment of a 20% intra-OIC trade volume. This action plan added further impetus to the desire to expand intra-trade among OIC member countries. The current level of intra-OIC trade volumes is estimated by ICDT at 13.5%.The IDB in consultation with the OIC Secretariat and other OIC organs will agree an implementation plan to ensure realization of the targets set out under the above programme.

**TRADE FINANCING OPERATIONS OF IDB**

5. 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 support all member countries, all of whom are either developing or under developed economies. The support provided covers has both developmental and commercial focus.

6. 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 both 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.

7. The Eighth Islamic Summit (Tehran 1997), particularly in its endeavour to help the Islamic Ummah face the challenge of the 21<sup>st</sup> Century, mandated IDB to increase its trade financing activities in order to support intra-trade among OIC member countries.

8. 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.

9. 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**

10. In support of the Resolution on intra trade of the Tehran Summit, IDB has made available an amount of US\$8.14 billion from its ordinary capital resources for financing under ITFO. Since 1420H, additional resources of US\$1.75 billion have been set aside under EFS as follows:

**Table: Resources allocated by IDB towards ITFO and EFS, 1420H - 1426H**

US\$ million			
<b>YEAR</b>	<b>ITFO</b>	<b>EFS</b>	<b>TOTAL</b>
1426H	1,000	270	1,270
1425H	1,492	270	1,762
1424H	1,356	270	1,626
1423H	1,200	270	1,470
1422H	1,060	270	1,330
1421H	1,030	200	1,230
1420H	1,000	200	1,200
<b>TOTAL</b>	<b>8,138</b>	<b>1,750</b>	<b>9,888</b>



11. In addition to the above, the Bank has also allocated a total amount of *US\$3.46 billion* during the period 1420H to 1425H under its Trade Cooperation and Promotion Programme (TCPP). The fund is used to finance market studies, organizing trade fairs, training, seminars, and technical assistance for capacity building of the Least Developed Member Countries (LDMCs).

### **Approvals**

12. Between 1397H and 1426H, IDB approved an aggregate amount of US\$24.12 billion under the four financing schemes with the following breakdown:

- i. ITFO US\$ 19.20 billion
- ii. EFS US\$ 1.32 billion
- iii. IBP US\$ 2.81 billion
- iv. UIF US\$ 795 million.

13. The net amount approved under the same programmes between 1420H and 1426H was US\$12.16 billion as detailed hereunder:

**Table 2: Total IDB net trade financing approvals, 1420H - 1426H**

US\$ million					
YEAR	ITFO	EFS	IBP	UIF	TOTAL
1426H	1,141	167	312	101	1,721
1425H	1,975	270	308	166	2,719
1424H	1,647	125	161	92	2,025
1423H	1,301	198	260	97	1,856
1422H	1,224	179	83	45	1,531
1421H	987	188	190	95	1,460
1420H	650	69	107	19	845
<b>TOTAL</b>	<b>8,925</b>	<b>1,196</b>	<b>1,421</b>	<b>615</b>	<b>12,157</b>

14. The approved amount in 1426H under the four schemes was US\$1.72 billion, which was equivalent to the average annual approvals over the previous six years but fell short of the achievements in the previous year. The decline in approvals was part of IDB treasury management strategies in containing the ID currency risk and also setting the ground for the transition to a new trade finance corporation.

### **Intra trade financing**

15. 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 total ITFO approvals to date, 75% has been dedicated to financing of imports from member countries. As for EFS, all approvals are towards financing of intra exports of member countries. The bank's achievements towards intra-OIC trade financing under import trade financing scheme is summarized as follows:

Table 3: Intra-OIC financing under ITFO

US\$ million			
<b>YEAR</b>	<b>Total approvals</b>	<b>Intra-trade</b>	<b>Percentage</b>
Up to 1420H	11,616	8,503	<b>73</b>
1421H	952	772	81
1422H	1,130	898	<b>79</b>
1423H	1,061	914	86
1424H	1,417	1,026	<b>72</b>
1425H	1,886	1,326	<b>70</b>
1426H	1,144	861	<b>75</b>
<b>TOTAL</b>	<b>19,206</b>	<b>14,300</b>	<b>75</b>

### **Resources mobilization for trade financing**

16. Another initiative undertaken by IDB is in area of resources mobilization. This was 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 partly funded from 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\$2,137 million has been raised through the two mechanisms since 1420H. In 1426H alone, about US\$562 million was approved under Syndications/Two Step Murabaha Financing, representing 49.1% of the total approved financing during the year. Achievements under this initiative are summarized as follows:

**Table 4: Resources mobilization achievements, 1420H - 1425H**

Year	Syndication	2 SMF	US\$ (million)
			Total
1420H	100	109	209
1421H	0	274	274
1422H	140	155	295
1423H	50	170	220
1424H	364	63	427
1425H	397	100	497
1426H	562	0	562
Total:	1,613	871	2,484

18. This resources mobilization will be a key strategic thrust of the new trade financing coorporation being established by EDB. The new corporation will be managing various funds, some of them concessionary, that will be made available by Member Countries, which will be targeting specific areas such as poverty alleviation/eradication.

19. It is worth noting that IDB's endeavour in this field has been possible due to the strong support that it has received from commercial banks especially in Middle East region.

#### **International Islamic Trade Finance Corporation**

20. Following the recommendations of the Board of Directors of IDB, the Bank's Board of Directors during their 30<sup>th</sup> Annual Meeting held in June 2006 in Putrajaya, Malaysia, approved the establishment of the international Islamic Trade Finance Corporation (ITFC). The idea was driven by the success of the Bank in the area of trade financing, which has grown to become a major source of revenue and vehicle for delivering development needs. This new corporation with an Authorised Capital of US\$3 billion and a Subscribed Capital of US\$500 million will have a majority IDB sharholding and consolidate all the trade financing activities of IDB under one entity within the IDB Group for increased effectiveness and operational efficiency. The ITFC which will have its head-office in Jeddah and its first branch in Dubai is expected to commence operations soon after signing of the Articles of Agreement during the Bank's 31<sup>st</sup> Annual Meeting in May 2006 in Kuwait. These Articles have already been approved by Member countries through circulation.

### **Trade promotion activities**

21. 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 LDMCs.

22. Between 1420H and 1425H, IDB organized twenty Seminars /Workshops, twenty three trade fairs, five meetings of the Focal Points and financed eleven studies/training courses {in collaboration with member Governments and organizations such as the Islamic Centre for Development of Trade (ICDT) and the Arab Industrial Development and Mining Organization (AIDMO)} under the programme.

23. Twelve seminars/workshops/meetings, two trade-fairs, and three training courses/studies were financed in 1426H. See Annex 1.

### **CONCLUSION**

24. 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

25. The result of these efforts has been very encouraging. The average annual approval for the four financing schemes between 1420H to 1426H was US\$1.8 billion, which is significantly higher than the average approval of US\$567 million that was achieved between 1397H to 1419H. The approvals figure was US\$1.72 billion in 1426H, with a cumulative total of US\$24.12 billion.

26. The thrust of IDB's trade financing programme is to support intra trade. Between 1397H and 1426H, about US\$14.30 billion or 75% of the total amount of US\$20.52 billion approved under ITFO and EFS was used to finance intra trade.

27. The Bank also launched a Five Year Strategic Plan at the beginning of 1426H which aimed at an annual increase in the portfolio of 20%. In an effort to realize this ambitious plan, the Bank had to undertake some complementary initiatives:

- a) To increase the focus on the mobilization of resources from external sources through syndications, co-financing and Two-Step Murabaha Financing;
  - b) The development and introduction of new trade financing products such as structured commodity financing in an effort to undertake more private sector oriented business.
28. Most recently, the Bank has rolled out its new vision programme (Vision 1440H) which seeks to assist the realization of the development of the Muslim Ummah by 1440H.
29. The establishment of ITFC is expected to help accelerate the achievement of the ambitious targets set out under the current initiatives to grow intra-OIC trade and also those set out under the more recent Makkah Declaration.

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

Annex 1

Activities implemented under TCPP in 1426H (2005 - 2006)

**Trade Fairs**

i First Fair on Foodstuffs industries in OIC member countries, Algiers, Algeria, 18-19 April 2005;

Expo 2005, Damascus, Syria, 05- 09 September 2005.

**Seminars/workshops and meetings**

Workshop on Trade on Cotton among OIC member countries, Ouagadougou, Burkina Faso, 17-20 April 2005;

Meeting on Arab Trade Development Mechanisms, Cairo, Egypt. 20-21 April 2005;

Forum on trade and counter-trade between CIS and other OIC member countries, Almaty, Kazakhstan, 27 - 28 April 2005;

OIC Business/Trade Forum, Kuala Lumpur, Malaysia, 20 -21 June 2005;

76<sup>th</sup> Session of the Economic and Social Council of the Arab League, Cairo, Egypt, 5 - 8 September 2005;

World Islamic Economic Forum, Malaysia, 1 - 3 October 2005;

Seminar on IDB Financial Services, Dubai, 2 October 2005;

9<sup>th</sup> International Business Forum, Jeddah, Kingdom of Saudi Arabia, 2-3 October 2005;

Seminar on Arab Export Promotion Centres and the role of IDB, Cairo, Egypt, 22 - 23 November 2005;

6<sup>th</sup> International Conference on Islamic Economics and Finance, Jakarta, Indonesia, 21 - 24 November, 2005;

Seminar on IDB Financial Services, Manama, Bahrain, 28 -29 December 2005;

Seminar on IDB Financial Services, Dhaka, Bangladesh, 24 January 2006.

**Training Courses**

Training on Quality control, Bamako, Mali, 26 - 29 December 2005;

Training for Sudanese International Trade Point, Cairo, Egypt, 15 -19 January 2006;

On-the-job training for CIS Chambers of Commerce, Istanbul, Turkey, January 2006.

# ANNEX

X





**ABSTRACT ON  
TRADE AMONG THE OIC MEMBER STATES  
GENERAL TRENDS**

**I/ MAIN TRENDS OF THE WORLD TRADE**

The World Trade recorded its highest growth in 2004, allowing thus a buoyant expansion of the world trade. The World GDP recorded a recovery by 4% and the world commodity trade progressed by 9%. Like in the previous years, developing countries of Asia and the Commonwealth of Independent States (CIS) recorded the highest growth rate of production, i.e. ranging from 7 to 8%. The growth of the GDP of South America accelerated to reach 6% in 2004, i.e. its highest rate since 1986, while in North America; growth took off again reaching 4.3%, reaching thus almost the world average.

The data concerning Africa and the Middle East show for 2004 an economic growth close to that of the world average, showing thus a perceptible increase in comparison with the results recorded in the 90's. Yet some areas have experienced a weaker growth, particularly in the EURO area, which showed a growth by 2.3% while in Japan, the economic growth reached 2.6%. In 2004, two countries, China and India showed an exceptional economic growth (9.5% and 7.3% respectively) and their trade value rose for the second consecutive year. This growth of production and trade at world level was coupled with a rise in the prices of fuels and of several commodities.

The dollar's depreciation in comparison with the currencies of the main countries, which account for the major part of the world trade, combined with the very sharp increase in the prices of fuels, metals and agricultural raw materials led to an increase by 10% of the prices in dollars of the commodity traded at world level. Under the joint effect of the higher growth of trade and the noticeable increase in prices, the value in dollars of the world commodity trade, rose by 21% reaching 8.9 trillion US dollars.

Another salient fact that marked the year 2004 was the accession of ten new States to the European Union.

### ***1- COMMODITY TRADE:***

In 2004, commodity trade sharply increased by 21% reaching 8.9 trillion US dollars due mainly to the evolution of prices. The Commodity exports volume went up by 9%, recording thus its best result since 2000. This increase of rate is chiefly due to the good results of trade in manufactured products, which increased by 10%, twice more than in 2003. This expansion mainly results from the recovery of exports of North America (9%) and Europe (7%). Together, these two regions account alone for more than two thirds of the world trade of manufactured products. The exports of manufactured products of Asia progressed by 15% accounting thus for 30% of the world trade.

In 2004, the world commodity exports in value and per product group were estimated as follows: iron and steel (266 billion US dollars), ores and minerals (116 billion US dollars), non-ferrous metals (172 billion US dollars), fuels (993 billion US dollars), scientific and control instrument "High Technology" (188 billion US dollars), and other chemicals (729 billion US dollars), other machinery (1134 billion US dollars), pharmaceuticals (247 billion US dollars), office and telecommunications equipment (1134 billion US dollars), other semi-manufactured products (633 billion US dollars), automotive goods (847 billion US dollars), agricultural products (783 billion US dollars), textiles (195 billion US dollars), clothing (258 billion US dollars).

These exports were marked by great discrepancies noticed in the annual variations of the value of the different product groups. For 4 product groups: iron and steel, ores and mineral products, non-ferrous metals and fuels, the world exports increase ranged between 31 and 46%, while three other products: agricultural products, textiles and clothing, recorded lower rates, between 11 and 15%.

The surge in the average prices of crude oil in 2004, led to an increase in the value in dollars of international trade in fuels, which reached its record level estimated at about 1,000 billion US dollars. A recovery in demand for oil in the United States and china, which was not coupled with an increase in the domestic production of these two countries led to a net rise in oil imports. Even though the world oil production rose by 4.5% in 2004, the increase in demand for imports resulted in a reduction of the excess capacity of production and refining and the emergence of some problems related to transport, the tensions in the market caused a strong increase in fuels prices.

The Middle East was by far the main oils exporters in 2004 (284 billion US dollars). The Middle East, with 1 billion tons, is the first productive area with Saudi Arabia, accounting for about half of this volume, Iran (18%, Iraq, Kuwait and the United Arab Emirates, account for 11% each. North America, with more than 600 tons, is the second productive area (the United States accounts for more than half of production, Mexico accounts for about 30% and Canada 20%). The CIS countries constitute the third productive zone with 374 million tons, with Russia alone accounting for 93%.

The oil production of Africa increased by 10%, i.e. a growth that is over twice higher than the world growth in 2004. The African exports of fuels are estimated at 120 billion US dollars, they have exceeded for the first time those of the CIS. This rise in African fuels exports may be partly explained by the emergence of new producers and exporters in the region, such as Chad, Equatorial Guinea and Sudan. Nigeria accounts for 30% of supply followed by Algeria and Libya. In spite of this increase in the number of African oil exporting countries, more than 50 countries of this continent remain net fuels importers.

## 2. *TRADE IN SERVICES:*

The world exports increase of commercial services (transport, travels and other trade in services) was estimated at 18% in 2004; thus, going over two trillion US dollars. Between 2000 and 2004, the world commodity exports and those of commercial services recorded an annual increase by 9% on the average. For the first time since 1995, the growth of transport services exports exceed that of the other commercial services. The travel services highly increased in 2004, but they still account for a lower share of commercial services than in 2000.

Among the three main commercial services categories, transport services recorded the highest growth estimated at 23% in 2004 reaching a value of 500 billion US dollars. This is a departure from past trends when transport services recorded a growth below that of the other services categories. An explanation for this untypical development can be found in the combination of strong commodity trade growth and higher transport cost.

Travel services rose worldwide by 18%, to 626 billion US dollars, and thereby much faster than in the preceding year. This acceleration in the export growth of travel services can be largely explained by the rebound of exports in Asia, which rose by 31% after the contraction in 2003 caused by the outbreak of the SARS epidemic.

Expressed in EURO, Europe's receipts (which accounts for more than half of the world receipts) rose by 4.1% in 2004, while they diminished by 0.9% in 2003. African travel receipts continued to expand for the second year in a row,

particularly in North African countries, which reported a strong expansion of travel receipts for example, Egypt (34%), Tunisia (25%), and Morocco (22%). The expansion of South and Central America's exports of travel services (15%) remained below the global average as the sharply higher receipts of Brazil (30%), Argentina (28%) and Chile (27%) contrasted with the stagnation of the receipts of the Dominican Republic.

The exports of other commercial services (financial and telecommunications services) rose by 16% to 1,000 US dollars in 2004. In contrast to travel and transportation services, the 2004 growth rate remained unchanged from the preceding year, and for the first time since 1995 also weaker than for all services combined.

