

REPORT
OF THE FOURTH MEETING OF TRADE
NEGOTIATING COMMITTEE FOR
ESTABLISHING THE TRADE
PREFERENTIAL SYSTEM AMONG
THE MEMBER COUNTRIES OF THE OIC
(TPS-OIC)

Antalya, Turkey, 30 March - 2 April 2005

COMCEC Coordination Office
Ankara, April 2005

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OF THE FOURTH MEETING OF TRADE NEGOTIATING
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COUNTRIES OF THE OIC (TPS-OIC)

(Antalya, Turkey, 30 March - 2 April 2005)

Original: English

REPORT
OF THE FOURTH MEETING OF THE TRADE NEGOTIATING
COMMITTEE FOR ESTABLISHING THE TRADE PREFERENTIAL
SYSTEM AMONG THE MEMBER COUNTRIES OF THE OIC (TPS-OIC)
(Antalya, 30 March - 2 April 2005)

1. The Fourth Meeting of the Trade Negotiating Committee set up under the Framework Agreement on Trade Preferential System among the Member Countries of the OIC (TPS-OIC), hosted by the Republic of Turkey, was held in Antalya from March 30th to April 2nd 2005.

2. Representatives of the following Member States that have ratified the Framework Agreement on Trade Preferential System among the Member Countries of the OIC 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
- Islamic Republic of Pakistan
- Republic of Tunisia
- Republic of Turkey
- Republic of Uganda

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

- People's Democratic Republic of Algeria
- Republic of Azerbaijan
- Republic of Iraq (Signatory)
- State of Kuwait (Signatory)
- Federal Republic of Nigeria (Signatory)
- State of Qatar (Signatory)
- Kingdom of Saudi Arabia (Signatory)
- Republic of Sudan (Signatory)
- Syrian Arab Republic (Signatory)
- State of the United Arab Emirates (Signatory)
- Republic of Yemen

4. 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)

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

Opening Session

5. The Meeting was inaugurated by H.E. Lütfi ELVAN, Deputy Undersecretary of State Planning Organization of the Republic of Turkey.

6. Welcoming all the delegates, H.E. Lütfi ELVAN stated that the OIC community had recognized the importance of economic and commercial cooperation in promoting the welfare of the member states and had initiated a series of projects in this regard such as the Trade Preferential System among the member states of OIC. H.E. ELVAN said that removal of barriers to trade among the economies of OIC countries was an essential step if they were to have genuine

cooperation. He pointed out that, having reached the end of the first round, member states needed to ponder over how they were going to proceed en route to the successful implementation of the outcome of the negotiation whose results must not be one of those initiatives with many ambitions but no implementation. H.E. ELVAN talked about what the Member states of the TNC needed to do in the fourth meeting of the first round: first, successful conclusion of the first round, secondly, finalizing the draft protocol, thirdly, deciding a date of signing ceremony which was to be as close as possible and finally, restarting the TNC meetings to discuss the other trade related issues which are vital in ensuring a successful implementation of the Protocol. He concluded his remarks, by expressing Turkey's support to the negotiations.

(Copy of the text of the statement of H.E. Lütfi ELVAN is attached as Annex II.)

7. The message of H.E. Prof. Dr. Ekmeleddin İHSANOĞLU, Secretary General of OIC, was read out by Mr. Albaraa TARABZOUNI from the Economic Affairs Department of OIC. In his message, H.E. İHSANOĞLU, stressed the key role of trade in economic activities among Islamic States. It also helps to strengthen the connection and fraternity among Islamic States. He pointed out that Member States of OIC welcome efforts towards increasing trade which enable them to compete internationally. He stated that TNC had already reached a stage in its deliberations to finalize draft protocol for signing before the end of the time period of the first round negotiations. In conclusion, H.E. İHSANOĞLU expressed his hope that Member States would reach satisfactory conclusion in this regard, and also expressed profound gratitude to the Government of the Republic of Turkey for hosting the first round negotiations, thanked COMCEC Coordination Office, Islamic Center for Development of Trade, and Islamic Development Bank for their contribution to the preparations of the TNC meetings.

