

REPORT
OF THE FIRST MEETING
OF THE SECOND ROUND OF
THE TRADE NEGOTIATIONS
FOR ESTABLISHING THE TRADE
PREFERENTIAL SYSTEM AMONG
THE OIC MEMBER STATES (TPS-OIC)

(Istanbul, 24 - 26 November 2006)

COMCEC Coordination Office
State Planning Organization
Ankara, November 2006

ADDRESS:
COMCEC COORDINATION OFFICE
State Planning Organization
Necatibey Cad. 108
Ankara-TURKEY

Phone : 90-312-294 5510
90-312-294 55 03
Fax : 90-312-294 55 77
Website : <http://www.dpt.gov.tr>
e-mail : ftigli@dpt.gov.tr
meker@dpt.gov.tr
skoc@dpt.gov.tr

TABLE OF CONTENTS

	<u>Page</u>
Report of the First Meeting of the Second Round of the Trade Negotiations on Establishing the Trade Preferential System Among the OIC Member States (TPS-OIC).....	7

ANNEXES

1. List of Participants of the First Meeting of the Second Round of the Trade Negotiations on Establishing the Trade Preferential System Among the OIC Member States (TPS-OIC).....	17
2. Opening Statement by H.E. Kürşat TÜZMEN, Minister of State of Turkey in Charge of Foreign Trade	29
3. Message of H.E. Prof. Dr. Ekmeleddin İHSANOĞLU, Secretary General of the Organization of the Islamic Conference.....	37
4. Ministerial Declaration on the Second Round of Trade Negotiations on Establishing the TPS-OIC.....	41
5. Agenda of the First Meeting of the Second Round of Trade Negotiations for Establishing the Trade Preferential System Among the OIC Member States (TPS-OIC).....	47
6. Draft TPS-OIC Rules of Origin.....	51

REPORT
OF THE FIRST MEETING
OF THE SECOND ROUND OF
THE TRADE NEGOTIATIONS
FOR ESTABLISHING THE TRADE PREFERENTIAL SYSTEM
AMONG THE OIC MEMBER STATES (TPS-OIC)

(Istanbul, 24 - 26 November 2006)

Original: English

**REPORT
OF THE FIRST MEETING OF THE SECOND ROUND OF THE TRADE
NEGOTIATIONS FOR ESTABLISHING THE TRADE PREFERENTIAL
SYSTEM AMONG THE OIC MEMBER STATES (TPS-OIC)**

(Istanbul, 24 - 26 November 2006)

1. The First Meeting of the Second Round of Trade Negotiations was held in Istanbul from November 24th to 26th 2006.

2. In pursuance of the related ICFM and COMCEC Resolutions, the Second Round of Trade Negotiations was launched by the Ministerial Session chaired by H.E. Kürşad TÜZMEN, Minister of State of Turkey in charge of foreign trade, and attended by the Ministers of Commerce and the Heads of Delegation of the Member States of TNC, on 24th November 2006.

3. Ministers of Commerce and Delegations of the following Member States of the Trade Negotiating Committee (TNC) attended the meeting:

- People's Republic of Bangladesh
- Republic of Cameroon
- Arab Republic of Egypt
- Republic of Guinea
- Islamic Republic of Iran
- Hashemite Kingdom of Jordan
- Republic of Lebanon
- The Great Socialist People's Libyan Arab Jamahiriya
- Malaysia
- Kingdom of Morocco
- Republic of Maldives
- Islamic Republic of Pakistan
- Syrian Arab Republic
- Republic of Tunisia
- Republic of Turkey

- Republic of Uganda
- The State of the United Arab Emirates

4. Representatives of the following OIC Member States that have not yet signed or ratified the Framework Agreement on TPS-OIC also attended the meeting as observers:

- People's Democratic Republic of Algeria
- Brunei Darussalam
- Republic of Iraq (Signatory)
- State of Kuwait (Signatory)
- Federal Republic of Nigeria (Signatory)
- State of Qatar (Signatory)
- Kingdom of Saudi Arabia (Signatory)
- Republic of Yemen
- Kingdom of Bahrain
- Republic of Togo

5. Representatives of the General Secretariat of OIC and the following organizations also attended the meeting:

- COMCEC Coordination Office (as a member of the TNC Secretariat)
- Islamic Centre for Development of Trade (ICDT) (as a member of the TNC Secretariat)
- Islamic Development Bank (IDB)
- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- Gulf Cooperation Council (GCC)
- Economic Cooperation Organization (ECO)
- West Africa Economic and Monetary Union (WAEMU)

(Copy of the List of Participants is attached as Annex I.)

Ministerial Opening Ceremony:

6. The Second Round of Trade Negotiations was launched by the Ministerial Session chaired by H.E. Kürşat TÜZMEN, Minister of State of Turkey in charge of foreign trade, and attended by the Ministers of Commerce and Heads of Delegations of the Member States of the TNC.

7. Welcoming all the delegates, H.E. TÜZMEN stated that despite their enormous natural and human resources, today the economic position of the OIC Member States does not reflect their true potential. In his statement, H.E. TÜZMEN pointed out the importance of the enhancement of Intra-OIC trade through preferential trade arrangements and trade facilitation among the OIC Member States. In this respect, H.E. TÜZMEN emphasized the significance of the establishment of the preferential trade system among the OIC Member states in a timely manner, and within this context, underlined the necessity of the successful conclusion of Trade Negotiations under TPSOIC.

8. H.E. TÜZMEN urged the other member states that have not signed and ratified the Framework Agreement and the PRETAS, to promptly do so. H.E. TUZMEN stated that this meeting demonstrates the political will at a ministerial level to contribute to the success of the second round of negotiations aimed to make TPSOIC operational by January 2009. H.E. TUZMEN concluded his remarks by expressing Turkey's full support to the negotiations.

(Copy of the text of the statement of H.E. Kürşat TÜZMEN is attached as Annex II.)

9. H.E. Mr. Tori Limangana, Assistant Secretary General for Economic Affairs read out the message of the H.E. the Secretary General of the OIC. In his message, H.E. the Secretary General expressed his profound gratitude to the Government of the Republic of Turkey for successfully organizing these trade talks. H.E. the Secretary General referred to the successful conclusion of the First Round of Trade Negotiations held by the participating States under the Framework Agreement on the Trade Preferential System among OIC Member States (TPS-OIC). H.E. the Secretary General stated that the launching of the first meeting of

the Second Round of Trade Negotiations signified a new era in the efforts of OIC Member States to promote intra-OIC trade to the level of 20 percent in ten years as stipulated for in the OIC Ten-Year Programme of Action. He strongly urged the Member States of OIC that had not yet done so to sign and ratify the OIC Agreements as soon as possible.

(Copy of the text of the speech of H.E. Prof. Dr. Ekmeleddin İHSANOĞLU, is attached as Annex III.)

10. The meeting was then addressed by the Ministers and the heads of delegation attending the meeting of the Opening Session. The representatives of Islamic Republic of Iran, Hashemite Kingdom of Jordan, The Great Socialist People's Libyan Arab Jamahiriya, and Syrian Arab Republic made statements. The Heads of delegation expressed their gratitude to the Republic of Turkey and underscored the importance of reaching successful results in the Second Round of negotiation. The delegate of the Islamic Republic of Iran also stated that despite the willingness of his country to sign the PRETAS it is not legally in a position to sign and ratify it in its present form due to his country's concerns about articles 8 and 9.

11. The Ministers of Commerce and the Heads of Delegation considered and adopted the Ministerial Declaration on the Second Round of Trade Negotiations for establishing the TPS-OIC.

(Copy of the text of the Ministerial Declaration on the Second Round of Trade Negotiations for establishing the TPS-OIC is attached as Annex IV.)

Working Session

12. The working session of the TNC started on Saturday 25th, 2006 at 9.00 a.m. in accordance with the program. H.E. Ülker GÜZEL, the Deputy Undersecretary of Foreign Trade of Turkey and the Chairman of the TNC, made an opening statement. H.E. GÜZEL pointed out the common social and cultural values of the Islamic world as well as the importance of capitalizing on this in pursuing economic integration among the Islamic countries. She further emphasized that in order to become a power house in the world arena, the members of the OIC need

to avail themselves of the opportunities offered by globalization while relying on their socio-cultural heritage in facing its challenges. H.E. GÜZEL underlined that the TNC work towards establishing the TPS-OIC is a substantial step in this direction.

Adoption of the Agenda

13. The TNC adopted the agenda and the work program of the Meeting.

(Copy of the agenda is attached as Annex V.)