#### 4. PROSPECTS OF THE WORLD ECONOMY IN 2005:

The economists of the World Trade Organisation expect that the fall in the economic production, partly due to a strong increase in oil prices, will lead to the slackening of trade growth worldwide in 2005 (3.5% growth). The Commodity world exports are expected to rise by 6.5% in 2005; i.e. noticeably less than the 9% growth recorded in 2004.

Signs of an improvement in the economic situation could be found in the Japanese economy, which after stagnating in most of 2004, experienced a revival in domestic demand growth in 2005. In Europe and particularly in the EURO area, GDP growth remained weak. Despite some deceleration, economic activity in the United States remained far stronger than in Europe or Japan. A noticeable development in the United States economy was that exports of goods and services-measures at constant prices (seasonally adjusted-) expanded somewhat faster than imports in the first half of 2005.

With respect to developing areas, a slowdown from last year's high growth rate could be observed in a large number of economies in East Asia as well as in South America. China was a major exception, as its growth by 9.5% in the first half of 2005 matched that of 2004. Despite the continuous strength in its economic activity, China's real import growth decelerated sharply, while its export growth was maintained.

#### **4. FORECASTS FOR THE YEAR 2006:**

The World Economic Growth considerably slackened in 2005 after the strong expansion of 2004. According to forecasts for the year 2006, growth will be moderate by about 3%, which corresponds to the average recorded in this decade.

Estimates for 2006 forecast that growth will be modest in the United States recording only 3% while Europe will continue to show a growth by about 2.1% in 2006 and in Japan by 2%. China and India will keep on experiencing a strong economic expansion. On the whole, the economies of developing countries are expected to grow by 56% and that of transition countries by 59%. However China and India will remain by far the most dynamic economies, the other countries of South and East Asia are also expected to experience an economic growth by more than 5%; Latin America are lagging behind with a growth rate of about 3.9%, while the economic growth of the African continent is expected to reach more than 5%. These exceptional performances of Africa can be essentially attributed to the high expansion recorded by oil exporting countries such as Nigeria, Angola and Chad and a return to stability in several Sub Sahara African Countries, such Liberia, Burundi and Sudan.

Developing countries (Oil exporting Middle East and North African countries) are expected to show in 2006 a growth rate slightly higher than 5.5% against roughly 5.7% in 2005 and 6.6% in 2004.

Developing countries and the LDCs net importers of oil and agricultural products will be negatively affected by the increase of the imports costs of oil and commodities. This slowdown of the world trade could be partly explained by the upcoming economic recovery. Yet, the possibility of new explosions of oil prices and the shifting of bird's influenza to a pandemic are involving the major risks of a progressive slackening of the world growth.

With respect to trade in services and especially, related to travels (tourism), and according to the 2006 forecasts of the World Tourism Organisation, international tourists arrivals are expected to rise between 4 to 5%. A growth lower by about 1% than that of 2005 is also forecast (+5.5%), but still a little exceeding the forecasts of the annual growth in the long term, which is estimated at 4.1%.

## **II/ EVOLUTION OF THE OIC MEMBER STATES' TRADE:**

The average growth rate of the real GDP of the OIC Member States in 2004 was estimated at 6% while the world GDP recorded a growth by 3.5%; i.e. the double of the average world growth. This evolution is the result on the one hand, of a rise in the prices of fuels and some raw materials between 2003 and 2004 and of a rise in the exports of manufactured products and especially of services in the OIC middle income countries. The OIC Member States recorded an average growth of the GDP by 6% in 2004 against 5.8% in 2003, i.e. an increase by 3.4%.

The total exports of the OIC Member States reached 768.26 billion US dollars, accounting for 8.62% of the world exports, i.e. an increase by 26.1% in comparison with 2003 and the imports were estimated at 662.12 billion US

dollars, i.e. 7.15% of the world imports accounting for an increase by 24.88% in comparison with 2003. This increase in the share of the foreign trade of Member States in the world trade shows a strengthening in the trade position of Member States in the sphere of markets globalisation. The increase in fuels prices partly explains the increase of this share between 2003 and 2004.

### **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 high increase in the trade volume and prices of primary products were often the major factors of the good results of the foreign trade of the OIC Member States.

The Foreign trade of the OIC Member States recorded a net progression in 2004, chiefly thanks to an increase in exports of fuels and other extractive industries, coupled with marked recovery of prices.

The exports value of the OIC Member States between 2002 and 2004 recorded a growth by 54.51% going up from 497.21 billion US dollars in 2002 to 768.26 billion US dollars in 2004. This upward tendency results from the growth of the total exports of the following countries between 2002 and 2004: **Malaysia** (125507 million US dollars whose world total exports increased by 19.56% between 2003 and 2004), **Turkey** (61923 million US dollars whose world exports increased by 33% between 2003 and 2004), **Saudi Arabia** (112107 million US dollars whose world exports increased by 31% between 2003 and 2004), **the United Arab Emirates** (65086 million US dollars, whose world exports increased by 31.17% between 2003 and 2004), **Iran** (40721 Million US dollars whose world exports increased by 31% between 2003 and 2004), **Iraq** (16130 million US dollars, whose world exports increased by 76.14% between 2003 and 2004), **Kuwait** (25513 million US dollars, whose world exports increased by 30.7% between 2003 and 2004), **Algeria** (30582 million US dollars whose world exports increased by 28.3% between 2003 and 2004), **Chad** (1109.8 million US dollars whose world exports increased by 11.61% between 2003 and 2004), **Qatar** (18684.62 million US dollars, whose world exports increased by 39.64% between 2003 and 2004), Kazakhstan (20614 million US dollars whose world exports increased by 59.4% between 2003 and 2004), Egypt (10500 million US dollars whose world exports increased by 26.4% between 2003 and 2004); Libya (19114 million US dollars whose world exports increased by 38.4% between 2003 and 2004) and Nigeria (32757 million US dollars whose world exports increased by 33.23% between 2003 and 2004).

Besides, Imports followed the same trend according to the country, recording an increase by about 50 % going up from 441.6 billion US dollars in 2002 to 662.12 billion US dollars in 2004 thanks to an increase in the world imports in the following Member States: Turkey (97337 million US dollars whose world imports increased by 40.13% between 2003 and 2004), the United Arab Emirates (73268 million US dollars whose world imports increased by 31.8% between 2003 and 2004), Syria (6443.7million US dollars whose world imports rose by 35% between 2003 and 2004), Iran (37257 million US dollars whose world imports increased by 23.5% between 2003 and 2004), Iraq (9231 million US dollars whose world imports increased by 83.6% between 2003 and 2004), Malaysia (102294 million US dollars whose world imports went up by 23.65% between 2003 and 2004), Kazakhstan (13376 million US dollars whose world imports increased by 59% between 2003 and 2004), Indonesia (45521million US dollars whose world imports increased by 39.87% between 2003 and 2004), Kirghizstan (1340.8 million US dollars whose world imports increased by 88.36% between 2003 and 2004), Egypt (27556 million US dollars whose world imports increased by 28.58% between 2003 and 2004), Kuwait (12983 million US dollars whose world imports increased by 15.27% between 2003 and 2004), Nigeria (19282 million US dollars whose world imports increased by 29.83% between 2003 and 2004),Sudan (4085.9 million US dollars whose world imports increased by 51% between 2003 and 2004), Pakistan (17756 million US dollars whose world imports increased by 36.07% between 2003 and 2004) Morocco (17624 million US dollars whose world imports increased by 32.29% between 2003 and 2004) and Tunisia (12724.4 million US dollars whose world imports increased by 20.54% between 2003 and 2004).

### **1-1. The geographical distribution of the global commodity trade:**

The distribution of the OIC Member States' world trade in 2004 was as follows:

**Exports:** Asian countries accounted for 37.96% of the Member States world exports; the GCC countries with 31.93%, the Middle East countries with 13.56%, the AMU countries with 9.11% and finally sub-Saharan Africa with 7.44% of the world exports of the OIC Member States.

**Imports:** the same tendency rules Imports: Asian countries imports represented 36.95% of world imports of Member States, followed by the Middle East Countries and the GCC with respectively 24.61% and 22.27%. The AMU countries are in the fourth position with 8.86%, and finally, sub-Saharan Africa with 7.31% of the world imports of Member States.

**1-2. Product structure of the global commodity trade:**

Data compiling on the foreign trade of OIC countries, have enabled us to cover 50 countries out of the 57 OIC Member States and this will allow us to give quite accurate statistics close to the real product structure of trade among the OIC Member States. Thus, we can make the following conclusions:

**Exports:**

- An increase by more than 25.36% in the fuels exports, which went up from 40.73% in 2003 to 51.06% in 2004. This increase results from a rise in the exports value of these products notably, in Saudi Arabia, the United Arab Emirates, Iran, Nigeria, Algeria, Kuwait and Qatar;
- Drop by 31.32% in the exports share of miscellaneous manufactured products, which decreased from 27.9% in 2003 to 19.16% in 2004;
- Decrease by 20% in the OIC exports of machinery and transport equipment, which went down from 19.86% in 2003 to 15.87% in 2004 due to a drop in the exports of these products in some countries, like: Malaysia, Turkey, Indonesia, The United Arab Emirates, Tunisia Saudi Arabia and Morocco;
- Decrease by 24 % in the exports share of food products, which went down from 8.2% in 2003 to 6.23% in 2004 following a decrease in their international prices during this period;
- Reduction by 8.4% in the exports share of non edible raw materials, which went down from 3.45% in 2003 to 3.16% in 2004.

**Imports:**

- Slight drop by 3% in the OIC imports share of transport machinery and equipment, which declined from 38.6 % in 2003 to 37.84% in 2004 due to a fall in the import of these products in some countries such as: Malaysia, Turkey, the United Arab Emirates, Saudi Arabia, Iran and Indonesia.
- A decrease by 23.73% in the OIC import share of miscellaneous manufactured goods, which went down from 35.3% in 2003 to 26.92% in 2004 following a fall in the imports of these products in some countries such as Turkey, the United Arab Emirates, Malaysia and Saudi Arabia;
- A slight decrease in the OIC imports share of food products by more than 0.4%, which went down from 10.7% in 2003 to 10.65% in 2004; upon a decrease in these products' imports of some OIC countries; these are the United Arab Emirates, Saudi Arabia, Egypt and Malaysia;
- A decrease by 14.18% in the OIC fuels imports share, which went down from 11% in 2003 to 9.44% in 2004.
- A drop by 7.2% in the OIC imports share of the other raw materials, which went down from 4.43% in 2003 to 4.11% in 2004 due to a fall in the prices of these products in the international markets. The main importing countries are: Turkey, Indonesia, Malaysia, Egypt and Pakistan.



## 2. *TRADE IN SERVICES:*

In 2004, the total services exports of the OIC Member States reached 86.81 billion US dollars, i.e. an increase by 4.59% in comparison with 2003. These exports represent 4% of the world services exports. Besides, imports amount to 84 billion US dollars, i.e. a drop by -27% in comparison with 2003 and the global deficit reached 31 billion US dollars. The services imports of the OIC Members States accounted for 4% of the world services imports in 2004.

### **Exports:**

Among the main OIC Member States, services exporters, we may quote **Turkey**, totalling 23.80 billion US dollars, i.e. 27.42% of Member States' total exports, **Malaysia** 16.65 billion US dollars, i.e. 19.18% of Member States' total exports, those of the other countries: **Egypt** 14 billion US dollars, i.e. 16.18% of Member States' total exports, **Morocco** 6.42 billion US dollars, i.e. 7.40% of Member States' total exports, **Saudi Arabia** 5.85 billion US dollars, i.e. 6.75% of Member States' total exports, **Tunisia** 3.52 billion US dollars, i.e. 4% of Member States' total exports, **Syria** 2.22 billion US dollars, i.e. 2.56% of Member States' total exports and **Kuwait** with 2 billion US dollars, i.e. 2.38% of Member States' exports.

These eight countries totalled alone 85% of total services exports of Member States in 2004.

### **Imports:**

The main services importers are: **Malaysia**, which totalled 19 billion US dollars of services imports, i.e. 22.35% of Member States' total imports, then **Saudi Arabia** with 11 billion US dollars, i.e.13.14% of Member States' total imports, Turkey 10 billion US dollars, i.e. 12.27% of Member States' total imports, **Egypt** 7.39 billion US dollars, i.e. 8.8%, **Kuwait** with 6 billion US dollars, i.e. 7.3%, **Kazakhstan** 4.93 billion US dollars, i.e. 5.88%, **Nigeria** 4.2 billion US dollars, i.e. 5% and **Morocco** with 2.8 billion US dollars, i.e. 3.3%. These eight countries totalled 78% of total Member States' imports in 2004.

#### 2-1. The geographical distribution of services exports of the OIC Member States in 2004:

### **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**, which accounted for 49.29% of total services supply of the OIC Member States, i.e. 42.78 billion US dollars;
- > The second exporting region is **Asia**, with 25.14% of the total services supply of the OIC Member States, i.e. 21.82 billion US dollars;
- > The third exporting region is the GCC, with 11.59% of the total services supply of the OIC Member States, i.e. 10 billion US dollars;
- > The **Maghreb** with 11.45% of the OIC Member States' total exports of services, i.e. 9.94 billion US dollars;
- > And finally **Sub Saharan Africa** holds the fifth position with 2.53 % of total services supply of OIC Member States, i.e. 2.19 billion US dollars.

### **Imports:**

The geographical distribution of services imports of the OIC Member States is dominated by Asia and the Middle East.

The geographical distribution is as follows:

- > The first services importing area is **Asia**, which imported 28.87 billion US dollars, i.e. 34.38% of Member States' imports;
- > The second importing area is the **Middle East**, which imported 23.17 billion US dollars, i.e.27.59% of Member States' imports;
- > The third importing area is the GCC, which imported 20.68 billion US dollars, i.e. 24.63% of Member States' imports;
- > **Sub Saharan Africa** holds the fourth position accounting for 6.59 billion US dollars, i.e. 7.85% of Member States' imports;
- > And finally, the **Maghreb** with 4.66 billion US dollars, i.e. 5.56% of Member States' imports.

### **2-2. Product structure of trade in services:**

On the basis of the breakdown by item of the services balance of the OIC Member States in 2004, we can make the following observations:

**Exports:** tourism and travels hold a privileged position in the total services exports of Member States, with a 43% share, i.e. 42.74 billion US dollars. The second most important position in services exports is held by private transfers of immigrant workers, which account for 20% of services total exports, i.e. 20 billion US dollars. The third position is held by the transport sector with 18.34% of the OIC Member States' total exports accounting for 18.2 US billion dollars.

**Imports:** except for "other services", (including the financial services and telecommunications etc.), which recorded a share of 26.54% of the total services imports of Member States, we notice that the transport sector accounts for an

important share, with 33.68% of the total services imports of Member States, i.e. 31 billion US dollars, followed by the private transfers with 22.64%, i.e. 20.75 billion US dollars and the fourth position is held by tourism and travels with 17.15% of Member States total services imports, i.e. 15.72 billion US dollars.

### **3. THE MAIN TRENDS OF INTRA-OIC TRADE EVOLUTION IN 2003:**

The increase in fuel and metal prices, combined with the fluctuations of the exchange rates in 2004 between the main currencies, which account for the major part of trade flows, namely the dollar, the EURO and the YEN, were determinant factors; which had a great impact on the evolution of intra-OIC trade in 2004.

It should be also noted that the trade of some Member States recorded an important growth, such Chad, which recorded a growth by 40% between 2003 and 2004 increasing from 86.48 million US dollars in 2003 to 121 million in 2004 thanks to oil exports.

Intra-OIC trade (intra-OIC exports+intra-OIC imports) recorded an increase in 2004 by 36% rising from 151 billion US dollars in 2003 to 205.8 billion US dollars in 2004. Besides, a rise has also been noted in the share of intra-OIC trade in global trade increasing from 13.5% in 2003 to 14.45% in 2004, i.e. a growth by 7%.

The exports share of intra-OIC trade in the overall exports of the OIC Member States has recorded a positive evolution by 6.64% rising from 12.19% in 2003 to 13% in 2003.

On the other hand, we have noted a similar increase by 10.11% in the share of intra-OIC imports share in overall imports going up from 14.44% in 2003 to 15.9% in 2004.

