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A GLOBAL ECONOMIC GROUP MEETINGS BETWEEN 1999-2001 VOLUME II



**MEETINGS
BETWEEN
THE SECOND AND THE THIRD SUMMITS**

1999-2001

VOLUME II

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14

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MEETINGS AT TECHNICAL LEVEL

**Introductory Course
on
Brackishwater Aquaculture**

Kuala Lumpur, Malaysia

17 July- 18 August 1999

SUMMARY OF REPORT
INTRODUCTORY COURSE ON BRACKISHWATER AQUACULTURE

Introduction

Pursuant to the understanding reached at the Dhaka Summit, Malaysia agreed to organise the " Introductory Course on Brackishwater Aquaculture" for D8 countries.

2. The course was successfully implemented. The details are enumerated in the succeeding paragraphs:

Date of Course	:	17 July - 18 August 1999;
No of participants	:	20 participants from 14 countries; and (Myanmar, Thailand, Cambodia, Sudan, Maldives Guinea, Venezuela, Indonesia, Egypt, Turkey, Bangladesh, Nigeria, Gambia and Pakistan)
D8 country participants	:	10 participants from 6 countries.

Course Brief

3. The course was sponsored under the Malaysian Technical Cooperation (MTCT , and was conducted at the National Prawn Fry Production and Research Center, Kampong Sayak, Kota Kuala Muda, Kedah, Malaysia.

4. The course consists of a series of lectures, practical and field trips to comprehensively cover introduction to brackishwater aquaculture. i.e fish and prawn farming, marine finfish cage culture, molluscs culture and seaweed culture. The lectures were supported by practical sessions and field trips to observe actual farm conditions.

Evaluation

5. The course met its objectives and was well received by the participants. They expressed their satisfaction on the technical contents of the course and valuable experiences gained from the exposure to Malaysian aquaculture.

Future Line of Action

6. As part of continuing efforts to promote close cooperation among D8, Malaysia will continue to offer training in aquaculture. The following are the options which could be considered:

a). Special MTCP Course on Brackishwater Aquaculture for D8 Countries

7. Malaysia is prepared to offer special course ONLY for D8 countries based on the MTCP courses conducted on alternate years i.e

- a) Introductory Course on Brackishwater Aquaculture; and
- b) Shrimp Hatchery Operation and Management Course

8. Malaysia would accommodate 2 participants from each of the D8 countries

b). Attachment Training

9. Attachment training (hand-on experience) could be provided for freshwater aquaculture management and brackishwater aquaculture management. The duration of attachment would be 2-3 weeks, and the attachment training is limited to 2-3 participants.

c) Study Tours

10. Arrangement could be made for study tours to review aquaculture in Malaysia. The study tours for duration of about 1 week can be either on freshwater aquaculture, brackishwater aquaculture or both.

d) Attachment of Malaysian Experts to D8 Countries

11. Malaysia has some expertise in aquaculture and is willing to offer short term consultancy attachment to D8 countries in the following areas:

- i) Aquaculture management with emphasis on the Code of Practice for Sustainable Aquaculture;
- ii) Shrimp and Prawn Hatchery Management; and
- iii) Freshwater Fish Hatchery Management.

New Area of Cooperation

Business Opportunities with D8 Countries

12. In the field of ornamental fish (aquarium fish), Malaysia has become a leading producer and exporter of fish and aquarium accessories.

13. This is a potential area of cooperation, and Malaysia is ready to export ornamental fish to D8 member countries.

**Workshop
on
Food Security in D-8 Countries**

Islamabad, Pakistan

24- 26 November 1999

**REPORT
OF
WORKSHOP ON FOOD SECURITY IN D-8 COUNTRIES
ISLAMABAD, PAKISTAN
NOVEMBER 24-26, 1999**

Background

The representatives of D-8 countries gathered in Islamabad from November 24-26, 1999 for a Workshop on Food Security. This Workshop was organized in response to the decision taken at the 2nd D-8 Summit of Heads of State in Dhaka on March 2, 1999. The Summit, recognized food security as an important area of attention by the D-8 countries.

Theme and objectives

The theme of the workshop was declared as "Food Security in D-8 Countries through Agricultural Development". The following objectives were set :

- (i) Identify issues related to food security.
- (ii) Find out common aspects of food security among D-8 countries.
- (iii) Prepare a development program

Definition of Food Security

The definition of "Food Security" as deliberated in World Food Summit, Rome 1996 was adopted by the Workshop which reads thus "food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food which meets their dietary needs and food preferences for an active and healthy life."

Summary of Proceedings

The Workshop was held over for three days. The details of the programme are given at Annex I. On 24th November, 1999, the registration of participants started at 8:30 am. The Chief Guest, Dr. Shafqat Ali Shah Jamot, Minister for Food, Agriculture and Livestock, inaugurated the

session. The Commissioner D-8/Additional Secretary, Ministry of Foreign Affairs, Mr. Riaz Mohammad Khan, welcomed the participants and stressed Pakistan's commitment to the aims and objectives of the D-8. In his speech, the Chief Guest expressed his appreciation to the participants for their presence in the Workshop. He maintained that collective efforts of D-8 countries can play a pivotal role towards food security in these countries. His inaugural address is attached at Annex II. The Secretary Ministry of Food, Agriculture and Livestock Dr. Zafar Altaf, in his keynote address, emphasised the need to fight against food insecurity, hunger and poverty and increase food production for ensuring food security. He pointed out that it is a massive issue therefore, action of massive scale is required. Culture of action and thoughts should be created, hardware and software provided and linkages built for improving economy and ensuring food security.

There were four technical sessions and one concluding session. The country papers were presented by Bangladesh, Egypt, Turkey and Pakistan on first day of the conference in Technical Sessions I & II. On second day in 3rd technical session, the first draft of recommendations was presented which was read point by point in front of the house. Each point was discussed thread bare and improved with consensus. Second draft of recommendations was presented in the 4th technical session, discussed and modified/improved as per suggestions of the house. In the concluding session, the third draft was read, finalized and adopted by the house. This session was chaired by the D-8 Commissioner for Pakistan, Mr. Riaz Mohammad Khan, Additional Secretary, Ministry of Foreign Affairs, Islamabad. He appreciated the inputs provided by the delegates which helped to formulate viable recommendations for ensuring food security. He reaffirmed Pakistan's commitment to the D-8 organization. On the second day of Workshop, the D-8 Commissioner for Pakistan hosted a dinner for the delegates which was also attended by the Ambassadors of D-8 countries and representatives from UNDP, UN. On the last day, the participants visited National Agriculture Research Centre, Islamabad. Ongoing research work and future programmes were shared with the participants. The list of participants of the Workshop is given in Annex III.

The Workshop recognized that food insecurity and malnutrition are widespread menaces in the D-8 countries having severe socio-economic implications. To ensure food security, necessity of working jointly was felt imperative. It was recognized that there is a need to identify suitable measures and policies which could help eliminate chronic nutritional

deficiency, produce ample food, ensure its supply and distribution and its access by the poor.

Issues and Recommendations

Issue: Food Production

Recommendation:

1. Increased cooperation at technical, operational and policy levels, to plan food production and meet food requirements of D-8 countries and alleviate poverty and malnutrition in the shortest possible time was recognized. Regional cooperation for technology, information and exchange of genetic material was recommended. Information networking need to be strengthened and a web-site created for sharing information on food and agriculture among D-8 countries. Efforts for enhanced food production need to be supplemented by building storages, strengthening research capabilities, assured dissemination of technology to farmers, availability of inputs at proper price and credit to small farmers. As most of the farmers in D-8 countries are small farmers, technology for them should be developed according to the specific needs of each member country.

Issue: Poverty and Hunger

Recommendation:

2. Poverty and hunger are inter-related. Malnourished mothers will give birth to under-nourished children who are prone to diseases and have reduced physical and mental capacity. Low literacy rate in general and of women in particular are identified one of the major causes of poverty and hunger. Efforts, therefore, be made to improve literacy in women, girls and the farming community for human development and improving farming skills and for the alleviation of poverty and hunger. Human resource development at farm level be given top priority and special programmes be designed to boost skills of farmers especially female farmers.

