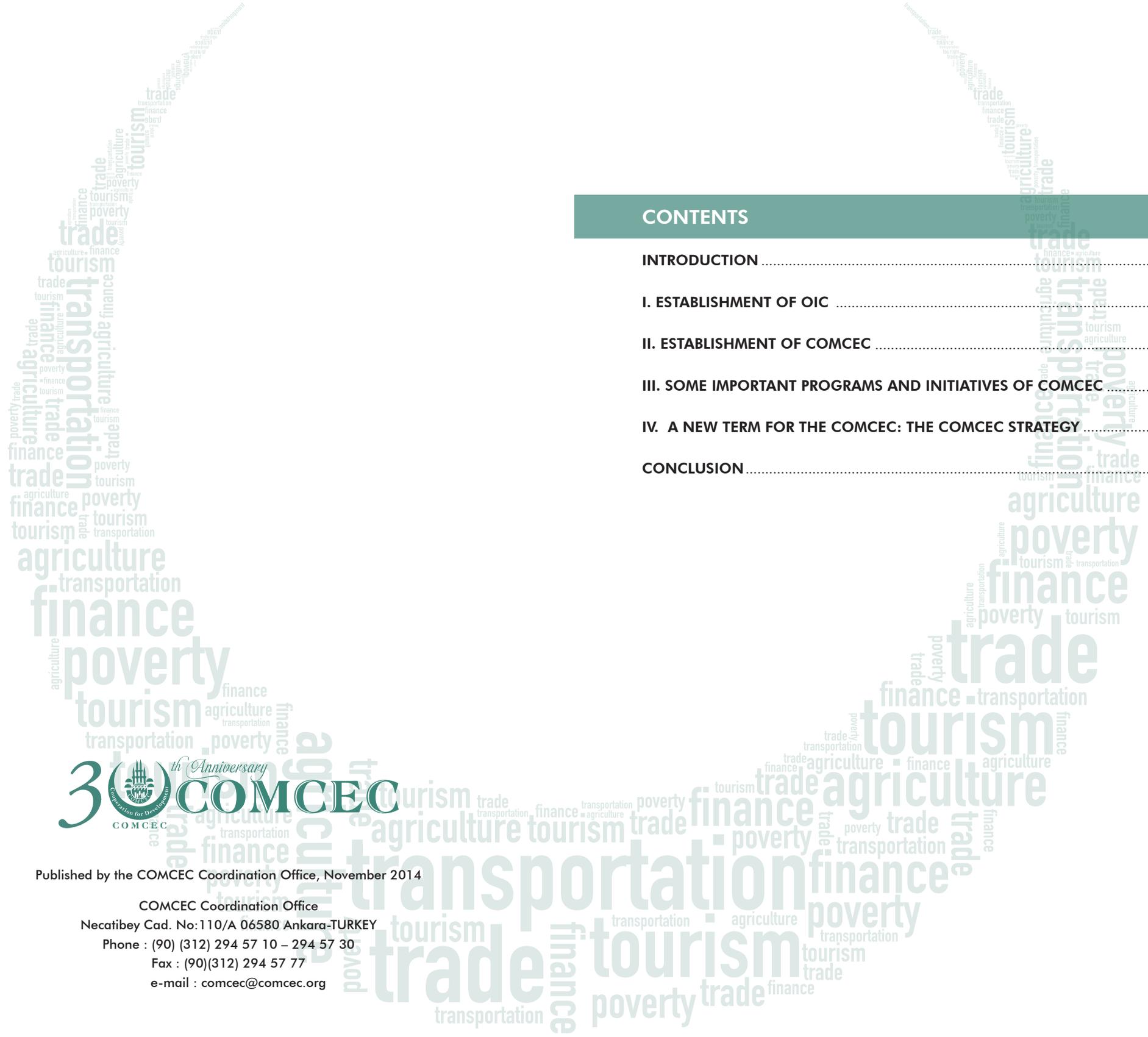


# COMCEC

## AT A GLANCE

**Standing Committee  
for Economic and Commercial Cooperation  
of the Organization of Islamic Cooperation (OIC)**





## CONTENTS

INTRODUCTION .....	1
I. ESTABLISHMENT OF OIC .....	2
II. ESTABLISHMENT OF COMCEC .....	3
III. SOME IMPORTANT PROGRAMS AND INITIATIVES OF COMCEC .....	7
IV. A NEW TERM FOR THE COMCEC: THE COMCEC STRATEGY .....	11
CONCLUSION .....	15



