

## Departamento de Medio Oriente

### Organization of the Islamic Conference

#### Report of The Twenty-Fourth Session of the Standing Committee For Economic and Commercial Cooperation of the OIC

(İstanbul, 20-24 October 2008)

1. The Twenty-fourth Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC) was held in İstanbul, from 20 to 24 October 2008.

2. The Meeting of Senior Officials of COMCEC that preceded the Ministerial Session on 23-24 October 2008 was held under the Chairmanship of H.E. Dr. Ahmet TIKTIK, Undersecretary of the State Planning Organization of the Republic of Turkey, to consider the items of the Draft Agenda and prepare Draft Resolutions for consideration by the Ministerial Session.

3. The Session was attended by the representatives of the following Member States of the Organization of the Islamic Conference (OIC):

- 1- Islamic State of Afghanistan
- 2- People's Democratic Republic of Algeria
- 3- Republic of Azerbaijan
- 4- Kingdom of Bahrain
- 5- People's Republic of Bangladesh
- 6- Republic of Benin
- 7- Brunei Darussalam

- 8- Burkina Faso
- 9- Republic of Cameroon
- 10- Republic of Chad
- 11- Republic of Cote d'Ivoire
- 12- Arab Republic of Egypt
- 13- Republic of Gabon
- 14- Republic of Guinea
- 15- Republic of Guinea-Bissau
  
- 16- Republic of Indonesia
- 17- Islamic Republic of Iran
- 18- Republic of Iraq
- 19- Hashemite Kingdom of Jordan
- 20- State of Kuwait
- 21- Republic of Lebanon
- 22- Great Socialist People's Libyan Arab Jamahiriya
- 23- Malaysia
- 24- Republic of Mali
- 25- Kingdom of Morocco
- 26- Federal Republic of Nigeria
- 27- Sultanate of Oman
- 28- Islamic Republic of Pakistan
- 29- State of Palestine
- 30- State of Qatar
- 31- Kingdom of Saudi Arabia
- 32- Republic of Senegal
- 33- Republic of Sierra Leone

- 34- Democratic Republic of Somalia
- 35- Republic of Sudan
- 36- Republic of Suriname
- 37- Syrian Arab Republic
- 38- Republic of Tunisia
- 39- Republic of Turkey
- 40- Republic of Turkmenistan
- 41- Republic of Uganda
- 42- State of the United Arab Emirates
- 43- Republic of Uzbekistan
- 44- Republic of Yemen

4. Bosnia-Herzegovina, Central African Republic, The Russian Federation, Kingdom of Thailand and Turkish Republic of Northern Cyprus participated in the Session as observers.

5. The OIC General Secretariat and the following subsidiary organs, specialized and affiliated OIC institutions attended the Session:

- 1- Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRIC)
- 2- Research Center for Islamic History, Art and Culture (IRCICA)
- 3- Islamic University of Technology (IUT)
- 4- Islamic Center for the Development of Trade (ICDT)
- 5- Islamic Development Bank (IDB)
- 6- International Islamic Trade Finance Corporation (ITFC)

- 7- Islamic Chamber of Commerce and Industry (ICCI)
  - 8- Organization of the Islamic Shipowners Association (OISA)
  - 9- Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC)
  - 10- Federation of Consultants from Islamic Countries (FCIC)
  - 11- Federation of Islamic Countries' Contractors (FICC)
  - 12- Islamic Research and Training Institute (IRTI)
6. Representatives of the following international organizations attended the Session as well:
- 1- Developing Eight (D-8)
  - 2- Economic Cooperation Organization (ECO)
  - 3- Economic Cooperation Organization Trade and Development Bank
  - 4- United Nations Conference on Trade and Development (UNCTAD)
  - 5- Food and Agriculture Organization of the United Nations (FAO)
  - 6- The World Bank (WB)

(A copy of the List of Participants of the Twenty-fourth Session of the COMCEC is attached as Annex 1.)

