

Original : English

REPORT
OF THE NINETEENTH MEETING OF THE
FOLLOW-UP COMMITTEE OF THE STANDING COMMITTEE
FOR ECONOMIC AND COMMERCIAL COOPERATION OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE

(Istanbul, 12-14 May 2003)

1. The Nineteenth Meeting of the Follow-up Committee of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in Istanbul on 12 - 14 May 2003.

2. Representatives of the following Member States of the Committee attended the Meeting:

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| - Republic of Turkey | : Chairman (Permanent) |
| - Kingdom of Saudi Arabia | : Vice Chairman (Permanent) |
| - State of Palestine | : Vice Chairman (Permanent) |
| - State of Qatar | : Vice Chairman (The Current Chairman of the Summit) |
| - State of Kuwait | : Vice Chairman (Representing the Arab Region) |
| - Islamic Republic of Iran | : Vice Chairman (Representing the Asian Region) |
| - Federal Republic of Nigeria | : Vice Chairman (Representing the African Region) |
| - Islamic Republic of Pakistan | : Rapporteur |
| - Syrian Arab Republic | : Member of the Previous Bureau |

3. Representatives of the General Secretariat and the following OIC subsidiary organs, specialized and affiliated institutions also attended the Meeting:

- Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)
- Islamic Center for Development of Trade (ICDT)
- Islamic University of Technology (IUT)
- Islamic Development Bank (IDB)
- Islamic Chamber of Commerce and Industry (ICCI)
- Organization of the Islamic Shipowners' Association (OISA)

4. Representatives of the following institutions also attended the Meeting:

- UNIDO Center for Regional Cooperation in Ankara
- World Trade Organization
- Gulf Cooperation Council

(A copy of the list of participants is attached as Annex I.)

Opening Session

5. The Meeting was inaugurated by H.E. Prof. Dr. Mehmet AYDIN, Minister of State of the Republic of Turkey.

6. In his message addressed to the Meeting, H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of COMCEC, highlighted the role played by the COMCEC whereby member countries enjoyed the opportunity to explore ways and means of enhancing cooperation among themselves. He mentioned the importance of the projects of the COMCEC and emphasized the need to expedite effective implementation of the OIC Plan of Action. In this context, H.E. President SEZER encouraged the member countries to support the various proposals to accelerate the implementation of the Plan of Action. He pointed out the developments toward trade liberalizations in the OIC member countries, appreciating the efforts exerted by IDB and other relevant OIC Institutions in this regard. H.E. President SEZER welcomed the entry into force of the Framework Agreement on Trade

Preferential System Among the Member States of OIC and urged the relevant Member Countries and OIC Institutions to deploy their efforts in the successful completion of the first round of trade negotiations. Finally, H.E. President SEZER conveyed his thanks to all participants and expressed his wish for the successful completion of the Follow-up Committee Meeting.

(A copy of the text of the message of H.E. President Ahmet Necdet SEZER is attached as Annex II.)

7. The Meeting was then addressed by H.E. Prof. Dr. Mehmet AYDIN, Minister of State of the Republic of Turkey. H.E. Prof. AYDIN, welcoming the delegates, underlined the importance of the works done by the COMCEC. Referring to the situation in Iraq, he expressed his hope that stability would soon be restored with steady economic and social reconstruction of the country. H.E. Prof. AYDIN, then, referred to the difficulties encountered by the developing OIC Countries in promoting their economic development, resulting from the recession in the world economy and from their volatile financial structures. To overcome these difficulties, he suggested that the OIC Countries needed to encourage foreign capital investment with certain caution about the short term financial flows. He pointed out that the OIC Countries should concertedly increase their efforts in integrating their economies by removing the barriers to trade and investment among themselves. He appreciated, in this connection, the Workshop held in September, 2002 in Istanbul on the private sector investments and hoped that the recommendations of the Workshop would be considered by the OIC Countries. Referring to the entry into force of the Framework Agreement of the Trade Preferential System Among the OIC Countries, he stated that the Government of Turkey would take necessary measures for the success of the first round of the trade negotiations to be hosted by Turkey. Referring to the proposal of the Supplementary Mechanism proposed by the COMCEC Coordination Office, he pointed out that it would facilitate the effective implementation of the Plan of Action, and expressed his appreciation for the contribution and support of the OIC General Secretariat and the relevant OIC institutions in this regard. He concluded by thanking

all the Member States and the OIC institutions for their valuable contributions to the work of the COMCEC and wished the Meeting every success.