Presentation by the Secretariat of the TNC

14. The TNC Secretariat made a presentation on the background and the output of the First Round as well as the issues to be discussed during the Second Round of Trade Negotiations. The Secretariat pointed out that there are two substantive issues on the agenda of the Second Round, namely rules of origin and the NTBs. The Secretariat, referring to the Ministerial Declaration adopted at the Opening Session, stated that the TNC would have to finalize its work on the two substantive agenda items within the prescribed 12-month time-frame if the target date of January 2009 for the establishment of the TPS-OIC is to be adequately met. The Secretariat thanked the IDB for the financial support extended to the First and the Second Round of Trade Negotiations.

Rules of Origin of the Preferential Tariff Scheme (PRETAS):

15. The TNC, at its first meeting of the Second Round, considered the positions of the Member States regarding the proposal of the Customs Authority of Turkey on rules of origin under TPS-OIC. TNC made deliberations on the proposal and agreed to use the Draft TPS-OIC Rules of Origin as the base text for future deliberations on the subject. A number of countries raised observations and concerns, in written form, about the draft text namely, Bangladesh, Egypt, Lebanon, Malaysia and Syria.

16. The Committee called upon the delegates to submit the Draft TPS-OIC Rules of Origin to their capitals and institutions in order to consider and clarify their positions by January 15th 2007, with a view to be discussed in the prospective Experts Group Meeting proposed by Turkey. The Committee also called upon the member countries to communicate their preliminary positions to the TNC Secretariat before the second meeting of the TNC.

17. The Committee welcomed the proposals made by Turkey to host an Experts Group Meeting to discuss and prepare a revised version of the Draft Rules of Origin under agenda items 4. The Committee appreciated efforts made by Turkey, and recommended that relevant Turkish authorities consult with the TNC Secretariat in determining the specific date of the proposed Experts Group Meeting.

(Draft TPS-OIC Rules of Origin is annexed as Annex VI.)

Para-Tariff and Non-Tariff Measures in the Preferential Tariff Scheme (PRETAS)

18. After deliberations on the subject, the Committee took note of the proposal made by Turkey on para-tariffs, non-tariffs and other measures for trade facilitation, and recommended that the member countries consider it until the second meeting of the TNC and prepare their own positions in this regard. The Committee welcomed the proposal of Turkey to host an Experts Group Meeting on NTBs and trade facilitation measures for structuring means of cooperation prior to the TNC's second meeting. The Committee recommended that the relevant Turkish authorities consult with the TNC Secretariat to determine the date and agenda of the proposed Experts Group Meeting.

Issues Related to Signing and Ratification of PRETAS

19. The TNC considered the explanations given by the member countries that have not yet signed the PRETAS. The meeting took note that the Government of Senegal has informed the OIC General Secretariat that the country is not in position to sign and ratify PRETAS due to its commitments to the customs Union of West African Economic and Monetary Union (WAEMU). The

Committee also took note of the recommendation of the 22ⁿ Session of COMCEC to the Islamic Republic of Iran that it may seek the legal opinion of the OIC General Secretariat on articles 8 and 9 of the PRETAS. The Committee called upon the Member States that have not signed and ratified the PRETAS, to do so at their earliest convenience. The Committee also took note that the WAEMU representative attended the Second Round of Trade Negotiations and encouraged the member countries of the WAEMU to join the Trade Negotiations for TPSOIC.

Any Other Business

20. The Committee considered the proposals made by Turkey on agenda items 4 and 5.

Date and Venue of the Next Meeting of TNC

21. The TNC decided that the Secretariat would communicate with the TNC Members regarding the specific date and venue of the next meeting of the TNC.

Closing Session

22. The Committee adopted the Report of the First Meeting of the Second Round of Trade Negotiations held by the TNC with its annexes.

23. The participating delegations wholeheartedly thanked the Government of the Republic of Turkey and the Secretariat of the TNC for the excellent arrangements made for this important meeting and the warm hospitality extended to them during their stay in Istanbul.

ANNEX
1

Original: English

**LIST OF PARTICIPANTS
OF THE FIRST MEETING OF THE SECOND ROUND
OF TRADE NEGOTIATIONS (TPS-OIC)
(Istanbul, 24 - 26 November 2006)**

A. MEMBER COUNTRIES OF TRADE NEGOTIATING COMMITTEE

PEOPLE'S REPUBLIC OF BANGLADESH

Mr. Major General REZAQUL HAIDER
Ambassador of Bangladesh to Turkey

Dr. MOSTAFA ABID KHAN
Deputy Chief, Bangladesh Tariff Commission

REPUBLIC OF CAMEROON

H.E. AMA TUTU NUMA
Secretary of State, Ministry of Commerce

H.E. Dr. MOHAMADOU LABARANG
Ambassador of Cameroon in Saudi Arabia,
Permanent Representative by the OIC

Mr. BOUBA AOUSSINE
Deputy Director for the Commercial Exchanges,
Ministry of Trade

Mr. MOHAMADOU LAWAL
Head of Section

ARAB REPUBLIC OF EGYPT

Mr. YASSER MOHAMED ATEF
Minister Plenipotentiary,
Director of International Department, Ministry of Foreign Affairs

Ms. WALAA MOHAMMED ROSHDY
Head of Section, Trade Agreements Sector

Mr. EHAB MOHAMMED FATHY
Head of Section, Trade Agreements Sector

REPUBLIC OF GUINEA

Mr. SENY CAMARA
Head of Section, Directorate of Commerce and Concurrence,
Ministry of Trade

Ms. BARRY AISSATOU SOW
Head of Section OIC to Ministry of Foreign Affairs

ISLAMIC REPUBLIC OF IRAN

H.E. MOSTAFA SARMADI
Deputy Minister of Commerce for International Affairs

Mr. ABOLGHASEM BAYYENAT
Senior Expert from Plenipotentiary Trade
Representative Office, Ministry of Commerce

Mr. ZAKARIA MOTEVALLI
Economic Consular

Mr. HOSSEIN ALIZADEH
Ministry of Foreign Affairs

HASHEMITE KINGDOM OF JORDAN

H.E. MUNTASER OKLAH
Secretary General, Ministry of Industry and Trade

Mr. NIDAL AL-ABBADI
Foreign Trade Policy and Relations Department,
Ministry of Industry and Trade

Mr. YUSUF GRAFAT
Tariffs and Agreements Department,
Jordanian General Customs Department

REPUBLIC OF LEBANON

Mr. MALEK ASSI
Head of External Trade Department,
Ministry of Economy and Trade

Mr. HUSSEIN EL HADI
Advisor to the Minister of Economy and Trade

GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

Mr. JUMA MOHAMED RAHUMA
Head of International Organization Department,
General Directorate of Foreign Trade,
People's General Committee for Economy, Trade and Investment

Mr. ASSADK ALFITOURY
Counselor and Responsible of Centres and Establishment Economic Islamic
in Islamic Department at the Secretary of People's General Committee for
Foreign Laisons and International Corporation

Mr. MOHAMED ABDULGHADIER
Manager, General Directorate of Customs

MALAYSIA

Ms. MASTURA AHMAD MUSTAFA
Principal Assistant Director,
Ministry of International Trade and Industry

Ms. ZAIREEN OMAR
Assistant Director
Ministry of International Trade and Industry

Ms. HANUM AMRAN
Charge d' Affaires, Embassy of Malaysia

REPUBLIC OF MALDIVES

H.E. MOHAMED JALEEL
Minister of Economic Development and Trade

Mr. MOHAMED HUSSEIN MANIKU
Managing Director, State Trading Organization

Mr. ABDULLA THAWFEEQ
Deputy Director, International Trade Policy,
Ministry of Economic Development and Trade

KINGDOM OF MOROCCO

Mr. MOHAMED CHAKIB BENELMALIH
Economic Counsellor to Turkey in Ankara

ISLAMIC REPUBLIC OF PAKISTAN

Mr. NASIM QURESHI
Additional Secretary,
Ministry of Commerce

H.E. Lt. General (Retd.) SYED IFTIKHAR HUSSAIN SHAH
Ambassador of Pakistan to Turkey

Mr. SHAUKAT ALI KHAN
Deputy Secretary, Ministry of Commerce

SYRIAN ARAB REPUBLIC

H.E. Dr. AMER HUSNI LUTFI
Minister of Economy and Trade

Ms. RIMA KADRI
Director of International Relations,
Ministry of Economy and Trade

