

OIC/COMCEC-FC/23-07/REP

REPORT
OF THE TWENTY THIRD MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC

Ankara, 29-31 May 2007

COMCEC Coordination Office
State Planning Organization

Ankara, May 2007

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TABLE OF CONTENTS

	Page
Report of the Twenty Third Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference.....	7

ANNEXES

I.	List of Participants of the Twenty Third Meeting of the Follow-up Committee of the COMCEC.....	43
II.	Message of H.E. Ahmet Necdet SEZER President of the Republic of Turkey and Chairman of the COMCEC	53
III.	Opening Statement by H.E. Assoc. Prof. Dr. Abdüllatif ŞENER, Minister of State and Deputy Prime Minister of the Republic of Turkey.....	59
IV.	Message of H.E. Professor Ekmeleddin İHSANOĞLU, Secretary General of the Organization of the Islamic Conference.....	67
V.	Agenda of the Twenty Third Meeting of the Follow-up Committee.....	73
VI.	Background Report by the OIC General Secretariat.....	77
VII.	Report by the OIC General Secretariat on the Review of the Implementation of the Plan of Action.....	117
VIII.	Report of the 10 th Sessional Committee Meeting.....	129
IX.	Report by IDB on the Expansion of Intra-OIC Trade.....	139
X.	ICDT's Annual Report on Trade Among the Member States of OIC-2007.....	149
XI.	Report by ICCI on Private Sector Meetings among the OIC Member Countries.....	173
XII.	Report by ICDT on Trade Fairs of Islamic Countries.....	181
XIII.	Report by the IDB Group's World Trade Organization-Related Technical Assistance to the "OIC" Member Countries	199

XIV.	Report by ICDT on Issues Relating to the Activities of the World Trade Organization.....	213
XV.	Concept Paper by the OIC General Secretariat on Capacity Building Programme for OIC Countries.....	235
XVI.	Draft Agenda of the Twenty Third Session of the COMCEC...	241
XVII.	Closing Statement by H.E. Dr. Ahmet TIKTIK, Chairman of the Closing Session of the Twenty Third Meeting of the Follow-up Committee of the COMCEC.....	245

REPORT

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

(Ankara, 29-31 May 2007)

Original: English

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1. The Twenty Third Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Ankara on 29-31 May 2007.

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

- | | |
|---------------------------------|---|
| 1- Republic of Turkey | : Chairman (Permanent) |
| 2- Kingdom of Saudi Arabia | : Vice Chairman (Permanent) |
| 3- State of Palestine | : Vice Chairman (Permanent) |
| 4- Malaysia | : Chairman of the Current Summit |
| 5- State of Qatar | : Vice Chairman (Representing the Arab Region) |
| 6- Republic of Indonesia | : Vice Chairman (Representing the Asian Region) |
| 7- Republic of Sierra Leone | : Vice Chairman (Representing the African Region) |
| 8- Islamic Republic of Pakistan | : Rapporteur |
| 9- State of Kuwait | : Member of the Previous Bureau |
| 10- Federal Republic of Nigeria | : Member of the Previous Bureau |
| 11 - Islamic Republic of Iran | : Member of the Previous Bureau |

3. Representative of the Republic of Azerbaijan also attended the Meeting as observer:
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 (ICO)

Islamic University of Technology (IUT)

UNIDO Regional Office in Ankara has also attended the meeting.

(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 a 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 out by Mr. Ali Murat BAŞÇERİ, Advisor to the President for Foreign Affairs. In his message, H.E. President SEZER emphasized the importance of economic cooperation among the OIC Member States.
7. H.E. President SEZER in his message drew attention to the importance of trade in attaining sustainable economic relations and to the fact that international trade which has increased nearly 7 percent in the last 50 years had been a determining factor in global relations. H.E. SEZER also underlined the target of increasing the intra-OIC trade to 20 percent by 2015 as set out by the OIC Ten-Year Program of Action and stated that to reach that target, prompt measures should be put in place. These may include measures related to trade liberalization i.e. entry into force of OIC Preferential Trade System by January 2009 as envisaged in the Ministerial Declaration adopted by

the Meeting of TNC Member States; strengthening of trade-financing activities especially the establishment of ITFC, the enhancement of production capacity and competitiveness of member countries and the promotion of joint investments. H.E SEZER called upon the member states which have not yet done so to sign and ratify the Agreement and the PRETAS as soon as possible.

8. H.E. SEZER expressing his satisfaction in observing positive developments in the economies of OIC member countries i.e. increased with foreign trade and reserves; lowered inflation rates and improved intra-OIC trade, underlined the importance of focusing further on value added areas as well as intensive education and vocational training in reinforcing competitiveness of member countries.

9. H.E. SEZER stated that OIC countries that housed many civilizations throughout history entertain the ability to contribute more to the promotion of inter-cultural dialogue as well as to global peace. OIC community also has the task of addressing unjust prejudices and misunderstandings about Islam by the international community. H.E. SEZER also shared with the Meeting his views regarding the isolation of Turkish Republic of Northern Cyprus and problems in Iraq and Palestine. 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.)

10. Following the Message of H.E. President SEZER, H.E. Assoc. Prof. Dr. Abdüllatif SENER, Minister of State and Deputy Prime Minister of Turkey, addressed the Meeting.

11. Welcoming the delegates, H.E. Assoc. Prof. Dr. Abdüllatif ŞENER appreciated COMCEC as a multilateral platform for enhancing economic and commercial cooperation among the OIC Member Countries. On summarizing the world economic outlook in recent years, he analyzed the regional trade agreements. In this context, he underscored the TPSOIC Project and called on the member countries to benefit from its synergy.

12. Regarding private sector activities and investment facilities in the OIC member countries, H.E. ŞENER stressed the need to cope with global competition and encouraged mutual investment cooperation.

13. H.E. ŞENER pointed out that support of a wide-scale human development in the long run constitutes a main element of economic development. In this respect, H.E. ŞENER also stressed the importance of fighting against poverty, referring to the cotton initiative and other capacity building programs in the OIC countries.

14. H.E. Assoc. Prof. Dr. Abdüllatif ŞENER concluded his remarks by highlighting one of the important agenda items for the next COMCEC meeting, namely "poverty alleviation and Micro-Credit Financing as a method for helping poor people to cope with poverty.

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

15. The message of H.E. Professor Ekmeleddin İHSANOĞLU for the Meeting was read by Mr. Nabika DIALLO, Adviser to OIC Secretary General.

16. H.E. İHSANOĞLU 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 the OIC Member States must give greater priority to the development of economic and commercial cooperation among member countries, to help our countries meet the challenges of the 21st Century.

17. In this respect, he recalled that the OIC Ten-Year Program of Action has mandated COMCEC to take the necessary measures to raise intra-OIC trade level to 20% by 2015. He emphasised that increasing intra-OIC trade draws the urgent adoption of institutional, financial, organisational and other measures. To this end, he called on those member states which have not yet signed or ratified the Framework Agreement on TPS-OIC (PRETAS) to promptly do so. He also commended the establishment of ITFC by the IDB in conformity with the OIC Ten-Year Program of Action.

18. H.E. Professor İHSANOĞLU expressed his gratitude at the organisation of a Forum on Trade and Investment in the cotton and textile sectors to be held in Istanbul in November 2007 within the framework of the five-year program adopted by the OIC to this effect. He also referred to the adoption by the 2nd EGM on Tourism of a Ten-Year Tourism Development Program in the member states. He also invited COMCEC to pay special attention to the question of poverty alleviation in line with the OIC Ten-Year Program of Action.

(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 Delegation of the State of Kuwait, Republic of Indonesia, and Republic of Sierra Leone on behalf of 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. While appreciating the progress under COMCEC umbrella especially the recent increase in intra-OIC trade, they stressed the need for further enrichment of economic cooperation among OIC Member States.

Working Sessions

20. 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.

21. 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 Delegation of the Islamic Republic of Pakistan.

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

Review of the Implementation of the OIC 10-Year Program of Action Relating to Economic Cooperation (Agenda Item: 3)

22. The OIC General Secretariat presented the report on the Review of the Implementation of the OIC 10-Year Program of Action.

Background Information:

23. The OIC Ten-Year Program of Action was adopted by the 3rd Extraordinary Session of OIC held on 7-8 December 2005.

24. All organs of the OIC met on March 5, 2006 and reviewed extensively the provisions of the OIC Ten Year Program of Action. The meeting was also attended by the representatives of the three Standing Committees of the OIC, namely COMCEC,

COMSTECH and COMIAC. The coordination meeting approved the Roadmap for implementation of the OIC Ten Year Program of Action.

25. The 22nd Follow-up Committee of COMCEC recommended that the review of the implementation of the OIC Ten-Year Program of Action be a permanent agenda item of COMCEC.

26. The 33rd and 34th Islamic Conference of Foreign Ministers (ICFM) held in Baku, and Islamabad respectively in 2006 and 2007 emphasized that the Framework Agreement on the TPSOIC and the PRETAS would be the basis for reaching the 20% intra-OIC trade target.

Recommendations:

27. The Committee **called upon** Member States to provide full political, moral and financial support for the implementation of the OIC Ten-Year Program of Action.

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

29. The Committee also **called upon** the OIC institutions to set up their Plans of Action and Program, with a view to achieving the goals set forth in the OIC Ten-Year Program of Action and entrusted them to report to the annual sessions of the COMCEC and other OIC fora concerned.

30. The Committee welcomed that the COMCEC established a Task Force to help reach the %20 target for intra-OIC trade set out by the OIC Ten Year Program of Action. The details are given under agenda item 5 on the expansion of intra-OIC trade.

31. The Committee **took note** of the progress report study by ICDT on Free Trade Areas, and recommended further studies to be made by the members states and relevant OIC institutions.

32. The Committee **took note** of the UNIDO's draft proposal on technical cooperation between UNIDO and the OIC to be discussed with the OIC General Secretariat, CCO, SESRTCIC and ICDT. This proposal mainly contains three areas, namely trade capacity building, poverty alleviation (cotton) and technical assistance to SESRTCIC and ICDT. The Committee recommended that the draft proposal of the

UNIDO be further considered and developed by the Task Force on Enhancing Intra-OIC Trade for submission to the 23rd Session of COMCEC.

Background Report and Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation among the OIC Member States (Agenda Item: 4)

i) Reports of the OIC General Secretariat:

33. The OIC General Secretariat presented the Background Report and the report on the implementation of the OIC Plan of Action. At the presentation, various activities undertaken by the Member States and the OIC Institutions in implementation of COMCEC resolutions were highlighted.

(The Background Report and the Report on the Implementation of the OIC Plan of Action by the OIC General Secretariat are attached as Annex VI and VII.)

Background Information:

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

35. The International Conference on Tourism and Handicraft was organized on 7-13 November 2006 in Riyadh, Saudi Arabia, jointly by the Supreme Commission of Tourism of the Kingdom of Saudi Arabia and the Research Centre for Islamic History, Art and Culture (IRCICA).

36. The Expert Group Meeting on Tourism Development for the preparation of a Strategic Plan for Tourism Development of OIC member countries was held in Turkey on 9-11 May, 2007.

Future Activities:

37. The Republic of Mali has offered to host the Second Forum on Tourism for Private Sector in 2008.

Recommendations:

38. The Committee **requested** the OIC General Secretariat to continue submitting to the Annual Sessions of the COMCEC a periodic review on the implementation of the Plan of Action.

39. The Committee **welcomed** the preparation of the Strategic Plan for Tourism Development in OIC Member States and **decided** to submit this Plan to the 23rd Session of COMCEC for appropriate decision.

40. The Committee **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, and **also requested** the Member States to volunteer to host those sectoral expert group meetings (EGM) in priority areas of cooperation in the Plan of Action where there were offers for hosting. However the organization of these meetings was delayed for a long time, these meetings are now also open to other Member States for hosting in accordance with the May 2006 deadline set by the previous COMCEC session and relevant recommendations of the 22nd Follow-up Session of COMCEC.

41. The Committee **urged** Member States to actively participate in the early implementation of the projects on the agenda of COMCEC, and **called upon** the coordinating OIC Institutions to expedite the formation of the project committees, as envisaged in the Plan of Action.

42. The Committee **reaffirmed** the importance of the need to develop region-based projects by a group of Member States in a particular region to get the support of regional institutions accordingly and **stressed** the importance of ensuring active involvement of regional groupings, such as the Economic Cooperation Organization (ECO), the Gulf Cooperation Council (GCC), the Arab Maghreb Union (AMU) and West African Economic and Monetary Union (WAEMU), in future EGMs.

43. The Committee **called upon** the Member Countries and the OIC Institutions concerned, working in the field of economic and commercial cooperation under the auspices of the COMCEC, to continue to extend the necessary assistance to Member States in this regard.

ii) Report by the Sessional Committee:

Background Information:

44. The COMCEC prepared and adopted "The Strategy to Strengthen Economic Cooperation among OIC Member States" and "the Plan of Action to Strengthen Economic and Commercial Cooperation among the Member Countries of the OIC", which were later endorsed by the 7th Islamic Summit in 1994. The 7th Summit also mandated COMCEC with their implementation and revision, when necessary.

45. Reviewing the status of implementation of the Plan of Action is a regular agenda item of the COMCEC sessions, as stipulated for in its Follow-up and Implementation Mechanism.

46. In accordance with "the Implementation and Follow-up Mechanism of the Plan of Action", four sectoral experts' group meetings (EGM) have been held so far to implement the Plan of Action, namely, (i) Sectoral EGM on "Money, Finance and Capital Flows" in 1997, Turkey, (ii) "Foreign Trade" in 1997, Pakistan, (iii) "Technology and Technical Cooperation" in 1998, Turkey and (iv) "Implementation of the OIC Plan of Action in the Area of Tourism" in 2005, Tehran.

47. COMCEC Coordination Office prepared a study in pursuance of Recommendations 21 and 23 of the 18th Meeting of the Follow-up Committee on devising an appropriate mechanism to accelerate the implementation of the recommendations of the above-mentioned EGM for the Implementation of the OIC Plan of Action, in collaboration with the OIC institutions concerned.

48. COMCEC Coordination Office, after having received the contributions of the OIC Institutions and Member States, completed its study called "Supplementary Mechanism", which was subsequently submitted to and endorsed by the 19th Session of COMCEC in October 2003.

49. The Supplementary Mechanism envisages the Sessional Committee of the COMCEC as the appropriate body, under whose supervision the OIC institutions concerned are to function and coordinate their activities in fulfilling their mandate with regard to the implementation of the OIC Plan of Action. To assure the new formation of the Sessional Committee, the 19th Session of the COMCEC made the necessary amendments in Article 11 of the Statute and Rules of Procedure of the COMCEC.

50. The Sessional Committee, under its new mandate, has held ten meetings so far. At its last meeting, the Committee reviewed project proposals.

51. The Conference on "Technical Cooperation Among The Industrial Property Offices in OIC Member States" was organized in Ankara from 14 to 16 December 2006 by the Turkish Patent Institute and ICDT in collaboration with IDB and World Intellectual Property Organization (WIPO).

52. The 22nd Session of COMCEC approved the recommendations of the Sessional Committee, and recommended that project proposals be circulated through the OIC General Secretariat.

Future Activities:

53. The Turkish Patent Institute and ICDT will organize in collaboration with IDB and WIPO the Second Conference on "Technical Cooperation Among The Industrial Property Offices in OIC Member States" in Casablanca, Kingdom of Morocco from 11 to 13 July in 2007.

54. A Consultative Meeting on Incubators for OIC Member Countries will be hosted by KOSGEB in collaboration with ICCI in Ankara in the second half of 2007.

Recommendations:

55. The Committee **renewed** its appeal to Member States to take measures required to ensure their greater involvement in the activities of the OIC subsidiary organs, affiliated and specialized institutions.

56. The Committee **requested** SESRTCIC to conduct a study for harmonizing and streamlining the economic and commercial sections of OIC Ten-Year Program of Action and Plan of Action to strengthen economic and commercial cooperation among the OIC member states and submit it to the 24th Follow-up Committee of COMCEC.

57. The Committee, while **welcoming** the progress in some of the COMCEC projects considered by the 10th Sessional Committee **noted** that regarding some of the projects, which are either implemented or there has been no progress in them due to the lack of interest etc, the Committee recommended that the projects mentioned in the report of the 10th Sessional Committee meeting be deleted from the COMCEC project

list if no development was brought about till the 23rd Session of COMCEC.

58. The Committee **requested** the coordinator OIC institutions and the owners of the project to make necessary efforts guaranteeing early implementation of the COMCEC projects and the committee also called on all the members states to propose new projects and programmes to enrich the agenda of the COMCEC through the Sessional Committee.

59. The Committee **welcomed** the announcement of IDB that full financing of the feasibility study of the Project on "Cooperation in the Area of Technical Development: Medium Range Regional Turbofan Airliner" proposed by TUSAŞ Aerospace Industries of Turkey (TAI), is under consideration.

60. The Committee took note of the ICDT's progress report on the Regional Project Committee on "Sustainable Tourism Development in a Network of Cross-Border Parks and Protected Areas in West Africa" and **called upon** Member States and OIC institutions to take an active part in and/or lend support to this Project.

61. The Committee **urged** the OIC Member States to actively participate in the Second Conference on "Technical Cooperation Among the Industrial Property Offices in OIC Member States".

(The report of the 10th Sessional Committee Meeting is attached as Annex VIII.)

**Reports by the IDB and ICDT on the Expansion of Intra-OIC Trade
(Agenda Item: 5)**

62. The IDB and ICDT presented their respective reports on the expansion of intra-OIC trade.

(The report of IDB and ICDT on the Expansion of Intra-OIC Trade is attached as Annex DC and X.)

Background Information:

63. The 3rd Extraordinary Session of the Islamic Summit mandated the COMCEC to further increase the proportion of intra-OIC trade to 20% of the total trade volume of the OIC countries by the end of the 10- year Program of Action.

64. The trade negotiations started in 2004 under the Trade Preferential System among the OIC Countries (TPSOIC), have been considered as an important instrument to achieve the intra-OIC trade goal of 20% as stipulated for in the Road Map of the Ten-Year Program of Action. The first round of negotiations has produced the Protocol on Preferential Tariff Scheme for TPSOIC (PRETAS), a trade agreement with specific targets and a timetable for tariff reductions. The second round, launched on November 24th 2006, is scheduled to be completed before the 23rd COMCEC to be held in November 2007. The second round will prepare the ground for establishing the TPSOIC by January 1st 2009.

65. The 22nd Session of COMCEC and the 34th ICFM emphasized that the Framework Agreement on TPSOIC and the PRETAS provide the basis for reaching the 20% intra-OIC trade target set by the Ten-Year Program of Action among the OIC Member States.

66. The 22nd Session of COMCEC noted that the intra-OIC trade recorded positive results. The share of intra-OIC trade in the overall trade of the OIC Member States has recorded an increase from 14.5% in 2004 to 15.5% in 2005.

67. The Session **took note** with satisfaction of the establishment of the ITFC, the new autonomous trade financing entity of the IDB Group, which will have an authorized capital of 3.0 billion US Dollars and a subscribed capital of 500 million US Dollars and called upon Member States to support its establishment and business activities.

68. IDB trade financing continued to be provided under the Bank's four schemes, namely Import Trade Financing (ITF), Export Financing Scheme (EFS), the Islamic Banks Portfolio (IBP) and the Unit Investment Fund (UIF). The EFS and IBP were however dissolved during the year with the establishment of the International Islamic Trade Finance Corporation (ITFC). Resources mobilization was another major source of funding during the year. Cumulative intra-OIC trade financing during the period 1999-2006 amounted to US\$ 8.5 billion representing 78% of aggregate approvals of worth US\$ 10.93 billion during the same period.

69. IDB trade finance approvals in 2006 have amounted to US\$ 2.78 billion resulting from cumulative approvals of US\$ 26.73 billion since the commencement of trade finance activities by the Bank in 1977 to date.

70. IDB has also succeeded in mobilizing a total of US\$ 3.21 billion from the market to complement trade finance funding requirements since 1999 while in 2006 alone, US\$ 1.07 billion was raised from the market.

71. Following the establishment of ITFC, the First General Assembly of the Board of Governors of the new Corporation was held in Jeddah in (Safar) February 2007 and the Corporation will commence business activities by (Muharram) January 2008. Currently, all the transition activities are progressing satisfactorily.

Recommendations:

72. The Meeting **agreed** with the proposal of H.E. Dr. Ahmad Muhammed ALI, President of IDB Group that was made during the Consultative Meeting of OIC Institutions held in Jeddah in March 2007 to set up a Task Force under the umbrella of the COMCEC comprising of OIC General Secretariat, COMCEC Coordination Office, IDB, ICDT, SESRTCIC, ICCI for studying ways and means of increasing the intra OIC trade to 20 percent by 2015 as envisaged in the OIC Ten Year Program of Action. The Meeting also agreed that COMCEC Coordination Office will prepare the Terms of Reference of the Task Force in consultation with all relevant OIC institutions.

73. As proposed by the COMCEC Coordination Office, the Meeting **agreed** that, among others, the following will be the milestones and basis for reaching the above mentioned target:

- a) Early implementation of TPS-OIC
- b) Establishment of ITFC
- c) Enhancing production capacity and competitiveness of member countries
- d) Trade facilitation, improvement of investment climate in Member Countries and promotion of joint ventures.

74. The Committee **welcomed** the offer of the IDB to host an Expert Group Meeting in 2007 to finalize a comprehensive road map and strategy for reaching the target of increasing intra OIC trade to 20 percent by 2015.

75. The Committee **recommended** that programmes for human resources development especially in trade related areas should be launched. In this respect, the Committee **requested** IDB and ICDT to organize seminars or training courses with in view to increase intra-OIC trade.

76. In line with the relevant resolution of the 22 Session of COMCEC, the Committee **requested** the Member States to provide ICDT regularly with data relating to trade and investment statistics and regulations.

77. The Committee **took note** of IDB's efforts to increase intra-OIC trade through the financing of trade activities and projects and technical assistance and **urged** member countries to lend their support and patronage to IDB to provide for greater achievements in this area and also **urged** member countries which have not been actively identifying viable trade finance opportunities and projects for IDB financing to promptly support the Bank in the drive to increase intra-OIC trade volume.

78. The Committee **acknowledged** IDB's efforts towards the operationalization of ITFC aimed at boosting further intra-OIC trade and **called upon** all member countries to support this new member of the IDB Group.

79. The Committee **requested** the IDB to continue providing technical assistance for capacity building in Member States.

80. The Committee **took note** the reports submitted by IDB and ICDT on the expansion of intra-OIC trade and the Committee **took note** of the ICDT's 2007 Annual Report on "Trade Among OIC Member States" and noted with satisfaction that the intra-OIC trade has recorded positive results since the share of intra-OIC trade in the overall trade of the OIC Member States registered positive evolution by 7% rising from 14.5% in 2004 to 15.5% in 2005, and the total net value of this trade reached approximately 135 billion US dollars in 2005.

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

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

iii) Private Sector Meetings of Islamic Countries:

83. The Islamic Chamber of Commerce and Industry submitted its report on its numerous activities with regard to the private sector and its Report on the 2nd Business Forum in Islamic Countries.

(The report by ICCI on Private Sector Meeting among the OIC Member Countries is attached as Annex XI.)

Background Information:

84. Following the directives of the COMCEC, the ICCI, in collaboration with member national chambers and related OIC Institutions, have taken measures for laying the groundwork for the involvement of the private sectors of OIC Member Countries in the COMCEC activities. It was agreed at the 9th Session of the COMCEC that private sector meetings, including sectoral ones, be convened in the run up to the annual sessions of the COMCEC and, where necessary, during the Islamic Trade Fairs.

85. During private sector meetings, representatives of private sectors and businessmen exchange information and carry out joint venture projects and business transactions among themselves.

86. The ICCI has been organizing annual private sector meetings for 11 years now, and exerting continuous efforts to improve their variety and deepness. The ICCI has been supplementing these meetings with several types of activities such as conferences, workshops, training programs and so on. The 2nd Forum for Businesswomen was held in Islamic Countries in Malaysia, on 8-10 December 2006

87. The 22nd Session of the COMCEC reiterated the role of the ICCI as the sole representative of the private sector of the Member States within the OIC.

88. The 22nd Session of COMCEC requested the ICCI to proceed with its initiative to keep in contact with the private sector, by visiting countries and encouraging them to play a more active role in the economic cooperation of the OIC member countries; called upon the ICCI to proceed with its efforts vis-a-vis the development of the private sector, by organizing relevant meetings, continuing to submit reports to the COMCEC for consideration and to support the follow-up of the recommendations.

Future Activities:

89. 6th Meeting of the OIC Task Force on SMEs to be held in Karachi - Pakistan, tentatively in July 2007;

90. Workshop on "Marketing and Packaging of Agro-Products" will be held in Sudan from 25-29 August, 2007;
91. 2nd International Islamic Economic, Cultural and Tourism Conference, Bangkok, Thailand on 7-9 September, 2007;
92. First Forum on Tourism for Private Sector will be held in Jeddah, Kingdom of Saudi Arabia on 30-31 October - 1 November 2007;
93. 12th Private Sector Meeting for the Promotion of Trade & Joint Venture Investment among OIC Countries to be held in Senegal on 23-25 November, 2007;
94. The 3rd Forum for Businesswomen in Islamic Countries to be held in the State of Qatar on 27-29 November 2007;
95. Training Program on devising National SMEs Development Program, Dhaka, Bangladesh on 10-13 December, 2007; and
96. The 3rd International Conference on Investment and Privatization in OIC Countries, Islamic Republic of Pakistan in the last quarter of 2007.

Recommendations:

97. The Committee **took note of** the efforts of the Islamic Chamber as a sole representative of the private sector to broaden its base of activities for the greater benefit of the private sector through its activities in economic empowerment, trade facilitation and capacity building for the private sector. The Committee also **took note** of the importance of the freer movement of the business community for the promotion of trade and investment and appreciated ICCI's contacts with the Member Countries on the possibilities of open visa for the businessmen.
98. The Committee **welcomed** the launching of some of the programs of the ICCI under its Work Plan and **called upon** member states to urge their private sector to participate in these projects.
99. The Committee **noted the recommendations** of the 2nd Businesswomen Forum in Islamic Countries and **called upon** the relevant bodies to also give due consideration to the needs and requirements of the business community.

100. The Committee also **commended** the initiative of the ICCI in implementing the major recommendations of the Private Sector Meetings to reduce the digital divide through networking by holding workshops and organizing training programs.

101. The Committee **called on** all related OIC Institutions, the National Member Chambers and NGOs to extend all support to the initiatives of the ICCI related to the development of the private sector and to encourage them to attend all the events organized by ICCI for the purpose of enhancing intra-OIC trade, investment, economic cooperation and integration.

