

Statement

by

**Dr. Seyed Ali Mohammad Mousavi D-8 Secretary General at
the 1st Trade Ministers Council Meeting of the Preferential Trade Agreement 25 June
2013, Abuja - Nigeria**

*Honorable Minister of Foreign Affairs of Nigeria, Ambassador Olugbenga Ashiru
Honorable Chairman, Minister of Industry, Trade and Investment of Nigeria, H.E.
Mr. Olusegun Aganga, CON,
Honorable Minister of Commerce of Bangladesh, H.E. Ghulam Muhammed Quader,
Distinguished Head of Delegations,
Distinguished Delegates,
Ladies and Gentlemen,*

Assalamu'alaikum warahmatullahi wabarakatuh,

On behalf of Developing Eight Countries Organization for Economic Cooperation (D-8), I would like to welcome you all to our very first meeting, **the 1st Trade Ministers Council of the Preferential Trade Agreement.**

It is a great honor and pleasure for me to be with you all, at the opening of this significant gathering. First, let me extend my heartfelt gratitude to the Government of Federal Republic of Nigeria, especially to you, as the Minister of Industry, Trade and Investment, for this well-prepared Meeting, providing us with this wonderful venue in capital city of Abuja. I would also like to express my appreciation to all delegates for their presence and for their contribution during the Senior Official Meeting.

Distinguished Delegates,

World trade slowed notably during 2012, along with weaker global output. The sovereign debt crisis and economic recession in the euro area and continued financial deleveraging in most developed economies affected capital flows to emerging markets and other developing countries, adding to uncertainty about economic prospects and enhancing market volatility. These factors, combined with spillover effects of expansionary monetary policies in developed economies, have also fueled volatility in

primary commodity prices and exchange rates. Global imbalances, characterized by large savings surpluses in some economies and deficits in others, have narrowed markedly in the aftermath of the global financial crisis. However, the rebalancing has hardly been a benign process, having resulted mainly from demand deflation and weaker trade flows.

Mr. Chairman,

Since its establishment in 1997, D-8 total trade and D-8 intra-trade has increased steadily. According to International Monetary Fund of this year, the volume of D-8 total trade to the world increased from US\$ 434 billion in 1997 to almost US\$ 1.8 trillion in 2012. By percentage share to the world, growth of D-8 total trade increased from 3.9% in 1997 to 5.0% in 2012. These figures showed that the volume of D-8 total trade to the world boosted up to four times during 1997-2012. In the same period, D-8 intra-trade also boosted significantly. The volume of D-8 intra-trade increased impressively from US\$ 15 billion in 1997 to almost US\$ 150 billion in 2012. By percentage share to the volume of D-8 total trade, growth of D-8 intra-trade increased from 3.4% in 1997 to 8.2% in 2012, which represents a solid improvement.

With these figures in mind, let me now turn to the Preferential Trade Agreement (PTA). All D-8 Member States officially signed the PTA during the Fifth D-8 Summit in May 2006 in Bali-Indonesia. The Agreement officially entered into force between Iran, Malaysia, Nigeria and Turkey on 25 August 2011, and then it was followed by Indonesia on 4 October 2011 and Pakistan on 8 February 2012. I believe you will agree with me that the PTA will be function as the main vehicle to increase our D-8 intra-trade.

Distinguished Delegates,

In accordance with Article 27 of the Agreement, the Supervisory Committee was established to formulate and prepare the grounds for the actual implementation of the Agreement. The First and Second Meetings of the Supervisory Committee of the

Preferential Trade Agreement was held respectively on 22 March 2012 and 29 March 2013, in Turkey. The main aim of the Committee was to set-up a cut-off date for the first installment of tariff reduction. I am sure you all concur that this Trade Agreement, was conceived and promoted as a conduit for increasing trade within the D-8 community as exporters benefit from the elimination of tariffs in partner markets.

In addition, I strongly believe that deeper arrangements stipulated from the PTA are necessary to promote trade in certain sectors and enhance economic integration more broadly. For instance, harmonization or mutual recognition of certain regulations, may be a prerequisite for trade in services, or competition policy rules, may be required to allow comparative advantage to materialize.

There are several other challenges that need to be taken into deep consideration when D-8 PTA actually starts to be implemented. For instance, by the actual implementation, while increases in actual tariffs or others illegal actions as recognized by WTO, will remain low, protectionism may be seen through non-tariff barriers as well as through measures devised to bail out specific sectors and industries that subtly redirect demand, for example through changes in tax codes, product standards, financing mechanism or government procurement practices. Therefore, I consider the decision taken at the 2nd Supervisory Committee Meeting, which is the possible establishment of Subcommittee of Experts on Para tariffs and non-tariffs barriers, is very crucial.

In addition, I would like to underline that the importance of improved linkages and efficient networking between and among D-8 governments, trade promotion agencies and businessmen for sharing experiences, best practices, enhancing trade fairness, and promoting common trade and business culture is imperative for future works of D-8 PTA.

Distinguished Delegates,

I believe that this is the high time for us to focus in PTA implementation in very concrete terms in order to strengthen trade relations among the member countries. In

today's meeting, I do really hope that the major product of our very first meeting of Trade Ministers, namely "*Abuja Declaration*", will provide pragmatic approaches to achieve the expansion of D-8 intra trade in the framework of D-8 trade cooperation and will pave the way to take further necessary steps to increase the level of intra trade. In this sense, I would like to encourage Contracting Parties of the PTA to fully observe and implement the new cut-off date for the first installment of tariff reductions on 1st November 2013 without any delay.

Taking into account current figure of D-8 intra-trade in 2012, which is around US\$ 150 billion, we are now in the lagging position towards the trade target in D-8 Roadmap, particularly in the Second Phase, which was expected to reach US\$ 170 billion in 2012. As all of you know, one of the core objectives of D-8 Roadmap is to increase the intra-trade of D-8 countries at least to 15% - 20% of their total trade in the world by the end of 2018, which means we must increase intra-trade from almost US\$ 148 billion in 2012 to about US\$ 500 billion in 2018.

To propel this objective, we have the legal mechanism, namely the Preferential Trade Agreement (PTA). In addition, I believe that the role of D-8 Visa and Customs Agreements, which are already in force, are imperative to reinforce PTA implementation. To this end, the early and successful implementation of all D-8 Agreements, which are already in hand, would help the Member Countries to meet our D-8 intra-trade target. I am confident that through our constructive cooperation, we will succeed in reaping the fruits of our endeavors in the near future. Once again, Mr. Chairman, I would like through you, thank the government of Nigeria for hosting this important meeting and for their hospitality and I wish you all success in your endeavors and deliberations.

Thank you very much for your attention.

Wassalamu'alaikum warahmatullahi wabarakatuh.