The value of intra-OIC exports has recorded an upward trend; in so much as they went up from 59.27 billion US dollars in 2002 to 99.9 billion US dollars in 2004, i.e. an increase by 68.5%, while intra-OIC imports rose from 60.19 billion US dollars in 2002 to 105.1 billion US dollars in 2004, i.e. a 74.6% rise.

#### **3-1. Product structure of intra-OIC Trade:**

Intra-OIC trade structure shows the predominance of fuels trade accounting for more than 33% in 2004.

**- Intra-OIC exports structure:**

In 2004, the intra-OIC exports were mainly composed of 54% of primary products (of which fuels accounting for 36.66%), i.e. 52.7 billion US dollars and 46% of manufactured products, i.e. 44.78 billion US dollars.

**Intra-OIC exports trends are as follows:**

- Increase by 5.04% in intra-OIC exports share of fuels, which went up from 34.9% in 2003 to 36.66% in 2004. This increase can be explained by the important effects of the prices increase in 2004 on the trade of oil exporting countries;
- Increase by 3.85% in the share of intra-OIC exports of machinery and transport equipment between 2003 and 2004, which rose from 10.9% in 2003 to 11.32% in 2004;
- Increase by 2.8% in intra-OIC export share of chemicals between 2003 and 2004 increasing from 9.4% in 2003 to 9.67% in 2004, which a large extent is due to the difference in prices between pharmaceuticals and other chemicals. In fact, trade in pharmaceutical products, which was the most dynamic element of the world trade in chemicals, has experienced a slightly lower rise than that of other chemicals (petrochemicals), which recorded a net increase in 2004. Consequently, all the areas whose chemicals exports include an important share of petrochemicals, such as the Middle East, Africa and the CIS showed a particularly high growth of petrochemicals to the detriment of pharmaceuticals;
- Decrease by 5.2% in the intra-OIC export share of food products between 2003 and 2004, which went down from 15% in 2003 to 14.22% in 2004 ;
- Slight decrease by 3.5% in the intra-OIC exports of miscellaneous manufactured products, which went down from 25.85% in 2003 to 24.94% in 2004;
- Reduction in intra-OIC export share of non edible raw materials by 18.2%, which fell from 3.9% in 2003 to 3.19% following a drop in their prices in the international market.

**- Intra-OIC imports structure:**

Intra-OIC imports were essentially composed of primary products that represented 49.67% in 2004, fuels accounting for 29.28% of intra-OIC total imports in 2004, corresponding to a value of 48.37 billion US dollars. Yet, Intra-OIC imports of manufactured products accounted for 50.33% of intra-OIC total imports reaching a value of 49.02 billion US dollars in 2004.

The following trends can be noticed at the level of intra-OIC imports:

- > Increase by 2.5% in intra-OIC imports share of miscellaneous manufactured goods, which went up from 25.93% in 2003 to 26.6% in 2004 thanks to an increase in intra-OIC imports of these products of the following countries: the United Arab Emirates, Kuwait, Saudi Arabia, Turkey and Bahrain;
- > Increase in intra-OIC imports share of machinery and transport equipment by 4.11%, which rose from 11.9% in 2003 to 12.39% in 2004; following the imports growth of spare parts of the mechanical industries in Iran, Malaysia, the United Arab Emirates, Oman, Nigeria and Saudi Arabia.
- > Rise in intra-OIC imports share of chemicals by 4.13%, which increased from 10.89% in 2003 to 11.34% in 2004 due an increase in demand for these products in Iran, Indonesia, the United Arab Emirates, Pakistan, Malaysia, Saudi Arabia and Turkey;
- > Drop by 3.36% in the intra-OIC imports share of fuels, which went down from 30.3% in 2003 to 29.28% in 2004;
- > Decrease by 3.22% in intra-OIC import share of food products, which fell from 16.1% in 2003 to 15.58% in 2004 in view of a drop in their market value at world level;
- > Decrease by 1.83 in intra-OIC imports of non edible raw materials between 2003 and 2004 falling from 4.9% to 4.81%. Like in 2003, this product category was still characterised by a drop in its market value. Likewise, a lack of complementarity was noticed for these products in intra-OIC imports.

### **3-2. Geographical distribution of intra-OIC trade;**

Ten OIC Member States accounted for 72.3% of intra-OIC exports and for 60.6% of intra-OIC imports. These are by order of importance: Saudi Arabia, the United Arab Emirates, Turkey, Oman, Malaysia, Indonesia, Iran, Kuwait, Pakistan and Egypt.

- > The share of these ten countries in intra-OIC exports was estimated at 72.3% in 2004 against 70.22% in 2003; i.e. an increase by 3%. The exports value of this country group reached more than 72.2 billion US dollars in 2004.
- > The share of these ten countries in intra-OIC imports switched from 63.3% in 2003 to 60.6% in 2004, corresponding to a 4.26% decrease. Besides, the imports value of this country group was estimated at 63.7 US billion Dollars in 2004.

### **INTRA-REGIONAL TRADE:**

The intra-regional trade value reached 41.06 US billion dollars in 2004 against 30.4 US billion dollars in 2003, i.e. a 35% rise caused by the growth of intra-regional trade of Middle East (+62%), the GCC (+36%), Sub Saharan Africa

(+29%), and Asian countries (+27%), during this period. On the other hand, the share of intra-regional trade in total intra-OIC trade recorded an increase by about +6% going up from 40.98% in 2003 to 43.42% in 2004.

Besides, a rise was noticed in the share of the Middle East with +20%, the Share of the GCC (+1%), while all the other areas recorded a reduction in their share in intra-regional trade between 2003 and 2004: the Maghreb (-25%), Asia (-6%), Sub Sahara African countries (-4%). This evolution can be explained by the fact that the OIC areas carry out their trade more with the other areas of the OIC than within their own regional groupings.

In 2004, the Middle East, Asia and the GCC accounted for 87.5% of intra-OIC regional trade, with respectively: 35.19%, 30.62% and 21.7%. Sub Sahara African Countries and the Maghreb countries represented respectively 9.15% and 3.35% only of intra-regional trade of the OIC.

#### **INTER-REGIONAL TRADE:**

Trade between the OIC regions, increased by 34% going up from 43.82 billion US dollars in 2003 to 58.91 billion US dollars in 2004. This growth was strengthened by the inter-regional trade of the GCC (+54%), the Middle East(+25%), Asia (+22%), and the Maghreb (+21%).

On the other hand, the share of trade between the regions of the OIC countries in intra-OIC total trade kept the same level as that of 2003 accounting for 59% . In 2004, the evolution of inter-regional trade was as follows: the GCC (+14%), Sub Saharan Africa (-13%), the Maghreb (-10%), Asia (-9%) and the Middle East (-7%).

ANNEX

XI





## **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 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> 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, 39 are members of the WTO and 13 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 22 consultative meetings prior to and after the WTO Ministerial Meetings in favor of the OIC member countries in preparation for the last six WTO Ministerial Conferences held in Singapore, Geneva, Seattle, Doha, Cancun and Hong Kong. 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 4<sup>th</sup> 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 5<sup>th</sup> 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 coordinate 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 Jumada'l 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 5<sup>th</sup> 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-à-vis the issues currently negotiated in the WTO and to prepare well for the 5<sup>th</sup> 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 forward 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.

• **Brainstorming Meeting of the Geneva-Based OIC Member Countries' Permanent Missions, in Preparation for the "Modalities" Phase of Negotiations after the "July Package", 29 Sha'ban 1424H/13 October 2004, Geneva.**

This meeting was held in response to the framework agreement entitled "July Package" which was reached in late July 2004 at the WTO. The meeting aimed at preparing the OIC member countries' permanent missions for the next stage of the negotiations and to take stock of the negative and positive aspects of this Framework Agreement. The meeting also discussed the possible future action developing countries, including OIC member countries', may take in "the modalities" phase of negotiations, where a number of important issues and key parameters will need to be resolved with a view to achieving a balanced outcome that takes into account the legitimate development needs of developing countries.

The one-day meeting comprised the following 6 presentations:

1. Introductory Remarks on July Framework Agreement., by H.E. Gusmardi Bustami.
2. Major Features of the Framework Agreement on Agriculture: what has been achieved and what needs to be done for the modalities stage?, by Dr. Magdi Farahat.
3. Major Features of Modalities on Trade Facilitation, by H.E. Dr. Manzoor Ahmad.
4. Importance of Services Negotiations for Developing Countries: Opportunities and Risks, by Mr. Abu Bakar Aliyu Mohamed.

5. Major Features of the Framework Agreement on Market Access for Non-Agricultural Products: how to move forward?, by H.E. Muhamad Noor Yacob.
6. According Due Importance to Development Issues (S&D, Implementation) in Future Negotiations, by Mr. Rashid S. KAUKAB.

• **Consultative Meeting for the OIC Member Countries' Permanent Missions in Geneva in preparation for the 6th WTO Ministerial Conference in Hong Kong, 8-lumad Awwal 1426H7 15 June 2005, Geneva**

This meeting was held in preparation for the 6th WTO Hong Kong Ministerial Conference and had two objectives: First, to discuss the current state of play in different negotiation tracks before the July General Council Meeting, and explore the possible future action developing countries, including OIC member countries, may take in the next phase of the negotiations in order to ensure an outcome that reflects their legitimate development concerns. Secondly, to prepare for the Sixth WTO Ministerial Conference which will be held in Hong Kong from 13 to 18 December 2005 and which is expected to lead to some important decisions that are crucial to the successful conclusion of the Doha Work Program.

The meeting which was chaired by H.E Ambassador Taufiq Ali, Ambassador/ Permanent Representative of the People's Republic of Bangladesh to the UN Office and other International Organizations in Geneva comprised the following six presentations:

1. Development Issues: S&D and Implementation by Mr. Faizel Ismail, Head of Delegation to the WTO, South African Permanent Mission in Geneva.
2. State of Play in the Agriculture Negotiations by Dr. Magdi Farahat, Minister Plenipotentiary, Permanent Mission of the Arab Republic of Egypt in Geneva.
3. State of Play in NAMA Negotiations by Mr. Ndirangu, Counsellor, Permanent Mission of Kenya in Geneva.
4. State of Play in Rules Negotiations: Subsidies, Anti-dumping & RTAs by Dr. Esperanza Duran, Director, AITIC.
5. Trade Facilitation Negotiations: Latest Developments by H.E. Dr. Manzoor Ahmad, Ambassador of Pakistan to the WTO in Geneva.
6. Reforming the WTO: Is There a Case? By Mr. Rashid S. Kaukab, Programme Coordinator, Trade and Development Work Programme, South Centre in Geneva.

- **Consultative Meeting for the OIC Member Countries in Preparation for the 6th WTO Ministerial Conference, 12 December 2006, Hong Kong.**

This Ministerial-level consultative meeting for the OIC Member Countries which was attended by 157 delegates and 22 Ministers representing 35 OIC Members and several Regional and International Organizations, offered the OIC member countries a forum to exchange views and share information on the latest developments in the Doha Work Programme and the likely outcome of the Conference. The meeting also offered the OIC Ministers a good opportunity to explore how best to enhance their cooperation on issues related to WTO in the future.

In his opening statement, H.E. the President, IDB welcomed the participants in this important Meeting and referred to the positive outcome of the recently concluded Extraordinary Islamic Summit held in Makkah during 5-6 Dhul Qaada 1426H which called for promoting intra-trade flows among OIC Member Countries, and reiterated the Bank's readiness and commitment to continue assisting the OIC Member Countries on WTO-issues through its different capacity building and technical assistance activities.

H.E. Hümayun Akhter Khan, Commerce Minister, Islamic Republic of Pakistan who chaired the meeting, lauded the important role played by the IDB in providing technical Assistance to the OIC Member Countries in this important area, urging the OIC Member Countries to participate more actively in the WTO processes. Cooperation among OIC Members in this regard was deemed of extreme importance. The Chairman's remarks were followed by a substantive discussion on various aspects of the Doha Development Agenda with emphasis on Agriculture, NAMA, Services, Accession and Cotton issues, especially for the OIC Least Developed West African Member Countries. The IDB was called upon to organize a workshop for the OIC Countries currently in the accession process to the WTO, with a view to exchanging ideas and sharing their experiences and benefit and learn from those Members who have recently acceded. It was also requested that a Consultative Meeting be held to evaluate the outcome of the 6th WTO Ministerial Conference.

- **Consultative Meeting for the OIC Member Countries during the 6th WTO Ministerial Conference, 16 December 2006, Hong Kong.**

Upon the request of Member Countries, IDB organized a second consultative meeting during the Ministerial Conference on 16 December 2005. The meeting which was held in the Hong Kong convention Centre, provided the Member Countries with the opportunity to brainstorm and exchange views on the latest progress in the negotiations.

(2) Courses, Seminars and Workshops

In order to enhance the capacity of the OIC member countries, IDB organized 44 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 11-16 Jumada I 1424H / 28 June - 16 July 2003.
7. The seventh trade policy course was in French language for the French-speaking member countries of the Bank. It was held in Cotonou, Benin from 21 June to 09 July 2004.
8. The eighth trade policy course was in English language and was held in Jakarta, Republic of Indonesia, 27 September- 15 October 2004.
9. The ninth trade policy course was in Arabic language and was held in Tunis, Republic of Tunisia, 9-27 May 2005.
10. The tenth trade policy course was in French language for the French-speaking member countries of the Bank. It was held in Dakar, Senegal from 23 January to 10 February 2006.

### 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.
18. Seminar in Arabic on Competition Policy and Law for Arab Countries Members of the OIC, in Khartoum, Sudan, 27-28 April, 2004.
19. Seminar in Arabic, English and French on the Impact of Termination of the WTO Agreement on Textiles and Clothing on the Exports of OIC Member Countries, in Jeddah, Saudi Arabia, 21-22 Rabi Awwal 1425H/ 10-11 May 2004
20. Joint seminar in Arabic with the Arab Industrial Development and Mining Organization, and Arab Iron & Steel Union on Anti-dumping, Amman-Jordan 12-14 Rabi 11 1425H / 31 May- 2 June 2004.
21. Seminar in Arabic, English and French on the State of Play in the Current WTO Negotiations On Agriculture and Non-Agricultural Market Access: Challenges and Opportunities For the OIC Member Countries, Istanbul, Republic of Turkey, 19-20 Safar 1426H / 29-30 March 2005.
22. Expert-Level Meeting on Trade Facilitation for the OIC Member Countries, IDB Headquarters, 23-24 Sha'ban 1426H / 27-28 September 2005.
23. Seminar on Accession, IDB Headquarters, Jeddah, 28-29 Safar 1427H7 28-29 March 2006.

### **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).
9. Joint workshop with the Turkish State Planning Organization on Private Sector, Istanbul, Turkey, 7-9 Rajab 1423H/ 14-16 September 2002.
10. Joint workshop with WIPO on Intellectual Property (IP), Male, Maldives, 16-17 November 2003.
11. A Workshop in Russian on WTO Accession for CIS countries in Kyrgyz Republic, 31 January-3 February 2005.

