

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

**Antalya, Turkey, 5-8 January 2005**

COMCEC Coordination Office  
Ankara, January 2005

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

(Antalya, Turkey, 5-8 January 2005)



Original: English

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

**(Antalya, 5-8 January 2005)**

1. The Third 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 5 to 8 January 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
- 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 signed or ratified the Framework Agreement on TPS-OIC attended the meeting as observers:

- People's Democratic Republic of Algeria
- Republic of Iraq (Signatory)
- State of Kuwait (Signatory)
- Kyrgyz Republic
- 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)

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)
- 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. Welcoming all the delegates. H.E. Ahmet TIKTIK emphasized the great importance of strengthening the cooperation among the OIC family, which have low level of development, weak human and physical infrastructures, and technological gap, with a view to standing up against the challenges brought about by the intensifying globalization. In this regard, H.E. TIKTIK pointed out the trade negotiations, which is carried out under TPS-OIC, as a significant COMCEC project for the OIC Countries to remedy their shortcomings in face of the globalization. In this context, he cited the 20<sup>th</sup> Session of COMCEC. at which



prominent personalities both from governments and private sectors of the OIC Countries stressed the crucial role of liberalizing trade among the OIC Countries in fostering the economic development of their countries. H.E. TIKTIK said that, to this end, the Trade Negotiating Committee should make full use of the remaining two meetings of the first round of the trade negotiations for making a draft agreement ready in March 2005 for the signature of ministers of the respective governments. He concluded his remarks, by expressing his condolences for the victims of the tsunami disaster in South East Asia.

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

7. The message of H.E. Dr. Ekmeleddin İHSANOGLU, Secretary General of OIC, was read out by H.E. Ambassador A.H.M. MONIRUZZAMAN, Director of Economic Affairs at the General Secretariat of OIC. In his message, H.E. İHSANOGLU, pointing out the importance of trade in developing intra-OIC cooperation, expressed his confidence that the delegates participating in the third meeting of the Trade Negotiating Committee would engage in their work conscious of the fact that the fruitful results would effectively lead them to the next phase of the trade negotiation. He urged the participating countries to approach this enterprise with a spirit of cooperation and solidarity bearing in mind that this is for the common benefit of all the participating countries. H.E. İHSANOGLU congratulated the State of Qatar, State of Kuwait, Syrian Arab Republic, and the United Arab Emirates for signing the Framework Agreement of TPSOIC at the last Session of the COMCEC. He wrapped up his remarks by extending his thanks and appreciation to the Government of the Republic of Turkey, COMCEC Coordination Office, Islamic Center for Development of Trade, and Islamic Development Bank for their contributions to the preparations of the TNC meetings.

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

8. The meeting was then addressed by heads of the delegations of the Hashemite Kingdom of Jordan, Islamic Republic of Iran, and the Republic of Senegal on behalf of the Arabian, Asian, and African groups of OIC. The Heads of

delegations of the Republic of Iraq, the Islamic Republic of Pakistan, the State of Kuwait, Arab Republic of Egypt, Syrian Arab Republic, the Republic of Turkey, and State of Qatar 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, pointed out the significance of the TPS-OIC in that it is the only existing trade arrangement mechanism to increase the intra-OIC trade, and called upon the august body to take into account the special needs of the Least Developed Countries.

### **Adoption of the Agenda**

9. The TNC adopted its agenda and the work programme 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 the trade negotiations for establishing the trade preferential system. The presentation gave an overview of the developments since the second meeting of the TNC with respect to the communication by the country delegations regarding their countries' positions on the "Revised Proposed Tariff Reduction Modality under TPSOIC" and the membership of the TNC. The TNC Secretariat welcomed the four new signatory countries of the Framework Agreement of the TPS-OIC, namely Kuwait, Qatar, Syria and the United Arab Emirates; and thanked the IDB for the financial support extended for the first round of trade negotiations.

### **Consideration of the "Revised Proposed Tariff Reduction Modality under TPS-OIC"**

11. The TNC had considered the "Revised Proposed Tariff Reduction Modality under TPS-OIC" at its second session held in September 2004 in Antalya, Turkey. The participating states had decided to examine it in their respective capitals to

finalize their positions and to communicate their views to the TNC Secretariat before the third session of the TNC.