Published by the COMCEC Coordination Office, November 2014

COMCEC Coordination Office  
Necatibey Cad. No:110/A 06580 Ankara-TURKEY  
Phone : (90) (312) 294 57 10 – 294 57 30  
Fax : (90)(312) 294 57 77  
e-mail : [comcec@comcec.org](mailto:comcec@comcec.org)

## COMCEC

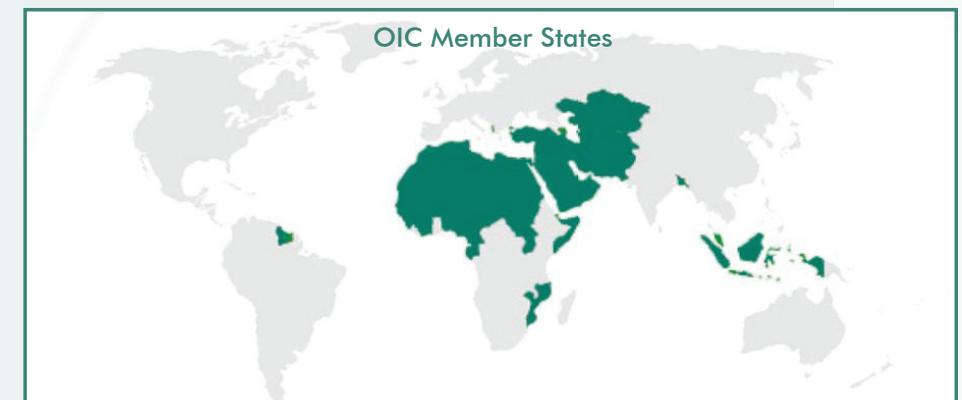
### INTRODUCTION

Proudly celebrating its 30th anniversary, the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) has been functioning as the responsible body within the OIC for enhancing economic and commercial cooperation among the 57 Member States of the OIC.

Throughout these 30 years, COMCEC, in fulfillment of its mandate, have introduced various mechanisms and programmes to enhance economic and commercial cooperation among the OIC member countries. With its regular meetings and activities, COMCEC has been able to evolve to a broad cooperation platform where the member states could share their ideas, proposals and experiences for furthering economic and commercial cooperation.

To keep abreast with global developments, and the requirements of the Member Countries, COMCEC has introduced a new strategy which was adopted by the 4th Extraordinary Islamic Summit Conference held on 14-15 August 2012 in Makkah Al-Mukarramah, Saudi Arabia. The Strategy has entered into force with a great enthusiasm and support from the member state. With its powerful implementation mechanisms namely working groups and project financing mechanism, the COMCEC Strategy has already infused a considerable momentum to the work of the COMCEC.

This booklet has been prepared to provide concise information and a panoramic perspective regarding the works and activities of the COMCEC from its initial years to present.





## I. Establishment of OIC

In the aftermath of the First World War, the Islamic World had to face a new set of challenges emanating from political, cultural and economic crises due to colonization and occupation in addition to the modernization problems being experienced throughout the last several centuries. Efforts at intellectual and political level continued for decades to address the crises in the Islamic World. Aspirations for a joint Islamic stance towards common challenges could only reach a suitable framework when Organization of Islamic Conference (OIC) was established in the historical Summit held in Rabat, Kingdom of Morocco on September 25th, 1969 (12th Rajab 1389 Hijra) shortly after the criminal arson of Al-Aksa Mosque in occupied Jerusalem. Over the last 40 years, membership of the OIC has grown from its founding members of 25 to 57 states spreading over four continents making it the second largest inter-governmental organization after the United Nations.

Preserving Islamic values and enhancing cooperation and solidarity among the Member States in political, economic, commercial, cultural and scientific fields are among the main objectives of the OIC.

Although OIC was established after the arson of Al-Aksa Mosque, the concept of cooperation among Islamic countries was not a reactionary move but rather an accumulated result and a reflection of a long standing need. Indeed, Islam teaches, consultation, solidarity and sincerity, which are basic values nurturing the social capital of the Muslim World as well as setting the stage for an idealistic form of cooperation. Based on these grand principles, following the establishment of the OIC, various important institutions have come into existence, making OIC gradually a wide network of cooperation.