Issue: Trade Promotion

Recommendation:

3. International trade barriers imposed from time to time by EC and other countries are impediments in the expansion of trade. It was felt necessary to adopt a common strategy for enhancing exports, seeking due share in the world markets and facing the challenges of a new trade environment being built under the WTO. There is also a need for special programmes of bilateral and multilateral assistance to compensate the developing countries in overcoming the additional burden created by trade liberalization measures. The D-8 must have a joint policy to deal with the WTO.

Issue: Gender Concern

Recommendation:

4. Role of women in agricultural production, consumption and development needs to be duly recognized at policy formulation and national priority setting levels.

Issue: Food Security Analysis and Mapping

Recommendation:

5. Food security mapping and identification of vulnerable masses within each D-8 country was pointed out as priority area. It would help monitor the food insecurity situation at national level on regular basis. Food availability surveys were recommended to be conducted to assess specific needs of vulnerable groups of people. There is also a need to undertake economic analysis related to food security, availability and consumption. Storage and rural food processing should be studied. Egypt offered its expertise and assistance to set up a food estimation system at household level in D-8 countries. In this regard WFP's expertise in vulnerability analysis and mapping should be utilized.

Issue: Low Investment in Agriculture Sector

Recommendation:

6. Government and private investment in the agricultural sector be increased for moving towards the desired goal of attaining food security for all. There is a need for greater cooperation among D-8 countries to raise and sustain investment in agriculture and related areas in the D-8 countries.

Issue: International Support

Recommendation:

7. International financial institutions, donor countries, Islamic Development Bank and UN Agencies including UNDP and FAO should support, facilitate and encourage transfer to and access by developing countries in evolving new agricultural technologies.

Issue: Credit for Small Farmers

Recommendation:

8. Learning from the experience of some D-8 countries system for small farmers should be developed so as to make credit available at village level.

Issue: Water Management

Recommendation:

9. Water was considered the most valuable and limiting natural resource for achieving high farm productivity. Its optimal management at all levels of conveyance and efficient use at farm was stressed. National programmes should give increased emphasis on projects of water management. New techniques of water application like sprinkle and drip irrigation be employed for its efficient and economic use and for water budgeting. Water harvesting techniques be applied and new reservoirs built for ensuring increased water availability for food production.

Issue: Horizontal Expansion of Land Resource

Recommendation:

10. Un-utilized land such as deserts, rainfed areas, mountains, riverine areas and coastal belts be reclaimed and put to use for food production. In this regard corporate sector should be provided incentives for investment. Fertile agricultural land should be protected from industrial and residential uses.

Issue: Youth Involvement

Recommendation:

11. Youth should be encouraged to play their role for agricultural development by providing training and credit facilities especially for development of new and reclaimed areas.

Issue: Pricing Policy

Recommendation:

12. Adopt pricing policies which encourage food production.

Issue: Generation and Transfer of Technology

Recommendation:

13. Investment in agricultural research be increased to ensure generation of technology and its transfer to farmers.

Issue: Addressing Specific Situations

Recommendation:

14. Specific Committees/Task forces be established under the umbrella of D-8 countries for addressing specific issues and finding their solutions, especially on issues related to international trade and agreements.

Issue: High Population Growth Rate

Recommendation:

15. High rate of population growth is recognized as counter productive to food security. The population planning programmes be strengthened by introduction of education and health programmes on food consumption patterns.

Issue: Farmers' Participation

Recommendation:

16. Farmer participatory approach projects have been successful in D-8 member countries. Farmers' participation in projects should be given high priority.

Issue: Value Added Products

Recommendation:

17. For increasing farm income, value added components need to be strengthened at farm level. In addition, income diversification approach be inculcated among the farming community for increasing their farm productivity. D-8 countries must encourage organic farming specially in reclaimed areas and new areas be brought under cultivation.

Issue: Food Safety and Quality Standards

Recommendation:

18. Food safety and post harvest management programmes need to be strengthened. Quality standards should be introduced for prevention of food contamination and improving quality control. Quality control facilities/ laboratories need to be established and strengthened.

Issue: Documentation and Conservation of Bio-diversity

Recommendation:

19. Due to agricultural development in D-8 member countries, the rich indigenous bio-diversity is under threat of erosion. It is recommended that special efforts be made to collect/conservate and document this

diversity for ultimately sharing among the D-8 countries and international community. Gene banks in member states should be nominated for specific commodities. Information related to biodiversity held by member countries should be freely available and sharing of germplasm be facilitated.

Issue: Recognition of Outstanding R&D Work

Recommendation:

20. Outstanding research work in each field of agriculture (research, extension, production, processing, engineering and other fields) should be encouraged and rewarded regularly.

Issue: Implementation of Recommendations

Recommendation:

21. Workshop recommends designation of focal points in each D-8 country's Ministry dealing with Food and Agriculture for follow up action and the implementation of recommendations. These focal points should disseminate recommendations widely within the member states as well as to international agencies so that maximum benefit is drawn from these recommendations. The focal points should also facilitate the networking of information on food, agriculture and technology development.

INAUGURAL ADDRESS
OF
DR. SHAFQAT ALI SHAH JAMOT
Federal Minister for Food, Agriculture and Livestock

At
D-8 Countries Workshop on Food Security
Islamabad November 24-26, 1999

Honourable Excellencies,
Delegates, Distinguished Guests,
Ladies and Gentlemen,

1. We all have gathered here today to address fundamental issue of food security which is a basic and prime concern of the countries of our region for decades.
2. You the experts of D-8 countries will deliberate on food security issues concern of hundreds of million of people – men, women and children – who are confronted with this problem around the globe.
3. The issue of food security relates not only to hunger and malnutrition but also concerns the fundamental right of humans to have an easy access to food.
4. It is the time that we D-8 community get together and fight against hunger and food insecurity. It is a voice of the millions whose grueling suffering prick our conscious and invoke us to work jointly and develop a viable strategy.
5. We have to fight with determination against this hazard which threatens entire continents. It is more pronounced in the developing world, where more than 800 million people live with out adequate and quality food to meet their basic nutritional needs.
6. I am inspired by the intuition that, as we enter the 21st century we can, through our collective efforts and using the knowledge of science and technology, address this problem comprehensively, so as to remove the threat of poverty and hunger.

Ladies and Gentlemen,

7. Pakistan has the honour to host workshop. It is a manifestation of our common determination to improve the well being of our peoples. It is a commitment of highest order in our endeavors.
8. The D-8 countries are rich in natural resources but lacking in basic social networking and economic entrepreneur-ship. It is rich in human potential but has to learn to manage it for the benefit of society and man kind.

9. We have in recent decades experienced rapid growth and development but natural calamities and inequitable implementation of policies have produced uneven results. D-8 countries are rich in bio-diversity and have fertile agricultural lands and favourable climatic zones. But we are still net importers of agricultural commodities. Food supplies have increased but access to food remains constrained.

10. Shortage of food calls for enhancing productivity for the rapidly growing population. The increase in population and the accelerated pace of urbanization have worsened the problem.

11. At the same time, the world is faced with problems of environmental degradation, depleting bio-diversity and genetic rich crop varieties which threaten our efforts for sustainable agricultural development. Intensification of agriculture can aggravate these problems but proper technical interventions can benefit the vast ecological spread of D-8 countries to overcome the issue of food security. We must focus on sustained increase in agriculture production and rural development as these are critical for food security.

12. Agriculture has multifunctional character. Food production, social enrichment, environmental improvement and trade stimulus are main characters. Its growth also effects other sectors and enhance their productivity. This process in turn leads to increase employment and reduces poverty. Agricultural intensification may reduce productivity but would help generate employment and poverty alleviation.

13. Sustained agricultural growth, agricultural intensification and enhanced productivity are potential frontiers which can ensure food security. Time has now come for D-8 countries to pool their resources so that the issues are re-framed and solutions sought for our common benefit. I also like to emphasize that selective interventions will not help us. Food security with all its dimensions must be given top priority.

Ladies and gentlemen,

14. Pakistan, like many other developing countries of the world, is facing problem of low agriculture productivity and low farm incomes. We are facing challenges of producing adequate food and other farm commodities. The land has limited scope for further expansion. The irrigation resources are also under pressure. Under these resource constraints, we have to improve productivity in agricultural sector to achieve food security and also to produce surplus for export. We have to strive hard on the path of planning, development, and economic up-surge for a better tomorrow.