Iv) OISA activities:

102. The Committee **took note** of the activities undertaken by the Islamic Shipowners' Association (OISA) and the registration of Bakkah Shipping Company and **welcomed** the opening of the Islamic P & I Club's main office in Qeshm Island Islamic Republic of Iran with its first branch in Dubai and the second to be opened shortly in Jakarta, Indonesia with 190 vessels. The Committee also **took note of** the OISA's third Project related to Cooperative Information System (CIS) as operating to provide information to member companies.

v) Trade Fairs of Islamic Countries:

103. The ICDT submitted its report on Trade Fairs of Islamic Countries.

(The report by ICDT on Trade Fairs of Islamic Countries is attached as Annex XII.)

Background Information:

104. Islamic Trade Fairs are held regularly every two years in one of the OIC member countries with a view to promoting intra-OIC trade. The ICDT has been organizing trade fairs for ten times up to now, and is keeping up efforts to improve their variety and deepness. The ICDT has been conducting parallel to these fairs, several types of activities such as workshops and so on.

Future Activities:

105. The ICDT will organize the 11th, 12th and 13th Trade Fairs of Islamic Countries respectively in Dakar, Republic of Senegal on 21-25 November 2007, in the Republic

of Iraq in 2008 and in the Republic of Guinea in 2010 and requested the ICDT to closely follow-up the matter.

106. The ICDT will also organize the Second Tourism Fair of the OIC Member States in Beirut, Republic of Lebanon from 6 to 8 June 2008 and the 3rd Tourism Fair of the OIC Member States will be held in Egypt in 2009.

Recommendations:

107. The Committee **invited** the Republic of Iraq and the Republic of Guinea to confirm the hosting of the 12th and the 13th Trade Fairs of Islamic Countries before the 23rd Session of COMCEC to be held in November in 2007 in order to allow ICDT to organize these fairs as planned and requested the ICDT to follow-up the issue closely.

108. The Committee **urged** the OIC Member States to actively participate in the 11th Trade Fair of Islamic Countries to be held in Senegal on 21-25 November 2007.

109. The Committee **expressed** its thanks and appreciation to the Republic of Turkey for hosting the First Tourism Fair of OIC Member States, under the theme "OIC Tourism: A Meeting Point of Peace and Tolerance", jointly organized by ICDT, TURSAB and CNR, in Istanbul from 24-26 November 2005.

110. The Committee **took note** of the preparation by ICDT for the Second Tourism Fair of OIC Member States to be held in Beirut, Republic of Lebanon from 6 to 8 June 2008, and urged OIC Member States to actively participate in this Fair.

111. The Committee **welcomed** the offers of the Arab Republic of Egypt, the Syrian Arab Republic and the Islamic Republic of Iran to host the 3rd, the 4th and the 5th Tourism Fairs of OIC Member States in 2009, 2011 and 2013 respectively.

112. The Committee **requested** the ICDT to hold more sector-specific trade fairs, to utilize professional expertise in related activities and **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 **to submit** them to the COMCEC Sessions and related OIC fora.

Second Round of Trade Negotiations on Trade Preferential System among the OIC Member States (TPS-OIC) (Ankara Round) (Agenda Item: 6)

113. The Secretariat of the TNC made presentation on the developments in the trade negotiations under TPS-OIC.

Background Information:

114. The first round of trade negotiations has been completed with its special session during the 21st Session of the COMCEC. The Member States of the Trade Negotiating Committee (TNC) actively participated in the first round. Some regional economic groups representing OIC member states only, namely the Economic Cooperation Organization (ECO) and the Gulf Cooperation Council (GCC), also participated as observers in the said meetings.

115. At the end of the first round, the TNC concluded a tariff reduction modality in the Protocol on the Preferential Tariff Scheme for the TPS-OIC (PRETAS), which also covers para-tariff and non tariff barriers. The PRETAS sets specific tariff reduction targets in accordance with a timetable.

116. The 21st Session of the COMCEC **approved** the PRETAS and opened it for signing and ratification by the Member States. As of mid-May 2007, ten TNC Member States, namely Bangladesh, Cameroon, Egypt, Jordan, Malaysia, Pakistan, Senegal, Tunisia, Turkey and United Arab Emirates have signed and two member states namely Jordan and Malaysia have ratified the PRETAS.

117. The 21st Session of the COMCEC **welcomed** the decision of the TNC to launch the second round of trade negotiations in 2006. Both the Framework Agreement and the PRETAS envisage successive rounds of trade negotiations in order to deepen and expand the trade system among the OIC members.

118. The Road Map for the Implementation of the Ten-Year Program of Action calls for ensuring the implementation of the PRETAS and launching the 2nd round of trade negotiations under the TPSOIC. It states that the COMCEC and OIC General Secretariat would adopt appropriate measures with a view to achieving this, and **called upon** the OIC General Secretariat to mobilize the political will to sign and ratify the PRETAS.

119. The 33rd ICFM welcomed the decision of the 21st Session of the COMCEC to launch the second round of trade negotiations in 2006 and urged Member States of the Trade Negotiating Committee to sign the PRETAS at their earliest convenience.

120. The 33rd ICFM also recommended that the ministers of commerce of the Member States of the Trade Negotiating Committee inaugurate the second round of trade negotiations in a special ministerial session in order to demonstrate the political will to establish the Trade Preferential System among the Member States of OIC, as well as to expedite the ratification process of the PRETAS and to design a road map for the second round.

121. The Second Round was launched by the Ministers of Commerce of the Member States of the Trade Negotiating Committee on 24th November, 2006, in Istanbul. The Ministerial Declaration, adopted in the said meeting, set the target date of 1st of January, 2009 as the deadline for establishing and making operational the TPSOIC. In this respect, the second round will be devoted to the completion of the rules of origin of TPSOIC and other trade-related issues. The outcome will be submitted to the 23rd Meeting of COMCEC for its adoption. The Trade Negotiating Committee, at its Second Meeting of the Second Round which was held on 27-30 March 2007 in Ankara, made deliberations on the TPS-OIC Rules of Origin and the non tariff barriers.

122. The 22nd Session of COMCEC and 34th ICFM emphasized that the Framework Agreement on TPSOIC and the PRETAS constitute the basis for reaching the 20% intra-OIC trade target set by the OIC Ten-Year Program of Action.

Future Activities:

123. The 3rd and 4th Meetings of the Second Round of Trade Negotiations under TPS-OIC will be held on 19-22 June and in September 2007 respectively in Ankara.

124. The Trade Negotiating Committee is scheduled to finalize the second round of trade negotiations until the 23rd Session of COMCEC.

Recommendations:

125. In line with relevant resolutions of the 22nd Session of COMCEC and the 34th ICFM, 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 **urged** them to sign and ratify the Framework Agreement and PRETAS at their earliest convenience.

126. The Committee **requested** the Trade Negotiating Committee to finalize the Second Round of the Trade Negotiations within the prescribed time frame of 12 months and to submit its report to the 23rd COMCEC.

127. **Expressed its appreciation** to the Republic of Turkey for hosting, in collaboration with IDB, the Second Round of Trade Negotiations which have had two meetings so far and will have its 3rd Meeting on 19-22 June for establishing the Trade Preferential System among the member states of OIC (TPS-OIC) having hosted successfully and conducted efficiently the First Round of Trade Negotiations.

128. **Welcomed** with appreciation the inauguration of the Second Round of Trade Negotiations under TPS-OIC at the First Meeting of the Ministers of Commerce of the Member States of the Trade Negotiating Committee on November 24th, 2006, in Istanbul in order to demonstrate the political will to establish the Trade Preferential System among the Member States of OIC, and to design a road map for the second round.

129. **Welcomed** the target date of January 1st, 2009, for establishing and making operational the Trade Preferential System among the member states of OIC (TPS-OIC), as stated in the Ministerial Declaration adopted by the Ministers of Commerce of the Member States of the Trade Negotiating Committee, and endorsed the road map and the political will outlined in the same document.

130. **Endorsed** the establishment on January 1st, 2009 of the prospective Trade Preferential System among the member states of OIC (TPS-OIC) and its legal instruments i.e. the Framework Agreement and the PRETAS, as the basis for reaching the 20% intra-OIC trade target set by the Ten-Year Program of Action.

131. **Recommended** that the Second Meeting of the Ministers of Commerce of the Member States of The Trade Negotiating Committee be held on the sidelines of the 23rd COMCEC Session or any other occasion, in order to review the work of the Trade Negotiating Committee, sign the outcome of the Second Round, and evaluate progress towards a fully operational TPS-OIC.

Matters Relating to the World Trade Organization (WTO) (Agenda Item: 7)

132. IDB and ICDT submitted their respective monitoring reports on WTO matters.
(The reports by IDB and ICDT are attached as Annexes XIII and XIV.)

Background Information:

133. Most recently, IDB has organized a seminar in English on Trade and Transfer of Technology in Islamabad, Pakistan, from 27-29 November 2006 and a seminar on Accession Negotiations for Arab Countries acceding to the WTO, in Damascus, Syria, from 1-4 April 2007.

134. The 12th Trade Policy Course was organized in Arabic, in Casablanca, Morocco, from 15 January to 2 February 2007.

135. The 23rd Consultative Meeting for the OIC Permanent Missions in Geneva was held in Geneva on 5 February 2007.

136. IDB has organized a workshop on accession issues for the CIS countries members of the IDB, in Bishkek, Kyrgyz Republic, from 13-15 March 2007.

Future Activities:

137. IDB will organize a seminar on Intellectual Property and Transfer of Technology for Arab Countries in Saudi Arabia, from 4-6 June 2007.

138. IDB will also organize the 13th Trade Policy Course in French, in Gabon, from 4 to 22 June 2007.

139. IDB will organize a training course for trade negotiators for Arab countries, in Republic of Yemen, from 11 to 15 August 2007.

Recommendations:

140. The Committee **urged** the OIC Member States, when the negotiations within the framework of WTO were to resume, to engage earnestly in a way that contributes to the processes relating to on issues of prime interest for their economies especially those pertinent to agriculture including cotton, industrial products, services as well as

other issues and also **urged** the Member States, already members of the WTO, to support the other OIC Member States seeking accession to the WTO in related fora.

141. The Committee **called on** the IDB and ICDT to continue extending technical assistance to the Member States within the context of multilateral trade negotiations and also **called on** them to pool and coordinate their efforts to reinforce 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** the IDB and ICDT to coordinate the positions of Member States within the WTO with a view to setting up a common platform for negotiations.

142. 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 fora concerned.

143. The Committee **thanked** IDB and ICDT for preparing, in accordance with the decision of the 14th Session of the COMCEC, monitoring reports on the World Trade Organization (WTO) matters.

144. The Committee **acknowledged** the Report submitted by ICDT on the recent developments of the Doha Development Agenda (especially the new developments of WTO trade negotiations since the 6th Ministerial Conference of WTO held in Hong Kong as well as the developments of new OIC Member State accessions to WTO) and urged the OIC Member States to participate actively in the ongoing negotiations by submitting a positive agenda inclusive of issues of prime interest for their economies especially those relating to agriculture including cotton, industrial products, services as well as other issues.

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

146. The Committee **called on** IDB and ICDT to pool and coordinate their efforts to reinforce 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 for negotiations.

147. The Committee **entrusted** IDB and ICDT to monitor matters relating to WTO activities and to report in this concern to the annual session of the COMCEC and other OIC fora concerned.

Cooperation Among the Stock Exchanges of the OIC Countries (Agenda Item: 8)

Background Information:

148. Upon the request of the 20th Session of the COMCEC, the Istanbul Stock Exchanges (ISE) held a round-table meeting on the "Promotion of Cooperation among the Stock Exchanges of OIC Countries" in Istanbul on March 28-29 2005, with the participation of stock exchanges from 11 OIC Member Countries and several OIC organs.

149. The Round Table Meeting decided to establish a platform called the "Islamic Stock Exchange Forum" and that cooperation among the stock exchanges of the OIC Member States be put in place under that platform.

150. The Forum, which shall convene twice a year, one hosted by the ISE and the other by the stock exchange of a member state, shall be led by the ISE and seek financial support of the OIC/COMCEC and the IDB to research projects and so on.

Recommendations:

151. In line with the relevant resolutions of the 22nd Session of COMCEC, the Committee **called upon** the member states to inform their stock exchanges about the "OIC Member States Stock Exchange Forum" and to promote it. and **invited** them to join the Forum and the Committees.

152. The Committee **called upon** the Member States to communicate with and encourage their stock exchanges to take an initiative to host the Second Round-table Meeting of the "OIC Member States' Stock Exchange Forum" in 2007.

153. The Committee **requested** that the OIC Member States Stock Exchange Forum keep up its efforts for prospective results at its next meeting in 2007 and also **requested** Istanbul Stock Exchange to follow-up, in collaboration with SESRTCIC, ICDT and IDB, the developments of the issue and report to the next Session of the COMCEC.

**Capacity Building Program for Poverty Alleviation in the OIC Member States
(Agenda Item: 9)**

Review of the Implementation of the "Action Plan for OIC Cotton Producing Countries' Cooperation Development Strategy (2007-2011)"

154. OIC General Secretariat submitted a concept paper to the Committee on recent developments of relevance.

(The concept paper is attached at Annex XV.)

Background Information:

155. The issue of poverty alleviation in the less-developed and low-income OIC countries has remained on the agenda of various Islamic Summits and Foreign Ministers' Conferences with a view to reducing poverty in those countries by the end of next decade.

156. As a recent concrete step, Malaysia established a Capacity Building Program in the OIC Countries for Poverty Alleviation in less-developed and low-income OIC Countries. The first phase of the Program comprising of three pilot projects, was launched in March 2005 in Kuala Lumpur, and thereafter welcomed by the 21st Session of the COMCEC. Beneficiaries in the first phase were Indonesia, Bangladesh, Mauritania, and Sierra Leone.

157. The 33rd ICFM and the 21st Session of COMCEC called upon the Member States to lend all support to the Program in the spirit of progress and development of the OIC Countries.

158. The 21st Session of the COMCEC took note of the 8 capacity-building programs offered by Malaysia for implementation for 2006-2008 in the area of trade, investment, SMEs, trade facilitation, development of women entrepreneurs, products and standards, and urged the Member Countries to participate in them.

159. The Third Extraordinary Session of the Islamic Summit underlined the importance of cooperation in the fields of poverty alleviation, capacity building, literacy, as well as eradication of diseases and epidemics such as AIDS, Malaria and Tuberculosis as well as the need to mobilize necessary resources to this end by

establishing a special fund within the IDB. The Conference mandated the IDB Board of Governors to implement this proposal.

160. The Ten-Year Program of Action mandates the Islamic Development Bank to coordinate with the OIC General Secretariat in order to make necessary contacts with the World Health Organization and other relevant institutions to draw up a program for combating diseases and epidemics to be financed through the special fund planned to be set up within the IDB.

161. The Ten Year Plan of Action commissions the IDB Board of Governors to take the 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 the OIC Member States, and to reinforce as well the Islamic Trade Finance Corporation recently established within the IDB.

162. Three OIC capacity building activities in the area of cotton so far are in place; namely the First EGM on Enhancing Production Efficiency and International Competitiveness in the Cotton Producing Member States, Jeddah, 22-23 March 2005, the Forum on Energizing Trade and Investment in the Cotton Sector of the OIC Member States, Ouagadougou, 18-19 April 2005, and the Second EGM on Enhancing Production Efficiency and International Competitiveness in the Cotton Producing Member States, 28-30 March 2006, in Izmir, Turkey.

163. The Second EGM agreed that the Revised Plan of Action for cooperation among the OIC Member States in the area of cotton, which was drafted by the First EGM and finalized at the Third EGM, was held from 9-12 October 2006, in Antalya, Turkey, and adopted by the 22nd Session of the COMCEC. Lastly 34th ICFM endorsed the above mentioned Plan of Action.

164. The 22nd Session of COMCEC requested OIC General Secretariat, in collaboration with IDB, to monitor matters regarding the Capacity Building Program in the OIC Countries and to report to the annual sessions of the COMCEC and other OIC fora concerned.

Recommendations:

165. The Committee **urged** the participating OIC Member States to actively take part in the timely implementation of the Action Plan.

166. The Committee **requested** the Member States concerned to nominate their focal points for the implementation of the Action Plan.

167. The Committee **expressed** its thanks to the Governments of Burkina Faso and Turkey, the OIC General Secretariat, the IDB, ICDT and SESRTCIC for their contribution to the preparation of the Action Plan of OIC Cotton Producing Countries' Cooperation Development Strategy (2007-2011).

168. The Committee **invited** the General Secretariat of the OIC, IDB, ICDT, SESRTCIC and ICCI to organize, in collaboration with international and regional organizations concerned, an investment forum comprising of the OIC cotton producing countries, financial institutions, private sectors, textile industries, and research centers with a view to working out concrete projects and proposals for the implementation of the Action Plan for the Cotton Sector in OIC Countries.

169. The Committee **welcomed** the offer of the Republic of Turkey to host the Cotton Investment Forum on 10-12 November 2007.

170. The Committee **welcomed** the preparations for the OIC Cotton Investment Forum including the organization of a Consultative Meeting on 31st May to be held immediately after the Follow-up Committee Meeting and the establishment of a website at www.oic.cottoninvestmentforum.org and www.oic-cof.org.

171. The Meeting also **called** on the Member Countries to fill out the questionnaires prepared jointly by the Ministry of Industry and Commerce of the Republic of Turkey and SESRTCIC and distributed to the member countries to assess their training needs and capacities in the cotton sector.

172. The Committee **requested** the OIC General Secretariat, in collaboration with the IDB, SESRTCIC, ICCI and ICDT, to monitor the implementation of Action Plan and report to the annual sessions of the COMCEC and other OIC fora concerned.

Preparation for the Exchange of Views on "Micro-Credit Financing and Poverty Alleviation in Member States" to be organized during the Twenty-Third Session of the COMCEC (Agenda Item: 10)

173. SESRTCIC briefed the Committee on its preparation for the implementation of the Workshop on Micro-Credit Financing and Poverty Alleviation in Member States to be held in Istanbul on 9-11 July 2007 in collaboration with the IDB, the OIC General Secretariat, relevant OIC institutions and other related international organizations.

Background Information:

174. At its 10th Session, the COMCEC agreed that it would also become a platform for the Member Countries where Ministers could exchange views on current world economic issues, in addition to regular items on their agenda. To this end, the COMCEC decided that a separate item be included in the agenda of the COMCEC at its subsequent sessions.

175. Ministers of the Member Countries have exchanged their views on and discussed various topics since the 11th Session of the COMCEC. "Capacity Building on Trade Facilitation and Investment" was the topic of the 11th Session on Exchange of Views at the 22nd Session of the COMCEC.

176. The 22nd Session of the COMCEC decided that "Micro-Credit Financing and Poverty Alleviation in Member States" be the theme for the Exchange of Views at the 23rd Session of the COMCEC, and requested the SESRTCIC, in collaboration with the IDB, the OIC General Secretariat, relevant OIC institutions and other related international organizations to organize a workshop on this topic prior to the Twenty Third Session of the COMCEC and to submit its report to the next COMCEC Session.

Future Activities:

111. SESRTCIC will organise a workshop on "Micro-Credit Financing and Poverty Alleviation in Member States" in Istanbul on 9-11 July 2007 in collaboration with the IDB, the OIC General Secretariat, relevant OIC institutions and other related international organisations and submit to the 23rd Session of the COMCEC the final report of the workshop, including recommendations and the expected cooperation projects, on the theme of the workshop.

178. The Committee recommended that SESRTCIC identify and invite resource persons to the workshops on the themes assigned to it for the Exchange of Views Sessions. An invitation by SESRTCIC is to be extended to all OIC Member States to nominate experts to attend these workshops, if they wish to do so. For other OIC institutions entrusted with the task of organizing workshops for exchange of views, the same procedure will be adopted.

Recommendations:

179. Following the presentation made by SESRTCIC on the proposal for a new mechanism for the preparation and implementation of the Exchange of Views Sessions of the COMCEC, the Committee **took note of** the following proposals as possible themes for the exchange of views sessions to be held during the subsequent COMCEC Sessions.

- Theme 1: E-government applications
- Theme 2: Improving investment climate
- Theme 3: Vocational training applications/models and their economic impacts
- Theme 4: The impact of exchange rate policies and currency harmonization on intra-OIC trade

180. The Committee **requested** SESRTCIC, in its capacity as the coordinator institution of the exchange of views sessions, to explore the member countries' views on each subsequent theme through regular circulation of a special questionnaire to the member countries and analysis of their responses on the subject matter.

181. The Committee **encouraged** the Member States to promptly response to the SESRTCIC questionnaire on the theme-selection to enhance related procedures and end up with a better identification of the areas where there is need and demand by member countries.

182. The Committee **underlined** the need for raising awareness in the Member Countries on micro-credit financing and that the exchange of views would provide a useful occasion to that end.

Draft Agenda of the Twenty Third Session of the COMCEC (Agenda Item: 11)

183. The Committee examined and amended the proposed Draft Agenda of the Twenty Third Session of the COMCEC, which is to be held from 13 to 16 November 2007, in Istanbul.

Recommendations:

184. The Committee **mandated** the COMCEC Coordination Office to work on modalities for enriching scenario of the COMCEC Sessions.

185. The Committee **decided** to submit the Draft Agenda to the 23rd Session of COMCEC.

(A copy of the Draft Agenda of the 23rd Session of the COMCEC, as amended by the Committee, is attached as Annex XVI.)

Any Other Business (Agenda Item: 12)

Proposal on Vocational Education and Training Action Program for the OIC Member Countries

186. Under any other business, SESRTCIC briefed the Committee on its initiative vis-à-vis Vocational Education and Training Action Program for the OIC Member Countries.

Background Information:

187. The Committee **took note of** the proposal on Vocational Education and Training Action Program for the OIC Member Countries submitted by SESRTCIC with a view to improving the quality of vocational education and training in the public and private sectors in member countries.

188. The Committee also **took note of** the willingness and readiness of SESRTCIC to initiate, by simulating of the EU experience in this area, vocational training Programs such as OIC Exchange Projects for Professionals, OIC Placement Projects for Graduates and OIC Placement Projects for University Students and others.

Recommendations:

189. The Committee **requested** SESRTCIC to prepare a full-fledged report on the proposal and submit it to the 23rd Session of the COMCEC for consideration by the Member States.

190. The Committee **called upon** Member States and relevant OIC institutions to support preparations for the proposed Program, which aims at providing opportunities for individuals in different sectors, to help upgrade their knowledge and skills and thus contribute to the competitiveness of these sectors as well as to economic and social progress in their countries.

191. The Committee **took note** of the Turkish Export Promotion Center (IGEME)'s readiness to share its experience on training activities towards enhancing SME's international competitiveness.

Thanks and appreciation

192. The Committee **thanked and appreciated** the Member States, OIC General Secretariat, COMCEC Coordination Office, IDB, SESRTCIC, ICDT, ICCI, IUT, OISA etc. and all other cooperating partners that have carried out the activities spelled out in the "Working Sessions" section of this Report or contributed to them.

Closing Session

193. 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 Third Session of the COMCEC.

194. The representatives of the members of the Committee thanked H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and the Chairman of COMCEC and the Government of the Republic of Turkey for their continuous support to the work of COMCEC. They also thanked H.E. Dr. Ahmet TIKTIK for his wise and able chairmanship as well as all the participants for their invaluable contribution to the working of the Committee.

195. In his closing statement, H.E. Dr. Ahmet TIKTIK, Undersecretary of State Planning Organization of the Republic of Turkey, extended his thanks and appreciation to all delegates and OIC institutions as well as to all the staff who worked towards the success of the Meeting for their invaluable contribution. He also pointed out some of the important items of the agenda namely the promotion of trade among the Member States through the establishment of ITFC within IDB group, and the operationalization of the Trade Preferential System (TPSOIC) by early signing and ratification of the Framework Agreement on TPSOIC and PRETAS. He also mentioned some projects taken up by the Sessional Committee such as the feasibility study on the regional aircraft and cross border parks cooperation and called on the relevant member states to contribute to their implementation. He also thanked IDB for its support for these projects.