Mr. MUHAMMAD IBRAHIM
Consulate General in Istanbul

Mr. MAHMOUD OBEID
In Charge of International Organization

Ms. SUZAN ALI
In Charge of International Organization

REPUBLIC OF TUNUSIA

Ms. BECHIRA ELLEJMI
Head of Division, Ministry of Trade and Handicrafts

Mr. Colonel MAHER KHARRAT
Director of Customs, Ministry of Finance

REPUBLIC OF TURKEY

H.E. KÜRŞAT TÜZMEN
Minister of State in Charge of Foreign Trade

Dr. AHMET TIKTIK
Undersecretary of State Planning Organization

Mr. LÜTFİ ELVAN
Deputy Undersecretary of State Planning Organization

Ms. ÜLKER GÜZEL
Deputy Undersecretary,
Under secretariat of Foreign Trade

Mr. ŞEVKET ILGAÇ
Acting Director General,
Under secretariat of Foreign Trade

Mr. YÜKSEL AKÇA
Deputy Director General,
Under secretariat of Foreign Trade

Mr. TULUĞ GÜRAKAN
Deputy Director General,
Under secretariat of Foreign Trade

Mr. ATILLA GÖKHAN KIZILARSLAN
Head of Department, Under secretariat of Foreign Trade

Mr. MEHMET ALÎ ERKAN
Head of Department, Under secretariat of Foreign Trade

Mr. ORHAN ÇAKIROĞLU
Expert, Under secretariat of Foreign Trade

Mr. AHMET M. YENER
Expert, Under secretariat of Foreign Trade

Mr. BÜLENT ORHAN TÜREL
Expert, Under secretariat of Customs

Ms. AYŞEGÜL DEMİR
Expert, Under secretariat of Foreign Trade

Mr. CANER SANNAV
Deputy Expert, Under secretariat of Foreign Trade

STATE OF UNITED ARAB EMIRATES

H.E. ABD ALLAH AHMAD AL - SALIH
Deputy Minister, Ministry of Economy

Mr. WALEED FALAH AL - MANSOURY
Director General of UAE Commission for Specifications & Standards

Mr. OMAR AHMAD AL-MAHRAMY
Expert at the Ministry of Economy

Mr. SULTAN SAEED AL-MUHAIRI
Directorate of Customs

REPUBLIC OF UGANDA

Mr. YUSUF ATIKU ABDALLA
Senior Principal Economist, Bank of Uganda

B. SIGNATORY COUNTRIES

KINGDOM OF BAHRAIN

Mr. HASSAN JASIM RABIAH
Head of International Affairs, Ministry of Finance

Mr. FOUAD SAVMAN AL-MAAWADA
First Secretary at International Organization Department,
Ministry of Foreign Affairs

Mr. SHAIKH FERAS A. AL-KHALIFA
Senior Economist, Ministry of Finance

STATE OF KUWAIT

Mr. ABDULLATIF AH-HENDAL
Ministry of Trade and Industry

Mr. SAAD AL-RASHIDI
Economic Researcher, Ministry of Finance

Mr. SALEM AL-BAHTER
Economic Researcher, Ministry of Finance

STATE OF QATAR

Mr. SAOUD JASSEM AL-JUFAIRI
Director of Economic Affairs Department,
Ministry of Economy and Commerce

Mr. AHMED SALEH AL-MOHANNADI
Head of Arab and Islamic Economic Affairs,
Economic Affairs Department,
Ministry of Economy and Commerce

Mr. HASSAN ABDULLAH AL-MOHANNADI
Economic Specialist,
Ministry of Economy and Commerce

KINGDOM OF SAUDI ARABIA

Mr. AL ESHAIWI MUSSAID MOHAMMED
Director General of International Organization Department,
Ministry of Commerce and Industry

Mr. NASSER BIN MOHAMMED AL MUTLAQ
Senior Specialist,
Ministry of Finance

Mr. ABDULLAH BIN MOHAMMED AL-LAHEM
Economy Specialist at the Ministry of Finance

Mr. HUSAYN BIN EID AL RASHEED
Economy Specialist, Ministry of Commerce and Industry

Mr. ALI AL-MUSNED
Saudi Customs

C. OTHER COUNTRIES

PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

Mr. ABDELHAMID BELAHDA
Sous Director, Ministry of Trade

BRUNEI DARUSSALAM

H.E. DATO PADUKA HIJI ADNAN BIN HAJI ZAINAL
Ambassador of Brunei Darussalam in Abu Dhabi

Mr. MOHAMMED HAKASHAH BIN HAJI ABDUL SAMAD
Officer, Ministry of Foreign Affairs and Trade

REPUBLIC OF TOGO

Mr. ISHOLA SANNI
Head of Division, Ministry of Trade and Handicrafts

REPUBLIC OF YEMEN

Mr. ABDULKADER AHMED AL-HARTHY
Director General of Commercial and Industrial Registration,
Ministry of Industry and Trade

D. THE OIC GENERAL SECRETARIAT

H.E. TORI LIMANGANA
Assistant Secretary General for Economic Affairs Department

H.E. Ambassador THIerno NABIKA DIALLO
Advisor to the Secretary General for Economic Affairs

H.E. CHEIKH OUMAR T. SOW
Director General for Economic Affairs Department

Mr. NAGHI JABBAROV
Professional Officer in Economic Affairs Department

E. SUBSIDIARY ORGANS OF THE OIC

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

Dr. SAVAŞ ALPAY
Director General

Mr. Z. İLHAN UĞUREL
Advisor

THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

Mr. ALLAH RACHDI
Director General

Mr. EL HASSANE HZAINÉ
Director Studies of Training Department

Mr. AYMEN KACEM
In Charge of Trade Promotion

F. SPECIALIZED INSTITUTIONS OF THE OIC

THE ISLAMIC DEVELOPMENT BANK (IDB)

Mr. N. NAJIB HUSAIN
Deputy Director, Trade Finance & Promotion Department

Mr. AHMED ABDULWASIE
Operation Officer, Cooperation Office

G. OTHER INTERNATIONAL INSTITUTIONS

GULF COOPERATION COUNCIL (GCC)

Mr. MOHAMMED BIN ALI AL-RASHEED
Head of Department of International Organization and Regional Cooperation

ECONOMIC COOPERATION ORGANIZATION (ECO)

Mr. MUSTAFA DEMİREZEN
Deputy Secretary General

WEST AFRICA ECONOMIC AND MONETARY UNION (WAEMU)

Mr. ALAIN FAUSTIN BOCCO
Director of Commerce and Competition

**H. COMCEC COORDINATION OFFICE & THE TRADE NEGOTIATING
COMMITTEE SECRETARIAT**

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

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

Mr. BAŐAK KAYIRAN
Expert, Press Relations

Mr. EBUBEKİR MEMİŐ
Expert, Coordinator for Organization

Mr. METİN EKER
Expert, Coordinator for Drafting

Mr. FATİH ÜNLÜ
Coordinator for Drafting

Mr. NAZIM GÜMÜŐ
Coordinator for Protocol

Mr. ALP TOLGA ŐİMŐEK
Expert, Drafting

Mr. GÖKTEN DAMAR
Assistant Expert, Drafting

Mr. ALİ İŐLER
Assistant Expert, Drafting

Mr. SELÇUK KOÇ
Assistant Expert, Drafting

Ms. SEMA HİMA
Coordinator of Documentation

Ms. BİGE HAMURDAN
Assistant Coordinator of Registration Office

Ms. BİLGE GÜLLÜ
Coordinator of Registration Office

Ms. ŐERİFE MENĐİ
Executive Secretary

Mr. SAKİR DİLSİZ
Assistant Coordinator of Documentation

Mr. KEMAL ARSLAN
Coordinator of Meeting Rooms

Ms. İLKNUR ARABACI
Executive Secretary

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

Mr. YAŞAR GÜLSOY
Head of Department

Mr. MEVLÛT YAŞAR
Coordinator of Transport Relations

Mr. NURETTİN AYDIN
Accommodation Relations

Mr. TAYFUR YÜKSEL
Protocol Relations

Mr. CAFER ERDOĞAN
Treasurer

Mr. SEYİT AMBARKÛTÛK
Technician

ANNEX
2

Original: English

**OPENING OF THE 2nd ROUND OF
TRADE NEGOTIATIONS FOR TPSOIC
STATEMENT BY H.E. KÜRŞAT TÜZMEN,
MINISTER OF STATE**

Istanbul, 24 November 2006

Honorable Ministers, Head of Delegations,
Distinguished Delegates,

On behalf of the Turkish nation and on my behalf, I would like to welcome you all to Turkey on the occasion of the Second Round of Negotiations on the Trade Preferential System among the Member States of the Organization of the Islamic Conference (OIC).

I would also like to extend my sincere gratitude to the COMCEC and to the Trade Negotiating Committee Secretariat for the organization of this extremely important event in such a timely manner.

Today, the Islamic world is at a very challenging stage in political, economic and social terms.

