

## **IX SESSION OF THE COMMISSION**

**(16-17 January 2001, Dhaka)**

1. The IX Session of the Commission was held at Dhaka on 16-17 January 2001. All the countries attended the meeting.
2. The inaugural session was held on the morning of 16 January 2001. The Foreign Secretary of Bangladesh H.E. Mr. Shafi Sami, welcomed the guests and spoke on the occasion. The Executive Director of D-8, H.E. Ambassador Ayhan Kamel, also delivered a statement. The Minister of State for Foreign Affairs, H.E. Abul Hasan Chowdhury, addressed the gathering. The Minister of Commerce, H.E. Mr. Md. Abdul Jalil, delivered a short speech as the Guest of Honour. The Minister of Foreign Affairs H.E. Mr. Abdus Samad Azad, addressed the Chief Guest and also formally inaugurated the Meeting. The Commissioner of Bangladesh, H.E. Dr. Toufiq Ali, thanked all those present, on behalf of D-8 Commissioners. The inaugural session was well attended by a large audience, including Heads of Diplomatic Missions, representatives of press and of the business community, and senior government officials.
3. At its session, the Commission considered and adopted the draft agenda of its Meeting, which is provided at Annex I to this report.

### **Item III: Report of the Executive Director**

4. The Commission took note of the report of the Executive Director on the progress achieved in the implementation of the projects and programmes of the Group as well as the evaluation report of the overall activities of the Group since its inception. The Commission appreciated the Executive Director for all his assistance to advance the cause of this Group.

### **Item IV. Preparations of the Cairo Summit**

5. The Commissioner of Egypt informed the meeting about the organisational arrangements of the Cairo Summit and distributed provisional agenda and programs of work of the Summit, the V Session of the Council of Ministers and the X Session of the Commission, which are provided at Annexes II, III, IV. She reported that Turkey and Indonesia had already intimated that they would be represented at the Summit at the level of President and Pakistan by the Chief Executive. She requested the remaining members to kindly indicate as soon as possible their level of participation. She also added that they needed the composition of the delegations together with special requests, if any. Malaysia clarified that the level of their

representation has not been decided yet. Nigeria informed that their delegation had been instructed to forward a detailed report to their authorities on the Commission Meeting in order to assist the country's preparations for the Summit.

6. Concerning the Business Forum, the Commissioner of Egypt informed that the Forum would be organised on 22-23 February 2001. They selected these dates to be as close as to the Summit so that it would be linked with the Summit meeting. She also circulated the provisional agenda of the Business Forum for Chambers of Commerce and Industry & Business Associations, which is provided at Annex V to this report. The invitation to the Forum has already been made through the national chambers of commerce. The Egyptian Ministers of Foreign Affairs and Foreign Trade are expected to address the Forum to encourage the participation of the business community. The Commissioners, having agreed on the need to make the Forum more attractive and meaningful for the businessmen, stated that the objectives and the contents of the Forum should be well defined. The possibility of interaction should be created between them, and the experiences of other Groupings such as ASEAN and APEC should be utilised. In this connection, it was also added that the national chambers should be informed about the IMTC and other trade related issues in order to involve the private sector in D-8 cooperation, establishing an active interaction between the Forum and the Commission.

7. The Commission appreciated the Commissioner of Egypt for her report on the preparation made for the Summit and considered the draft agenda proposed for the Cairo Meetings. The member countries were requested to communicate their views and comments on the drafts, if any, to the Egyptian authorities in due course. The Commission suggested that the businessmen be invited to the inaugural session of the Summit.

8. The Commission made a preliminary exchange of views on the draft Cairo Declaration presented by the Executive Director. The Commission emphasized the need for a declaration covering the current world economic situation and issues of common concerns to D-8 member countries as well as guidelines for the promotion of co-operation within the Group. The Executive Director was requested to prepare a revised version of the second part of the draft Declaration in the light of the guidelines agreed upon by the Commission and taking into account the proposals received from some member states during the meeting. The host country was requested to revise the first part of the draft Declaration, taking into account the comments already made or

to be made by other members. The revised version of the draft Declaration (First and Second Parts) will be distributed to member states well ahead of the Summit. The Commission shall consider and finalize the draft Declaration at its 10th Session in Cairo.

9. The Commissioner of Egypt informed that in view of the inadequate response from the member countries to participate in the cultural event on the sidelines of the Cairo Summit and also considering the time constraints, it would not be possible to hold this event.

10. The Executive Director referring to Article 6 of the Charter of the D-8 Forum for Chambers of Commerce and Industry & Business Associations, said that the Executive Committee composed of the Presidents and the Secretary Generals of the national chambers was entrusted with the task of preparing for the Business Forum. It was decided that the committee might be convened just before the Business Forum in Cairo due to the lack of time.