15. The 21st century will be the century of fast scientific development, technology based ventures and extensive information networking. The nations which have done their homework would rapidly grow and proudly survive and will make their place in the most competitive global environment. We have to make a solemn pledge that we would work dedicatedly and devotedly for developing our agriculture sector, in such a way that it would provide food to everybody.

Ladies and Gentlemen,

16. Our approach should be to address all inter linked issues of Food Security. We welcome the changing regional emphasis that can trigger our social and economic development. We welcome the

growing awareness that development today does not only relate to increase in GDPs but also stresses progress in our social, cultural, moral and ecological dimensions. It is the recognition of our human dignity which should be the foremost factor propelling our actions and programmes.

Ladies and Gentlemen,

17. The D-8 countries must set forth a strategy which call for the concerted efforts and an integrated approach at national and regional levels to attain this objective.

18. This workshop provides an opportunity to analyze and sharpen focuses on policies and approaches which need to be adopted to provide an enabling environment for the success of our efforts to remove hunger, malnutrition and poverty.

19. The workshop must indicate the modalities for resolving all the inter-related problems of food security and hunger in the context of agricultural development so that millions of people in the developing nations can also come into global mainstream of growth and prosperity.

20. I take this opportunity to express my gratitude to the Ministry of Foreign Affairs to help us organize this workshop.

21. I wish you all success in your deliberations.

**Workshop
on
Food Security with Special Emphasis
on Food Safety**

Babolsar, Islamic Republic of Iran

16- 20 October 2000

I. Introduction

The workshop was hosted by Ministry of Agriculture of the Islamic Republic of Iran and organized by the Plant Pests and Diseases Research Institute (PPDRI). It was inaugurated in Tehran on the 16th of October 2000 coinciding with the "World Food Day" with the rest of the sessions held in Babolsar from 17th to 20th October 2000.

The objectives of the workshop were to review the extent of food security with special emphasis on food safety in D8 countries, recommend a collaborative action towards overcoming causes of food insecurity, and exchange information and experiences on establishing a sound programme for food safety and quality.

Representatives of governments and organisations from Bangladesh, Egypt, Indonesia, Iran, Malaysia, Pakistan and Turkey participated in the workshop and presented reports on the status of food security and food safety in their respective countries. No representative was present from Nigeria in this workshop. Dr. Randell, Secretary of Codex Alimentarius Commission from Joint FAO/WHO Food Standards Programme also participated in this workshop, delivering a speech and coordinating the sessions during the workshop.

II. Inauguration Session

Dr. Kalantary, the minister of Agriculture welcomed participants to World Food Day/D8 Food Safety Workshop and stressed the importance of this year's message of "A Millennium Free from Hunger" and also the food safety issue.

Dr. Habibi, Honorable first vice president of the Islamic Republic of Iran addressed the fact that food security and fighting against hunger is one of the most significant issues which has been repeatedly stressed by the policy makers of states and the international community for many years. Nevertheless as we are entering the third millennium, the world community is still facing tremendous difficulties for attaining its fundamental right which is the right of every human being to exist free from clutches of hunger. The responsibilities of the governments on this matter should be to adopt appropriate policies and take urgent actions. Such as a unified policy making centre, national food safety programme, food safety standards, specific commission in the parliament, relevant courts for violations, education of consumer and encouraging participation of the society in the programme.

Dr. J. Ahmad, FAO representative in Iran addressed, Dr. Jaques Diouf, the Director-General of FAO, message on the occasion of world Food Day and Telefood 2000 with the theme "A Millennium Free from Hunger". The message invites individuals together with world leaders, civil society organizations, private corporations, foundations, farmers and other grassroots groups, to join the organization in the fight against hunger and malnutrition. By increasing local food production, improvement of rural incomes and access to food, improvement of access to land, water and other productive resources, reduced production costs through better management conservation of natural resources including fisheries and forests, IPM, new technologies, other income or employment-generating opportunities, and access to social services and serviceable infrastructure were pointed out to help improve food security. "Telefood" was mentioned which is a

major awareness and fund-raising campaign launched by FAO four years ago, which has helped to spread the message.

Dr. Alan Randell, Secretary of Codex Alimentarius Commission, thanked the Government of Islamic Republic of Iran for inviting him to give a speech on world Food Day in Iran. The following items were addressed in his speech.

- a) Food Quality and Safety: A Basic Right? Access to nutritionally adequate and safe food is a right of each individual as recognized by the FAO/WHO International Conference on Nutrition (ICN) held in 1992.
- b) Codex Alimentarius and the World Trade Organization WTO: is in charge of the new rules, international agreements, signed in 1994, which gave an important new legal status to the Codex Alimentarius. From these agreements, the SPS and TBT Agreements encourage member countries to use international standards guidelines and recommendations and among them Codex Alimentarius is quoted as a focal reference point to cover all aspects of food quality and food safety requirements.
- c) Description of the Codex Alimentarius Commission.
- d) Codex Alimentarius and International Harmonization:
New Issues
Development of Codex guidelines for the use of food derived from Biotechnology was pointed out.
- e) Codex Alimentarius at the National levels was addressed which included requirements for elaborating food standards such as cooperation between interested parties, dedicated research, commitment to technical assistance and adequate resources.
- f) Nutrition, Food Quality and Society.

Following Dr. Randell's address, the following speeches were made by directors of various institutes and organizations of Islamic Republic of Iran.

- Dr. Motallabi, Director of the Iran Veterinary Organization on "Role of Iran Veterinary Organization in Food Safety and Providing Healthy Food".
- Dr. Abdollahi, Director of the Plant Pests and Diseases Research Institute:
" Summary of Research Activities and Responsibilities of Plant Pests and Diseases Research Institute".
- Dr. Bastani, Director of the Food and Hygiene Products Inspection office on
" Role of the Food and Hygiene Products Inspection Office".
- Dr. Malakoti, Director of the Soil and Water Research Institute on "The Role of Zinc sulfate in the Reduction of Phytic Acid to Zinc (PA/Zn) Molar Ratio in wheat Grain and Promotion of whole wheat Bread Consumption"

III. Welcome Speech in Babolsar

Mr. Basiri, the deputy director of PPDRI, welcomed Dr. Randell, representatives from D-8 countries and representatives from Iranian organizations to the workshop and informed that the Islamic Republic of Iran has proposed specified programmes to obtain sufficient safe food as the topic of it's agenda, and aims to enhance the quality of food safety through execution of research projects on determining pesticide residues, heavy metals, mycotoxins, fertilizers and other polluting materials in water, soil, agriculture and animal products.

He also indicated that Iran is making every effort to establish national standards. Finally, he expressed his pleasure for being the host of this workshop and hoped that the outcome of the workshop could be a breakthrough for the existing problems in Iran and other countries.

IV. Presentation of the Country Reports on Food Security / Food Safety

Representatives of Bangladesh, Egypt, Indonesia, Iran and Turkey presented comprehensive country reports, which are included in Appendix I.

Conclusions on the Country Reports

Reviewing the well-prepared reports delivered by D8 countries, Dr. Randell pointed out that most speakers made distinct linkages between food security and food safety. He also reflected that food control security activities are highly developed in Malaysia.

Among the countries who have developed their reports Bangladesh is the least food secure country compared to countries such as Iran, Turkey and Egypt which are reasonably food secure and are in fact noted for being food secure.

He stated that if food is not a good safe one and it imparts disease upon people that eats it then the impact of that food is negative. This is something that is often forgotten by economists and statisticians who develop indicators of food security. Illnesses, the days lost from work, the sick children who are at home are the result of eating contaminated food which are not measured. These factors are measured for other cases but not food security. Some of the problems faced by Bangladesh in its effort to bring the country into a more food secure situation are very basic practical problems such as access to food and poor infrastructures to allow food to trade place, there are major scientific developments through standard and research institutes which have done very valuable work in protecting quality and safety of food stuff. It was also pointed out that Bangladesh has the most dynamic radiation programme for food preservation.