Most of the member states of the Organisation of Islamic Conference suffer from poverty, inadequate infrastructure, restricted levels of production, and heavy debt burden.

Regrettably, out of 50 Least Developed Countries as classified by the United Nations, 22 are members of the Organisation of Islamic Conference.

Moreover, the OIC members being home to more than 22 percent of the world's population have a total share of less than 8 percent in world trade, and 5 percent in world overall production.

These figures clearly point out the continued marginalization of Islamic countries as regards the globalization process, and hence, the social exclusion of the vast majority of their peoples.

I believe that it is our collective task to enhance the role of the Muslim countries in world economy, in a way that maximizes the gains of globalization averts threats resulting from it.

Therefore, we have to speed up the course of economic and commercial cooperation among our countries, which, in turn, will provide us with the power to achieve poverty alleviation, to attain sustainable development, and to spare further marginalization of some of our economies.

There is sufficient evidence that in the global environment of the twenty-first century, sustained economic growth at adequate levels requires more concerted action and effort.

Therefore, new modes of international partnership are necessary.

Essentially, I am of the opinion that these partnership initiatives must be accompanied by responsible and coherent commercial and economic practices catering to the specific needs of the member states.

Hence, we should engage in momentous discussions on identifying ways and means for cooperation with a view to fostering socio-economic improvement in the Islamic countries.

In my view, establishing "trade-creating mechanisms" and implementing capacity building programs to develop higher value-added and competitive export sectors within the OIC member countries, and liberalizing trade among us are highly important.

The members of the Organisation of Islamic Conference holding more than 70 percent of world's energy reserves and having rich natural resources couldn't have attained desirable economic achievements thus far.

One of the main reasons for this detrimental situation is the lack of exploitation of complementary aspects of our economies.

Consequently, we should work on diversifying patterns of our trade and expanding intra-OIC investments, and thus, creating scale economies to cope with the competitiveness of the rest of the world.

Therefore, it is my conviction that the TPSOIC will constitute an important step towards our shared objective of a higher level of integration among us.

In line, I welcome the successful conclusion of the First Round of Negotiations, and its outcome, the Preferential Tariff Scheme (PRETAS).

I am also fully convinced that the demonstration of our political determination by organizing this opening session at a ministerial level will contribute to the success of the Second Round of Negotiations aimed to make TPSOIC operational hopefully before January 2009.

The Organisation of the Islamic Conference is the second largest international institution following the United Nations, but still not an active player in the international arena although being the sole representative of the Muslim world.

Now, it is the right time to exert every possible effort to become a powerful entity capable of influencing the rest of the world.

To this end, we have to enhance political and economic solidarity among us.

In today's world, economic and commercial relations also constitute main determinants of political relations among countries. This, in turn, emphasizes the significance of stronger economic and commercial ties among our countries.

Therefore, I, myself, will personally pursue the process of the Second Round of Negotiations, and expect that my honorable brothers will be doing the same.

I would also like to urge the member states that have not yet done so to promptly sign and ratify TPSOIC and PRETAS.

Honorable Brothers,

Turkey is determined to further enhance its economic and commercial relations with the rest of the Islamic world.

I am pleased to express that through tailored foreign trade strategies, we have been experiencing a promising development in this regard.

Figures of 2005 indicate that Turkey's exports to the OIC member countries had recorded an annual increase of 28 percent, and Turkish imports from the OIC member countries even increased at a higher rate of 36 percent.

These figures also contribute an annual increase of 32 percent to the total trade volume of Turkey with the OIC members in 2005.

The upward trend also continues this year. According to the figures of the first nine months, Turkey's exports to the Islamic countries increased by 7.5 percent while Turkey's imports from our brothers augmented at a rate of 36 percent.

Thus, the rise in Turkey's total trade volume with the OIC member countries was recorded at 23 percent.

This year, the share of the OIC members in Turkey's total trade volume exceeded 15 percent.

I would like to reiterate that we are committed to reach much higher levels in terms of trade and economic relations with our brotherly countries.

Honorable Brothers,

I will be forthright. I personally do not like to talk much, but work instead. It is time now to work hand in hand to carry our commercial relations to the highest possible levels.

So, let's conclude the preferential system among our countries in the nearest time possible. It should be a very easy task for us.

Then, let's move much further. To help reach this end, let's simplify the visa procedures for our businessmen, harmonize our customs procedures, organize joint business missions, participate in each other's fairs and exhibitions, and do whatever necessary to attract the attention of the rest of the world.

Take a look at the world's current situation. This is the right time to do this job. Let's unite our abilities and experiences.

Honorable Ministers,

Before concluding, I would like to express my conviction that our delegates will carry out the necessary studies in order to make TPSOIC operational in an atmosphere of brotherhood and true spirit of collaboration.

To conclude, I would like to convey my gratitude for your invaluable presence here.

Thank you.

ANNEX

3

Original: English

**MESSAGE OF
H.E. PROF. DR. EKMELEDDİN İHSANOĞLU
SECRETARY GENERAL OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE
AT THE FIRST MEETING OF THE SECOND ROUND
OF TRADE NEGOTIATIONS**

(Istanbul, 24-26 November 2006)

*Bismillahi Arrahmani Arrahim
In the Name of Allah, Most Compassionate, Most Merciful*

H.E. Mr. Kürsat Tüzmen, Minister of State in Charge of Foreign Trade,
Excellencies, Ministers,
Distinguished Delegates,
Ladies and Gentlemen,

Assalamu Aleykum Wa Rahmatullahi Wa Barakatuh.

Trade has all along been the central feature in the development of intra-OIC cooperation. Trade is also the link that strengthens connections between states and reinforces the bonds of fraternity among Member States of the Organization of the Islamic Conference. Member States of the OIC welcome efforts towards increased trade so that we can compete internationally. The Framework Agreement on Trade Preferential System among OIC Member States is the outcome of these efforts as well as an expression of the OIC for more intensive trade cooperation.

In this context, the Extraordinary Summit of Makkah Al-Mukarramah invited the Member States to strengthen their economic and commercial cooperation with a view to accelerating their development. The Makkah Summit particularly underlined the necessity of enhancing commercial exchanges among the Member States and, in this context, decided to push up intra-OIC trade from 14% in 2005 to 20% by 2015.

The adoption of the Protocol on the Preferential Tariff Scheme for TPS OIC (PRETAS) by the 21st Session of the COMCEC in November 2005 signified a new era in the efforts of the OIC Member States to expand intra-OIC trade. Several Member States of the TNC signed the Protocol, and we hope that the Member States of the TNC will soon sign PRETAS. I believe that the launching of the Second Round of Trade Negotiations will immensely contribute for attaining the 20 percent level of intra-OIC trade as stipulated by the OIC Ten-Year Programme of Action.

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

In conclusion, I wish also to express profound gratitude to the COMCEC Coordination Office, the Islamic Centre for the Development of Trade (ICDT) and the Islamic Development Bank for their supportive role in seeing to the success of this meeting. We appreciate your efforts and look forward to more of such efforts.

May Allah grant you success to achieve the best for our Islamic world.

Wassalamu Alaikum Warahmatullah Wabarakatuh.

ANNEX

4

MINISTERIAL DECLARATION

As Ministers and Heads of Delegations of OIC member states, attending the First Session of the Ministers of Commerce for The Trade Preferential System of OIC (TPS-OIC) held in Istanbul, on November 24, 2006, we adopted the following Ministerial Declaration for the Second Round of TPS-OIC Trade Negotiations:

The Vision

International trade can play a major role in facilitating economic development, thereby creating wealth and helping to alleviate poverty. The majority of the OIC members are developing countries, some of them being the Least Developed Countries, where economic activity can hardly cover the basic needs of the society. Trade is one very important sphere of economic activity where we can help to promote economic growth, create employment and wealth for our people. We, as the OIC countries, need to closely cooperate in order to mobilize the potential of our countries in trade and to remove the barriers to the movement of goods among our countries. The OIC has recognized the great potential in promoting trade among its members decades ago, and has adopted the vision of establishing a trade system across its wide region.

We recall various resolutions of the COMCEC, that recommend the establishment of a trade system among its members, including the Declaration of Intent on the Establishment of A Trade Preferential System adopted at the Fourth Session of the COMCEC. We welcome and appreciate the efforts made under the COMCEC towards the establishment of the Trade Preferential System, and the organization of the first round of trade negotiations in particular. The COMCEC has consistently brought the matter to its annual Ministerial Sessions, and made it a permanent agenda item.