### **(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/UNCTAD/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:

<b>Country</b>	<b>Activity</b>	<b>Date</b>
Chad	Seminar on selected WTO Agreements (Agriculture, rules of origin, services, investment, environment ..etc)	
Kyrgyz Republic	- Study visit of officials for acquiring skills and experience in WTO operations. - Technical assistance to Kyrgyz Republic on capacity building in the current negotiations.	2000 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

<b>Country</b>	<b>Activity</b>	<b>Date</b>
Sudan	<ul style="list-style-type: none"> <li>- Financing a trade official to attend 3-month trade policy course, Geneva</li> <li>- Financing of two studies on services sector.</li> <li>- Financing of 4 strategic studies for the government of Sudan in the framework of its accession to WTO.</li> <li>- 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.</li> </ul>	1998  2000  2003  2003
Suriname	Assistance to Suriname for drafting laws related to "professional and financial services" and "safeguards".	1999
Syria	Visit of an expert to assist in Accession Issues.	2004 and 2005
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

## STATUS OF THE OIC MEMBER COUNTRIES IN THE WTO

WTO Members	Date of Accession	Observers	No Status
1. Albania	5 September 2000	1. Afghanistan*	1. Comoros*
2. Bahrain	1 January 1995	2. Algeria	2. Palestine
3. Bangladesh*	1 January 1995	3. Azerbaijan	3. Somalia*
4. Benin*	22 February 1996	4. Iraq	4. Syria
5. Brunei Darussalam	1 January 1995	5. Kazakhstan	5. Turkmenistan
6. Burkina Faso*	3 June 1995	6. Lebanon	
7. Cameroon	13 December 1995	7. Libya	
8. Chad*	19 October 1996	8. Saudi Arabia	
9. Cote d'Ivoire	1 January 1995	9. Sudan*	
10. Djibouti*	31 May 1995	10. Tajikistan	
11. Egypt	30 June 1995	11. Uzbekistan	
12. Gabon	1 January 1995	12. Yemen*	
13. Gambia*	23 October 1996	13. Iran	
14. Guinea*	25 October 1995		
15. Guinea-Bissau*	31 May 1995		
16. Guyana #	1 January 1995		
17. Indonesia	1 January 1995		
18. Jordan	1 January 1995		
19. Kuwait	1 January 1995		
20. Kyrgyz Republic	20 December 1998		
21. Malaysia	1 January 1995		
22. Maldives*	31 May 1995		
23. Mali*	31 May 1995		
24. Mauritania*	31 May 1995		
25. Morocco	1 January 1995		
26. Mozambique*	26 August 1995		
27. Niger*	13 December 1996		
28. Nigeria #	1 January 1995		

<b>WTO Members</b>	<b>Date of Accession</b>	<b>Observers</b>	<b>No Status</b>
<b>29. Oman</b>	9 November 2000		
<b>30. Pakistan</b>	1 January 1995		
<b>31. Qatar</b>	13 January 1996		
<b>32. Senegal *</b>	1 January 1995		
<b>33. Sierra Leone*</b>	23 July 1995		
<b>34. Suriname</b>	1 January 1995		
<b>35. Togo*</b>	31 May 1995		
<b>36. Tunisia</b>	29 March 1995		
<b>37. Turkey</b>	26 March 1995		
<b>38. UAE</b>	10 April 1996		
<b>39. Uganda*</b>	1 January 1995		

# Countries in yellow are not yet Members of the IDB.

\* Least Developed Member Countries

ANNEX

XII



**REPORT ON**

**THE ISSUES RELATING TO THE ACTIVITIES**  
**OF THE WORLD TRADE ORGANISATION**

**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 and on intra-OIC trade negotiations.

## WTO's MULTILATERAL TRADE NEGOTIATIONS<sup>1</sup>

### **1/ RESULTS OF JULY CONFERENCE 2004 WITHIN THE WTO:**

At the conclusion of the 5<sup>th</sup> Ministerial Conference at Cancun, Ministers instructed their officials to continue working on outstanding issues, taking into account all the views that were expressed at the conference. Furthermore, Ministers asked the Chairman of the General Council, working in close co-operation with the Director-General, to coordinate this work and to convene a meeting of the General Council at senior officials level no later than 15 December 2003 to take the action necessary at that stage to enable movement towards a successful and timely conclusion of the negotiations. Since Cancun therefore, intense negotiations have been taking place both at Geneva and outside Geneva to fulfil this mandate.

These processes culminated into intense work that led to the adoption of a decision Framework Agreement at the General Council meeting of 27-30 July 2004.

The framework text identifies six areas for further negotiations, namely, agriculture, non-agricultural market access (NAMA), development issue, trade facilitation and services. The rest of the Doha Mandate, including intellectual property, dispute settlement, WTO rules relating to anti-dumping, environment etc., have not been given any specific guidance.

There were two significant gains from the Geneva meeting for developing countries in general: a commitment to eliminate export subsidies, and the placing of three "Singapore issues" outside the negotiating agenda of the Doha work programme.

#### **- THE SINGAPORE ISSUES:**

Three of the "Singapore issues" (investment, competition, and transparency in government procurement) have now been dropped from the WTO's negotiating agenda, at least during the period of the Doha programme. Developing countries had opposed these issues which they believed would interfere with their national policies and hinder their economic development.

The decision says "no work towards negotiations on any of these issues will take place within the WTO during the Doha Round."

But it is not clear whether the committees on investment and competition policy will still continue their study process. Further trade facilitation has been introduced, but with two caveats. One, the extent and timing of entering into commitments shall be related to the implementation capacities of developing countries and, two, developing countries will not be required to implement the final agreement in cases where support and assistance for required infrastructure is missing.

During negotiations, developing countries should make sure they use the flexibility provided to them, but at the same time have a hand in shaping the agreement.

<sup>1</sup> This report takes stock of WTO negotiations as of 31<sup>st</sup> October 2005.



**- NON-AGRICULTURAL MARKET ACCESS (NAMA):**

The flexibility introduced by the framework points to the fact that the specifics of the Derbez text form an initial negotiating position.

**Tariff reduction formula:**

The most difficult issue is the structuring of tariff reductions. Before Cancun and July 2004, several other developing countries had struggled fiercely for the adoption of a linear approach that would commit Member States to undertake a minimal percentage reduction for the various tariff lines, while industrialised countries insisted for the implementation of a formula that would reduce the high duties in a more radical manner than for the low duties. One of the key arguments that developing countries put forward was that - in view of their duties which are in general higher on industrial products-they would be accordingly affected in a disproportionate manner by non linear reductions.

Annex B of the July Package, which deals with NAMA, specifies that the WTO Members should continue to work for the application of the line -by -line implementation of a non-linear formula. Yet, stress was laid on the annex relating to the importance of taking account the special needs and interests of developing countries, especially through a reciprocity that would not be total in the reductions commitments and which would leave a margin to insist on the application of exclusively linear reduction for some tariff lines and perhaps no reduction at all for others.

Other issues concerning the formula deal with the fact that the reduction/removal of customs duties should be based on tariff binding; a credit should be granted for the autonomous liberalisation in developing countries and that non ad valorem duties should be converted on the basis of a methodology to be agreed upon.

Regarding unbound tariff, the text admits the possibility that bound levels can be more than "twice" the applied level. The flexibilities for developing countries' needs to be specifically defined. The sector-based tariff elimination admits the possibility of voluntary tariff reductions.

According to some observers, the text remained in annex form because real negotiations had never taken off on industrial market access, with Members waiting for an outcome in agriculture first.

**Non Tariff obstacles:**

All participants were encouraged to present notifications on the non-tariff obstacles they meet before 31<sup>st</sup> October 2004 and to identify, review and classify per category such obstacles. Negotiations should fully take into account the principle of special and differential treatment in favour of developing countries and least developed countries as well.

**- AGRICULTURE:**

The developed countries agreed in principle to eliminate agricultural export subsidies. Export credits, export credit guarantees or insurance programmes with repayment periods beyond 180 days will also be eliminated and those of 180 days and below will be disciplined. Thus, for the first time, elimination of export subsidies has been committed. When it takes place, this will get rid of some of the most trade distorting of the Developed countries' subsidies that have enabled the dumping of Developed

countries agriculture exports (including to the South) and unfairly kept out the developing countries' farm products. However, the July package has not fixed an end date or a road-map for this elimination, so what will really happen here (and when) remains to be seen.

- *Cotton:*

Another development was the poor outcome on the cotton issue at the meeting. Cotton-producing West African countries, backed by the Africa Group and ACP Group, have highlighted their plight, on how billions of dollars of cotton subsidies (mainly in the US) have hampered their own cotton production and trade, affecting the incomes and lives of many thousands of African farmers.

The countries had been persuaded to give up their original demand that cotton be treated as a stand-alone issue and agreed that it could be treated within the agriculture negotiations. However they had maintained their key positions, that within the agriculture negotiations, cotton be given a special status, with its own measures and timetable so that it would not merely be subjected to what happens generally in agriculture.

- *Services*

In the services sector, annex C of the July Package reiterates the commitments and objectives set during Doha Work programme and in the guidelines of the GATS. It underscores the need for making significant offers in fields of interest to developing countries.

In fact, annex C of the July Package urges Member States to:

"Ensure the good quality of offers, particularly with respect to the sectors and the supply mode of interest to developing countries in terms of exports, with special attention to the Least Developed Countries".

"Members note the interest of developing countries, as wells as that of other members for mode 4".

The decision stipulates also that efforts made to conclude negotiations with a view to working out rules should be intensified and a target technical assistance should be provided to developing countries to enable them to participate in an effective manner in negotiations on services.

It is also stipulated that revised offers should be submitted in May 2005 at the latest, while initial offers should be made as soon as possible. The importance for developing countries of the movement of physical persons (mode IV) is outstanding and underscored, since within this framework, the intensification and conclusion of negotiations on some rules such as the safeguards emergency has been called for.

Despite such instructions, negotiations since July have not shown any sign of progress in so much as the liberal process of the submission of requests and offers of market access is still showing a delay.

During the Special Session of the Council on Trade in Services, held on 21<sup>st</sup> and 22<sup>nd</sup> February 2005, Members discussed 15 separate proposals on a wide range of issues including internal regulations to postal services. They have also discussed mode 4 of the General Agreement on Trade in services (GATS), which deals with cross-border movement of services suppliers.

- " *Development issues*"

On the "development issues" (special and differential treatment for developing countries and issues relating to implementation of WTO agreements), the Geneva meeting again failed to agree on concrete measures to strengthen existing SDT measures or to provide new measures; or to take decisions on resolving specific problems of implementation of the existing WTO rules. The Geneva decision only sets new deadlines (since the old deadlines have long past) for the issues to be considered and for reports on these issues to be submitted.

A new development under "special and differential treatment" has been the removal of references to different sub-categories of developing countries which could have led to differentiation and graduation. However, the extension of technical assistance to low-income economies in transition leaves the possibility of extending such assistance to the newly acceded EU member states.

The Committee on Trade and Development is asked to complete its review of all outstanding agreement-specific proposals and report by July 2005; all other outstanding work will be reported "as appropriate"; and all WTO bodies dealing with Category II proposals are to report to the Council by July 2005. On implementation, the Director General is requested to continue with his consultative process and report to the Trade Negotiating Committee and General Council by May 2005 for a Council decision by July 2005.

## **11/ NEW DEVELOPMENTS OF THE DOHA ROUND: July-October 2005.**

### **1- Agriculture:**

Agriculture remains at the core of the negotiations round launched in Doha (Qatar) in 2001, Developing Countries require from the Developed Countries to reduce agricultural subsidies, which distort markets and penalize the farmers of Developing countries.

Negotiations on agriculture which are taking place since a few months between the main protagonists of the agricultural issue (notably within the framework of the club of the five, including the European Union, USA, Austria, India and Brazil) in Paris, Zurich (mini-ministerial meeting) and in Geneva, have shown new developments with the new proposals and counter proposals of the USA, the EU and the G-20.

The bottlenecks in negotiations are market access, followed by some issues relating to domestic support. The export competition is the most advanced item but with a few outstanding matters.

The general objective is to reach a balance by working on all the issues, which must be simultaneously resolved.

The main offers are mainly focused on subsidies and market access for agricultural products.

#### **1.1 - The proposal of the United States:**

The United States submitted a new proposal of negotiation covering all the three pillars of negotiations on agriculture (domestic support market access and export competition). The key element lies in the offer of the United States to reduce by 60% domestic support (aggregate measure of support - amber category) during a five year period, provided that the EU and Japan reduce theirs by 80%.

They also require a drop by 55% to 90% of customs duties on agricultural products and the removal of subsidies to agricultural exports for the year 2010. During the initial period of 5 years there will be perceptible reductions of domestic support and customs duties.

The ultimate objective is the total removal over a 15 years period of the agricultural policies, which distort trade.

With respect to the reduction formula, the United States presented a formula establishing 4 identical tariff ranges for developing and developed countries: below 20%, from 20% to 40%, from 40% to 60% and above 60%. This formula will experience more and more tariff reductions through each range, developed countries will make the following reduction: 55-56%, 65-75%, 75-85% and 85-90% respectively, inside the four ranges. Yet, they have not specified the importance of the tariff reductions that they would request from developing countries but they have declared that they want reductions slightly lower than those made by developed countries. They have also suggested the ceiling of developed countries' tariffs to 75% and the limitation of the number of 'sensitive products' subject to weak tariff reductions to 1% of tariff lines submitted to customs duties.

#### 1.2 - The proposal of the European Union:

As a response to the request made by the United States to reduce by 80% its subsidies under the amber category, the EU offered a reduction by 70%, i.e. an increase in comparison with a previous offer by 65% subject to "proportioned reductions" by the United States and Japan.

It has also proposed a reduction by 65% for domestic support authorized by to developed countries and required clear-cut limits and definitions for the support under the blue category.

With respect to the reduction formula, the EU has given up its request for 'pivots' that would allow Members to benefit from a degree of flexibility in the reduction of customs duties on particular products, inside each range. In return, it proposes to reduce by 20% the customs duties on the products of the lowest range, to shift to 50% for customs duties higher than 90%.

Yet, in spite of the readiness of the EU to reduce its number of sensitive products from 10% to 8% of tariff lines, the 160 covered products in this case remain higher than 1% proposed by the United States.

Besides, the EU would be ready to accept the proposal of the G-20 relating to the tariff ceilings put for agricultural products, at 100% for developed countries and at 150% for developing countries.

#### 1.3 - Responses and counter-proposals of DCs:

Through the channel of the G-20, Developing Countries considered that the American offer has not gone too far. Brazil and India have implied that it is not enough to reduce ceilings but effective payments should be reduced as well.

With regard to market access, the new proposal of the G-20, of 12<sup>th</sup> October 2005, calls on Developing Countries to resort to corrective measures (that could take the shape of anti dumping or countervailing measures) against subsidized imports coming from developed countries, Customs tariff escalation and tropical products. However it does not specify any precise details on the functioning of this mechanism.

On the other hand, the proposal calls for an average minimal tariff reduction by 54% for developed countries and for an average maximal tariff reduction by 36% for developing countries. For this purpose the G-20 proposes the setting up of a set of different ranges for developing countries and developed countries coupled with more important tariff reductions for the latter.

In the light of the foregoing, it can be deduced that the positions of the EU and the United States are getting closer, with respect to domestic subsidies, but they remain profoundly divided on the importance of the tariff reductions, which they are ready to accept with respect to market access.

## **2. Cotton:**

In compliance with the results of the "July package", the WTO Members set up on 9<sup>th</sup> November 2004, a sub-committee on cotton issue, chaired by the Ambassador Tim Groser (New Zealand).

The creation of an organ specifically in charge of the cotton issue is one of the elements of the answer that the WTO Members have given to the proposals of the four African countries- Benin, Burkina Faso, Mali, and Chad-concerning this sector. (The proposal on cotton, which includes also development issues, is also examined at the General Council).

The proceedings of the sub-Committee will deal with all the policies that have trade distortion effect on cotton with respect to three pillars: market access, domestic support, and export competition.

The African group distributed a document dated 22<sup>nd</sup> April 2005, which aims at reforming radically trade on cotton and "cotton products", which includes textiles. Several countries backed this proposal because it allows the sub-committee to focus its proceedings on the substance rather than on the form. But some delegates think that the reform of this sector should be examined within the global framework of negotiations on agriculture.

The African group in the WTO proposed the following elements under the three pillars of negotiations on agriculture:

### **Market access:**

Market access for international trade on cotton will be improved. The Least Developed Countries (LDCs), net producers and exporters of cotton will benefit on a consolidated basis from free market access without quotas for cotton and by products.

### **Domestic support:**

Domestic support measures, which create distortion to international trade in cotton, should be removed on 21<sup>st</sup> September 2005 at the latest. Specific disciplines will be provided to avoid the transfer from a box to another of domestic support.

Ambitious and specific criteria to cotton will be provided for measures authorised under the blue and green boxes.

### **Export subsidies:**

All forms of cotton export subsidies should be removed on July 1<sup>st</sup> 2005 at the latest.

Besides and in order to stamp out the severe socio-economic consequences for the farmers communities resulting from consecutive loss of incomes, the African group proposed the setting up of a support emergency fund to cotton production that will be managed by a

tripartite commission composed of representatives of donators, producers and governments.