Another element that was raised by couple of countries was the pressure on the agricultural production system from combination of factors, not least from increasing population, but also from organization, which does 3 things, it firstly increases the number of non food producing households, secondly as cities grow they destroy agricultural land and thirdly cities pollute unless the population go back to the country, which is never going to happen. Dr. Randell noted that contamination and acute outbreaks of food borne illnesses was only mentioned by Iran whereas there is good deals of evidence to suggest that these outbreaks in some countries has increased and in some it has decreased. In the increased cases, it is not clear whether measurements have improved or there is an actual increase in food borne illnesses.

In Indonesia by the result of country's move to IPM, acute intoxication of people who work with pesticides has been reduced. Therefore, the statistics have to be looked at with good deal of caution and also look at it against the reliability of overall statistics for formulating the policy.

There is another element, which was common in all papers but better explained in the Iranian one and this is a notice of the shift from major borne diseases to illness resulting from the use of chemicals. This is in fact of a cyclic pattern, the first part of the pattern, is when cholera/dysentery are common which will mean the community is in trouble, but if illnesses seem to be caused by chemical contamination then the community is making a progress. In Europe and USA most consumers and Ministry of Health feel now that they have the problems with chemicals primarily in control. But they are now looking at food borne illnesses that cause sickness but not death, and days away from work. This is why this pattern it is a cyclic one.

Among the countries of D8, some are in that first step, many have taken it already, and are beginning to control the chemicals and I suspect in 5-10 years will be moving into third phase. Difference were seen in different reports at food safety. Turkey reported major steps forward, the decree of 1995 was a landmark decree, based on some project done by FAO in previous decades. Also in Indonesia, FAO has done some work which has not had time to mature due to the financial crisis which set the country back every thing. However, the information is very encouraging because although it was reported that there is a law for implementation of GAP, GHP, GMP and HACCP, if this workshop was held 3 years ago, nobody would have mentioned it, It would have been invisible.

One of the points mentioned by a couple of speakers was in relation to trade, particularly the need to comply with the regulations of importing countries. One of the reasons we have Codex Alimentarius is to produce the variability of the regulations for countries to comply with. It is interesting to see that more and more countries are putting emphasis on this and setting it as a means of developing their food export and ensuring that they can achieve entry into markets. Biotechnology is one of the major challenges facing the agricultural and health sector probably for years to come. It has enormous potential but it also has massive criticisms. There are a lot of misleading statements about its positive and negative aspects. Therefore a balanced and careful scientific evaluations have to be undertaken. The presentation given by representative of Egypt on how an elaborate system has been developed by different ministries and how foods from GMO's are being handled in that country is very impressive and considerable thought has gone into developing the system and it might be a good model for other D8 countries to look at.

Indonesia was very clear that consumers have a very low awareness of food security and safety. Consumers have the ability to question things which otherwise are not questioned which is very useful in food security and safety. It was interesting to see a comprehensive analysis of aflatoxin by Iran. The question of what to do when things go wrong is an important issue, because in any food security system something may go wrong from natural elements, which make a great impact on food security, to things such as BSC crisis that, occurred in UK, Dioxin crises that occurred in Belgium and Chervil accident that, occurred 15 years ago. All these things can go drastically wrong. Therefore a food security/safety program has to have built into it a type of emergency response planning, something which we have not always emphasized but it is becoming more and more clear that emergency planning is of critical importance. One element of emergency response planning is communicating the nature at emergencies to the

participating communities such as producers and consumers. If a problem it should probably be told to the ministry of health or the Prime Minister if it is bad enough, but a reasonable judgment should be used in this matter. The dioxin crisis in Belgium is a good case study. The agricultural officers found out about the crisis in April of 1999, the actual accident occurred in January and what happened was that the contamination entered the animal feeding chain. The first effect of this was that eggs that were being laid by chickens did not hatch. Agricultural officers thought there was something wrong with the feed. They looked and found something wrong with the feed. They analyzed for PCB's, but found Dioxin in feed. By that time it had got out of hand and when everyone was told, the catastrophe had happened and EU trade broke down.

V. NGO Activities in Food Security / Safety

The Iranian NGO representative from Green Front of Iran gave his report on food safety and security matters, which is included in Appendix II.

Interesting comments and discussions took place on this subject.

Bangladesh representative Mr. Nasim reported that since 1974, 500 NGOs have been formed in Bangladesh. They have been involved in programs such as women, rural and environmental programs and have made very good progress. A Rural Bank has been established in Bangladesh, which provides loans to women and by inspecting their progress has been very successful in the return of these loans (98%). More information on these NGOs can be obtained from the embassy. Indonesian representative Mr. Pasha gave examples of successful NGOs in Indonesia, which are namely:

- 1) WAHI,
- 2) Green Indonesia Foundation,
- 3) Indonesian Scouts (Boy scouts and girl guides) who have been involved in food security issues.
- 4) Indonesian Consumer Foundation,
- 5) Indonesian Bureau for Food and Medicine

Conclusions and Comments

Dr. Randell commented on the fact that a trust fund is being looked into for helping developing countries, in response to the question about providing help to travel costs for representatives to codex from developing countries.

Turkish representative, Mr. Ilbegi gave explanations about Turkish Food Codex, which is very similar to European directives for food, Codex Alimentarius and FDA standards.

VI. Abiotic Factors

Chemical Hazards

Dr Randell gave a speech on Food safety which introduced Abiotic and Biotic factors and outlined the challenges seen and directions which need to be taken on issues of;

- (I) Abiotic Factors – additives, pesticide residues, and veterinary drug residues.
- (II) Biotic factors – food Microbiology and
- (III) Biotechnology

He also introduced the codex committees and expert advises available in Codex Alimentarius Commission, explained about Noggins and the best way they can be involved in codex. He also gave an explanation on Risk Analysis (Risk Assessment, Risk Management and Risk Communication) and how they should be done for abiotic factors.

Dr. Yadegarian gave a speech on Chemical Hazards, outlining the priority chemical contaminants (pesticides and veterinary drug residues, food additives, naturally occurring toxins (mycotoxins) and industrial contaminants) and their side effects, giving example of cases which have been monitored, such as lead and DDT complex, suggesting national monitoring to be performed by D8 countries and outlining its advantages.

GEMS/ food program was also introduced and recommendations were made to make use of their technical assistance's and training programs, as well as introducing technical assistance and advice within D8 countries.

Dr. Jamdar from the Institute of Veterinary Organization (IVO) gave an overview of IVO's activities in relation to risk assessment, research and monitoring. These included supervision, control, and implementation of HACCP system and application of EC requirements in poultry, meat/large animal, processing, fish processing and caviar establishments. Supervision of factories and manufacturing establishments of veterinary drugs and a testing of drugs and vaccines before registration by IVO. Performing projects on national residue levels, control and management of residues (FAO/IVO joint project), joint residue project with French AFSSA. Quality control of meat (red and white) by domestic and international reference laboratories for import and export purposes. Prevention of transmission of disease from animal to human and vice versa by preventive medicine department.

Mr. Momen from IAERI discussed causes of postharvest food losses in developing countries and pointed out that improper handling, transportation, storage, and processing practices in post-harvest situations not only affect the internal supply of agricultural products and foods in many developing countries, but also their economies. Hence D-8 countries should place a greater emphasis on post-harvest research and development in order to achieve goals, such as poverty reduction, food security, and sustainability.

He also alluded that many foods after harvesting of slaughter carry microorganisms that may have serious consequences for the health of consumer.

In most cases, these contaminating microorganisms are derived from the environment. To the greatest extent possible they should be excluded from the product by exercising good agricultural and manufacturing practices and in view of occurrence of heavy losses in post-harvest situations in developing countries, more attention should be given to local marketing arrangements and more adaptive research on the conservation of durable, semi-durable and perishable agricultural products.

He pointed out that the Hazard Analysis Critical Control Points (HACCP) concept is at present considered by many national food control authorities as a desirable alternative to traditional food safety control methods. Adherence to this concept can greatly assist food processors to ensure food quality and safety.

Mrs. Meschi outlined the registration procedures in the Islamic Republic of Iran. The attention of world communities toward sound management of chemicals has made the relevant authorities to conduct different programs for reducing pesticides, for controlling and for surveillance over these substances.