We also recall the resolution (8/7) of the Seventh Session of the Islamic Summit Conference, which endorsed the Strategy and Plan of Action that sets out expediting the establishment of the Trade Preferential System among the OIC countries (TPS-OIC) as an objective; and the Ten-Year Programme of Action adopted by the Third Extraordinary Session of the Islamic Summit Conference which appeals for an expansion of the intra-OIC trade to the level of 20 percent by the end of the Programme period.

We welcome the successful conclusion of the first round of trade negotiations, and its outcome, the Preferential Tariff Scheme (PRETAS) for TPS-OIC. The PRETAS is the concrete project whereby we can reduce the trade barriers among our countries within a specific time-frame in order to establish the TPS-OIC.

We confirm the Resolution of the 33rd Islamic Conference of Foreign Ministers (ICFM) held at Baku, 2006, that emphasizes the Framework Agreement on the TPS-OIC and the Protocol on the Preferential Tariff Scheme (PRETAS) are the basis in reaching the 20 percent intra-OIC trade target set by the Ten-Year Programme of Action, and we call for the implementation of these agreements in order to achieve the target.

We also re-affirm and pursue the recommendation by the 33rd Islamic Conference of Foreign Ministers that the concerned Ministers of the Member States of the Trade Negotiating Committee inaugurate the second round of the 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.

The Road-Map

We decide to launch the second round of trade negotiations in order to establish the Trade Preferential System among the OIC countries. We recognize the particular importance of launching a second round in order to prepare the ground for the implementation of the PRETAS, the outcome of the first round, and for making the TPS-OIC operational.

We strongly re-affirm our commitment to establish the TPS-OIC, as a long-standing vision of OIC for removing trade barriers among our brotherly countries.

We declare our objective to establish, and make operational, the TPS-OIC by January 1st, 2009. We shall mobilize our resources in order to make this objective a reality.

We request the TNC to design its work programme in accordance with this objective. We mandate the TNC that any issue pertaining to the implementation of the Framework Agreement and PRETAS as well as their annexes should be settled during the second round. The TNC shall conclude the second round of trade negotiations not later than the 23rd COMCEC Ministerial Session, to which it shall report its outcome.

As member countries of the TNC, we strongly re-affirm our commitment to sign, ratify and implement the PRETAS and its annexes within a reasonable time-frame in order to operationalize the TPS-OIC by January 1st, 2009.

We agree on the necessity of concluding the groundwork for the implementation of the PRETAS by considering the rules of origin, non-tariff trade measures and other trade-related issues on priority during the second round.

We recognize the special needs of the Least Developed Member States of OIC.

We recognize the fact that the member countries of the TNC have varying degrees of import protection as well as different levels of development. We are convinced that the two-track approach in the Tariff Reduction Schedule of the PRETAS gives the member countries the opportunity to engage in more rigorous tariff reduction once they feel comfortable with the functioning of the TPS-OIC. The Fast-Track Tariff Reduction Schedule represents the ideal mode of trade liberalization among the member countries while they may be implementing the normal track during their adjustment period.

We are fully convinced of the benefits of a political mechanism at ministerial level to demonstrate our will to establish the TPS-OIC, as well as to oversee the work of the TNC. Accordingly, we agree to convene, as the Ministers of Commerce of the member countries of TNC, at least once a year on the sidelines of the COMCEC Session, or on any other occasion, in order to review the work of the TNC and the progress towards establishing a fully operational TPS-OIC.

Promoting and Expanding the TPS-OIC

We thank the Government of Turkey for hosting the second round of trade negotiations, and for its commitment to economic and commercial cooperation among the OIC countries. Following the successful conclusion of the first (Antalya) round, The Government of Turkey has taken a very timely and precious initiative in pursuing the establishment of the TPS-OIC.

We ask the COMCEC, the IDB and other concerned OIC institutions to support the organization and successful conclusion of the second round as well as the establishment of the TPS-OIC. We appreciate the financial support extended by the IDB for the organization of the second round.

We call upon all the OIC member states to accede to the Framework Agreement in order to participate in the negotiations leading to the TPS-OIC.

We strongly recommend the regional trade groupings, having their membership composed of OIC countries only and having established customs union, to join the trade negotiations. The Framework Agreement of the TPS-OIC allows such groupings to attend the negotiations with a single representation. We note that some member countries, despite having attended the first round of trade negotiations as participants or as observers, hesitate to sign and ratify the PRETAS and thereby do not pursue the TPS-OIC on the grounds that they are members of regional trade groups with a customs union. We would like to call upon all the OIC member countries in these regional groupings to consider joining the TPS-OIC as a group, and participate in the TNC with a single representation.

ANNEX
5

Original: English

AGENDA
FIRST MEETING OF THE SECOND ROUND
OF TRADE NEGOTIATIONS
FOR ESTABLISHING THE TRADE PREFERENTIAL SYSTEM
AMONG THE OIC MEMBER STATES (TPS-OIC)

(Istanbul, 24-26 November 2006)

1. Ministerial Opening Session
 - a. Opening Speeches
 - b. Exchange of Views on the TPS-OIC
 - c. Adoption of the Ministerial Declaration on the Second Round of Trade Negotiations
 - d. Closing of the Ministerial Opening Session
2. Adoption of the Agenda
3. Presentation by the Trade Negotiating Committee Secretariat
4. Rules of Origin of the Preferential Tariff Scheme (PRETAS)
5. Para-Tariff and Non-Tariff Measures in the Preferential Tariff Scheme (PRETAS)
6. Issues related to the signing and ratification of the PRETAS
7. Any Other Business
8. Date and Venue of the Next Meeting of the Trade Negotiating Committee
9. Closing Session
 - a. Adoption of the Report
 - b. Closing Remarks

ANNEX

6

DRAFT TPS-OIC RULES OF ORIGIN

TABLE OF CONTENTS

CHAPTER I	GENERAL RULES
-Article 1	Scope
-Article 2	Definitions
CHAPTER II	ORIGINATING PRODUCTS
- Article 3	General requirements
- Article 4	Wholly produced or obtained products
- Article 5	Sufficiently worked or processed products
- Article 6	Cumulation of origin
- Article 7	Insufficient working or processing
- Article 8	Unit of qualification
- Article 9	Accessories, spare parts and tools
-Article 10	Sets
- Article 11	Neutral elements
-Article 12	Prohibition
CHAPTER III	TERRITORIAL REQUIREMENTS
- Article 13	Direct transport
- Article 14	Exhibitions
CHAPTER IV	TPS-OIC CERTIFICATE OF ORIGIN
-Article 15	General requirements
-Article 16	Procedure for the issue of a TPS-OIC certificate of origin
-Article 17	Proofs of origin issued retrospectively
- Article 18	Issue of a duplicate TPS-OIC certificate of origin
-Article 19	Issue of TPS-OIC certificate of origin on the basis of a TPS-OIC certificate of origin issued or made out previously
- Article 20	Validity of TPS-OIC certificate of origin
-Article 21	Submission of TPS-OIC certificate of origin
- Article 22	Importation by instalments
- Article 23	Supporting documents
- Article 24	Preservation of TPS-OIC certificate of origin and supporting documents
- Article 25	Discrepancies and formal errors
CHAPTER V	ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION
- Article 26	Mutual assistance
- Article 27	Verification of proofs of origin
- Article 28	Dispute settlement
- Article 29	Penalties
- Article 30	Free Zones

CHAPTER VI

FINAL RULES

- Article 31
- Article 32
- Article 33
- Article 34

Sub-Committee on customs and origin matters
Annex
Goods in transit and storage
Amendments to the Rules of Origin

ANNEX:

TPS-OIC certificate of origin and application for a TPS-OIC certificate of origin

CHAPTER I GENERAL RULES

Article 1 Scope

1. These rules may be called 'TPS-OIC rules of origin'
2. TPS-OIC rules of origin shall be applied for determining the origin of products eligible for preferential treatment under the Framework Agreement on Trade Preferential System Among the Member States of the Organisation of the Islamic Conference (Hereinafter referred as Framework Agreement)

Article 2 Definitions

For the purposes of these Rules:

- (a) "chapters" and "headings" means the chapters and the headings (four-digit codes) used in the nomenclature which makes up the Harmonized Commodity Description and Coding System, referred to in this Rules of Origin as "the Harmonized System" or "HS";
- (b) "classified" refers to the classification of a product or material under a particular heading;
- (c) "consignment" means products which are either sent simultaneously from one exporter to one consignee or covered by a single transport document covering their shipment from the exporter to the consignee or, in the absence of such a document, by a single invoice;
- (d) "customs value" means the transaction value of imported goods, which is the price actually paid or payable for the goods when sold for export to the country of importation, including other leviable charges and adjustment. In cases where the Customs value cannot be determined on the basis of transaction value, it will be determined using one of the following methods:

- i. The transaction value of identical goods;
 - ii. The transaction value of similar goods;
 - iii. The deductive value method
 - iv. The computed value method
 - v. The fall-back method
- (e) "goods" means both materials and the products;
- (f) "manufacture" means any kind of sufficient working or processing including assembly or specific operations on both of industrial and agricultural products;
- (g) "material" means any ingredient, raw material, component or part, etc., used in the manufacture of the product;
- (h) "product" means the product being manufactured, even if it is intended for later use in another manufacturing operation;
- (i) "territories" means territories of contracting parties including territorial waters;
- (j) "value of materials" means the customs value at the time of importation of the non-originating materials used, or, if this is not known and cannot be ascertained, the first ascertainable price paid for the non-originating materials in a Participating State;
- (k) "value of originating materials" means the value of such materials as defined in subparagraph (j) applied *mutatis mutandis*;
- (l) "value added" shall be taken to be the FOB price minus the customs value of each of the materials incorporated which originate in the other Participating State or, where the customs value is not known or cannot be ascertained, the first ascertainable price paid for the materials in a Participating State.