The importance of economic cooperation and development were also acknowledged in the OIC's early years of establishment. From its initial years, matters related to economic cooperation and major economic issues were on the agenda of the OIC summits and conferences. A very important move in that direction was the establishment of Islamic Development Bank (IDB) in 1975 for fostering individual and collective economic development and social progress of the member countries and Muslim communities in accordance with Islamic principles.



The Late King Hassan II- Charing the 1st Islamic Summit - Rabat - Morocco (September 1969) (Televised photo)

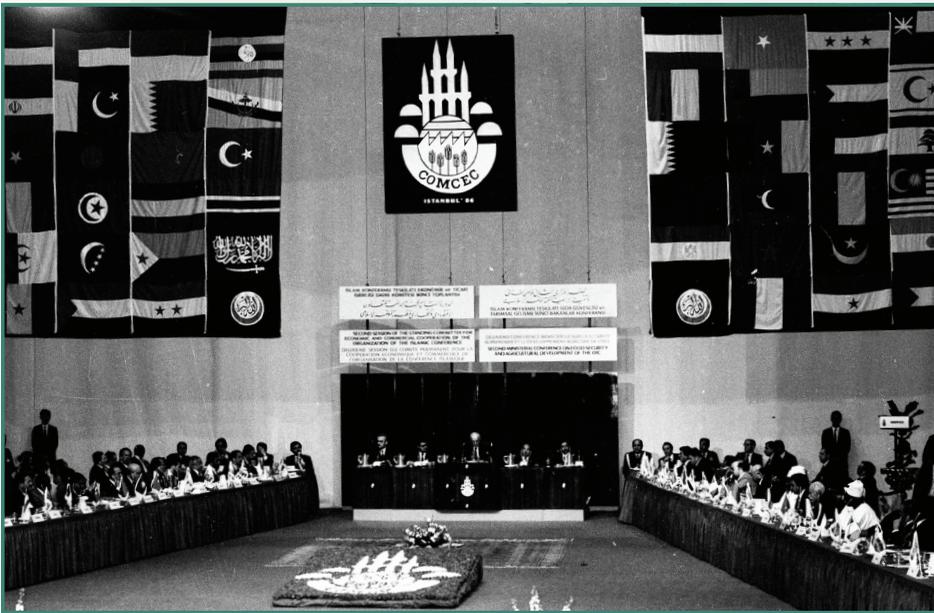
In addition to the IDB, various other important institutions were established in the economic domain within the OIC such as the Statistical, Economic and Social Research and Training Centre for Islamic Countries - SESRIC (in Ankara), Islamic Center for Development of Trade - ICDT (in Casablanca), Islamic Chamber of Commerce, Industry and Agriculture - ICCIA (in Karachi), Organization of Islamic Shipowners Association - OISA (in Jeddah), Standards and Metrology Institute for Islamic Countries- SMIC (in Istanbul).



## II. Establishment of COMCEC

Based on the need for enhancing cooperation in areas such as economic, commercial, science and technology, information and culture, Ministerial level platforms, under the Chairmanship of Head of a Member Country, were created by the 3rd Islamic Summit held in January 1981 in Makkah Al-Mukarramah and Ta'if. These were COMCEC, Al-Quds Committee, COMSTECH (Standing Committee for Scientific and Technological Cooperation) and COMIAC (Standing Committee for Information and Cultural Affairs).

The Third Islamic Summit assigned the COMCEC to coordinate and follow-up all activities pertaining to economic cooperation, to study all possible means of strengthening economic cooperation among the Islamic States and to draw up programmes to increase their capacity. Accordingly, in the Fourth Islamic Summit held in Casablanca in January 1984, the President of the Republic of Turkey was elected as the Chairman of the COMCEC. COMCEC held its first Session in 1984, under the Chairmanship of H.E. the President of the Republic of Turkey with the participation of ministers responsible from economy and commerce from the Member Countries. Since then, COMCEC has regularly held 30 annual Ministerial Sessions along with 30 Follow-up Committee Meetings and many sectoral meetings at various levels.



Second Session of COMCEC, 1986.