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

ANNEXES

ANNEX

I

Original: English

**LIST OF PARTICIPANTS
OF THE TWENTY THIRD MEETING OF THE
FOLLOW-UP COMMITTEE OF THE COMCEC
(Ankara, 29-31 May 2007)**

A. MEMBER STATES OF THE OIC

REPUBLIC OF INDONESIA

- H.E. Ambassador AWANG BAHRİN
Ambassador of Indonesia to Turkey
- Ms. ANDANTE WIDI ARUNDHATI
First Secretary for Economic Affairs, Indonesian Embassy, Ankara
- Ms. SUHARYANI
Head of Section for Multilateral Cooperation,
Directorate General of International Trade Cooperation,
Ministry of Trade
- Mr. WATONO
Head of Section for Secretariat of Directorate General of
International Trade Cooperation, Ministry of Trade

ISLAMIC REPUBLIC OF IRAN

- Mr. HAMID EMIRI CHIMED
Counselor, Embassy of Iran, Ankara

STATE OF KUWAIT

- Mr. ISHAQ ABDULKARIM
Director of International Economic Cooperation Department,
Ministry of Finance
- Mr. SAAD ALRASHIDI
Head of OIC Affairs Division, Ministry of Finance

MALAYSIA

- Ms. HO SIEW CHING
Director, Economic and Trade Relations Division,
Ministry of International Trade and Industry
- Mr. HISHAMUDDIN MOHD SUJAK
Counselor, Embassy of Malaysia to Turkey

FEDERAL REPUBLIC OF NIGERIA

- H.E. ADAMU AJUJI WAZIRI
Ambassador of Nigeria to Turkey
- Mr. S. A. SHIITU
Minister Plenipotentiary
- Mr. A.G. MOHAMMED
Minister Plenipotentiary

ISLAMIC REPUBLIC OF PAKISTAN

- H.E. SYED IFTIKHAR HUSSAIN SHAH
Ambassador of Pakistan to Turkey
- Mr. WAHID KHURSHEED KUNWAR
Consul General, Consulate General of Pakistan, Istanbul
- Mr. AHMED KHAN SAHEBZADA
Director (OIC), Ministry of Foreign Affairs
- Mr. MUHAMMAD QAZAFI RIND
Section Officer, OIC

STATE OF PALESTINE

- Mr. M. NABEEL AL-SARRAJ
Counselor for Trade and Tourism Affairs,
Embassy of Palestine, Ankara
- Mr. AMİN ABU ASI
Ministry of Economy

STATE OF QATAR

- Mr. MUHAMMED EMADI
Counselor, Embassy of Qatar, Ankara
- Mr. KHALID EWIS
Public Relations, Embassy of Qatar, Ankara

KINDOM OF SAUDI ARABIA

- Mr. ABDULLAH AL-NAFISAH
Director General of Foreign Trade,
Ministry of Industry and Trade
- Mr. NASIR BIN MUHAMMED EL-MUTLAQ
Ministry of Finance, Senior Economist

- Mr. HUSAYN BIN EED AL RASSID
Ministry of Trade and Industry, Economist

REPUBLIC OF SIERRA LEONE

- Mr. ERIC BOBSON GAMANGA
Head of Chancery, Embassy of the Republic of Sierra Leone in Riyadh

REPUBLIC OF TURKEY

- H.E. Assoc. Prof. Dr. ABDULLATİF ŞENER
Deputy Prime Minister and Minister of State
- Dr. AHMET TIKTIK
Undersecretary of State Planning Organization
- Assoc. Prof. Dr. YUSUF BALCI
President, Turkish Patent Institute
- Dr. MUSTAFA ATEŞ
Acting Secretary General, State Planning of Organization
- Mr. HASAN İLTER
Assistant Director General, Ministry of Industry and Trade
- Mr. TALAT ŞENTÜRK
Assistant Director General, Ministry of Agriculture and Rural Affairs
- Mr. ALİ MURAT BAŞÇERİ
Advisor for Foreign Affairs, President's Office
- Ms. HATUN DEMİRER
Head of Department, Ministry of Foreign Affairs
- Mr. ATILLA KIZILARSLAN
Head of Department, Undersecretary of Foreign Trade
- Mr. ENGİN DİKİCİ
Head of Department, Ministry of Industry and Trade
- Assoc. Prof. Dr. BÜLENT OLCAY
Adviser to the President,
The Scientific and Technical Research Council of Turkey
- Dr. ERALP POLAT
Deputy General Director, Istanbul Stock Exchange
- Ms. NURSEN COŞAR
Assistant Manager, Export Credit Bank of Turkey

- Mr. MEHMET ALI SAĞLAM
Head of Section, Undersecretary of Treasury
- Ms. DENİZ ÇAKIROĞLU
Head of Section, Export Promoting Center
- Mr. UFUK KOCABAY
Head of Section, Ministry of Industry and Trade
- Mr. TURGAY ALAYLI
Head of Section, Ministry of Industry and Trade
- Ms. AYŞE ALPSEL
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- Ms. TAMAY ÖZSOY
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- Mr. KADRİ YAVUZ ÖZBAY
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- Ms. BANU ŞENER
High Engineer, Ministry of Industry and Trade
- Mr. TUNCAY SÖNMEZ
Senior Auditor, Ministry of Industry and Trade
- Mr. SEÇKİN CENKİS
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- Ms. ESRA HATİPOĞLU
Architect, Ministry of Industry and Trade
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Assistant Expert,
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- Mr. UTKU MACİT
EU Assistant Expert, Ministry of Industry and Trade
- Mr. MEHMET AŞICI
Assistant Expert, Export Credit Bank of Turkey
- Mr. HASAN DEMİRCİ
Expert, Union of Chambers and Commodity Exchanges of Turkey

B. OBSERVER

REPUBLIC OF AZERBAIJAN

- H.E. TOFIG ABDULLAYEV
Permanent Representative of Azerbaijan to OIC
- Mr. FUAD FARZALIBEYOV
Economic Officer of the Embassy of Azerbaijan to Turkey

C. THE OIC GENERAL SECRETARIAT

- H.E. Ambassador THIERNO NABIKA DIALLO
Advisor to the Secretary General for Economic Affairs
- Mr. ALBARAA TARABZOUNI
Professional Officer for Economic Affairs Department

D. SUBSIDIARY ORGANS OF THE OIC

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

- Mr. NABIL DABOUR
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- Mr. SÜLEYMAN ISLAMOĞLU
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ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

- Mr. ALLAL RACHDI
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ISLAMIC UNIVERSITY OF TECHNOLOGY (IUT)

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Vice Chancellor, IUT

E. SPECIALIZED ORGANS OF THE OIC

ISLAMIC DEVELOPMENT BANK (IDB)

- ABDULAZIZ MOHAMMED AL KELAIBI
Director of Cooperation Office

- Mr. SALEH JELASSI
WTO Officer

F. AFFILIATED ORGANS OF THE OIC

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- Mr. SYED NASIR ALI MİRZA
Manager Industrial Investment

G. OTHER INTERNATIONAL INSTITUTES

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

- CELAL ARMANGİL
Director of UNIDO Center for Regional Cooperation in Turkey

H. COMCEC COORDINATION OFFICE

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

- Mr. FERRUH TIĞLI
Director General,
Head of COMCEC Coordination Office
- Mr. BAŞAK KAYIRAN
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- Mr. EBUBEKİR MEMİŞ
Expert, Coordinator for Organization
- Mr. METİN EKER
Expert, Coordinator for Drafting
- Mr. FATİH ÜNLÜ
Coordinator for Drafting
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- Mr. KAĞAN AKDOĞAN
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- Ms. SEHER KURUGÜL
Assistant Coordinator of Registration Office
- Ms. BILGE GÜLLÜ
Executive Secretary
- Mr. KEMAL ARSLAN
Coordinator of Meeting Rooms

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AFFAIRS OF THE STATE PLANNING ORGANIZATION**

- Mr. YAŞAR GÜLSOY
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Undersecretariat of State Planning Organization
- Mr. MEVLÜT YAŞAR
Coordinator of Transportation
- Mr. NURETTİN AYDIN
Coordinator of Accomodation
- Mr. CAFER ERDOĞAN
Treasurer
- Mr. TAYFUR YÜKSEL
Coordinator of Protocol Officer
- Mr. HASAN KAVALCI
Technician

ANNEX

II

Original: Turkish

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

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

(Ankara, 29 May 2007)

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

We are pleased to see all the Delegates who are participating in the 23rd Meeting of the Follow-up Committee of COMCEC being held in our country.

Trade is the basis of a meaningful and sustainable economic cooperation. While trade paves the way for the promotion of economic, social and cultural relations among countries on one hand, it directly contributes to the enhancement of industrial development, innovations and prosperity on the other hand. With an annual average of 7% increase, particularly over the last 50 years, international trade has become a determining factor in global relations.

Important improvements have been experienced recently regarding the economies of OIC member countries. Besides the increase of our trade volume, average inflation rates have been decreased and significant reserve increases have been provided as well.

We have been proudly observing the concrete findings of years-long studies conducted by the COMCEC, which had been established with the purpose of boosting cooperation in the field of economy and trade among our countries. In this context, the tendency to increase intra- OIC trade has been maintained and it rose from a 14.5 % level in 2004 to a 15.2 % level in 2005, bringing the total trade volume to 277 billion US dollars.

Around 200 % increase between 2000-2005 was also noticed with regard to the trade of underdeveloped members of our Organization.

Taking these positive indicators into consideration, we believe it wouldn't be difficult to reach the 20% increase target with respect to trade among OIC member countries by 2015, as provided for in the Ten-Year Program of Action and which the Standing Committee for Economic and Commercial Cooperation was entrusted with. However, to serve this purpose, a series of precautions should by now be taken. First of all, a trade preferential system among our countries should be implemented as soon as possible. At the 22nd OIC and Standing Committee for Economic and Commercial Cooperation Meeting, the implementation of trade preferential system at the beginning of the year 2009, was targeted. In order to achieve this objective, we are inviting all interested countries to sign and ratify the Framework Agreement and the Protocol on Trade Preferential Tariffs at their earliest convenience.

The increased sustenance of intra- OIC trade funding activities is important to ensure kept-up trade promotion. In this perspective, we are pleased to welcome the foundation of the Islamic Trade Financial Company with broad participation under the auspices of the Islamic Development Bank. We would like to thank the Islamic Development Bank and other related institutions of OIC for their contribution to the recent increase in trade.

Another subject that substantially contributes to the promotion of trade among member countries is the strengthening of production infrastructure, the enhancement of competitive capacities and the acceleration of joint investment in our countries.

Technological advances and the dissemination of means of communication and transportation have stepped up the society's search for well-being and global competition has been intensified. In this respect, effective production and proliferation as well as focusing on value added domains, new technologies and need-oriented intensive training have come to offer a basic competition element. A change has also been experienced concerning the structure of trade in services, industry and high-tech commodities. In this regard, while agricultural trade accounts for approximately 7 % of world trade, this rate is almost 11.5 % in our member countries. The share of our members in export sales of high-tech commodities is not as high as expected.

Accordingly, it is understood that we should attach importance to the development of our infrastructure and education, especially labor force education, and the elaboration of innovations and approaches. On the other hand, being the means of subsistence of approximately 40 % of our population, emphasis should be laid on agriculture to increase the valued added and the marketing of agricultural products

that are transformed into industrial products. Studies made have revealed that direct investments taking developmental targets into consideration also have an important effect on national income and prosperity.

Honorable Chairman,
Distinguished Delegates,

370 million peoples in OIC member countries have been living below poverty level. In this respect, we consider, as very useful, the debate on micro-credit financing that will reduce poverty especially in rural areas, which will be held at the 23rd Meeting of OIC Standing Committee for Economic and Commercial Cooperation. We think that more concrete steps can be taken by the OIC which has pioneered many human values and enshrined core principles of community-based solidarity in terms of poverty alleviation. In this connection, we welcome with pleasure the Poverty-Fighting Fund that was established by the Islamic Development Bank. As far as effective employment of micro-credit financing tools in member countries was concerned, the Statistical, Economic and Social Research and Training Center for Islamic Countries in particular and OIC institutions have critical responsibilities to assume.

Honorable Chairman,
Distinguished Delegates,

Effective economic cooperation among OIC members as well as regional stability will directly contribute to world peace. Our countries, hosting many civilizations in history, have the accumulation to play crucial roles to further improve communication among cultures and to contribute to world peace. OIC in particular, together with all of us, have major part in the process of redressing unjust prejudices against and misunderstandings about Islam in the international community.

Against all OIC calls to terminate the isolation of the Turkish Republic of Northern Cyprus, the output providing for effective integration of Turkish Cypriots into the world, have not yet been substantiated. We expect our member countries to take further steps in this matter without delay and to forge as an example for the world towards ending this unfair isolation. Opening Northern Cyprus offices in member countries will facilitate and expedite this process.

It is our most sincere wish for Iraq to leave the hard days behind and maintain its territorial integrity, national unity and stability in a democratic structure. We are in

support of the steps the Iraqi government is taking towards this goal; steps to secure its territory and to provide a platform necessary for a peaceful Iraq for the sake of its people and its neighbors. Iraq is in a vital position in terms of the stability of territory.

The Broad Ministerial Neighboring Countries' Meeting that was held in Egypt last May, has disclosed the fact that the entire international community wants to help Iraq materialize these aims. We will keep up contributing to these objectives with the next Ministerial Meeting scheduled to be held in Istanbul. We believe that the Iraqi people will avail of the support of the international community to reach a consensus on a national agenda and to find compromise solutions.

Honorable Chairman,
Distinguished Delegates,

Establishing lasting peace, security and stability in the Middle East can only be possible by settling the Palestinian-Israeli conflict through peaceful means.

We should continue our efforts on solving the problems Palestinians are facing. The fights raging between Palestinian factions must be brought to an end. In this context, we are calling on all Palestinian factions to remain united and to overcome their differences through negotiations and compromising.

It is obvious that an equitable, comprehensive and lasting solution can exclusively be reached through negotiations within the framework of the United Nations relevant decisions and the 'Road Map' of the Middle East Quartet. We expect all parties to fulfill their responsibilities in order to launch the 'Peace Process'.

With these thoughts in mind, I sincerely would like to greet all the participants and wish you success in your efforts.

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

(Ankara, 29 May 2007)

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

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

Multilateral cooperation platforms like the COMCEC in the area of promoting trade relations and their related efforts vis-a-vis economic and human progress of developing countries are gradually gaining importance. COMCEC has been resolutely keeping up its efforts to help our countries be in the best stead of welfare and to occupy the position they deserve at the world level.

Distinguished Delegates,

The growth trend the world economy caught after 2002, is still maintained. The global economy, having expanded by 4.8 % in 2005, had peaked with a 5.4 % growth rate in 2006. Besides the contribution of China, India and Russia to global growth with an average level of 9 %, a significant rise in the Euro zone was witnessed in 2006 compared to previous years. Turkey has also arrived at a rigorous and stable growth rate level with an average of 7.5 % for the last five years.

A general overview of developing countries indicates that growth rates continued to rise above the average level in 2006. The 7.2% growth rate level in 2005 rose to 7.9% in 2006. Along with the effects of increased investments and exports especially in China, the recess in oil prices since August 2006 and the scaling down of inflationary pressures have positively reflected on growth. Upon the exorbitant oil

price hikes in the first half of 2006, the 76 dollar level started to get down to a 60 dollar level at the end of 2006.

Moreover, a significant growth in the economies of OIC member countries was featured in 2006. It is estimated that an average growth rate of 6% was achieved in 2006, preceded by a 5.5% average growth rate in 2005. It is envisaged that the OIC member countries will maintain the trend of growth side by side with the world economy.

Distinguished Members of the Follow-up Committee,

Parallel with high growth rates in 2006, the world trade boom has been sustained. The world trade in goods and services, which had increased by 7.4 % in 2005, achieved a growth rate of 9.2 % in 2006 as well. Given country groupings, the export level of developed countries has risen by 8.4 % and the import level by 7.4 %. In developing countries, this rise has been faster, scoring a level of 10.6 % in export and 15 % in import.

Further, foreign trade of OIC member countries has been significantly promoted, and the export value of OIC Member States, having recorded a level of 980 billion dollars in 2005, exceeded 1.2 trillion dollars in 2006. While the trade volume of OIC member countries accounted for approximately 10 % of the global trade volume, it has been estimated that intra-OIC trade increased from 14,5 % in 2004 to 15.5 % in 2005. Accordingly, it is reckoned that the intra OIC net trade was put at 136 billion dollars in 2005, to rise up to more than 150 billion dollars in 2006.

Distinguished Delegates,

As is known, the share of regional trade agreements in world trade is rapidly on the ascent. By December 2006, the number of World Trade Organization (WTO) agreements amounted to 368, 215 of which are already in force. By 2010, the number of regional trade agreements is expected to exceed 400. The share of regional trade agreements in today's world trade has reached the level of 40 %. For this reason, there is a need for OIC member countries to capitalize on this synergy in trading with the world as much as in trading among themselves.

In this respect, the 20% target to increase trade among member countries has been tabled on the agenda of the OIC. Towards this target, we have achieved a great

deal over the last 5 years and this level was increased from 12 % to 15 %. We have to work real hard to reach our goal, set out new goals and put in place new projects as soon as possible. I believe that OIC member countries have the experience and determination to make this a success. As you all know, the efforts that have been made since 2004 with a view to effectuating the Trade Preferential System have begun to yield results. I believe that the Trade Preferential System, which is hoped to be implemented in 2009, will substantially contribute to the promotion of trade relations among our countries and I invite member countries to actively participate in this project.

Distinguished Delegates,

As is known, private sector activities play a very important role in the enhancement of economic cooperation. One way of receiving share from the growing welfare in today's rapidly increasing global competition is to cement private sector cooperation and step up joint investment. Compatibly, joint investment prospects need to be improved. On the global plane, while the level of direct foreign investment was 916 billion dollars in 2005, it was increased to the level of 1.2 trillion in 2006. The share of OIC members from this investment is around 45 billion dollars in 2005. I believe that better improved infrastructures, qualified work force and stable economies of our countries favorably impact on this share together with vigorous participation of the private sector. I would therefore like to pay tribute to member countries and OIC institutions for their engagement in the upgrading of investments and private sector activities. I would also like to note that this participation will be broadened in the years to come.

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

The world today is deliberating on human development rather than rivalry, or becoming a trademark or economic development in every field. Consistently with these criteria, given the position of OIC member countries in global competition, it can be said that they lack the ability to compete as an integrated whole. According to the Global Growth Competition Index of 2006, the number of OIC member countries close to the competition level of developed economies and included among the top 50, is only 7.

In this context, improving investment prospects, making use of information and communication technologies, enhancing human capacities, and accessing value-added goods to international markets should be our prioritized goals. In the medium and long term, macro economic environment, technological development and enhanced political institutions will contribute to bringing OIC member countries to the desired level.

Distinguished Delegates,

The development of human capital in OIC member countries in terms of productivity and competitive capacity denotes a critical dimension of economic and human development. As most of the OIC members are developing countries, it will be possible for them to put in place a formidable and sustainable infrastructure by shoring up human resources both quantitatively and qualitatively.

The success of economic development in the long run is only attainable with the support of an across-the-board human development program. In this respect, human development criteria have been gaining importance in OIC member countries. Given the 2006 Human Development Report, it is noted that 8 OIC members are rated at the high human development level while other member countries ranked as mid and low categories of human development. For OIC member countries to rank high in index depends on increased income and its fair distribution as well as improvements in education and health services.

Poverty-fighting programs, constituting one of the considerable signs of human-specific development, are still one of the salient items of the COMCEC agenda. 30% of the total population of OIC member countries has been living on less than 1 dollar a day which is the poverty threshold. Alongside the fight against income-based poverty, prevention of any kind for example of education, health, employment and environmental poverty is our prioritized goal. Becoming a part of the civilized community can be possible through saving our people from any kind of poverty and empowering them as individuals.

In our struggle against poverty, the Action Plan of OIC Cotton-Producing Countries approved at the 22nd COMCEC Meeting, is conspicuously important for the development of cooperation. In this context, I would like first to invite private sector delegates and related OIC member countries as well to participate actively in the Cotton Investment Forum on November 10-12 in Istanbul.

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

As is known, the OIC Ten-Year Program of Action, endorsed in 2005, is considered as important as in connection with the development of cooperation among our countries to the credit of the 2015 vision focusing on economic and social development. I believe that questions of capacity building programs and micro-credit applications with respect to poverty fighting, which are to be included in the agenda of the COMCEC Meeting scheduled for November, can be viewed as important steps along the path of concrete cooperation. I am looking forward to attesting to tangible results to ensue from these programs.

Concluding my speech, I would like to thank the General Secretariat of the OIC and the related institutions for their participation in COMCEC activities. I hope they will continue to participate further. On behalf of the Turkish Government, I would like to expressly state that any kind of initiative that promotes cooperation and contributes to our countries' welfare and development efforts will be supported.

I would like to greet you all with respect and wish you success in your efforts.

ANNEX

IV

**MESSAGE OF
H.E. PROF. EKMELEDDINIHSANOGLU, SECRETARY-GENERAL OF
THE ORGANIZATION OF THE ISLAMIC CONFERENCE, TO THE 23rd
SESSION OF THE FOLLOW-UP COMMITTEE OF THE STANDING
COMMITTEE FOR COMMERCIAL AND ECONOMIC COOPERATION
(COMCEC)
OF THE OIC MEMBER STATES**

ANKARA — REPUBLIC OF TURKEY
12-14 JUMADA AL-AWWAL 1428 H
29-31 MAY 2007

*Bismillahi Arrahmani Arrahimi,
Au Nom de Dieu, le Tout Misiricordieux, le Tres Misiricordieux,
In the Name of God, Most Compassionate, Most Merciful*

Excellencies the Ministers,
Excellencies,
Ladies and Gentlemen,

Assalamu Alaikum Warhmatullah Wabarakatuhu,

I am very happy to convey my greetings to the participants in this 23rd Session of the Follow-up Committee of the Standing Committee for Commercial and Economic Cooperation (COMCEC) of the Organization of the Islamic Conference (OIC), which is being held in this beautiful and historic city of Ankara.

I should like to avail myself of this opportunity to express my sincere thanks and deep gratitude to H.E. Mr. Ahmet Necdet Sezer, President of the Republic of Turkey and Chairman of COMCEC, and to the Government of the Republic of Turkey for their unwavering support to the activities of the OIC. Turkey—which has always played a very important role in strengthening economic and commercial cooperation among the OIC Member States—highly deserves our gratitude and I am

sure that it will continue to contribute, with the same effectiveness and efficiency, to the achievement of this noble objective, because, given its history, its strategic position, and its rich cultural heritage, Turkey is predestined to be the binding link between East and West, as well as between the OIC Member States.

Today, we must give greater priority to the development of economic and commercial cooperation among Member States, in order to enable our countries to meet the challenges of the 21st Century. That is why the 3rd Extraordinary Session of the Islamic Summit Conference of the OIC held in Mecca Al-Mukarramah in December 2005 has mandated COMCEC to take necessary measures to raise intra-OIC trade from 14% in 2005 to 20% by 2015.

I am convinced that your meeting will indeed examine this issue with all the attention it deserves.

We know that increasing intra-OIC trade requires the urgent adoption of institutional, financial, organizational, and other measures. In this context, I am deeply gratified at the organization of the trade negotiations with a view to accelerating the implementation of the Framework Agreement on the Trade Preferential System among OIC Member States, which are being held here in Ankara at the kind invitation of the Government of the Republic of Turkey.

I call on those Member States which have not yet signed or ratified this Framework Agreement and the Preferential Tariffs Scheme for the TPS-OIC (PRETAS) to do so as soon as possible and to take an active part in these negotiations.

Having said that, it is obvious that trade development among Member States requires important financial resources.

In this context, I commend the creation by the Islamic Development Bank (IDB) of the International Trade Finance Corporation (ITFC) in conformity with the resolutions of the Mecca Islamic Summit Conference.

I hope that ITFC will soon become operational and will play an important role in further increasing trade exchanges among the Member States.

I therefore commend the role played by IDB, the Islamic Center for the Development of Trade (ICDT), and the Islamic Chamber of Commerce and Industry (ICCI) as well as other OIC institutions in developing trade among the Member States and I encourage them to strengthen their action in this field.

I also encourage Member States to develop and diversify their agriculture and their industries as an essential prerequisite for trade development. That is why I am also gratified at the organization in Istanbul, in November 2007, of a Forum on Trade and Investments in the cotton and textiles sector, within the framework of the five-year programme adopted by the OIC in this field.

It is a programme which I have initiated and to which we must all bring our support. I therefore encourage concerned Member States and Institutions to make thorough preparations for this forum and to participate actively therein.

It is also necessary to develop trade among our Member States in the fields of services, notably tourism. I am pleased to note within this framework, the adoption by the Second Experts Meeting on Tourism Development, held in Istanbul from 9 to 11 May 2007 at the invitation of the Government of Turkey, of a Ten-Year Tourism Development Programme in the Member States. The OIC General Secretariat will extend all its support for the implementation of this Plan once it is adopted by COMCEC.

To conclude, I would like to invite COMCEC to accord special attention to the question of poverty alleviation, which is a task which we should all get down to tackling in order to eradicate this scourge in the OIC Member States. The 34th Session of the Islamic Conference of Foreign Ministers (ICFM) has already adopted a resolution to this effect in line with the decisions of the 3rd Extraordinary Session of the Islamic Summit Conference.

I would like to conclude by assuring you of my support for the accomplishment of your mission.

Finally, let me wish you unmitigated success in your proceedings.

ANNEX

V

Original: English

**AGENDA
TWENTY THIRD MEETING
OF THE FOLLOW-UP COMMITTEE
OF THE COMCEC**

(Ankara, 29-31 May 2007)

1. Opening Session
2. Adoption of the Agenda
3. Review of the Implementation of the OIC Ten-Year Program of Action Relating to Economic Cooperation
4. Background Report and Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation among the OIC Member States
 - Report of the OIC General Secretariat
 - Report of the Sessional Committee
5. Expansion of Intra-OIC Trade and Investment
 - Annual Report on Intra-OIC Trade
 - Private Sector Meetings of Islamic Countries
 - Trade Fairs of Islamic Countries
6. Second Round of Trade Negotiations for Trade Preferential System among the OIC Member States (TPS-OIC) (Ankara Round)
7. Matters Related to the World Trade Organization (WTO) Activities
8. Cooperation among the Stock Exchanges of the OIC Member Countries
9. Capacity Building Program for Poverty Alleviation in the OIC Member States
 - Review of the Implementation of the "Action Plan for OIC Cotton Producing Countries' Cooperation Development Strategy (2007-2011)"
10. Preparation for the Exchange of Views on "Micro-Credit Financing and Poverty Alleviation in Member States" to be organized during the Twenty-Third Session of the COMCEC
11. Draft Agenda of the 23rd Session of the COMCEC
12. Any other business
13. Adoption of the Report

ANNEX

VI

BACKGROUND REPORT
BY THE
OIC GENERAL SECRETARIAT TO THE
TWENTY-SECOND SESSION OF THE STANDING COMMITTEE FOR
ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

Ankara, Republic of Turkey
12-14 Jamadiul Awwal 1428H
(29-31 May 2007)

I- INTRODUCTION:

Since the addition of economic -dimension to the activities of the Organization of the Islamic Conference at the 2nd Islamic Summit held in Lahore, in 1974, several initiatives were undertaken to boost economic cooperation among Member States. A number of Ministerial Meetings on different sectors were held. Several legal instruments were developed to provide a framework of economic and trade cooperation among OIC Member States. The Standing Committee for Economic and Commercial Cooperation (COMCEC) was established in 1981 by the Third Islamic Summit Conference held in Makkah Al-Mukarramah/Taif with the task of following up the implementation of all resolutions adopted by OIC in economic and commercial fields. A series of subsidiary, affiliated and specialized bodies weep .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.

It is worth mentioning that the Third Extraordinary Summit of the Organization of Islamic Conference which " was held in Makkah Al-Mukarramah, Kingdom of Saudi Arabia in December 2005, has adopted the OIC Ten Year Programme of Action (POA) to enable the Muslim Ummah to face the challenges of the 21st Century.

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. 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.

Since its inception and by the end of 1427H (9 February 2007), the cumulative net approvals under the scheme amounted to US\$1.57 billion, the net approval in 14276H (2006/2007) being US\$378 million.

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.

(it) 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 ID 100 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 30th 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.

(Hi) Islamic Multilateral Clearing Union.

The EDB undertook a study of the project at the request of COMCEC. The 8th 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 ICDT is already provided with an internet site on the following address: www.icdt.org.

The 21st 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 (ICO). The implementation of the rules and regulations governing Islamic Trade Fair, which were prepared by ICDT and adopted by the 18th Session of the COMCEC, will streamline the holding of the Islamic Trade Fair.

So far ten Islamic Trade fairs have been successfully organized. The 10th Islamic Trade Fair was held in Manama, Kingdom of Bahrain, on 5-9 February 2005. The 11th Islamic Trade Fair will be held in Senegal on 21-25 November 2007. The 12th and 13th Islamic Trade Fairs will be hosted by the Republic of Iraq and the Republic of Guinea in 2008 and 2010, respectively.

(vi) *Cooperation among the Private Sectors of the OIC Member Countries.*

Development of the private sector in the Islamic world is one of the major objectives of the OIC. Within this framework, the 9th Session of the

COMCEC mandated the ICCI to organize annually the Private Sector Meetings. Since 1994, ICCI is regularly organizing these meetings in collaboration with the IDB and the local chambers. These meetings have been instrumental in providing a common platform to meet and discuss areas of mutual cooperation, to find new markets, new investment areas, and new trading partners. The 12th Private Sector Meeting will be held in Senegal on 21-23 November 2007.