12. The TNC, at its third session, considered the positions of the participating states regarding the "Revised Proposed Tariff Reduction Modality under TPS-OIC". After lengthy deliberations, the TNC agreed on the revised version of the "Revised Proposed Tariff Reduction Modality under TPSOIC".

13. The TNC also took note of the concerns and observations of some of the participating states regarding the revised version, entitled "Revised Proposed Tariff Reduction Modality under TPS-OIC", contents of which are summarized as follows:

- Turkey, referring to the comprehensive explanations it made during the negotiations, reiterated that it could only accept a negative list of 20% of all tariff lines. To that end, Turkey maintained its reservation on Article 2 of the "Revised Proposed Tariff Reduction Modality under TPS-OIC".
- The head of delegation of the Islamic Republic of Iran informed the house that in the national tariff schedules of his country tariff refers to import duties which consist of two components, the basic duties which are constant (4% for all products) and the "Commercial Benefit Tax" which is of varying rates. He asked the TNC to take into account the tariff system in his country when the "Revised Proposed Tariff Reduction Modality under TPS-OIC" is implemented. He also expressed his reservation on the chapeau paragraph of the "Revised Proposed Tariff Reduction Modality Under the TPS-OIC" for not inserting the phrase "as reflected in the national tariff schedule of respective countries" in line 4.

(Revised Proposed Tariff Reduction Modality under TPSOIC is attached as Annex V.)

**Drafting a Protocol on Tariff Reduction Modality under the Framework Agreement of TPS-OIC**

14. The TNC requested the Secretariat to prepare the text of a draft Protocol based on the Revised Proposed Tariff Reduction Modality and circulate it among the Participating States for consideration prior to the fourth session of the TNC to be held in March, 2005, with a view to finalizing it for signature before the end of the prescribed time-frame for the first round of trade negotiations.

**Any Other Business**

15. The Chairman of the TNC called upon the participating states to appoint their representatives with full credentials as well as plenipotentiary powers to sign the Protocol as referred to in paragraph 14.

16. Some participating countries of the TNC expressed the need to take into consideration the trade-related issues other than tariff reduction, such as non-tariff barriers, safeguard measures, dispute settlement, rules of origin etc. in the deliberations of the TNC. They also pointed out the need for clarification and interpretation of some of the provisions of the Framework Agreement of TPSOIC.

17. The Participating countries 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 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; 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. TNC decided to convene the fourth session of the First Round in March, 2005 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**

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 tsunami disaster in South East Asia.



- ANNEX 1 -

**LIST OF PARTICIPANTS**





Original: English

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

**(Antalya, Turkey, 05 - 08 January 2005)**

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

**PEOPLE'S REPUBLIC OF BANGLADESH**

- Mr. ELIAS AHMED  
Joint Secretary,  
Ministry of Commerce
- Dr. MOSTAFA ABID KHAN  
Deputy Chief,  
Bangladesh Tariff Commission

**REPUBLIC OF CAMEROON**

- Mr. ABANCHIME LIMANGANA  
Head of Section,  
Ministry of External Relations

**ARAB REPUBLIC OF EGYPT**

- Ms. NARIMAN SAAD AHMED YOUSSEF  
Trade Minister Plenipotentiary, Head of International Organization Dept.  
Ministry of Foreign Trade and Industry
- 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

**ISLAMIC REPUBLIC OF IRAN**

- Mr. MOSTAFA SARMADI  
Advisor to the Minister of Commerce and  
General Director of International Department

- Ms. FATEMEH SAEB  
Senior Expert of International Department,  
Ministry of Commerce
- Mr. YOUSEF HASSANPOUR KARSALARI  
Expert of Institute for Research and Trade Studies,  
Ministry of Commerce

**HASHEMITE KINGDOM OF JORDAN**

- Mr. LU'AY JADOUN  
Deputy Director, Foreign Trade Policy Department,  
Ministry of Industry and Trade
- Mr. OMAR ABANDEH  
Deputy Director, Tariffs and Agreements Directorate,  
General Customs Department