#### **Item V. Trade**

##### **a) International Marketing and Trading Company (IMTC)**

11. The Commissioner of Egypt informed the meeting of the progress of work on the feasibility study on the establishment of the IMTC Project and the future phases of the study. Having circulated a summary along with the text of the first draft covering the sections on project background, economic analysis and implementation plan, she said that the IMTC should not duplicate what is already existing in other organisations and should make full use of the mechanisms and resources now available such as the Islamic Chamber of Commerce (Karachi), ICDT (Islamic Center for Development of Trade -Casablanca). She added that it should be in the form of a treaty, which would include all rules and regulations, privileges.

12. The representative of UNCTAD Mr. Shaffaeddin, who was invited to attend the Meeting, offered his general comments, which are provided at Annex VI.

13. The Commissioner of Egypt stated that one of the main objectives of the D-8 group is to promote and intensify intra-trade amongst its members. To that end, it opted for a pragmatic, step-by-step approach. Explaining the structure and the work phases of the IMTC, she stressed that every member country should feel free about the way in which it contributes its share. In conclusion, the Commissioner of Egypt suggested her colleagues to provide their comments in writing in order to be taken into account by FINBI for the revision of the draft.

14. In the discussions, which took place thereafter, the following views were expressed by the member countries:

- The Company in its present shape resembles an organisation rather than a real Company. It should be aiming at profit making.
- The Company should primarily address the D-8 intra-trade. In other words, there should be a modest beginning.
- The Company should be private sector driven. However, at the initial stage, the government involvement may be necessary. This raises a conceptual problem. In view of this, either the Company could be established with the initial involvement of governments but there would be an in-built device to gradually draw the private sector into the Company or the Company could be established by the private sector as from the beginning. Perhaps, in a flexible approach, it could also be left to each member country how to participate in the Company. In certain member countries, the private sector is quite weak. Therefore, the initial government involvement may be required in these countries.
- Deciding on the possibility of concluding a treaty or any other kind of agreement for the establishment of the company largely depends on the comments, which will be provided by the member states after the consideration of the feasibility study.
- Meanwhile, the Malaysian Commissioner explained in detail their experience on this matter. Japanese experience shows that their trading companies were developed over many years. Malaysian experience is also valuable and should be taken into account for designing IMTC. Therefore the project could be developed starting from a modest scheme with specific objectives.

15. The members expressed the need to thoroughly examine the concept of the draft feasibility study. It was suggested that the Trade Expert Group Meeting and the Business Forum be given an opportunity to examine the draft feasibility study and provide their views. Every effort should be made to reach a broad agreement on the concept and objectives of such a company for a recommendation to the Summit. The feasibility study should then be revised on the basis of such agreement.

**b. Trade related issues**

**ii. Easing Visa Procedures for Businessmen**

16. The Commission took note of the second revised text of the draft agreement on easing visa procedures for businessmen. It was agreed that the text would be recommended to the Fifth Meeting of the Council of Ministers for approval so that it

could be signed on the occasion of the Summit, if no additional comments are raised by the members by that time.

### iii. Shipping

17. The Commissioner of Bangladesh presented their proposal to establish a Shipping Business Forum and added that they would organise a Working Group meeting on Shipping in Dhaka, which was welcomed by the Commission. Thereafter the following views were expressed:

- The purpose of this meeting should be to establish a dialogue between the business circles, shipping companies and Ship-owners' associations under the umbrella of shipping forum.
- As regards cooperation in the field of shipping, it is important to know what the government may offer for cooperation to the shipping companies such as providing port facilities, reducing the fees and easing government regulations, etc.
- The Business Forum, which will take place in Cairo, may provide a suitable occasion to establish this dialogue. To this end, the Islamic Ship-owners' Association may also be invited to the Business Forum. However, the discussions in the Business Forum should be of general nature to hear the problems of each side. Thereafter, these problems could later be taken up in detail in the meeting of Shipping Forum, which will be organised by the Government of Bangladesh.

### iv. Simplification and harmonisation of banking measures

18. The Commissioner of Bangladesh reporting their consultation with the Central Bank of Bangladesh stated that the annual IMF meetings offer the best occasion to have a meeting of D-8 central bank officials as all the members attend the IMF meetings with the officials of their central banks and ministries of finance. Following short discussions, it was agreed to hold the first meeting on the sidelines of the annual IMF meetings. It was recommended that the Chair Country may convene the meeting.

### v. Trade facilitation/customs procedures

19. The Commission reiterated its request from the member countries to take the necessary steps to respond to its earlier decisions.