Realizing the economic potential among the businesswomen and also to endorse the Millennium Development Goals on gender issues the ICCI has initiated a program in 2005 for the economic empowerment of businesswomen of the Islamic Countries. This has been done by holding Businesswomen Forums in Islamic Countries on annual basis. So far, two Meetings have been held, the first in Sharjah, U.A.E. in March 2005 and the Second was held in Kuala Lumpur, Malaysia, from 8-10 December 2006. Both these Meetings have been held with the collaboration of the Islamic Development Bank, the related local chambers and the Women Associations. The Special Unit for South-South Cooperation (SU-SSC) of UNDP also extended financial support for the 2nd Businesswomen Forum. In 2007, ICCI will be organizing the following events in order to encourage entrepreneurship and to bring businesswomen in the mainstream: 3rd Businesswomen Forum, in November 2007, in State of Qatar; workshop on "Marketing and Packaging of Agro Products" from 25-29 August 2007 in Sudan. Moreover, ICCI in collaboration with the Islamic Development Bank is also creating a Networking Portal (w.oic-bin.net) of economic cooperation with the IDB support.

The ICCI is also establishing the ICCI-DataBank, as a mechanism to bridge the gap of information, for Trade Facilitation and providing Trade Information. The objective is to provide comprehensive information about the strengths of OIC Member Countries, especially about industries, trade, agriculture and would also provide information about the investment opportunities in the Islamic world. To implement this project, UNDP's Special Unit for South-South Cooperation will be cooperating with the ICCI.

In addition to above, the ICCI has prepared a practical 10-Year Work Plan, under which the Projects that have made progress are:

1. The International Zakat Foundation was launched on 28th November 2006 by H.E. Abdullah Ahmad Badawi, the Prime

Minister of Malaysia. This Foundation has been set-up with the objective of using the concept of Zakat, as a means to strengthen the economy of the Member Countries. The ICCI has already contacted several Member States and has received primary consent from some of the Countries for the establishment of local Zakat organization branches.

2. The International Islamic Company for Exploration of Investment Opportunities & Promotion of Intra-Trade: One of the constraints hampering trade is the lack of information on investment opportunities. In order to meet this shortcoming, ICCI has recently established an International Islamic Company for exploration of Investment Opportunities & Promotion of Intra-Trade with a proposed capital of US\$100 million, which has already been subscribed. The company would focus in publicizing and establishing economically viable commercial and industrial projects in order to provide job opportunities to the labor market of the Member States.
3. The Business Owners Association (BOA) has been established with the objective of providing opportunities of networking among businessmen and at the same time to give them an opportunity to benefit from the facilities and services of the ICCI.
4. The Open Visa Agreement: One of the major reasons hampering intra-Islamic trade is restriction on free movement of the business community among the Member Countries. Therefore, the ICCI has initiated contacts with OIC Member Countries to consider facilitating an Open Visa Agreement for the business community. So far, in principal, approval has been given by some OIC Member Countries. The current status is that the modalities are been worked out so that a uniform format may be followed by all Member Countries for the Open Visa.
5. The Al-Emmar Bank: The Bank has been set up with the objective of fulfilling the need of financing in setting up long-term projects. The Bank has a capital with diversified shares, of which the administration shares amount to US\$1 billion; the public

investment shares amount to US\$ 10 billion and the private investment shares amount to US\$100 billion. In addition to this, there will be a Sukuk Fund, which will also be utilized in investment.

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

- (10) Trade and Transportation Facilitation among the OIC Member States (20th COMCEC).
- (11) Role of Tourism in the Promotion of Economic Cooperation among OIC Member States (21st COMCEC).
- (12) "Capacity Building on Facilitation of Trade and Investment".

The 22nd Session of the COMCEC decided that the SESRTCIC should take full responsibility as the coordinating institution for the exchange of views sessions and requested the SESRTCIC, in collaboration with the IDB, to prepare a Terms of Reference (TOR) document on a new mechanism for the preparation and implementation of the exchange of views sessions and submit it, through the Follow-up Committee Meeting, to the next Session of the COMCEC for approval.

It also decided to designate "Micro-Credit Financing and Poverty Alleviation in Member States" as the theme for the Exchange of Views at the Twenty-third Session of the COMCEC and requested the SESRTCIC, in collaboration with the IDB, the OIC General Secretariat, relevant OIC institutions and other related international organizations to organize a workshop on this topic prior to the Twenty-third Session of the COMCEC and to submit its report to the next COMCEC Session.

(viii) Framework Agreement on Trade Preferential System.

The entry into force of the Framework Agreement on Trade Preferential System among the OIC Member States has been a 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 18th Session resolved to set up the Trade Negotiation Committee (TNC) consisting of the participating countries that have ratified the Agreement and declared trade concessions to be negotiated. The 19th session of COMCEC adopted the Ministerial Declaration launching the first round of trade negotiations among the Member States that have ratified the Framework Agreement. ICDT organized an experts group meeting under the auspices of COMCEC on 24-26 June 2003 in Casablanca to prepare the ground work for the first round.

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 negotiation 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 21st Session of the COMCEC, on 23 November 2005 and adopted by the 21st Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC). The number of participating countries in the Trade Preferential System reached 19.

The Protocol shall enter into force on the 90th 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, Syria, Tunisia and Turkey signed the said Protocol at a special ceremony organized during the 21st Session of the COMCEC. Malaysia also signed the Protocol in March 2006. Bangladesh, Cameroon and UAE signed the said protocol at a special ceremony organized during the 22nd Session of COMCEC. With the adoption of the PRETAS, a significant phase will be 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.

In pursuance of the related ICFM and COMCEC Resolutions, the Second Round of Trade Negotiations was launched by the Ministerial Session attended by the Ministers of Commerce and the Heads of Delegation of the Member States of TNC, on 24th November 2006. The First and Second Meetings of the Second Round of Trade Negotiations were held in Istanbul and Ankara from November 24th to 26th 2006 and 27-30 March 2007, respectively.

In addition, the OIC Secretary General has contacted one regional organization: the West African Economic and Monetary Union (WAEMU). A letter was addressed to WAMEU for its member states to accede to the Framework Agreement for Trade Preferential System and PRETAS. WAMEU participated in the 22nd Session of COMCEC to further discuss the accession of its member states.

(b) Cooperation in the Area of Food Security and Agricultural Development.

The problem of food security remains unresolved in a number of OIC Member States, particularly in Africa. The General Secretariat, in cooperation with the IDB, the African Development Bank and the Government of Senegal, 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 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.

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 20th 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 20th 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 ICCI, in Islamabad from 14-16 September, 2004. The Report and Recommendations of the said workshop was submitted to the 20* Session of the COMCEC for consideration during its Exchange of Views Session. The 20th 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."

(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.

(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.

(g) Cooperation in the Field of Infrastructure and Public Works.

The First Meeting of OIC Ministers of Infrastructure and Public Works 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.

(i) Cooperation in the Field of Tourism.

The Seventh Islamic Summit held in Casablanca in 1994 stressed on the importance of Inter-Islamic cooperation in the field of tourism, which was stated to represent "a central vector for economic development and for increasing cultural exchange and bringing peoples closer". To facilitate progress towards this end the Summit requested the concerned OIC institutions to make an exhaustive study on the tourism potential of the Islamic world.

Expressing the conviction that tourism forms a main pivot in economic development, cultural exchange and rapprochement between nations, the 23rd Islamic Conference of Foreign Ministers (ICFM) held in Conakry in 1995 requested the Secretary General to organize an Expert Group Meeting on Tourism within the framework of the COMCEC and the Plan of Action to Strengthen Economic and Commercial Cooperation Among Member States. The Conference also invited the Member States to cooperate in the following areas: (a) provision and exchange of publicity and advertising materials on tourism in different languages; (b) organizing special tourism and gastronomy weeks and popular art exhibitions in the Member States; (c) production and exchange of documentary films on main archeological landmarks in the Member States; (d) organizing group travel among Member States to strengthen bonds among their people; (e) encouraging tourist investments in Member States and directing investors to realize tourist projects in these states; and (f) facilitating contacts among experienced tourist offices in Member States

The First Islamic Conference of Ministers of Tourism was held in Isfahan on 2-4 October, 2000. The Conference was hosted by the Government of the Islamic Republic of Iran. 31 Member States took part in the Conference. The Conference adopted a resolution on tourism. It also adopted the Isfahan Declaration.

The Second Islamic Conference of Ministers of Tourism was held in Kuala Lumpur on 5-6 September, 2002. The Third Islamic Conference of Ministers of Tourism which was held in Riyadh on 7-9 October 2002. The Conference adopted a Resolution on Tourism Development and Riyadh Declaration.

The Fourth Islamic Conference of Tourism Ministers was held on 28-30 March, 2005 in Dakar, Senegal. The Conference adopted the Resolution on Tourism Development and the Dakar Declaration.

The Fifth Islamic Conference of Tourism Ministers was held in Baku, Republic of Azerbaijan, from 9-12 September 2006. The Conference praised the Governments of the Republic of Indonesia, Malaysia and the Islamic Republic of Iran for their significant role as focal point in collaboration with the appropriate OIC institutions, for Tourism facilitation, Tourism marketing and research, and Tourism training, respectively. The Conference reaffirmed the importance of preparing a strategic plan for the development of tourism in partnership involving public and private sectors. The conference mandated the Secretary General to follow-up on the implementation of resolutions adopted at the conference.

The Conference reaffirmed the need to strengthen economic and commercial cooperation among the OIC Member States generally, and particularly in the area of tourism. In this context, critical momentum can be gained in achieving this objectives by encouraging the development of intra-OIC tourism and giving priority to joint regional tourism project within the framework and spirit of the Makkah Summit and the OIC Ten Year Programme of Action to face the challenges of the 21st Century. This will stimulate the flow of tourists across OIC countries as tours operator will offer more and more attractive packages. The Conference reaffirmed the view that this will need an integrated approach including improving transport and communication services and facilitating visa formalities.

In this context, the conference welcomed the project on Sustainable Development of Tourism within a Cross-border Network of Park reserves and Sanctuaries across West Africa, which involves nine member states. The Conference reaffirmed its support to this regional project and appeal for member states, OIC and international institutions to provide necessary political and

financial support for the speedy and effective implementation of this regional programme.

The Conference reaffirmed the need to develop partnership between OIC Member States for the development of tourism and in this context reaffirms the importance of the preparation of a strategic plan involving government and private sectors. This strategic plan will encourage entrepreneurial-ship and convergence of views in conformity with the OIC plan of Action and the OIC Ten year Programme of Action. The conference further underlined the need to ensure human resources development in the area of tourism and hospitality management.

The Conference welcomed the offer made by the Republic of Turkey to host an Expert Group Meeting on Tourism Development during the first half of 2007, and thanked the Republic of Turkey for this offer and invited all Member States and concerned OIC Institutions to actively contribute to the preparation of the Strategic Plan for Tourism Development in OIC. The Conference requested COMCEC in coordination with the OIC General Secretariat and other concerned institutions to undertake necessary measures for the preparation of this strategic plan which should be in harmony with the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among Member States and the OIC Ten-Year Programme of Action. The following items, among others, will be placed on the meeting agenda: Tourism Research and Training; Tourism Marketing and Promotion; Tourism Facilitation; Enhancement of Air Transport Service among Member States. The Conference underlined the need to strengthen the capacity of the General Secretariat to ensure effective follow-up and implementation of all decisions of the ICTM and other fora related to tourism and to contribute effectively in the preparation of the Strategic Plan.

The Conference noted with satisfaction the noteworthy efforts made by the Secretary General in the implementation of the decisions and recommendations of the Islamic Conferences of Tourism Ministers as well as other meetings organized by the OIC Member States and institutions in this field. As a result the Conference gave mandate to the Secretary General to follow up on the implementation of resolutions decided at the Conference.

The Conference further encouraged the Secretary General to carry on his efforts to make of tourism an important factor for the development of Member

States, strengthening of their economic and commercial cooperation and for poverty reduction.

The 20th Session of the COMCEC decided to have the "Role of Tourism in the Promotion of Economic Cooperation among OIC Member States" as the theme for Exchange of Views at its 21st 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 21st 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 21st 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.

In addition, the Kingdom of Saudi Arabia organized the International Conference on Tourism and Handicraft from 7 to 13 November 2006 in Riyadh in collaboration between the Supreme Commission of Tourism of the Kingdom of Saudi Arabia and IRCICA.

The 22nd Session of the COMCEC took note of the ICDT's progress report on the regional projects committee on "Sustainable Tourism Development in a Network of Cross-Border Parks and Protected Areas in West Africa" and called on Member States and OIC institutions to take an active part in this project.

(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 and the ones subsequently submitted by the Islamic Republic of Iran were 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. The IDB will report in this matter at the next COMCEC.

III- STATUS OF THE SIGNING AND RATIFICATION OF STATUTES AND AGREEMENTS:

The 10th Islamic Summit Conference, the 33rd Islamic Conference of Foreign Ministers and the 22nd 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**.

(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 42 countries and ratified by 30. 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. Twenty Nine Member States have so far signed the Framework Agreement. Nineteen Member States 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 21st Session of COMCEC held in Istanbul on 22-25 November 2005 as the outcome of the 1st Round of trade negotiations. Ten (10) Member States have so far signed the Protocol on Preferential Tariff Scheme as of April 2007. However, only two Member States have ratified the Protocol: Malaysia and Hashemite Kingdom of Jordan.

(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 12 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 15 and ratified by 12 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 14th COMCEC adopted the Statute and invited Member States that are willing to participate in the activities of the Standards and Metrology Institute for Islamic Countries (SMIIC) to sign and ratify it. Eleven (11) Member States have so far signed the SMIIC and ratified by six (6) Member States.

It may be noted that the Report of the Secretary General submitted to the 28th Session of the Islamic Commission for Economic, Cultural and Social Affairs contained a section on status of signing and ratification of the statutes and agreements in line with the previous practice. However, this matter was not considered by the Commission and the agenda item on this subject was transferred to the legal matters under the rationalization of OIC agenda items and resolutions and accordingly it was subsumed under the similar subject considered by the Senior Officials Meeting held on 8 May, 2005 under legal matters.

IV- ACTIVITIES OF THE OIC SUBSIDIARY ORGANS, SPECIALISED AND AFFILIATED INSTITUTIONS:

The following five (5) 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 the 23rd 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 21st COMCEC. The 21st 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 6th 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 and ICDT submitted their reports on this subject to the 22nd Session of COMCEC.

Mostly recently, the IDB organized a seminar on the WTO-TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement and its Impact on Access to Medicines, in Dakar, Senegal on 10 to 12 July 2006. The 11th Trade

Policy Course was organized in English language in Istanbul, Republic of Turkey, from 19 June to 7 July 2006. The IDB also organized a workshop jointly with the WTO on the TRIPS Agreement for Arab Countries in Kuwait from 18 to 20 September 2006.

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 18th 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 19th 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 29th 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 30th 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 31st Islamic Conference of Foreign Ministers adopted similar resolutions.

Recalling Resolution No. 38/10-E(IS) adopted by the 10th Session of the Islamic Summit Conference, and Resolution No. 38/31-E adopted by the 31st Session of the ICFM, the 32nd 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 32nd 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 21st Session of the Standing Committee for Economic and Commercial Cooperation (COMCEC), held in Istanbul in November 2005. The 21st 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 28th 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* 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 10th Islamic Summit Conference, and Resolution No. 6/31-E adopted by the Thirty-first Session of the Islamic Conference of Foreign Ministers, the 32nd 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 32nd 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 32nd 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 10th 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,
- Capacity Building in Palm Oil Industry, and Animal Farming Technology in Sierra Leone, and
- Capacity Building in small enterprise and micro-finance development under Shariah Banking Scheme for the Tsunami survivors in Nanggroe Aceh Darussalam in Indonesia.

The Third Meeting of the Steering Committee was held at the IDB Headquarters, Jeddah, Kingdom of Saudi Arabia on 5-6 Ramadan 1426H (3-9 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 last 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 OIG, 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 CPB4OICC. 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 also briefed the Meeting on the status of the implementation of the OIC Ten Year Programme of Action, adopted at the 3rd 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 28th Session of the Islamic Commission for Economic, Cultural and Social Affairs (ICECS) 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 31st 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 commended 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), organized 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 29th Session of the Islamic Commission for Economic, Social and Cultural Affairs. They were submitted to the 22nd Session of COMCEC and other relevant OIC fora.

The 32nd 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.

The 22nd Session of the COMCEC endorsed the Action Plan which has a 5-year time frame from 2007 through 2011. There will be a Mid-Term review of the Action Plan for OIC Cotton Producing Countries' Cooperation Development Strategy in the Year 2009. COMCEC endorsed the Action Plan for OIC Cotton Producing Countries' Cooperation Development Strategy (2007-2011) which was adopted at the Third Expert Group Meeting on Enhancing Production Efficiency and International Competitiveness in OIC Cotton Producing Countries held in Antalya, Turkey on 9-12 October 2006. It urged the participating OIC Member States to take active part in the timely implementation of the Action Plan. It also requested the Member States concerned to nominate their focal points for the implementation of the Action Plan.

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 3rd Extraordinary Summit, 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. The programme welcomes the New Partnership for African Development (NEPAD) and adopts 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 21st 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 3rd 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 21st 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.

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

1. Economic Cooperation,
2. Support for the Islamic Development Bank (IDB),
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.

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 17th COMCEC Session stressed the importance of the recommendations of the Experts Group Meeting for Accelerating the Implementation of the Plan of Action (Document: OIC/COMCEC/EGM-PA/01/REP.) and called for their implementation. The 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 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 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.

ANNEX

VII

Original: English

**REVIEW OF THE
IMPLEMENTATION OF THE PLAN OF ACTION TO
STRENGTHEN ECONOMIC AND COMMERCIAL
COOPERATION AMONG OIC MEMBER STATES.
23rd MEETING OF THE
FOLLOW-UP COMMITTEE OF THE STANDING COMMITTEE FOR
ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)
Ankara, Republic of Turkey
12-14 Jamadiul Awwal 1428H
(29-31 May 2007)**

I. Introduction:

The 22nd Session of COMCEC requested the General Secretariat (in paragraph 1 [II (iv) of Resolution No.1] to continue to submit to the annual sessions of the COMCEC a periodical review of the implementation of the Plan of Action. This review is submitted in pursuance of the resolution.

II. Background Information on the Plan of Action:

The 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 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 earlier 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.

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 15th Session of the COMCEC adopted a resolution expressing concern over the "slow progress of the implementation of the Plan of Action" and recommended to the Follow-up Committee at its next meeting to "suggest best possible remedies to alleviate the situation". Accordingly, the Follow-up Committee at its 16th Meeting held in Istanbul on 9-11 May 2000 deliberated on the possible ways and means to accelerate the implementation of the Plan and forwarded a number of recommendations to the 16th Session of COMCEC.

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 19th COMCEC) already initiated its work having held so far nine meetings, reports of which had been submitted to COMCEC as well as circulated to the Member States.

The 19* 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 5th Sessional Committee Meeting, held during the 20th 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 20th 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 5th Sessional Committee Meeting.

At the 6th Sessional Committee Meeting held during the 28th 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 21st Meeting of the Follow-up Committee of the COMCEC, held in Istanbul on 10-12 May 2005 approved the recommendations of the 6th Sessional Committee including the designation of 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 9th Sessional Committee Meeting held in Istanbul on 20 November 2006, prior to the 22nd Session of the COMCEC, reviewed the progress achieved with respect to the already proposed cooperation projects and also considered the additional projects. The Committee was informed by CCO that the Hashemite Kingdom of Jordan had already sent a project proposal entitled "The Antiquities Information System (AIS)" via the General Secretariat of the OIC. The Committee agreed to include this project in the COMCEC project list and designated IRCICA as the Coordinator. After the presentations delivered regarding all the projects, the Committee expressed its concern on the slow progress of the implementation of the majority of projects, despite concerted efforts of both the sponsors and the coordinators. It was noted that this was due to the lack of interest on the part of the Member States. The Committee therefore requested Member States, through their senior officials, to adopt a more proactive approach and call upon their focal points to contact the owners and coordinators of projects respectively, at earliest convenience, so as to get them implemented. The Committee also sought the approval of the Senior Officials to delete the projects to which no country has shown interest by the 23rd Session of COMCEC. (The revised project list is attached as **Annexure**).

V. Follow-up on the Decisions of the 22nd Session of COMCEC:

The appeal addressed by the 22nd Session of 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. The signing and ratification of Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS) is of particular concern to COMCEC. So far Egypt, Jordan, Malaysia, Syria, Tunis, Turkey, Bangladesh, Cameroon, Pakistan and UAE have signed the PRETAS. Only Malaysia and Jordan have ratified the Agreement. Ratifications by ten Member States are needed to enable PRETAS to enter into force.

The 2nd Round of Negotiations was launched by the Ministerial Session on 24 November 2006. The 1st and 2nd Meetings of the Second Round of the Trade Negotiating Committee were held in Istanbul and Ankara from 24-26 November, 2006 and 27-30 March 2007. respectively. The Meetings made significant progress on the Draft Protocol on the Preferential Tariff Scheme. The Second Round of Negotiations are expected to conclude by end of 2007.

The 22nd Session of COMCEC requested the Member States that have already offered to host sectoral experts group meetings to expedite the convening of the said meetings. 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. The COMCEC also welcomed the offers of some Member States to host various Ministerial meetings, sectoral experts group meetings, regional seminars and workshops. The General Secretariat is in contact with these Member States with a view to making necessary arrangements for holding these meetings and seminars/workshops.

The Fifth Session of the Islamic Conference of Tourism Ministers was held in Baku, Republic of Azerbaijan, on 11-12 September 2006. It welcomed the project on Sustainable Development of Tourism within a Cross-border Network of Park reserves and Sanctuaries across West Africa, which involves nine member states. The Conference reaffirmed its support to this regional project and appeal for member states, OIC and international institutions to provide necessary political and financial support for the speedy and effective implementation of this regional programme.

The Conference reaffirmed the need to develop partnership between OIC Member States for the development of tourism and in this context reaffirms the importance of the preparation of a strategic plan involving government and private sectors. This strategic plan will encourage entrepreneurial-ship and convergence of views in conformity with the OIC plan of Action and the OIC Ten year Programme of Action. The conference further underlined the need to ensure human resources development in the area of tourism and hospitality management.

The Conference welcomed the offer made by the Republic of Turkey to host an Expert Group Meeting on Tourism Development during the first half of 2007, and thanked the Republic of Turkey for this offer and invited all Member States and concerned OIC Institutions to actively contribute to the preparation of the Strategic Plan for Tourism Development in OIC. The Conference requested COMCEC in coordination with the OIC General Secretariat and other concerned institutions to undertake necessary measures for the preparation of this strategic plan which should be in harmony with the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among Member States and the OIC Ten-Year Programme of Action. The following items, among others, will be placed on the meeting agenda: Tourism Research and Training; Tourism Marketing and Promotion; Tourism Facilitation; Enhancement of Air Transport Service among Member States. The Conference

underlined the need to strengthen the capacity of the General Secretariat to ensure effective follow-up and implementation of all decisions of the ICTM and other fora related to tourism and to contribute effectively in the preparation of the Strategic Plan.

The 22nd COMCEC 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 (ICO) 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. The 12th Private Sector Meeting will be held in Senegal on 21-23 November 2007. The Eleventh Islamic Trade Fair will be held in Senegal on 21-25 November 2007 in cooperation with the Islamic Centre for Development of Trade (ICDT) and the Islamic Chamber of Commerce and Industry (ICCI).

VI. Conclusion and Recommendations:

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 five times since their first meeting in Isfahan from 2-4 October 2000, thanks to the interest and commitment of four Member State governments.

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 a 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, WAEMU, etc. will produce significant impact in this respect.

Finally, there is also a 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.

ANNEXTURE**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.	Incubator Management Training Among OIC Member States	Turkey		ICCI
3.	Cooperation in the area of Technical Development: Medium Range Regional Turbopan 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	Burkina Faso	ICDT
7.	Setting up of Permanent Exhibition Halls and organizing a Permanent Virtual Goods Exhibition on the Internet Web Site of ICDT.			ICDT
8.	Establishment of Energy Technology Network (en-tech-net).	Turkey		IUT
9.	Satellite Control and Monitoring Centre (SATCMC)	Turkey	Turkey	
10.	Low Earth Orbit Satellite	Turkey	Turkey	
II.	Creation of a Network of Cross-border Parks and Reserves in West Africa.	Guinea	Gambia. Guinea Bissau. Mali. Mauritania, Senegal. Sierra Leone.	ICDT/SESRTCIC
12.	Technical Cooperation in the Field of Heritage preservation.	Jordan		IRCICA

ANNEX

VIII

Original: English

**REPORT OF THE
10th SESSIONAL COMMITTEE OF COMCEC
(Ankara, 28 May 2007)**

1. The 10th Sessional Committee of the COMCEC was held on 28 May 2007, ahead of the 23rd Follow-up Committee Meeting of COMCEC (29-31 May 2007).

2. The Meeting was chaired by Mr. Ferruh TIĞLI, 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)
- Islamic University of Technology (IUT)

Some of the Turkish Institutions which are the owners of the proposed cooperation projects of the COMCEC as well as the representative of the Ankara Regional Office of the UNIDO, also attended the Meeting.

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

1. Review of the Proposed Cooperation Projects of COMCEC.
2. Review of the implementation of the OIC Ten-Year Program of Action adopted by the 3rd OIC Extraordinary Session of Islamic Summit held on 7-8 December 2005.
3. Review of the Draft Agenda of the 23rd Session of COMCEC.
4. Any other business.

At the outset, the General Secretariat of the OIC briefed the Committee on recent developments regarding the 2nd Experts Group Meeting on Tourism which was held in Istanbul, Turkey on 9-11 May 2007 and the Strategic Plan for Development of Tourism adopted at the Meeting. He also briefed the Meeting on the progress made so far as regards the implementation of the Plan of Action of the Cotton Producing Countries and the preparations for organising the Cotton Investment Forum scheduled for 10-12 November 2007 in Istanbul.

Under Agenda Item 1:

5. The COMCEC Coordination Office (CCO) made a presentation on the recent developments regarding the Project Proposals. Thereafter, the owners and the coordinators of the Project Proposals discussed recent developments of their projects.

6. The Committee issued the following recommendations regarding the following Projects:

For the project entitled "Technical Cooperation Among Patent Offices in OIC Member States", the representatives of the Turkish Patent Institute (TPI) and ICDT presented the latest developments of this project since the last meeting of the Sessional committee. TPI and ICDT explained that they had organised the "First Conference on Technical Cooperation Among the Industrial Property Offices in OIC Member States" on 14 and 15 December in Ankara which was attended by representatives of 16 OIC Member States in addition to ICDT. IDB, WIPO, WTO, European Patent Office (EPO) and Patent Office of the Gulf Cooperation Council (GCC).

The Conference has set up two sub-projects : "Institutional Capacity Building" to be coordinated by TPI, Turkey, "Information Technology" to be coordinated by the Moroccan Office for Industrial and Commercial Property (OMPIC), Morocco. Further, ICDT organised the Second Meeting of the Project Committee in Casablanca on 14-15 February 2007 in order to follow up the recommendations of the Conference held in Ankara on "Technical Cooperation between the Industrial Property

Offices in the OIC Member States". This Meeting adopted the terms of reference along with a draft questionnaire drawn up by the two sub committees set up in Ankara and adopted a road map for the coming years.