(The text of the Statement of H.E. Prof. Dr. Mehmet AYDIN is attached as Annex III.)

8. H.E. Ambassador Nabika DIALLO, the OIC Assistant Secretary General for Economic Affairs, delivered the message of the OIC Secretary General, H.E. Dr. Abdelouahed BELKEZIZ. In his message, the Secretary General expressed his gratitude to H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of COMCEC for his able leadership in guiding the work of the COMCEC. He also thanked the Government of Turkey for hosting the Meeting. Referring to the implementation of the Plan of Action, H.E. Dr. BELKEZIZ expressed his hope that the Committee would give due consideration to the recommendations of the Experts Group Meeting (EGM) on Accelerating the Implementation of the Plan of Action, which was adopted by the 17th COMCEC Session. Speaking on the “Supplementary Mechanism” proposed by the COMCEC Coordination Office in pursuance of the aforementioned recommendations of the EGM, he expressed his hope that the Committee would thoroughly deliberate on it. H.E. Dr. BELKEZIZ then appreciated the preparations for the first round negotiations of the Framework Agreement on Trade Preferential System Among the Member States of OIC. He also urged the Member States, which had not yet done so, to sign and ratify the Framework Agreement as well as other OIC agreements and statutes contributing to the economic and commercial cooperation among the member states. He commended the activities of IDB in promoting intra-OIC trade. He also pointed out the important role of the private sector in promoting intra-OIC trade and economic cooperation stressing on the need to create an enabling condition for the private sector to play its role. In this context, he stated that the recommendations and decisions of the private sector meetings should be considered for implementation. H.E. Dr. BELKEZIZ wished the Meeting every success.

(A copy of the text of the message of H.E. Dr. Abdelouahed BELKEZIZ is attached as Annex IV.)

9. The Meeting was then addressed by the Heads of Delegation of the State of Kuwait, Federal Republic of Nigeria and the Islamic Republic of Iran on behalf of the three regional groups, namely the Arab, African and Asian regions. They expressed their condolences for the victims of the recent earthquake that took place in Bingöl, Turkey. They expressed their thanks and appreciation to the President of the Republic of Turkey, the Government and People of Turkey for their continued support of economic and commercial cooperation among member countries as well as for the warm welcome and excellent arrangements made for the Meeting. They stressed the need for further strengthening economic cooperation among OIC Member States and promoting cooperation amongst them based on concrete and realistic projects.

10. The Head of the Delegation of the State of Palestine also addressed the Meeting to underscore the grave situation in the occupied territories and called on the OIC Member States to extend political and material support to the Palestinian people at this critical juncture.

Working Sessions

11. The working sessions of the Meeting were chaired by H.E. Dr. Ahmet TIKTIK, Undersecretary of the State Planning Organization of the Republic of Turkey.

12. After the adoption of the Agenda, the Meeting set up an open-ended Drafting Committee under the Chairmanship of the Rapporteur, H.E. Ambassador Sher Afgan KHAN, Head of the Delegation of the Islamic Republic of Pakistan.

(A copy of the Agenda as adopted by the Committee is attached as Annex V.)

Background Report of the OIC General Secretariat

13. Under Agenda Item 3, H.E. Ambassador Nabika DIALLO, Assistant Secretary General for Economic Affairs of OIC, introduced the Background Report of the General Secretariat, which was subsequently summarized by H.E. Ambassador A.H.M.

MONIRUZZAMAN, Director of Economic Affairs of the OIC General Secretariat. In his presentation, he highlighted the various activities undertaken by the Member States and the OIC Institutions towards the implementation of the resolutions of COMCEC.