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

8. The meeting was then addressed by heads of the delegations of the Arab Republic of Egypt, Malaysia, and the Republic of Cameroon on behalf of the Arabian, Asian, and African groups of OIC. The Heads of delegations of the

Republic of Iraq, Hashemite Kingdom of Jordan, Islamic Republic of Iran, Republic of Uganda and Republic of Tunisia also addressed the meeting at the opening session. Heads of delegations on behalf of the three regional groups expressed their gratitude to the Republic of Turkey. They pointed out the importance of reaching a successful result in the first round of negotiation. They said that this meeting was an opportunity to improve trade cooperation among member states, and that this protocol must aim to improve trade potential of Member States. They also expressed their condolences for the victims of the recent earthquake in the South East Asia and for the tragic loss of former Prime Minister of Lebanon, Mr. Rafic Hariri, who was a champion of cooperation among Islamic Countries.

Adoption of the Agenda

9. The TNC adopted its agenda and the work program of the meeting.

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

Presentation by the Secretariat of the TNC

10. The TNC Secretariat-made a presentation on the recent developments in trade negotiations for establishing the trade preferential system. The presentation gave an overview of the developments since the third meeting of the TNC and of the Draft Protocol prepared by the Secretariat as well. The Secretariat thanked the IDB for the financial support extended for the first round of trade negotiations.

Consideration of the Draft Protocol on Tariff Reduction under TPS-OIC

11. The TNC, at its fourth session, considered the positions of the Member States regarding the "Draft Protocol on Tariff Reduction under TPS-OIC". After lengthy deliberations, the TNC agreed upon the revised Draft Protocol on the Preferential Tariff Scheme for the TPS-OIC (PRETAS) with few concerns raised by some Member States of the TNC which are put in brackets.

12. The TNC urged the Member States to submit the PRETAS to their capitals for final decision with a view to finalizing it for signature during the Ministerial Session of 21st COMCEC Meeting which is to be held on 13-16 September 2005.

13. The TNC also took note of the observation made by the head of delegation of the Islamic Republic of Iran, who, while supporting the PRETAS, called upon the Member States that at least 25% of the products in their positive list should be actually traded goods.

14. While having full understanding about the consensus of other Participating States on the Provisions of Para-tariffs and non-tariff barriers, Bangladesh delegation maintained that Bangladesh reserved the rights to raise these issues in the next meeting.

(PRETAS is annexed as Annex V.) "

Any Other Business

15. The TNC called upon the Member States to appoint their representatives with full credentials as well as plenipotentiary powers with a view to expediting the signing of PRETAS.

16. The TNC called upon the Member States to undertake not to open up the negotiations except on those pending issues which are put **within** brackets in the text of PRETAS.

17. The Member States of the TNC that had not yet done so were requested to send to the TNC Secretariat the following documents in order to facilitate deliberations in the next meeting of the TNC:

- The list of the Laws and regulations governing foreign trade in force on October 1st 2003;

- The customs tariff in force on October 1st 2003, at least on the basis of the six digits HS classification;
- The preferential tariffs granted at bilateral, regional and multilateral levels;
- The list of non-tariff measures in force on October 1st 2003;
- The list of para-tariff measures in force on October 1st 2003.
- The list of technical standards and sanitary and phytosanitary measures in force on October 1st 2003; and
- Statistics on foreign trade for the last three years on the basis of the six digits HS classification per country and per product.

Date and Venue of the Next Meeting of TNC

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

Closing Remarks

19. 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 Antalya.

20. The TNC expressed its condolences for the victims of the recent earthquake disaster in South East Asia.

- ANNEX 1 -

LIST OF PARTICIPANTS

Original English

**LIST OF PARTICIPANTS
OF THE FOURTH MEETING OF THE TRADE NEGOTIATING COMMITTEE
FOR ESTABLISHING THE TRADE PREFERENTIAL SYSTEM
AMONG THE MEMBER COUNTRIES OF THE OIC
(TPS-OIC)**

(Antalya, 30 March - 2 April 2005)

A. MEMBER COUNTRIES OF TRADE NEGOTIATING COMMITTEE

PEOPLE'S REPUBLIC OF BANGLADESH

- Dr. MOSTAFA ABID KHAN
Deputy Chief,
Bangladesh Tariff Commission

REPUBLIC OF CAMEROON

- Mr. MANGA MASSINA ANTONIE MARIE
Representative President's Office
- Mr. ABANCHIME LIMANGANA
Head of Section,
Ministry of External Relations