**REPUBLIC OF LEBANON**

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

**GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAM AHIRI Y A**

- Mr. MOHAMED A. GLLIEA  
Counsellor

**MALAYSIA**

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

**ISLAMIC REPUBLIC OF PAKISTAN**

- Ms. WAQAR AHMAD SHAH  
Deputy Secretary, Ministry of Commerce
- Ms. HUMAIRA ZIA MUFTI  
Section Officer,  
Ministry of Commerce

**REPUBLIC OF SENEGAL**

- Mr. CHEIKH SAADIBOU SECK  
Head of Foreign Trade Department,  
Ministry of Trade

- Mr. MAME NDENE NDONGO  
International Organization Department,  
Ministry of Foreign Affairs

**REPUBLIC OF TUNISIA**

- Mr. MOHAMED BELMUFTI  
Head of Commercial Representation Office, Istanbul

**REPUBLIC OF TURKEY**

- Dr. AHMET TIKTIK  
Undersecretary of the State Planning Organization
- Mr. LÜTFİ ELVAN  
Deputy Undersecretary of the State Planning Organization
- Mr. TEVFİK MENGÜ  
Director General of Agreements,  
Undersecretariat of Foreign Trade
- Mr. HASAN YALÇIN  
Acting Deputy Director General of Agreements,  
Undersecretariat of Foreign Trade
- Mr. ALİ SAİT AKIN  
Head of Department,  
Ministry of Foreign Affairs
- Mr. FAİK KURAL  
Head of Department,  
Undersecretariat of Foreign Trade
- Mr. MEHMET SÖNMEZ  
Expert, General Directorate of Agreements,  
Undersecretariat of Foreign Trade
- Mr. KORAY DEMİRCAN  
Assistant Expert, General Directorate of Agreements,  
Undersecretariat of Foreign Trade

**REPUBLIC OF UGANDA**

- Mr. P. ELIMU ELYETU  
Principal Commercial Officer,  
Ministry of Tourism, Trade and Industry

**B. SIGNATORY COUNTRIES**

**REPUBLIC OF IRAQ**

- Mr. ABDUL SALAM A. SALMAN  
Deputy Director General for Foreign Economic Relation,  
Ministry of Trade
- Ms. ZINE HADI AHMET  
Ministry of Foreign Affairs

**STATE OF KUWAIT**

- Mr. ISHAQ ABDULKARIM  
Director of International Department  
Ministry of Finance
- Ms. HIND BOU-HAMRA  
Economic Researcher  
Ministry of Finance
- Ms. FATMA ALI  
Economic Researcher  
Ministry of Finance

**FEDERAL REPUBLIC OF NIGERIA**

- H.E. ADAMU AJUJI WAZIRI  
Ambassador of Nigeria to Turkey

**STATE OF QATAR**

- Mr. AMER SHATARA  
Director of Public Relations. Qatar Embassy in Ankara
- Mr. HASSAN ABDULLAH AL-MUHANNADI  
Researcher
- Mr. AHMED MOHAMAD AL MARZOUQI  
Researcher

**KINGDOM OF SAUDI ARABIA**

- Mr. MUSSAID AL-ESHAIWI  
Ministry of Commerce

- Mr. ABDULLAH ALLALLAHIM  
Economist  
Ministry of Finance
- Mr. MOHAMMED ABOSHARHA  
Attache on Saudi Arabia in Ankara

**REPUBLIC OF SUDAN**

- H.E. Amb. ABDALLA KHIDIR BASHIR  
Director of Technical and Economic Cooperation Dept.,  
Ministry of Foreign Affairs
- Mr. MOHAMED AHMED EL TAHIR  
Ministry of Finance
- Maj.Gen. ELTAYEB MOHAMED ALI  
Directorate General of Customs
- Mr. NABIL ELSADIG MALIK  
Ministry of Foreign Trade

**SYRIAN ARAB REPUBLIC**

- Mr. MOHAMMED BADER KOUJAN  
Deputy Director of International Relations,  
Ministry of Economy and Trade
- Mr. ANAS AL BU KAAI  
Employee at Directorate of External Trade  
Ministry of Economy and Trade

