

NOTE ON

ICDT's PROGRESS REPORT

ON

THE TRADE PREFERENTIAL SYSTEM
AMONG THE MEMBER STATES OF THE
ORGANISATION OF ISLAMIC COOPERATION

PRESENTED BY

THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE

TO THE

29TH SESSION OF THE STANDING COMMITTEE FOR
ECONOMIC AND COMMERCIAL
CO-OPERATION OF THE OIC
(COMCEC)

Istanbul – Republic of Turkey
18th – 21th November 2013

THE TRADE PREFERENTIAL SYSTEM AMONG THE MEMBER STATES OF THE ORGANISATION OF ISLAMIC COOPERATION

I- HISTORY:

The idea of establishing a Trade Preferential System specific to O.I.C Member States is based on the recommendations of the General Agreement on Economic and Technical Cooperation between the OIC Member States and more precisely of the MECCA Declaration and the Plan of Action to strengthen economic and commercial cooperation among the OIC Member States set up by the 3rd OIC Summit Conference in 1981.

In fact paragraph II item 7 of the Plan of Action recommended:

"To make an inventory of the existing preferential schemes applied by groups of Member States with a view to strengthening and linking them in order to establish a system of trade preferences through a step by step approach by all interested Member States.

It should be based on the principles of mutuality of advantages yielding benefits to all participants and taking into account the respective levels of economic and industrial development, trade regimes and international obligations of individual Member States with the ultimate aim of establishing a free trade area...".

In implementation of these relevant resolutions of the third and the fourth summit of the OIC, which included trade among the priority sectors, the Standing Committee for Economic and Commercial Cooperation (COMCEC) and ICDT have strived jointly since 1984 for the working out of a draft Framework Agreement on TPS/OIC.

In fact since the holding of its first session in 1984 in Istanbul, the COMCEC recommended the setting of a working group to define the principles and rules that are to rule negotiations; this group held its first session in Izmir (Turkey) and was followed by the presentation by ICDT of the first version of TPS/OIC.

In order to solemnly corroborate the necessity of setting up a trade preferential system specific to the OIC Member States, the COMCEC adopted at its fourth session held in Istanbul in September 1988, a declaration of intent on the establishment of Trade Preferential System among the OIC Member States specifying the basic principles and the orientations to be followed for the setting up of such a system.

During this period of time, ICDT finalised the draft agreement, in consultation with the GATT and the UNCTAD and submitted it to experts for appreciation, who met twice, in December 1989 in (Turkey) and in 1990 in (Casablanca) to put the finishing touches to the draft agreement.

Six years after its inclusion in the agenda items of the COMCEC's meetings, the Framework Agreement on TPS/OIC was endorsed by the sixth session of the COMCEC, which submitted it to the OIC General Secretariat for signature and ratification.

TPS/OIC came into force in October 2003.

II- ENFORCEMENT OF THE AGREEMENT:

The TPS/OIC agreement was deposited in 1990 in the OIC General Secretariat for signature and ratification, in compliance with article 18; it will enter into force three months after ten Member States have deposited their instruments of ratification.

Since May 2013, forty Member States have signed the framework Agreement TPS/OIC: Kingdom of Bahrain, People's Republic of Bangladesh, Republic of Benin, Burkina Faso, Republic of Cameroon, Republic of Chad, Union of the Comoros, Republic of Côte d'Ivoire, Republic of Djibouti, Arab Republic of Egypt, Republic of Gabon, Republic of The Gambia, Republic of Guinea, Republic of Guinea Bissau, Republic of Indonesia, Islamic Republic of Iran, Republic of Iraq, Hashemite Kingdom of Jordan, State of Kuwait, Republic of Lebanon, Libya, Malaysia, Republic of Maldives, Islamic Republic of Mauritania, Kingdom of Morocco, Federal Republic of Nigeria, Sultanate of Oman, Islamic Republic of Pakistan, State of Palestine, State of Qatar, Kingdom of Saudi Arabia, Republic of Senegal, Republic of Sierra Leone, Republic of Somalia, Republic of Sudan, Syrian Arab Republic, Republic of Tunisia, Republic of Turkey, Republic of Uganda and State of United Arab Emirates.