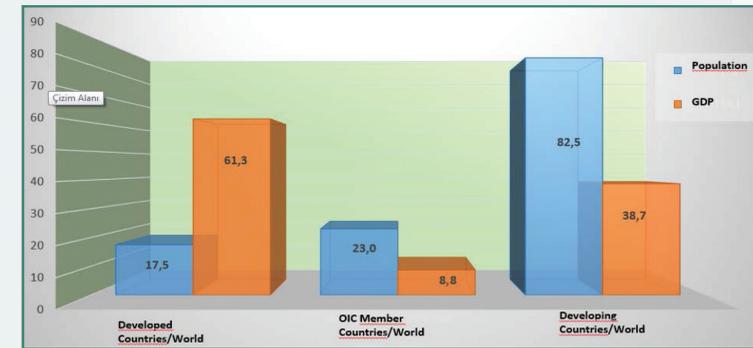
**Box-1: Organizational Structure of the COMCEC:**

- Chairman – President of the Republic of Turkey
- The General Assembly
- The Follow-up Committee
- The Sessional Committee
- The COMCEC Coordination Office

Today, the OIC Member Countries encompass an area of approximately 29 million (square kilometers) with a population of 1.6 billion, which accounts for 23 percent of the total world population. Nonetheless, the share of the OIC countries in the

world economy does not correspond to this figure. As of 2013, total GDP (current prices) of the OIC Member Countries was USD 6.5 trillion corresponding to 8.8 percent of the world total. (See Figure 1) Similarly total trade volume (import +export) of the Member Countries was USD 4.9 trillion corresponding to 11.1 percent of the world total. The mismatch between the population and economic activity demonstrates the widespread poverty in the OIC region.

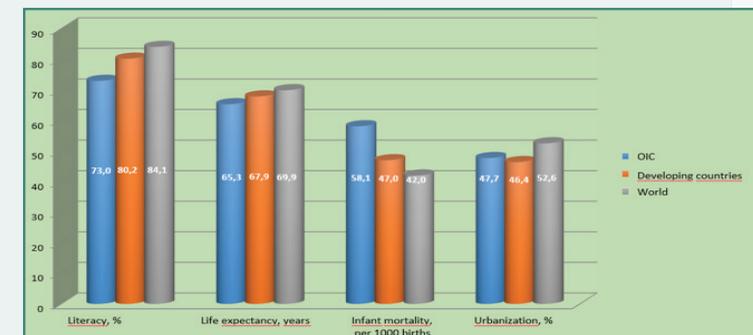
Figure 1: Comparison of the OIC with the rest of the world (2013)



Source: IDB, Key Socio-Economic Statistics 2014

Unfortunately, the OIC is home to some of the world's poorest and most vulnerable regions. 21 out of 57 Member Countries are classified as the Least Developed Countries according to UN definition. Many member states that do not fall into this category are also facing serious development challenges. In terms of literacy, life expectancy, and infant mortality, the OIC countries still lag behind the developing countries' average. On the other hand, due to rampant urbanization in many parts of the OIC region, the share of urban dwellers has surpassed the developing world's average. (See Figure 2)

Figure 2: Some Social Development Indicators



Source: SESRIC AER, 2013

Throughout its 30 years, COMCEC has initiated many programs and projects in various fields to enhance economic and commercial cooperation among the member states and successfully completed most of them. Some of the outputs and activities of the COMCEC are given in Box 2.

#### Box-2: Sample Outputs and Activities of the COMCEC

- Export Financing Scheme (Trade Financing-within IDB Group)
- Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) within IDB Group,
- Trade Preferential System (TPS-OIC)
- Standards and Metrology Institute for Islamic Countries (SMIIC),
- The OIC Stock Exchanges Forum – “S&P/OIC COMCEC 50 Shariah Index”,
- COMCEC Capital Market Regulatory Authorities Forum,
- OIC/COMCEC Private Sector Tourism Forum,
- Exchange of Views Sessions,
- Poverty alleviation Efforts (ISFD, SPDA, OIC-VET, OIC Cotton Programme)

Nonetheless; there are various tasks ahead of the COMCEC for strengthening cooperation among the member countries and addressing the common challenges of the Member Countries. In this respect, some of the common challenges, among others, are the barriers to free movement of goods, people and capital among the member countries, poor infrastructure, lack of enabling legal framework and low institutional as well as human capacity.