#### Opening Session

7. The Opening Ceremony of the Twenty-fourth Session of COMCEC was held on 23 October 2008 under the chairmanship of H.E. Abdullah GÜL, President of the Republic of Turkey and Chairman of the COMCEC.
8. In his inaugural address, H.E. Abdullah GÜL, expressed his pleasure for welcoming the representatives of the COMCEC Member States. Referring to the delayed resolution of

the Palestinian issue resulting in the exacerbation of socio-economic problems of the Palestinian people, H.E. GÜL, called upon all member countries to intensify their efforts to support development projects for the brotherly Palestinian people. With regard to Iraq and Afghanistan, H.E. the President stressed the need to help these countries eschew the scourges of terrorism and address economic challenges. H.E. GÜL also expressed the importance of stepping up efforts to cooperate with other member countries facing similar problems such as the Turkish Republic of Northern Cyprus which has been subjected for years to unjust and inhuman isolation. With regard to the need for directing global resources to fight against poverty and corruption and to enhance research, development and health services, as well as to strengthen close trade cooperation to leverage on global welfare, H.E. Abdullah GÜL stated that Turkey, which was elected as a temporary member of the Security Council of the United Nations, will give momentum to its activities to this end. He extended his sincere thanks to the OIC Member Countries that wholeheartedly supported Turkey to become a member of the Security Council.

9. In connection with the recent economic fluctuations experienced worldwide, H.E. GÜL, while highlighting the impact of derivatives and structured products on the financial crisis, emphasized the need to review the rules which govern the world economy and shared his appreciation that COMCEC is attaching particular importance to direct investments under this year's exchange of views session theme of "Improving Investment Climate". H.E. GÜL pointed out that direct investment, which plays a key role in the world economy, has dramatically increased, reaching an amount of 1.8 trillion USD in 2007; the share of COMCEC member countries, being only 141 billion USD, is far beyond the expected level. In this regard, H.E. the President invited the member countries, which possess significant capital accumulation, to increase investments in the other member countries. Given the importance of improving the citizens' quality of life and bequeathing a better world on young generations, H.E. Abdullah GÜL underlined the need to pay utmost attention to human development and stated that priority should be given to mainstream into community and humanity intellectual and entrepreneurial brains who can easily meet their own fundamental needs. H.E. Abdullah GÜL, concluded his speech by emphasizing the need for good governance, accountability, respect for human rights and fundamental freedoms as well as the promotion of the status of women, transparency and

the principle of rule of law to raise Islamic countries and peoples to the level which they merit.

(A copy of the text of the Inaugural Statement of H.E. Abdullah GÜL, President of the Republic of Turkey and Chairman of the COMCEC is attached as Annex 2.)

10. His Excellency Prof. Dr. Ekmeleddin IHSANOGLU, Secretary General of the OIC, made a statement at the Opening Session. He expressed his thanks to the Government of the Republic of Turkey for its steady commitment to the economic and commercial cooperation among OIC Member States through hosting the COMCEC Meetings.

11. In his statement, H.E. Dr. Ekmeleddin IHSANOGLU stressed the importance of the adoption of the New OIC Charter at the 11th OIC Summit Conference in Dakar, Senegal in March 2008, which opens avenues to revisit the economic and commercial cooperation of OIC member states and institutions. He emphasized the role of COMCEC in this regard. H.E. Dr. IHSANOGLU also highlighted the responsibilities of COMCEC in challenging the current and possible implications of the crisis on agriculture, energy and finance in OIC Member States.

12. In the context of economic achievements recorded since the last session of COMCEC, H.E. the Secretary General drew attention to the steady increase of intra-OIC trade levels in recent years (16,4 % in 2007), and shared his gratification that, one of the main objectives of OIC Ten Year Programme of Action, which is to increase intra-trade level to 20 %, will be achieved before the targeted date of 2015. H.E. Dr. IHSANOGLU also welcomed the Member States who have signed and ratified TPS-OIC Agreements in the past year and encouraged more Member States to do so, as soon as possible. H.E. Dr. Ekmeleddin IHSANOGLU concluded his speech by stressing the importance of progress made with regard to the Special Programme for the Development of Africa, the OIC Cotton Programme, the Framework Programme for the Development of Tourism in the OIC Member States and the OIC Dakar-Port Sudan Railways Line Project.

(A copy of the address of H.E Prof. Dr. Ekmeleddin İHSANOĞLU, Secretary General of the OIC is attached as Annex 3.)