ARAB REPUBLIC OF EGYPT

- Mrs. NARIMAN SAAD AHMED YOUSSEF
Trade Minister Plenipotentiary, Head of International Organization Dept.
Ministry of Foreign Trade and Industry
- Mr. AMR RAMADAN
Counselor,
Director of International Economic Affairs Dept.
Ministry of Foreign Affairs
- Ms. WALAA MOHAMED ROUSHDI
Department of Trade Agreements,
Ministry of Foreign Trade and Industry
- Mr. EHAB MOHAMED FATHI
Department of Foreign Trade Policies,
Ministry of Foreign Trade and Industry

REPUBLIC OF GUINEA

- Mr. ANSOUMANE BERETE
Ministry of Commerce

ISLAMIC REPUBLIC OF IRAN

- Mr. MOSTAFA SARMADI
Advisor to the Minister of Commerce and
General Director of International Department
- Mr. HASAN POUR
Economic Researcher,
Institute Trade Studies and Research Ministry of Commerce

HASHEMITE KINGDOM OF JORDAN

- Mr. FAYEQ ALNEGRISH
Head of the Regional Organizations Division
Ministry of Industry and Trade
- Mr. OMAR ABANDEH
Deputy Director, Tariffs and Agreements Directorate,
Customs Department

REPUBLIC OF LEBANON

- H. E. GEORGES H. SIAM
Ambassador of Lebanon to Turkey

GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

- Mr. SAID IBRAHIM
Director Custom
- Mr. MUSTAFA KSHADA
Director of The Commetee Affairs Secreteriat of Finance

MALAYSIA

- Mr. NATCHIMUTHU VASUDEVAN
Director, Bilateral and Regional Relations Division,
Ministry of International Trade and Industry
- Mr. FIRDAOS ROSLI
Assistant Director, Bilateral and Regional Relations,
Ministry of International Trade and Industry

ISLAMIC REPUBLIC OF PAKISTAN

- Mr. MUHAMMED RIYAZ
Counsellor in Istanbul
- Mr. GHAZI MARJAN KHATTAK
Section Officer, Foreign Trade

REPUBLIC OF TUNISIA

- Mr. MOHAMED JAMEL EL IFA
Deputy Director, General Directorate of International Economic and
Commercial Cooperation,
Ministry of Commerce

REPUBLIC OF TURKEY

- Mr. LÜTFİ ELVAN
Deputy Undersecretary of the State Planning Organization
- Mr. TEVFİK MENGÜ
Director General of Agreements,
Undersecretariat of Foreign Trade
- Mr. A. FAİK KURAL
Head of Department,
Undersecretariat of Foreign Trade
- Mr. MEHMET SÖNMEZ
Expert, General Directorate of Importation,
Undersecretariat of Foreign Trade
- Mr. KORAY DEMİRCAN
Assistant Expert, General Directorate of Agreements,
Undersecretariat of Foreign Trade
- Mr. TEOMAN YAĞLI
Engenier, Coordination Department of Research and Plan
Ministry of Agriculture and Ruler Affairs
- Mr. ALPER BOSUTER
Attache, Deputy General Directorate of Multilateral Economic Relations
Ministry of Foreign Affairs

REPUBLIC OF UGANDA

- Ms. PENINA KYOHAIRWE SIMBA
Senior Principal Revenue Officer - Customs Uganda Revenue Authority
- Mr. ORINZI EMMANUEL
Counsellor,
Ministry of Foreign Affairs Kampala

B. SIGNATORY COUNTRIES

REPUBLIC OF IRAQ

- Mr. ABDUL SALAM A. H. AL-QAYSI
Director General Ass.
Directorate of Foreign Economics Relations
Ministry of Trade
- Mr. ABDULAZIZ AMIR
Attache
Ministry of Foreign Affairs

STATE OF KUWAIT

- Mr. ISHAQ ABDULKARIM
Director of International Affairs
Ministry of Finance
- Mr. SHEIK NIMERALSABAH
Head Section of Commercial Organizations
Ministry of Commerce
- Mrs. HIND BO HAMRA
Economic Researcher
Ministry of Finance

FEDERAL REPUBLIC OF NIGERIA

- H.E. ADAMU AJUJI WAZIRI
Ambassador of Nigeria to Turkey
- Mr. IBUKUN ADELEKE OLATIDOYE
Embassy of Nigeria Minister Plenipotentiary

STATE OF QATAR

- Mr. HASSAN ABDULLAH AL-MOHANADI
Economy Researcher,
Ministry of Economy and Commerce
- Mr. AHMED MOHAMAD AL MARZOKI
Economy Researcher,
Ministry of Economy and Commerce

