

## 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 33<sup>rd</sup> 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 33<sup>rd</sup> 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 1<sup>st</sup>, 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 23<sup>rd</sup> 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 1<sup>st</sup>, 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.