

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

**Antalya, Turkey, 7-10 September 2004**

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Ankara, September 2004

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

(Antalya, Turkey, 7-10 September 2004)



Original : English

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

**(Antalya, Turkey, 7-10 September 2004)**

1. The Second 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 7 to 10 September 2004.

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 Senegal
- Republic of Tunisia.
- Republic of Turkey
- Republic of Uganda

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

TPS-O1C/TNC/02-04/REP

- Republic of Albania
- Republic of Azerbaijan
- Brunei Darussalam
- Republic of Indonesia (Signatory)
- State of Qatar
- Kingdom of Saudi Arabia (Signatory)
- Republic of Sudan (Signatory)
- Syrian Arab Republic
- Republic of Tajikistan
- State of the United Arab Emirates

4. Representatives of the General Secretariat 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)
- Gulf Cooperation Council (GCC)
- Economic Cooperation Organization (ECO)
- 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. Ahmet TIKTIK. Undersecretary of State Planning Organization of the Republic of Turkey.

6. Following the recitation of the Holy Qur'an, H.E. Ahmet TIKTIK pointed out in his statement that TPS-OIC, being one of the most important projects of the COMCEC, is now in force after nearly 13 years and gives us a golden chance to achieve one of our major goals, which is to encourage intra-OIC trade. He also added that he hoped this would build a preferential trade system to increase trade between the partner countries of OIC.



7. H.E. TIKTIK mentioned the difficulties faced in the WTO negotiations, and how this has been a factor in launching regional trade arrangements among developing countries. With stronger political will and better institutional design, H.E. TIKTIK emphasized, regional trade arrangements can better fulfill their objectives. H.E. TIKTIK also stated that in light of the experience over the last several decades, preferential trade arrangements have been improved to cover more products, and a variety of trade-related issues such as services, intellectual property rights, and non-tariff barriers. He underlined that the negotiations being carried out towards the TPS-OIC should give consideration to the experience of similar arrangements. H.E. TIKTIK concluded his remarks by extending his best wishes to the delegates for a successful meeting.

(Copy of the text of the statement of H.E. Ahmet TIKTIK is attached as Annex II.)

8. The message of H.E. Dr. Abdelouahed BELKEZIZ, Secretary General of OIC, was read out by H.E. Ambassador Nabika DIALLO, Assistant Secretary General of OIC for Economic Affairs. In his message, H.E. BELKEZIZ emphasized that the First Round of the TPS-OIC trade negotiations is a momentous development in the progress towards closer economic cooperation as envisaged in the OIC Plan of Action to Strengthen Economic and Commercial Cooperation among the Member States. The Secretary General expressed his thanks and appreciation to the Government of Turkey, COMCEC Coordination Office and ICDDT which made important contributions to the launching of the first round of trade negotiations under the TPS-OIC, and the Member Countries that attended the meeting as observers.

(Copy of the text of the message of H.E. Dr. Abdelouahed BELKEZIZ, is attached as Annex III.)

9. The meeting was then addressed by heads of the delegations of the Republic of Lebanon, Malaysia, and the Republic of Cameroon on behalf of the Arabian, Asian, and African groups of OIC. The Heads of delegations of the Islamic Republic of Pakistan, the Islamic Republic of Iran, the Kingdom of Saudi Arabia, and the State of United Arab Emirates also addressed the meeting at the opening session. Heads of delegations on behalf of the three regional groups

pointed out the significance of the TPS-OIC in that it is the only existing trade arrangement mechanism to increase the intra-OIC trade. The representative of ECO made a brief presentation on his organization's experience of trade liberalization and called for deeper cooperation among the regional organizations within OIC.

10. Mr. Tevfik MENGÜ, Director General at the Undersecretariat of Foreign Trade of the Republic of Turkey, in his capacity as the chairman of the TNC, also addressed the Committee. Mr. MENGÜ stated that he was confident that the second meeting of the TNC would pave the way for enhancing trade promotion among the participating states. He appreciated the contributions of all the delegates that have participated in the first meeting of the TNC.

11. In the speeches, the participation of Malaysia in the TNC as a full member was welcomed and regarded as a very important development for the work towards liberalization of intra-OIC trade.