COMCEC Economic Summit, 2009

In fact, Islamic Countries have a considerable amount of capital, abundant natural resources, young and dynamic population and rich cultural heritage which are the major sources to be mobilized for addressing their development challenges. Closer and effective cooperation among the Islamic Countries under the umbrella of the COMCEC is quite important for this mobilization. COMCEC will further intensify its efforts with this perspective.

### III. SOME IMPORTANT PROGRAMS AND INITIATIVES UNDER THE COMCEC

#### TPS-OIC:

As in every other multilateral economic cooperation initiative, trade constitutes the core of cooperation within the framework of the COMCEC. Accordingly, increasing the intra-OIC trade has always been at the top of the COMCEC’s agenda. There has been a steady increase in the intra-OIC trade since 2000. Currently, the intra OIC trade has reached almost USD 390 billion while the share of trade between the member countries in their total trade is 18,7 percent. (See Figure 3)

Figure 3.: Intra-OIC Trade (2000-2013) Billion US Dollar



Source: ICDT

Trade Preferential System Among the Member States of the OIC (TPS-OIC) is the most important project of the COMCEC for increasing intra-OIC trade. The system would be a basis for further liberalization efforts among the Member Countries. TPS-OIC is based on three agreements, namely the Framework Agreement, the Protocol on Preferential Tariff Scheme (PRETAS) and the Rules of Origin. With the ratification of all three agreements by the 10<sup>th</sup> Member State, the legal basis of the System was completed as of August 2011.

Nonetheless, in order to make the TPS-OIC system operational, 10 Member States have to fulfill two conditions at the same time: the ratification of the three TPS-OIC Agreements and the submission of the list of concessions to the TNC Secretariat. As of November 2014, the number of member countries fulfilling these two conditions has not reached 10.

### ISFD & SPDA

In accordance with the relevant decision of the 3rd Extraordinary Islamic Summit held in 2005, Islamic Solidarity Fund for Development (ISFD) was established as a special fund within the IDB. The Fund was officially launched in 2007 with the aim of contributing to the reduction of poverty in the Member States. It focuses on human development, agriculture and rural development, basic infrastructure and micro enterprises.

The Special Programme for the Development of Africa (SPDA) is another important initiative within the IDB which was launched in 2008 with a view to spurring economic growth, reinvigorating agricultural production and creating employment opportunities in the African Member Countries.

### OIC-VET

Vocational Education and Training Programme for OIC Member Countries (OIC-VET) has been initiated by SESRIC for improving the quality of vocational education and training in Member Countries with the aim of providing opportunities to individuals to develop their knowledge and skills; thus to contribute to the development and competitiveness of the economies of the Member Countries. The Programme was officially launched in 2009 at the COMCEC Economic Summit. Capacity Building Programmes (CBPs) constitute a major component of the OIC-VET program.



8 Implementation of OIC-VET Project

### OIC COTTON PROGRAM

Within the framework of the OIC cotton initiative, the OIC Five-Year Cotton Action Plan (2007-2011) was prepared and endorsed by the 22nd Session of the COMCEC with the aim of enhancing trade, investment and technology transfer in/between cotton producing Member States, particularly in Africa. The Action Plan has been extended for a further five years (2012-2016) .

### OIC/COMCEC PRIVATE SECTOR TOURISM FORUM:

The OIC/COMCEC Private Sector Tourism Forum” was established by the COMCEC in 2011 and provides a regular platform for the private sector representatives of the member countries to discuss their issues of common concern in this important sector and share their experiences. The Forum is quite instrumental in reflecting the private sector perspective to the cooperation endeavors in tourism under the COMCEC.

### OIC STOCK EXCHANGES FORUM:

COMCEC initiated the cooperation among Stock Exchanges of the Member States in 2005. Accordingly, “OIC Member States Stock Exchanges Forum” was established. The Forum annually brings together the stock exchanges of the member countries and focuses on the issues regarding indices, capital market linkages, post trade services and promotion, awareness and investor education about Islamic capital markets.

Figure 4-: S&P/ OIC COMCEC 50 Shariah Index.



The Forum has successfully finalized the S&P/OIC COMCEC 50 Shariah Index, which has been launched officially during the 28th Session of the COMCEC held in 2012 in İstanbul. The Index includes 50 companies from 19 member countries and would be an important asset for addressing the growing demands to the Islamic financial instruments worldwide.