Thirty One Member States have ratified it: Kingdom of Bahrain, People's Republic of Bangladesh, Republic of Cameroon, Republic of Djibouti, Arab Republic of Egypt, Republic of Gabon, Republic of The Gambia, Republic of Guinea, Republic of Indonesia, Islamic Republic of Iran, Republic of Iraq, Hashemite Kingdom of Jordan, State of Kuwait, Republic of Lebanon, Libya, Malaysia, Republic of Maldives, Islamic Republic of Mauritania, Kingdom of Morocco, Sultanate of Oman, Islamic Republic of Pakistan, State of Palestine, State of Qatar, Kingdom of Saudi Arabia, Republic of Senegal, Republic of Somalia, State of Kuwait, Syrian Arab Republic, Republic of Tunisia, Republic of Turkey, Republic of Uganda and State of United Arab Emirates.

The legal quorum (10 states) required for the entry into force of the Framework Agreement on Trade Preferences among Islamic Countries has therefore been exceeded recently, following the ratification of the Republic of Cameroon in September 2002.

17 Member States of the OIC have ratified the Protocol on Preferential Tariff Scheme for TPS-OIC (PRETAS), these are: Kingdom of Bahrain, People's Republic of Bangladesh, Republic of The Gambia, Islamic Republic of Iran, the Hashemite Kingdom of Jordan, Malaysia, Islamic Republic of Mauritania, Kingdom of Morocco, Sultanate of Oman, Islamic Republic of Pakistan, State of Palestine, State of Qatar, Kingdom of Saudi Arabia, Republic of Somalia, Syrian Arab Republic, Republic of Turkey and the State of the United Arab Emirates.

The PRETAS became effective on 5 February 2010.

32 countries have signed the Rules of Origin of the TPS/OIC, namely Bahrain, Bangladesh, Benin, Burkina Faso, Cameroon, Comoros, Côte d'Ivoire, Djibouti, The Gambia, Guinea, Guinea Bissau, Indonesia, Iran, Jordan, Kuwait, Malaysia, Mauritania, Morocco, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sierra Leone, Somalia, Sudan, Syria, Tunisia, Turkey and the United Arab Emirates and **fifteen countries ratified it**: Bangladesh, The Gambia, Indonesia, Iran, Jordan, Malaysia, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Somalia, Syria, Turkey and the United Arab Emirates. **The Rules of Origin came into force on 9th August 2011.**

To date, only the countries of the Gulf Cooperation Council, Syria, Turkey, Malaysia,

Bangladesh, Pakistan and Jordan have sent to the Secretariat of the TNC the list of products for tariff concessions under the TPS/OIC.

III. ICDT'S ROLE AS MEMBER OF THE TNC SECRETARIAT:

The 19th Session of the Standing Committee for Economic and Commercial Cooperation has entrusted to ICDT and the COMCEC coordination Office the Secretariat of the Trade Negotiating committee.

Within this framework, the Islamic Centre for Development of Trade provides to Member States technical assistance under the form of training sessions intended for the executive staff operating in the field of foreign trade or by submitting explanatory notes on the framework Agreement on the Trade Preferential System among the OIC Member States and on the Protocol on the Preferential Tariff Scheme for TPS/OIC (PRETAS) and the protocol on the Rules of Origin.

The Islamic Centre for Development of Trade provides comprehensive explanatory notes related to issues debated within the framework of negotiations on the Trade Preferential System (TPS/OIC), the Protocol on the Preferential Tariff Scheme (PRETAS) and the Protocol on the Rules of Origin.

In this regard, the Islamic Centre for Development of Trade has recently prepared explanatory notes on "the Framework Agreement on the Trade Preferential System among the OIC Member States, the PRETAS Protocol, intended for the Countries of the Gulf Cooperation Council and Indonesia.

