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FINAL

REPORT

OF THE

**SECOND CONSULTATIVE MEETING OF
THE OIC INSTITUTIONS ON ENHANCING
INTRA-OIC TRADE**

Casablanca, 31st May- 1st June 2010

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THE SECOND CONSULTATIVE MEETING OF THE OIC INSTITUTIONS ON 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 Mukarramah, the Final Communiqué and the Ten-Year Programme of Action to meet the challenges facing the Islamic Ummah in the 21st century;

And in compliance with the outcomes of the First Consultative Meeting of the OIC Institutions operating in the economic field, held in Casablanca on 11th and 12th February 2009, in particular the *“Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”*;

And In compliance with resolutions n° 3- ii/para 39-42 of the 26th session of the Follow up Committee 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 lend necessary support to the OIC Institutions for the implementation of the Executive Program and to actively participate in those activities.

The (ICDT) and the (ITFC) organized the *“Second Consultative Meeting of the OIC Institutions on Enhancing Intra-OIC trade”* in Casablanca on 31st May and 1st June 2010.

2. The following Institutions attended this meeting:

- ✓ The General Secretariat of the Organisation of the Islamic Conference (Department of Economic affairs);
- ✓ The COMCEC Coordination Office;
- ✓ The Islamic Development Bank GROUP :
The Regional Office of IDB in Rabat
The International Islamic Trade Finance Corporation (ITFC)
The Islamic Corporation for Insurance of Investments and Export Credit (ICIEC)
- ✓ The Islamic Centre for Development of Trade (ICDT);
- ✓ The Islamic Chamber of Commerce and Industry (ICCI).
- ✓ The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC);

This meeting was also attended by:

- ✓ The Ministry of Foreign Trade of the Kingdom of Morocco;
- ✓ The Ministry of Foreign Affairs and Cooperation of the Kingdom of Morocco;

- ✓ The Ministry of Finance of the State of Kuwait;
- ✓ The Arab Petroleum Investments Corporation.

(The list of participants is in annex 1)

A/ OPENING SESSION:

3. After the recitation of verses from the holy Koran, the message of Mr. Abdellatif MAÂZOUZ, Minister of Foreign Trade of the Kingdom of Morocco, was read out by Mr. Khalid SAYAH, Director of International Trade Relations.

At the outset, the Minister Abdellatif MAÂZOUZ extended his warm welcome to all participants, wishing them a pleasant stay in the Kingdom of Morocco. He then expressed the satisfaction of the Kingdom of Morocco at the laudable efforts exerted by the Islamic Centre for Development of Trade in cooperation with the International Islamic Trade Finance Corporation for the organisation of this important meeting and for the excellent arrangements made to ensure its success and to enhance at the utmost the level of the Intra-OIC Trade.

In this respect, His Excellency put emphasis on the importance of this meeting since it will contribute to establishing a framework that will boost the volume of intra-OIC trade in such a way as to benefit all the Member States of the Organisation of the Islamic Conference.

In the same context, Mr. Minister pointed out that the current volume of intra-OIC exports among the OIC Member States, accounting for 14% of its global export, does not reflect the real potentialities of Member States. He added that such a deplorable situation is essentially the result of inadequate export incentives adopted by Member States, lack of competitiveness due to stiff modes of production and the increase in the production costs, lack of harmonisation of the trade promotion approaches in view of the great number of intervening operators and the weakness of human and financial resources.

In this connection, Mr. MAAZOUZ laid stress in his speech on the importance of expediting the implementation of the Road Map for Enhancing intra-OIC trade by the entire institutions of the Organisation of the Islamic Conference specialised in the field of trade promotion. He also called on them to provide the required assistance and support to Member States particularly, with respect to trade promotion, trade financing and the development of strategic goods and 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. Mr. the Minister put stress on the importance of an effective and active involvement of

the private sector in this process.

4. His Excellency Prof. Dr. Ekmeleddin IHSANOGLU, the OIC Secretary General, addressed a message to participants, which was read out by Mr. Gholamhossein DARZI. In his message, H.E conveyed his deepest thanks to the ICDT and ITFC for organizing this meeting.