#### THE COMCEC CAPITAL MARKETS' REGULATORS FORUM:

In line with the relevant resolutions of the COMCEC, the COMCEC Capital Markets Regulators Forum was established in 2011 to increase coordination and cooperation in regulatory and legal infrastructure with a view to achieving more harmonized policies and regulations among the Member Countries. The Forum provides a regular platform for the capital market authorities of the member countries to discuss their common issues.

Capacity Building, Market Development, Islamic Finance and Financial Literacy Task Forces have been established under the Forum. These Task Forces prepared the research reports on Development of Capital Market Infrastructures, Enhancing Financial Literacy in Capital Market, and Enhancing Infrastructure for Islamic Capital Market.

#### COOPERATION AMONG THE CENTRAL BANKS AND MONETARY AUTHORITIES

COMCEC has revitalized the cooperation among the Central Banks and Monetary Authorities of the Member Countries in recent years. Since 2009, the Central Banks and Monetary Authorities of the member states have regularly convened with a view to sharing experiences and enhancing institutional and human capacity in this field in the wake of global financial crisis and the pressing need for enhanced macroeconomic coordination. Accordingly, three working groups were established in the following areas: Payment Systems, Macro Prudential Regulations, and Liquidity Management in Islamic Finance.



Central Banks & Monetary Authorities' 14th Meeting in Indonesia in November 2014

#### IV. A NEW TERM FOR THE COMCEC: THE COMCEC STRATEGY

One of the salient characteristics of COMCEC is that it contains, in diverse geographies, wealthy countries, middle-income countries and LDCs as members. The diversity of members at various developmental levels as well as resource endowment contributes substantially to a climate of cooperation and offers tremendous potential for technical assistance.



In order to give a new framework and dynamism to cooperation efforts, COMCEC Economic Summit held in 2009 in İstanbul, Turkey, requested the Chairman of the COMCEC to produce a new vision document for the COMCEC in line with the current needs of the Member States and to improve the institutional set-up of the economic and commercial cooperation.

New COMCEC Strategy has been adopted by the 4th Extra-ordinary Islamic Summit Conference held in Makkah Al-Mukarramah on 14-15 August 2012. The Strategy has officially been launched at the 28th Session of the COMCEC and has become operational as of 2013.



#### Vision:

"to build a prosperous Islamic Ummah based on solidarity and interdependence, enhanced mobility and good governance."



#### Mission:

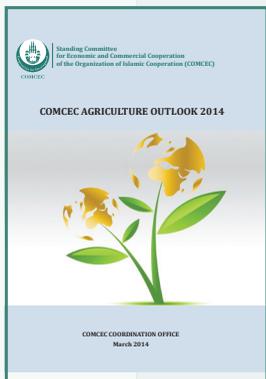
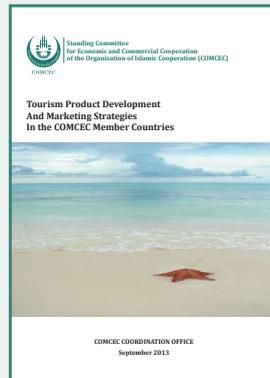
"to provide a forum to produce and disseminate knowledge, share experiences and best-practices, develop a common language and understanding, and approximate policies among the Member Countries to address and find solutions to the development challenges of the Islamic Ummah".

The Strategy is built on three principles: Enhancing Mobility, Strengthening Solidarity and Improving Governance, which address the core and persistent challenges of the Islamic World. These three principles guide the endeavors in 6 cooperation areas of the COMCEC defined by the Strategy namely; trade, agriculture, transport and communications, tourism, poverty alleviation, and finance.

The Strategy introduces new and well-defined implementation mechanisms: Working Groups and Project Cycle Management (PCM). The working groups serve to producing and disseminating knowledge, creating a common understanding and approximating the policies among the member states. The second instrument of the Strategy is the PCM through which the project proposals submitted by the member states and the OIC institutions are funded by the COMCEC Coordination Office. The PCM serves to the objective of a member-driven COMCEC by facilitating the Member States' direct contribution to the multilateral cooperation efforts.