Upon the successful conclusion of the 1st and 2nd Rounds, the Trade Negotiating Committee will carry on its work that will focus on two main actions: on the one hand, the implementation of the PRETAS, notably by applying the fast track and the consideration of issue relating to the removal of para- and non-tariff measures on the other.

- Training and Awareness-raising Seminar on the TPS/OIC and its Protocols: Tripoli-Libya, 13-14 March 2012.

ICDT organized an awareness-raising seminar on the TPS/OIC and its Protocols for the benefit of the Executives of the Ministries of Economy, Foreign Affairs, the Export Promotion Centre, the Chamber of Commerce, Industry and Agriculture, the Union of the Chambers of Commerce, Industry and Agriculture of Libya and the Arab Labour Organisation in Tripoli on 13th and 14th March 2012.

The ICDT's Delegation was composed of Dr. El Hassane HZAINI, Director General, Mr. Houcine RAHMOUNI, Advisor to the Director General and Mr. Mustapha ALLALI, Consultant at ICDT.

The presentations dealt with the following topics:

- ✓ General Presentation of the main provisions of the TPS/OIC Agreement and its Protocols;
- ✓ Structure and Methodology of negotiations;
- ✓ The TPS/OIC Agreement and the WTO Agreements;
- ✓ Outcomes of negotiations;
- ✓ The probable impact of the Agreement on the Libyan Economy.

More than 60 Libyan officials attended this seminar.

On the sidelines of this seminar, ICDT held a meeting with the Ministry of Economy and the Export Promotion Centre with a view to developing cooperation relationships with these entities. During this meeting, ICDT and the Export Promotion Centre of Libya have scheduled to sign an MOU in the near future.

✦ **Training and Awareness-raising Seminar on the TPS/OIC and its Protocols for the benefit of the Countries of the Arab League:** Kuwait, 14-15 May 2012.

Within the framework of the implementation of the TPS-OIC and of its protocols, ICDT organized an awareness-raising seminar for the benefit of the Countries of the Arab League on 14-15 May 2012 in Kuwait City.

The State of Kuwait was represented by the Ministries of Commerce, Industry and Finance and by the Chamber of Commerce and Industry.

This event was also attended by the Representatives of the Ministers of Commerce and Industry of Saudi Arabia and Sultanate of Oman and the General Secretariat of the GCC. During the seminar, the presentations of ICDT dealt with the following topics:

- ✓ General Presentation of the main provisions of the TPS/OIC Agreement and its Protocols;
- ✓ Structure and Methodology of negotiations;
- ✓ The TPS/OIC Agreement and the WTO Agreements;
- ✓ Outcomes of negotiations;
- ✓ The impact of the TPS-OIC Agreement and of the Free Trade Area of the OIC Countries on the Economies of the Countries of the League of Arab States.

✦ **Seminar on “The proliferation of Bilateral and Regional Trade Agreements and their impact on the regional integration process in Arab Countries”:** 4-6 June 2012, Casablanca - Kingdom of Morocco.

Within the framework of their technical assistance programme relating to the issues linked to the World Trade Organisation (WTO), The Islamic Development Group (IDB) and the Islamic Centre for Development of Trade (ICDT) organized a Seminar on “The proliferation of Bilateral and Regional Trade Agreements (RTA) and their impact on the regional integration process in Arab Countries” from 4th to 6th June 2012 in Casablanca, Kingdom of Morocco.

This Seminar aimed to assess the implications of RTAs on the development policies of the OIC Member States and emphasized on practical lessons regarding the various options available to the regional integration process.

It was attended by the following Member States and the International and Regional Organization: Egypt, Jordan, Kuwait, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan and Tunisia, (WTO, UNCTAD, ITC, AMU, ICDT, IDB Group and the Technical Unit of Agadir Agreement.