### vi. Agreements on the avoidance of double taxation and promotion/protection of investments.

20. The Commission took note of the updated chart of the status of these agreements. The Executive Director drew attention to the discrepancies between the replies of

some member countries as provided at Annex VII to this report. It was mentioned that UNCTAD provides facilities for the negotiation of such agreements.

vii. Trade database

21. The member countries, who have not yet done so, were requested to provide Egypt with the necessary information to complete the trade database of the Group.

viii. Small and medium sized enterprises (SMEs)

22. The Commissioner of Turkey presented a wide-ranging program for cooperation in this field, developed by his authorities in the light of responses which had been offered by the member countries to the questionnaire earlier circulated. Egypt has also circulated a paper on SMEs on Joint D-8 Venture Initiative for SMEs with the D-8 member countries (The text is provided at Annex VIII).

23. The Commissioners welcomed the proposal of Turkey to convene a workshop to discuss problems in this field.

**Item VI. Agricultural Aircraft**

24. The Commissioner of Turkey briefed the Commission about the latest stage of the project and then the TAI representative also gave detailed information on the progress so far achieved as well as the problems presently encountered. In this connection, he underlined that it was extremely important to know the requirements of the member countries for this aircraft, in precise terms, their likely orders and the current and future status of their markets in order to further proceed on this project. He also requested the member countries to contribute to the financing of the future work on this project.

25. Some Commissioners while congratulating TAI for its successful endeavour stated that the unit price of manufacturing was on the high side, and the design and specifications of the aircraft do not meet their respective needs.

26. It was also said that the project should be based on the concept of division of labour, some parts being manufactured by different member countries. In this vein, it was suggested that a meeting could be organised to look in these problems.

27. In response, the Turkish Delegation stated that the principles of division of labour were agreed upon long ago in the meetings of the Study Group and that Turkey was accordingly ready to share the work. It was added that in order to decide on the work sharing and serial production, it was necessary to know beforehand the aircraft orders of the member countries, the whole market potential and decision to share future costs. The Study Group at its VII. Session took an important step to establish a

Management Committee with the participation of the representatives of the delegated companies to discuss the problems mentioned above. However, only two member countries took part in the first meeting of this Committee. Moreover, a demonstration for the inaugural flight of the aircraft, which was planned to earlier take place for the D-8 Ministers of Industry and Commerce, was cancelled due to the lack of interest.

28. Finally, the Commissioner of Turkey referring to his letter of 15 December 2000, requested his colleagues to respond to various questions raised therein so that the Commission would be able to take a decision on the future of the project.

#### **Item VII. ITDB Network**

29. Bangladesh briefed the Commission about the database, which they posted in the ITDB Website in Internet.

30. The Commissioner of Iran expressed its appreciation to the member countries for entering information in their national home pages although the current level is not satisfactory. He therefore appealed for more information and for its update. He also added that the inclusion of trade database into the website will give a boost to the project. Furthermore, he stated that AFRANET Company (the Private company running the website) added another page for Cairo Summit, which will help advertise the event.

31. Then he informed that the server that is used by an American Company for the website is shared with 250 other websites. Therefore, he added that it would certainly be better to have a dedicated server. In this case, the cost should be shared among the member countries, which would be minimal. He also briefed on their consultations with ITU to establish a Cyber Mall. It will be a virtual eight-story building, one story to be allocated to each member. He concluded that it was important to bring this matter to the attention of the business circles.

32. In the discussions, the following views were expressed:

- Several member countries have already cyber malls in their trading houses operating through Internet. Therefore, it is advisable to link into the existing cyber malls in the member states before we commit financial and technical resources for this purpose.
- Secondly, for such a scheme, we have to find sufficient number of clients to utilise the cyber mall. In this connection and in view of the participation of companies, any proposals for cyber mall should be commercially sound and feasible.
- There were also suggestions to add addresses of the reputed website which could be hyperlinked through the Internet.

- Concerning the server, the attention was drawn to the existing servers in the member countries. They could be utilised instead of those of non-members, these being even cheaper.

- The Iranian Commissioner explained that the website has two parts. The D-8 web page can not be commercialised. The countries may enter their information or hyperlink their site in the page. For the cybermall, after the completion of the questionnaire, the next stage will be explained to the member states by the coordinating member. Finally, it was emphasized that the member countries should be committed to the D-8 page that reflects the collective spirit of D-8 cooperation. It was concluded that there was no contradiction between the two approaches, as one will not exclude the other.

### **Item VIII. Agriculture**

33. The Commissioner of Pakistan informed that his authorities are planning to organize meetings on the following three subjects:

- Workshop on bio-technology initiative for increasing agricultural productivity
- Workshop on alternate/organic fertilizer
- Seminar on conservation of farm animal genetic resource.

