REPORT OF THE

4th OIC CONSULTATIVE GROUP MEETING ON
ENHANCING INTRA-OIC TRADE

Marrakesh – Kingdom of Morocco
21st – 22nd February 2012
REPORT OF
THE FOURTH MEETING OF THE CONSULTATIVE GROUP FOR ENHANCING INTRA-OIC TRADE

1. In the context of the implementation of the resolutions relating to Economic Cooperation of the 3rd Extraordinary Summit of the OIC, particularly, the Declaration of Makkah Al Mukarromah, the Final Communiqué and the Ten-Year Programme of Action to meet the challenges facing the Islamic Ummah in the 21st century;

In compliance with the outcomes of the First, Second and Third Consultative Group for Enhancing intra-OIC trade, held respectively in Casablanca on 11th and 12th February 2009; 31st May and 1st June 2010 and 3rd and 4th February 2011, in particular the “Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”;

And in compliance with resolutions n° 3- ii/ of the 26th session of the COMCEC, which requested the OIC Institutions to carry out their activities according to the Executive Program and the IDB to provide necessary financial contribution for the achievement of the activities and projects included in the Executive Program and urged the Member States to give the required support to the OIC Institutions for the implementation of the Executive Program and to actively participate in those activities.

The ICDT, the ITFC and GTRC (IDB) organized the “Fourth Meeting of Consultative Group for Enhancing Intra-OIC trade” in Marrakesh (Kingdom of Morocco) on 21st and 22nd February 2012.

2. The following Institutions attended this meeting:
   ✓ The COMCEC Coordination Office;
   ✓ The Islamic Development Bank GROUP:
     - The International Islamic Trade Finance Corporation (ITFC);
     - The Islamic Corporation for Insurance of Investments and Export Credit (ICIEC);
     - The IDB’s GTRC
     - The Cooperation Department of IDB Group.
   ✓ The Islamic Chamber of Commerce and Industry (ICCI);
   ✓ The Organisation of the Islamic Shipowners Association (OISA);
   ✓ The Islamic Centre for Development of Trade (ICDT).

This meeting was also attended by:

✓ The Ministry of Industry, Trade and New Technology of the Kingdom of Morocco;
✓ The Export Promotion Center of Tunisia (CEP_EX-Tunisia Exports);
✓ The Business Owners Union of the OIC (BOU);
✓ The Arab Maghreb Union (AMU);
A/ OPENING SESSION:

3. After the recitation of verses from the holy Quran, H.E. Mr. Abdelkader AAMARA, Minister of Industry, Trade and New Technology of the Kingdom of Morocco delivered his speech at the opening session.

At the beginning of his speech, H.E. Mr. Abdelkader AAMARA, Minister of Industry, Trade and New Technology of the Kingdom of Morocco extended his warm welcome to the Delegates and Representatives of organisations and bodies concerned with the development of intra-OIC trade, participating in this meeting within the framework of the Organization of Islamic cooperation and expressed high appreciation to both the Islamic Centre for Development of Trade (ICDT) and the International Islamic Trade Finance Corporation (ITFC) for the efforts they made to ensure the success of Islamic cooperation in addition to the excellent organization of this event.

H.E Mr. Minister also pointed out that this meeting is being held in circumstances marked by several challenges at the international and regional levels, he therefore laid special emphasis on the need to pool together all the efforts to meet the important challenges faced at this phase; in order to avoid the drawbacks of economic crises and reach high growth rates so as to boost the flows of more productive investments.

The Minister also referred to the volume of intra-OIC trade, which does not exceed 17% of the total trade of the Member States of the Organization of Islamic Cooperation and does not reflect the level of the true trade potential of the OIC Countries. He added that this low trade level is mainly due to the weakness of competitiveness in view of the lack of the flexibility of productive structures, diversity of products and the high costs of the most important factors of production in addition to inadequate trade promotion approaches resulting from the multiplicity of actors and the lack of human and financial resources, promotional measures and export incentives, which do not always play an effective role because of the high increase of international competition.