Experts reviewed the following issues:

- Analysis of the relation between Article XXIV of the GATT Agreement and the Rules of the WTO relating to the Regional Economic integration agreements;
- Review of the prospects of the OIC Member States to integrate the multilateral trade system and to meet the commitments with the WTO;

- Exploration of the opportunities and challenges represented by these agreements for the OIC Member States
- Study of the adequate conditions and national strategies to be adopted to derive benefit from regional integration;
- Presentation and analysis of the experiences of some regional Arab and African agreements;
- Presentation of national experiences relating to the current negotiations of the regional and bilateral agreements.

During this seminar, ICDT's experts made presentations on the importance of the TPS/OIC Agreement and its protocols for the economies of Arab Countries. The Countries' Representatives expressed their interest in this Agreement and its protocols and declared that they will sensitize their governments to sign and ratify them.

- **National Seminar for the popularization of ICDT's and IDB's Group Services:** 7th June 2012, Casablanca - Kingdom of Morocco.

Within the framework of the promotion of their services, ICDT and the IDB Group organized in collaboration with the Ministry of Industry, Trade and New Technologies of the Kingdom of Morocco, with the support of the Regional Office of the IDB Group in Rabat, a National Seminar for the popularization of ICDT's and IDB's Group Services on 7th June 2012, in Casablanca, Kingdom of Morocco.

On this occasion, ICDT's Experts presented the latest developments in the field of trade between the OIC Member States, the OIC Fairs and Exhibitions to be organized by the Centre, the Trade Information Network for Islamic Countries (TINIC) and the Trade Preferential System among the OIC Member States (TPS/OIC). Likewise, the Representative of the IDB Group presented the services related to financing, export insurance and financing of projects.

This Seminar was attended by the Presidents of the Regional Chambers of Commerce and Industries and the Representatives of professional associations, banks and Moroccan public operators.

- **Training Seminar in the field of International and Islamic Trade intended to the Officials of the Ministry of Trade of the Republic of Iraq:** 26-30 June 2012, Casablanca - Kingdom of Morocco.

Within the framework of its program of technical assistance for the benefit of the OIC Member States, the Islamic Centre for Development of Trade (ICDT) in cooperation with the International Islamic Trade Finance corporation (ITFC/IDB Group) organized a training seminar in the field of International and Islamic Trade for the benefit of the Officials of the Ministry of Trade of the Republic of Iraq at ICDT's Headquarters in Casablanca, Kingdom of Morocco, from 26th to 30th June 2012.

On this occasion, the Centre made the following presentations:

- ✓ Activities of the OIC and the Ten Year Program of Action;
- ✓ Intra-OIC Trade: Current situation and prospects;
- ✓ The Working out of market studies;
- ✓ The Trade Promotion Organs Network of the OIC Member States;
- ✓ Trade Promotion;
- ✓ Role of Trade Information in Trade Promotion;
- ✓ The Trade Preferential System among the OIC Member States;

- ✓ Matters related to trade negotiations and accession to the WTO;

During this seminar, the Iraqi executives expressed their interest in the TPS/OIC Agreement and its protocols and pledged to sensitize the Authorities of the Republic of Iraq to sign and ratify this agreement and its protocols in a near future.

Training Seminar on “Exports and International Marketing Strategies”, Casablanca, 17-19 December 2012:

Within the framework of trade and investment promotion between the OIC Member States and with a view to contributing to the implementation of the "Ten Year Programme of Action to meet the challenges facing the Islamic Ummah in the 21st century" adopted by the 3rd extraordinary Summit Conference of the OIC held in Makkah Al Mukarramah in December 2005, and at the request of Libyan Exports Promotion Centre, the Islamic Centre for Development of Trade (ICDT) organized a Seminar training on "export Strategies and International Marketing" at Casablanca from 17 to 19 December 2012.

The seminar's objectives were to ensure and upgrade human resources of Libya operating in the field of international trade in general, and exports in particular, in order to derive benefit from the new methods and techniques applied in these areas.

This seminar, which was held in the Arab Language, was attended by 20 officials from the Ministry of Commerce, Chambers of Commerce, the Libyan Exports Promotion Centre and the professional associations of Libya.