#### **Adoption of the Agenda**

12. The TNC adopted the agenda and the work program of the meeting proposed by the Secretariat.

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

#### **Presentation by the Secretariat of the TNC**

13. The TNC Secretariat made a presentation on the recent developments in the trade negotiations for establishing the trade preferential system. The presentation gave an overview of the developments since the first meeting of the TNC with respect to the submission of trade data and relevant information to the Secretariat, the communication by the country delegations regarding their countries' positions towards the negotiation strategy, and the membership of the TNC.

### **Consideration of the "Negotiation Strategy for TPS-OIC"**

14. The TNC had considered and proposed the "Negotiation Strategy for TPS-OIC" in its first session held in April 2004 in Antalya, Turkey. The TNC had urged participating countries to consider this strategy in their capitals and communicate their views before September 2004.

15. The TNC, in its second session, considered the positions of the participating states regarding the "Negotiation Strategy for TPS-OIC". The participating states expressed their views on the Negotiation Strategy, and in particular on the following issues:

- Time frame of tariff reductions
- Product coverage
- Negative list
- Tariff reduction options A ( minimum tariff reduction ) and B (maximum tariff slab)

16. The participating states continued their deliberations on choosing between the Options A and B of the Tariff Reductions section in the Negotiation Strategy adopted in the first session. After lengthy discussions, the TNC agreed on submitting to the member states' governments its "Revised Proposed Tariff Reduction Modality Under the TPS-OIC."

17. The TNC also took note of concerns, proposals and remarks from some participating states regarding the Revised Proposed Tariff Reduction Modality Under the TPS-OIC, which are summarized as follows:

- LDCs should benefit from special and differential treatment in tariff reductions in terms of longer time-frames and lesser reductions.
- The Negative List shall not exceed 20 percent of all tariff lines.
- As far as the tariff reductions are concerned, two alternatives were proposed: (1) Tariff reductions for the first, second and third phases should be 25 %, 40 %, and 50 % respectively. (2) Or, minimum reduction by tariff line of 5 % should be determined for each phase.
- All tariff lines should be subject to tariff reduction.

- The base rate of the tariff reduction will be the 6 digit level HS code of the MFN applied tariff as of October 1<sup>st</sup>, 2004.
- Tariff slabs should be subject to negotiations among the experts after the end of Phase 3.
- Regarding the tariff slabs the following indicative figures were proposed for Phase I : 15%, Phase 2: 10%, Phase 3: 5%.

(Negotiation Strategy for TPS-OIC and the Revised Proposed Tariff Reduction Modality under TPS-OIC are attached as Annex V and VI.)

### **Consideration of tariff reductions and concessions**

18. The participating states discussed tariff reductions under the Revised Proposed Tariff Reduction Modality and decided to examine it in their respective capitals to finalize their positions before the third session of the TNC. and to communicate their views to the TNC Secretariat.

### **Any other business**

19. Some participating states, which are members of a customs union, urged the TNC to invite their organizations composed of OIC member states only, to attend the TNC meetings as observers, in compliance with the Rules of Procedures of the TNC, with a view to keeping them informed about the progress of the trade negotiations.

20. The Chairman of the TNC called upon the participating states to appoint representatives from the competent authorities in their capitals with full credentials in order to take final decisions in the TNC meetings.

21. Participating countries 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 1<sup>st</sup> 2003;
- The customs tariff in force on October 1<sup>st</sup> 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 1<sup>st</sup> 2003;
- The list of para-tariff measures in force on October 1<sup>st</sup> 2003;
- The list of technical standards and sanitary and phytosanitary measures in force on October 1<sup>st</sup> 2003;+
- 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**

22. TNC decided to convene the third session of the First Round in December 2004 in Turkey. TNC also requested the host country, the Republic of Turkey, to specify the date and venue of the meeting and communicate this information to the Secretariat of the TNC.

#### **Closing Remarks**

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 Antalya.