### COMCEC Working Groups

In accordance with the provisions of the COMCEC Strategy, 23 Working Group Meetings in the six identified cooperation areas were organized by the COMCEC Coordination Office in 2013 and 2014. Each Meeting of the Working Groups concentrates on a specific theme defined among the expected outcomes of the relevant field of the Strategy. The COMCEC Coordination Office conducts an analytical study for each meeting and shares it with the participants prior to the Working Group Meeting. CCO also presents sectoral outlooks to the relevant meetings to give the general overview of the sector in the world as well as in the Member States.



COMCEC Working Group Meeting

The experts attending the Working Group Meetings find the opportunity to share their country experiences, including the success stories and the major obstacles. After each meeting, the proceedings documents which provide summaries of the presentations made during the meeting and the policy debates are prepared by COMCEC Coordination Office.

#### Box-3: Recent Working Group Meetings in 2014

- The 4th Meeting of the COMCEC Poverty Alleviation WG (September 18th, 2014) "Institutional System of the SSN Programmes in the OIC Member Countries".
- The 4th Meeting of the COMCEC Transport and Communications WG (September 11th, 2014) "Developing Air Linkages to Sustain Tourism among the OIC Member States".
- The 4th Meeting of the COMCEC Tourism WG (September 4th, 2014) "Enhancing the Capacity of Tourism Workforce in the OIC Member Countries for Improved Tourism Service Quality".
- The 4th Meeting of the COMCEC Agriculture WG (September 25th, 2014) "Facilitating Smallholder Farmers' Market Access in the OIC Member Countries".
- The 3rd Meeting of the Financial Cooperation Working Group (October 16th, 2014) "Risk Management in the Islamic Financial Instruments".
- The 4th Meeting of the COMCEC Trade WG (October 23rd, 2014) "Preferential Trade Agreements and Trade Liberalisation Efforts in the OIC Member Countries with special emphasis on TPS-OIC".

## COMCEC Project Funding

COMCEC Project Funding Mechanism (PCM) is another important instrument of the COMCEC Strategy for its implementation. It is basically a methodology that facilitates the realization of ideas through applicable projects. PCM is one of the most important components of the COMCEC Strategy for mobilizing the institutional and human resources of the Member Countries through soft projects. The PCM provides funding to projects which serve to multilateral cooperation and the principles, strategic objectives as well as output areas of the Strategy.

The Member Countries which have registered to the relevant Working Group and the OIC Institutions working in the economic domain can submit projects to the COMCEC Coordination Office. The first project call was made in 2013 and met with great enthusiasm by the member countries. The projects that are found eligible for funding are being implemented and expected to be finalized by the end of 2014. The Second Call for Project Proposals was made in September 2014. For further information regarding the COMCEC Project Funding, please visit its web-site at: <http://pcm.comcec.org>



Implementation of Project Financed under COMCEC Project Funding

## CONCLUSION

COMCEC, for thirty years, has played a very crucial role in enhancing economic and commercial cooperation among the OIC member countries. Although there were prior efforts to enhance economic cooperation among the OIC member countries, it is after the establishment of the COMCEC that these have reached a systematic and regular platform and a more yielding framework.

Since its inception, COMCEC has attached a special importance to enhancing trade among the member countries and its major trade project; namely TPS-OIC is to be operationalized after the remaining legal and procedural conditions are met.

COMCEC has also initiated cooperation in various sectors including finance, transport, agriculture, tourism, and poverty alleviation to enhance economic relations among the member countries. These efforts have also yielded various important projects and forums such as The OIC/COMCEC Private Sector Tourism Forum, The OIC Stock Exchanges Forum, and The COMCEC Capital Markets Regulators Forum.

The COMCEC Strategy, through its new instruments namely Working Groups and the PCM, has brought a new momentum to the cooperation efforts under the COMCEC. Since the adoption of the Strategy, four rounds of Working Group Meetings were successfully completed and two project calls were made under the PCM. Initial outcomes have been a direct and regular engagement of the Member Countries' experts/institutions as well as mobilization of their human and institutional resources to a high degree compared to previous period in line with the COMCEC Strategy's objectives and principles.

With its new Strategy and viable implementation instruments, COMCEC is expected to lift intra-OIC economic and commercial cooperation to further heights. COMCEC will further intensify its efforts for enhancing the cooperation among the Member Countries and addressing their common development challenges.