13. The Heads of Delegation of the State of Qatar, Republic of Uganda and Republic of Turkmenistan made statements on behalf of the Arab, African, and Asian groups of Member States, respectively. They extended their thanks to the Republic of Turkey for the hospitality accorded to the delegates and H.E. Abdullah GUL for his leading role in supporting economic and commercial cooperation among the OIC Member States. Emphasizing the challenges ahead in connection with the crises in agriculture, energy and finance, they stressed the importance of utilizing economic potential in member countries. In this regard, they drew attention to the advantage of further liberalization and making operational the preferential trade system to ensure growth in Islamic countries, as well as international competitiveness. They thanked OIC Secretary General H.E. Dr. Ekmeleddin İHSANOĞLU, OIC General Secretariat, COMCEC Coordination Office and relevant OIC institutions for their concerned efforts to further enhance economic and commercial cooperation among the Member Countries.

14. H.E. Dr. Ahmed Mohammed ALI, the President of the Islamic Development Bank, also addressed the Opening Session. H.E. Dr. ALI informed the audience about the opportunities and challenges which the recent financial crisis has created for OIC member countries.

(The text of the Statement of the IDB President is attached as Annex 4.)

15. H.E. Shaikh Saleh Bin Abdullah KAMEL, the President of the Islamic Chamber of Commerce and Industry (ICCI), also made a statement, in which he mentioned the achievements of the ICCI in the past year. In his statement, H.E. Shaikh Saleh Bin Abdullah KAMEL focused on the challenges to be addressed by the Islamic financial sector, the banking sector and the private sector.

(The text of the speech of the President of ICCI is attached as Annex 5.)

16. An award ceremony was held at the end of the Opening Session. During this ceremony, "Islamic Solidarity Prize" for the Enhancement of Trade Among OIC Member Countries was accorded to MATRADE and "Prince Faisal Bin Fahd Award" for the Preservation of Islamic Architectural Heritage was accorded to three winners.

17. Following the Opening Ceremony, H.E. Abdullah GÜL received the Heads of Delegation.

#### Ministerial Working Session

18. The Ministerial Working Session of the Twenty-fourth COMCEC was held on 23 October 2008, under the Chairmanship of H.E. Prof. Dr. Nazım EKREN, Minister of State and Deputy Prime Minister of the Republic of Turkey.

19. A signing ceremony was held at the beginning of the Ministerial Session on the Agreements on credits granted by the International Islamic Trade Finance Corporation (ITFC) to four Turkish participation banks, namely Albaraka Türk, Türkiye Finans, Kuveyt Türk and Bank Asya.

20. The Session then adopted the Draft Agenda of the Twenty-fourth Session of the COMCEC.

(The Agenda of the Session is attached as Annex 6.)

21. An Exchange of Views on "Improving Investment Climate in the OIC Member States" was held under agenda item 14.



22. H.E. Prof. Dr. Nazım EKREN made a statement at the Exchange of Views Session. Highlighting the holding of the 24th COMCEC Meeting amidst of the global financial crisis, H.E. EKREN specified three factors behind the crisis, namely rapid development in credits, 400% increase in hedge funds and 600% increase in derivatives. Emphasizing the change in rules and balances during this process, H.E. Nazım EKREN underlined the need for a new architecture after the previously prestigious institutions and markets faced structural deficiencies. In order to draw attention to the importance of establishing a common approach by the OIC Member Countries in this regard, H.E. EKREN suggested that the next Session of the COMCEC become an international economic and financial platform where the Member Countries will together assess the ongoing process and establish common initiatives based on data and analyses, which will make the 25th COMCEC Meetings more fruitful. In this context, H.E. EKREN also suggested to establish a Working Group under the coordination of IDB Group to prepare a “Plan of Action/Program for Improving Investment Climate”.

23. Ministers of Republic of Turkey, Arab Republic of Egypt, State of United Arab Emirates, Malaysia, Kingdom of Saudi Arabia, Republic of Tunisia and Kingdom of Morocco made presentations about their experiences in the area of improving investment climate. With regard to enhancement of international competitiveness in attracting foreign investment, the Heads of Delegation stressed the importance of inter alia economic and political stability, legal reform, infrastructure, human development, public-private partnership, establishment of institutional mechanisms and further trade liberalization through the implementation of the Protocol on Preferential Tariff Scheme (PRETAS).