The meeting decided to hold the Second Conference on "Technical Cooperation among Patent Offices in OIC Member States" from 11 to 13 July 2007 in Casablanca, Kingdom of Morocco. The main goal of this Conference is to adopt the work programs of the two sub-committees that were set up during the 1st Conference chiefly on the basis of the answers to the questionnaire sent by ICDT in March 2007.

The WIPO and IDB will contribute financially to the organization of this Conference; in this regard, it should be noted that WIPO will finance the participation of 13 OIC member states and IDB is in the process of examining the financing of the participation of some LDCs plus other expenses.

For the Project entitled "Incubator Management Training among OIC Member States", the Committee was informed by the representative of the Small and Medium Industry Development Organization of Turkey (KOSGEB) and the ICCI (the Coordinator of the Project) that they had made certain changes in the Project to render it more in line with the present status of incubators in member countries. The Committee was also informed that contacts were underway with interested parties from some member countries. The Committee welcomed the offer of the KOSGEB to host, in collaboration with ICCI and IDB, a consultative meeting on incubators for OIC member countries to bring together experts to share their experiences and develop long-term cooperation. The meeting will be held in Ankara during the second half of 2007. The ICCI is in the process of collecting names of incubators' experts in the field of science and technology from the COMSTECH as well as from some member countries.

For the Project entitled "Cooperation in the Area of Technical Development: Medium Range Regional Turbofan Airliner", proposed by TUSAŞ Aerospace Industries of Turkey (TAI), the Committee appreciated and welcomed the announcement made by the

representative of the IDB to the effect that full financing of the feasibility study of the Project is under consideration.

For the Project entitled "Low Cost Imaging-Based Mapping System Applications for Monitoring of Natural and Anthropogenic Changes in OIC Member Countries' Coasts", the representative of the IUT informed the Committee that the proposal was circulated to all member states. Having received the consent of the implementing authority. Institute of Water and Flood Management (IWFM) of Bangladesh University of Engineering and Technology, cost details and implementation steps were chalked out. Detailed analysis was prepared by the Scientific and Technical Research Council of Turkey (TÜBİTAK). IUT and IWFM and the financing request was sent to IDB through the General Secretariat of the OIC. IDB is actively studying the financing proposal and would like to receive some more information before taking the final decision.

For the Project entitled "World Gold Markets and Cooperation Prospects among Islamic Countries", it is because no interested country was named to sponsor the Project for the last three years, the Committee recommended dropping this project from the list.

For the projects entitled respectively "Setting Up of Regional Companies Specialized in Organization of Trade Fairs and Exhibitions" and "Setting up of Permanent Exhibition Halls" and "Organizing a Permanent Virtual Goods Exhibition on the INTERNET Web site of the ICDT", the Committee recommended dropping these projects from the list; since the first one is well performed either by the public or the private sector in many countries while the second project is already partially implemented by ICDT since the year 2000.

For the Project entitled "Establishment of Energy Technology Network (en-tech-net) among the Member States", the Committee noted that there no concrete development as far as this project was concerned has been reported and recommended dropping it from the list of COMCEC projects.

For the Projects entitled "Satellite Control and Monitoring Centre" (SATCMC) and "Low Earth Orbit Satellite" proposed by the Satellite Communication and Cable TV Operation of Turkey (TURKSAT), it is due to the absence of the representative of TURKSAT that the Committee recommended postponing decision on these projects until the next Sessional Committee Meeting.

For the project entitled "Creation of a Network of Cross Border Parks and Reserves in West Africa", ICDT's representative, in its capacity as the OIC coordinator of this Project in collaboration with SESRTCIC, presented the latest development of this crucial project which involves 9 African countries. In compliance with the recommendations of the Project Committee Meeting held in Casablanca from 10 to 12 July 2006, the Second Meeting was held in Baku, Azerbaijan, 2006, on the 10th of September 2006. This meeting approved, among others, the reports of both the regional coordinator and ICDT as well as the terms of reference of the feasibility study of the Project in terms of financing and recommended the sending, within the shortest time possible, of a Ministerial delegation of Member States to IDB with a view to bringing further to attention the importance of this project and prompting financial contribution to it.

The Minister of Tourism and Handicraft of the Republic of Guinea, in its capacity as the owner of this Project, has paid a visit to IDB in December 2006. This visit was successful and the IDB requested each country party to the Project to submit a separate financial application through its governor within the IDB Board of Governors. Five countries have so far applied, according to the latest news.

For the project entitled "Technical Cooperation in the Field of Heritage Preservation" proposed by the Hashemite Kingdom of Jordan, the OIC General Secretariat will be in contact with Jordan and IRCICA (the Coordinator of the Project) and inform the Committee on the developments regarding this Project as soon as possible.

7. After the presentations delivered regarding all the projects, the Committee expressed its concern over the slowdown of the implementation of some of the projects. It was noted that this was due to lack of interest on the

part of the member states. The Committee therefore **requested** the member states, through their senior officials, to adopt a more proactive approach and call upon their focal points to contact project owners and coordinators respectively, at earliest convenience, so as to get them implemented. The Committee also sought the approval of the senior officials to cancel, by the 23rd Session of COMCEC, projects in which no country has shown interest.

Under Agenda Item 2;

8. The representative of the OIC General Secretariat presented an overview on the implementation of the items relating to the economic cooperation of the OIC Ten-Year Program of Action. These are the increasing intra-OIC trade, the IDB activities and poverty alleviation. In order to reach the 20% target of intra-OIC trade stipulated for in the Ten-Year Program of Action, the COMCEC Coordination Office briefed the Committee on its strategy that consisted of the following three dimensions: the realisation of the TPS-OIC target by January 2009, the IDB's International Trade Finance Cooperation (ITFC) and enhancing the production capacity and competitiveness of the OIC member countries.

9. The representative of the UNIDO informed the Committee that UNIDO had prepared a draft proposal on technical cooperation between UNIDO and the OIC to be discussed with the OIC General Secretariat. CCO, SESRTCIC and ICDT. This proposal mainly contains three areas, namely trade capacity building, poverty alleviation (cotton) and technical assistance to SESRTCIC and ICDT. The Committee recommended that the draft proposal of the UNIDO be further amended and developed by the Task Force on Enhancing Intra-OIC Trade for its submission to the 23rd Session of COMCEC.

10. The Committee recommended that the CCO prepare a draft TOR of the Task Force. Within the framework of this Task Force on Enhancing Intra-OIC Trade, the IDB offered hosting an EGM on this issue.

Under Agenda Item 3;

11. The CCO informed the Committee that the draft agenda and the work program of the 23rd Session of the COMCEC will be discussed during the 23rd

Session of the Follow-up Committee Meeting and that the CCO will make a presentation on the subject.

Under Agenda Item 4:

12. The Committee then concluded its work with a word of thanks.

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.	Incubator Management Training Among OIC Member States	Turkey		ICC1
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	ICDT
7.	Setting up of Permanent Exhibition Halls and Organizing a Permanent Virtual Goods Exhibition on the Internet Web Site of ICDT.	ICDT		ICDT
8.	Establishment of Energy Technology Network (en-tech-net)	Turkey		IUT
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
12.	Technical Cooperation in the Field of Heritage Preservation	Jordan		IRCICA

ANNEX

IX

**REPORT BY IDB ON THE EXPANSION OF INTRA-OIC TRADE
(23rd Session of the Follow-up Committee of the COMCEC,
29 - 31 May 2007, Ankara, Turkey)**

IDB and the promotion of intra OIC trade

1. The Islamic Development Bank (IDB) continues to build on its commitment to the promotion and facilitation of intra OIC trade.. This commitment is clearly spelt out in the Bank's *Strategic Framework* which is currently being implemented and is also an integral element of its *Vision 1440H*. In the same vein, the *Ten Year Programme of Action* arising from the Extraordinary Summit of OIC in 2005 (Makkah Declaration), among other things, called for the achievement of a 20% intra OIC trade volume, currently estimated at about 14%. The entire spectrum of IDB trade finance activities and initiatives are therefore guided by these fundamentals.

2. Another significant initiative undertaken by the Bank in recent years as part of boosting intra OIC trade is the establishment of the International Islamic Trade Finance Corporation (ITFC). This Corporation will be an autonomous trade finance institution within the IDB Group came about as a result of the success recorded by IDB in the area of trade financing, a focus which makes IDB stand out among multilateral development institutions, using trade as a vehicle for delivering development to its member countries.

3. The ITFC with an authorised capital of US\$3 billion and a subscribed capital of US\$500 million will have a majority IDB shareholding (minimum of 51%) and will consolidate all the trade financing activities of IDB under one entity within the IDB Group with the primary objective to facilitate intra OIC trade among member countries using Shariah compliant instruments. It will have its head-office in Jeddah, its first branch in Dubai and opening of other branches expected to follow in due course. Following the ratification of the Corporation's Articles of Agreement by some of the member countries, the First General Assembly of the Corporation was held in Jeddah in February 2007 and a Board of Executive Directors was elected. This Board had its inaugural meeting on 7th April 2007 in Jeddah to facilitate the conduct of normal trade finance business of the Corporation.

Other related initiatives

4. In addition to the main initiatives discussed above, IDB is also working on other fronts to help boost intra OIC trade. The following are notable in this regard:

- a. Export Promotion and capacity building.* IDB through its Trade Corporation and Promotion Programme (TCPP) had undertaken numerous activities during the year in support of member countries' export promotion drives by helping in capacity building and other related initiatives as tools to compete much more effectively in the market and international arena. This is achieved through training, seminars/workshops, awareness campaigns, forums to share experiences and migration of best practices. The MoJIs will be another outlet that may be used as a delivery mechanism for this capacity building initiatives.
- b. Memoranda of Understanding (MoU) with Member Countries Governments.* So far, IDB has signed two MoUs with the Governments of Malaysia and Turkey. One central theme under these MoUs is the promotion and facilitation of trade. Whereas the MoU with the Government of Malaysia seeks to promote Malaysian exports to member countries, that signed with the Government of Turkey specifically focuses on the promotion of trade and economic cooperation between Turkey and Africa in support of the Government of Turkey's existing initiatives in that direction. EXIM Bank Malaysia and Turk Eximbank are the nominated institutions to work with IDB in facilitating implementation of the agreements.
- c. Structured trade financing.* The broad range of experience gathered by IDB in the area of trade financing is being translated allowing the Bank through ITFC and other avenues to venture into new territories. One such area is structured trade financing. Until now, the Bank sits on the two extremes of either total reliance on bank/sovereign guarantees as collateral or grant completely unsecured financing often based purely on the size of the beneficiary entity. This practices is such that a lot of potential business lying between these two extremes is completely left out. Structured trade financing is the largest growth area for and

financing structures involving pre and post shipment and other tailored products like post-harvest financing. TFPD has already commenced preparatory work in this area and it will be a priority for ITFC.

- d. *Value adding.* As stated earlier, TFPD has in the course of driving intra-trade, added a lot of value in the transaction processes. The most prominent of this is the issuances of the IDB Irrevocable Commitment to Reimburse (ICR). This ICR replaces the need for L/C Confirmations for transactions financed by IDB which in turn, reduces the overall transaction costs of underlying transactions. This cost advantages renders these IDB financed transactions much more competitive and hence increase trade volumes. ITFC is expected to take this further with the possible actual issuances of L/Cs and beyond.

Main obstacles to intra trade

5. Attainment of the desired level of intra OIC trade has its obstacles and challenges and some of these may be described as follows:

- a. *Access to capital and financing.* The absence of conducive financing environment is a major obstacle. In most member countries, especially LDMCs, there is no easy access to capital. The banking system is often dominated by international banks whose main focus is in the area of short-term financing. These banks cater a lot more for the needs of multinational firms operating in these countries.
- b. *Lack of support for SMEs.* Because of the difficulty in accessing capital, the Small and Medium Enterprises (SMEs) sector is neglected. This is done to the detriment of development in view of the fact that these SMEs are traditionally the principal driving force in an economy given that they represent the energy and vibrancy of the economy. The entrepreneurs that constitute the SMEs sector require support as they evolve to bigger enterprises.
- c. *Unfavourable financing terms.* Where there are openings for financing, these are often available under very unfavourable terms. The level of collateral required may be to the extreme of 100% cash cover and other extensive tangible security. Then there would also be very high pricing

or mismatches whereby short-term finance is used to fund long-term projects/investments. In a lot of cases, this will result to failures compounding the difficulties of future financing sought by economic operators.

- d. *Barriers to free trade.* The many barriers to trade present in the form of either tariff or non-tariff barriers are another major setback for rapid intra-trade growth. These measures may either originate from domestic policies, from regional or international commitments and economic alliances. These barriers are one of the major bottlenecks holding back international trade. Poorer member countries are left unable to access major markets and in the process, poverty eradication is held further away from the very target groups. The establishment of preferential trade arrangements/agreements may be one way of containing the negative impacts of such barriers.
- e. *Capacity building and institutional support.* The lack of capacity on the part of LDMCs is holding back on the pre-requisite trade promotion, trade cooperation and facilitation to boost intra-trade to the desired levels. In this regard, an intensification and expansion of these roles will be a welcome development.
- f. *Information sharing and logistics.* Transportation and communication is another constraint. There are some of these countries that are either landlocked or have very poor infrastructure. Consequently, the marketing of produce and products is hindered. Modern telecommunication is also not readily accessible and where it is, the costs could be prohibitive to enable economic operators to use them in their ordinary course of business.
- g. *Others.* Other obstacles include those relating to language barriers, domestic regulatory systems, distortions such as subsidies, lack of transparency etc.

Trade finance approvals

6. From inception in 1397H to date, total trade finance approvals under the four financing schemes amount to US\$26.73 billion as follows:

- | | | |
|------|--|-------------------|
| i. | Import Trade Financing Operations (ITFO) | US\$21.11 billion |
| ii. | Export Financing Scheme (EFS) | US\$ 1.67 billion |
| iii. | Islamic Banks Portfolio (IBP) | US\$ 3.04 billion |
| iv. | Unit Investment Fund (UIF) | US\$ 906 million. |

7. The net amount approved under the same programmes between 1420H and 1427H was US\$14.94 billion as detailed hereunder:

Table 1: Total net trade financing approvals

US\$ million					
YEAR	ITFO	EFS	IBP	UIF	TOTAL
1420H	650	69	107	19	845
1421H	987	188	190	95	1,460
1422H	1,224	179	83	45	1,531
1423H	1,301	198	260	97	1,856
1424H	1,647	125	161	92	2,025
1425H	1,975	270	308	166	2,719
1426H	1,141	167	312	101	1,721
1427H	2,111	378	203	90	2,782
TOTAL	11,036	1,574	1,624	705	14,939

8. Total approvals in 1427H under the four schemes amounted to US\$2.78 billion, the highest approval level for a single year. This is particularly important in view of the fact that it occurred in a year leading to the transition to ITFC.

Intra trade financing

9. Enhancing intra trade is a core strategic objective of IDB from the very beginning and this was reinforced by subsequent directives of the OIC body, resting with the *OIC Ten Year Plan of Action* issued in December 2005. The targets set are being consistently met by IDB. In the current year under review, 88% of all ITFO approvals were directed towards intra OIC trade and all of the EFS related financing were for financing of intra OIC exports of member countries. The bank's achievements towards intra-OIC trade financing under the import trade financing scheme is summarized as follows:

Table 2: Intra trade financing under ITFO

US\$ million			
YEAR	Total approvals	Intra trade	Percentage
Up to 1420H	11.616	8.503	73
1421H	987	772	78
1422H	1,224	898	74
1423H	1,301	914	71
1424H	1,647	1,026	63
1425H	1,975	1,326	67
1426H	1,141	861	75
1427H	2,111	1,849	88

Updates on ITFC and MoUs

10. The International Islamic Trade Finance Corporation (ITFC), the establishment of which was approved by the IDB Board of Governors in June 2005 is now taking shape. Since the approval of establishment of the Corporation, IIBD management had put in place a team to oversee the transition management from undertaking trade finance under the various IDB windows and schemes to the new Corporation. This function will henceforth be under a team appointed by the Corporations' Board of Executive Directors.

11. With the dissolution of the EFS and IBP following the establishment of ITFC, all trade finance business in the IDB Group is now undertaken within the framework of a unified scheme. However, the product ranges and delivery channels will be expanded in the very near future as ITFC comes full stream.

12. Up to the beginning of May 2007, the total number of member countries and financial institutions which signed the Articles of Agreement of ITFC are [47] and [8], respectively.

Out of these signatory countries and institutions, [23] countries (Saudi Arabia) and [8] institutions submitted the instruments of ratification to IDB.

Additional [9] countries and [9] institutions applied to join ITFC. These countries and institutions are in the process of satisfying the membership requirements.

13. The Bank is also very engaged with the implementation of the two separate MoUs signed with the Governments of Malaysia and Turkey. These are all part of further initiatives geared towards boosting intra OIC trade. The MoU with Malaysia focuses on promoting Malaysian exports to member countries under supported by a US\$100 million fund with equal contributions from IDB and the Malaysian government. However, implementation of this MoU is pending ratification of the document by the National Assembly of Turkey and the Turkish delegation is requested to assist in this regard.

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

ANNEX

X

Original: French

**REPORT BY ICDT ON
TRADE AMONG THE OIC MEMBER STATES
23rd Session of the Follow-up Committee of COMCEC
29-31 May 2007, Ankara, Turkey**

1/ MAIN TRENDS OF THE WORLD TRADE:

In 2005, the world economy increased by 3.3%; a lower rate than in 2004, which was estimated at 3.9% and in most regions, the economic growth remained strong although it was less strong than the previous year.

A regional breakdown of the world economy shows that the European economy was the main impediment to the growth of world trade and production, the latter was till weaker in Europe than in all the other areas of the world.

In fact, the growth of the GDP was lower than 2% in the main European economies (Germany, France, United Kingdom and Italy) while in the new Members of the European Union (10), growth recorded a higher level than in the old Members (15), the total GDP showing a 4% rise in 2005.

In the Commonwealth of Independent States (CIS), economic growth was much stronger; the substantial gains resulting from a high increase in oil export receipts led to a rise in the GDP by 6.6% in 2005, i.e. the double of the world average.

In North America, the GDP growth (3.4%) remained slightly higher than to the world economic growth and in the region, it is the economy of the United States, which experienced the strongest growth (3.5%). In developing regions, the economic growth was steady in Southern America, Central America, (including the Caribbean), in Africa and in the Middle East, the GDP increased by 4 to 5% on the average.

Asian countries were also marked by the same general trend characterised by the slowdown of growth in 2005. Yet, with an increase by about 6.5% of the regional GDP, they have once more recorded the highest growth of developing regions. China and India showed again an outstanding growth of their GDP in 2005 with respectively 9.9% and 7.1%.

As in 2004, the evolution of the world energy markets influenced not only the world economic growth but also the world trade flows. This is due to the considerable increase in fuels prices, particularly crude petroleum, which keeps on creasing since 2003; this rise is mainly the consequence of important changes in the world demand for oil. The

latter has shown a substantial increase in the United States and in the main energy intensive emerging economies (notably in China and India).

Besides, a high increase in the world demand for oil has rapidly absorbed the capacity of excess extraction capacity, mainly existing in the Middle East. The production capacity problems concerned not only the production of crude petroleum but also its refining. In spite of the twofold increase in oil prices between 2003 and 2005, the capacity of the world production has not perceptibly increased. Other temporary and exceptional factors have also contributed to the trend of the oil prices in 2005, notably the hurricanes, which ravaged the Mexico Gulf (Particularly Rita and Katrina), which damaged the oil refining facilities and equipment in the area and according to the estimates of the OECD the temporary close of 3% of production units and of 2% of refining facilities at world level.

Another salient fact of the year 2005 is the crude oil price shock, which provoked worldwide an increase in energy costs, without entailing a perceptible increase in the retail prices as it happened during the two previous big oil crises in 1973 and 1979. Several factors have contributed to this result: firstly, in several developed countries, oil production is lower than before, due to the increase in services share in the GDP and secondly, the lessening of the production capacities, combined with salaries increases in a number of developed countries has limited the possibility of passing on the increase of energy costs to the consumers.

1. COMMODITY TRADE:

Commodity trade sharply increased by 13% in 2005 reaching 10.1 billion US dollars due mainly to the evolution of trade value per product category mainly resulting from an increase in prices.

All the regions have contributed to the slowdown of the world commodity trade, because in each of them, commodity imports increased less quickly in 2005 than in 2004. In 2005, the imports growth of oil importing developing countries (Japan, European Union (25) and the United States) was lower by more than half than that was recorded in 2004. The Imports of the United States increased less rapidly than the world trade but twice quicker than the imports of the European Union.

In view of the low performance of its economies, Europe recorded a net slowdown of its trade growth in 2005. Even though the depreciation of the Euro and the Pound Sterling in 2005 has somewhat improved competitiveness price of the European Exports in foreign markets, the commodity exports increased by 3.5% in 2005 only.

In 2005, the world commodity exports in value and per product group were estimated as follows: fuels (1400 billion US dollars), ores and minerals (149 billion US \$), iron and steel (318 billion US dollars), non-ferrous metals (199 billion US \$), other chemicals (832 billion US dollars), scientific and control instrument "High Technology" (211 billion US dollars), office and telecommunications equipment (1275 billion US dollars), other semi-manufactured products (711 billion US dollars), pharmaceuticals (272 billion US dollars), other machinery (1274 billion US dollars), agricultural products (852 billion US dollars), automotive goods (914 billion US dollars), clothing (276 billion US dollars), textiles (203 billion US dollars).

In 2005, the prices of food products, agricultural raw materials and manufactured products were low and stagnated; those of metals and fuels have showed a very substantial increase.

The share of fuels and other mining products in the world trade have perceptibly increased reaching 16%, on the other hand, the share of agricultural products in the world commodity exports fell by less than 9%. If the relative decrease of agricultural products in the world commodity exports was due to large extent to the recent evolution of oil prices, the latter has further enhanced the downtrend that has already been noticed.

With respect to manufactured products, it is the value of steel and iron and chemical products, which has most increased. On the other hand, in spite of the recovery of the world demand for computers and other electronic articles, the trade value of these products has not evolved more rapidly than that of the whole manufactured goods. In other words, electronic goods have not recovered the dynamic role they played in the expansion of trade in manufactured goods during the 90's, in which the export value of these products increased by 12% on the average, i.e. a twice quicker development than that of all the other manufactured goods.

In 2005, a detailed breakdown of commodity imports and exports per region shows that the imports and exports of North America increased by 6%. Canada and Mexico, oil exporting countries showed a quicker increase in their imports than in their exports, while in the United States, an opposite phenomenon was observed. For the first time and since a few years, the commodity exports of this country increased more swiftly than the world exports. This dynamism showed by the commodity exports in the United States is due on the one hand, to the recover of agricultural products exports and to the good results of capital goods exports on the other hand.

The commodity imports and exports of Southern America and Central America were still among the most dynamic in 2005. They recorded a two figures growth, stimulated by the

strong world demand and the high prices of the main export products of the region and by an outstanding economic growth at regional level.

The big net oil exporting regions (Middle East, Africa, Commonwealth of Independent States) recorded a high growth of their commodity imports, more important than that the growth of the world trade.

In Asia, commodity imports and exports increased by 9.5% and 7.5%, respectively. The evolution of trade in this region is essentially determined by the performance of China. It is estimated that in 2005, China's exports increased by a quarter; i.e. twice more quickly than the total commodity exports of Asia.

The Middle East, Africa and the CIS, which are the main net fuels exporters have continued to profit by the increase in the fuels process and their commodity exports rose from 29% in 2004 to 36% in 2005.

In Africa, distinction should be made between the African countries, which export oil and those which import it. The commodity exports of non oil exporting countries have improved by about 12% -which is equivalent to the growth of the world commodity trade-. The exports of oil exporting African countries were more dynamic, showing a sharp increase by 45%, under the effect of the increase in their volume and the rise in prices in 2005.

In Southern America, Central America and the Caribbeans. commodity trade was very dynamic due to the strong economic growth in the area, the favourable evolution of commodities' prices and the appreciation of local currencies.

On the other hand, in Asia the growth of commodity exports and imports showed a substantial slowdown in 2005 but it remained slightly superior to the world trade growth by 15% and 16% respectively. China's exports, main merchant nation of the region increased by 28%, representing the quarter of Asian commodity exports. Exports of the other Asian countries improved by 11% in 2005, slightly weaker than the growth of the world commodity exports.

2. TRADE IN SERVICES:

The value of world exports of commercial services increased by 11% reaching a value of 2.4 billion US \$ in 2005. With respect to the big categories of commercial services (transport, travels and other trade in services), they recorded a growth rate ranging from 10% for travels to 12% for transports.

The increase in transport costs has also an effect on the world trade, particularly for products and services whose value depends to a great extent on the freight cost. Long distance trade flows and the low value added products were affected negatively by transport costs.

Europe recorded in 2005 the lowest growth rate of commodity and commercial services imports and exports. It also showed a strong slowing down of trade in dollars in 2005. Expressed in EUROS, commodity and commercial services trade rose by about 7% in 2005.

Commodity and commercial services exports of North America increased by 12% and 10% respectively, i.e slightly less the corresponding world averages. The services imports of the area progressed at the same pace as that of its exports, but the growth of commodity imports was higher than that of exports.

Commodity services of exports and imports of Asia were much more dynamic than the world trade in commercial services. China and India's commercial services increased more than that of the other Asian countries. Where as Japan, the main importer of Asia services, has known an almost stagnation of its total commercial services imports in 2005, mainly due to the reduction of its expenditure abroad for travel services.

3. EVOLUTION OF THE WORLD ECONOMY IN 2006:

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

A 3.1% growth was noted in the United States, while Europe growth was relatively weak estimated at about 2.1% in 2006. In Japan the growth rate reached 2%.

On the whole, the growth of a number of developing countries and transition economies is by far beyond the world average. On the average the economies of developing countries showed a 5.6% rate that of transition countries 5.9%. China and India are by far the most dynamic economies, the other countries of South and East Asia experienced an economic growth by more than 5%. Latin America is lagging behind with a growth rate of about 3.9%, while the economic growth of the African continent is still high recording more than 5%. The Least Developed Countries (LDCs) recorded a 6.6% growth; it is by far their best performance since decades. The LDCs, net importers of oil and agricultural products were negatively affected by the increase in the imports costs of oil and foodstuffs.

In fact, the high oil prices have continued to weigh heavily on the growth of oil importing countries. Following this increase in oil prices, several countries have adopted measures aiming at their protecting consumers. These measures consisted in introducing or strengthening price control and subsidies. Yet, these measures have become less and less viable in view of the persisting high prices of oil, passing on this rise to consumers.