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

**(Antalya, Turkey, 7-10 September 2004)**





Original: English

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

**(Antalya, 07 - 10 September 2004)**

**A. MEMBER COUNTRIES OF TRADE NEGOTIATING COMMITTEE**

**PEOPLE'S REPUBLIC OF BANGLADESH**

- Ms. NURJAHAN BEGUM  
Deputy Secretary,  
Ministry of Commerce
- Dr. MOSTAFA ABID KHAN  
Deputy Chief,  
Bangladesh Tariff Commission

**REPUBLIC OF CAMEROON**

- Mr. ANTO<sup>r</sup>NE MARIE MANGA MASS<sup>r</sup>NA  
Representative, President's Office
- Mr. MOHAMADOU TALBA  
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Ministry of Trade and Industry Development
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Ministry of External Relations

**ARAB REPUBLIC OF EGYPT**

- Mr. MOHAMED SALAMA  
Minister Plenipotentiary Head of the Commercial Office
- Mr. MAHMUD OMAR EL-SAYED  
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- Mr. ORHAN ARGÜN  
Honorary Consul, Istanbul

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- Mr. YOUSEF HASSANPOUR KARSALARI  
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- Mr. SAED IBRAHIM SALIM  
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**ISLAMIC REPUBLIC OF PAKISTAN**

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- Mr. DIYAR KHAN  
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Ministry of Economy
- Mr. ILIR KODRA  
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OPENING STATEMENT BY H.E. AHMET TIKTIK,  
UNDERSECRETARY OF STATE PLANNING  
ORGANIZATION OF THE REPUBLIC OF TURKEY

(Antalya, Turkey, 7 September 2004)



Original: English

**INAUGURAL STATEMENT OF DR. AHMET TIKTIK,  
UNDERSECRETARY OF STATE PLANNING ORGANIZATION  
OF THE REPUBLIC OF TURKEY  
AT THE OPENING CEREMONY**

**(Antalya, 7 September 2004)**

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

At the outset, I would like to express my happiness to see you all at the second meeting of the Trade Negotiating Committee for establishing the Trade Preferential System Among the Members of the OIC.

As you are all aware, one of the fundamental objectives of the COMCEC is to promote and expand intra-OIC trade. Under the aegis of this platform, a multitude of views have been offered, and plans have been devised from measures to encourage and facilitate commerce for nearly twenty years in many areas. I am happy to state that as a result of these great efforts, intra-OIC trade reached to 12.7 percent in 2002, with a value of \$ 59 billion. However, I would like to emphasize that we still need more than ever before to encourage our trade activities among us by eliminating all kinds of trade barriers.

Distinguished Delegates,

TPS-OIC, being one of the most important projects of the COMCEC, is now in force after nearly 13 years, and gives us a golden chance to achieve one of our major goals, which is to encourage intra OIC trade. We hope to build a preferential trade system which can be very instrumental to increase trade between partner countries through the implementation of TPS-OIC project. Freer trade among our nations will be an important opportunity for achieving increased economic growth, international competitiveness and in particular greater prosperity for our nations.

Distinguished Delegates,

Since 1947, with the advent of the General Agreement of Tariffs on Trade (GATT), many countries have been negotiating for free trade at global scale. Today, WTO/GATT has 147 member countries. On the other hand, many countries have also made efforts to be parts of regional or bilateral preferential trade agreements. In this regard, most of the countries in the world are part of one or more preferential trade agreements.

Despite the importance of the world trade, negotiations in WTO continue very slowly. The difficulties faced in the process of WTO negotiations have been a factor for many countries to accede the preferential trade agreements to accelerate trade liberalization among each other. However, some factors such as political will, coverage and the institutional design for the implementation of regional trade agreements play an important role for the success of such arrangements.

In the light of experience over the last several decades, today, those preferential trade agreements which cover more products, and include wider liberalisation perform better. In this context, I hope, our deliberations and accordingly the preferential trade system shall be built on the experience achieved in other similar arrangements.

Distinguished Delegates,

In the First Meeting of the Trade Negotiating Committee here in Antalya in April 2004, after productive deliberations, an important progress has been made on the implementation of TPS-OIC Framework Agreement. The first meeting was also a successful beginning for trade negotiations, where we considered the proposals on possible modalities. With this spirit of cooperation and brotherhood maintained, we are confident that the TPS-OIC Project will bear the expected fruits. I express my best wishes for all the delegations, and hope that your efforts will yield beneficial results.

I wish you a successful meeting and a pleasant stay in Antalya.

Thank you.