KINGDOM OF SAUDI ARABIA

- Mr. MUSAIID BIN MOHAMMAD AL-USHAIWI
Director General of the Department of International Organizations,
Ministry of Trade and Industry
- Mr. MOHAMMED BIN ABDULLAH BARRI
Counsellor. Embassy of the Kingdom of Saudi Arabia, Turkey
- Mr. ABDULLAH BIN MUHAMMAD AL-LAHIM
Economy Expert,
Ministry of Finance
- Mr. IIUSAYN BIN ABDULRASHID,
Researcher at the Department of Arabic and Islamic Relations
Ministry of Trade and Industry

REPUBLIC OF SUDAN

- H.E. Amb. ABDALLA KHIDIR BASHIR
Director of Technical and Economic Cooperation Dept,
Ministry of Foreign Affairs
- H.E. Amb. ALTEREIFI AHMED KORMINO
Ambassador of Turkey
- Mr. GAAFAR AL-RAYAH
Ministry of Foreign Trade
- Mr. ZEINA ALEBDEEN ALI SAYED AHMED
Ministry of Finance and National Economy
- Mr. ALTAYEB MOHAMED ALI
General Administration of Customs

SYRIAN ARAB REPUBLIC

- Mr. MAHMOUD OBEID
In Charge of International Organizations,
Ministry of Economy and Trade
- Mr. ANAS AL BUKAAI
Employee at Directorate of External Trade
Ministry of Economy and Trade

THE UNITED ARAB EMIRATES

- Mr. OMAR AHMED AL-MOHARRAMI
Expert,
Ministry of Economy & Planning
- Mr. SULTAN SAEED AL-MUHAIRI
Expert of Custom

C. OTHER COUNTRIES

PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

- Mr. ABDELHAMID DELAHDA
Deputy Director General for Foreign Trade,
Ministry of Trade

REPUBLIC OF AZARBAIJAN

- Ms. GULCHIN ALASGAROVA
Leading Expert,
Ministry of Economic Development

REPUBLIC OF YEMEN

- Mr. AHMED A. MAHDI OMAR
Director of Islamic Cooperation
Ministry of Industry and Trade

D. THE OIC GENERAL SECRETARIAT

- Mr. ALBARAA TARABZOUNI
Professional Officer in the Economic Affairs Department

E. SUBSIDIARY ORGANS OF THE OIC

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

- H.E. Amb. ERDİNÇ ERDÜN
Director General

THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE (ICDT)

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

F. SPECIALIZED INSTITUTIONS OF THE OIC

THE ISLAMIC DEVELOPMENT BANK (IDB)

- Mr. SALEH JELASSI
Cooperation Office
- Mr. FAROUK ABDULLAH ALWYNI
Trade Finance & Promotion Department

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

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

- Mr. FERRUH TİĞLİ
Head of Department
- Mr. BAŞAK KAYIRAN
Expert, Press Relations
- Mr. HÜSEYİN AVNİ METİN
Protocol Relations
- Mr. METİN GENÇKOL
Expert, Drafting
- Mr. ALİ İŞLER
Assistant Expert, Drafting
- Ms. BİGE HAMURDAN
List of Participants, Social Programme

- Ms. SEMA HİMA
Coordinator of Documentation
- Ms. İLKNUR ARABACI
Executive Secretary

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

- Mr. YAŞAR GÜLSOY
Head of Department
- Mr. MEVLÜT YAŞAR
Financial Officer
- Mr. NURETTİN AYDIN
Financial Officer
- Mr. MUSTAFA AKTAŞ
Treasurer
- Mr. TAYFUR YÜKSEL
Computer Programmer
- Mr. HASAN KAVALCI
Technician

- ANNEX 2 -

OPENING STATEMENT BY H.E. LÜTFİ ELVAN

Original: English

**OPENING STATEMENT BY H.E. LÜTFİ ELVAN
DEPUTY UNDERSECRETARY OF THE STATE PLANNING
ORGANIZATION OF THE REPUBLIC OF TURKEY**

(Antalya, Turkey, 30 March 2005)

Honorable Delegates,
Distinguished Assistant Secretary General of OIC,
Dear Brothers and Sisters,

It is a pleasure for me to welcome you all to the fourth session of the Trade Negotiating Committee for establishing the Trade Preferential System among the Member Countries of the OIC. I would like to extend my best wishes to all the delegations in their work towards finalizing the first round of the trade negotiations with success.