In this context, Mr. Minister called for the speedy implementation of the Ten Year Programme of Action of the Organization of Islamic Cooperation especially, with regard to the economic aspect. He also called on the relevant OIC institutions to extend the necessary support to Member States in the fields of trade promotion and financing, develop strategic products and ensure capacity building.

He also added that Member States should make every effort to set up new strategies to meet the challenges of markets opening and the requirements of
higher competitiveness. He summed the main aspects of this strategy in three essential points, to expedite the market opening process in order to facilitate market access and diversify outlets, the diversification and adaptation of exportable supply to demand requirements, boosting trade promotion through an efficient mobilisation of required human and financial resources. In the same vein, the Minister presented the “Morocco Export Plus” strategies and put stress on the importance of an effective and active involvement of all parties concerned in order to enhance the level of trade among the Member States to the Organisation of Islamic Cooperation.

4. H.E. Dr. Waleed Abdulmuhsen AL-WOHAIB, Chief Executive Officer of the International Islamic Trade Finance Corporation (ITFC), took the floor extending his warmest thanks and gratitude to the Kingdom of Morocco for hosting this meeting. He also conveyed his thanks to Mr. Abdelkader AAMARA, the Minister of Industry, Trade and New Technology of the Kingdom of Morocco and to Dr El Hassane HZAINE, Director General of the Islamic Centre for Development of Trade and his staff for the excellent organization of this meeting and to all participants.

He added that this meeting is taking place in period of economic challenges, resulting from food, energy and financial crisis, leading thus to a decrease in the international economic growth rate and to the high increase of unemployment and the decrease in foreign direct investments flows and the reduction of official development aid.

He pointed out that the Member States of the Organisation of Islamic Cooperation should necessarily further strengthen cooperation among them in order to remove the obstacles impeding the development of intra-OIC trade, such as the weak trade related infrastructure, namely transportation, communication and lack of adequate insurance and guarantees, and the large number of tariff and non tariff barriers and the complexity of customs, administrative and financing measures. Within this framework, he pointed out that the ITFC organized conferences and presented the Road Map to specialised regional and international organisations as well as private sector in 2010 and 2011. On this basis, new tools were discussed and proposed to increase the efficiency of this road map in strengthening intra-OIC trade through the support of recommendations stressing the vital priorities with a view to boosting intra-OIC trade.

At the end of his speech, HE stressed the strong will and commitment of ITFC to implement the Road Map for enhancing intra-OIC trade and called on the OIC Institutions to pool their efforts together through the implementation of joint and complementary programmes aiming at promoting and supporting trade in strategic products with high trade potential, praying God the Almighty to crown with success all the actions of the OIC stakeholders in the field of intra-OIC trade development for the benefit of the peoples of the OIC Member States.

5. The message of Mr. Metin EKER, Director General of COMCEC Coordination Office was read out by Mr. Murat DELICAY in which, he expressed his gratitude
to ICDT and ITFC for organizing this important meeting, which provided the opportunity to review the implementation of the Executive Programme. He also congratulated Dr. El Hassane HZAINE, for his appointment as the new Director General of the ICDT.

He then pointed out that each activity programme and project in the executive programme have specific goals, which contribute to increasing intra-OIC trade. In this respect, He underlined that several activities and programmes were held as scheduled in the executive programme.

Mr. EKER added that there are various reasons hindering intra-OIC trade such as trade barriers, transport costs, production structures of the Member States, inadequate level of financing and information etc.

He then highlighted the importance of TPS/OIC as the institutional basis for raising trade to 20% by 2015 as decided by the 11th Islamic Summit Conference.

He also underscored that Member States which have signed and ratified the Preferential Tariff Scheme (PRETAS) and TPS/OIC rules of origin are expected to submit their list of concessions to the Trade Negotiating Committee Secretariat in earliest convenience.

He also informed the meeting of the entry force in 2010 of an important project in the Executive programme, namely Standards and Metrology Institute of Islamic Countries (SMIIC).

Mr. EKER also expressed his appreciation of the progress so far achieved in the implementation of the Executive Programme and extended his warm thanks to the Consultative Group for the efforts they made for this purpose.