On the other hand, oil exporting countries have continued to benefit from the increase in oil prices but the earnings generated by this increase have given rise to inflation and the appreciation of the exchange rate. The challenge of the macro-economic policy of these exporting countries is to invest these revenues to secure a sustainable economic development.

4. FORECASTS FOR THE YEAR 2007:

The results recorded by the world economy in 2006 have given rise to optimism of economic analysts, which forecast a moderate growth for 2007, in spite of the increase in oil prices and the increasing of inflationist pressure.

According to the World Bank, world economy has rather showed good performances in 2006. Yet, negative elements, such as high oil prices or protectionism are still threatening the evolution of the world economy.

The Chinese growth will keep on playing a preponderant role in the world economic activity. Likewise, an excess growth has also been predicted in 2007 in several economic regions of the world, whether in the United States or in the Euro zone or in Japan.

The Chinese economy, which has recorded for the last few years, a two figures growth is expected to record a growth rate of 9.6% in 2007.

In short, a slight slowdown of the world economy has been predicted for the year 2007. and the Chinese economy is expected to follow this trend. In the face of these forecasts, the International Monetary Fund in a context marked by globalisation has called on all the while countries of the world to develop cooperation links and reduce economic barriers to give impetus to trade.

With respect to trade in services and especially those linked to travels (tourism) and according to the forecasts of the World Tourism Organisation, 2007 is expected to be the fourth consecutive year showing growth in the world tourist sector, which keeps on showing elasticity in the face of crises of different kinds (natural disasters, wars political tensions...). According to the WTO, an improvement by 4% of international arrivals is predicted for 2007, yet this rate remains slightly lower than that recorded in 2006.

With respect to the outcomes of the Doha Round of Negotiations, 2007 will be a decisive year.

If States do not manage to reach a basis of agreement, the cost of a failure would affect all the international relations. Several promises were made to developing countries to make trade exchanges more balanced and if the round does not give any results "political and economic turbulences would be unavoidable". Especially, with the erosion of the rules of the international trade system and the return of protectionist practices.

11/ EVOLUTION OF THE OIC MEMBER STATES' FOREIGN TRADE:

The average growth rate of the real GDP of the OIC Member States was estimated at 5.5% in 2005, while the world GDP recorded a growth by 3.3%. This evolution is the result on the one hand, of a sustained rise in the prices of fuels and a rise in the exports of manufactured products in the OIC middle income countries. The OIC Member States recorded an average growth of the GDP by 5.5% in 2005 against 6% in 2004, i.e. a decrease by 8.3%.

The total exports of the OIC Member States reached 980.39 billion US \$, accounting for 9.47% of the world exports, i.e. an increase by 27.61% in comparison with 2004 and the imports were estimated at 792.71 billion US \$, i.e. 7.38% of the world imports accounting for an increase by 19.72% in comparison with 2004. This evolution of the OIC Member States trade is due to the increase in fuels prices between 2004 and 2005.

1. COMMODITY TRADE:

The Foreign trade of the OIC Member States recorded a net progression in 2005, 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 2004 and 2005 recorded a growth by 27.61% going up from 768.26 billion US dollars in 2004 to 980.39 billion US dollars in 2005. This upward tendency results from the growth of the total exports of the following countries between 2004 and 2005: **Saudi Arabia** (181054 million US dollars whose world total exports increased by 61.5% between 2004 and 2005), **Malaysia** (130977 million US dollars whose world exports increased by 4.36% between 2004 and 2005), **the United Arab Emirates** (91247.8 million US dollars, whose world exports increased by 40.20% between 2004 and 2005), **Indonesia** (82622.6 million US dollars whose world exports increased by 17.12% between 2004 and 2005), **Turkey**

(73451.3million US dollars whose world exports increased by 18.62% between 2004 and 2005), **Iran** (54380.4 Million US dollars whose world exports increased by 33.54% between 2004 and 2005), **Algeria** (43634 million US dollars, whose world exports increased by 42.68% between 2004 and 2005), **Nigeria** (41478.1 million US dollars, whose world exports increased by 29.39% between 2004 and 2005), **Kuwait** (35233.1 million US dollars whose world exports increased by 38.1% between 2004 and 2005), **Libya** (27019.4 million US dollars whose world exports increased by 41.36% between 2004 and 2005), **Qatar** (25182.5 million US \$ whose world exports increased by 34.78% between 2004 and 2005), **Kazakhstan** (21610.3 million US dollars, whose world exports increased by 4.83% between 2004 and 2005), **Oman** (17403.8 million US dollars whose world exports increased by 60.55% between 2004 and 2005). **Pakistan** (16046 million US dollars whose world exports increased by 20.79% between 2004 and 2005) and **Bahrain** (14966.7 million US dollars whose world exports increased by 10.69% between 2004 and 2005).

Besides, the imports value of the OIC Member States followed the same trend according to the country, recording an increase by about 19.72 % going up from 662.12 billion US dollars in 2004 to 792.71 billion US \$ in 2005 thanks to an increase in the world imports in the following Member States: **Turkey** (116562 million US dollars whose world imports increased by 19.75% between 2004 and 2005). **Malaysia** (112509 million US dollars whose world imports increased by 10% between 2004 and 2005). **The United Arab Emirates** (95268 million US dollars whose world imports rose by 30.03% between 2004 and 2005), **Saudi Arabia** (59621.65 million US dollars whose world imports increased by 40.14% between 2004 and 2005), **Indonesia** (52699.9 million US dollars whose world imports increased by 15.77% between 2004 and 2005). **Iran** (43588.7 million US dollars whose world imports went up by 17% between 2004 and 2005). **Pakistan** (24410 million US dollars whose world imports increased by 37.47% between 2004 and 2005), **Algeria** (23476 million US dollars whose world imports increased by 13.33% between 2004 and 2005), **Nigeria** (22474.7 million US dollars whose world imports increased by 16.56% between 2004 and 2005). **Morocco** (20336.2 million US dollars whose world imports increased by 15.39%) between 2004 and 2005). **Kazakhstan** (20138.6 million US dollars whose world imports increased by 50.56% between 2004 and 2005), **Kuwait** (15365.6 million US dollars whose world imports increased by 18.35% between 2004 and 2005), **Tunisia** (13173.1 million US dollars whose world imports increased by 3.53% between 2004 and 2005), **Bangladesh** (12850.9 million US dollars whose world imports increased by 22.51% between 2004 and 2005). **Iraq** (11936.8 million US dollars whose world imports increased by 29.31% between 2004 and 2005) and **Qatar** (10498.9 million US dollars whose world imports increased by 74.85% between 2004 and 2005).

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

The distribution of the OIC Member States' world trade in 2005 was as follows:

Exports: The GCC Countries accounted for 37.24%, Asian countries 34.07% of the Member States world exports; the Middle East countries with 11.92%, the Maghreb countries with 9.46% and finally sub-Saharan Africa with 7.32% of the world exports of the OIC Member States.

Imports: Asian countries imports represented 36.18% of the world imports of Member States, followed by the GCC and the Middle East Countries with respectively 24.79% and 23.31%. The AMU countries are in the fourth position with 8.47%, and finally, sub-Saharan African countries with 7.25% of the world imports of Member States.

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

The analysis of available data on the foreign trade of OIC countries, have enabled us to make the following conclusions:

Exports:

- * Increase by 26.03% in the exports share of fuels, which went up from 44.29% in 2004 to 55.82% in 2005 following a rise in the exports value of these products due to an increase of their prices during the same period, notably in Saudi Arabia, the United Arab Emirates, Nigeria, Libya, Algeria and in Kazakhstan;
- * Increase by 0.74% in the exports of miscellaneous manufactured products, which went up from 18.95% in 2004 to 19.09% in 2005;
- * Decrease by 15.64% in the share of machinery and transport equipment, which went down from 15.54% in 2004 to 13.11 % in 2005;
- * Decrease in the share of the exports of chemicals by 20.57%, which went down from 5.25% in 2004 to 4.17% in 2005;
- * Drop by 33.38% in the exports share of non edible raw materials, which decreased from 4.28% in 2004 to 2.83% in 2005;
- * Drop in the share of food products by 57.4%, which went down from 11.69% in 2004 to 4.98% in 2005.

Imports:

- * An increase by 15% in the OIC imports share of miscellaneous manufactured goods which went up from 25.25% in 2004 to 29.04% in 2005;
- * An increase by 4.10% in the share of the OIC fuels imports which went up from 10.49% in 2004 to 10.92% in 2005;
- * A drop by 0.98% in the OIC imports share of transport machinery and equipment which fell from 36.87% in 2004 to 36.51% in 2005;
- * Decrease by 8.10% in the OIC imports share of other raw materials, which went down from 4.32% in 2004 to 3.91% in 2005 due to a drop of these products' prices in international markets. The importing countries of these products in 2005 by order of importance are: the United Arab Emirates. Turkey. Pakistan. Bangladesh and Iran;
- * Drop by 13.76% in the OIC Imports share if chemical, which went down from 11.77% in 2004 to 10.15% in 2005;
- * Decrease by 16.73% in the OIC Member States imports share of food products, which went down from 11.3% in 2004 to 9.41% in 2005 following a reduction in the prices of these products during this period.

2. TRADE IN SERVICES:

In 2005, the total services exports of the OIC Member States reached 95.79 billion US dollars, i.e. an increase by 10.34% in comparison with 2004. These exports represent 3.96% of the world services exports. Besides, imports amount to 106.66 billion US dollars, i.e. an increase by 26.98% in comparison with 2004 and the global deficit reached 10.87 billion US dollars. The services imports of the OIC Members States accounted for 4.54% of the world services imports in 2005.

Exports:

Among the main OIC Member States services exporters, we may quote **Turkey**, totalling 25.55 billion US dollars, i.e. 26.67% of Member States' total exports. **Malaysia** 18.95 billion US dollars, i.e. 19.79% of Member States' total exports, those of the other countries: **Egypt** 14.95 billion US dollars, i.e. 15.61% of Member States' total exports. **Morocco** 7.59 billion US dollars, i.e. 7.93% of Member States' total exports. **Saudi Arabia** 5.91 billion US dollars, i.e. 6.18% of Member States' total exports. **Nigeria** 4.16 billion US dollars, i.e. 4.35% of Member States' total exports, **Tunisia** 3.63 billion US

dollars, i.e. 3.80% of Member States' total exports and **Kuwait** with 2.7 billion US dollars, i.e. 2.89% of Member States' exports.

These eight countries totalled 87.21% of total services exports of Member States in 2005.

Imports:

The main services importers are: **Malaysia**, which totalled 21.56 billion US dollars of services imports, i.e. 20.22% of Member States' total imports, then **Saudi Arabia** with 14.23 billion US dollars, i.e.13.35% of Member States' total imports, **Turkey** 10.69 billion US dollars, i.e. 10.03% of Member States' total imports, **Egypt** 9.48 billion US dollars, i.e. 8.89%, **Kuwait** with 7.39 billion US dollars, i.e. 6.93%, **Kazakhstan** 7.34 billion US dollars, i.e. 6.89%, **Pakistan** 7.17 billion US dollars, i.e. 6.73% and **Nigeria** with 6 billion US dollars, i.e. 5.71%. These eight countries totalled 78.75% of total Member States' imports in 2005.

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 46.07% of total services supply of the OIC Member States, i.e. 44.13 billion US dollars;
- > The second exporting region is **Asia**, with 26.87% of the total services supply of the OIC Member States, i.e. 25.73 billion US dollars;
- > The third exporting region is the **Maghreb**, with 11.72% of the total services supply of the OIC Member States, i.e. 11.22 billion US dollars;
- > The GCC with 10.06% of the total services supply of the OIC Member States', i.e. 9.63 billion US dollars;
- > And finally **Sub Saharan Africa** holds the fifth position with 5.29 % of total services supply of OIC Member States, i.e. 5 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 42.44 billion US dollars, i.e. 39.79% of Member States' imports;
- > The second importing area is the **Middle East**, which imported 25.05 billion US dollars, i.e. 23.49% of Member States' imports;
- > The third importing area is the GCC, which imported 24.66 billion US dollars, i.e. 23.13% of Member States' imports;
- > **Sub Saharan Africa** holds the fourth position accounting for 9.38 billion US dollars, i.e. 8.8% of Member States' imports;
- > And finally, the **Maghreb** with 5.11 billion US dollars, i.e. 4.79% 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 2005, we can make the following observations:

Exports: tourism and travels hold a privileged position in the total services exports of Member States, with a 42.59% share, i.e. 49.59 billion US dollars. The second most important position in services exports is held by private transfers of immigrant workers, which account for 21.63% of services total exports, i.e. 25.18 billion US dollars. The third position is held by the transport sector with 20.66% of the OIC Member States' total exports accounting for 24.05 billion US dollars.

Imports: except for "other services", (including the financial services and telecommunications etc.), which recorded a share of 26.04% of the total services imports of Member States, i.e. 32.26 billion US dollars, we notice that the transport sector accounts for an important share, with 35.18% of the total services imports of Member States, i.e. 43.58 billion US dollars, followed by the private transfers with 20.6%. i.e. 25.52 billion US dollars and the fourth position is held by tourism and travels with 18.18% of Member States total services imports, i.e. 22.52 billion US dollars.

3. THE MAIN TRENDS OF INTRA-OIC TRADE EVOLUTION IN 2005:

The increase in fuels prices, combined with an increase in the exports volumes of these products of some OIC Member States, were determinant factors; which had a great impact on the evolution of intra-OIC trade in 2005.

It should be also noted that the trade of some Member States recorded an important growth, such as Brunei, which recorded a growth by 128% between 2004 and 2005 increasing from 677.35 million US dollars in 2004 to 1594.74 million US dollars in 2005 thanks to oil exports.

Intra-OIC global trade (intra-OIC exports+intra-OIC imports) recorded an increase by 31.89% in 2005 going up from US\$ 205.8 billion in 2004 to 271.45 billion US dollars in 2005. Therefore, intra-OIC net trade amounted to US\$ 136 billion. Consequently, the share in percentage of intra-OIC trade in the overall trade of the OIC Member States rose from 14.5% in 2004 to 15.5% in 2005, i.e. an increase by 6.89%.

The exports share of intra-OIC trade in the overall exports of the OIC Member States has recorded a positive evolution by 5.3% rising from 13% in 2004 to 13.7% in 2005. While the share of intra-OIC imports share in overall imports of Member States rose, by 8.94% going up from 15.9% in 2004 to 17.30% in 2005.

The value of intra-OIC exports has recorded an upward trend; in so much as they went up from 74.24 billion US dollars in 2003 to 134.34 billion US dollars in 2005, i.e. an increase by 80.95%, while intra-OIC imports rose from 76.58 billion US dollars in 2003 to 137.1 billion US dollars in 2005, i.e. a 79.03% rise.

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

Intra-OIC trade structure shows the predominance of fuels trade accounting for more than 35.3% in 2005 in average.

- Intra-OIC exports structure:

Intra-OIC exports are mainly composed of primary products at the level of 55.79% (essentially of fuels accounting for 38.6%), i.e. US\$ 73.44 billion in 2005 against US\$ 51 billion in 2004, i.e. an increase in value by 44% and 44.21% of manufactured goods, i.e. 58.2 billion US dollars in 2005 against US\$ 49 billion in 2004, i.e. an increase in value by 18.77%. This growth can be explained by an increase in the exports of fuels by 86.12% and of chemicals by 24.18%.

The trends of intra-OIC exports in 2005 are as follows:

- Increase by 41.24% in intra-OIC exports share of fuels, which went up from 27.33% in 2004 to 38.6% in 2005;
- decrease by 6.56% in the intra-OIC exports share of chemicals between 2004 and 2005, which went down from 9.9% in 2004 to 9.25% 2005;
- Decrease by 8.22% in the intra-OIC exports share of miscellaneous manufactured products, which fell from 27.37% in 2004 to 25.12% in 2005;
- Decrease by 15.17% in the intra-OIC exports share of machinery and transport equipment, which went up from 11.60% in 2004 to 9.84% in 2005;
- Decrease by 22.78% in the intra-OIC exports share of food products between 2004 and 2005 which went up from 19% in 2004 to 14.67% in 2005;
- Decrease by 46.38% in the share of intra-OIC exports of non edible raw materials. which went down from 4.7% in 2004 to 2.52% in 2005.

- Intra-OIC imports structure:

In 2005, the intra-OIC imports were predominantly made up of manufactured products at the rate of 50.25%, i.e. US\$ 63.62 billion; followed very closely by intra-OIC imports of primary products accounting for 49.75%. i.e. of US\$ 62.99 billion (of which fuels accounting alone for 64.34% of the total).

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

- > Increase by 15.5% in the intra-OIC imports share of miscellaneous manufactured products, which went up from 24.26% in 2004 to 28.02% in 2005;
- > Increase by 9.44% in the share of intra-OIC imports of fuels, which went up from 29.25% in 2004 to 32.01% in 2005;
- > Growth in the share of intra-OIC imports of non edible raw materials by 5.88% between 2004 and 2005, which went up from 4.59% in 2004 to 4.86% in 2005.
- > Decrease in the share of intra-OIC imports of machinery and transport equipment by 13.43%, which fell from 13.85% in 2004 to 11.99% in 2005;
- > Decrease in the share of intra-OIC imports of chemicals by 14.02%. which fell from 11.91% in 2004 to 10.24% in 2005;

- > Drop by 20.2% in the share of intra-OIC imports of food products, which fell from 16.14% in 2004 to 12.88% in 2005.

The discrepancy between exports and imports is due on the one hand to the increase of freight and insurance cost and on the other hand to the fact that the majority of OIC Member States are net exporters of fuels.

3-2. Geographical distribution of intra-OIC trade

Ten OIC Member States accounted for 74.71% of intra-OIC exports and for 59.27% of intra-OIC imports. These are by order of importance: Saudi Arabia, the United Arab Emirates, Turkey, Malaysia, Indonesia, Iran, Kuwait, Pakistan, Nigeria and Oman.

- > The share of these ten countries in intra-OIC exports was estimated at 74.71% in 2005 against 71.95% in 2004; i.e. an increase by 3.8%. The exports value of this country group reached more than 100.36 billion US dollars in 2005.
- > The share of these ten countries in intra-OIC imports switched from 56.21% in 2004 to 59.27% in 2005, i.e. an increase by 5.44%. Besides, the imports value of this country group was estimated at 81.26 billion US Dollars in 2005.

INTRA-REGIONAL TRADE:

The intra-regional trade value reached 57.38 US billion dollars in 2005 against 41.03 US billion dollars in 2004, i.e. a 39.85% rise caused by the growth of intra-regional trade of the GCC (+69.04%), Sub Saharan Africa (+43.23%), the Maghreb countries (+40.33%), Asian countries (+31.03%) and the Middle East (+11.44%) during this period. On the other hand, the share of intra-regional trade in total intra-OIC trade recorded an increase by about +4.04% going up from 41.06% in 2004 to 42.71% in 2005.

This evolution of intra-regional trade share in intra-OIC total trade is due to an increase of the share of the GCC with +25.76%, the share of Sub Saharan Africa (+6.56%) and the share of the Maghreb (+4.40%), while the other areas recorded a reduction in their share at the level of intra-regional trade between 2004 and 2005: the Middle East (-17.09%) and Asia (-2.52%).

In 2005, the areas of the GCC, Asia and the Middle East accounted for 87.27% of intra-OIC regional trade, with respectively: 37.01%, 32.97% and 17.29%. Sub Sahara African Countries and the Maghreb countries represented respectively 9.37% and 3.36% of intra-regional trade of the OIC.

INTER-REGIONAL TRADE:

Trade value between the OIC regions, increased by 30.64% going up from 58.91 billion US dollars in 2004 to 76.96 billion US dollars in 2005. This growth was strengthened by the inter-regional trade of the GCC (+41.93%), the Maghreb (+33.39%), Asia (+26.34%) and the Middle East (+16.69%). On the other hand, inter-regional trade flows showed a decrease of Sub Sahara African countries (-4.24%) between 2004 and 2005.

But the share in % of trade between the regions of the OIC countries in intra-OIC total trade went down by 2.81% between 2004 and 2005 falling from 58.94% in 2004 to 57.29%. In 2005, the evolution of the OIC inter-regional trade was as follows: the GCC (+5.59%), the Maghreb (-0.76%), Asia (-6.01%), the Middle East (-13.19%), and Sub Saharan Africa (-28.76%).

In 2005, the Regions of the GCC, Asia and the Middle East accounted for 89% of the OIC inter-regional trade, with respectively: 48.26%, 24.49% and 16.28%; the Maghreb and Sub Sahara African countries accounted respectively for 7.64% and 3.34% of the OIC inter-regional trade.

III/ MAIN OBSTACLES TO TRADE EXPANSION BETWEEN THE OIC MEMBER STATES AND PROSPECTS OF INTRA-OIC TRADE:

The efforts exerted at the level of the OIC have been conclusive since intra-OIC trade, which accounted for 10% only of global trade of the OIC countries in 2000 reached for the first time 15.50% in 2005 i.e. the amount of 135.72 billion US\$.

Despite the considerable efforts made at the level of the OIC and Member States to promote intra-OIC trade and to attempt to remove impediments, several obstacles still exist, namely,

- S Market access problems: tariff, para tariff and often non tariff barriers;
- S Impediments at the level of logistics: infrastructures, transports, support services to international trade, which are either weak or insufficient;
- S The existence of a non diversified exportable supply, which does not meet international market norms and standards;
- S Lack of information on markets and business opportunities, in spite of the efforts made by ICDT in this field.

- S Limited meeting opportunities between businessmen and inadequate promotion of national productions at the level of the other OIC markets;
- S The complexity of administrative procedures related to foreign trade, such as those of customs clearing, banking, ports, etc.;
- S Lack of managerial staff and specialised technicians in international trade;
- S Inadequate and inappropriate financing instruments, particularly for the benefit of the SME and SMI.

Trade among the OIC countries is still far from meeting expectations if we consider the potentials of the Member States. The objective set by the *"OIC Ten Year Action Plan to meet the challenges facing the Islamic Ummah in the 21st Century"* adopted by the 3 Extraordinary Summit of the OIC, held in Mecca Al Moukarramah in the Kingdom of Saudi Arabia on 7 and 8 December 2005, is to enhance overall trade by 20% by the year 2015.

The Ten Year Plan of Action has exhorted Member States to explore the possibility of establishing an intra-OIC Free Trade Area. The creation of such a zone will surely contribute to removing constraints and obstacles, which impede intra-OIC trade and speed up the economic integration process in the OIC zone.

Such an objective could be reached by the year 2015 if other Member States become party to the Trade Preferential System among the Member States of the Organisation of the Islamic Conference Agreement and join the 20 Participating States and that most Participating States implement the fast track tariff reduction schedule provided for by the Protocol on the Preferential Tariff Scheme for the TPS/OIC (-PRETAS). So far, only six countries have signed the above mentioned tariff schedule (Egypt, Jordan, Malaysia, Syria, Tunisia and Turkey).

Besides, the creation within IDB of the International Islamic Corporation of Trade Financing is an important tool that will effectively contribute to reinforcing economic cooperation among the OIC Member States, intensifying commodity trade as well as trade in services, promoting trade related investments.

In spite of the obstacles depicted here above, the OIC Member States are endowed with high unexploited potentialities and natural complementarities, The factors of production are indeed distributed in such a manner that resources that are lacking in an area can be found sometimes in high quantity in another one.

For example, we may quote the following sectors:

- > Energy products: the assessed potential can adequately supply the whole world for decades the latest discovery of the Caspian sea confirm such collective self sufficiency in energy;
- > Industrial products: several countries have specialised in the manufacturing sector. especially in the chemical and pharmaceutical industry where several Member States have become net exporters, mechanical engineering industry, iron and steel industry, building materials and electronic industry, quoting thus the flourishing sectors only;
- > Services: From the assessment of Member States* trade in services we have made in the introduction of this report, it has been deducted that tourism and professional services supplied by natural persons as well as the transport sector are among the booming sectors;
- > Agricultural products: Complementarities in this field are very obvious, since 20% of intra-OIC trade concern these products, the potential is important, especially if some technical obstacles are removed in the future:

It can be noted from a study worked out by ICDT. based on the calculation of the trade potential among the OIC Member States on the level of main category of products and services, that the main categories of products and services with high trade potential are the following:

***/.* GOODS:**

As far as the goods are concerned the most promising categories of goods are:

Agriculture and hunting with 7,520 million US\$, textiles, clothing and leather with 6.960 million US\$, coke, petroleum products and nuclear fuel with 6.360 million US\$. food, beverages and tobacco with 4,640 million US\$, metal and metal products with 4.000 million US\$, electrical and electronic equipment with 2,880 million US\$. non-metallic mineral products, motor vehicles and other transport equipment with 1.720 million US\$ for each category and Chemicals and chemical products and Rubber and plastic products with 1,160 million US\$ for each category.

The countries with a high frequency score of untapped trade potential with other OIC countries are the following:

Kyrgyzstan, Tunisia, Bahrain, Jordan, Indonesia, Benin, Burkina Faso, Malaysia, Morocco, Albania, Qatar, Iran, Algeria, Azerbaijan, Brunei Darussalam, Kuwait, Sudan, Turkey, Turkmenistan, Uganda, Kazakhstan, Nigeria, Pakistan, Syria, Bangladesh, Mali and Saudi Arabia.

2. *SERVICES*:

As far as services are concerned, the promising sectors where many countries have a comparative advantage and where there is a sound demand within the OIC zone we can quote among others the following:

Financial services, Business services, Communication services, Transport services, Tourism and travel related services, Construction and related engineering services, Recreational, cultural and sporting Services (other than audio visual services), Environmental services, Health related and social services, Distribution services and Educational services¹.

The countries with high supply potential in the services sector are among others the following:

Malaysia, Turkey, Indonesia, Egypt, Morocco, Senegal, Pakistan, Nigeria, Tunisia, Jordan, Iran, Bahrain, Kuwait.

Even though intra-OIC trade accounts for only 15.5 % of the overall trade of the OIC countries in 2005, the future is very promising in view of the exiting potentials at all levels and this share is bound to increase. Yet, potentials can be materialised only if some measures are taken in the short and medium term; notably, the continuation of the autonomous liberalisation measures undertaken by Member States and the widening and deepening of integration at sub regional and regional levels and above all the implementation of the TPS/OIC Agreement.

In fact, intra-OIC trade cannot show the expected qualitative leap without the implementation of a real economic integration programme among the OIC countries, thus following the example of the schemes that are already set up in different areas of the world and which have led to the emergence of powerful regional economic groupings.

The first steps to be taken is the establishment of a free trade area by the year 2015 and the increase of intra-OIC trade whose share should reach 20% at least of the total share of the OIC Member States by 2015.

¹The list of targeted service sectors is mainly based on the specific commitments made by the OIC Member States within the framework of the General Agreement on Trade in Services (GATS/WTO).