Based on Reduction of "Pesticides Usage Plan" the Ministry of Agriculture has reduced 30% to 40% of pesticide usage.

Pesticide Supervision Board composed of Health and Agricultural members and some other concerned bodies is legally responsible for registration and for giving the list of permitted pesticides which are adjusted regularly based on the updated information obtained from relevant international scientific organizations.

This committee is also responsible for banning and limiting the usage of registered products, such as Persistent Organic Pollutants (POPs).

Islamic Republic of Iran participates actively in POPs negotiations and is a member of Prior Informed Consent Convention (named as Rotterdam Convention).

Ms. Tayebi outlined the research performed on mycotoxins especially aflatoxin contamination on pre and post harvest agricultural crops such as corn, barley, wheat and peanut. She also reported that national standards are being developed for Iran in cooperation with Standards & Industrial Research Institute.

Dr. Mirabolfathi also added that a mycotoxin center was established in Isfahan University and PPDR and research projects were carried out to identify the casual agent of aflatoxin producer to determine the critical point to control aflatoxin contamination. Also research is being carried out for biological control using nontoxicogenic strain of *A. flavus* and to remove contaminated pistachio nuts an electronic color sorting device is being employed.

Mrs. Hajirazagh reported on PPDR's activities on pesticide residues in Islamic Republic of Iran pointing out that PPDR has been performing number of research projects on determining pesticide residue levels in soil, water, agricultural commodities and determining preharvest interval since 1969 and to date a number of various projects have been performed on agricultural commodities such as cereals, fruits and vegetables, the result of which have been residue levels and preharvest interval of specific pesticides in Iranian and regional conditions. Also for registration purposes of new pesticides, the residue levels of these pesticides are determined. Other projects include pesticide residue analysis in various rivers

in the north and south of Iran, pesticide residue analysis in pistachio nuts from orchards and warehouses.

She pointed out that some of the main aims of this institute is to determine residue levels, MRLs and preharvest interval of registered pesticides in different commodities and useful and promising steps have been taken towards achieving this goal, such as collection of required data and starting a TCP (FAO) project and proposing a follow up one.

Discussions

In the discussion session of chemical hazards member countries made the following points.

Dr. Yadegarian explained that pesticide analysis trials are paid by government in Iran and the fact that research projects are performed by Ministry of Agriculture but control of pesticide residue levels is the responsibility of Ministry of Health, unlike Turkey where both activities are done by Ministry of Agriculture and informed members of the capabilities of PPDRİ regarding analytical instruments.

Mr. Ilbegi (Turkish representative) explained the registration procedures for pesticides in Turkey and stated that the cost of field trials is paid by industries. He added that a surveillance program is being carried out since 1996 and being a five-year project it would be ending this year. It consists of nine subprojects for contaminants such as heavy metals, pesticides, nitrites and nitrates, veterinary drugs, etc. Every year the type of foodstuffs and chemicals are changed.

Mr. Habib stated that the field trials for pesticides are paid by the industries, in Pakistan.

Mrs. Tayebi also explained that TLC is mainly used as the analysis technique for aflatoxin in Iran, although recently HPLC is also being used in response to Mr. Ilbegi's interest on this matter.

Dr. Randell expressed his opinion on the fact that risk management would be more cost effective in D8 countries and international assessments available can be used and training seems to be necessary on this matter. In relation to MRLs, which are not available any more in recent published Codex MRLs, he saw no reason why older levels could not be used if the pesticide was not evaluated again.

Conclusions

Abiotic Factors / Chemical Hazards

The workshop discussed the challenges presented by abiotic (chemical) factors in food, and the opportunities for cooperation and collaboration between D-8 countries.

Food Additives

Ministries of Health following risk assessment and review of the technological justification mainly control these. Additives should not be used to deceive the consumer about the nature of the food and all additives used must have prior approval by the government. FAO/WHO can provide the scientific risk assessment and levels of use in processed foods. D-8 countries should be able to

use this information directly, or modified to meet national needs, for example for national specialties. In general, the main problem is the illegal use of unapproved colors by small-scale entrepreneurs.

Pesticides

All countries present had a system of pesticide registration, but were dependent on industry sponsored field trials to generate data for setting MRLs. These mainly concentrated on efficacy and little information on residues was made available.

The workshop recommended information sharing on registration, field and residue data.

- Full support for government sponsored field trials where industry data were not sufficient or not meet the country's needs.
- Establishment of monitoring programs (on the GEMS model) and the use of market basket data if possible.
- Exchange of information on monitoring through GEMS counterparts.
- Pay attention to codex MRLs.

Veterinary Drugs

The workshop recommended information sharing on registrations and the availability (same as pesticide residues) of drugs, by prescription except reference of GEMS).

Post-Harvest Practices

Up to 33% of food (especially horticultural and other perishable crops) is lost after production; this has a negative impact on food security and food safety. More importantly measures that are used to promote food safety, also improve the food loss situation, such as better handling and transport practices and processing. The workshop stressed the need for information communication.

Risk Analysis

In D-8 countries better return on investment would be obtained by concentrating on risk management including establishing GAP, GVP, GHP, GMP, HACCP etc. However, D-8 countries should develop the capacity to evaluate risk assessment carried out by FAO/WHO, EU and others. NGOs can play a useful role in communicating information to consumers and to small-scale producers in villages, etc.

Mycotoxins

There is a continued need for monitoring mycotoxins in products of interest and for sharing information between D-8 countries. There is also a need for sharing information on control measures and on preventative measures.

D-8 countries planning to introduce maximum limits or similar measures should notify their counterparts at an early stage in the process to allow comments or inputs from trading partners.

VII. Biotechnology

Dr. Shakib from Biotechnology Research Institute in Karaj gave a speech on biotechnology and food safety in which he gave the definition of biotechnology, compared classical and modern technologies, the relations between biotechnology and food security, its potentials, applications, concerns, risk assessment, managing of biosafety and status of transgenic plant production at ABR II.

On Risk Assessment the Egyptian representative Mr. Salama made the following general conclusions on risks caused by the release of genetically modified organisms (GMOs).

- There is no evidence that unique hazard exist either from the use of r-DNA techniques or from the transfer of genes between unrelated organisms.
- The risk associated with the introduction of GMOs are the same as those associated with the introduction of unmodified organisms and organisms modified by other methods.
- The risk of transgenic plants is the possibility of outcrossing of the transgenes into the environment (Vertical genetransfer). Such outcrossing can occur through the transmission of pollen from a bioengineered domestic plant to related wild species.
- Possible human health risks also need to be examined, because little specific information on transgenic plant is yet available.
- A particular risk of the pathogen resistance technology is that novel pathogen could be created through transgenic recombination.

On Risk Management he recommended that:

- Governmental regulatory bodies for biosafety and food safety must be in place to promote local product development.
- Benefits must be readily apparent to consumers.
- Public should be educated on agri-biotechnology.
- International bodies and governments should play a role in agri biotechnology funding for the developing countries.

Dr. Randell concluded that regulation is a prerequisite, however food safety regulations should be left to international organizations, benefits must be apparent to farmers etc. and consumers must be involved. He added that regulation on biosafety is required within D8 countries and Egypt could be used as a good model for other countries. He also noted that trade in GMOs is regulated by the Cartagena Protocol on Biosafety (Convention on Biological Diversity).