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

**(Antalya, Turkey, 7 September 2004)**



**MESSAGE OF H. E. DR. ABDELOUAHED BELKEZIZ,**  
**SECRETARY GENERAL OF THE OIC AT THE**  
**OPENING OF THE SECOND SESSION OF TRADE**  
**NEGOTIATING COMMITTEE UNDER THE**  
**FRAMEWORK ON TRADE PREFERENTIAL SYSTEM**  
**AMONG OIC MEMBR STATES**

**ANTALYA. REPUBLIC OF TURKEY**  
**7-10 SEPTEMBER 2004.**

Mr. Chairman,  
Distinguished delegates,  
Ladies and Gentlemen,

Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh

Trade has all along been the central feature in the development of intra-OIC cooperation. The first ministerial meeting on trade that the COMCEC held concurrently with its first session in 1984 decided to establish, through a step-by-step approach, a system of trade preferences and to consider removing non-trade barriers. We have come a long way since then with the entry into force of the Framework Agreement on Trade Preferential System Among the OIC Member States last year following its ratification by more than ten Member States as required under the Agreement.

The holding of the First Round of the Trade Negotiating Committee under the Framework Agreement on Trade Preferential System Among the OIC Member States with its first meeting held on 6-9 April 2004 has been a momentous development in the progress towards closer economic cooperation as envisaged in the OIC Plan of Action to Strengthen Economic and Commercial Cooperation Among the Member States.

As stipulated in the Ministerial Declaration adopted at last COMCEC Session held in October last year, the First Round of trade negotiation is charged with finalizing the methodology of negotiation itself. Important progress was achieved in the first meeting of TNC under the First Round, which

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adopted a draft negotiating strategy. Over these last few months since the first meeting, the participating countries must have had an opportunity to consider the strategy and I hope the strategy will be adopted at this meeting. This will open up the prospect of initiating negotiation on trade concessions in this second meeting. I am confident that the participating delegates will engage in their work building on the productive work done at the previous meeting and bearing in mind that the fruitful results will effectively lead us to the next critically important phase of the trade negotiation with speed and effectiveness.

I congratulate the Government of Malaysia for expeditiously ratifying the Framework Agreement and welcome the Malaysian delegation as a participating member of the TNC. I am confident that more and more participants will join in. I also welcome the Member States that are attending this meeting as observers and I would hope that they would eventually come into the fold of this system for the common benefit of the Ummah.

I take this opportunity to extend my thanks and appreciation to the Government of the Republic of Turkey for hosting this second meeting under the First Round. I also thank the COMCEC Coordination Office and the Islamic Centre for Development of Trade, serving jointly as the Secretariat for the Trade Negotiating Committee, for their excellent preparatory work for this meeting.

I wish the Trade Negotiating Committee all success in their critically important work.

Wassalamu Alaikum Wa Rahmatullahi Wa Barakatuh.



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

(Antalya, Turkey, 7-10 September 2004)



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**A G E N D A**  
**THE SECOND MEETING OF THE TRADE NEGOTIATING**  
**COMMITTEE FOR ESTABLISHING THE TRADE**  
**PREFERENTIAL SYSTEM AMONG**  
**THE MEMBER COUNTRIES OF THE OIC (TPS-OIC)**

**(Antalya, 7-10 September 2004)**

1. Opening Session
  - Inaugural Statement by the Undersecretary of the State Planning Organization of the Republic of Turkey
  - Statement by the Assistant 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 Negotiating Strategy for TPS-OIC
5. Consideration of Tariff Reductions and Concessions
6. Any Other Business
7. Work Programme and Date and Venue of the Next Meeting of TNC
8. Closing Session
  - Adoption of the Report
  - Closing Remarks



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NEGOTIATION STRATEGY FOR TPS-OIC

(Antalya, Turkey, 6-9 April 2004)



Original: English

## **NEGOTIATION STRATEGY FOR TPS-OIC**

With a view to achieving solidarity among the members of OIC through economic integration; and keeping in view the provisions of Article 6 of the Framework Agreement on TPS-OIC, the participating states propose product-by-product scheme for trade negotiations.