He underlined the support and participation of the Member States to the projects developed by the COMCEC to reach 20 percent intra-OIC trade. At the end of his speech, he expressed the wish to formulate specific recommendations for each remaining Project or programme which could not be realized yet in their time frame and to evaluate the activities or projects which were already carried out in order to identify their weaknesses.

6. H.E. Dr. El Hassane HZAINE Director General of the Islamic Centre for Development of Trade in his speech, conveyed his deep gratitude and thanks to the Government of the Kingdom if Morocco and to Mr. Abdelkader AAMARA, Minister of Industry, Trade and New Technology for his support to this meeting, stressing the importance given by the Kingdom of Morocco to the Islamic joint action in general and to the economic field in particular.

Dr. HZAINE also conveyed his thanks to His Excellency, Prof. Dr. Ekmeleddin IHSANOGLU, the OIC Secretary General, for his kind interest and the importance he gives to this meeting. He also expressed his thanks to H.E. Dr. Waleed Abdulmuhsen AL-WOHAIIB, Chief Executive Officer of the International Islamic Trade Finance Corporation (ITFC) who has kindly attended this meeting despite his full calendar accompanied by a high level Delegation composed of the senior
executives of the ITFC, to H.E. Dr. Abdel-Rahman Eltayeb TAHA, Chief Executive Officer of ICIEC and he also welcomed participants and conveyed his thanks to them for having kindly accepted to participate in this meeting, in particular, the Representatives of the Republic of Turkey, the Republic of Senegal, the Republic of Gabon, Republic of Tunisia and the Kingdom of Morocco.

Dr HZAINE pointed out that this meeting is being held within the framework of the follow up of the implementation of the resolutions of the 3rd Extraordinary Summit Conference held in Makkah Al Mukarramah in December 2005 and particularly, the follow up of the implementation of the Ten Year Programme of Action in the commercial and economic fields, especially, the resolution on raising the level of intra-OIC trade to 20% of the global trade of Member States by the year 2015 and the feasibility study on the establishment of a free trade area among Member States to achieve greater complementary among them.

He laid stress on the importance of this meeting, which will tackle the projects and activities achieved within the framework of the implementation of the Executive Programme of the Road Map for Enhancing intra-OIC Trade while recalling that the Islamic Centre for Development of Trade has been entrusted with the secretariat of the Executive Programme in its capacity as the OIC Subsidiary Organ in charge of trade and investment development among the OIC Member States. He also underlined that the Centre has committed itself to implement a large number of activities containing in its plan of action (2006-2016) in the field of trade promotion during the remaining period of the OIC Ten Year Programme of Action in addition, notably the activities that it will achieve in the fields of trade facilitation and capacity building.

Then, Mr. Director General expressed the full readiness of the Islamic Centre for Development of Trade to work jointly with the relevant institutions of the Organisation of Islamic Cooperation to implement the remaining part of the Executive Programme of the Road-Map to achieve intra-OIC trade targets of the OIC Consultative Group. In this vein, he underlined the importance of reviewing the Agenda of this Group by developing strategies to increase the efficiency of the Executive Programme for Enhancing intra-OIC Trade.

He also underlined that the aim of increasing intra-OIC trade to 20% by 2015 is feasible and not impossible in view of the huge capacities and means of the Islamic World, and especially if the free trade area among Islamic Countries is established and the required and relevant support measures are taken to improve the trade related services, particularly transportation and logistics and the financing insurance and guarantee of foreign trade transactions. He also added that Member States should give special importance to the development of complementary industries among them and the investment in the sectors with high intra-OIC trade potential. In this respect, he underlined that the pivotal role should be played by the Member States, which are responsible for the implementation of all the recommendations at national, regional levels through the regional economic groupings.
Concluding his speech, Mr. Director General reiterated his deepest thanks to the Government of the Kingdom of Morocco for its support to the Organisation of Islamic Cooperation and particularly to the Islamic Centre for Development of Trade and conveyed his thanks to His Excellency, Prof. Dr. Ekmeleddin IHSANOGLU, the OIC Secretary General, for his kind and valuable support to this meeting and to all the OIC Institutions.

B/ ADOPTION OF DRAFT AGENDA AND THE PROGRAMME:

7. The Participants adopted the draft agenda and the draft programme submitted by the Islamic Centre for Development of Trade.