34. The Commissioner of the I.R of Iran, briefing the Commission on the findings of the Workshop on Food Security with Special Emphasis on Food Safety, held in Tehran, drew the attention to the extensive use of pesticides and chemicals in agriculture to increase productivity, and added that this has created concerns in FAO circles due to the health reasons. He also referred to the follow-up committee recommended by the Workshop. He invited the member countries to respond to the recommendations of the Workshop, adding that so far only Turkey has offered its comments.

35. The Commissioner of Bangladesh informed that their authorities were interested in the training course, planned to be organized by Turkey but later postponed, on the Residue Monitoring Systems and Hygiene Rules & Quality Control Procedures. He requested that this idea should therefore be revived.

### **Item IX. Human Resources Development and Poverty Alleviation**

36. The Indonesian representative informed that the Workshop on the Empowerment or Rural Community through the Use of Appropriate Technology for Poverty Alleviation was postponed due to the hectic program of conferences (G-15 Summit)

coinciding with that period, and added that the new dates would be communicated in due course. Furthermore she appealed to those member states who have not yet done so to respond to their questionnaire so that the Indonesian focal point could proceed developing program of activities in this field.

#### **Item X. Finance-Banking-Privatization**

37. A high level Egyptian Expert on insurance made a presentation on the cooperation among D-8 for the development of insurance and Takaful business in the wake of globalisation. (The text is provided at Annex IX). In his expose, he especially drew the attention to the outflow of insurance funds (premiums) to the developed world. He also underlined the importance of establishing coordination among the member countries in connection with the rules of insurance supervision and control.

38. The Commissioners appreciating this comprehensive presentation made the following comments:

- There was a general consensus that the member countries should start cooperation in this field, which is an important supporting factor for the development of trade. They stated that the members should help each other to use, as far as possible, the existing insurance capacities in the member countries for the benefit of the D-8 area. The importance of cooperation amongst supervisory and regulatory bodies was underlined in this context. Reference was made to the optimisation of the activities of the insurance companies. In this connection, competitiveness is certainly an element to be taken into account.
- It was also suggested that the member countries should cooperate to establish their own system of rating using the existing rating institutions.
- This subject should be brought up to the attention of the Business Forum since it was a matter of primary concern for the private sector.
- In response to an inquiry whether a permanent committee could be established for cooperation between D-8 supervisory and regulatory authorities, it was suggested that Malaysia as the coordinating country might also invite the representatives of the supervisory bodies for a meeting to discuss these issues elaborated in the presented paper.

39. The Commissioner of Malaysia reported that they were planning to organise a technical training program on privatisation in August or September next.

40. The Commissioner of Iran reported on the holding of the training course on Islamic Banking for the relevant D-8 experts in October 2000 and offered to organize a similar event in the year 2001.

#### **Item XI. Energy**

41. The representative of Indonesia reminded of the decision of the VII. Session of the Commission whereby the member countries, who have not done so, were requested to report on the implementation of the recommendations of the training programs on Solar Energy Systems for Isolated Villages and Micro-Power Plants.

#### **Item XII. Rural Development**

42. The Secretary of the Ministry of Local Government, Rural Development and Cooperatives Division of Bangladesh made a presentation on the poverty alleviation in South Asia, with special emphasis on social mobilisation.

43. The Commissioners deeply appreciated this presentation as all the member countries faced challenges in rural development. It was stated that though government support was certainly necessary for rural development programmes, people's participation and involvement were the most important. In this connection, a question was also raised on how to combine rural activities with small-scale industrialisation. The Bangladesh authorities were requested to consider organizing a workshop of D-8 countries to share their experience and develop specific programs for cooperation

#### **Item XIII. Environment**

44. The Commissioner of Egypt submitted for the consideration of the Commission a proposal for Co-operation in the Utilisation of Agricultural Solid Waste for Energy Generation. The text is provided at Annex X. Moreover, the Commissioner of the I.R. of Iran informed the Commission that his authorities were planning to organise a working group meeting on the technical aspects of environmental cooperation. It was suggested that the proposals put forward by Egypt be discussed in this working group

#### **Item XIV. Liaison with the OIC**

45. The Commission welcomed the resolution adopted at the OIC Summit held at Doha, for the establishment of liaison between the OIC and D-8, and the contact between the Executive Director and the Secretary General of the OIC to work out the modalities for cooperation.

#### **Item XV. Coordinating Unit**

46. The arrangements agreed upon in the earlier sessions to contribute to the financing of the coordinating unit were brought to the attention of the Nigerian Delegation, as

they were not present on those occasions. The Nigerian representative stated that he would report the subject to his authorities. The Chairman reminded the need for timely payment of the national contributions towards covering the expenses of the coordinating unit.

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47. The Commissioners heartily congratulated the Chairman for conducting the work of the Commission in the most diligent and excellent manner during the tenure of Bangladesh. They expressed as well their profound thanks and appreciation to the Government and People of Bangladesh for their hospitality and generosity.