✦ **Training and Awareness-Raising Seminar on the TPS/OIC and the WTO Matters:** Baghdad-Republic of Iraq, 17-19 March 2013:

ICDT organized a Training and Awareness-raising Seminar on the TPS/OIC and its Protocols and the WTO Matters for the benefit of the Executives of the Ministry of Commerce and the Chamber of Commerce and Industry of the Republic of Iraq from 17th to 19th March 2013 in Baghdad.

During the seminar, the presentations of ICDT dealt with the following topics:

- ✓ General Presentation of the main provisions of the TPS/OIC Agreement and its Protocols;
- ✓ Structure and Methodology of negotiations;
- ✓ The TPS/OIC Agreement and the WTO Agreements;
- ✓ Outcomes of negotiations;
- ✓ The probable impact of the Agreement on the Iraq' economy.

Several Iraqi Executives from the public and private sector attended this seminar.

ICDT has planned to organise other awareness- raising seminars of the TPS/OIC and its protocols in Tehran, Islamic Republic of Iran in collaboration with the Economic Cooperation organization (ECO) and for the WAEMU Countries in 2013.

Meeting ICDT- ITFC - Ministry of Economic Development of the Republic of Turkey, 1st October 2013

The Islamic Centre for Development of Trade (ICDT) and the International Islamic Trade Finance Corporation (ITFC) held a meeting with HE Mr. Ahmet YAMAN, Under Secretary of State of the Ministry of Economic Development of the Republic of Turkey October 1, 2013 in Ankara.

This meeting was attended by:

- ICDT was represented by its Director General, Dr. El Hassane HZAINÉ and Mr. Mamoudou Bocar Sall, Head of the Studies and Training Department;
- ITFC was represented by Ing. Hani Sonbol SALEM, Deputy CEO and Mr. Habib Syed, CEO of TCPP.

The three parties discussed among others, the organization of the next the 3rd Round of Trade Negotiating Committee among the OIC Countries upon receipt of the schedules of concessions of 10 Member States.

**LIST OF THE MEMBERS STATES WHICH HAVE SIGNED AND RATIFIED THE
AGREEMENTS UNDER THE AUSPICES OF ICDT AND COMCEC**

As of September 2013

AGREEMENTS COUNTRIES	TPS/OIC		PRETAS		RULES OF ORIGIN		Documents submitted of list of concessions
	Signed	Ratified	Signed	Ratified	Signed	Ratified	
Bahrain	*	*	*	*	*		*
Bangladesh	*	*	*	*	*	*	*
Benin	*		*		*		
Burkina Faso	*		*		*		
Cameroon	*	*	*		*		
Chad	*						
Comoros	*		*		*		
Côte d'Ivoire	*		*		*		
Djibouti	*	*	*		*		
Egypt	*	*	*				
Gabon	*	*					
The Gambia	*	*	*	*	*	*	
Guinea	*	*	*		*		
Guinea Bissau	*		*		*		
Indonesia	*	*	*		*	*	
Iran	*	*	*	*	*	*	
Iraq	*	*					
Jordan	*	*	*	*	*	*	*
Kuwait	*	*	*		*		*
Lebanon	*	*					
Libya	*	*					
Malaysia	*	*	*	*	*	*	*
Maldives	*	*					
Mauritania	*	*	*	*	*		
Morocco	*	*	*	*	*	*	
Niger			*		*		
Nigeria	*		*		*		
Oman	*	*	*	*	*	*	*
Pakistan	*	*	*	*	*	*	*
Palestine	*	*	*	*	*	*	
Qatar	*	*	*	*	*	*	*
Saudi Arabia	*	*	*	*	*	*	*
Senegal	*	*					
Sierra Leone	*		*		*		
Somalia	*	*	*	*	*	*	
Sudan	*		*		*		
Syria	*	*	*	*	*	*	*
Tunisia	*	*	*		*		
Turkey	*	*	*	*	*	*	*
U.A.E	*	*	*	*	*	*	*
Uganda	*	*					
TOTAL	40	31	33	17	32	16	12

Source: COMCEC, OIC GS, ICDT.