

ABOUT OIC AGREEMENTS IN ECONOMIC FIELD

Achieving higher levels of development and prosperity of the Islamic countries, as well as fostering economic and trade relations among them, are defined as the main pillars of the OIC economic agenda. Pursuant to this endeavour, within the OIC framework so far eight agreements for promoting greater intra-OIC economic and trade cooperation have been developed. These agreements are as follow:

1. The General Agreement for Economic, Technical and Commercial Cooperation among the OIC Member States

The General Agreement for Economic, Technical and Commercial Cooperation among the OIC Member States was adopted by the 8th Islamic Conference of Foreign Ministers (ICFM) held in Tripoli, Libya, in May 1977 and became effective in April 1981. So far, this agreement was signed by 43 and ratified by 31 Member States.

The agreement aims at encouraging economic, technical and commercial cooperation among the OIC Member States. In particular, the agreement envisages that the Member States are to provide, where required, the necessary arrangements, guarantees and incentives to encourage the transfer of capital and investments among themselves, in conformity with the laws and regulations in force in each Member State, in order to promote the socio-economic development of all Member States and to provide new avenues for optimum utilisation of the economic resources available within the Muslim world.

The agreement stipulates that the Member States will endeavour to derive the utmost benefit from the expertise and technical capacities available to them, through exchange of experts, research and scholarships for study, training and specialisation. The agreement further stipulates that in order to meet their needs in the field of manpower and to derive advantage from the technical and administrative experiences available, the Member States shall cooperate in the exchange of expertise in these fields and to give priority to manpower from the Member States taking into account the bilateral and multilateral agreements already concluded and in conformity with national legislations in this respect.

In regard to commercial cooperation, the agreement envisages that the Member States will endeavour to apply equal and non-discriminatory commercial treatment towards one another and strive to enlarge and develop trade exchanges among themselves, inter alia, through trade liberalisation, by reducing or removing the customs or other restrictions that are applied to export/import activities among them through bilateral or multilateral trade arrangements. In this context, the agreement also foresees that the Member States will give consideration to the special circumstances and situations of the Least Developed Member States.

2. Agreement for Promotion, Protection and Guarantee of Investments among the OIC Member States

The Agreement for Promotion, Protection and Guarantee of Investments among the OIC Member States was adopted by the 12th ICFM held in Baghdad, Iraq, in June 1981. It became effective in February 1988 when 10 Member States ratified it. So far, it was signed by 31 and ratified by 25 Member States.

The Agreement spells out the basic principles governing the promotion of capital transfers among member states and the protection of investments against commercial risks while guaranteeing the transfer of capital and its proceeds abroad. In particular, the agreement stipulates that the contracting parties shall permit the transfer of capitals among them and its utilization therein in the fields permitted for investment in accordance with their laws. The invested capital shall enjoy adequate protection and security and the host state shall give the necessary facilities and incentives to the investors engaged in activities therein. The investors of any contracting party shall enjoy, within the context of economic activity in which they have employed their investments in the territories of another contracting party, a treatment not less favourable than the treatment accorded to investors belonging to another State not party to this Agreement, in the context of that activity and in respect of rights and privileges accorded to those investors.

The Agreement further stipulates that the host state shall guarantee for the investor the freedom to dispose of the ownership of the invested capital by selling it, wholly or partly, by liquidation, cession, or grant or by any other means. The capital shall continue to be treated in accordance with the provisions of the Agreement on condition that the transfer is made to an investor who is a subject of one of the contracting parties and subject to the approval of the host state. The host state shall undertake to guarantee the free transfer to any contracting party of the capitals and its net proceeds in cash without the investor being subject to any discriminatory banking, administrative or legal restrictions and without any taxes or charges on the transfer. This shall not apply to the bank service charges. The repatriation of the original capital shall be effected on the termination of the investment according to its nature or after five years from the date of its transfer to the host state, whichever is earlier. The Agreement also provides for settlement of disputes that may arise between the contracting parties.

On the basis of this Agreement and the studies and deliberations conducted under the supervision of the Standing Committee for Economic and Commercial Cooperation (COMCEC) the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC) was established as an affiliated institution of the Islamic Development Bank in 1994.

3. Framework Agreement on Trade Preferential System among the Member States of the OIC (TPS-OIC)

This Agreement was adopted as per Resolution No.1 of the 6th Session of the COMCEC held in Istanbul, Turkey, in October 1990. The Framework Agreement became effective in October 2002 upon ratification of it by 10 Member States. So far, 31 Member States signed the Agreement and 22 ratified it.

The Framework Agreement on TPS-OIC is a basic document, which sets up the general principles towards establishing a preferential trade system among the OIC Member States. It aims at promoting trade among them through exchanging of trade preferences on the basis of equal and non-discriminatory treatment among all participating Member States and taking into account the Most Favoured Nation (MFN) principle. These preferences include tariff; Para-tariff and non-tariff concessions, and other trade preferential treatments to all commodities, including agricultural and animal products, and manufactured and semi-manufactured products. In general, the TPS-OIC aims to accord preferential tariff concession on selected goods among the participating OIC Member States.

The Framework Agreement on TPS-OIC considers the special needs of the least-developed member states and stipulates that the participating states shall extend special concessions in their favour in the course of bilateral or multilateral negotiations. It also allows the regional economic groupings, which consist of only OIC members, to participate in TPS-OIC trade negotiations with a unified representation.

The implementation of TPS-OIC would enable exporters from the participating countries to gain preferential tariff treatment for selected products in the markets of other participating countries and enable exporters to gain competitive advantage over similar products originating from non-participating countries.