Distinguished Delegates,

The OIC community has recognized the importance of economic and commercial cooperation in promoting the welfare of its populace for quite some time, and has initiated a series of projects in this regard. Today, we have come together to finalize one such project; namely, the project for establishing the Trade Preferential System among the member states of OIC.

Removal of barriers to trade among our economies is an essential step if we are to have a genuine cooperation. Trade facilitation brings with it not only increased volumes of traded goods, but also opportunities for transfer of technology, foreign investment and thereby more competitive, prosperous economies.

Distinguished Delegates,

The Trade Preferential System we are trying to initiate for the past year in Antalya is really a pioneer step towards the realization of the aspirations of the OIC community namely: Removal of barriers to trade, and thereby, the establishment of

infrastructures for the transformation of our economies to better utilize our resources across the OIC Member Countries and to overcome the challenges posed by the form of globalization in the contemporary world.

Despite being the first experience in trade negotiations within the OIC forums, the Trade Negotiating Committee has performed considerably well, and will finalize its work for the first round in this meeting. These successful meetings have been due to both the goodwill and commitment of our brotherly countries, as well as to the sensitivity and excellence displayed by the Secretariat in terms of organizational matters.

Distinguished Delegates,

Having reached the end of the first round, we need to ponder over how we are going to proceed en route to the successful implementation of the outcome of the negotiations. Concluding an agreement to reduce barriers in trade is a major step. However, we should keep in mind that this agreement is going to be only one of several hundreds of its kind already signed over the past few decades.

As reported by the WTO, by 2002, about 250 regional trade agreements would have been concluded and notified to the GATT/WTO. 130 of these regional trade agreements have actually been notified after January 1995. It is estimated that total number of regional trade agreements concluded may reach 300 by the end of 2005.

Given manifold regional trade agreements in place, especially those concluded during late 1990s and early 2000s, very few of them had impacted significantly. According to a recent survey conducted by the Asian Development Bank, most of the regional trade agreements outside West Europe and North America did lack a sound institutional framework that makes a successful implementation possible. Regular and time-efficient meetings at the level of senior experts of the member countries, timely and well-informed interventions by the political authorities concerning the negotiation process, clear and effective rules and procedures for dispute settlement, and a professional secretariat constitute the cornerstones of an effective institutional framework aimed to successfully implement and promptly improve regional trade arrangements.

We do not want the Trade Preferential System of OIC to be one of those initiatives with many ambitions but no implementation. So, how can we avoid the fate of the other regional trade agreements initiated before us? Being at the stage of finalizing a protocol on reducing trade barriers, the distinguished delegates to the Trade Negotiating Committee need to pay more attention to this question.

Distinguished Delegates,

Mindful of this background of our negotiations and the challenges ahead, now I would like to touch upon what we need to do in this meeting. First, we need to recall that a successful conclusion of the First Round of Trade Negotiations in the prescribed 12-month time-frame is our key priority as the Trade Negotiating Committee. This means that our Committee must narrow differences or reservations with regard to the tariff reduction modality that remained unsettled from the previous meeting.

Second, we need to consider and finalize the draft protocol by the end of this meeting.

Third, we must discuss where and in what format this protocol should be signed. In my view, in order to speed up the signing, ratification and implementation processes, we should set a specific date and venue for a signing ceremony for our trade ministers. This date should be as close as possible to the successful completion of the first round. I would like to suggest the Meeting of the COMCEC, which will be held in Istanbul this year, as the occasion marking the signing ceremony of the protocol.

Finally, I would like to draw your attention to the necessity of re-starting the TNC meetings sometime after the signing ceremony in order to discuss the other trade-related issues, which are vital in ensuring a successful implementation of the Protocol.

Distinguished Delegates,

Maintaining the permanent chairmanship of the COMCEC, Turkey has the pleasure to host the first round of trade negotiations among the OIC countries. Establishing a trade preferential system within the OIC community is an important COMCEC project, and we shall continue to support it to make it viable. I would like to thank the IDB for the close cooperation and support it has provided for the promotion of trade in the OIC forums in general, and the first round in particular.

I would like also to thank the ICDT and the COMCEC Coordination Office for effectively contributing to the organization of the first round.

Let me also express my deepest thanks and appreciation for all the member countries of the Trade Negotiating Committee for their cooperation and hard work in bringing the trade negotiations to this stage. I am confident that we will complete this final meeting of the first round with success, and crown this very important effort of the OIC family with a signing ceremony, InshaAllah.

I wish you all a pleasant stay in Antalya.

Thank you.