14. Representatives of the OIC institutions also made presentations about their activities and provided brief information on their respective annual work program.

15. The Committee took note of the Background Report of the General Secretariat and those of the OIC institutions and expressed thanks and appreciation for their presentations.

16. The Committee emphasized the importance of OIC Agreements and Statutes in the area of economic and commercial cooperation. In this connection, the Committee renewed its call to Member States, which had not yet done so, to sign and ratify the Agreements, as early as possible, particularly the Framework Agreement on the Trade Preferential System Among Member States of the OIC (TPSOIC) so as to facilitate the participation of member states in the forthcoming first round of trade negotiations.

17. The Committee renewed its appeal to the Member States which were the proponents of the projects to expedite the formation of the project committees as envisaged in the Plan of Action with a view to implementing the projects proposed during the sectoral experts group meetings.

18. The Committee requested the Member States that had already offered to host sectoral expert group meetings to expedite the convening of said meetings. It was also of the view that the Member Countries offering to host the EGMs may kindly do so within a specified time period of two years, on the expiry of which it can be open to other member states willing to host the same meeting as it would be decided by the COMCEC. The Committee also appealed to the Member States to come forward with proposals for hosting Expert Group Meetings in the priority areas of the Plan of Action, where no EGM has so far been held.

19. The Committee suggested that, in future, the Background Reports of the General Secretariat may include certain appropriate recommendations in specific issue areas.

(The Background Report by the General Secretariat is attached as Annex VI.)

Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States

20. Under Agenda Item 4, H.E. Ambassador Nabika DIALLO, Assistant Secretary General for Economic Affairs of OIC, introduced the report on the review of implementation of the Plan of Action. H.E. Ambassador A.H.M. MONIRUZZAMAN, Director of Economic Affairs of the OIC General Secretariat, subsequently presented the report on “Review of the Implementation of the Plan of Action to Strengthen Economic and Commercial Cooperation Among OIC Member States”. The COMCEC Coordination Office also made a presentation on the Supplementary Mechanism for implementation of the OIC Plan of Action together with its two annexes, namely, the Rules of Procedure of the Sessional Committee of the COMCEC for Conduct of Activities in the Implementation Process of the OIC Plan of Action and Project Cycle Management, as requested by the 18th Session of the COMCEC. The representative of the COMCEC Coordination Office informed the meeting that these papers had already been circulated to the OIC member countries for their views and comments.

21. The Committee took note with appreciation of the report by the General Secretariat on the subject.

22. The Committee stressed, in this connection, the importance of the recommendations of the Expert Group Meeting (EGM) on Accelerating the Implementation of the Plan of Action which was held in Istanbul, on 6-7 May 2001 and which were approved by the 17th Session of COMCEC.

23. The Committee took note with appreciation of the study on the proposed Supplementary Mechanism undertaken by the COMCEC Coordination Office in cooperation with the General Secretariat and relevant OIC institutions, which was reviewed in a meeting of the Working Group held in Ankara on 25-27 March, 2003.

24. The Committee called upon the member states to communicate their views on the proposed Supplementary Mechanism to the COMCEC Coordination Office, latest by 15th July, 2003. On receiving the views of the member states, the COMCEC Coordination Office in consultation with the General Secretariat of the OIC and the relevant OIC institutions would finalize the study for submission to the 19th Session of the COMCEC.

25. The Committee also recommended that the COMCEC Coordination Office and the ICCI review the possible commonalities between the Supplementary Mechanism and the Monitoring Mechanism for the Implementation of the Recommendations of the Private Sector Meetings so that both the mechanisms may complement each other wherever appropriate.

(The Report by the OIC General Secretariat on the Implementation of the Plan of Action, and the Supplementary Mechanism for Implementation of the OIC Plan of Action by the COMCEC Coordination Office are attached as Annexes VII and VIII.)

Report by IDB and ICDT on the Expansion of Intra-OIC Trade

26. Under Agenda Item 5, the representatives of IDB and ICDT presented their respective reports to the Committee on the promotion of intra-OIC trade.