The TNC proposed the following guidelines for negotiations and implementing preferential tariff concessions:

<b>Implementation</b>	<b>HS coverage</b>	<b>Period</b>	
		Developing countries	LDCs
Phase I	(6 digits level) 20% of all HS tariff lines	Upon entry into force of the Agreement	Upon entry into force of the Agreement
Phase II	50% of all HS tariff lines	3 years	5 years
Phase III	90% of all HS tariff lines	3 years	5 years

The tariff reductions under the Trade Preferential System shall be implemented as follows:

### **PRODUCT COVERAGE**

#### Phase I:

The participating states shall reduce their tariff rates on [20] % of the total tariff lines at the 6 digits level HS code at the time of coming into force of this Agreement. The tariff rates applicable as of October 1<sup>st</sup> 2003 should be taken as base rates.

The tariff concessions shall be offered by each participating state unilaterally and unconditionally at the time of coming into force of this Agreement.

#### Phase II:

The participating states undertake to expand the coverage of products for tariff reduction to [50] % at the end of [3] years by developing countries and [5] years by the LDCs, upon the implementation of phase I.

The list of products and rates of tariff reduction shall be negotiated on product by product basis, which should include, as far as possible, the goods actually traded during the implementation of phase I and / or the goods of export interest to other participating states.

Phase III:

The participating states undertake to expand the coverage of products for tariff reduction to [90] % at the end of [3] years by developing countries and [5] years by the LDCs, upon implementation of phase II.

The rate of tariff reduction should be negotiated with a view to take into account at least [95] % of the value of goods actually traded during the second phase.

Exclusion List

The remaining [10] % of tariff lines not covered above will be left to the participating states for exclusion if they so desire i.e. sensitive and strategic goods.

**TARIFF REDUCTION**

With regard to tariff reductions it is suggested that:

- A) [minimum [-] % reduction in the MFN applied tariff rates as of October 1<sup>st</sup> 2003 be realized in the first phase of implementation by the participating states. Phase II and III may include deepening of concessions on products given earlier, if so desired]: or
- B) [maximum [-] % tariff slab be reached at the end of each phase of implementation period for the products covered in the corresponding phase.]

LDCs will be allowed to offer less reduction in option A, and higher tariff slabs in option B above.

**NON -TARIFF BARRIERS**

Non-tariff measures (NTM) shall be indicated by each participating state to the TNC Secretariat in respect of other participating states for compilation and consideration.

TNC shall examine the NTMs and segregate the trade-distorting measures, classify them as NTBs, and work out an elimination plan.

The TNC Secretariat shall notify the NTBs and their elimination plan to the participating states within a period of 3 months after the adoption of the elimination plan.



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**REVISED PROPOSED TARIFF REDUCTION MODALITY  
UNDER THE TPS-OIC**

**(Antalya, Turkey, 7-10 September 2004)**



**REVISED PROPOSED TARIFF REDUCTION MODALITY  
UNDER THE TPS-OIC**

The Tariff Reduction Modality is based on goods defined in the HS level of the National Tariff Codes of the participating states.

1. All Tariff lines with tariff rates between 0 %-10 % shall not be subject to tariff reduction.
2. The Negative List shall not exceed 20 % of all tariff lines that are above 10 %. The list should not exceed 20 % of the value of the actually traded goods (excluding Petroleum - HS Code 2709).
3. The remaining 80 % of tariff lines should be subject to tariff reduction as follows:
  - 1<sup>st</sup> Phase: 20% of the 80 % of the tariff lines subject to 15 % tariff reduction to be completed in equal annual installment in 2 years for developing OIC Member States and 3 years for Least Developed Member States of the OIC.
  - 2<sup>nd</sup> Phase: 30 % of the 80 % of the tariff lines subject to 20 % tariff reduction to be completed in equal annual installment in 2 years for developing OIC Member States and 3 years for Least Developed Member States of the OIC.
  - 3<sup>rd</sup> Phase: 50 % of the 80 % of the tariff lines subject to 30 % tariff reduction to be completed in equal annual installment in 2 years for developing OIC Member States and 3 years for Least Developed Member States of the OIC.

4. During the first year after the completion of the three phases, all the member states whose tariff rates on all the 80 % of tariff lines are:
  - a. Above 20 % should bring them down to 20 %.
  - b. Below 20 % but above 15 % should bring them down to 15 %.
  - c. Below 15 % but above 10 % should bring them down to 10 %.
5. Least developed Member States of the OIC shall only be subjected to 20 % tariff slab (Para 4-a).
6. The base rate of the tariffs used should be the existing MFN applied rate at the time of inception of the tariff reduction program.