- ANNEX 3 -

MESSAGE OF H.E. PROF. DR. EKMELEDDIN IHSANOGLU

Original: English

**MESSAGE OF H.E. PROF. DR. EKMELEDDIN İHSANOĞLU,
SECRETARY GENERAL OF THE OIC,
AT THE OPENING OF FOURTH SESSION OF THE TRADE
NEGOTIATING COMMITTEE UNDER THE FRAMEWORK
AGREEMENT ON TRADE PREFERENTIAL
SYSTEM AMONG THE MEMBER STATES**

(Antalya, Turkey, 30 March 2005)

Mr. Chairman.
Distinguished Delegates,
Ladies and Gentlemen,

Assalamu alaykum warahmatullahi wa barakatuh.

Trade in today's world is undoubtedly a key area of economic activity among Islamic states and non-Islamic states alike. 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. It is no secret that since the olden days, trade has been the vehicle of linkage between civilizations and it was through trade that Islam gained expansion in its early days. Member States of the Organization of the Islamic Conference 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 order to achieve solidarity among OIC Member States through economic integration, the mechanism was established in order to reduce custom tariff on the basis of the commodities determined by virtue of the trade preferential system among OIC Member States. The Trade Negotiation Committee has already reached a stage in its deliberation to prepare a draft protocol on the basis of the

revised mechanism to be studied and finalized for signature before the end of the time period of the first round of negotiations. Similarly, during the third meeting, some Member States of the Trade Negotiation Committee had already requested that account be taken of trade-related issues, such as non-tariff measures, protectionist measures, dispute settlements and the rules of Trade Negotiation Committee proceedings. They also pointed out the need to explain some provisions of the Framework Agreement on Trade Preferential System among OIC Member States. We hope that some progress on this will be made to the satisfaction of all Member States.

In the light of the above, this august meeting must produce comprehensive support to bolster the outcome of previous meetings and strive to expand the circle of participants in the Framework Agreement on Trade Preferential System. Earlier an important mechanism had been proposed for reducing tariffs under the trade preferential system for OIC Member States. We hope that Member States will reach satisfactory conclusion of this mechanism.

In conclusion, I wish to express profound gratitude to the Government of the Republic of Turkey for hosting this meeting. I also thank COMCEC Coordinating 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 alaykum warahmatullahi wa barakatuh.

-ANNEX 4-

AGENDA

Original: English

AGENDA
**FOR THE FOURTH MEETING OF THE TRADE NEGOTIATING COMMITTEE
FOR ESTABLISHING THE TRADE PREFERENTIAL SYSTEM
AMONG THE MEMBER COUNTRIES OF THE OIC (TPS-OIC)**

(Antalya, Turkey, March 30th - April 2nd 2005)

1. Opening Session
 - Inaugural Statement by the Deputy Undersecretary of the State Planning Organization
 - Message of the Secretary General of OIC
 - Statements by the Heads of Delegations
2. Adoption of the Agenda
3. Presentation by the Secretariat of Trade Negotiating Committee (TNC)
4. Consideration of the Draft Protocol on the Preferential Tariff Scheme for the TPS-OIC (PRETAS)
5. Any Other Business
6. Date and Venue of the Next Meeting of TNC
7. Closing Session
 - Adoption of the Report
 - Closing Remarks

- ANNEX 5 -

DRAFT PROTOCOL ON THE
PREFERENTIAL TARIFF SCHEME (PRETAS)

Original: English

(DRAFT)
**PROTOCOL ON THE PREFERENTIAL
TARIFF SCHEME FOR TPS-OIC (PRETAS)**

PREAMBLE

The members of the Trade Negotiating Committee for establishing the Trade Preferential System Among the member states of OIC (TPS-OIC); [*country names*]....;

In compliance with the objectives of the OIC's Charter;

Taking into consideration the Resolutions of the Standing Committee for Economic and Commercial Cooperation (COMCEC) which recommend the setting up of a trade preferential system among the member states of OIC, and the Plan of Action adopted by the Third and Seventh Islamic Summit for enhanced economic cooperation among the member states;

In pursuance of the aims and principles of the Framework Agreement on Trade Preferential System Among the Member States of the Organization of Islamic Conference;

Recalling the Ministerial Declaration of COMCEC on launching the first round of trade negotiations at its 19th Session;

Convinced of the essential role of trade in achieving a higher degree of economic cooperation, expansion of production and investment opportunities as well as promoting welfare among the OIC member states;