VIII. Recommendations

- Iran suggested that a "Follow up Committee" should be established for the implementation of the recommendations set in this workshop. Further it was suggested that the coordination and focal point of this committee rotate between the member countries every two years. Islamic republic of Iran announced its readiness to be the first coordinator and focal point, and subsequently start appropriate actions on the recommendations made in the workshop. It was also suggested to the member countries to use the website sponsored by Iran (www.d8net.org) for the exchange of ideas and cooperation in this field. Dr. Randell was requested to be the advisor to the committee, who suggested sharing this responsibility with Dr. Boutrif at FAO.
- Indonesian representative recommended adoption of Codex standards to overcome the differences in standards in D8 countries, to facilitate exportation and importation of products, which has been very limited between these countries. Also he suggested to expand the information network which already exists, the ITDP network, and make connections with this work group and perform information sharing which could be done through focal point of each country. He also suggested setting up an early warning system for chemical hazards and biotechnology products and strengthening the Islamic countries through the network.
- Malaysian representative concluded that it is important to govern the industry and trade, therefore the ones relating to food security and food safety should be in conformity with the international ones, without which one would not conform to the international requirements. Therefore they should be enforced and there should be no gap. To exchange information on different areas such as registration and control of pesticides, heavy metals etc. which effect food quality. Public awareness should be developed, increase in domestic consumption should be developed by increasing income of the community and consumer patterns should be developed. Also he suggested to find out the dimension of food security, and take the necessary measures accordingly to reduce or eradicate food insecurity. He reminded that there is a project on food security between OIC and ASEAN countries, and it would be a good idea if D8 countries could cooperate with the above project. He also forwarded his country's wish in offering bilateral assistance if the need arises.
- Pakistan suggested that the follow up committee should make a clear picture of all matters in each country and offers can be put forwards by countries with an advanced position on certain issue to help others requiring guidance on that matter. Head of PPDIR also suggested.
- Dr. Randell pointed out that codex has a small budget used for training exclusively for the purpose of improving developing countries participation in codex matters, mostly by organizing workshops in single countries to bring NGOs, different ministries etc. together, so that they can arrange their internal structure better or in some cases even build one, where one doesn't exist. He reminded that FAO has technical cooperation programs called TCP, which most people know about, and that WHO also has its own feeding projects through regional offices. In D8 countries, the problem that is being encountered from the point of view of coordinators in FAO is that the countries come from three

regions, which causes confusion. These are not insurmountable problems, and if there are well prepared projects, then it may be given due consideration. Multiregional projects are not common but they do exist and one could envisage putting forward and giving reasons for it. There is a tremendous scope for TCDC cooperation because there are very high level experts in different countries in some areas, whereas in others the gaps need to be filled. D8 countries seem to fit in like a lock in the key and he suggested that when the network is established, the strengths and weaknesses should be looked at in different countries, by which the required training will become clear.

- Head of PPDR I suggested training workshops and exchange of expert with the help of FAO/WHO, long term strategy and field practices should be considered in parallel with quality control techniques quoting " Food safety should be considered as a long term strategy by conducting good agricultural practice in farm, followed by quality control techniques". He also suggested having a particular committee to take all relevant organizations under an umbrella.

Representative of Turkey mentioned that public awareness should be increased on food handling, storage and expiry dates etc.

- AERI representative suggested formation of a committee to look at food security, quality and hygienic aspects.

- IVO representative, Mr. Jamdar, recommended:

a) Formation of national informatory network with regards to veterinary drug residues,

b) Starting Joint research work among D8 countries

c) Exchange of expertise among D8 countries

d) Establishment of different workshop, seminars regarding residues of veterinary drugs and pesticides

e) Updating the public about dangers of residues contaminants

- Dr. Morowati finally requested all member countries to transfer the outcome of this workshop to the respective institutes relating to food security /safety so that it would be possible to put into practice the recommendations and decisions made in the workshop.

As the concluding statement the representatives of the Green Front of Iran (Iranian NGO), recommended the following points;

-At least one NGO from each D8 country should participate with financial support from its governments.

- A committee should be organized with at least one NGO member from each of the D8 countries.

- National technical knowledge should be gathered on food safety.

- Laws and regulations should be set by governments to prevent improper usage of pesticides.

Summary of the Recommendations:

- Formation of a follow up committee with a two year rotating coordination and focal point between the member countries for subsequent start of appropriate actions on the recommendations made in the workshop. I. R. Iran announced its readiness to be the first coordinator and focal point of this committee
- Adoption of codex standards to overcome the differences in D8 national standards
- Expansion of information networks ITDP to share information between the focal points of each country
- Setting up an early warning system for chemical hazards and biotechnology products
- Public awareness and domestic consumption should be improved by increasing income of the community
- To conduct workshops on specific issues
- Exchange information on different topics such as registration, control of pesticides and heavy metals
- There should be no gaps between national and international regulations relating to food safety and food security
 - Dimensions of food security should be measured in order to take the necessary steps
- Cooperation of D8 countries with OIC and ASEAN countries on food security and bilateral assistance among the D8 countries
- Evaluating the strengths and weaknesses of different countries with regards to training requirements
- Transferring the outcome of this workshop to respective institutes
- NGOs should be encouraged to attend these workshops
- Laws and regulations should be set by governments to prevent improper use of chemicals such as pesticides and veterinary drugs
- Starting joint research programs among D8 countries
- Exchange of expertise among D8 countries (making use of TCDC programs)
- Setting up workshops and seminars on specific issues of food safety (such as veterinary drugs, pesticides and risk assessment)
- Updating the public awareness on chemical residue hazards

It is requested from the member countries to convey their viewpoints regarding the above recommendations to:

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Pesticides Research Department
Plant Pests and diseases Research Institute
P. O. Box 1454
Tehran 19395, I. R. Iran
Tel: #98 21 2403012-16. Fax: #98 21 2403691
E-mail: L-Yadegarian@arceo.or.ir

X. Closing Ceremony

At the closing session, Imam Jom'eh of Babolsar, Hojj. Mr. Soleimani emphasized the importance of ensuring appropriate actions to safeguard environment and human health and achieving sustainability of crop production. Dr. Abdollahi, Director of Plant Pests and Diseases Research Institute thanked all the participants for their inputs in the workshop and expressed his view that their continued collaboration is required to improve food security and safety problems facing D-8 countries. Mr. Goli, Deputy Director of Agricultural Organization of Mazandaran Province, and Mr. Barghadegan, Director of Agricultural Bank Training Center, also attended this program.

Meeting of the D-8 Agricultural Management Committee

Ankara, Turkey

11-13 September 2000

MINUTES OF MEETING

Date : 13 September 2000
Place : Ankara / TURKEY
Subject : 1st Meeting of ZIU Management Committee
Project : Agricultural Aircraft

The first meeting of the D-8 Agricultural Aircraft ZIU Management Committee was held in Ankara between 11-13 September 2000. The list of participants is enclosed in **Attachment – A**. The adopted agenda of the meeting is enclosed as **Attachment - B**.

DAY 1 – 11 SEP 2000

The session started with the opening statement made by Dr. Fatih Tezok, Executive Director of Design & Engineering. Following a general discussion by the participants on the future of the project, TAI test pilot presented the current status of the project and information on flight tests that were being carried out.

The session continued with discussions on Non-Disclosure Agreement and the participants agreed on the NDA.

Design Review section started with the presentation of TAI on "Anticipated Design Changes" and this is provided in **Attachment – C**. The afternoon session was reserved for the design review of Firewall Forward. The participants discussed the design and addressed the topics that was outlined and forwarded to members before by DANA, Ltd.

DAY 2 – 12 SEP 2000

The morning session included presentations by TAI Design & Development Department on General Systems including separate presentations on Electrical System, Data Acquisition System, Landing Gear System, Control Systems, Agricultural System and Fuel System which was presented later in the afternoon session. At the end of each presentation, participants asked questions and exchanged information. The copies of presentations are included as part of **Attachment – D**. The morning session was ended by the issues discussed further on the firewall forward design based on what the engine provider company Orenda Recip Inc sent to TAI as answers to DANA's questions on the engine. Orenda's answers are presented in **Attachment – E**.

The afternoon session included discussions on General Design & Manufacturing. TAI presented presentations on Structural Design, Empennage Design, and Corrosion Protection. These presentations are also given in Attachment – D.

Day 2 was completed by the presentation on fuel system, followed by the signature of NDA by attending MC members.

DAY 3 – 13 SEP 2000

Day 3 was reserved for Program Review. TAI gave a presentation, as a proposal to MC members, on "ZIU Design & Program Review" included Anticipated Design Changes, Certification, Production, Marketing, Material, Finance, Business Model, and Program Schedule. The presentation was given in morning and afternoon sessions and a copy of it is given in **Attachment – C**.

In certification section, IAe presented a different alternative for joint certification in D-8 countries. The presentation is given in **Attachment – F**.