(The agenda and the programme are in annex 2)

C/ DELIBERATIONS:

8. Following the opening session, participants examined in plenary sessions the following agenda items:

**Working Session I: Review of the implementation of the “Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets”**
- Presentation of the Executive Program: Achievements and challenges-ICDT.
- Presentation of the outcomes of the High Level IDB Trade Forum, Jeddah 8 October 2011- ITFC.
- Examination of the amendments to be introduced to the Executive Programme- ITFC & ICDT.

**Working Session 2: Ways and means to Enhance Economic Integration among the OIC Member States.**
- The role of the Export Credit Insurance in Enhancing Intra-OIC Trade- ICIEC.
- Aid For Trade Agenda: Highlights for OIC Countries-UNDP (Geneva).
- Impact of the creation of an OIC Free Trade Area on Intra-OIC trade-UNCTAD.
- Enhancing intra-regional trade through foreign investment: UNIDO’s Investment Monitoring Platform (IMP)-UNIDO.

**Working Session 3:** **Review of the “Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets” in the light of the new developments of intra-OIC trade.**
- Consideration of the Revised Executive Programme
- Consideration of the new modalities of implementation of the Executive Programme
- Consideration of the recommendations to be submitted to the OIC fora

The sessions were chaired respectively by:
Working Session 1: H.E. Dr. Waleed Abdelmohsin ALWOHAIB, CEO of ITFC
Working Session 2: The Representative of the Ministry of Industry, Commerce and New Technologies of the Kingdom of Morocco.
Working Session 3 and closing session: H.E. Dr. Abdel-Rahman Eltayeb TAHA, Chief Executive Officer of ICIEC.

9. During the working session 1, the ICDT made a background presentation on the recent developments of the “Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”; then the OIC Institutions presented their respective reports individually. These reports tackled on the one hand the achievements of the and their planned activities scheduled to be implemented for the remaining years of the Ten Years Plan of Action of the OIC, lasting from 2011 till 2015, on the other.

The implementation of the “Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”, which is composed of about 261 activities, shows the following:

✓ About 79% of the projects were fully implemented up to February 2012;
✓ 12% of the projects are in the process of implementation, this is normal since many projects are pluri-annual;
✓ 9% of the projects are on stand-by position and are to be implemented; this is normal also since the Executive Programme includes projects covering a period lasting from 2009 till 2015.

It was noticed that the level of implementation is quite satisfactory since 79% of projects were fully implemented at the midterm of the Plan. As concerns the distribution of the activities by domain, capacity building activities are in the first position with 33%, followed by trade facilitation activities with 28%, trade promotion activities with 18%, trade financing and development of strategic commodities activities are still lagging behind with respectively 12% and 9%.

Several implemented projects are of high importance and impact on intra-OIC trade like those relating to trade financing, trade promotion and trade facilitation; even if their number is quite limited, their impact and their budget are more important and the logistics they require is bigger than the capacity building activities.

In general the Executive Programme is on progress, however, some of the projects and programmes could not be realized yet because of lack of financial resources or inadequate support of the Member States. For example, some progress has been achieved for the operationalization of the TPS-OIC, but we could have not succeeded yet. There are still remaining issues for the operationalization of the System.
10. Enhancement of regional trade:

- The Representative of ICDT, made a presentation on the implementation of the Executive Programme (achievements, challenges, ways and means to enhance economic integration among OIC Member States) and he highlighted the importance of coordination between these organisations in order to develop and implement remaining projects and programmes for the success of this programme.

- Turning to the Aid for Trade Project for Arab states, the UNDP representative outlined the objectives and main components of the project. These include mainstreaming trade in national development strategies; enhancement of national and regional competitiveness; promotion of value addition, economic diversification and pro-poor value chains in the non-oil sector; and promotion of regional trade integration.

- The UNCTAD representative submitted the preliminary results of the study on the Impact of the Creation of an OIC Free Trade Area on Intra-OIC trade, done the UNCTAD further to the request made by ICDT in this regards, he indicated that the full implementation of an OIC FTA shows positive effects for participating regions by an increase of 6 points of the share of intra-OIC Trade: Employment and welfare gains; the scenario of 50% cut of tariffs will increase intra-OIC trade share by 3 points and the scenario of dismantling tariffs and non-tariff barriers will lead to 10% increase of intra-OIC trade that means that OIC would exceed the target of 20%.