Recognizing the special needs of the Least Developed Member States of OIC;

Giving due regard to the bilateral and multilateral commitments of individual member states;

Noting the desire of some of the Participating States to pursue the optional fast track tariff reduction schedule;

Emphasizing the necessity of holding successive rounds of trade negotiations in order to expand, improve, and strengthen the Trade Preferential System among the OIC member states;

Reaffirming their commitment to attain the objectives of this Protocol by giving due attention to the procedures and timetables for implementation;

have agreed on the following:

Article 1
Definitions

For the purpose of this Protocol, the following terms and references shall mean:

1. OIC: Organization of the Islamic Conference;
2. COMCEC: The Standing Committee for Economic and Commercial Cooperation among the member states of OIC;
3. Trade Negotiating Committee: The Committee within the framework of which rounds of negotiations on trade preferences are held among Participating States;
4. TPS-OIC: The Trade Preferential System Among the Member States of the Organization of the Islamic Conference;
5. Framework Agreement: The Framework Agreement on the Trade Preferential System Among the Member States of OIC;
6. Protocol: The Protocol on the Preferential Tariff Scheme for TPS-OIC;
7. PRETAS: Preferential Tariff Scheme to be applied among the Participating States in accordance with this Protocol;
8. Member States: The Member States of OIC;
9. Contracting States: The OIC Member States parties to the Framework Agreement;
10. Participating States: The Contracting States which have signed, ratified, and implemented the Protocol;
11. Least Developed Countries: The OIC Member States designated as Least Developed Countries by the United Nations, unless otherwise decided by the COMCEC;
12. Tariffs: Customs duties as stipulated in the national tariff schedules;

It is agreed that for some participating countries, tariffs may also refer to import duties stipulated in their national tariff schedule.

13. Para-tariffs: Border charges and fees, other than tariffs, on foreign trade transactions of a tariff-like effect which are levied solely on imports, but not those indirect taxes and charges, which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered as para-tariff measures;

It is agreed upon that border charges refer to all charges and fees, other than tariffs, imposed on import.

14. Non-tariff barriers: Any measure, regulation, or practice, other than "tariffs" and "para-tariffs," the effect of which is to restrict imports, or to significantly distort trade;
15. Negative List: The list of products, identified at HS level of the National Tariff Codes of the Participating States, that shall not be subject to tariff reduction under the PRETAS.

Article 2

General Provisions

1. Products to be included in the PRETAS shall be identified at HS level of the National Tariff Codes of the Participating States.
2. The base rate of the tariffs to be used for reduction shall be the MFN applied rate applicable on [October 1st, 2003.] [*March 31, 2005.*] or [*at the time of the inception of the tariff reduction scheme.*]

[[Upon entry into force of the PRETAS], no new [customs duties] [tariffs] on imports shall be introduced on products which are subject to tariff reduction nor shall those already applied be increased, in face of Participating States in this Protocol in trade among the participating states.]

The least developed countries shall be given a three year grace period for the tariff reduction on products covered by the PRETAS, as of the date of implementation.

Other participating states, facing unusual situations, may be allowed upon request of the State and approval of COMCEC, to benefit from the same grace period as of the date of implementation.

Article 3

Tariff Reduction Programme

1. For the purpose of tariff reduction each Participating State shall cover 7% of its total HS lines identified at HS level of National Tariff Codes. Any Participating State, whose 90% and above of its total tariff lines estimated at the base rate are between 0% and 10%, shall only cover 1% of the same total HS lines.
2. The 7% of total HS lines referred to in Paragraph 1 shall only include lines with tariff above 10%.
3. Tariffs on the 7% of total HS lines referred to in paragraph 1 and having tariffs:
 - a) above 25% shall be reduced to 25%
 - b) above 15% and up to 25% shall be reduced to 15%
 - c) above 10% and up to 15% shall be reduced to 10%

in six annual installments by the Least Developed Countries and in four annual installments by the other countries, beginning from the date of coming into force of the PRETAS.
4. Participating States shall notify the TNC Secretariat of their specific annual installments of reduction along with the list of products within three months, from the date of entry into force of this Protocol.