CHAPTER II ORIGINATING PRODUCTS

Article 3 General requirements

Products covered by preferential trading arrangements under the Framework Agreement imported into the territory of a Participating State from another Participating State which are consigned directly within the meaning of Article 13 hereof, shall be eligible for preferential treatments if they conform to the origin requirement under any one of the following conditions:

- (a) products wholly produced or obtained in the exporting Participating State as defined in Article 4 or
- (b) products not wholly produced or obtained in the exporting Participating State, provided that the said products are eligible under Article 5 and Article 6.

Article 4 Wholly produced or obtained

- 1. The following shall be considered as wholly produced or obtained in the exporting Participating State:
 - (a) raw or mineral products extracted from its soil, its water or from its seabeds; (1)
 - (b) agricultural products harvested there; (2)
 - (c) animals born and raised there;
 - (d) products obtained from animals referred to in paragraph (c) above;
 - (e) products obtained by hunting or fishing conducted there;

(1) Include mineral fuels, lubricants and related materials as well as mineral or metal ores.

(2) Include forestry products.

- (f) products of sea fishing and other marine products taken from the high seas vessels;(3) (4)
- (g) products processed and/or made on boards its factory ships (5) (6) exclusively from products referred to in subparagraph (f) above;
- (h) used articles collected there, fit only for the recovery of raw materials;
- (i) waste and scrap resulting from manufacturing operations conducted there;
- (j) goods produced there exclusively from the products referred to in paragraph (a) to (i) above.

Article 5 **Sufficiently worked or processed products**

1. Within the meaning of Article 3 (b), products worked on or processed as a result of which the total value of the non-originating materials, parts or produce used does not exceed 60 percent of the FOB value of the products produced or obtained and the final process of manufacture is performed within the territory of the exporting Participating State shall be considered to be sufficiently worked or processed and be eligible for preferential tariff concessions subject to the rules Article 5 (3) and Article 6.
2. Products negotiated under sectoral basis defined in paragraph 10 of Article 1, Chapter 1 of the Framework Agreement.(7)

(3) "Vessels" shall refer to fishing vessels engaged in commercial fishing, registered in a Participating State's territory and operated by a citizen or citizens or governments of Participating State; or partnership, corporation or association, duly registered in such Participating State's territory, at least 60 per cent of equity of which is owned by a citizen or citizens and/or government of such Participating State or 75 percent by citizens and/or governments of the Contracting Parties. However, the products taken from vessels engaged in commercial fishing under bilateral agreements which provide for chartering/leasing of such vessels and/or sharing of catch between Contracting Parties will also be eligible for preferential tariff concessions..

(4) In respect of vessels or factory ships operated by government agencies the requirement of flying the flag of a Participating State does not apply.

(5) In respect of vessels or factory ships operated by government agencies the requirement of flying the flag of a Participating State does not apply.

(6) For the purpose of this Rules of Origin, the term "factory ship" means any vessels, as defined, used for processing and/or making on board products exclusively from those products referred to in paragraph (f) above.

(7) In respect of products traded within the framework of sectoral agreements negotiated under the Framework Agreement on TPS-OIC, provision may need to be made for special criteria to apply. Consideration may be given to these criteria as and when the sectoral agreements are negotiated.

3. The value of the non-originating materials, parts or produce shall be:

- (i) The CIF value at the time of importation of materials, parts or produce where this can be proven; or
- (ii) The earliest ascertainable price paid for the materials, parts or produce of undetermined origin in the territory of the Participating State where the working or processing takes place.

Article 6 Cumulation

Products which comply with origin requirements provided for in Article 3 and which are used by a Participating State as input for a finished product eligible for preferential treatment by another Participating State shall be considered as a product originating in the territory of the Participating State where working or processing of the finished product has taken place.

Provided that the aggregate content to be considered as originating in the territory of the Participating State shall not be less than 60 percent of its FOB value to be eligible for preferential treatment. (8)

Article 7 Insufficient working or processing

Any one or combination of two or more of the following operations or processes shall not by themselves constitute the final process of manufacture:

- a) packing
- b) simple mixing
- c) bottling
- d) labelling
- e) splitting into lots
- f) sorting or grading
- g) marking
- h) putting up into sets
- i) simple assembly

(8) "Partial" cumulation as implied by Article 6 means that only products which have acquired originating status in the territory of one Participating State may be taken into account when used as inputs for a finished product eligible for preferential treatment in the territory of another Participating State.

Article 8
Unit of qualification

For the purposes of these Rules, goods, material and products shall be classified in accordance with the Harmonized System.

Article 9
Accessories, spare parts and tools

Accessories, spare parts and tools dispatched with a piece of machine, equipment, apparatus or vehicle shall be deemed to have the same origin as the machine, equipment, apparatus or vehicle, provided they are imported and sold as a set with the aforementioned machine, equipment, apparatus or vehicle and in the quantity which is normally delivered with these devices.

Article 10
Sets

Sets, as defined in general rule 3 of the Harmonized System, shall be regarded as originating when all component products are originating in the country of export. Nevertheless, when a set is composed of originating and non-originating products, the set as a whole shall be regarded as originating in accordance with the requirements in Article 5 or 6.

Article 11
Neutral elements

In order to determine whether a product originates, it shall not be necessary to determine the origin of the following which might be used in its manufacture:

- a) energy and fuel;
- b) plant and equipment;
- c) machines and tools;
- d) goods which do not enter and which are not intended to enter into the final composition of the product.

**Article 12
Prohibition**

The Contracting parties may invoke their national legislation in terms of the importability of materials used in connection with goods produced or manufactured by any Participating State and exported under these rules.

**CHAPTER III
TERRITORIAL REQUIREMENTS**

**Article 13
Direct consignment**

The following shall be considered as directly consigned from the exporting Participating State to the importing Participating State:

- (a) If the products are transported without passing through the territory of any non-Participating State:
- (b) The products whose transport involves transit through one or more intermediate non-Contracting Parties with or without transshipment or temporary storage in such countries, provided that:
 - (i) The transit entry is justified for geographical reasons or by considerations related exclusively to transport requirements;
 - (ii) The products have not entered into trade or consumption there; and
 - (iii) The products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition,
 - (iv) Appropriate certificate issued by customs authorities of the transit country is obtained as evidence of the conformity with the above clauses (ii) and (iii).

Article 14 Exhibitions

1. Originating products, sent for exhibition outside the Participating States and sold after the exhibition for importation in a Participating State shall benefit on importation from the Rules of Origin provided it is shown to the satisfaction of the customs authorities that:
 - (a) an exporter has consigned these products from a Participating State to the country in which the exhibition is held and has exhibited them there;
 - (b) the products have been sold or otherwise disposed of by that exporter to a person in a Participating State;
 - (c) the products have been consigned during the exhibition or immediately thereafter in the state in which they were sent for exhibition; and
 - (d) the products have not, since they were consigned for exhibition, been used for any purpose other than demonstration at the exhibition.
2. A TPS-OIC certificate of origin must be issued or made out in accordance with the rules of Chapter IV and submitted to the customs authorities of the importing country in the normal manner. The name and address of the exhibition must be indicated thereon. Where necessary, additional documentary evidence of the conditions under which they have been exhibited may be required.
3. Paragraph 1 shall apply to any trade, industrial, agricultural or crafts exhibition, fair or similar public show or display which is not organized for private purposes in shops or business premises with a view to the sale of foreign products, and during which the products remain under customs control.