- The representative of UNIDO submitted a working paper on the potential impact of trade arrangements on foreign direct investments: the case of African region through a tool developed by UNIDO entitled Investment Monitoring Platform (IMP).

During the discussions, the meeting emphasize the crucial role of the Member States and private sector to reach the goals of the TYPOA. They also stressed the necessity to mobilise expertise and financing from Member States and financial institutions to implement the Executive Programme effectively.

11. New modalities of implementation of the Executive Programme

The Executive Programme is the operational level of the roadmap adopted in July 2008 in Ankara by an expert Group Meeting, however the Program needs to be improved since its a simple combination of different programs and activities to be put in place and implemented in parallel, which makes it very complex.

It was stressed that the Group shall conduct a comprehensive impact assessment of the activities adopted towards achieving the current target of 20% of intra-OIC trade by 2015. The assessment can be done according to the following Key Performance Indicators:
- During the discussions, participants also emphasized that there is an urgent need to adopt an OIC trade strategy for a sustainable development of intra-OIC trade in order to enhance the harmony among the individual programmes of OIC Institutions and develop synergies not only between OIC institutions but also between the national, regional and international programmes dealing with foreign trade in OIC region.

In this regard, ICDT submitted two working documents for the term beyond 2015 namely “Marrakesh Agenda for increasing the efficiency of the Executive Program for Enhancing Intra-OIC Trade” and the Action Plan for Enhancing Intra-OIC Trade”.

D/ RECOMMENDATIONS:

12. After fructuous discussions the meeting adopted the following recommendations:

OIC Member States:

➢ To invite the Member States to give necessary support to the OIC Institutions for implementation of the Executive Program and actively participate in those activities;
➢ To request the Member States which did not do so to join ICIEC Membership;
➢ To request the Member States to participate in the capital increase of ICIEC and enhance the capital resources of their respective Export Credit Insurance Agencies (ECAs);
➢ To encourage Member States to establish their own National Export Credit Insurance Agencies;
➢ To recommend to Central Banks in OIC Member Countries to encourage Commercial Banks under their supervision to use Export Credit Insurance as an acceptable risk mitigant for trade finance;
➢ To invite Member Countries to establish Trade Finance Support Schemes.

OIC and International Institutions:

➢ To continue conducting studies and organizing the activities listed in the Executive Programme in order to support the Member Countries to increase their external trade;
➢ To request the ICDT to prepare a questionnaire on the effectiveness of the Executive Programme in coordination with the other members of the Consultative Group and circulate it to the Member States through the OIC.
To request ICDT in collaboration with ITFC, IDB and ICIEC to conduct a comprehensive impact assessment of the activities adopted towards achieving the current target of 20% of intra-OIC trade by 2015 based on Key Performance Indicators in various sectors covered by this program such as:

- Share of intra-OIC trade;
- Ease of doing business index;
- Logistic performance index;
- Trade finance;
- Nominal / Real Growth in trade;
- Product and market diversification;
- Level of utilization of Export Credit Insurance in Member Countries.

To develop a proposal to work with UNDP and ITC on establishing a Monitoring Framework for Intra-OIC Trade with robust indicators;

To adopt the revised “Executive Programme of the Road Map for Achieving Intra-OIC Trade Targets” by adding a column relating to the KPIs (the revised Executive Programme is attached in annex 3);

To invite OIC Institutions to propose to include in the Executive programme only the projects and activities which meet the following conditions:

- It shall fall within the domains of Road-map (trade finance, trade promotion, trade facilitation, strategic commodities, capacity building in international trade);
- It shall include more than one OIC institution;
- It shall encompass more than one country;
- It shall be submitted in a format agreed upon by the Group (project profile form);
- It shall be financially secured;
- It shall be endorsed by the Consultative Group.