The Agreement also stipulates that a Trade Negotiating Committee (TNC) is to be established upon entry into force of this Agreement, consisting of the representatives of the governments of the Participating Member States. The TNC shall perform its functions in such a way as to facilitate the achievement of the objectives of this Agreement.

Following the entry into force of the Framework Agreement on TPS-OIC in 2002, the COMCEC, in its capacity as the responsible OIC body for supervising the implementation of the Agreement, established the TNC in 2003. The members of the TNC are the OIC Member States that have signed and ratified the Framework Agreement. At the end of its first round, the TNC agreed on the Protocol on the Preferential Tariff Scheme for the TPS-OIC (PRETAS).

4. Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS)

This Protocol was adopted as per Resolution No. 1 of the 21st Session of the COMCEC held in Istanbul, Turkey, in November 2005. So far, 17 Member States signed the Protocol and 7 of them ratified it. Ratification by 10 participating States is required for this protocol to become effective.

The Protocol aims at pursuing the goals and objectives of the Framework Agreement on TPS-OIC while recognising the special needs of the least-developed members and giving due regard to the bilateral and multilateral commitments of individual member countries. The PRETAS mainly deals with reducing the tariffs of the products covered under the Scheme as well as para-tariff and non-tariff barriers. It outlines the optional fast track tariff reduction schedule and tackles issues such as rules of origin, anti-dumping, subsidies, countervailing and safeguard measures. To this end, it emphasises the necessity of holding successive rounds of trade negotiations to expand, improve and strengthen the TPS-OIC.

5. TPS-OIC Rules of Origin (TPS-OIC RoO)

The Second Round of Trade Negotiations (TNC), launched in November 2006 in Istanbul, Republic of Turkey, discussed TPS-OIC Rules of Origin (TPS-OIC RoO) and para-tariff and non-tariff measures. The 4th Meeting of the Second Round of Trade Negotiations, held in Ankara, Republic of Turkey, in September 2007, adopted the TPS-OIC Rules of Origin. So far, 12 Member States signed the TPS-OIC Rules of Origin and 4 of them ratified it. The number of ratifying Member States required for this agreement to become effective is 10.

After entering into force, the TPS-OIC Rules of Origin shall be applied for determining the origin of products eligible for preferential concessions under the TPS-OIC and PRETAS.

6. Statute for the Islamic Civil Aviation Council (ICAC)

This Statute was adopted by the 13th ICFM held in Niamey, Niger, in August 1982. So far, the Statute was signed by 17 and ratified by 13 Member States. Accordingly, the Statute has become effective since 2003.

According to the Provisions of this Statute, the Islamic Civil Aviation Council (ICAC) shall be a subsidiary organ of the OIC and the Headquarters of the Council shall be located in Tunis, Republic of Tunisia.

The aims and objectives of the Council include reviewing the development of Civil Aviation among the Member States of the OIC, working for the attainment and promotion common regulations in the technical and economic field of air transport, and considering any problems that may arise in the field of Civil Aviation.

To attain these objectives, the Council shall, among others, endeavour to achieve modalities of exchange of information, technical know-how and training opportunities in the field of Civil Aviation, coordination and harmonisation of air services, cooperation among National Airlines and foster economic growth of air transport in the Member States.

In doing so, the ISAC shall maintain close relations with the international Civil Aviation organisations and establish relations with any other governmental or non-governmental international and regional organisations concerned with Civil aviation to and from the Member States including the Arab Civil Aviation Board and the African Civil Aviation Council.

7. Statute of the Islamic States Telecommunications Union (ISTU)

This Statute was adopted by the 15th ICFM held in Sana'a, Yemen, in December 1984. So far, this Statute was signed by 16 and ratified by 14 Member States. The Statute has not yet entered into force, since a minimum of 15 ratifications are needed.

According to the Provisions of this Statute, the Islamic States Telecommunications Union (ISTU) shall be a specialised organ of the OIC and the Headquarters of the Union shall be located in the Islamic Republic of Pakistan.

The ISTU aims at achieving a set of objectives in the telecommunications field. These objectives include, among others, ensuring self-sufficiency, integration and coordination among Member States in the telecommunications area, proposing plans and undertaking studies with a view to developing and modernising telecommunication systems in the member states according to advanced international standards, making the maximum possible use of the manpower, expert services and training facilities available in the member countries, and developing and enhancing telecommunications networks and industries in the member countries.

8. Statute for the Standards and Metrology Institute for the Islamic Countries (SMIIC)

This Statute was adopted as per Resolution No.1 of the 14th Session of the COMCEC held in Istanbul, Turkey, in November 1998. Up to now 13 Member States signed this Statute and 9 ratified it. For its entry into force 10 ratifications are needed.

According to the Provisions of this Statute, the Standards and Metrology Institute for the Islamic Countries (SMIIC) shall be an affiliated organ of the OIC and

the Headquarters of the Institute shall be located in Istanbul, Republic of Turkey, where Turkish Standards Institution will cover the expenses of the Institute for the first three years of its establishment.

The SMIIIC, as a sound mechanism for harmonisation of standards among the OIC countries and preparation of new ones, aims at achieving a set of objectives in this field. These include, among others, realising harmonised standards in the Member States and eliminating any factor relating to the standards, likely to affect adversely the trade among the Member States, establishing a certification scheme for the purpose of expediting exchange of materials, manufactured goods and products among member states beginning with mutual recognition of certificates.

The SMIIIC also aims at achieving uniformity in metrology, laboratory testing and standardisation activities among member countries and ensuring education and training and providing technical assistance to the OIC members in the domain of standardisation and metrology. In so doing, the Institute may cooperate with other international and regional organisations interested partially or wholly in standardisation, metrology or related activities.