The following subjects have been mentioned and discussed at the meeting:

TAI:

1. TAI clearly stated that economics should dominate the project afterwards. As it is today, TAI sees the project as not feasible depending on the current in-country alone and D-8 countries' aircraft demand for the stated periods of 5-20 years.
2. TAI is aware of the fact that the current design has to be improved in order to better serve the market needs and become a marketable product not only in D-8 countries but in world-wide market as well.
3. Before proceeding further in the project except conducting the currently planned flight tests, TAI is open for an offer to:
 - decide jointly on design improvement areas;
 - conduct or have a separate professional company to conduct a worldwide marketing research of which cost will be shared equally by the members in order to see the whole market for the improved ZIU;
 - if found feasible, continue with the project with the interested companies which will have responsibilities in various levels.
4. The business model and the program schedule that TAI has presented in Attachment – C is TAI's proposal to MC members and it is negotiable in this regard.
5. TAI kindly requests from MC members to comment on TAI's proposal presented in Attachment –C, "ZIU Design & Program Review".

DANA:

6. The market study should be done based upon a general re-design including primarily the following items:
 - Conduct all FAR 23 criteria
 - FAR 23 load analysis with defined safety factor of approximately 1.25 throughout
 - Consideration of Orenda's weight reduction and repositioning input
 - Simplification of systems such as elevator trim and instrumentation.

This general re-design should result in updated weights, dimensions, and resulting cost estimate in percent from the current design.

7. Orenda should confirm that their planned FADEC system results in similar performance data using 91 octane car petrol.
8. DANA suggested that, considering the TAI design property and the dominance of economics, the cooperation could also be handled by TAI subcontracting work portions to the member companies in competitive bidding.
9. DANA's items to be considered reviewed in the design review are enclosed as **Attachment - G**.

IAe:

10. IAe proposed an alternative for certification process through a D-8 Joint Certification Board as presented in Attachment – F, with the advantage of having the aircraft certified simultaneously in each D-8 country.
11. In the participation and business model, IAe may accept a model which will be based on competitive bid on subcontractors.
12. IAe suggested that the current design of ZIU should be assessed against the FAR23 including its latest amendment.
13. IAe suggested that further assessment on the consequences of Dakota Aero Manufacturers being the TC applicant and/or TC holder of ZIU be conducted. Even though the FAA TC is transferable, a Bilateral Airworthiness and Safety Agreement between USA and transferee is required.
14. In order to obtain more commitment from each D-8 member company, IAe suggested that a more solid feasibility study/business plan should be written down, and this should include a world-wide market assessment. IAe agrees that this study should include cost breakdown, along with consideration of technical modifications and other strategies to bring down the cost.
15. IAe believes that the ZIU should have overall superiority (not necessarily to be the cheapest) over its competitors in order to be successful.
16. IAe suggested that the fuel venting system should have a feature that positively prevents fuel spillage from intentional or unintentional top refueling.
17. IAe suggested that a fundamental improvement of forward CG issue may probably require a wing relocation.
18. IAe understands that due to the tight schedule the current prototype was not manufactured/assembled according to the intended specifications.

MC has decided to have its next meeting in November 2000, the exact date of which to be posted later, with the following agenda items:

- TAI results of general design review including cost estimates;
- All MC members' comments on TAI's proposal as per Attachment – C;
- All MC members' input to be considered in the market study;
- Commitments by the respective D-8 countries;
- Decide future proceedings.

All members not present at this first meeting are strongly urged to attend this next crucial meeting where important decisions have to be taken.

The members of the Management Committee expressed their appreciation to TAI for the warm hospitality and excellent arrangement for the meeting.


Aircraft Manufacturing Factory (AMF)

Name :

Signature :

Dornier Aviation Nigeria Aiep (DANA)

Name : K. GLOEGE

Signature : 

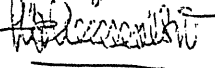
KEFA O.G.

Name :

Signature :

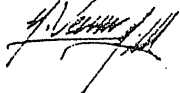
PT. Dirgantara Indonesia (Indonesian Aerospace) (IAe)

Name : M. Satya Wirawan

Signature : 

Tusaş Aerospace Industries Inc. (TAI)

Name : Y. Kemal Yillikci

Signature : 

Second Expert Group Meeting on Trade

Cairo, Egypt

6-7 April 1999

Final Report

- 1- Upon invitation from the Government of the Arab Republic of Egypt and in accordance with Resolution 15 of the Sixth Session of the Commission, an Expert Group Meeting was held in Cairo on 6 - 7 April, 1999. The Meeting was chaired by H.E. Ambassador Dawlat Hassan, Assistant Foreign Minister for International Economic Relations and International Cooperation, and attended by experts from D-8 member countries, Islamic Development Bank and the International Trade Centre. (List of participants, annex 1).
- 2- The Meeting was opened by recitation from the Holy Quran after which H.E. Ambassador Dawlat Hassan made an opening statement. (Annex 2)
- 3- The Meeting adopted the Provisional Agenda and the Programme of Work. (Annex 3)
- 4- The Meeting had before it a number of documents. (List of documents, Annex 4)
- 5- In the course of consideration of Agenda Item 3, delegations expressed their views on various issues pertaining to the IMTC and its prospective Feasibility Study. Delegates expressed their views that the Feasibility Study should address the issues of the legal framework of the IMTC, its objectives and scope of activities, location, its organizational structure, the finance of the Feasibility Study and its timeframe. The representative of the Islamic Development Bank expressed that IDB may consider participation in financing the cost of the Feasibility Study, subject to its policies and procedures, and subject to receiving an official request to participate in the financing of the cost of the study provided that member countries make symbolic contributions to demonstrate their commitment to the project. The ITC consultant explained in detail the overall objectives and the contents of the Feasibility Study as a tool for decision making. Competence

and references of the ITC in the establishment of similar trade institutions were presented. Estimates of costs and time needed to finalize the Feasibility Study were also given. Also, ITC expressed its readiness to be involved in the Feasibility Study. The Meeting noted the Malaysian Delegation presentation on "Malaysia's Position on the Establishment of IMTC" in conformity with item 3 of Resolution 15 on Trade of the Sixth Session of the D-8 Commission on practical steps for the expansion of D-8 inter-trade pending the establishment of IMTC. (Annex 5)

- 6- After summing up the emerging convergence of views on the terms of reference of the Feasibility Study, H.E. Ambassador Dawlat Hassan proposed that the Plenary Session of the meeting be adjourned to allow for formation of an open-ended drafting group to prepare a draft of the Terms of Reference. The proposal was accepted, and a drafting Group, chaired by Ambassador Dr. Salah El Ashry, Head of the Egyptian delegation and attended by representatives from all delegations and the representative of the ITC, was formed. The drafting Group produced an agreed text of the Terms of Reference of the study that was subsequently adopted by the Expert Group Meeting in its following Plenary Session. (Annex 6)
- 7- On a proposal by the delegation of the Islamic Republic of Iran, the meeting expressed full support for the Iranian application to join the World Trade Organization.
- 8- In the course of consideration of Agenda Item 4(a), a number of delegates commented on the paper presented by the Banks' Association of Egypt on "Simplifying and Harmonization of Banking Measures and Proposals on Financing Foreign Trade". They considered the paper as a good basis which needed further elaboration. It was agreed that Egypt in collaboration with Malaysia - the coordinating country on Finance and Banking - will present a revised text on the subject taking into consideration further comments to be forwarded by delegations who have not yet done so.

9- Under Agenda Item 4(b), the Egyptian delegation made a presentation on the Questionnaire on Trade Information Mechanisms - previously circulated - as well as the responses received from Turkey and Iran. During the meeting Indonesia submitted its reply on the said questionnaire. In the light of the presentation and comments of delegations, Egypt drew the following conclusions:-

- a) Both the IDB and the ICDT have to make more efforts to promote their services in information system among the OIC countries.
- b) A proposed link should be established between the ICDT and the IDB in order to have an efficient information system.
- c) Any information system within the framework of the OIC should fulfill the following criteria:
 - Availability to all member states.
 - Low user costs.
 - Updated system and data.
 - Integration with other relevant global information systems.

Commenting on the issue, the Chairperson urged the delegations - who have not yet done so - to submit their replies on the questionnaire to be circulated to other member countries.