Article 4

I Voluntary Fast Track Tariff Reduction Schedule

1. Notwithstanding relevant articles of this Protocol and in accordance with Article 6 (2) of the Framework Agreement on TPS-OIC, Participating States desiring to further deepen the concessions, may do so on voluntary basis among themselves. The Participating States willing to join the Fast Track Tariff Reduction will notify the TNC Secretariat within three months after coming into force of the PRETAS.
2. The Schedule of Tariff reduction shall involve all products other than those under the negative list. The negative list shall not exceed:
 - a. 25% of all HS tariff lines plus lines with tariffs 10% and below for developing countries whose average tariff rate is 20% and above;
 - b. 20% of all HS tariff lines plus lines with tariffs 10% and below for developing countries whose average tariff rate is between 15% and 20%;

- c. 15% of all HS tariff lines for developing countries whose average tariff is below 15%.
 - d. 30% of all HS tariff lines for LDCs.
3. Tariff shall be reduced by applying margin of preference on current MFN applied rate at HS level of National Tariff Codes.
4. Margin of preference shall be increased to 50% in five installments beginning from the ninetieth day of entry into force of this Protocol while the LDCs shall implement the program in seven installments.
5. The developing countries shall increase the margin of preference to 50% for the products of LDCs in 3 installments.
6. At the beginning of the fifth year of the date of implementation of this voluntary fast track schedule or earlier. Participating States may enter into negotiations with a view to expanding the product coverage and deepening the concessions. **I**

Article 5 Rules of Origin

Products traded among the participating states shall be eligible for preferential treatment if they meet the rules of origin, annexed to the Framework Agreement (Annex **III**).

Article 6 Removal of Para-tariffs

1. Upon entry into force of this Protocol, Participating States shall eliminate, within two years, and in the case of LDCs four years, their Para-Tariffs on the products which are subject to reduction.
2. Upon entry into force of this Protocol no new Para-Tariffs shall be introduced, nor shall those already applied be increased, on the products which are subject to tariff reduction..

Article 7

Elimination of Non-Tariff Barriers

1. Upon entry into force of this Protocol, Participating States shall eliminate, within two years, and in the case of LDCs four years, their non-tariff barriers on the products which are subject to tariff reduction.
2. Upon entry into force of this Protocol no new Non-Tariffs Barriers shall be introduced, nor shall those already applied be increased, on the products which are subject to tariff reduction.

Article 8

Anti-dumping, Subsidies and Countervailing Measures

If a party finds that subsidies granted significantly distort trade with another party, or that dumping is taking place in trade with that party, the party concerned may take appropriate measures in accordance with relevant national legislation and regulations.

Article 9

Safeguard Measures

Before applying safeguard measures, the Party intending to apply such measure shall supply the Trade Negotiating Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties. In order to find such a solution, the Parties shall immediately hold consultations within the Trade Negotiating Committee. If, as a result of the consultations, the parties do not reach an agreement within thirty days, the Party intending to apply safeguard measures may apply the provisions of its national regulation on Safeguards taking into account Article 10 of the Framework Agreement.

Article 10

Review of the Protocol

In pursuance of the purposes and principles laid out in Article 2 (6, 9) of the Framework Agreement, and guided by experience for the activation of TPS-OIC, the Protocol shall be reviewed periodically to cover tariffs, para-tariffs, and non-tariff barriers as well as other trade-related issues.

Article 11
Institutional Structure

1. COMCEC shall supervise the overall implementation of the PRETAS Protocol in accordance with the provisions set forth in Article 13 of the Framework Agreement.
2. The Trade Negotiating Committee shall be responsible for the implementation of the PRETAS Protocol and the smooth functioning of the TPS-OIC. The Trade Negotiating Committee shall carry out its functions in accordance with Article 13 of the Framework Agreement and its Rules of Procedure adopted at the 19th COMCEC Session.
3. The Trade Negotiating Committee shall hold regular meetings with a view to fulfilling its mandate stemming from the Protocol and the Framework Agreement, to clarify and incorporate trade-related issues, and to help develop and expand the TPS-OIC.

Article 12
Final Provisions

1. The Framework Agreement shall be a reference document in terms of issues not included in the PRETAS Protocol.
2. The Protocol shall enter into force on the ninetieth day of the date of receipt by the depository of instruments of ratification, acceptance or approval by at least 10 member governments of the Participating States. Subsequent accession to this protocol by any Contracting State shall be effective one month after the date on which it has deposited its instrument of ratification.
3. The General Secretariat of the OIC shall be the depository of the Protocol. The General Secretariat shall notify all Participating or Contracting States that have signed the Protocol of the deposit of any instrument of ratification, acceptance, or approval, the entry into force of the Protocol, any other act or notification relating to the Protocol or to its validity.