His Excellency Prof. Dr. Ekmeleddin IHSANOGLU recalled in his statement that this meeting reflects the commitment of the OIC Institutions in enhancing the Intra-OIC trade as stipulated by the OIC Ten Year Programme of Action and added that the projects and activities adopted by the first consultative meeting are fully implemented and have reached an advanced stage of implementation. However, the steady increase in intra-OIC trade has recently been affected by the global food, energy and financial crises.

His Excellency Prof. Dr. Ekmeleddin IHSANOGLU stated that this meeting should need to study creative ways and means to achieve the target of 20% of intra-OIC trade and achieve the targets mentioned in the Ten Year Programme of Action.

In this respect, His Excellency noted with satisfaction the entering into force of the PRETAS on 5th February 2010. The expected entry into force of the Rules of Origin gives the hope that the removal of trade barriers would improve trade exchanges in OIC countries.

In this respect, H.E announced that Syria and Somalia have communicated their ratifications to the General Secretariat.

Besides, His Excellency expressed the need of OIC to adopt a twin approach of the close involvement of the various regional economic blocs in the OIC Free Trade System and the involvement of major trading partners within the OIC Member States. The regional economic groupings can represent the desired building blocks on which OIC free trading regime could be built.

His Excellency added that similarly trade financing activities can play a pivotal role to address the challenges of low intra-OIC productive base and the dwindling export earnings. In this regard, supporting the financing schemes which have been established by ITFC would strengthen common commitment to promote competitiveness among OIC Member States as well as enhancing trade exchanges.

5. Mr. Allal RACHDI, Director General of the Islamic Centre for Development of Trade, welcomed participants and conveyed his thanks to them for having kindly accepted to participate in this meeting and contribute to the efforts aiming at enhancing intra-OIC trade, which constitutes one of the most important pillars of intra-OIC Cooperation in general and of the OIC Ten Year Programme of Action in particular.

Mr. RACHDI laid stress on the particularity 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 prepared by the 1st Consultative Meeting expressing his hope that this meeting will not only be crowned by a number of new cooperation projects likely to be implemented in the remaining period of the Ten Year Programme but it will also come out with a new vision so as to meet the obstacles and avoid the errors that were indentified during the previous period.

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 the Islamic Conference to implement the remaining part of the Executive Programme of the Road-Map for Enhancing Intra-OIC Trade.

In this context, Mr. RACHDI pointed out that in spite of the important efforts and contributions of the OIC Institutions to implementing the Plan of Action of the OIC at multilateral level, the pivotal role is to be played by Member States, which are responsible for implementing the TYPOA at national and regional levels through actions carried out at the level of regional economic groupings.

Concluding his speech, Mr. Director General conveyed his deepest thanks to the Government of the Kingdom of Morocco for its support to the Organisation of the Islamic Conference 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.

6. H.E. Eng. Hani Salem SONBOL, Deputy Chief Executive Officer of the International Islamic Trade Finance Corporation (ITFC), took the floor extending his warmest thanks to the Kingdom of Morocco for hosting this meeting and congratulated the Islamic Centre for Development of Trade for the excellent organisation of this meeting.

He added that the ITFC has achieved important actions in spite of the international crisis affecting international trade, he quoted in this respect, the completion of the strategy of the institution for the 2010/2015 period aiming at establishing effective partnerships with all the operators of this sector in keeping with the goal of increasing the level of intra-OIC trade to 20% by 2015.

Mr Hani SONBOL added that the ITFC has committed itself to implement the measures provided for in the Executive Programme of the Road-Map for enhancing Intra-OIC Trade. He pointed in this respect that the ITFC has focused in the previous phase on the implementation of the Trade Financing and Promotion Programmes. It also endeavoured to establish effective cooperation relationships with many OIC Institutions and partnerships with other international institutions.

7. H.E Mr. Ferruh TIGLI, Head of COMCEC Coordination Office addressed a message to participants, which was read out by Mr. Murat DELICAY. In this message he expressed his thanks and appreciations to ICDT for the excellent arrangements made for this important event.