Towards this end, we believe that few Support measures should also be applied to further facilitate and develop intra-OIC trade, notably in the following fields:

FINANCING:

- > An Islamic Financing Company, IDB affiliate may be set up with a view to financing the transactions of the Small and medium-sized enterprises granting loans with concessionary rates. This institution may take into account other guarantees than the classical movable and immovable property guarantees (personal property guarantee and surety on real estate) and the guarantee is delivered by a top grade bank:
- > The promotion of trade transactions regulations through bilateral and multilateral payment arrangements so as to improve trade and investment:
- > Establishment of trade correspondents between buyers and sellers in collaboration with government authorities concerned by intra-OIC trade as well as with commercial banks.

TRANSPORTATION:

- > To create Islamic maritime companies at regional level and develop synergies between Islamic ship-owners, particularly the conclusion of joint ventures should be encouraged by the Organisation of the Islamic Ship-Owners Association (OISA) and the IDB. Cooperation in the field of air transport should also be developed, notably through the creation of regional freight companies, and charter companies for the development of intra-OIC tourist flows.

E-COMMERCE:

- > The OIC Member States should promote and use E-commerce in their mutual bilateral transactions and between enterprises and private individuals in order to speed up transactions and reduce related costs and enhance intra-OIC trade.

REGIONAL TRADING COMPANIES:

- > To encourage the creation of inter-regional trading companies specialised in trade in products and services originating from the OIC area, with the support of the Islamic Development Bank (IDB) and the Islamic Centre for Development of Trade (ICDT).

TRADE FACILITATION:

- > To urge the OIC Member States to set up consultation mechanisms within the COMCEC in order to define a Plan of Action aiming at upgrading policies and

infrastructures in the field of trade facilitation, especially by undertaking a comprehensive study on the level of trade facilitation and the assessment of needs for building and enhancing institutional and material capacities as well in the field of technical assistance.

INVESTMENT PROMOTION:

- > To request Member States to review the current investment promotional strategies in the OIC countries in order to remove the components which hinder intra-OIC investment flows;
- > To request the OIC General Secretariat to consider the possibility of revising and amending the "Agreement on promotion, protection and guarantee of investments" so as to make it more operational and compatible with the new trends in the field of investment;
- > Strengthening of stock exchange intermediation as a vehicle for investment, notably through the "Islamic Stock Exchange Platform" of the OIC created in Istanbul in march 2005;
- > Facilitation of financial market access and incitation to competition through the liberalisation of cross border activities of the financial institutions and abolition of entry barriers for extra regional financial institutions, etc;
- > Facilitation of the movements of natural persons pertaining to investment, by accelerating the delivery procedures of residence permits and employment authorisation, and the reduction and even the abolition of visas within countries members and participating in regional groupings;
- > Liberalisation of the exchange rate system and notably the removal of restrictions on current transactions and the materialisation of the currency convertibility, liberalisation of transactions into capitals linked to direct investment and to investment in the regional securities market and the establishment in the long run of unified markets, etc.

In fact, during the meeting devoted to the "follow up of the resolutions of the OIC 3rd Extraordinary Summit held in Jeddah in March 2005, the OIC General Secretariat and the other OIC institutions, of which ICDT drew up an implementation programme of the resolutions of the OIC 3rd Extraordinary Summit held in Mecca Al Moukarramah in December 2005.

Thus the implementation of the Ten Year Plan Of Action to meet the challenges facing the Islamic Ummah in the 21st Century interpellate not only the OIC institutions but also

all the intervening parties, such as Member States' Governments, regional economic groupings and the private sector (including the Muslim Diaspora), which should take into account the projects scheduled in the OIC Plan of Action in their future developmental plans.

The *"Ten Year Programme to meet the challenges facing the Islamic Ummah in the 21st Century OIC"* is another important tool that is complementary with the *"Plan of Action for the strengthening of Economic and Commercial Cooperation along with the agreements"* adopted by the 7th OIC Summit Conference that has been recently been revitalized by the COMCEC and led to concrete cooperation projects

Thus the implementation of the Ten Year Plan of Action as well as the agreements and projects adopted under the auspices of the COMCEC, is hence forth the keystone of the Islamic Common Action.

ANNEX

XI

**REPORT BY ICCI ON
PRIVATE SECTOR MEETINGS OF ISLAMIC COUNTRIES
(29-31 May 2007, Ankara, Turkey)**

As the sole representative of the private sector within the OIC Network, the Islamic Chamber as mandated by the 8th COMCEC Session has been pursuing its activities for the private sector. In this respect, it has expanded its activities to not only cover the holding of Private Sector Meetings, but to also undertake other programs, which benefit the private sector. These activities cover the holding of Forums, Investment Conferences, Workshops, Training Programs, Exhibitions and Seminars.

As per the new vision to add a new impetus to its programs and activities, the Islamic Chamber has prepared its 10 Year Work Plan. The idea of this Work Plan is to be used as a mechanism to implement the tasks mandated to it through the OIC 10 Year Program of Action. This Work Program intends to focus on the challenges being faced by the Islamic World, which include low growth rate, poverty, lack of updated information, absence of networking and financing, among others.

The Islamic Chamber has initiated some projects with the rationale to involve the private sector in these projects as stake holders and contribute towards strengthening economic ties. These projects broadly deal with increase of intra OIC trade and investments, exchange of manpower, development of tourism, youth and education. The projects will be implemented through a company, which will be set up with the participation of the private sector with the objective that within the span of 3-5 years, they should become profit generating companies.

Towards this end, the projects that have been established are:

1. **International Zakat Foundation** was launched on 28th November 2006 by H.E. Abdullah Ahmad Badawi, the Prime Minister of Malaysia. This Foundation has been set-up with the objective of using the concept of Zakat, as a means to strengthen the economy of the Member Countries, thereby having an economic and development dimension. The collection and disbursement of Zakat to the beneficiaries would be in conformity with the contemporary prospective, which starts from the district level, village, town, city and country. This will then have an accumulative effect on the entire Ummah. This process would be carried out in collaboration and supervision of the State. The Islamic Chamber has already contacted several Islamic Countries and

has received primary consent from some of the Countries for the establishment of local Zakat organization branches.

2. International Islamic Company for Exploration of Investment Opportunities & Promotion of Intra-Trade (FORAS): The 23rd General Assembly of the Islamic Chamber held in Mauritania from 25-27 April, 2007, approved the establishment of International Islamic Company for Exploration of Investment Opportunities (FORAS). The company is entrusted to explore investment opportunities characterized with less risks and high returns all over the Islamic World. The company would focus in publicizing and establishing economically viable commercial and industrial projects in order to provide job opportunities to the labor of the Islamic countries. The Company intends to promote investors capitals, employment of youth and enhancing per capita income of the member countries. The General Assembly also approved the proposal of establishing Company's regional branches in the member countries. The proposed initial capital of the company is US\$200 million.
3. ***ICCI Wagf Fund***: The 23rd General Assembly of the Islamic Chamber also approved the establishment of an administration to manage the Funds in order to activate this religious rite and encourage establishment of Awqaf by the businessmen for financing various welfare projects, such as health, education and development, and financing researches and projects of the ICCI, with capital expected to reach US\$ 100 million.
4. *Business Owners Association (BOA)* has been established with the objective of providing opportunities of networking among businessmen and at the same time to give them an opportunity to benefit from the facilities and services of the Islamic Chamber.
5. *Al-Emmar Bank*: The objective is to fulfill the need of financing in setting up long-term projects. The Bank would be set up with diversified capital shares, of which the administration shares amount would be US\$ One Billion; the public investment shares of US\$ Ten Billion and the private investment shares would be US\$ One Hundred Billion. In addition to this, there will be a Sukuk Fund, which will also be utilized for investment.

Other Activities of the Islamic Chamber

(i) **Formulation of a strategy based on Recommendations of the Meetings of OIC Task Force on SMEs**

The OIC Task Force on SMEs was established to study and analyze the needs, problems and future requirements of SMEs in OIC Countries and to devise strategies for its development. Accordingly, ICCI with the cooperation and support of IDB, Member Chambers and SMEs Authorities, has organized 5 meetings. During these Meetings problems and constraints of SMEs in OIC Countries have been examined and some remedial measures have been identified.

Since the Task Force has reached its objectives, both in terms of goals and targets, hence, the last and final Meeting of the OIC Task Force on SMEs will be held in Karachi - Pakistan tentatively, in July 2007, wherein the members of Task Force would review the recommendations of all the previous meetings and would:

- a. Devise a strategy based on prioritizing the recommendations, as a way forward.
- b. Prepare a complete and comprehensive Program of Action with short, medium and long-term goals in accordance with the OIC 10-Year PoA.
- c. Define the role of each institutions at the level of OIC, its institutions, and the private sector.

(ii) **Investment and Privatization Conference:**

With the objective of enhancing intra-investment level, and to encourage private sector participation in the privatization process, Islamic Chamber is organizing these Conferences on regular basis on the invitation of the OIC Member Countries. In this context, Islamic Chamber of Commerce and Industry in cooperation with the Ministry of Privatisation & Investment, Government of Pakistan is organizing the 3rd International Conference on Investment and Privatization in OIC Countries, Islamic Republic of Pakistan in the last quarter of 2007.

(iii) **Tourism Forum:**

Islamic Chamber in cooperation with the Supreme Commission for Tourism of Kingdom of Saudi Arabia and the Council of Saudi Chambers of Commerce & Industry is organizing the First Forum of Tourism in Islamic Countries Jeddah, Kingdom of Saudi Arabia on 30th - 31st October - 1st November 2007. The Forum will be held under the kind patronage of His Royal Highness Prince Naief Bin Abdul Aziz Al-Saud, Minister of Interior and Chairman, Board of Directors of the Supreme Commission for Tourism. The theme of the Forum is "Towards Integration of Tourism among Islamic Countries".

(iv) **Training Programme on Devising National SME Development Programme for QIC Member Countries**

Islamic Chamber of Commerce & Industry jointly with Islamic Research & Training Institute (IRTI) of Islamic Development Bank (EDB), Federation of Bangladesh Chambers of Commerce and Industry and the Perez-Guerrero Trust Fund (PGTF), is organizing a 4-day "Training Programme on Devising National SME Development Programme for OIC Member Countries" in Dhaka, Bangladesh on December 10-13, 2007. The main focus of the training programme is on enhancing the capacity and capability of SMEs, particularly in the areas of entrepreneurship development, marketing and promotion, product development and technology enhancement

(v) **International Islamic Economic, Cultural and Tourism Conference**

The Islamic Chamber of Commerce & Industry jointly with Thai Islamic Trade and Industrial Association (TITIA - an observer member of ICCI) and Thailand Convention & Exhibition Bureau, Government of Kingdom of Thailand (an observer member of OIC), is organizing the 2nd International Islamic Economic, Cultural and Tourism Conference in at Bangkok, Kingdom of Thailand tentatively, on September 7-9, 2007. The objective of the conference is to enhance trade and economic cooperation as well as the promotion of culture amongst OIC countries. This Conference would provide an ideal platform, which would promote and foster closer business and economic ties between member countries and the Kingdom of Thailand, particularly in terms of resources (financial, technical and human).

(vi) **Businesswomen Forums:**

Realizing the economic potential among the businesswomen and also to endorse the Millennium Development Goals on gender issues the Islamic Chamber has initiated a program in 2005 for the economic empowerment of businesswomen of the Islamic Countries. This has been done by holding Businesswomen Forums in Islamic Countries on annual basis. So far two Meetings have been held, First in Sharjah, U.A.E. in March 2005 and the Second was held in Kuala Lumpur, Malaysia, from 8-10 December, 2006. Both these Meetings have been held with the collaboration of the Islamic Development Bank, the related local chambers and Women Associations. The Special Unit for South-South Cooperation (SU-SSC), UNDP also extended financial support for the 2nd Businesswomen Forum. The 3rd Businesswomen Forum would be held in State of Qatar on 27-29 November 2007.

These Forums provided an opportunity to the Businesswomen of the OIC Countries for interaction and discussing new areas of cooperation and business. The recommendations put forward by these Forums identified the areas where assistance is required, such as capacity building, access to finance, marketing, management and availability of information.

The final recommendations of the 2nd Businesswomen Forum in Islamic Countries held in Malaysia on 8-10 December 2006 **is enclosed herewith as Annex I.**

In order to encourage entrepreneurship and to bring businesswomen in the mainstream, of economic cooperation, Islamic Chamber organized a Workshop on "Entrepreneurship Development" in Karachi in March 2006. While a 2nd Workshop on "Marketing and Packaging of Agro-Products" would be held in Sudan from 25-29 August 2007.

(vii) **12th Private Sector Meeting of the Islamic Chamber**

Taking into consideration that the 12th Private Sector Meeting of the Islamic Chamber could not be held in 2006, due to the request of the host country to postpone it. The meeting will now be held on 23-25 November 2007 in Senegal.

Through this house, I wish to call upon all member states to kindly circulate this information among their private sector to encourage their participation.

ANNEX

XII

Original : French

**REPORTS ON
TRADE FAIRS OF ISLAMIC COUNTRIES
(TFOIC)**

**submitted by
The Islamic Centre for Development of Trade**

**11th TRADE FAIR OF ISLAMIC COUNTRIES (TFOIC)
DAKAR, 2007**

1. GENESIS:

The 20th Session of the Standing Committee for Economic and Commercial Cooperation among the OIC Member states (COMCEC) held from 23rd to 27th 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 11th 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 10th Trade Fair of Islamic countries, held from 5th to 9th February 2005 in Manama in the Kingdom of Bahrain, between the Islamic Centre for Development of Trade and the International Foreign Trade Centre of Senegal (CICES).

The director General of ICDDT 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 outstanding opportunity for Member States in the African continent to highlight their wealth and economic potential.

At this meeting, the ICDDT submitted to the CICES a draft Memorandum of Understanding, defining the responsibilities and the tasks of each institution involved in the organisation of the 11th Trade Fair of Islamic Countries, which will be discussed and signed by both parties subsequently.

2) Coordination Meetings:

a) First Coordination Meeting:

The meeting was held on the sidelines of the 4th Conference of Tourism Ministers in the OIC Member States that was held from 28th to 30th 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 11th Trade Fair of Islamic Countries (TFOIC).

b) 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 Centre of Senegal (CICES), the second coordination meeting for the organisation of the 11th Trade Fair of Islamic Countries (TFOIC), to be held in Dakar in 2006, was held at the headquarters of ICDT on 25th and 26th 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 7th to 11th 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 Centre of Senegal (CICES) and Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade, on 26th May 2005 (17 Rabii II 1426 H).

Besides, 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 11th 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 11th Trade fair of Islamic Countries (TFOIC).

c) 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 20th 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 (ANOIC), 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 11th Trade Fair of Islamic Countries proposed by the CICES:

- > 1st proposal: from Wednesday 7th November to Sunday 11th November 2007
- > 2nd proposal: from 14th November to 18th November 2007

The meeting also dealt with the programme of the Fair during the five days, the following has been decided:

- > 1st **day:** Official opening of the 11th 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);
- > 2nd **and** 3rd **days:** Inauguration and holding of the investors forum and the 13th Private Sector Meeting of Islamic Countries;
- > 4th **day:** Meeting of the Trade Promotion Organs;
- > 5th **day:** Closing of the Fair.

d) Fourth Coordination Meeting

The Fourth Coordination Meeting was held on 24th November 2005 in Istanbul on the sidelines of the 21st Session of the Standing Committee for Economic and Commercial Cooperation among the OIC member States (COMCEC), which was held from 22nd to 25th 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 11th 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, 11th Summit Conference of the OIC that will be held until 2007, it was agreed that the 11th Trade Fair of Islamic Countries (TFOIC) 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 11th 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 12th 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 11th 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 25th November, a meeting with Dr. Ahmed Mohamed ALI, President of the Group of the Islamic Development Bank (IDB), on the sidelines of 21st Session of the Standing Committee for Economic and Commercial Cooperation among the OIC Member States (COMCEC), which was held from 22nd to 25th 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.

e) Fifth Coordination Meeting:

Upon the invitation of the International Centre for the Foreign Trade of Senegal (CICES) the 5th coordination meeting for the organisation of the 11th edition of the Trade Fair of Islamic Countries (TFOIC) was held on 22nd March 2006 in the International Trade and Exchange Centre of Dakar.

- > *Coordination Meeting with the CICES: (22nd 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 11th 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 11th Trade Fair of Islamic Countries (TFOIC): from 7th to 11th November 2007 or 14th to 18th 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 achieve the great infrastructure works but also to renovate and modernize the premises and sites that will host the OIC events.

During this meeting, ICDT laid stress on the urgency of fixing a date for the 11th 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. The meeting of this Commission was scheduled to be held on 24th March 2006 in order 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.

f) 6th Coordination Meeting:

Upon the Agreement of His Excellency the Minister of Commerce of the Republic of Senegal to organise the 11th Trade Fair of Islamic Countries on the date proposed by organisers (21-27 November), the 6th coordination meeting for the organisation of the 11th Trade Fair of Islamic Countries was held on 19 and 20 September 2006 at ICDT's headquarters in Casablanca and mainly dealt with the following issues:

- > The promotion and marketing campaign;
- > Promotional material;
- > The Exhibitor's guide
- > The Follow up of financing requests submitted by Senegal;
- > Activities on the sidelines of this event (TPOs meeting,...).

At the end of this meeting both parties adopted a Plan of Action covering October 2006-November 2007 period.

Organisers can start the promotional campaign relating to this event. To that effect, the Senegalese party should present to ICDT models of brochures, the exhibitor's guide and other promotional material. For its part, ICDT will prepare display panels to be used in the OIC meetings and events (22nd COMCEC, 11th Fair of the MUSIAD...).

g) 7th Coordination Meeting:

-The 7th Coordination Meeting for the organisation of the 11th Trade Fair of Islamic Countries was held on 6th and 7th December 2006 in Dakar. At the end of the debates on the different agenda items, both parties agreed on the following main points:

- > The Exhibitor's guide will be finalised by the end of January 2007 at the latest so as to send it to Member States;
- > To continue the promotional campaign lead on the occasion of the 23rd Session of the COMCEC and of the 10th International Business Forum and the 11th Trade Fair of the MUSIAD (Istanbul, 21-16 November 2006);

Besides, on the sidelines of the International Fair of Dakar (FIDAK), the Minister of Commerce of Senegal and the Director General of ICDT have officially announced the organisation of the 11th Trade Fair of Islamic Countries.

h) 8th Coordination Meeting:

Within the framework of sustained coordination between organisers, the 8th Coordination Meeting was held on 14th and 15th February 2007 at ICDT's headquarters in Casablanca. On this occasion, the Senegalese party presented the draft Exhibitor's Manual (before its publication) in order to disseminate it to the OIC Member States. Participants in this meeting; of which the Director General of the Senegalese Agency for Export Promotion (ASEPEX) discussed about the activities to be held on the sidelines of the Fair, notably the Meeting of Trade Promotion Organs in member States of the Organisation of the Islamic Conference (OIC).

Following this meeting, ICDT put at the disposal of the OIC companies and member States, the Exhibitor's manual of the Fair along with the participation form on its web site : www.icdt-oic.org.

**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 24th to 26th 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 2nd 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 (ICO) and the other concerned institutions of the Private Sector, a tourism fair in the OIC Member States once in two years as in the case of the Islamic Trade Fair".

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 25th 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 21st 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 25th 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 26th 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 OICTOURIM 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 2nd edition of the OICTOURISM scheduled to be held in Beirut in June 2007.

**2ND TOURISM FAIR OF THE OIC MEMBER STATES
OICTOURISM-2008**

Beirut, from June 6th to 8th, 2008

1/BACKGROUND:

In compliance with the recommendations of the 2nd and 3rd Islamic Conferences of Tourism Ministers of the Member States of the organisation of the Islamic Conference (OIC), held respectively in Malaysia (12-13 October 2001) and in Saudi Arabia (6-9 October 2002) and to the resolutions of the 18th Session of the Standing Committee for Economic and Commercial Cooperation among the OIC Member States (COMCEC), held in Istanbul from 22nd to 25th November 2002, the Islamic Centre for Development of Trade (ICDT) organises the Second Tourism Fair of Islamic Countries (OICTOURISM-2007) in Lebanon.

It should be recalled that ICDT organised the 1st Tourism Fair of Islamic Countries (OICTOURISM), which was a tremendous success from 24th to 26th November 2005 at CNR-EXPO in Istanbul. The first edition was attended by 15 OIC Member countries and by about 350 operators representing the different services linked to tourism.

The main objective of the Fair is to promote and encourage tourism among the Member states of the Organisation of the Islamic Conference while taking into consideration the vital role of the tourism sector in the development of economy and the intensification of trade flows.

2/PRELIMINARY MEETINGS:

During the First Edition of the **OICTOURISM** held in November 2005, the Islamic Centre for development of Trade held a preliminary meeting with the officials of the Republic of Lebanon, with a view to discussing the modalities of the preparations of the 2nd edition of the Fair, which was scheduled to be held in Beirut in 2007.

During this meeting, both parties have agreed to start as soon as possible the preparations of the 2nd edition of the Fair and launch a promotional campaign with reasonable deadlines. To that effect, Mr. Allal RACHDI, Director General of ICDT gave to the Lebanese officials a draft Memorandum of Understanding that will be discussed at a subsequent meeting.

During this meeting, both parties had agreed to organise the OICTOURJSM-2007 in the first week of June 2007 and to keep the theme of the Fair for the next edition: "OICTOURISM: a meeting point of peace and tolerance".

3/FIRST COORDINATION MEETING:

Upon 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, 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 adoption of a draft Memorandum of Understanding;
 2. The incentives offered to participants;
 3. The promotional Campaign;
 4. The fair's opening programme;
 5. The date and venue of the 2nd coordination meeting.
1. Strongly willing to ensure the best conditions of success to this event, both parties examined the items of the draft memorandum of understanding in a friendly atmosphere marked with good comprehension. After its adoption, the memorandum was initialled by both parties. It will be submitted for final signature at the 2nd coordination meeting scheduled to be held in Casablanca in June 2006.
 2. In compliance with the provisions of the Memorandum of Understanding, the Lebanese party shall grant facilities and incentive rates to participants as regards transport, freight, stay 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. Fares will be conveyed to ICDT within 15 days after the end of the meeting.
 3. Both parties convened that the promotional campaign for the organisation of the fair will be launched as soon as possible in order to ensure the largest possible participation of the OIC Member States. The campaign will also concern the most important institutional meetings of the OIC as well as the regional and international exhibitions in which the republic of Lebanon will take part. Joint actions could also be led by both parties during this event. Common delegations shall be sent to meet the competent authorities in Member States so as to incite them to massively participate

in the second **edition** of the Tourism Fair of Islamic Countries (*OICTOURISM*). To that effect, the Lebanese party will prepare, in collaboration with ICDT, the necessary promotional products within 15 days from the date 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 party will also convey official invitations to the eminent personalities of the OIC Member States. To that effect, ICDT will convey to the Lebanese party a list of the names of the personalities to be invited, namely H.E. the Secretary General of the Organisation of the Islamic Conference who must be specially treated. For its part, the Islamic Centre for Development of Trade will send invitations to the Tourism Ministries of the OIC Member States and to the tourism institutions in these countries.

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 this event was conveyed by ICDT to the Lebanese party. The latter will prepare a conference room for this purpose.

Besides, participants visited the Biel Exhibition Centre of Beirut where they held a meeting with Mr. Rami JOUEIDI, Biel Deputy General Manager who has kindly accepted the request of ICDT concerning the granting of incentive rates to exhibitors for the 2nd Tourism Fair of the OIC Member States with a view to inciting them to massively participate in this event.

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.

e) 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 July 1st, 2006 at the latest.

4/PROMOTIONAL CAMPAIGN:

In compliance with the Memorandum of Understanding concluded between the Islamic Centre for Development of Trade and the Lebanese Ministry of Tourism for the organisation of the 2nd Tourism Fair of the OIC Member States (*OICTOURISM-2007*, from 22nd to 24th June 2007 in Beirut), the Centre launched a promotional campaign of

this event, on the occasion of the "Arab Travel Market-2006", which was organised from 2nd to 5th May 2006 in Dubai World Trade Centre.

During this show, which is renowned as being the 3rd biggest tourism show in the world, the ICDT's representative accompanied by the representative of BIEL Centre, held two meetings with the delegations of 17 participating Member Countries, at which he tackled the OICTOURISM, the success of the 1st edition while laying stress on the advantages offered by the participation in the second edition. The delegations that were contacted have expressed their wish to participate in this event.

5/ SECOND COORDINATION MEETING:

The second coordination meeting that was initially scheduled to be held in July 2006 has been postponed because of the "Israel" attacks perpetrated against Lebanon. Organisers have agreed to hold this meeting in the holy month of Ramadan. Besides, ICDT sent invitations to Ministers and senior officials of Tourism in the OIC Member States to take part in this event.

However, in view of the late events experienced by Lebanon in July 2006, it has been decided to defer the holding of the Fair until the year 2008 in compliance with a proposal made by the Ministry of Tourism of the Republic of Lebanon. Upon this decision, both parties have agreed to organise the Second Tourism Fair of the member States of the Organisation of the Islamic Conference from 6th to 8th June 2008.

ANNEX

XIII

**THE ISLAMIC DEVELOPMENT BANK GROUP'S
COOPERATION OFFICE**

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

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 Program in 1997 to help OIC member countries to upgrade their institutional and manpower resources relating to WTO activities. The resolutions adopted at the 11th, 12th

and 13th sessions of the COMCEC provided further guidance to the IDB's efforts in that direction.

Activities of the IDB WTO-Related Technical Assistance Program

With the objective of enhancing both the institutional and human capacity of OIC member countries, the IDB established a special WTO Unit in January 1998 dealing specifically with issues concerning the World Trade Organization (WTO). Out of the 57 OIC Member Countries, 40 are members of the WTO and 12 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 IDB's WTO-related Technical Assistance Program conceived in 1997 with the objective of improving the institutional and manpower capability of the member countries includes the following activities:

Consultative Meetings

The IDB organized 23 consultative meetings, up till now, 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.

Trade Policy Courses

The IDB organizes 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 photo-sanitary measures, technical barriers to trade, government procurement, general agreements on trade in services, intellectual property rights, anti-dumping, subsidies and countervailing measures, safeguards and state trading, dispute settlement, agreement on trade-related investment measures, trade and

competition policy, trade and environment, regionalism, and future work. The trade policy courses held are as follows:

1. The first trade policy course was in Arabic language for the Arabic speaking member countries of the Bank. It was held at IDB Headquarters in Jeddah from 23 Jumad Awwal to 14 Jumad Thani 1419H (14 September - 4 October 1998).
2. The second trade policy course was in English language for the English-speaking member countries of the Bank. It was held at Rawalpindi, Pakistan, from 19 Dhul Hijjah 1419H to 8 Muharram 1420H (5-24 April 1999).
3. The third trade policy course was in French language for the French-speaking member countries of the Bank. It was held in Ouagadougou, Burkina Faso from 14 February to 3 March 2000.
4. The fourth trade policy course in Arabic was held in Doha, State of Qatar on 10-28 Rajab 1421H (7-25 October 2000).
5. The fifth trade policy course in English was held in Istanbul, Republic of Turkey, 1-19 Rabi Awwal 1423H / 13-31 May 2002.
6. The sixth trade policy course was in three languages (Arabic-English and French). It was held at IDB Headquarters in Jeddah, Kingdom of Saudi Arabia, 28 Rabi II - 16 Jumada I 1424H / 28 June - 16 July 2003.
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.
11. The eleventh trade policy course was in English language and was held in Istanbul, Republic of Turkey, 19 June- 07 July 2006.
12. The ninth trade policy course was in Arabic language and was held in Casablanca, Morocco, 15 January - 2 February 2007.