CHAPTER IV

TPS-OIC CERTIFICATE OF ORIGIN

Article 15

General requirements

Products originating in a Participating State shall, on importation into the other Participating State benefit from this Rules of Origin upon submission of a TPS-OIC certificate of origin, a specimen of which is annexed herewith.

Article 16

Procedure for the issue of a TPS-OIC certificate of origin

1. A TPS-OIC certificate of origin shall be issued by the designated authorities of the exporting country on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative.
2. For this purpose, the exporter or his authorized representative shall fill out both the TPS-OIC certificate of origin and the application forms, specimens of which are annexed herewith. The said forms shall be completed in one of the official languages of the Contracting Parties or in English language and in accordance with the rules of the domestic law of the exporting country. If they are handwritten, they shall be completed in ink in printed characters. The description of the products must be given in the Box.8 of the annexed forms, which is reserved for this purpose without leaving any blank lines. Where the said box is not completely filled, a horizontal line must be drawn below the last line of the description, the empty space being crossed through.
3. The exporter applying for the issue of a TPS-OIC certificate of origin shall be prepared to submit at any time, at the request of the designated authorities of the exporting country where the TPS-OIC certificate of origin is issued, all appropriate documents proving the originating status of the products concerned as well as the fulfilment of the other requirements of this Rules of Origin.

4. A TPS-OIC certificate of origin shall be issued by the designated authorities of a Participating State if the products concerned can be considered as products originating in one of the Contracting Parties and fulfil the other requirements of this Rules of Origin.
5. The designated authorities issuing the TPS-OIC certificate of origin shall take any steps necessary to verify the originating status of the products and the fulfilment of the other requirements of this Rules of Origin. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate. The issuing designated authorities shall also ensure that the forms referred to in paragraph 2 are duly completed. In particular, they shall check whether the space reserved for the description of the products in Box.8 has been completed in such a manner as to exclude all possibility of fraudulent additions.
6. The place and date of issue of the TPS-OIC certificate of origin shall be indicated in Box. 11 of the certificate.

A TPS-OIC certificate of origin shall be issued by the designated authorities and made available to the exporter as soon as actual exportation has been effected or ensured.

Article 17 **Proofs of origin issued retrospectively**

1. Notwithstanding Article 16 (para 7), a TPS-OIC certificate of origin may exceptionally be issued after exportation of the products to which it relates if:
 - (a) it was not issued at the time of exportation because of errors or involuntary omissions or special circumstances; or
 - (b) it is demonstrated to the satisfaction of the designated authorities that a TPS-OIC certificate of origin was issued but was not accepted at importation for technical reasons.
2. For the implementation of paragraph 1, the exporter must indicate in his application the place and date of exportation of the products to which the TPS-OIC certificate of origin relates, and state the reasons for his request.

3. The designated authorities may issue a TPS-OIC certificate of origin retrospectively only after verifying that the information supplied in the exporter's application agrees with that in the corresponding file.
4. Proofs of origin issued retrospectively must be endorsed with one of the following versions of phrases:
 - *"ISSUED RETROSPECTIVELY"*
 - "Other versions" (The versions of above mentioned phrase in official languages of the Contracting Parties shall be applied.)
5. The endorsement referred to in paragraph 4 shall be inserted in the Box.7 (Remarks) of the TPS-OIC certificate of origin.

Article 18
Issue of a duplicate TPS-OIC certificate of origin

1. In the event of theft, loss or destruction of a TPS-OIC certificate of origin, the exporter may apply to the designated authorities which issued it for a duplicate made out on the basis of the export documents in their possession.
2. The duplicate issued in this way must be endorsed with one of the following versions of words:
 - *"DUPLICATE"*
 - "Other versions" (The versions of above mentioned phrase in official languages of the Contracting Parties shall be applied.)
3. The endorsement referred to in paragraph 2 shall be inserted in the Box.7 (Remarks) of the duplicate TPS-OIC certificate of origin.
4. The duplicate, which must bear the date of issue of the original TPS-OIC certificate of origin, shall take effect as from that date.

Article 19

Issue of proofs of origin on the basis of a TPS-OIC certificate of origin issued or made out previously

When originating products are placed under the control of a customs office in a Participating State, it shall be possible to replace the original TPS-OIC certificate of origin by one or more TPS-OIC certificate of origin for the purpose of sending all or some of these products elsewhere within a Participating State. The replacement proof(s) of origin shall be issued by the designated authorities under whose control the products are placed.

Article 20

Validity of TPS-OIC certificate of origin

1. A certificate of origin shall be valid for six months from the date of issue in the exporting country, and must be submitted within the said period to the customs authorities of the importing country.
2. Proofs of origin which are submitted to the customs authorities of the importing country after the final date for presentation specified in paragraph 1 may be accepted for the purpose of applying preferential treatment, where the failure to submit these documents by the final date set is due to exceptional circumstances.
3. In other cases of belated presentation, the customs authorities of the importing country may accept the proofs of origin where the products have been submitted before the said final date.

Article 21

Submission of TPS-OIC certificate of origin

Proofs of origin shall be submitted to the customs authorities of the importing country in accordance with the procedures applicable in that country. The said authorities may require a translation of a TPS-OIC certificate of origin and may also require the relevant document to be accompanied by a statement from the importer to the effect that the products meet the conditions required for the implementation of this Rules of Origin.

Article 22
Importation by instalments

Where, at the request of the importer and on the conditions laid down by the customs authorities of the importing country, dismantled or non-assembled products within the meaning of general rule 2(a) of the Harmonized System falling within Sections XVI and XVII or heading Nos. 7308 and 9406 of the Harmonized System are imported by instalments, a single TPS-OIC certificate of origin for such products shall be submitted to the customs authorities upon importation of the first instalment.

Article 23
Supporting documents

The documents referred to in Article 16(3) used for the purpose of proving that products covered by a TPS-OIC certificate of origin can be considered as products originating in one of the Contracting Parties and fulfil the other requirements of this Rules of Origin may consist *inter alia* of the following:

- (a) direct evidence of the processes carried out by the exporter or supplier to obtain the goods concerned, contained for example in his accounts or internal bookkeeping;
- (b) documents proving the originating status of materials used, issued or made out in one of the Contracting Parties where these documents are used in accordance with domestic law;
- (c) documents proving the working or processing of materials in one of the Contracting Parties, issued or made out in that Participating State, where these documents are used in accordance with domestic law;
- (d) TPS-OIC certificate of origin proving the originating status of materials used, issued or made out in a Participating State in accordance with this Rules of Origin.

Article 24

Preservation of TPS-OIC certificate of origin and supporting documents

1. The exporter applying for the issue of a TPS-OIC certificate of origin shall keep for at least three years the documents referred to in Article 16 (para 3).
2. The designated authorities of the exporting country issuing an TPS-OIC certificate of origin shall keep for at least three years the application form referred to in Article 16 (para 2).
3. The customs authorities of the importing country shall keep for at least three years the TPS-OIC certificate of origin submitted to them.

Article 25

Discrepancies and formal errors

1. The discovery of slight discrepancies between the statements made in the TPS-OIC certificate of origin and those made in the documents submitted to the customs office for the purpose of carrying out the formalities for importing the products shall not ipso facto render the TPS-OIC certificate of origin null and void if it is duly established by the customs authority of the importing country that this document does correspond to the products submitted.
2. Obvious formal errors such as typing errors on a TPS-OIC certificate of origin should not cause this document to be rejected if these errors are not such as to create doubts concerning the correctness of the statements made in this document.

CHAPTER V

ARRANGEMENTS FOR ADMINISTRATIVE COOPERATION

Article 26

Mutual assistance

1. The customs authorities of the Contracting Parties shall provide each other with specimen impressions of stamps used in their designated authorities for the issue of TPS-OIC certificate of origin and with the addresses of the customs authorities or designated and duly authorized bodies responsible for verifying those certificates.

2. In order to ensure the proper application of this Rules of Origin, the Contracting Parties shall assist each other, through the competent customs administrations and designated and duly authorized bodies, in checking the authenticity of the proofs of origin and the correctness of the information given in these documents.