**STATE OF THE UNITED ARAB EMIRATES**

- Mr. OMER AHMED AL MOHARRAMI  
Manager Organization Dept. and International Cooperation
- Mr. SULTAN SAEED AL-MUHAIRI  
Federal Organization of Customs, Technical Administration
- Mr. FAISAL ALI AL-MANSOURI  
Deputy Director of the Investment Department,  
Ministry of Finance

**C. OTHER COUNTRIES**

**PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA**

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

**KYRGHYZ REPUBLIC**

- Mr. URAN BOTOBEKOV  
Counsellor, Kyrgyz Embassy in Ankara

**D. THE OIC GENERAL SECRETARIAT**

- H.E. Amb. A.H.M. MONIRUZZAMAN  
Director of Economic Affairs

**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. 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, IDB
- 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. FERRUHTIĞLI  
Head of Department

- Mr. METİN EKER  
Expert, Drafting
- Mr. METİN GENÇKOL  
Expert, Drafting
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Executive Secretary
- Mr. ORHAN ÖZTAŞKIN  
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- Mr. ALİ İŞLER  
Assistant Expert
- Mr. HÜSEYİN AVNİ METİN  
Protocol Relations
- Ms. BİGE HAMURDAN  
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- Ms. SEMA HİMA  
Coordinator of Documentation
- Mr. KEMAL ARSLAN  
Coordinator of Computer Services

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

- Mr. YAŞAR GÜLSOY  
Head of Department,  
Undersecretariat of the State Planning Organization
- Mr. MEVLÜT YAŞAR  
Financial Officer
- Mr. NURETTİN AYDIN  
Financial Officer
- Mr. MUSTAFA AKTAŞ  
Treasurer
- Mr. TAYFUR YÜKSEL  
Computer Programmer
- Mr. ÖMER BIYIK  
Technician





- ANNEX 2 -

OPENING STATEMENT BY H.E. DR. AHMET TIKTIK



Original: Turkish

**OPENING STATEMENT BY H.E. AHMET TIKTIK  
UNDERSECRETARY OF THE STATE PLANNING  
ORGANIZATION OF THE REPUBLIC OF TURKEY**

**(Antalya, Turkey, 5 January 2005)**

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

I am happy to welcome you to the third session of the Trade Negotiating Committee for establishing the Trade Preferential System among the member countries of the OIC. It is also my pleasure to extend my best wishes to all the delegations hoping that your deliberations will yield the results that will lead to the successful conclusion of the trade negotiations.

Distinguished Delegates,

The low level of development, weak human and physical infrastructures, and technological gap, which our countries have been facing, are deepening in the age of intensified globalization which we are going through. In order to meet these challenges, we need strengthened ties and a much higher level of cooperation within the OIC family.

We have common problems and we should strive for common solutions. Accordingly, over the past decades, a number of initiatives and projects have been brought to the OIC fora, and to the COMCEC in particular to achieve this **goal**. The first round of trade negotiations we are currently engaged in is one such project with extraordinary potentials to mobilize our resources for a better future for our countries.

Distinguished Delegates,

Last November we celebrated the 20<sup>th</sup> anniversary of the COMCEC, which has been the main forum where we explore avenues for greater economic and commercial cooperation. During the various activities held on this occasion, many statesmen.

delegates, and businessmen stressed upon the critical role of trade in fostering cooperation as well as increasing the welfare of our countries. It was pointed out that trade negotiations for establishing the TPS-OIC are essential to the realization of a stronger cooperation among Islamic Countries. It was also observed that relevant authorities, institutions and private sectors in the Islamic world are expecting a positive and concrete outcome from this round of trade negotiations. Thus, our mission as the Trade Negotiating Committee is a crucial one that the OIC family has been following with great expectations.

Distinguished Delegates,

The first and second meetings of the First Round of Trade Negotiations took place in April and September 2004 here in Antalya. There are two more sessions left including this one, for the first Round to be completed in March, 2005.

In the first two meetings, the negotiations focused on setting up a modality for reducing trade barriers in a specific time-table and product coverage. In the last meeting which we held in September 2004, we discussed in length a possible modality for tariff reduction among our countries. The first modality, which had been adopted in the first Session of the Trade Negotiating Committee earlier in April, was radically changed into a new proposal for consideration by the concerned governments.