It can therefore, be noted that the African group has taken the offensive by proposing a positive agenda.

### **III/ THE OIC MEMBER STATES AND THE WTO:**

The total number of the WTO Member was estimated at 149 countries with the accession of the Kingdom of Saudi Arabia in December 2005 during the 6<sup>th</sup> Ministerial Conference of WTO held in Hong Kong of which 39 are OIC Members, that is to say almost the quarter of the WTO 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 thirteen: these are: Afghanistan, Algeria, Azerbaijan, Iraq, Iran, Kazakhstan, Lebanon, Libya, Uzbekistan, Sudan, Syria, Tajikistan and Yemen.

The General Council adopted the accession application of Iraq (WT/ACC/IRQ/1) and Afghanistan and set up working groups so as to examine their accession applications at its meeting held on 13<sup>th</sup> December 2004.

Likewise, Iran submitted its accession application to the WTO to the General Council held its session held on 8<sup>th</sup> and 9<sup>th</sup> July 2004 in Geneva (WT/ACC/IRN/1).

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 adhesion 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. Afghanistan:**

The Afghanistan made its application for access to the WTO on 21<sup>st</sup> November 2004. A working group was established at the meeting of the General Council held on 13<sup>th</sup> December 2004. Afghanistan has not yet submitted its aide-memoire on its foreign trade system. The working group has not met yet.

## **2. 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, in 2004 and 2005) 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.

Algeria submitted initial offers concerning goods and services in March 2002 and revised offers were distributed on 18<sup>th</sup> January 2005. The revised elements of a draft report of the working group and the latest new facts concerning the legislation were also examined during the meeting of the working group On February 25<sup>th</sup> 2005.

With respect to 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.

The 9<sup>th</sup> meeting of the working group in charge of the accession of Algeria to the WTO took place on October 21<sup>st</sup> 2005 at the headquarters of the WTO.

The agenda items of this meeting dealt with the progress of bilateral negotiations relating to market access, the consideration of the draft report of the working group and the new development of the Algerian legislation.

The working group in charge of the accession of Algeria to the WTO is currently tackling a document entitled "draft report of the working group on the accession of Algeria to the WTO". This document will comprise the main issues that will be discussed at the meeting of 21<sup>st</sup> October 2005.

Besides, on the sidelines of the 9<sup>th</sup> meeting of the working group, bilateral meetings were held during the period going from 18<sup>th</sup> to 20<sup>th</sup> October 2005 with the representatives of some WTO Members, particularly with the United States, Switzerland, New Zealand and Malaysia within the framework of the resumption of talks relating to the market access of commodities and services.

The accession of Algeria to the WTO could take place in 2006.

## **3. Azerbaijan:**

Azerbaijan's Working Party was established on 16<sup>th</sup> 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 7<sup>th</sup> 2002.

**4. Iraq:**

Iraq made its application for accession to the WTO on 30<sup>th</sup> September 2004, under Article XII. A working group chaired by Mr Guillermo Valles Galmez (Uruguay) was established at the meeting of the General Council held on 13<sup>th</sup> December 2004.

Iraq has not submitted yet its aide-memoire on foreign trade system and the working group has not met yet.

**5. Iran:**

Iran submitted its application for accession to the WTO to the General Council during its session held on 8<sup>th</sup> and 9<sup>th</sup> July 2004 in Geneva (WT/ACC/IRN/1). This application was unanimously adopted by the General Council on 26<sup>th</sup> May 2005.

It should be noted in this regard that the Iranian application, which dates back from September 1996, has until then been deferred 21 times by the General Council since May 2001, as a result of the veto of the United States of America.

**6. Kazakhstan:**

Kazakhstan's Working Party was established on 6<sup>th</sup> 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.

A revised version of the factual summary of the issues raised (summing up of the discussions within the framework of the working group) was drafted by the Secretariat and considered during the seventh meeting of the working group, which took place in November 2004. The next meeting of the working group is scheduled for May 2005.

The Chairman of the working group on the accession of Kazakhstan, Mr. Ambassador Vesa Tapani Himanen (Finland), submitted on 7<sup>th</sup> June 2005 a positive report on the application of Kazakhstan, which adopted fundamental reforms.

**7. Lebanon:**

Lebanon's Working Party was established on 14<sup>th</sup> 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 14<sup>th</sup> 2002 and the next meeting might take place in the second half of 2003.

**8. Libya:**

Libya deposited an official application for accession to the WTO on 25<sup>th</sup> November 2001 (Doc.WT/ACC/LBY/1). The WTO Members agreed on 27<sup>th</sup> July 2004 to start negotiations with Libya on its membership.

Libya has not submitted yet the aide-memoire on its foreign trade system and the working group has not met yet.

**9. Sudan:**

The Working Party on the accession of Sudan was established on 25<sup>th</sup> 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.

#### **10. Tajikistan:**

On 29<sup>th</sup> 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.

#### **11. 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 17<sup>th</sup> 2002.

#### **12. Syria:**

Syria's request for accession was notified to the Director General of the WTO on 30<sup>th</sup> October 2001. (WT/ACC/SYR/1)

#### **13. Yemen:**

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

The working group on the accession of Yemen to the WTO held its second meeting on 3<sup>rd</sup> October 2005 during which it examined the factual summary, which deals with the main issues submitted for discussion, continued the general consideration of the foreign trade system and examined the evolution of legislation.

<b>Country-</b>	<b>Date of the setting up of a working group</b>	<b>Chairman of the working group</b>
Afghanistan	13 <sup>th</sup> December 2004	
Algeria	17 June 1987	Uruguay
Azerbaijan	16 July 1997	Germany
Kazakhstan	6 February 1996	Finland
Iraq	13 <sup>th</sup> December 2004	Uruguay
Iran	26 <sup>th</sup> May 2005	-
Lebanon	14 April 1999	France
Libya	27 <sup>th</sup> July 2004	-
Sudan	25 October 1994	Morocco
Syria	30 October 2001*	-
Tajikistan	18 July 2001	-
Uzbekistan	21 December 1994	Mexico
Yemen	17 July 2000	Germany

Source: WTO

## Annex XII to OIC/COMCEC-FC/22-06/REP

	Request	Setting up of a working group	Aide-memoire	1st Meeting of the working group	Number of the working groups' meeting	Offers for goods		Offers for services	
						Initial offer	Last offer	Initial offer	Last offer
<b>Afghanistan</b>	13 December 2004	13 December 2004							
<b>Algeria</b>	June 1987	June 1987	July. 1996	April 1998	7	Feb. 2002	Sept. 2003	March 2002	June 2004
<b>Azerbaijan</b>	June 1997	July 1997	April 1999	June 2002	2				
<b>Iran</b>	13 December 2004	13 December 2004							
<b>Libya</b>	June 2004	July 2004							
<b>Kazakhstan</b>	Jan. 1996	Feb. 1996	Sept. 1996	March 1997	7	June 1997	May 2004	Sept. 1997	June 2004
<b>Uzbekistan</b>	December 1994	December 1994	Oct. 1998	July 2002	2				
<b>Lebanon</b>	Jan. 1999	April 1999	June 2001	Oct. 2002	2	Nov. 2003	June 2004	Nov. 2003	June 2004
<b>Sudan</b>	Oct. 1994	Oct. 1994	Jan.1999	July 2003	2	July 2004		June 2004	
<b>Tajikistan</b>	May 2001	Jul. 2001	Feb. 2003	March 2004	1	Feb. 2004		Feb. 2004	
<b>Yemen</b>	April 2000	July 2000	Nov. 2002	Nov. 2004	1				

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

**FOR A REAL "DEVELOPMENT ROUND"**

If the new round of trade negotiations is currently at a decisive turning point, it is imperative that the interests of the OIC Member States be taken into account, especially by including the differential and special treatment among the major components of results; 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 in Cancun 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.

**AI GENERAL RECOMMENDATIONS:**

- > To make of the "development" dimension an essential issue in the future multilateral trade negotiations, with the implementation of a special and differential treatment for OIC and developing countries in general;
- > To endeavour jointly with the other developing countries to adopt a global approach in the current round of multilateral trade negotiations in order to avoid at the outcomes of these negotiations the implementation of new non-tariff measures disguising economic protection imposed by industrialised countries, on the pretext of preserving environment, public health and workers' rights.
- > To establish a detailed evaluation of the consequences of the trade liberalisation in the OIC Member States, 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);
- > 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 set up a mechanism of technical and financial support for the developing countries, for the consideration of trade disputes cases within the WTO;
- > 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 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).

**B/ Sectoral recommendations:**

**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 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 which are not complying with the WTO Agreements;
- > To preserve and consolidate the preferential access of the OIC Member States to the markets of developed countries and in the event of erosion of tariff preferences, the setting up of appropriate measures such as the revision of preferential agreements and the establishment of assistance plans for the adjustment and diversification of the economies of the most affected countries.

**Agreement on textiles and clothing:**

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

- > The dismantling of the MFA has harmful effects on the textiles exports of numerous OIC Member States; it has been proved imperative to examine the situation of these countries and to take appropriate measures in order to correct the weaknesses of this dismantling.
- > 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:**

- > 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;
- > To request a total withdrawal by developed countries of exports subsidies, within a fixed time limit; taking duly account of the consequences on net importing countries of food products, of which several belong to the OIC group
- > 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.

**Agreement on intellectual property:**

- > 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 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;
- > To 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 the OIC Countries' competitiveness in export markets and reinforce their capacity to protect their environment;
- > 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.

**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 of the WTO .

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 and the implementation of their results through consultancy and expertise.

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.

SIXTH MINISTERIAL CONFERENCE OF THE WTO  
HONG KONG, 13-18 DECEMBER 2005

Upon the instructions of His Excellency the Secretary General of the Organisation of the Islamic Conference, Prof Dr. Ekmeleddin IHSANOGLU, Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade has represented the OIC at the proceedings of the 6<sup>th</sup> Ministerial Conference of the WTO, which took place in Hong Kong from 13<sup>th</sup> to 18<sup>th</sup> December 2005.

During this conference, ICDT provided the delegations of the OIC Member States with a document entitled "the WTO Multilateral Trade Negotiations and the OIC Member States", which takes stock of the negotiations just before the conference, identifies the possibilities of coordination among the OIC Member States on the different negotiations issues and suggests recommendations to preserve the interests of the OIC Countries in negotiations.

The interest of this conference lies on the hand, in the fact that it was held in a crucial time of negotiations; the WTO could not suffer another failure after Cancun during the Doha Round and negotiations cannot last any more, because the prolongation of negotiations would favour bilateralism and the return to protectionism and trade wars. The expected objectives of the conference were somewhat watered down, because the Doha Round could not be closed at a time when the five interested parties (EU, USA, Australia, Brazil, India) were sticking to their respective positions".

A large participation in this conference was recorded both at the level of Governments as well as at the level of Governmental and non Governmental International Organisations. Yet, the number of delegations members was different according to the development level, for instance the delegation which numbered the largest number of members is that of the EU with 832 delegates, followed by the USA with 356 delegates and Japan 229. With respect to the OIC Countries, the delegate's number ranged between 63 (Saudi Arabia) and 2 delegates (the Gambia) the average being 12 delegates per delegation.

Fifty two OIC Member states participated in this Conference; the accession of 13 of these Member States is in process with an observer status. The most prominent event for the OIC is the accession of the Kingdom of Saudi Arabia to the WTO after 12 years of intense and tough negotiations.

The Islamic Development Bank has also participated in negotiations as observer.

- The Conference was chaired by the Secretary of State for Commerce, industry and Technology of Hong Kong, China, M. John Tsang who has appointed 6 other Ministers of commerce as facilitators:

- > Hümayun Akhtar of Pakistan (non agricultural products-NAMA);
- > Mukhisa Kityui of Kenya (Agriculture);
- > Clement Rohee of Guyana -developmental issues (such as the DST);

- > The services and rules were distributed amongst three facilitators: Kim Hyun-Chong (Korea), Jonas Gahr Store (Norway), Ignacio Walker of Chile.

Deliberations were held in plenary sessions and commissions: during the plenary sessions, the heads of delegations took the floor to make general declarations and expressed the views of their countries.

During the first four days, the main actors of international trade stuck to the position of Geneva and it was only after 17<sup>th</sup> December 2005 that noticeable breakthroughs were recorded on two files, agriculture and cotton.

#### 1/ WHAT WERE THE STAKES OF THIS CONFERENCE:

The Governments of 150 countries, (Saudi Arabia and Tonga have just acceded to the WTO) deliberated for a week on a draft Ministerial Declaration that was communicated to them by the leading bodies of the WTO.

This Draft Declaration required only few decisions on behalf of Ministers, the main ones being new deadlines for the setting up and completion of the negotiations framework - or complete modalities- for Agriculture and NAMA. Yet, regardless of the draft text of the Declaration, the Director General of the WTO, Pascal Lamy and the Chairman of the General Council, Ambassador Amina Mohamed (Kenya) sent to Ministers a set of specific issues concerning the probable structure of the possible modalities in negotiations on agriculture and NAMA.

Six reports of the chairmen of key negotiations were enclosed to the Draft Ministerial Declaration. Only one on trade facilitation was approved by the Members before the Ministerial Meeting. The others-on Agriculture and NAMA, services, rules and the DST for the LDCs- were presented by the respective chairmen, on their own responsibility and their content was neither negotiated nor agreed by Members.

- One of the biggest changes which occurred since the last Cancun Conference was the increasing role played by the DCs to push forward negotiations. The July Package, which revived the Doha Round, was worked out by the "five interested parties" (EU, United States, Australia, Brazil and India) and not by the quad composed of the United States, the EU, Japan and Canada.

The Members of the G-20, which was formed before Cancun and includes among others Brazil, China, India and South Africa have succeeded to balance conflicting interests and to submit common proposals on all the discussions aspects on agriculture. The G-20 also plays a significant role in the support of the other alliances of Developing Countries, notably the G-33, which focuses on concerns relating to food safety, guarantee of means of livelihood and rural development.



## **11/ RESULTS OF HONG KONG MINISTERIAL CONFERENCE:**

The text adopted on 18<sup>th</sup> December in Hong Kong by the WTO Members after six days of tough negotiations in Hong Kong and under the pressure of the altermondialist demonstrators, provides for the end of the subsidies, which developed countries grant to farmers and the opening of their markets in favour of Developing Countries. On the other hand, the key issues of agricultural customs duties as well as the reduction of obstacles to trade in industrial products and services were postponed for debate until 2006.

In fact. Ministers agreed on some general parameters to guide the working out of the "complete modalities" on agriculture and for non agricultural products market access (NAMA) and fixed a deadline 'April 2006) to finalise them.

Members have committed themselves to submit draft general schedules of commitments based on modalities that will be adopted before July 31<sup>st</sup> 2006. They still hope to conclude the round by the end of 2006.

### **1/AGRICULTURE:**

Member States have accepted the removal of all forms of export subsidies "by the end of 2013". A "substantial part" of non determined reductions, must be done before 2010. In exchange for this concession, the Europeans obtained restrictions on other forms of support to agricultural exports in the world. It concerns export credits and food aid in the United States, and in Canada, Australia and New Zealand, it concerns the State Trading Enterprises, which were accused of anti-commercial practices.

Besides, the Ministerial Declaration requires from Members to develop disciplines on food aid, programmes of export credits and the practices of the State Trading enterprises by "30<sup>th</sup> April 2006 within the framework of modalities". With respect to market access. Members have agreed to structure their tariffs in four bands for reduction.

Besides, the Final Declaration, which would serve as a guide for the working out of probable "complete modalities", allows DCs to "propose an appropriate number of tariff lines, as special products, guided by indicators based on the criteria of food safety, guarantee of means of livelihood and rural development". They would also resort to the "Special Safeguard Mechanism" to protect farmers against a sudden increase of imports or the collapse of import prices.

The specific elements of the special product status and of the special safeguard mechanism are to be determined, and "will be integral part of the modalities (for agriculture)".

### **2/ COTTON:**

With respect to cotton, African Countries have managed to obtain the abolition of domestic subsidies by the year 2006, but they could not eradicate the domestic

subsidies to production, which are the most prejudicial to their exports. The Agreement "recognizes" only that export subsidies should be reduced more ambitiously".