Seminars and Workshops

The IDB organizes seminars and workshops covering a wide range of WTO issues with the aim of familiarizing the member countries with contents and provisions of the WTO Agreements as well as its activities so they could be in a better position to defend their interests. The following seminars and workshops were organized so far:

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 OIC 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 Photo-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 Photo-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 Safer 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 1427H/ 28-29 March 2006.
24. Seminar on Trade in Services for OIC member countries, Abu Dhabi, United Arab Emirates, 22-24 May 2006.
25. Seminar on the WTO-Trips Agreement and its Impact on Access to Medicines, Dakar, Senegal, 10-12 July 2006.
26. **Seminar on Trade & Transfer of Technology for Selected OIC Member Countries, Islamabad, Pakistan, 27-29 November 2006.**
27. **Seminar on Accession Negotiations for Arab Countries, Damascus, Syria, 1-4 April 2007.**

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 IDB's 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 Program, 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 1423HZ 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.
12. Joint workshop with the WTO on the TRIPS Agreement for Arab countries, Kuwait, 18-20 September 2006.
13. Workshop on Capacity Building for Facilitation of Trade and Investment for the OIC Member Countries, Jeddah, 26-28 June 2006.
14. **Workshop on Accession to the WTO: experience and prospects of WTO membership, 13-15 March 2007, Bishkek, Kyrgyz Republic.**

Studies

The IDB has so far undertaken 5 major sectorial 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 a 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.

IDB Participation in WTO Committees

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

WTO Specific Technical Assistance to OIC Member Countries

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

Country	Activity	Date
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.	2000
	- Technical assistance to Kyrgyz Republic on capacity building in the current negotiations.	2002 / 2003
Kazakhstan	Support to Kazakhstan for Accession to WTO.	2002 / 2003
Lebanon	Support to Lebanon for Accession to WTO.	2000
Niger	Workshop on the impact of Uruguay Round Agreements on the economy of Niger.	2000
Maldives	Support for establishing of an Intellectual Property System in the Republic of Maldives.	2003
Saudi Arabia	Six Seminars/workshops on WTO-related topics.	1999/2000
Sudan	- Financing a trade official to attend 3-month trade policy course, Geneva	1998
	- Financing of two studies on services sector.	2000
	- Financing of 4 strategic studies for the government of Sudan in the framework of its accession to WTO.	2003
	- Financing of a visit to Geneva of a WTO expert from the Bank to provide	

Country	Activity	Date
	Technical support and advice to the Sudanese delegation in the first working party meeting. - Financing the establishment of an archiving system for the Commission for the WTO Affairs in Sudan.	2003 2006
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	8 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. Iran	4. Syria
5. Brunei Darussalam	1 January 1995	5. Iraq	5. Turkmenistan
6. Burkina Faso*	3 June 1995	6. Kazakhstan	
7. Cameroon	13 December 1995	7. Lebanon	
8. Chad*	19 October 1996	8. Libya	
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		
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		

Annex XIII to OIC/COMCEC-FC/23-07/REP

WTO Members	Date of Accession	Observers	No Status
29. Oman	9 November 2000		
30. Pakistan	1 January 1995		
31. Qatar	13 January 1996		
32. Saudi Arabia	11 December 2005		
33. Senegal*	1 January 1995		
34. Sierra Leone*	23 July 1995		
35. Suriname	1 January 1995		
36. Togo*	31 May 1995		
37. Tunisia	29 March 1995		
38. Turkey	26 March 1995		
39. UAE	10 April 1996		
40. Uganda*	1 January 1995		

Countries in yellow are not yet Members of the IDB.

* Least Developed Member Countries

ANNEX

XIV

Original: French

REPORT ON
THE ISSUES RELATING TO THE ACTIVITIES
OF THE WORLD TRADE ORGANISATION

Submitted by
THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE

23rd Meeting of the Follow-up Committee
of the COMCEC

(29-31 May 2007, Ankara - Turkey)

B A C K G R O U N D

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 both the public and private sectors and on intra-OIC trade negotiations.

SECTION I

WTO's MULTILATERAL TRADE NEGOTIATIONS¹

PARAGRAPH I- RESULTS OF JULY CONFERENCE 2004 WITHIN THE WTO:

At the conclusion of the 5th 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 necessary action 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 five 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 negotiations agenda of the Doha work programme.

1/ 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

¹ This report takes stock of WTO negotiations as of 31st October 2005.

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.

11/ NON-AGRICULTURAL MARKET ACCESS (NAMA):

The flexibility introduced by the framework points to the fact that the specifics of the Derbez text (Cancun) 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 into 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 31st 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.

III/ 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.

IV/ 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 USA) 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 time-table.

V/ 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 well 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 21st and 22nd 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.

VI/ 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 at the latest; 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.

PARAGRAPH II: SIXTH MINISTERIAL CONFERENCE: 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 6th Ministerial Conference of the WTO, which took place in Hong Kong from 13th to 18th 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 Khan 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 GahrStore (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 on 17th December 2005 that noticeable breakthroughs were recorded on two files, agriculture and cotton.

V 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 2004 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 18th 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 31st 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 "30th 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 7th 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 General Agreement on Trade and Services (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 28th February 2006 or as soon as possible after this date. Furthermore, the second series of revised offers will be presented by 31st July 2006. The final schedules of commitments must be submitted by 31st October 2006.

PARAGRAPH III: THE WTO TRADE NEGOTIATIONS AFTER THE 6TH MINISTERIAL CONFERENCE OF HONG KONG.

Since the Hong Kong Conference, discussions focused on three major issues: the reduction of agricultural domestic support, particularly in the United States, the opening of markets to industrial products and to services of developing countries and the reduction of customs tariffs on agricultural products for the European Union.

The post Hong Kong phase was characterised by strong efforts with a view to respecting the deadline of 30th April 2006 fixed to establish modalities concerning NAMA, in compliance with the Hong Kong Declaration. Yet, despite these efforts, the Doha Round Trade Negotiations were adjourned on 24th July 2006 in Geneva.

The resumption of negotiations initiated by the Summit Conference and that of the G8 Ministerial Conference, which took place on 16th July in Saint Petersburg have not prompted the reopening of negotiations.

It should be recalled that the negotiations stalemate had led Member States to appeal to the Director General of the WTO to serve as a catalyser to negotiations but the latter did not succeed to boost this negotiations round since he recommended the sine die adjournment of negotiations at the General Council Meeting in July 2006.

In fact, failure is obvious in so far as the deadlines to adopt modalities and accomplish some tasks fixed by the Hong Kong Ministerial Declaration and by the mini-Ministerial Meeting held in Davos on the sidelines of the World Economic Forum on 27th and 28th January 2006

have not been respected. These deadlines are 28th February 2006 for the presentation of the initial multilateral demands in the field of services; 30th April 2006 to establish modalities concerning Agriculture and NAMA; and 31st July 2006 for the presentation of draft schedules concerning services and revised offers.

This breaking off is mainly due to the divergences between the United States and the EU and the political inertia of the American policy in trade negotiations; the divergences between the United States and the EU on the one hand, and the G20 on the other were not very determining factors. The crisis solving indubitably needs a strong revitalization of dialogue between the EU and the United States like the Blair House Agreement that was reached during the Uruguay Round.

According to some observers, the United States should make more substantial reductions of domestic support for agricultural products. The EU should enlarge the access to its markets of agricultural products. The G20 and the big developing countries should also reduce their industrial tariffs and open more the services sector.

Negotiations are expected to be resumed after the American elections on November. Other observers think that the negotiations round could be halted until 2009, with the arrival of a new presidential administration in Washington because the congress elections by the end of 2006 than, the expiry of the "Trade Promotion Authority» at the United States, which allows the Bush Administration to negotiate a "global Agreement", on 31st July 2007, might cause put off for several years any possibility to conclude an Agreement.

- It is therefore, very obvious to notice that the conflict between the United States and the EU on agricultural negotiations has finally to "forestall forever a bill" the priority fields for Developing countries and the LDCs in general and the OIC countries in particular.

All the WTO Members show their strong will to make every effort to re-launch the Doha Round that was adjourned at the end of last July. Yet, it is the G20, which has been the most active in this field by organising a meeting in Rio De Janeiro on 9th September to allow its Members to harmonise their positions and to establish links with other country groups of developing countries.

In a Public Single Declaration announced on 9th September, the G20², notably in cooperation with the African Group, the ACP Group, the LDCS and the group of weak small economies showed its will to resume immediately the trade negotiations of Doha, by calling on the North Countries to improve their proposals of agricultural market opening.

Developing countries have stressed the importance of taking into account concerns already expressed before Honk Kong concerning special products, the cotton issue and the special safeguard mechanism or market access without duties or quotas for products originating in

² The G20 includes 4 OIC member States: Egypt, Indonesia, Nigeria and Pakistan.

the LDCs and trade support, as well as the implementation of the decisions made at the last ministerial meeting.

If failure is confirmed, the consequence could be the increase of bilateral agreements (between two states), in other words the proliferation of different rules, making trade more complex and enhancing inequalities among countries, the "big countries" being in a stronger position to impose their views on a "minor" and isolated country.

Only recently Mr. Pascal LAMY, Director General of the WTO undertook informal contacts with the main actors of the world trade in order to unfreeze negotiations because he thinks that the political conditions are more auspicious for the conclusion of the Doha Round? The political leaders of the whole world request the WTO to resume negotiations suspended sine die by the end of July 2006.

Mr. Pascal LAMY submitted to his interlocutors an overview of the most essential negotiations fields that remained to be considered, notably:

- > Agricultural domestic support where one can perceive the beginning of a new discussion on the relation between the figures of the global domestic support having a distorting effect on trade and the elements and disciplines per products related to the support with trade distortion effects;
- > Market access of agricultural products for which Member States are considering to adopt a little more global approach of the relation between the current formulas and flexibilities, particularly in the case of sensitive products, but the situation is less clear with respect to special products.
- > With regard to Market Access to Non Agricultural Products, the proceedings are making good progress with respect to non tariff obstacles and the sector based actions, as well as the ratio for tariff reductions.
- > Concerning the rules, notably anti-dumping, subsidies and fisheries subsidies, heated debates should allow the Chairman of the negotiating group to present a summarizing text that would serve when the time comes as basis for the final stage of negotiations.
- > Regarding the regional trade agreements, an agreement was concluded on a transparency mechanism for these agreements. Hence forth, one should tackle substantive issues consisting in clarifying the rules stipulated in Article XXIV of the GATT with respect "Most of trade exchanges".
- > Good progress has also been made in other fields, such as trade facilitation, trade and environment, geographical indications and the Convention on biological diversity and especially, the major development issue, including duty free and without quotas market access.
- > Finally, with respect to trade aids, negotiations are progressing towards the setting up of a surveillance mechanism, which is prescribed for the Hong Kong Declaration.

SECTION II
THE OIC MEMBER STATES WHOSE ACCESSION
TO THE WTO IS IN PROCESS

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 6th 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.

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

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

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

1. Afghanistan:

The Afghanistan made its application for access to the WTO on 21st November 2004. A working group was established at the meeting of the General Council held on 13th 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 18th 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 25th 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* meeting of the working group in charge of the accession of Algeria to the WTO took place on October 21st 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 21st October 2005.

Besides, on the sidelines of the 9th meeting of the working group, bilateral meetings were held during the period going from 18th to 20* 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.

3. Azerbaijan:

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

The last meeting of the working group was held on June 30th 2005. Bilateral negotiations on market access are underway on the basis of revised offers concerning goods and services.

4.Iraq:

Iraq made its application for accession to the WTO on 30th 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 13th December 2004.

Iraq has submitted an aide-memoir on its foreign trade system but 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 8th and 9th July 2004 in Geneva (WT/ACC/IRN/1). This application was unanimously adopted by the General Council on 26th May 2005.

A working group was established at the meeting of the General Council held on 26th May 2005. Iran has not submitted yet an aide-memoir on its foreign trade system. The working group has not met yet.

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 6th February 1996. Bilateral market access negotiations in goods and services commenced in October 1997, and are continuing based on a revised goods offer and the existing services offer. Topics under discussion in the Working Party include: agriculture, the customs system (and customs union arrangements), price controls, import licensing, industrial subsidies, SPS and TBT, transparency of the legal system and legislative reform, services and TRIPS.

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 Chairman of the working group on the accession of Kazakhstan, Mr. Ambassador Vesa Tapani Himanen (Finland), submitted on 7th June 2005 a positive report on the application of Kazakhstan, which adopted fundamental reforms.

7. Lebanon:

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

The bilateral meetings on market access are underway on the basis of revised offers concerning goods and services. The fourth meeting of the working group was held on March 2006.

8. Libya:

Libya deposited an official application for accession to the WTO on 25th November 2001 (Doc.WT/ACC/LBY/1). The WTO Members agreed on 27th July 2004 to start negotiations with Libya on its membership.

Libya has not submitted yet the aide-memoir 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 25th October 1994. Sudan's Memorandum on its Foreign Trade Regime was circulated in January 1999. Replies to a first set of questions concerning the Memorandum were circulated in November 2000 and a second set of questions were put in January 2003. The second meeting of the working group was held in March 2004.

The bilateral negotiations on market access for goods and services are underway, on the basis of the initial offer concerning services and a revised offer concerning goods.

10. Tajikistan:

On 29th May 2001, a formal request for accession under Article XII was sent to the Director-General by the Government of Tajikistan. A Working Party was established at the General Council meeting on 18 July 2001 as well as a first series of questions and answers to the questions of Member States in September 2003. Bilateral negotiations on market access are underway on the basis of revised offers in goods and services. The working party held its second meeting in April 2005 to continue the examination of Tajikistan's foreign trade regime.

Tajikistan has submitted the aide-memoir on its foreign trade system in February 2003.

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 17th 2002.

Uzbekistan has started bilateral negotiations on market access with interested members on the basis of initial offers concerning goods and services submitted in September 2005. The third meeting of the working group took place in October 2005.

12. Syria:

Syria's request for accession was notified to the Director General of the WTO on 30th October 2001. (WT/ACC/SYR/1)

13. Yemen:

Yemen's request for accession was circulated on 14th April 2000. The General Council established a Working Party on 17th July 2000. The aide memoir on the Foreign Trade Regime was circulated in November 2002.

The working group on the accession of Yemen to the WTO held its second meeting on 3rd 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. Bilateral negotiations on market access have started on the basis of the initial offers concerning goods and services.

Country	Date of the setting up of a working group	Chairman of the working group
Afghanistan	13 th December 2004	
Algeria	17 th June 1987	Uruguay
Azerbaijan	16 th July 1997	Germany
Kazakhstan	6 th February 1996	Finland
Iraq	13 th December 2004	Uruguay
Iran	26 th May 2005	-
Lebanon	14 th April 1999	France
Libya	27 th July 2004	-
Sudan	25 th October 1994	Morocco
Syria	30 th October 2001	-
Tajikistan	18 th July 2001	-
Uzbekistan	21 st December 1994	Mexico
Yemen	17 th July 2000	Germany

Source: WTO

Annex XIV to OIC/COMCEC-FC/23-07/REP

	Request	Setting up of a working group	Aide-memoir	1st Meeting of the working group	Number of the working groups' meeting	Offers for goods		Offers for services		Draft report of the working group
						Initial offer	Last offer	Initial offer	Last offer	
Afghanistan	Nov 2004	December 2004								
Algeria	June 1987	June 1987	July. 1996	April 1998	7	Feb. 2002	Sept. 2003	March 2002	June 2004	June 2006
Azerbaijan	June 1997	July 1997	April 1999	June 2002	2					
Iran	July 1996	May 2005								
Iraq	Sept. 2004	Dec. 2005	Sept. 2005							
Libya	June 2004	July 2004								
Kazakhstan	Jan. 1996	Feb. 1996	Sept. 1996	March 1997	7	June 1997	May 2004	Sept. 1997	June 2004	Sept. 2006
Uzbekistan	December 1994	December 1994	Oct. 1998	July 2002	2					
Lebanon	Jan. 1999	June 2001	June 2001	Oct. 2002	2	Nov. 2003	June 2004	Nov. 2003	June 2004	Dec. 2005 (FS)
Sudan	Oct. 1994	Oct. 1994	Jan. 1999	July 2003	2	July 2004		June 2004		Sept. 2004 (FS)
Tajikistan	May 2001	Jul. 2001	Feb. 2003	March 2004	1	Feb. 2004		Feb. 2004		May 2006 (FS)
Yemen	April 2000	July 2000	Nov. 2002	Nov. 2004	1					June 2006 (FS)

SECTION III THE ACTIONS OF ICDT AND THE OIC

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.

It should be recalled that the meeting devoted to "the follow up of the resolutions of the OIC Extraordinary Summit" held in Jeddah on 5th March 2006, the OIC General Secretariat and the other OIC institutions, of which ICDT have drawn up a programme for the implementation of the resolutions of the 3rd Extraordinary Summit of the OIC held in Makkah Al Moukarramah in December 2005. In the field of multilateral trade negotiations, the meeting requested ICDT and IDB to ensure the follow up of multilateral trade negotiations within the WTO and to contribute to the adoption of common stances by the OIC Member states in these negotiations.

CONSULTATIONS BETWEEN THE OIC MEMBER STATES:

On 12th 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 at the level of the private sector
 - 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

XV

Original: English

**CONCEPT PAPER ON CAPACITY BUILDING PROGRAMME
FOR OIC COUNTRIES (CBP40ICC)
BY OIC GENERAL SECRETARIAT**

Introduction

This paper outlines a proposal to establish a Programme for Capacity Building in OIC Countries (CBP40ICC) aimed at poverty alleviation in the less developed and low income OIC countries.

Background

2. The number of people living in poverty continues to grow in spite of new declarations and commitments for faster and broader poverty alleviation or reduction. The existing facilities and mechanisms are insufficient to address the problems effectively. The majority of the Least Developing Countries (LDCs), including less developed and low income OIC countries, lack financial resources and skilled manpower to implement poverty alleviation programmes. Poverty in these countries has made the population more vulnerable to the activities of terrorist and extremist elements. It should be noted that of the 50 LDCs listed by the UN, 22 are members of the OIC.

3. Given the current international economic system, it is clear that national efforts to eradicate poverty must be complemented by international action. Therefore, the need for an effective capacity building mechanism to assist the less developed and low-income OIC countries is more crucial than ever to help them "break free" from the cycle of poverty. It is in recognition of this that the establishment of the CBP40ICC has been proposed.

Objective

4. The objective of this Programme is to assist in formulating appropriate projects to strengthen capacity building to enhance human resource 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 ICT which have the potential to generate income and employment.

5. All members of the OIC will be 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.

6. Modalities of Implementation

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

7. The IDB is to play 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.

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

9. This Programme is to complement existing programmes and projects undertaken by the OIC members in respect of capacity building towards poverty alleviation. Close consultation and coordination among all involved parties at all levels is required to avoid duplication of efforts in this area.

10. An interim Steering Committee has been established comprising Senior Officials from Negara Brunei Darussalam, Islamic Republic of Iran, Indonesia, Jordan, Malaysia, Republic of Turkey, State of Kuwait, State of Qatar, Islamic Republic of Pakistan, Kingdom of Saudi Arabia, Sultanate of Oman, United Arab

Emirates, Kingdom of Morocco, Egypt, Yemen and the Republic of Senegal. The Secretary General of the OIC and the President of the IDB will also be involved. The Steering Committee would be the interim mechanism for implementing the Programme.

11. Participation in the Steering Committee and in the implementation of the projects under this Programme is not mandatory but on a voluntary basis.

12. Malaysia will coordinate closely with the IDB in formulating details of the Programme, including identifying participating countries and doable projects.

13. A pilot project approach will be adopted, involving countries from Asia, Sub-Sahara and North Africa.

14. The CBP4OICC is expected to be launched in February 2005 in Kuala Lumpur with a modest number of doable projects in selected countries.

10 December 2004

ANNEX

XVI

Original: English

**DRAFT AGENDA
OF THE TWENTY-THIRD SESSION
OF THE COMCEC**

(Istanbul, 13-16 November 2007)

1. Opening Session
2. Adoption of the Agenda
3. Review of the Implementation of the OIC 10-Year Program of Action relating to Economic Cooperation
4. Reports on Developments of OIC Economic Affairs
 - i. Annual Economic Report
 - ii. Report of the 23rd Meeting of the Follow-up Committee of COMCEC
 - iii. Background Report and Implementation of the Plan of Action of COMCEC:
 - iv. Report of the OIC General Secretariat
 - v. Report of the Sessional Committee
 - vi. Adoption of Strategic Plan for Tourism Development in OIC Member Countries
5. Expansion of Intra-OIC Trade and Investment
 - i. Annual Report on Intra-OIC Trade
 - ii. Private Sector Meetings of Islamic Countries
 - iii. Trade Fairs of Islamic Countries
6. Second Round of Trade Negotiations on Trade Preferential System among the OIC Member States (TPS-OIC) (Ankara Round)
7. Matters Related to the World Trade Organization (WTO) Activities
8. Cooperation among the Stock Exchanges of OIC Countries
9. Capacity Building Program for Poverty Alleviation in OIC Member States
 - Review of the Implementation of the "Action Plan for OIC Cotton Producing Countries' Cooperation Development Strategy (2007-2011)"
10. Exchange of Views on "Micro-Credit Financing and Poverty Alleviation in Member States"
11. Matters Related to Economic Assistance to Some Islamic Countries
12. Any other business
 - Proposal by SESRTCIC on Vocational Education and Training Action Program for the OIC Member Countries
 - Date of the Twenty Fourth Session of the COMCEC
13. Adoption of the Report and Resolutions of the Twenty Third Session of the COMCEC
14. Closing Session

ANNEX

XVII

Original: Turkish

**CLOSING STATEMENT OF H.E. DR. AHMET TIKTIK
UNDERSECRETARY OF THE STATE PLANNING ORGANIZATION
OF THE REPUBLIC OF TURKEY**

**Twenty Third Meeting Of The
Follow-Up Committee of the COMCEC**

(Ankara, 31 May 2007)

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

We have successfully completed the Twenty Third Meeting of the Follow-up Committee after intensive deliberations. We have considered important items in our agenda with a view to mobilize our economic and social potentials and to enhance further cooperation among OIC Member Countries.

Our most important objective is to realize the potentials of OIC Member Countries and thus to contribute to the enhancement of the welfare of our peoples and help them in their endeavors to become respectable members of the modern world.

Enhancement of trade is one of the most crucial objectives of our economic cooperation. In this respect, it is encouraging to note that intra-OIC trade has risen from %12 to %15,5 over the last five years. IDB's trade financing amounting to 8,5 billion dollars between 1999-2006 was one of the main factors in that rapid increase. I sincerely thank the Islamic Development Bank for its considerable support and appreciate their efforts for operationalization of the International Islamic Trade Finance Corporation (ITFC). It's my sincere hope that Intra-OIC trade may easily reach to %20. OIC community, with new programs and projects, is determined and has the potential to even exceed that target.

COMCEC successfully continues to carry out its task for establishing OIC Preferential Trade System through TPS-OIC negotiations. At the TPS-OIC negotiations, which is holding its 2nd Round Meetings, we plan to operationalize the Preferential Trade System before January 2009 by completing rules of origin and arrangements for alleviating non-tariff barriers. For this purpose, I kindly invite once again all member countries to participate in this important prestige project of

COMCEC. I also remind the signatory Countries of PRETAS to expedite the ratification process.

Distinguished Guests,

Another important topic we have taken up is the COMCEC projects considered by our Sessional Committee. I appreciate that IDB is providing generous financial support to some of these projects and its intention to finance feasibility project by Turkish Aerospace Industry on "Cooperation in the Area of Technical Development: Medium Range Regional Turbofan Airliner" and "Sustainable Tourism Development in a Network of Cross Border Parks and Protected Areas in West Africa. The developments in technical cooperation project among patent offices of OIC Member Countries is also quite satisfactory.

From this day onwards, we have to keep up our efforts through rational steps for expeditiously realizing COMCEC projects and putting forward new feasible ones on our agenda. I invite project owner institutions and coordinator OIC institutions to focus more on concrete developments and also congratulate them for their valuable efforts.

We are well aware of the fact that private sector activities have an increasing role in the countries' development endeavors. We need to benefit increasingly from the dynamism of private sector in our multilateral economic and commercial relations. Within this framework, it is of great importance to promote sustained private sector investment, modernization of production systems, highlighting quality and strengthening legal, institutional, physical and cultural infrastructure for investment.

I would like to thank OIC institutions for their efforts to involve private sector in OIC economic cooperation with trade fairs and private sector activities. Within this context, I would like to highlight that COMCEC's determination for cooperation in this area will be maintained.

Distinguished Delegates,

While reviewing our trade and economic activities, one of the common problems we are facing is the need for capacity building in many fields. Major obstacles in front of us are mostly related to administrative and legal problems along with our peoples' poverty in income, education, health and environment. It's obvious that poverty can not be tackled only through income, it should also be dealt with

through broad poverty-alleviation programmes. From this perspective, COMCEC is trying to address various facets of poverty through different programs.

In this respect, our year-long efforts to alleviate poverty and enhance our competitive capacity in cotton sector have been substantiated with the adoption of OIC Action Plan of Cotton. In this regard, I would like to invite our private sector and all related institutions from interested member countries to actively participate in the Cotton Investment Forum to be held in Istanbul on 10-12 November 2007.

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

"Poverty Alleviation and Micro-credit Finance" is the theme for exchange of views session to be held during 23rd COMCEC Meeting. This theme with successful implementations and programmes in the field is worth discussing to the benefit of our countries. I believe that the workshop to be held by SESRTCIC in July this year will provide important inputs for the discussions and future course of action in this area.

I would also like to express that COMCEC Coordination Office and SESRTCIC are working on a new and different approach to have a more productive, result oriented exchange of view session with implementable short and long term outcomes.

Before concluding my statement, I would like to thank OIC General Secretariat, IDB, ICDT, ICCI, SESRTCIC, IUT and UNIDO for their participation and valuable contributions. I would also like to thank our colleagues in COMCEC Coordination Office, staff on duty in this Organization, interpreters and translators for their meticulous efforts for completing this meeting successfully.

I wish you had a pleasant stay in Ankara and hope to be together at the 23rd Meeting of COMCEC to be held in November in Istanbul. I also wish you a pleasant and safe journey.