With the exception of a few countries which raised certain concerns, the modality proposed in the second meeting had addressed the expectations of most of the member countries of the Trade Negotiating Committee. It was agreed that this modality would be taken to the concerned governments by their respective delegations for consideration.

Distinguished Delegates,

Given this background I would like to point out what is lying ahead of our Committee. We need to recall that a successful conclusion of the First Round of Trade Negotiations by March 2005 is our priority as the Trade Negotiating Committee. This means that our Committee must prepare a feasible and practical Draft Agreement for our trade ministers to sign.

I must underline that we are left with only two meetings to successfully conclude our negotiations. We need to make full use of this meeting and the next one in March, in order to come up with a concrete result by the end of the first Round.

Keeping up with the time limit is very important for two reasons: First, the Framework Agreement of TPS-OIC foresees that each round of trade negotiations will be completed in a twelve-month period. Having started in April 2004, we need to conclude our negotiations in March 2005 if we are to keep up with the Articles of the Framework Agreement. Second, the credibility of the work of the TNC in achieving the long-awaited goal of removing trade barriers among its members is going to be at stake. A timely and successful conclusion of the first round will help to overcome a psychologically negative mood prevalent in the OIC fora that we gather often and in length and yet we achieve little.

Distinguished Delegates,

Let me sum up what I tried to convey above: We, as the Trade Negotiating Committee, need to clarify our objectives for this meeting.

Our first objective is that we must finalize and adopt, in this meeting, the modality for tariff reduction among our countries which has been on the agenda of our Committee since the first meeting held last April.

Our second objective is that based on the tariff reduction modality to be adopted, we should start negotiating and drafting the Trade Agreement in order to make it ready for signature by March 2005.

Our third objective is that in order to achieve the first two ones we need to make full use of this meeting. We should be very attentive to the limited duration of the sessions, and accordingly, we must carry out our negotiations effectively.

I would like to ask the distinguished delegates to help achieve this meeting's specific objectives.

With this spirit of cooperation and brotherhood, I am confident that the TPS-OIC Project will attain its objectives. I would like to express my best wishes to all delegations, hoping that our efforts will be crowned with success.

Finally, I wish you a fruitful meeting and a pleasant stay in Antalya.

Thank you.

- ANNEX 3 -

MESSAGE OF H.E. DR. EKMELEDDIN IHSANOGLU





Original : English

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

**(Antalya, Turkey, 5 January 2005)**

Mr. Chairman,  
Distinguished delegates,  
Ladies and Gentlemen,

*Assalamu Alaikum Wa Rahmatullahi Wa Barakatuh*

Trade has been the prime focus of the Member States in the development of intra-OIC cooperation. The entry into force of the Framework Agreement on Trade Preferential System Among the OIC Member States last year 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.

The Ministerial Declaration adopted at the COMCEC Session held in October 2003 stipulated that the First Round of trade negotiation would be charged with finalizing the methodology of negotiation. Important progress was achieved in the first two meetings of TNC. The negotiating strategy adopted at the first meeting for further consideration was discussed at the second meeting. Taking into account the views of the Member States, the second meeting adopted a "Revised Proposed Tariff Reduction Modality". Over these last few months since the second meeting, the participating countries must have had an opportunity to consider the Modality and I sincerely hope that it will be adopted at this meeting. By doing so we will be opening up the prospect of initiating negotiation on trade concessions. I am confident that the participating delegates will engage in their work conscious of the fact that the fruitful results will effectively lead us to the next phase of trade negotiation. I urge the participating countries to approach this enterprise with a spirit of cooperation and solidarity bearing in mind that this is for the common benefit.

I congratulate the Governments of the State of Qatar, State of Kuwait, Syrian Arab Republic and the United Arab Emirates for signing recently at the last COMCEC Session the Framework Agreement. I hope this will soon be followed by their ratification of the Agreement as, I also hope other earlier signatories will also ratify the Agreement soon so as to enable them to take part in the trade negotiation as participating members of the TNC. I also welcome at the same time the Member States that are attending this meeting as observers and hope that they would eventually come into the fold of this system of trade preferences.