H.E. Mr Ferruh TIGLI informed the meeting that the COMCEC celebrated in 2009 its Silver Anniversary, crowned by achievements of many projects, and he expressed his hope that the COMCEC will continue to achieve more practical and implementable new projects and programs in the near future.

He added that the Executive Program of the Road-Map contains two groups of programs or projects: First group contains meetings, courses, seminars, fairs and workshops, most of these activities are held on the expected dates; the Second group in the Executive Program is composed of new projects or programs which need some time to become operational; the implementation of which takes more time and needs to be focused. For this purpose OIC institutions should exchange their views.

Concluding his speech he requested OIC Institutions to concentrate their efforts on three issues: first, the meeting may define the problems faced and look for solutions to improve the implementation process; secondly, it is necessary to exchange views on improving the quality of the programs; lastly, the meeting may also look for ways to encourage Member States to give necessary support for the implementation of these projects and programs.

B/ ADOPTION OF DRAFT AGENDA AND THE PROGRAMME:

8. 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:

9. Following the opening ceremony, participants examined in plenary sessions the following agenda items:

- ✓ Review of the implementation of the *“Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets”*.
- ✓ New Modalities of Cooperation
- ✓ Adoption of the new *“Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets”* to be implemented by the OIC Institutions during the years 2011/2015

The sessions were chaired respectively by:

Working Session 1 : H.E. Eng. Hani SONBOL, Deputy Chief Executive Officer of the ITFC

Working Session 2 : H.E. ALLAL RACHDI, Director General of ICDDT

10. During the working sessions, the OIC Institutions presented their respective reports individually, these reports tackled on the one hand the achievements of the *“Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”* 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 124 activities, shows the following:

- ✓ About one quarter of the projects were fully implemented up to May 2010;
- ✓ 36 % of the projects are in the process of implementation, this is normal since many projects are pluri-annual;
- ✓ 39 % of the projects are on stand by position and waiting for their implementation; this is normal also since the Executive Programme includes projects covering a period lasting from 2009 till 2015.

It was noticed that some 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, we can quote, inter alia, the following:

- The finalization under the auspices of the COMCEC of the entry into force of PRETAS protocol and the regulations of Halal Food standards by the COMCEC;
- The organization by ICDT of the 12th trade fair of OIC Member States in Cairo (11-16 October 2009), the specialized exhibition on agro food industries (Jeddah, may 2009 and 2010) and the Forum on agro food (Bamako, February 2009) and the workshop and buyers/sellers meetings on Cotton (Cairo 12-13 October 2009);
- The launching by the ITFC new lines for banks in Central Asia, Turkey, Iran and in Sub-Saharan Africa and the Revitalization of groundnut sector in Sub-Saharan Countries;
- The progress made by ICCI in establishing a Business Owners Union and the steps taken in order to exempt businessmen from visa entry into some countries;
- The launching by OISA of Bakkah Shipping Company and Islamic P& I Club for ships insurance;
- The opening of a branch of ICIEC in Dubai;
- The launching by ITFC of Aid for Trade Initiatives for SPECA and ESCWA Regions;
- The development of Trade Training Centers by ITFC.

In general the Executive Programme is on progress, nevertheless more coordination among OIC institutions is needed so as to enhance efficiency and avoid work duplication.

11. Besides and within the agenda item n°2 entitled “New Modalities for Cooperation”, the meeting adopted unanimously “*the Guiding Principles and foundations for cooperation between the OIC institutions active in the field of economic and commercial cooperation*”.

The Meeting devoted the second day to adopt the New *“Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets”* to be implemented by the OIC Institutions for the period 2011/2015 and to finalise the report and recommendations.