Article 27
Verification of proofs of origin

1. Subsequent verifications of proofs of origin shall be carried out at random or whenever the customs authorities of the importing country have reasonable doubts as to the authenticity of such documents, the originating status of the products concerned or the fulfilment of the other requirements of this Rules of Origin.
2. For the purposes of implementing the rules of paragraph 1, the customs authorities of the importing country shall return the TPS-OIC certificate of origin and the invoice or a copy of these documents, to the issuing authorities of the exporting country giving, where appropriate, the reasons for the enquiry. Any documents and information obtained suggesting that the information given on the TPS-OIC certificate of origin is incorrect shall be forwarded in support of the request for verification.
3. The verification shall be carried out by the designated authorities of the exporting country. For this purpose, they shall have the right to call for any evidence and to carry out any inspection of the exporter's accounts or any other check considered appropriate.
4. If the customs authorities of the importing country decide to suspend the granting of preferential treatment to the products concerned while awaiting the results of the verification, release of the products shall be offered to the importer subject to any precautionary measures judged necessary.
5. The customs authorities requesting the verification shall be informed of the results of this verification as soon as possible. These results must indicate clearly whether the documents are authentic and whether the products concerned can be considered as products originating in one of the Contracting Parties and fulfil the other requirements of this Rules of Origin.

Where the cumulation rules in accordance with Article 6 of this Rules of Origin were applied and in connection with Article 16 (4), the reply shall include a copy (copies) of the certificate(s) relied upon.

6. If in cases of reasonable doubt there is no reply within ten months of the date of the verification request or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, the requesting customs authorities shall, except in exceptional circumstances, refuse entitlement to the preferences..
7. The term "designated authorities of the exporting country" within the scope of this Article shall mean (the name of the designated authorities in the Contracting Parties is to be inserted here, e.g in Turkey is "Türkiye Cumhuriyeti Başbakanlık Gümrük Müsteşarlığı, Republic of Turkey Prime Ministry Undersecretariat of Customs").

Article 28 **Dispute settlement**

Where disputes arise in relation to the verification procedures of Article 28, which cannot be settled, between the customs authorities requesting verification and the designated authorities responsible for carrying out this verification or where they raise a question as to the interpretation of this Rules of Origin, they shall be submitted to the Trade Negotiating Committee. In all cases the settlement of disputes between the importer and the customs authorities of the importing country shall be under the legislation of the said country.

Article 29 **Penalties**

In accordance with national law/legislation of importing country penalties shall be imposed on any person who draws up, or causes to be drawn up, a document which contains incorrect information for the purpose of obtaining a preferential treatment for products.

Article 30
Free zones

1. The Contracting Parties shall take all necessary steps to ensure that products traded under cover of a TPS-OIC certificate of origin which in the course of transport use a free zone situated in their territory, are not substituted by other goods and do not undergo handling other than normal operations designed to prevent their deterioration.
2. By means of an exemption to the rules contained in paragraph 1, when products originating in a Participating State are imported into a free zone under cover of a TPS-OIC certificate of origin and undergo treatment or processing, the authorities concerned shall issue a new TPS-OIC certificate of origin at the exporter's request, if the treatment or processing undergone is in conformity with this Rules of Origin.

CHAPTER VI
FINAL RULES

Article 31
Sub-Committee on customs and origin matters

A Sub-Committee on customs and origin matters shall be set up under the Trade Negotiating Committee to assist it in carrying out its duties and to ensure a continuous information and consultations process between experts. The said sub-committee shall be composed of experts from the Contracting Parties responsible for questions related to customs and origin matters.

Article 32
Goods in transit and storage

Goods which conform to the provisions of Chapter II and which on the date of entry into force of the Rules of Origin are either being transported or are being held in a Participating State in temporary storage, in bonded warehouses or in free zones, may be accepted as originating products subject to the submission, within four months from the date of entry into force of the Rules of Origin, to the customs authorities of the importing country of TPS-OIC certificate of origin, drawn up retrospectively, and of any documents that provide supporting evidence of the conditions of transport.

Article 33
Amendments to the Rules of Origin

The Trade Negotiating Committee may decide to amend this Rules of Origin. Those rules may be reviewed as and when necessary upon request of one-third of the Contracting Parties and may be open to such modifications as may be agreed upon.

Article 34
Annex

Annex to this Rules of Origin shall form an integral part thereof.

ANNEX

**SPECIMENS OF TPS-OIC CERTIFICATE OF ORIGIN AND
APPLICATION FOR A TPS-OIC CERTIFICATE OF ORIGIN**

Printing instructions

1. Each form shall measure 210 x 297 mm; a tolerance of up to minus 5 mm or plus 8 mm in the length may be allowed. The paper used must be white, sized for writing, not containing mechanical pulp and weighing not less than 25 g/m². It shall have a printed green guilloche pattern background making any falsification by mechanical or chemical means apparent to the eye.
2. The competent authorities of the Parties may reserve the right to print the forms themselves or may have them printed by approved printers. In the latter case, each form must include a reference number bearing initials of name (e.g TR for Turkey) of Contacting Party to such approval. Each form must bear the name and address of the printer or a mark by which the printer can be identified. It shall also bear a serial number, either printed or not, by which it can be identified.

TPS-OIC CERTIFICATE OF ORIGIN

1. Exporter (Name, full address, country)	TPS-OIC certificate of origin No A000.000-TR		
	See notes overleaf before completing this form.		
3. Consignee (Name, full address, country) (Optional)	2. TPS-OIC certificate of origin used in preferential trade between and (Insert appropriate countries, groups of countries or territories)		
	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	
6. Transport details (Optional)	7. Remarks		
8. Item number; Marks and numbers; Number and kind of packages (1); Description of goods	9. Gross mass (kg) or other measure (litres, m³, etc.)	10. Invoices (Optional)	

(1) If goods are not packed, indicate number of articles or state « in bulk » as appropriate

<p>11. CUSTOMS ENDORSEMENT <i>Declaration certified</i> Export document (2) FormNo Of Customs office Issuing country or territory Place and date (Signature)</p>	<p>12. DECLARATION BY THE EXPORTER I, the undersigned, declare that the goods described above meet the conditions required for the issue of this certificate. Place and date (Signature)</p>
---	---

<p>13. REQUEST FOR VERIFICATION, to</p> <p>Verification of the authenticity and accuracy of this certificate is requested.</p> <p>..... (Place and date)</p> <p style="text-align: center;">Stamp</p> <p>..... (Signature)</p>	<p>14. RESULT OF VERIFICATION</p> <p>Verification carried out shows that this certificate ⁽¹⁾</p> <p><input type="checkbox"/> was issued by the customs office indicated and that the information contained therein is accurate.</p> <p><input type="checkbox"/> does not meet the requirements as to authenticity and accuracy (see remarks appended).</p> <p>..... (Place and date)</p> <p style="text-align: center;">Stamp</p> <p>..... (Signature)</p> <p>(1) Insert X in the appropriate box.</p>
--	---

NOTES

1. Certificate must not contain erasures or words written over one another. Any alterations must be made by deleting the incorrect particulars and adding any necessary corrections. Any such alteration must be initialed by the person who completed the certificate and endorsed by the Customs authorities of the issuing country or territory.
2. No spaces must be left between the items entered on the certificate and each item must be preceded by an item number. A horizontal line must be drawn immediately below the last item. Any unused space must be struck through in such a manner as to make any later additions impossible.
3. Goods must be described in accordance with commercial practice and with sufficient detail to enable them to be identified.

(2). Complete only where the regulations of the exporting country or territory require.

APPLICATION FOR A TPS-OIC CERTIFICATE OF ORIGIN

1. Exporter (Name, full address, country)	TPS-OIC certificate of origin No. A000.000-TR		
3. Consignee (Name, full address, country) (Optional)	See notes overleaf before completing this form. 2. Application for a TPS-OIC certificate of origin to be used in preferential trade between and (Insert appropriate countries or groups of countries or territories)		
6. Transport details (Optional)	4. Country, group of countries or territory in which the products are considered as originating	5. Country, group of countries or territory of destination	7. Remarks
8. Item number; Marks and numbers; Number and kind of packages ⁽¹⁾ Description of goods	9. Gross mass (kg) or other measure (litres, m ³ , etc.)	10. Invoices (Optional)	

(1) If goods are not packed, indicate number of articles or state « in bulk » as appropriate

DECLARATION BY THE EXPORTER

I, the undersigned, exporter of the goods described overleaf,

DECLARE that the goods meet the conditions required for the issue of the attached certificate;

SPECIFY as follows the circumstances which have enable these goods to meet the above conditions:

.....
.....
.....
.....

SUBMIT the following supporting documents (9):

.....
.....
.....
.....

UNDERTAKE to submit, at the request of the appropriate authorities, any supporting evidence which these authorities may require for the purpose of issuing the attached certificate, and undertake, if required, to agree to any inspection of my accounts and to any check on the processes of manufacture of the above goods, carried out by the said authorities;

REQUEST the issue of the attached certificate for these goods.

.....
(Place and date)

.....
(Signature)

9 For example : import documents, movement certificates, invoices, manufacturer's declarations, etc., referring to the products used in manufacture or to the goods re-exported in the same state.