Actually, nothing has been provided for concerning domestic subsidies (estimated at about 3.8 billion dollars in 2004), which the United States continue to pay to its cotton producers.

Besides, with respect to the cotton of the Least Developed Countries (LDCs), the cotton exports in particular of West African Countries (Mali, Benin, Burkina Faso and Chad) have been granted duty and quota free access to the markets of Developed Countries starting from the conclusion of the negotiations of the Doha Round. But such a measure has been estimated as greatly insufficient for African producers.

### **3/ MEASURES IN FAVOUR OF THE LDCs:**

Developed and Developing countries "which declare to be able to do so" offer free market access without customs duties and quotas for at least 97% of the products originating from the Least developed Countries (LDCs) starting from 2008.

### **4/ NON AGRICULTURAL PRODUCTS:**

Negotiations on non agricultural products have recorded a little progress; debates dealt with the reduction modalities without fixing a precise rate for lack of consensus.

With respect to the modalities of tariff reduction of non agricultural products, the Ministerial Declaration has adopted the "Swiss formula" with a number of non specified coefficients of industrial tariff reductions.

The Declaration also provides for "a less than full reciprocity in reduction commitments and the formula which was adopted should enable "to reduce or as appropriate to eliminate tariff peaks, including the reduction or elimination of tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries".

It also provides for flexibilities to be accorded to DCs such as the exemption from the reduction of a small number of tariff lines, or less important reductions than those required by the formula on a higher number of lines.

### **5/ SERVICES:**

Annexe C on services was the most disputed part of the draft declaration of December 7<sup>th</sup> 2005. Several DCs had requested its total elimination. They were particularly discontented with the provisions of the annex relating to qualitative modal objectives and of the compulsory language, which requests Member States to undertake multilateral negotiations for market access, if requested to do so.

Finally, the Ministerial Declaration lessens the binding and prescriptive language of paragraph 7 of annex C, dealing with the multilateral demands and offers process, which was revised to explicitly specify that the compulsory consideration of collective demands will be made in the context of paragraph 2 of article XIX of the GATS stipulating that the liberalisation of trade in services should respect the developmental level of countries.

Members have also agreed that multilateral demands should be submitted by 28<sup>th</sup> February 2006 or as soon as possible after this date. Furthermore, the second series of revised offers will be presented by 31<sup>st</sup> July 2006. The final schedules of commitments must be submitted by 31<sup>st</sup> October 2006.

### **III/ CONSULTATIONS BETWEEN THE OIC MEMBER STATES:**

On 12<sup>th</sup> December 2005, the Islamic Development Bank organised in SHANGRI LA Hotel in Hong Kong, a consultative meeting of the OIC Member States whose agenda items dealt with the "progress achieved in Doha Development Agenda".

This meeting, which was chaired by the Minister of Commerce of the Islamic Republic of Pakistan in the presence of the President of IDB, was attended by 22 Ministers and 35 States of the OIC, ICDT, AMF and UNCTAD.

At the end of the debates, participants agreed on the following:

1. The organization by IDB of a meeting of the OIC Countries whose accession to the WTO is in process for an exchange of experiences;
2. The continuation of consultative meetings on the WTO issues and the organisation of a meeting to assess the Hong Kong Conference;
3. The working out by IDB of a study on the impact of the WTO Agreements on the OIC Member States;
4. A greater contribution of IDB in the development of human resources in the fields of international trade and negotiations techniques ;
5. Support by IDB of the efforts aiming at expanding intra-OIC trade;
6. Continuation of the IDB's programmes relating to the capacity building in the field of exports and the access to the Member States' markets like for cotton;
7. Need to strengthen coordination between IDB and ICDT so as to ensure a better technical assistance to Member States:
  - 7.1- In the field of training
    - > Negotiators
    - > Staff who will be in charge of implementing the results of the Doha Round
  - 7.2- In the field of the popularization of the results of the Doha Round
  - 7.3- In the field of the impact assessment of negotiations on the economies of the OIC Countries
  - 7.4- Continuation of the efforts of IDB and ICDT for a greater coordination of the position of Member States just before the future Ministerial Conferences of the WTO.



**ANNEX**

**XIII**



**AGENDA ITEM (9):  
REPORT BY THE ICCI ON "PRIVATE SECTOR  
MEETINGS AMONG THE OIC  
MEMBER COUNTRIES"**

**Agenda Item (9): Report by the ICCI on "Private Sector Meetings Among the OIC Member Countries.**

In line with the directive given by the 9<sup>th</sup> Session of COMCEC, the Islamic Chamber in collaboration with its member chambers and related OIC Institutions has been organizing Private Sector Meetings with the objective of promoting economic cooperation among the OIC Member Countries. These Private Sector Meetings have given a unique platform for the private sector representatives to meet and explore new areas of cooperation and business transaction.

In addition, to the Private Sector Meetings, the Islamic Chamber has also been supplementing these meetings by organizing activities that also involve the participation of the private sector. These activities have been Privatization, Investment and Cultural Conferences, Forums for Businesswomen, Exhibitions, Economic Trade Delegations and meeting of the private sector by the President of the Islamic Chamber.

The objective of these events, is to provide additional opportunity to the Islamic Chamber and the hosting country to interact with the private sector of the other countries and at the same time, to present their investment climate and invite foreign direct investment. These events are attended by private sector investors, representatives of banks and financial institutions.

As per the Agenda Item (7), the Islamic Chamber is to submit its report on the Private Sector Meetings. However, it may be mentioned that the 12<sup>th</sup> Private Sector Meeting, was scheduled to be held in 2006 in Senegal, alongwith the 11<sup>th</sup> Islamic Summit. Now, since the Summit has been postponed to 2007, the 12<sup>th</sup> Private Sector Meeting has also been postponed to 2007 on the request of the hosting country and the Union of Senegal Chamber of Commerce, Industry and Agriculture.

It may be mentioned that the preparation for the meeting has, nonetheless, commenced. The first preparatory meeting between the Islamic Chamber, the National Union of Chambers of Commerce, Industry and Agriculture of Senegal and the National Agency for the Organization of Islamic Conference (ANOI), under the Chairmanship of Mr. Karim Wade, President of the Organizing Committee, was held on 23<sup>rd</sup> March 2006. During this meeting, Committees were formed, consisting of the ICCI, ANOCI, Ministries of Commerce and Foreign Affairs of the Republic of Senegal and the National Union of Chambers of Commerce, Industry and Agriculture of Senegal.

The meeting also determined the responsibilities of each institution and a time frame was prepared for the completion of the various stages of preparation.

The dates for the 12<sup>th</sup> Private Sector Meeting could not be determined as dates for the 11<sup>th</sup> Islamic Summit were not fixed. However, it was agreed that regardless of the dates of the Summit the 12<sup>th</sup> Private Sector Meeting should be held in 2007. It was noted that the 11<sup>th</sup> Islamic Trade Fair would be held tentatively from 21-25 November 2007. So the 12<sup>th</sup> Private Sector Meeting could be held tentatively from 21-23 November 2007. But it was agreed to wait till end April 2006 to take the final decision. The General Secretariat of the Islamic Chamber is in contact with the organizers in Senegal for their final decision.

As mentioned above, the other supplemented activities of the Islamic Chamber, have been as follows:

## **2<sup>ND</sup> FORUM FOR BUSINESSWOMEN**

The **2<sup>nd</sup> Forum for Businesswomen** in Islamic Countries would be held in Kuala Lumpur - Malaysia in September 2006 and its objectives would be as follows:

- > Foster awareness and encourage entrepreneurship through education and fostering entrepreneurial networks
- > Improve knowledge and statistics about women's entrepreneurship
- > Disseminate financial information and information on trade opportunities
- > Upgrade their managing and marketing skills and harness the businesswomen associations to serve as a bridge between the businesswomen associations and OIC and its affiliated institutions.
- > To enhance synergies among the Member Chambers, for the complementarities and mutual awareness among the many existing and emerging initiatives, support replicating and scaling up of successes, and assist in developing and launching national development strategies.
- > On the basis of the demands and priorities of the member countries, generate actions in human resource development, to promote national capacity-building, deployment and transfer of technology for development, including education, health, and enterprise development, through actions at the sub-regional and regional levels.



In addition, The 2<sup>nd</sup> Businesswomen's Forum objectives would also be in line with the objectives and priorities of OIC, such as:

- To develop cooperation among its members and other similar institutions in the Islamic World for establishing a more integrated OIC community
- To encourage trade, industry, agriculture and handicrafts; to propose economic policies advantageous to its members and create avenues for the collaboration amongst its members and similar organizations throughout the Islamic World in their efforts for economic development
- To aim at facilitating the diversification of trade and production of goods and services in member countries and narrowing the technology gap with the industrialized countries, through an enhanced role by the private sector and more efficient and rational operation of public enterprises
- To promote the exchange of commercial, technical, industrial, management and scientific information, education and know-how amongst its members
- To strive towards the gradual realization of the Islamic Economic Community, which will embrace all the basic requirements for human development and well-being by means of a comprehensive approach designed to solve the problems of immediate concern to the member countries.

### **1<sup>st</sup> Forum on Tourism in Islamic Countries**

The 1<sup>st</sup> Forum on Tourism in Islamic Countries will be held in Riyadh - Kingdom of Saudi Arabia. Islamic Chamber in joint collaboration with the Council of Saudi Chambers of Commerce and Industry and with the support of the Saudi Supreme Council for Tourism will hold the Forum on 11-13 September 2006 in Jeddah. While, the Government of the Republic of Mali has showed their interest to hold the Second Private Sector Forum on Tourism in Bamako.

### **3<sup>rd</sup> Investment and Privatization Conferences**

The 3<sup>rd</sup> Investment and Privatization Conferences would be held with the cooperation of Iran Privatization Organization, IDB, and the Iran Chamber of Commerce, Industries and Mines in Tehran - Islamic Republic of Iran in 2007. The General Secretariat of the Islamic Chamber is in contact with the Iran Chamber of Commerce, Industries and Mines for the finalization of the Conference.

### **2<sup>nd</sup> World Islamic Economic Forum**

The General Secretariat of the Islamic Chamber is also co-organizing with the Asian Strategic and Leadership Institute (ASLI) Malaysia, the Ministry of Foreign Affairs of Malaysia, the Government of Pakistan, Islamic Development

Bank (IDB) and Islamic Centre for Development of Trade (ICDT), the Second World Islamic Economic Forum in Islamabad from 6-7 November 2006. In this context, the first preparatory meeting between the organizers was held in Islamabad on 10<sup>th</sup> March 2006 under the chairmanship of H.E. Shaukat Aziz, Prime Minister of the Islamic Republic of Pakistan, and also the Minister of Economic Affairs and Statistics of the Islamic Republic of Pakistan. During this meeting, the Prime Minister reiterated that the Forum should be of high repute with speakers of high caliber and expertise. Thereafter, all organizational aspects were discussed and responsibilities were allocated.

### **Direct contacts**

In addition to the conferences and meetings, the President of the Islamic Chamber H.E. Shaikh Saleh Kamel has also initiated a programme of visits to the OIC Countries. During these visits, the President meets Their Excellencies the Heads of States and relevant Ministers and also a wide representation of the private sector. The objective of these visits and interaction with the public and the private sector is to explain to them the new vision and new projects of the Islamic Chamber, alongwith the concept of Islamic economy. So far, the President H.E. Shaikh Saleh Kamel has visited Malaysia and has met with the private sector of Malaysia and the neighbouring countries. In addition, he has also visited Jordan, United Arab Emirates and Egypt.

The President is expected to attend the General Assembly of Union of Turkish Chambers on 27<sup>th</sup> May 2006 in Ankara and on this occasion will also meet the representatives of the Central Asian Republics.

### **Other activities**

The General Secretariat of the Islamic Chamber also wishes to inform that;

- The **Fifth OIC Task Force Meeting on SMEs** will be held in Turkey on 5-7 June, 2006 in collaboration with the Small and Medium Industry Development Organization (KOSGEB) of Turkey.
- **Training Programs/Workshops:** The Islamic Chamber has always focussed to undertake programs for the promotion of trade and to enhance the Member Countries Chamber Staff's skills, techniques and tools for facilitating private sector in their business by regularly organizing workshops and training programs with the cooperation of IDB, Small and Medium Enterprise Development Authorities of member countries and Perez-Guerrero Trust Fund (PGTF). In this context, the related training program for the Staff of the National Chambers of Commerce and Industry for Middle Eastern Countries will be held in Doha - State of Qatar on 25-28 June, 2006.

ANNEX

XIV



**REPORT ON THE  
1 1<sup>TM</sup> TRADE FAIR OF ISLAMIC COUNTRIES  
(TFOIC)  
DAKAR 2007**

**1. GENESIS:**

The 20<sup>th</sup> Session of the Standing Committee for Economic and Commercial Cooperation among the OIC Member states (COMCEC) held from 23<sup>rd</sup> to 27<sup>th</sup> November 2004 in Istanbul, has reaffirmed in resolution 1 paragraph 72, "its decision to welcome the offer of the Republic of Senegal to host the 11<sup>th</sup> Trade Fair of Islamic Countries in 2006".

By virtue of this resolution the Republic of Senegal will organise the Trade Fair of Islamic Countries (TFOIC), after having withdrawn in favour of the State of United Arab Emirates for the organisation of the ninth edition of this Fair in 2002.

In this context, a preliminary meeting was held on the sidelines of the 10<sup>th</sup> Trade Fair of Islamic countries, held from 5<sup>th</sup> to 9<sup>th</sup> February 2005 in Manama in the Kingdom of Bahrain, between the Islamic Centre for Development of Trade and the International Foreign Trade Center of Senegal (CICES).

The director General of ICDT explained to the representatives of the CICES, the great importance this fair is invested with, considering that it will be held for the first time in an OIC Sub Saharan African Member State and that it represents an exceptional opportunity for Member States in the African continent to highlight their wealth and economic potential.

At this meeting, the ICDT submitted to the CICES a draft Memorandum of Understanding, defining the responsibilities and the tasks of each institution involved in the organisation of the 11<sup>th</sup> Trade Fair of Islamic Countries, which will be discussed and signed by both parties subsequently.

**First Coordination Meeting:**

The meeting was held on the sidelines of the 4<sup>th</sup> Conference of Tourism Ministers in the OIC Member States that was held from 28<sup>th</sup> to 30<sup>th</sup> March 2005 in Dakar.

During this meeting, both parties examined the different articles of the draft Memorandum proposed by ICDT. The participation of the OIC Least Developed Member countries and the promotional campaign were at the core of the discussions. On the same occasion, ICDT's delegation visited the premises of the international Trade Centre of Dakar, which will host the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC).

**Second Coordination Meeting:**

Upon the invitation of the Islamic Centre for Development of Trade addressed to the Ministry of Commerce of the Republic of Senegal and to the International Foreign Trade Center of Senegal (CICES), the second coordination meeting for the organisation of the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC), to be held in Dakar in 2006, was held at the headquarters of ICDT on 25<sup>th</sup> and 26<sup>th</sup> May 2005.

It was agreed, in particular to hold the 11th Trade Fair of Islamic Countries (TFOIC) at the International Trade Centre of Dakar from 7<sup>th</sup> to 11<sup>th</sup> June 2006 under the theme "Intra-OIC trade and partnership for development of Africa".

At the end of their meeting, both parties recorded the outcomes of their discussions in a Memorandum of Understanding that was signed by Mr. Adama SALL, Director General of the International Foreign Trade Center of Senegal (CICES) and Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade, on 26<sup>th</sup> May 2005 (17 Rabii II1426 H).

**Postponement of the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC):**

Upon the announcement of the holding of an Extraordinary Summit of the OIC in the Kingdom of Saudi Arabia in December 2005, the Senegalese authorities have decided to defer the holding of the 11<sup>th</sup> Ordinary Summit Conference of the OIC until 2007, which was initially scheduled for 2006. Accordingly, the competent authorities of Senegal have decided in consultation with the Organisation of the Islamic Conference to postpone until 2007, all the activities scheduled on the sidelines of the Islamic Summit Conference, including the 11<sup>th</sup> Trade fair of Islamic Countries (TFOIC).