To improve coordination mechanism of the OIC Consultative Group with a view to enhancing its efficiency and performance, the following improvements shall be considered:

- Implementation of the guidelines for cooperation adopted by the second OIC Consultative Group in Casablanca on 31st May- 1st June 2010; (the guidelines of cooperation are attached in annex 4);
- The Group shall hold two meetings each year, (Consultative Group meeting and on the sidelines of the Institutional meetings (ICECS, COMCEC, Coordination meetings etc ).

To set up of a consultation and monitoring mechanism among the Regional Economic Groupings in order to enhance their cooperation and harmonise their regulations (notably: ECO, GCC, WAEMU, AMU, Agadir Agreement, GAFTA...) with a view to inviting them to join the Consultative Group Meetings;
To note with appreciation the efforts exerted by IDB Group in the area of development of Integrated Program for certain commodities and encourage the rest of the Consultative Group Members to start developing the same and keep the Group updated during future Meeting;

To invite those strategic partners, who have programs/activities in the revised Executive Programme to be Members of the Consultative Group and contribute to enhance the Executive Programme and design, implement and evaluate the projects in the Executive Programme;

To invite relevant OIC and IDB Group Institutions to continue mobilizing necessary funds in order to expedite the implementation of the Executive Programme;

To invite the ICDT, ITFC and the COMCEC Coordination Office as a part of its outreach initiative to promote the Executive Programme during the upcoming OIC-UN coordination Meeting to be held in Geneva from 1st to 3rd May 2012;

To invite ICDT and ITFC to organize regional sensitizing seminars for the benefit of OIC Member States which did not sign and ratify TPSOIC agreement and its protocols (PRETAS and Rules of Origin) in order to do so;

To reinforce the regional sensitizing programs on TPSOIC by requesting the Cooperation and the Integration Department of IDB to join hands with the ICDT for conduct of such seminars;

To use the Aid for Trade Initiative as a platform for enhancing coherence/collaboration with the relevant UN Agencies for the benefit of the OIC Member States;

To invite ICDT to publish an annual consolidated report on the implementation of the Executive Programme;

To take note with appreciation ICDT’s and ITFC’s proposals relating to the need for the development of an Intra-OIC Trade strategy for the period 2015-2025 and suggest to start consultation with the relevant OIC Institutions (OIC General Secretariat and COMCEC Coordination Office).

Private sector:

To Encourage the Private Sector to use Export Credit Insurance services;

To involve the private sector in relevant activities of the Consultative Group by motivating the participation of SME-SMI and the LDCs through a significant funding by the Financial Institutions;

To focus and enhance the marketing of the Consultative Group projects and activities for the benefit of the private sector through the relevant OIC private sector organizations;

E/ADOPTION OF THE REPORT AND RECOMMENDATIONS:

13. The Participants adopted the report along with the recommendations and the projects and requested the Director General of ICDT to submit it to the Competent Organs of the Organisation of Islamic Cooperation notably, the Islamic Commission of Economic, Cultural and Social Affairs, the COMCEC Meetings
(Ministerial Session and the Follow up Committee) and to the meetings of the Task Force on intra-OIC Trade.

**F/MOTION OF THANKS:**

14. At the end of the meeting, participants requested the Minister of Industry, Trade and New Technology of the Kingdom of Morocco to convey to His Majesty Mohamed the Sixth, King of Morocco, their high esteem and profound gratitude as well as to the Moroccan Government and people for the warm hospitality and facilities that were extended to them.

The participants also conveyed their deepest thanks to His Excellency Prof. Ekmeleddin IHSANOGLU, the Secretary General of the OIC, for the important message that His Excellency addressed to participants and for his sustained efforts to achieve the goals set by the 3rd Extraordinary Islamic Summit Conference.

The participants have also extended their gratitude and deep thanks to Dr Ahmad Mohamed Ali, the President of IDB Group, Dr Waleed Al WOHAIB the Chief Executive Officer of the International Islamic Trade Finance Corporation (ITFC), the IDB’s GTRC and Dr. El Hassane HZAINE, the Director General of the Islamic Centre for Development of Trade and to their staff for the efforts they have made to provide the best conditions, which ensured the success of this Meeting.

DONE IN MARRAKESH, KINGDOM OF MOROCCO
22 FEBRUARY 2012