D/RECOMMENDATIONS:

12. After lengthy and fructuous discussions the participants adopted the following recommendations:

- I. *“The Guiding Principles and Foundations for Cooperation between the OIC Institutions active in the field of economic and commercial cooperation”.*

A. Principles and foundations:

- Consultation and coordination between OIC Institutions concerning common activities and the exchange of plans and programmes of action ;
- To inform other OIC Institutions on the activities deemed relevant for cooperation;
- Flexibility in the procedures and policies for the implementation of common programmes;
- To give priority to the extent possible, to expertise available in the OIC Institutions and Member States;

B. Planning and Organisation:

- To draw up a joint plan of action for medium term cooperation, that is susceptible to be revised or amended;
- To lay stress on the strategic sectors and products with high intra-OIC trade potential, by adopting a scientific methodology in the choice of programmes;
- To adopt annual integrated programmes (sector based) encompassing several fields including market studies, sector based fairs, buyers/sellers meetings and trade facilitation measures.
- To strive to choose activities that would meet as far as possible the needs of the private sector in Member States;
- To give priority to the participation of the economic operators and the private sector in joint actions.

C. Instruments for the Selection, Implementation and Follow up of Joint Activities:

- OIC Institutions shall agree annually on the schedule of joint actions to be implemented;
- The Coordination and Secretariat of the *“Executive Programme of the Road-MAP for Achieving intra-OIC Trade Targets”* are assumed by the ICDT. The OIC institutions in charge of implementation are as follows :
 - **Trade Financing:** ITFC and ICIEC;
 - **Trade promotion:** COMCEC, ICDT, ITFC and ICCI;
 - **Trade facilitation :** COMCEC, OIC, ICDT, OISA, ITFC and ICCI ;

- **Development of Strategic Commodities** : ITFC, ICDT and SESRIC;
 - **Capacity Building**: SESRIC, ITFC, ICCI and ICDT;
 - **Trade Negotiations**: COMCEC and ICDT.
- Holding of two annual coordination meetings:
 - ✓ The first one shall be held in Jeddah on the sidelines of the Islamic Commission for Economic, Social and Cultural Affairs; with the possibility of involving Concerned Member States and the relevant Financial Institutions in this Meeting;
 - ✓ The second one shall be held in Casablanca, at least a month before the holding the Ministerial Session of the Standing Committee for Economic and Commercial Cooperation.
 - Evaluation of common activities and programmes and preparation of follow up reports with a view to improving them and enhancing their efficiency so as to achieve fixed targets.

D. Financing:

- To provide a special budget for the financing of common projects and to adopt budget estimates to implement all the activities;
- The leading OIC Institution hosting the joint activity shall insert the logos of the OIC Partner Institutions in the promotional materials the letters, brochures, leaflets etc;
- In case of the cancellation or postponement of a joint action to the next financial year, it shall be replaced by another activity in consultation between concerned parties."

II. The New *"Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets"* for the period 2011-2015.

OIC Institutions were invited to submit their views on the *"New Executive Programme for Achieving intra-OIC Trade Targets"* for the period 2011-2015 drafted by ICDT within one month.

(The New *"Executive Programme of the Road-Map for Achieving intra-OIC Trade Targets"* for the period 2011-2015 is in annex 3),

III. *Integrated sector based programmes encompassing several fields including market studies, sector based fairs, buyers/sellers meetings and trade facilitation measures.*

The participants decided to launch a new wave of joint activities based on integrated programmes approach focused on targeted products and Countries; in this regard, the meeting invited the OIC Institutions to send to ICDT the list of products which can be selected to be subject to the first pilot programme within one month.

- IV. The Meeting decided to rename the OIC Consultative Meeting as “*Consultative Group for enhancing Intra-OIC Trade*”.
- V. The Meeting invited the OIC Member States to provide moral and financial support to enhance intra-OIC trade and to strengthen and enhance the capabilities of the National Trade Promotion Organs and OIC Institutions active in the commercial field, in order to achieve the targets of the OIC Ten Year Programme of Action.

E/ADOPTION OF THE REPORT:

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 the Islamic Conference 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.

E/MOTION OF THANKS:

14. At the end of the meeting, participants requested the Minister of Foreign Trade 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. Dr. 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 deep congratulations to the Director General of the Islamic Centre for Development of Trade and to the Chief Executive Officer of the International Islamic Trade Finance Corporation (ITFC) and their staff for the efforts they have made to provide the best conditions, which ensured the success of this Meeting.