I take this opportunity to extend my thanks and appreciation to the Government of the Republic of Turkey for hosting this third 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 Barakatith.*

- ANNEX 4 -

AGENDA



Original : English

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

**(Antalya, Turkey, 5-8 January 2005)**

1. Opening Session
  - Inaugural Statement by the Undersecretary of the State Planning Organization
  - Message by the OIC Secretary General
  - Statements by Heads of Delegations
2. Adoption of the Agenda
3. Presentation by the Secretariat of the Trade Negotiating Committee (TNC)
4. Consideration of the Revised Proposed Tariff Reduction Modality under TPS-OIC
5. Drafting a protocol on Tariff Reduction Modality under the Framework Agreement of TPS-OIC.
6. Any Other Business
7. Date and Venue of the Next Meeting of TNC
8. Closing Session
  - Adoption of the Report
  - Closing Remarks



-ANNEX 5-

REVISED PROPOSED TARIFF REDUCTION MODALITY  
UNDER THE TPS-OIC





Original : English

**REVISED PROPOSED TARIFF REDUCTION MODALITY  
UNDER THE 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 and for the purpose of this modality, tariff refers to customs duties and charges levied on imports only as stipulated in Article 1 of the Framework Agreement.

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 of 10% and below shall not be subject to tariff reduction.
2. The Negative List shall not exceed:
  - a) 20% of total HS lines for developing countries if the number of FIS lines with tariff between 0-10% is 50% and below of total HS lines;
  - b) 15% of total HS lines for developing countries if the number of HS lines with tariff of 10% and below is above 50% up to 70% of total HS lines;
  - c) 10% of total HS lines for developing countries if the number of HS lines with tariffs between 0-10% is above 70% of total HS lines; and
  - d) 30% of total HS lines for the Least Developed Countries.
3. The remaining tariff lines should be subject to tariff reduction as follows:
  - a) 1<sup>st</sup> Phase: 20% of the remaining tariff lines subject to 10 % tariff reduction to be completed in equal annual installment in 3 years for developing OIC Member States and 5 years for the Least Developed Member States of the OIC.
  - b) 2<sup>nd</sup> Phase: 30 % of the remaining tariff lines subject to 12 % tariff reduction to be completed in equal annual installment in 3 years for developing OIC Member States and 5 years for the Least Developed Member States of the OIC.

- c) 3<sup>rd</sup> Phase: 50 % of the remaining tariff lines subject to 15 % tariff reduction to be completed in equal annual installment in 3 years for developing OIC Member States and 5 years for the 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 remaining tariff lines are:
- Above 25 % should bring them down to 25 %.
  - Below 25 % but above 20 % should bring them down to 20 %.
  - Below 20 % but above 15 % should bring them down to 15 %.
  - Below 15 % but above 10 % should bring them down to 10 %.
5. The Least developed Member States of the OIC with tariff lines above 40% shall only be subjected to 40%.
6. The base rate of the tariffs used should be the existing MFN applied rate on October 1<sup>st</sup> 2003. [March 31, 2005] [At the time of inception of the tariff reduction program.]
7. The least developed countries should be given a three year grace period as of the date of implementation.

### **Fast Track Tariff Reduction Modality**

8. In accordance with Article 6(2) of the Framework Agreement. Member countries desiring to further deepen the concession may do so on voluntary basis by applying the following modality for trade liberalization:

	By Developing OIC Members	By LDCs
Tariff below 15% but above 10% to 10%	In 3 annual installments beginning 1 January 2006 and ending 1 January 2008	In 5 annual installments beginning 1 January 2006 and ending 1 January 2010
Tariffs above 15% to 15%	In 6 annual installments beginning 1 January 2006 and ending 1 January 2011	In 8 annual installments beginning 1 January 2006 and ending 1 January 2013

[\* Developing countries shall reduce their tariffs to 10% for the products of LDCs in 3 equal annual installments starting from 1 January 2006.]

9. At the beginning of the fifth year, the participating countries will enter into negotiations with a view to downsizing the negative list and furthering liberalization.