**Third Coordination Meeting:**

The third coordination meeting for the organisation of the Trade Fair of Islamic countries (TFOIC) scheduled to be held in Dakar in 2007, took place on 20<sup>th</sup> September 2005 at the Chamber of Commerce and Industry of Dakar (CCIAD).

The meeting that was attended by the representatives of the CICES, the National Agency of the Organisation of the Islamic Conference (ANOCI), the Investment Promotion and Major Project Agency (APIX) and the Chamber of Commerce and Industry of Dakar (CCID) examined the proposals concerning the dates for the organisation of the 11<sup>th</sup> Trade Fair of Islamic Countries proposed by the CICES:

- > 1<sup>st</sup> proposal: from Wednesday 7<sup>th</sup> November to Sunday 11<sup>th</sup> November 2007
- > 2<sup>nd</sup> proposal: from 14<sup>th</sup> November to 18<sup>th</sup> November 2007

The meeting also dealt with the programme of the Fair during the five days, the following has been decided:

- > 1<sup>st</sup> **day:** Official opening of the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC) by H.E the President of the Republic of Senegal (that was the profound wish of all participants in this meeting);
- > 2<sup>nd</sup> **and** 3<sup>rd</sup> **days:** Inauguration and holding of the investors forum and the 13<sup>th</sup> Private Sector Meeting of Islamic Countries;
- > 4<sup>th</sup> **day:** Meeting of the Trade Promotion Organs;
- > 5<sup>th</sup> **day:** Closing of the Fair.

#### **Fourth Coordination Meeting**

The Fourth Coordination Meeting was held on 24<sup>th</sup> November 2005 in Istanbul on the sidelines of the 21<sup>st</sup> Session of the Standing Committee for Economic and Commercial Cooperation among the OIC member States (COMCEC), which was held from 22<sup>nd</sup> to 25<sup>th</sup> November 2005 in Istanbul.

The Director General of ICDT started the meeting by extending his congratulations to the Director General of the CICES, Mr Pape Demba DIALLO, who has just been appointed at the head of this organisation. Mr. RACHDI laid stress during this meeting on the importance of the 11<sup>th</sup> Trade Fair, since on the one hand, it is the first time that this event will be held in an OIC Sub Saharan Member Country and that it also represents an exceptional opportunity, for the OIC African Countries to bring into relief their resources and economic potentials.

Then discussions, between both parties dealt with the following items:

- > **The new date of the Fair:** Following the postponement of the, 11<sup>th</sup> Summit Conference of the OIC that will be held until 2007, it was agreed that the 11<sup>th</sup> Trade Fair of Islamic Countries will take place two or three weeks before the Summit. The final date will be fixed according to the holding of this conference.
- > **The promotional Campaign:** Both parties decided to form joint delegations to participate in the different officials meetings and events at the level of the Organisation of the Islamic conference (ICFM, COMCEC, Islamic Commission for Economic, Social and Cultural Affairs...). Towards the same end, both parties will also take part in some regional and international events and fairs.

Besides, official invitations will be sent by the Minister of Commerce in Senegal to his counterparts in the OIC Member Countries, in order to incite them to participate in the 11<sup>th</sup> Trade Fair. Follow up will be ensured by the International Foreign Trade Centre of Senegal (CICES).

- > **The different activities on the sidelines of the Fair:** The CICES informed participants that a Forum on Investment will be organised on the sidelines of the Fair. Among the activities that will be held alongside with the Fair, there is the 12<sup>th</sup> Private Sector Meeting to be organised by the Islamic Chamber of Commerce and Industry (ICCI) and the meeting of the Trade Promotion Organs in the OIC Member States to be held by ICDT.

#### **Meeting with the President of the IDB Group, Dr. Ahmed Mohamed ALI**

Within the framework of the efforts of the Senegalese authorities aiming at ensuring the biggest success to the 11<sup>st</sup> Trade fair of Islamic Countries (TFOIC), a joint delegation composed of the Republic of Senegal and the Islamic Centre for Development of Trade (ICDT) held, on 25<sup>st</sup> November, a meeting with Dr. Ahmed Mohamed ALI, President of the Group of the Islamic Development Bank (IDB), on the sidelines of 21<sup>st</sup> Session of the Standing Committee for Economic and Commercial Cooperation among the OIC Member States (COMCEC), which was held from 22<sup>nd</sup> to 25<sup>st</sup> November 2005 in Istanbul.

The Senegalese Officials, supported by Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade (ICDT) submitted to Dr. Ahmed Mohamed ALI a financing request concerning the following elements:

- The promotional campaign at the level of the OIC Member States;
- The renovation of the infrastructures of the International Fair of Dakar (FIDAK);
- The participation of the OIC Least Developed Countries in this event.

In this respect, the President of IDB reaffirmed his support to the activities of ICDT in general and to the organisation of trade fairs in particular, and gave his agreement in principle for the financing of the first and last parts of the request. Besides, he pointed out that the financing of the second part would be difficult in view of the fact that it does not correspond to any financing programme developed by IDB.

Following this meeting, it was decided to prepare a budget estimate (in collaboration between the CICES and the ICDT), on items 1 and 3 in order to be submitted to the IDB.

#### **Fifth Coordination Meeting:**

Upon the invitation of the International Centre for the Foreign Trade of Senegal (CICES) the 5<sup>th</sup> coordination meeting for the organisation of the 11<sup>th</sup> edition of the Trade Fair of Islamic Countries (TFOIC) was held on 22<sup>nd</sup> March 2006 in the International Trade and Exchange Centre of Dakar.

#### ***A/ COORDINATION MEETING WITH THE CICES: (22<sup>nd</sup> March 2006 at the CICES headquarters).***

During this meeting, both parties discussed the different agenda items presented by ICDT. The first agenda item relating to the date and venue of the Fair was at the core of debates. In fact, it was agreed to request the OIC National Agency (ANOCI) in the Republic of Senegal to fix a date for the organisation of the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC), so as to allow organisers to make progress in the preparations of this event. This measure is even more necessary in view of the fact that according to several local sources the date of the holding of the OIC Summit Conference might be postponed until 2008.

At the end of the discussions on the different agenda items, both parties agreed on the following:

- > To request the OIC National Agency (ANOCI) to take into consideration within the shortest possible time one of the two dates proposed for the holding of the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC): from 7<sup>th</sup> to 11<sup>th</sup> November 2007 or 14<sup>th</sup> to 18<sup>th</sup> November 2007;
- > ICDT will carry out the promotion of the event at institutional level: COMCEC meetings, Summit Conference, Islamic Conference of Foreign Ministers (ICFM), Islamic Commission for Economic, Social and Cultural Affairs;
- > The CICES will carry out the promotion of the event at the level of the private sector (regional fairs etc.). The CICES will also contact the Responsible Ministry to be involved in the different official missions and participate in the OIC meetings;
- > The CICES in coordination with ICDT will follow up the request made by Senegal to IDB for among others, the renovation of the Fair's infrastructures and the participation of the LDCs in this event.



- > In Coordination with ICDT, the CICES will work out the Exhibitor's manual, the advertising posters and brochures relating to the Fair;
- > The next coordination meeting will be held at ICDT's headquarters in Casablanca as soon as the date of the Fair is fixed.

Besides, the ICDT's representative has distributed to participants the Programme of the TPOs' meeting to be held on the sidelines of the Fair. The officials of the CICES informed participants that the Senegalese Agency for Exports Promotion (ASEPEX), which has recently been created, will be in charge of the organisational aspect of this meeting as soon as its structures are set up.

***/MEETING WITH THE PRESIDENT OF THE OIC NATIONAL AGENCY (ANOCI):***

The meeting with Mr. Karim Wade, President of the ANOCI gathered the representatives of the following institutions:

- > The Ministry of Commerce of Senegal;
- > The CICES;
- > The ICDT;
- > The chamber of Commerce and Industry of Dakar;
- > The ICCI of Karachi;
- > The APIX (Investment Promotion and Public Works Agency).

After extending his welcome to participants, Mr. Wade started his speech by reiterating the great and special importance given by the government of the Republic of Senegal to the Summit conference, as well as to all the activities to be concomitantly held with this event. In this regard, Mr. Wade added that important human and financial resources are mobilised to renovate and modernize the premises and sites host the OIC events.

During this meeting, ICDT laid stress on the urgency of fixing a date for the 11<sup>th</sup> Trade Fair of Islamic Countries (TFOIC), in view of the fact that all the promotional efforts are at a standstill because the date of the Fair has not been fixed yet. The ICCI and the Chamber of Commerce and Industry of Dakar also tackled some problems relating to the organisation of the 12th Private Sector Meeting.

The President of the OIC National Agency (ANOCI), who expressed great satisfaction at the perfect coordination between the ICDT and the CICES, requested the organisation of a meeting gathering the "technicians" of all the present institutions. Thus Commission was scheduled to meet on 24<sup>th</sup> March 2006 to deal with the different problems raised during the meeting.

Besides, the Representatives of the ANOCI reiterated their wish to be kept informed and even involved in the different preparatory stages of the Fair as a coordination organ of all the activities relating to the OIC.

**FIRST TOURISM FAIR OF THE  
OIC MEMBER STATES**

**OIC TOURISM-2005**

**ISTANBUL, 24-26 NOVEMBER 2005**

The Islamic Centre for Development of Trade organised under the auspices of the Ministry of Culture and Tourism of the Republic of Turkey and in collaboration with the Turkish Association of Travel Agencies (TURSAB), the First Tourism Fair of the OIC Member Countries from 24<sup>th</sup> to 26<sup>th</sup> November 2005 at CNR Exhibition Centre in Istanbul. The CNR-EXPO is one of the largest exhibition space in the Middle East (150,000 square meters indoor space).

This event was organised in compliance with the recommendations of the 2<sup>nd</sup> Islamic Conference of Tourism Ministers of the OIC Member States held in Kuala Lumpur (Malaysia) from 12 to 13 October 2001 "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 (ICCI) 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".

The first OIC TOURISM Fair was attended by 14 Member countries: Egypt, Guinea, Kirghizstan, Malaysia, Iran, Jordan, Lebanon, Morocco, Palestine, the State of Qatar, Tunisia, Azerbaijan, Syria and Turkey. The Turkish Cypriot State also participated in this Fair. Several countries have chosen to build and fit their own national pavilions in order to make them as attractive as possible. This objective was effectively achieved.

Participants represented the following tourism related sectors:

- > Tours operators, travel agencies;
- > Transport companies, hotels and tourism resorts;
- > Organisations in charge of tourism promotions;
- > Tourism services providers;
- > Operators in the field of handicrafts;
- > Investors in the tourism sector.

About 350 operators representing this sector also participated in this event.

## OPENING CEREMONY:

The opening ceremony of the OIC-TOURISM-2005 took place on 25<sup>th</sup> November 2005 at CNREXPO in the presence of His Excellency Prof Dr. Ekmeleddin IHSANOGLU, Secretary General of the Organisation of the Islamic Conference, thirty Ministers and personalities from the different OIC Member Countries and the host country.

Other prominent personalities also participated in the opening ceremony, notably, H.E Mr. Esfandiar Rahim MACHAÏ, Vice-President of the Islamic Republic of Iran and President of the Cultural and President of the Organisation of the Cultural and Tourism Heritage of Iran, Prof. Musrafa Isen, Vice-Minister of Culture and Tourism of the Republic of Turkey and the Mayor of Istanbul.

The inaugural ceremony started by a dance show presented by a folk dancing duo from Azerbaijan, followed by another folk dance show performed by the famous "Saman Dance Group" of Turkey.

These shows were followed by the speeches of the following personalities:

- > Mr. Adnan Taspinar, General coordinator of the CNR Holding;
- > Mr. Riza Epikman, Vice-President of TURSAB;
- > H.E. Pr. Mustafa Isan, Vice minister of Culture and Tourism of the Republic of Turkey;
- > H.E. Pr. Ekmeleddin IHSANOGLU, Secretary General of the Organisation of the Islamic Conference.

These personalities praised the efforts made by ICDT; H.E. the OIC Secretary General of the OIC called on ICDT to multiply "such activities, which have a direct and perceptible impact on the development of intra-OIC services and trade".

The opening ceremony was widely covered by the media, TV channels, the press and other press media. Then the VIPs went to the entrance hall to cut the ribbon announcing thus the official opening of this event and visited the different pavilions of the Fair.

## **HOLDING OF THE FAIR:**

Since the first day of the Fair, the OICTOURISM Fair was visited by specialists and operators of the tourism sector. In order to ensure a good participation level, the CNR Company provided to the heads of enterprises wishing to visit the Fair a VIP transport service. The second day of the Fair was marked by the visit of delegations participating in the 21<sup>st</sup> Session of the COMCEC. The latter

attended folkloric shows within the Fair's premises, performed by specialised groups which came from some Member States.

On the third and last day of the Fair, which coincided with the week-end in Turkey, the event experienced a rush of local tourism operators and from other OIC Countries as well, seeking tourism partnership opportunities. Several participants carried on their contacts until the last moments of the Fair.

It should be noted that most of participants in the first OICTOURISM expressed their satisfaction at the quality of the organisation and services provided by the CNR and ICDT.

#### **WORKSHOPS ON THE SIDELINES OF THE FAIR:**

- > A workshop on Tourism in Malaysia was organised on 25<sup>th</sup> November on the sidelines of the Fair. The workshop was attended by several specialists and professionals in tourism of several nationalities, the majority of which were participants or visitors. This event was a good opportunity to bring out and present the assets and resources of Malaysia in the field of tourism and to show to participants the different partnership possibilities aiming at increasing the number of tourists from and to Malaysia.
- > The second workshop on tourism in Iran was organised on 26<sup>th</sup> November 2005, in the presence of H.E Mr. Esfandiar MASHAÏ, Vice-President of the Islamic Republic of Iran, Mr. Riza EPIKMAN, Vice-President of the Turkish Association of Travel Agencies (TURSAB) and Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade. After the opening session, the Iranian operators started to establish contacts with their counterparts from several OIC Member Countries.

The first OICTOURISM Fair recorded a big success, whether at the level of organisation, participation or of its holding. If the number of participating countries seemed to be small, the latter represented the main tourist countries of the OIC or high potential tourist countries (Turkey, Malaysia, Egypt, Morocco, Lebanon...). In view of these results, the ICDT shows a great optimism with respect to the next editions of this Fair. Actually, the OICTOURISM 2005 is the First Specialised Exhibition in the tourism sector gathering more than 350 specialists of this sector in the OIC Member States.

Besides, the Islamic Centre for Development of Trade held a preliminary meeting with the Officials of the Ministry of Tourism of the Republic of Lebanon, to discuss the preparation modalities of the 2<sup>nd</sup> edition of the OICTOURISM scheduled to be held in Beirut in June 2007.

**REPORT ON THE  
2<sup>ND</sup> TOURISM FAIR OF THE OIC  
MEMBER STATES  
OICTOURISM-2007**

Beirut, from June 22<sup>nd</sup> to 24<sup>th</sup>, 2007

***PRELIMINARY MEETING:***

After the opening ceremony of the **OICTOURISM-2005**, which was organised from November 24<sup>th</sup> to 26<sup>th</sup>, 2005 in CNREXPO in Istanbul, the Islamic Centre for development of Trade held a preliminary meeting with the officials of the Republic of Lebanon, in November 25<sup>th</sup>, 2005, with a view to discussing the modalities of the preparations of the 2<sup>nd</sup> edition of the OIC TOURISM scheduled to be held in Beirut in 2007.

During this meeting, the Lebanese delegation congratulated ICDDT for the Organisation of the First Tourism Fair of the OIC Member States and pointed out that Lebanon gives a great importance to this event. The Director General of Tourism at the Lebanese Ministry of Tourism expressed her wish to start as soon as possible coordination with ICDDT with a view to launching a promotional campaign within a suitable time limit.

To that effect, Mr. Allal RACHDI, Director General of ICDDT gave to the Lebanese officials a draft Memorandum of Understanding that will be discussed at a subsequent meeting. For her part, the Secretary General of the Lebanese Ministry of Tourism declared that all the means will be deployed to ensure the success of the 2<sup>nd</sup> edition of the OICTOURISM. In order to achieve this goal, both parties have agreed to start as soon as possible the promotional campaigns at the level of the public and private operators in the OIC Member States. In this regard, a first coordination meeting will be scheduled to discuss and sign the MOU proposed by ICDDT.