24. Mr. Ulrich ZACHAU, World Bank Country Director for Turkey, made a presentation on investment climate in the OIC Member Countries. After informing the meeting of figures on growth, commodity prices and capital flow to emerging markets, Mr. ZACHAU assessed the ease of doing business in some OIC countries according to their ratings with regard to reforms, worker employment, contract-enforcing, business shutdown, credit-processing and tax payment.

25. Prof. Dr. Francis SERMET, Former Head of Development Economic of Western Switzerland (DEWS) made a presentation focusing mainly on the important factors to improve investment climate such as access to market, stability of economic and social environment, labor relations and unionization, taxation level and location of headquarters. Emphasizing the role of long-term investments on jobs and taxes, Prof. SERMET finished his presentation with giving best practice examples from Switzerland.

26. Mr. Alparslan KORKMAZ, Advisor to Prime Minister and President of Investment Support and Promotion Agency of Turkey made a statement on the recent Turkish experience in this field, especially with regard to the capabilities of the Agency. In his presentation, Mr. KORKMAZ specified global conditions, supply chain and education as the three prerequisites of attracting foreign direct investment, which will encourage the transfer of new technologies, provide new jobs and ensure better living standards.

27. At the Session on the "Impact of High Food and Energy Prices and Global Financial Crisis on the Economies of the OIC Member Countries", H.E. Hafez Ghanem, Assistant Director-General of UN Food and Agriculture Organization (FAO) and Mr. Mehmet YÖRÜKOĞLU, Deputy Governor of the Central Bank of the Republic of Turkey made presentations.

28. In his presentation, H.E. Hafez GHANEM underlined the negative impacts of high food prices on the under-nourished, rural and urban poor, landless farmers and female-headed households. Furthermore, H.E. Ghanem drew attention to the implications of the financial crisis on food security. With a view to ensuring food security, H.E. Ghanem concluded his presentation by putting forward proposals for OIC member countries such as refrain from individual actions e.g. export bans or unilateral import protection, providing assistance to developing countries and pursuing a twin-track approach involving social protection and investment in agriculture.

29. Mr. Mehmet YÖRÜKOĞLU, made his presentation on the global financial crisis and its impacts. While highlighting reasons behind the crisis and measures taken in this regard, Mr. YÖRÜKOĞLU analyzed the impacts of the turmoil on emerging markets and Turkey. He

emphasized the challenges ahead such as further squeeze in liquidity and increase in funding cost, slowdown in world economic growth and unemployment. In conclusion, Mr. YÖRÜKOĞLU stressed the need for effective regulation and supervision as well as coordination and cooperation among both local and cross-border authorities.

#### Closing Session

30. The Closing Session of the Twenty-fourth Session of the COMCEC was held on 24 October 2008 under the chairmanship of H.E. Kürşad TÜZMEN, Minister of State of the Republic of Turkey in charge of foreign trade.

31. At the beginning of the Session, the Head of Delegation of Indonesia made a statement on their experience at improving investment climate among the OIC Member Countries. Referring to the aim of increasing intra-OIC trade 20% by 2015, the head Head of Delegation of Indonesia stressed the contribution of technical assistance programmes and financial support to SMEs in order to ensure a better future for the people of OIC Member Countries. The Head of Indonesian Delegation concluded his statement by emphasizing the need for finding common solutions for OIC Member Countries to the global crises in energy, food and finance.

32. H.E. Rizwan Saeed SHAIKH, Counsellor (OIC) at Consulate General of Pakistan in Jeddah and Rapporteur of the Session, presented the Resolutions to the Ministerial Session. In his presentation, H.E. SHAH summarized the proceedings of the Session and highlighted important points of agreement contained in the resolutions.

33. The Session then adopted Resolution OIC/COMCEC/24-08/RES(1) and Resolution OIC/COMCEC/24-08/RES(2).

(Resolution OIC/COMCEC/24-08/RES(1) and Resolution OIC/ COMCEC/24-08/RES(2) are attached as Annexes 7 and 8.)