27. The Committee appreciated the steps taken by IDB through its operational plans to mobilize the needed resources under four schemes, namely Import Trade Financing (ITFO), Export Financing Scheme (EFS), Islamic Bank Portfolio (IBP), Unit Investment Fund (UIF) and the two mechanisms (two step murabaha and syndication). The Committee appreciated the continuous efforts of IDB in this regard enabling it to finance an amount of US \$ 4 billion in favor of intra-trade from 1420H-1423 H (1999-2002) constituting 78% of its trade financing operations totaling an amount of US \$ 5 billion. The Committee expressed its appreciation for the parallel efforts of IDB to increase intra-OIC trade through financing trade-related projects and technical assistance. The Committee further urged Member States to subscribe to the Export Financing Scheme and to accede to the programs of ICIEC and to other schemes designed to boost intra-OIC trade.

28. The Committee also took note of the report which was presented by the ICDT on the development of intra-OIC trade, and noted with satisfaction that the intra-OIC trade recorded positive results for the second consecutive year since the share of this trade in total trade of Member Countries increased from 11.6% in 1999 to 12.2% in 2001, and the value of this trade reached approximately US \$56 billion.

29. The Committee took note with appreciation of the study undertaken by the COMCEC Coordination Office on the preparations of the first round of trade negotiations under TPS-OIC Agreement in a Working Group meeting of General Secretariat and the relevant OIC institutions, held in Ankara on 25-27 March, 2003.

30. The Committee appreciated the preparatory work being undertaken by the COMCEC Coordination Office and the Islamic Center for Development of Trade for the first round of trade negotiations, and encouraged the COMCEC Coordination Office and the Islamic Center for Development of Trade to coordinate their work to serve jointly as the prospective secretariat for the Trade Negotiating Committee.

31. The Committee expressed its appreciation for the efforts made by ICDT to organize an EGM, open to all OIC member states, in Casablanca on 24-26 June 2003 to prepare the launching of the first round of trade negotiations of the Framework Agreement on TPS-OIC. The Committee requested the ICDT and the COMCEC Coordination Office to finalize the technical documents in cooperation with the OIC General Secretariat and circulate them to member states before this EGM.

32. The Committee noted with appreciation that the Ninth Trade Fair of the Islamic Countries was organized successfully in Sharjah from 21-26 December, 2002, by ICDT and the concerned authorities of the State of the United Arab Emirates with an exhibition area consisting of 14,000 sqm, deals settled around US \$181 million, and the number of visitors reaching 120,000 including 10,000 businessmen.

33. The Committee took note of the information submitted by the Islamic Center for the Development of Trade on the Tenth Islamic Trade Fair scheduled to be held in Conakry, Republic of Guinea from 9 to 14 December 2004 under the theme of “Intra-OIC trade and strategic partnership for the development of Africa”. The Committee

expressed its thanks to the Republic of Guinea for offering to host this important event and urged the Member States to actively participate in the Tenth Islamic Trade Fair.

34. The Committee noted that the first Tourism Fair of the Islamic Countries, scheduled to be organized by the Republic of Turkey and ICDT in Turkey in 2003 was postponed until Spring 2004 and called upon member states and related OIC institutions for effective participation.

35. The Committee requested ICDT to submit regularly a progress report on the Trade Fairs of the Islamic Countries under a separate agenda item to the COMCEC Sessions.

(The Reports by IDB and ICDT on the Expansion of Intra-OIC Trade, and the Report by ICDT on the 9th and 10th Trade Fair are attached as Annexes IX, X, XI and XII, respectively .)

Matters Relating to the World Trade Organization (WTO)

36. The representatives of IDB and ICDT presented reports regarding WTO and related issues. The Committee also took note of these reports with appreciation.

37. The Committee appreciated the efforts of IDB in organizing consultative meetings in order to prepare the Member States to exchange their views and coordinate their positions on major issues in the context of WTO ministerial conferences as well as future negotiations therein. It also appreciated IDB's other technical assistance aimed at capacity building of OIC Countries such as preparation of sectoral studies on WTO agreements, conducting seminars, workshops, trade policy courses and specific technical assistance to Member States.