During this meeting, both parties have agreed to organise the OICTOURISM-2007 in the first week of June 2007 (date to be confirmed) and to keep the theme of the Fair for the next edition: "OICTOURISM: a meeting point of peace and tolerance".

First Coordination Meeting:

In compliance with the resolutions of the 2nd Islamic Conference of the Ministers of Tourism held in Kuala Lumpur on October 12th and 13th, 2001 "requesting the Islamic Centre for Development of Trade (ICDT) to organise a tourism fair in the OIC Member States once every two years on the model of the Trade Fair of the OIC Member States...".

And on the invitation of the Ministry of Tourism of the Republic of Lebanon, the organizational committee of the 2nd Tourism Fair of the OIC Member States, composed of the Islamic Centre for Development of Trade and the Ministry of Tourism of Lebanon, held a meeting at the headquarters of the Ministry in Beirut, the Republic of Lebanon from January 30th to February 1st, 2006 and discussed the following agenda items:

1. The draft of a Memorandum of Understanding;
  2. The incentives offered to participants;
  3. The promotional and marketing Campaign;
  4. The fair's opening programme;
  5. The date and venue of the 2nd coordination meeting.
1. Both parts examined the items of the draft memorandum of understanding in a good atmosphere marked with comprehension, with a view to making of the event a great success. The memorandum was adopted and initialled after all its items were exhaustively examined. It will be signed at the 2nd coordination meeting scheduled to be held in Casablanca no later than the beginning of June 2006.
  2. The Lebanese part is committed, according to the adopted Memorandum of Understanding, to grant facilities and incentive rates to participants as regards transport, shipment, lodging and customs clearance. With a view to inciting the OIC Member States to participate massively in the fair, the Lebanese part will also fix an adequate cost for the square meter at "Beirut International Exhibition & Leisure Center" (BIEL) on the basis of the costs which were applied in similar events held in the Republic of Lebanon. Relevant information will be conveyed to ICDT in the coming 15 days.
  3. Both parts convened that the promotional campaign for the organisation of the fair will be launched soon in order to ensure a large participation of the OIC Member States. Thus, the event will be jointly promoted at the most important meetings and events of the Organisation of the Islamic Conference and during the specialised regional and international exhibitions in which the Republic of Lebanon will take part. Both parts also agreed to meet the competent authorities in Member States so as to incite them to participate in the *OICTOURISM-2007*. To that effect, Lebanese part will prepare, in

coordination with ICDT, suitable promotional products in a month's delay as from the Memorandum of Understanding has been initialled.

4. H.E. the Minister of Tourism of the Republic of Lebanon will officially invite his counterparts in the OIC Member States to attend the fair's opening ceremony which will be held under the aegis of H.E. the Prime Minister of the Republic of Lebanon. The Lebanese part will also convey official invitations to different personalities of the OIC, namely H.E. the Secretary General of the Organisation of the Islamic Conference. While the Islamic Centre for Development of Trade will send invitations to the ministries of tourism of the OIC Member States and to the tourism institutions in these countries.

It was also convened that ICDT will organise a workshop on the sidelines of the fair under the theme: "Partnership and the promotion of tourism industry in the OIC Member States ", the program of which was given to the Lebanese party. The latter will prepare a conference room for this purpose.

A meeting with the representatives of the Association of tour operators and travel agencies in Lebanon was also held on the sidelines of the visit. These are:

- Mr. Jean ABBOUD, President
- Mr. Ghassan HATI, Director
- Mr. Amine NASSER, Member
- Mr. Alexander HAJJAR, Member

On this occasion, the Association of tour operators and travel agencies in Lebanon laid stress on the private sector's readiness to contribute to the promotion of the event and to give the necessary support so as to ensure the success of the fair.

After the memorandum of understanding was initialled on February 1st, 2006, a press conference was broadcasted on the Lebanese TV and published in the local press, on the occasion of which H.E. the Minister of Tourism of the Republic of Lebanon announced that the 2nd Tourism Fair of the OIC Member States will be held from June 22<sup>nd</sup> to 24<sup>th</sup>, 2007 at Beirut International Exhibition & Leisure Center (BIEL) and that its organizational programme has been launched.

Moreover, both parts visited the Biel Exhibition Center along with the Director General and the Responsible for the Arab Tourism in the Ministry of Tourism, and met with Mr. Mahmoud JOUEIDI, Chairman and General Manager. Thus, it was agreed to adopt incentive rates for the 2nd Tourism Fair of the OIC Member States with a view to inciting the OIC Member States to massively participate in this event. Mr. Rami JOUEIDI, Biel Deputy General Manager and Mr. Michel SHEHADE, Sales Manager also attended this meeting.

It is worth mentioning that the Beirut International Exhibition & Leisure Center (Biel) consists of 10,000 sq m, indoor space and of 25,000 sq m of outdoor space. Biel is one of the largest and most modern complexes of its kind in the region. It is ideally located at the heart of downtown Beirut and on the waterfront of the Mediterranean Sea. It is equipped with an ample parking with a capacity of 3000 vehicles.

5. Both parts agreed that the second coordination meeting for the organisation of the 2nd Tourism Fair of the OIC Member States will be held in Casablanca by June 1st, 2006 at the latest.



## **REPORT ON THE FIRST AGRIBUSINESS EXHIBITION OF THE OIC MEMBER COUNTRIES**

Algiers, from 17<sup>th</sup> to 20<sup>th</sup> April 2005

### **Presentation:**

Upon the request made by its Board of Directors, the Islamic Centre for Development of Trade (ICDT) organised in collaboration with "the Algerian Company of Fairs and Exhibitions" (SAFEX), the First Agribusiness Exhibition of the OIC Countries from 17<sup>th</sup> to 20<sup>th</sup> April 2005 at the "Palais des Expositions Pins Maritimes" in Algiers under the theme "The Agribusiness sector: partnership model among the Member States of the Organisation of the Islamic Conference".

This event was held at the right time in view of what is at stake for the Islamic world either at present or in the future, and of all the challenges of globalisation that are facing the Islamic world imposing full scale levelling up of the agribusiness sector for several countries. The latter mainly aim at increasing and further strengthening their competitiveness so as to uphold and develop their market shares. For most of the OIC Countries, the agribusiness sector provides in fact, considerable potentialities of integrated development and huge opportunities to develop the agricultural and sea resources. Yet at the moment when some Member States are recording production surpluses, which they sell to foreign markets, others are net importers of the same products.

Therefore, in order to create synergies and draw closer the operators of this sector, by intensifying trade opportunities among them and allowing them to pinpoint partnership projects that ICDT is organising this event.

### **Participants and aims of the exhibition:**

This event is open to the OIC 57 Member States, to national trade promotion organs and institutions, to Muslim economic operators of non-member countries and of course to the OIC Institutions, notably the Islamic Development Bank.

In view of the fact that the Organisation of the Islamic Conference numbers 57 Member States and that more than one billion of consumers, this exhibition mainly aims at:

- Promoting trade
- Identifying intra-OIC partnership and investment possibilities;
- Strengthening dialogue among consumers and producers.

### **Mission of ICDT in Algeria (26-28 May 2004):**

In this context, a delegation from ICDT, led by its Director General Mr. Allal RACHDI, went to Algeria from 26<sup>th</sup> to 28<sup>th</sup> May 2004, in order to prepare the organisation of the 1st Agribusiness exhibition of the OIC Countries (AGRI-EXPO-OIC-2004).

This event constituted the main topic of the meetings that were held between ICDT's delegation and the following Algerian officials:

- Mr. K. CHELGHAM, Secretary General of the Algerian Ministry of Commerce;
- Mr. Rachid GASMI, Chairman and Managing Director of SAFEX;
- Mr. Mohamed CHAMI, Director General of the Algerian Chamber of Commerce and Industry;
- Mr. Mohamed BENINI, Director General of the Algerian Office of foreign trade promotion (ALGEX).

The outcomes of the talks held with Mr. Rachid GASMI, Chairman and General Manager of SAFEX- partner appointed by the Algerian Ministry of Commerce are as follows:

- ^ Organisation of the exhibition from 17<sup>th</sup> to 20<sup>th</sup> April 2005 in "Palais des Expositions Pins Maritimes" in Algiers;
- ^ An exhibition surface extending over 5,000 square meters;
- ^ SAFEX provided all facilities so as to support and ensure the success of this event;
- ^ A convention defining the responsibilities of each party was signed.

This convention between ICDT, SAFEX and CarthaCom Company (Agency in Charge of the material organisation and advertising of this event) was signed on 23<sup>rd</sup> June 2004, from this date onwards an intensive promotional campaign was led by ICDT in order to ensure the widest dissemination of information concerning this event to the concerned operators in the OIC Member States.

Towards this end, ICDT has conveyed to the Embassies of Member States accredited to Rabat, to the Ministries of Commerce and Industry in the OIC Member States, to the Trade Promotion Organs (TPOs) as well as to concerned professional associations, comprehensive and practical information on the 1<sup>st</sup> Agribusiness Exhibition of the OIC Member States.

The promotional efforts made by ICDT have not been limited to institutions only. In fact, it has contacted more than 250 companies operating in the Agribusiness field during the International Food industries Exhibition (SIAL 2004) that has been recently held in France, in order to give them information and promote the Agribusiness exhibition /2004 so as to incite them to participate in this event.

#### **Holding of This Event:**

This Exhibition was inaugurated on April 17<sup>th</sup> 2005 at 1.00 pm at "Palais des Exposition Pins Maritimes", it was attended by the representatives of the Ministry of Commerce of the People's Democratic Republic of Algeria, the Chamber of Commerce and Industry and the National Agency for the Promotion of Foreign Trade (ALGEX). More than ten Member States participated in this event (Algeria, Morocco, Tunisia, Iran, Syria, Egypt, Senegal, Burkina Faso etc... in addition to 100 companies if this sector.

It should be noted that IDB participated actively in this exhibition; it arranged a stand in this exhibition in which it displayed information and it has also borne the expenses of the participation of four Member States of the OIC (Sudan, Syria, Senegal, Burkina Faso).

Concomitantly with this exhibition, ICDT organised on 18<sup>th</sup> April, a seminar coupled with a buyers/sellers workshop on "trade in agribusiness products in the OIC Member States".

This event was attended by the Ministry of Commerce of the People's Democratic Republic of Algeria, ALGEX, IDB and ICDT, which made presentations on topics related to the agribusiness sector in the OIC Countries.

Likewise, a meeting between buyers and sellers was also organised within the framework of this event.



ANNEX

XV



Original: English

**DRAFT AGENDA  
OF THE TWENTY SECOND SESSION  
OF THE COMCEC**

**(Istanbul, 21-24 November 2006)**

1. Opening Session
2. Adoption of the Agenda
3. Reports
  - i. Background Report on Economic and Commercial Cooperation
  - ii. Annual Economic Report
  - iii. Report of the 22<sup>nd</sup> Meeting of the Follow-up Committee of COMCEC
  - iv. Implementation of the Plan of Action: Report by the Sessional Committee
4. Review of the Implementation of the OIC 10-year Program of Action relating to the Economic Cooperation
5. Expansion of Intra-OIC Trade
  - i. Annual report on Intra-OIC Trade
  - ii. Private Sector Meetings of Islamic Countries
  - iii. Trade Fairs of Islamic Countries
6. Activities on Establishing a Trade Preferential System among the OIC Member States (TPS-OIC)
7. Matters Related to the World Trade Organization Activities
8. Cooperation among the Stock Exchanges
9. Capacity Building Program for Poverty Alleviation in OIC Member States
  - Third Expert Group Meeting on "Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries"
10. Exchange of Views on "Capacity Building on Facilitation of Trade and Investment"
11. Matters Related to Economic Assistance to Some Islamic Countries
12. Any Other Business (Date of the Twenty Third Session of the COMCEC)
13. Adoption of the Report and Resolutions of the Twenty Second Session of the COMCEC
14. Closing Session





ANNEX

XVI



Original: Turkish

**CLOSING SPEECH OF H.E. DR. AHMET TIKTIK,  
UNDERSECRETARY OF THE STATE PLANNING ORGANIZATION  
OF THE REPUBLIC OF TURKEY**

**Twenty Second Meeting of the  
Follow-up Committee of COMCEC**

**(İzmir, 25 May 2006)**

Distinguished Members of Follow-up Meeting  
Distinguished Delegates

I would like to convey my deep pleasure for the successful completion of the Twenty Second Meeting of the Follow-up Committee of COMCEC. During this Meeting, we addressed important items tabled on the agenda with a view to improve economic and commercial cooperation among OIC Member States. I believe that the conclusions of this Follow-up Meeting will significantly contribute to the further promotion of this cooperation.

Among the items of the agenda, improvements concerning the Preferential Trade System and the signing of PRETAS are quite satisfactory. I would like to congratulate Syria for joining the countries which signed PRETAS and I would also like to congratulate Turkey for accepting to be the host country of the Second Round of Negotiations. I wish the Second Round of Negotiations would be finalized as soon as possible and really contribute to cooperation among Member States. Thus, I renew our appeal to those Member States that had not yet signed and ratified PRETAS to do so as soon as possible.

Distinguished Delegates,

Another issue that the Follow-up Committee addressed and that I consider as important within the framework of the implementation of the OIC Plan of Action is the review of advances recorded in terms of COMCEC projects. It is satisfactory that substantial steps have been taken in the execution of the projects and particularly those that reached a concrete phase. I would like to thank the OIC and related

coordinator institutions because of their contribution and to state that we should double our efforts with a view to implement tangible projects.

I appreciate the steps that have been taken as to the development of cooperation among Stock Exchanges of OIC Member States. After that, I wish the working committees established by this Forum would continue their efforts towards strengthening our cooperation.

Distinguished Guests,

The capacity-enhancing programs included in our 22<sup>nd</sup> COMCEC Meeting agenda open important windows of opportunity for the OIC member countries. These programs, which are specifically designed to reduce poverty and promote international competitiveness of the cotton-producing OIC Member Countries, are as crucial for the least developed member countries as for the developing OIC Member Countries. These programs are to be considered avenues for cementing cooperation among the member countries. I would like to express thanks to member countries for their efforts regarding these programs as well as to the Islamic Development Bank for providing financial support.

I consider the Exchange of Views as one of the most important items of the agenda of COMCEC meetings. I would like to emphasize that the issues addressed under this item of the agenda should be developed into a forum which serves the common interest of the member countries and in which good applications are brought forward and experiences shared. In this respect, the theme of "capacity-building on facilitating trade and investment" was the Exchange of Views item of the agenda. I wish that the member countries would contribute a new perspective to the Workshop which will be held in Jeddah in June through the contributions of the Islamic Development Bank. I would like to remind that the conclusions of this Workshop will form considerable inputs for the 22<sup>nd</sup> COMCEC Meeting.

Distinguished Members of the Follow-up Committee  
Distinguished Delegates

In parallel with the economic and social developments worldwide, OIC Members come across threats as well as opportunities. What matters the most in this situation is, to intensify our efforts for changing opportunities into cooperation and increased common welfare and removing threats through common strategies. The

development of economic, social, and cultural areas of cooperation, working out new cooperation strategies with a new approach will reinforce both the member countries and OIC even more and these issues are included in the framework of the Ten-Year Program of Action which was prepared in this regard. I would like to express the importance of active participation of all the member countries in the cooperation projects to be developed as part of the objectives of this Program. I would like to thank the General Secretariat for its efforts towards the preparation and monitoring of the implementation of the Program and hope that it will continue its successful studies.

Distinguished guests

I would like to thank all the delegates, OIC institutions for their valuable contribution. Also, I would like to express my thanks to the COMCEC Office, the personnel serving in the hall and documentation, the interpreters and translators for their self-sacrificing works.

I wish you a safe journey and I hope to see you all in the 22<sup>nd</sup> COMCEC Meeting which will be held in November in Istanbul. I, hereby, wind up the 22<sup>nd</sup> Meeting of COMCEC Follow-up Committee Meeting.