34. In the Resolution 1 (Res.1) of the 24th Session of the COMCEC, following documents were approved/endorsed/adopted/taken note:

- Framework of Development and Cooperation in the Domain of Tourism between OIC Countries. (endorsed-Annex 9)
- Report of the 13th Sessional Committee Meeting.  
(took note-Annex 10)
- Road Map for Enhancing Intra-OIC Trade.(adopted-Annex 11)
- Decisions of the First Meeting of the Steering Committee. (approved-Annex 12)
- Implementation Mechanism of Vocational Education and Training Programme for the OIC Member Countries (OIC-VET). (approved-Annex 13)
- Recommendations of the Workshop on "Improving Investment Climate". (took note-Annex 14)

35. A special signing ceremony was also held at the Closing Session. During this ceremony, the Heads of Delegation of Kingdom of Morocco and Sultanate of Oman signed the Protocol on the Preferential Tariff Scheme for TPSOIC (PRETAS) and TPSOIC Rules of Origin. The Head of Delegation of the Syrian Arab Republic signed TPSOIC Rules of Origin. The Head of Delegation of Qatar has signed PRETAS at the beginning of the Ministerial Working Session.

36. H.E. Mr. Tori LIMANGANA, Assistant Secretary General for Economic Affairs read out the message of His Excellency Prof. Dr. Ekmeleddin İHSANOGLU, OIC Secretary General. In his message, referring to the deliberations on the evaluation of the crises in agriculture, energy and finance and their ramifications for the economies of the member states, H.E. Dr. İHSANOGLU drew attention to the need for the Member States to take more joint Islamic actions and to synergize the resources available for the benefit of the

Ummah. While welcoming the additional signatories to the TPS-OIC Agreements, H.E. Dr. Ekmeleddin İHSANOĞLU emphasized the contribution of such steps to achieving more intensified trade and economic relations among the brotherly nations. In this connection, H.E. Prof. Dr. Ekmeleddin İHSANOĞLU stated that all the OIC Member States should participate in this System as soon as possible so that the OIC family will be able to commence discussing the means and modalities of establishing a Free Trade Area among themselves in the near future, which is one of the main goals of COMCEC and the OIC Ten-Year Programme of Action.

(The text of the Message by H.E. Prof. Dr. Ekmeleddin İHSANOĞLU, is attached as Annex 15.)

37. H.E. Dr. Amer Husni LUTFI, Minister of Economy and Trade of the Syrian Arab Republic made a statement on behalf of all participating Member Countries, in which he thanked H.E. Abdullah GÜL, the President of the Republic of Turkey and the Chairman of COMCEC, the OIC General Secretariat, COMCEC Coordination Office, SESRIC, IDB Group, ICDT, ICCI and all parties concerned for their contribution to the work of the Session and to the enhancement of joint actions among the OIC Member States.

38. H.E. Kürşad TÜZMEN, Minister of State of the Republic of Turkey in charge of foreign trade made a closing statement at the Session. H.E. TÜZMEN emphasized that the 9.8% increase in the share of the OIC Members in global export in 2007 emanating from the rise in prices of energy, food and raw materials has a dual impact on Islamic economies. In this regard, H.E. TÜZMEN pointed out that this fact scales up expenditures of some Islamic countries which are importers of oil and raw materials, while providing a prospect of increased revenues of some other Islamic Countries which are exporters of the same products. In the context of increasing intra-OIC trade to the level of 20% by 2015, H.E. TÜZMEN stressed the importance of making the Preferential Trade System operational among OIC Member States at the beginning of 2009 as a starting point to accomplish the goal of establishing a free trade area among the Islamic Countries. In this regard, H.E. TÜZMEN gave brief information about the trade that Turkey has carried out with brotherly Islamic countries in recent years. H.E. Kürşad TÜZMEN concluded his

statement by thanking all delegations OIC institutions, COMCEC Coordination Office, organizers and interpreters for their valuable contribution to the 24th Session of the COMCEC.

(The text of the Closing Statement of H.E. Kürşad TÜZMEN is attached as Annex 16.)

39. All documents and presentations presented to the 24th Session of COMCEC will be available on COMCEC web site ([www.comcec.org](http://www.comcec.org)).