38. The Committee also took note of the brain-storming meeting of the Geneva-based permanent missions of OIC Member Countries in preparation for the 5th WTO Ministerial Conference, organized by the IDB in Geneva on 29 Safar – 1 Rabi I 1424H (1-2 May 2003), the ongoing preparation by the IDB to hold a Senior Officials Meeting at IDB headquarter in Jeddah, and a consultative meeting of the heads of

delegations of the OIC Countries on the sideline of the 5th WTO Ministerial Conference scheduled from 10-14 September 2003 in Cancun, Mexico.

39. The Committee noted with appreciation the report presented by ICDT on the issues relating to the recent activities of WTO. The report also informed the Committee about the developments in the relations of the OIC Countries with WTO. Based on the observations of ICDT regarding the preparations of the 5th WTO Ministerial Conference to be held in Cancun, Mexico on 10-14 September, 2003, the Committee expressed its concern on slow progress in the ongoing negotiations under the Doha Development Agenda, given the lack of consensus on some main issues of interest to the OIC Member States, such as implementation of the Uruguay Round Agreements, access to commodity markets, and the availability of medicines for the treatment of certain epidemics.

40. The Committee expressed its satisfaction on the attendance of the WTO representative to the 19th Meeting of the Follow-up Committee. The Committee also took note of the observations made by the WTO representative on the Framework Agreement on Trade Preferential System among the Member States of OIC, who indicated that regional trade preferential systems were allowed within the framework of the rules of the WTO.

41. The Committee took note with appreciation that OIC Member States played a prominent role in the ongoing negotiations, notably since several ambassadors from the OIC countries in Geneva are chairmen of some negotiating bodies within the WTO.

42. The Committee requested IDB and ICDT to monitor matters relating to WTO activities and report thereon to the annual session of the COMCEC and other OIC fora.

(The copies of the papers submitted by IDB and ICDT are attached as Annexes XIII and XIV.)

Preparations for the Exchange of Views on “Impact of Electronic Commerce and Use of Information Technology in the Promotion and Development of Intra-OIC Trade”

43. Following the presentation made by the COMCEC Coordination Office, the Committee took note of the various past and present proposals as possible themes for the exchange of views sessions to be held during the subsequent COMCEC Sessions. These were as follows:

- Reform of the Global Monetary and Financial System and its Effects on OIC Member States
- Poverty Alleviation in Member States
- Foreign Aid and the Least Developed Member States.
- Financing for Development
- Sustainable Development

The Committee also felt that further proposals could be made by Member States and OIC Institutions for the theme for exchange of views session of future COMCEC Session. In this connection, Republic of Turkey proposed that “Facilitation of Trade and Transportation within the OIC Countries” be a theme for an exchange of views session.

44. The representatives of ICDT, SESRTCIC and IUT, pursuant to the Eighteenth COMCEC Resolution, briefed the Committee on the preparations for the workshop on “Impact of Electronic Commerce and Use of Information Technology in the Promotion and Development of Intra-OIC Trade” to be held on 10-12 June 2003, in Tunis, Republic of Tunisia. The Committee noted that the ICDT would submit a report on the Workshop to the Nineteenth Session of COMCEC.

45. The Committee expressed its appreciation to the Government of the Republic of Tunisia for its offer to host the workshop and ICDT, SESRTCIC and IUT for organizing it, and called upon Member States and related OIC Institutions for effective participation.

Cooperation Among the Private Sectors of the OIC Member Countries

46. The Committee noted with appreciation the efforts undertaken by ICCI to promote and strengthen the level of cooperation of private sector within the OIC Countries. The Committee also appreciated the report by the ICCI on “Cooperation among the Private Sectors of OIC Member Countries” through its activities such as Private Sector Meetings, Investment Conferences, seminars and training programs.

47. The Committee noted that the Islamic Chamber organized the 9th Private Sector Meeting in Sharjah from 21-23 December 2002 and thanked the Ministry of Economy and Industry of UAE and the Sharjah Chamber of Commerce and Industry for their support. The success of the meeting was reflected by the participation of 500 delegates who discussed business transactions to the tune of approximately US \$ 200 million. In addition, IDB showed interest in 7 projects totaling 607 million US \$.

48. The Committee noted that the Tenth Private Sector Meeting would be held in Tehran, Islamic Republic of Iran, from 4 to 6 October 2003 in collaboration with the Iran Chamber of Commerce, Industry and Mining. The Committee also welcomed the offer of the Bahrain Chamber of Commerce and Industry to host the 11th Private Sector Meeting in Manama, Bahrain in 2004, and the offer of the Government of the Republic of Senegal to host the 13th Meeting in Senegal in 2006. No offer was made for hosting the 12th Private Sector Meeting. Furthermore, the Committee was also informed of ICCI’s contacts with the officials in the Kingdom of Saudi Arabia regarding the holding of the First Private Sector Forum on Tourism in 2003. The Committee called upon the Member States to encourage their private sector to actively participate in these meetings.

49. The Committee expressed its appreciations for the efforts made by the ICCI to consolidate cooperation among the private sectors in Member Countries, and requested the ICCI to organize the private sector meetings preferably before the annual COMCEC sessions as stipulated in the relevant COMCEC resolution in order to submit the recommendations of the meetings to the COMCEC Session for further action.

50. The Committee also welcomed the setting up of a regional office of the ICCI in Turkey in order to further expand the network of the ICCI within the Member States through their respective National Chambers. This would be in addition to its existing regional offices in the Kingdom of Saudi Arabia, Malaysia and Republic of Cameroon.

Draft Agenda of the Nineteenth Session of the COMCEC

51. The Committee considered and approved the Draft Agenda of the Nineteenth Session of the COMCEC to be held from 20 to 23 October 2003, in Istanbul and decided to submit it to the Nineteenth Session of the COMCEC.

(A copy of the Draft Agenda of the 19th Session of the COMCEC, as approved by the Committee, is attached as Annex XV.)

Closing Session

52. At its closing session chaired by H.E. Dr. Ahmet TIKTIK, Undersecretary of the State Planning Organization of the Republic of Turkey, the Committee adopted its Report together with its Annexes. The Committee requested the OIC General Secretariat to circulate the Report among Member States, and to submit it to the Nineteenth Session of the COMCEC.

53. H.E. Ambassador Fouad YASEEN, Head of the Delegation of Palestine proposed to send a message of thanks to H.E. Ahmet Necdet SEZER, President of the Republic of Turkey and Chairman of the COMCEC, which was unanimously approved by the Committee.

54. H.E. Ambassador Fouad YASEEN, Head of Delegation of Palestine, made a statement on behalf of the delegates. H.E. YASEEN expressed his sincere thanks to the Government and people of Turkey for the warm welcome and hospitality extended to the delegates during their stay in Istanbul. He also thanked the Chairman of the Meeting and all the supporting staff for the excellent arrangements made for the Meeting.

55. In his closing statement, H.E. Dr. Ahmet TIKTIK, Undersecretary of State Planning Organization of the Republic of Turkey, expressed his thanks to delegates for

their valuable contributions and spirit of cooperation. H.E. Dr. TIKTIK, also thanked the OIC General Secretariat, and the subsidiary and affiliated institutions of the OIC for their valuable contributions. With regards issues on the agenda of the Meeting and its recommendations, he expressed his satisfaction that a wide range of issues, topics of interests and activities had been covered, notably supplementary mechanism for an effective implementation of the OIC Plan of Action, and preparations for the first round of trade negotiations within the framework of TPSOIC, and other trade and private sector activities which increasingly enriches the work of the COMCEC. He also extended his condolences to the Kingdom of Saudi Arabia on the recent tragic event in the city of Riyadh. Finally, H.E. Dr. Ahmet TIKTIK wished the delegates a safe journey home.

(A copy of the text of the Closing Statement by H.E. Dr. Ahmet TIKTIK is attached as Annex XVI.)