10- In consideration of agenda item 5, the Malaysian delegation presented the paper on Trade Facilitation within ASEAN and APEC, and announced that the seminar on the subject hosted by the Malaysian Royal Customs and Excise Department will be held in Kuala-Lumpur on 3 - 4 November, 1999.

- 11- Under Agenda Item 6, the Iranian delegation made a presentation of the experience gained from the bilateral and multilateral visa arrangements for businessmen within the Economic Cooperation Organization (ECO) countries, and circulated a draft agreement on "Simplification of Visa Procedures for the Businessmen of the D-8 member countries." (Annex 7)

- 12- The Expert Group Meeting expressed its thanks to the Government of Egypt for its excellent arrangements and warm hospitality.

**Expert Group Meeting
on
Shipping**

Alexandria, Egypt

15-16 November 1999

**D-8 Expert Group Meeting
On Shipping
Alexandria, 15 - 16 November 1999
Final Report**

Upon invitation from the Government of the Arab Republic of Egypt and in accordance with Resolution 15 on trade adopted by the 6th Session of the Commission, an Expert Group Meeting was held in Alexandria on 15-16 November 1999.

The Meeting was Chaired by Captain Atef H. Marony, Chairman of the Egyptian Maritime Transport Company, and attended by Experts from the D-8 member countries (List of participants, annex 1).

The Meeting was opened by recitation from the Holy Quran followed by the opening statements.

The Meeting adopted the Provisional Agenda and the proposed Programme of Work (Annex 2 and 3).

The Meeting discussed the items of the Agenda after which the following recommendations have been made :

- 1- D-8 member countries are encouraged to disseminate among themselves available pertinent shipping data regularly.
- 2- The delegates emphasized the need of co-operation amongst the D-8 countries in the field of maritime related training.
- 3- To establish and promote cooperation amongst the D-8 countries with regard to ship building and ship repair.
- 4- To promote shipping trade amongst the D-8 countries and suggested that the role of shipping in promoting trade be included on the agenda for the meeting of the experts group on trade, Egypt, January 2000.
- 5- To avoid port congestion, adequate and efficient port facilities and supporting services should be made available through the involvement or participation of private sector if necessary . D-8 member countries are encouraged to assist the other members facing port congestion in whatever ways possible.
- 6- Prospects of harmonization of customs and port regulations with regard to container handling among the D-8 member countries could be studied.
- 7- The financial assistance of the Islamic Development Bank to the D-8 member countries in overcoming the problems of ship financing should be explored. As a long-term solution, the possibility of establishing a D-8 shipping fund should be studied.

- 8- It has been recommended to consider the formation of shipping information local focal points. In this regard, Egypt offered to assist by preparing the study, which will be sent to the D-8 Executive Director for consideration.
- 9- The delegates expressed the need to continue the discussions and to follow up with the recommendations in future meetings.

The delegates expressed their appreciation to the Egyptian Government for hosting this meeting.

**Seminar on Trade Facilitation
and
Simplification of Customs Procedures**

Kuala Lumpur, Malaysia

9-12 November 1999

INTRODUCTION

Following Malaysia's offer to provide training Assistance in Trade Facilitation and Simplification of Customs Procedures to member countries at the D8 Summit meeting in Dhaka in March 1999, the Royal Customs and Excise Department, Malaysia organised the program on 9-12 November 1999.

2. Malaysia successfully hosted a 4-day program in Trade Facilitation and Simplification of Customs Procedures for participants from 5 member countries and 3 from selected OIC countries. All participating member countries bore the costs of air passage while the Malaysian Government funded all other costs.

PARTICIPANTS

3. All eight member countries and 15 selected OIC countries were invited for the seminar. Five out of seven member countries sent participants for this seminar. They were Egypt, Bangladesh, Indonesia, Iran and Turkey (Pakistan and Nigeria did not send any participants). However four member countries (Indonesia, Iran, Pakistan and Turkey) were represented by their Embassy officials.

4. Two out of the 15 selected OIC countries sent participants with Saudi Arabia sending 2 participants with Sudan 1 participant while Jordan was represented by its Embassy official. All the delegates were either officials from the Customs, Finance or Trade Administration Department. As host country, Malaysia sent 12 participants and 7 observers to the seminar.

PROGRAMME COVERAGE

5. It covered twelve topics ranging from Custom procedures, Treasury Exemptions and Roles of Importers/Forwarding agents. The full 4-day seminar program appeared as Appendix.

6. The seminar was part of the technical assistance provided by Malaysia. It was designed with the following objectives:

- i) To provide participants with an insight into the Malaysian experience in policy formulation and implementation in the areas of Customs laws and procedures;
- ii) To provide participants with an insight in policy formulation and implementation by the Malaysian Treasury and Ministry of International Trade and Industry (MITI);
- iii) To provide participants with an opportunity to share and learn from each other's experience in the relevant areas; and
- iv) To provide participants with hands-on experience by visiting the working environments of Malaysian Customs at the airport (Kuala Lumpur International Airport) and Seaport (Port Klang – Malaysia's biggest and premier port).

7. The seminar program comprised of briefing sessions and visits to Customs Stations. The session consisted of eleven briefings, lasting for 40 minutes with a 15 minute question and answer session. The other was a joint

session with Malaysian Customs and Forwarding Agents Association Officers giving a briefing for 30 minutes each followed by a 20 minute question and answer session.

8. One of the participants, from Iran (Dr. Hammed Rex Tadjedini), gave a briefing on two subject matters after all the speakers of the seminar had given their briefing. The topics briefed by the Iran delegate were as below:

- i) Proposal on the Establishment of a Customs forum within the OIC framework; and
- ii) One-stop center for Processing of Applications and Licenses at the Islamic Republic of Iran Custom Administration.

PARTICIPANT'S EVALUATION

9. In general, the participants felt that the seminar was beneficial. In terms of the objectives mentioned earlier, the participants' feedback indicated that they had been given extensive exposure to the Malaysian's experience in the formulation and implementation of its Customs, Treasury and International Trade and Industry, Acts and procedures.

10. The briefings and visits to customs stations had enlightened their horizon on these matters and with a large numbers of Malaysian participants and observers present during the seminar, they have the opportunity to enquire more on how the mechanisms of Malaysian systems works. It should be noted that all the Malaysian speakers were also the participants and observers during the seminar.

11. Some of the participants had shown interest to explore in-depth studies on these topics. The Malaysian Customs would be willing to consider Technical Assistance if such request is made through diplomatic channel.

REMARKS AND RECOMMENDATIONS

12. As a follow up to the seminar on Trade Facilitation and Simplification of Customs matter that was held in Kuala Lumpur on the 9 – 12 December 1999, there is a need to create a platform for Customs Administrations among D8 members to meet and discuss common matters of importance to D8. This in the long run it would:

- i) reduce the costs of doing business in member countries.
- ii) expand trade among D8 ;
- iii) create more opportunities for manufacturing sector; and
- iv) encourage all the countries D8 using similar policies and procedures as found in Trade Facilitation and Customs Procedures.

13. If member countries need technical, such assistance could be either offered by member countries or the D-8 Secretariat through third country funding.

14. The Royal Customs Excise Department, Malaysia hopes that this type of seminar should be implemented as an ongoing process where members can meet to discuss matters of mutual interest. Topics for discussions should be more specific and focused to ensure that all member countries can contribute more in the discussion.

**TOPICS FOR THE SEMINAR ON TRADE FACILITATION AND
SIMPLIFICATION OF CUSTOMS PROCEDURES FOR D-8 GROUP
9-12 NOVEMBER 1999, KUALA LUMPUR**

1. Royal Customs and Excise Department Malaysia : Set-up and its organizational structure. (Mr. Mohd Rajion Mat Idin - Royal Customs and Excise Department, Malaysia)
2. Simplification and Harmonization of Customs procedures in Malaysia. (Mr. Abd. Razak Yaacob - Royal Customs and Excise Department, Malaysia)
3. Strategies to promote the manufacturing industries. Ms. Kee Kereng Cheng - Malaysia Industrial Development authority, MIDA)
4. Free- Zone : Concept, Legislation and Facilitations. Ms. Jalilah Mahdan - Royal Customs and Excise Department, Malaysia)
5. Licensed Manufacturing Warehouse : Concept Legislation and Facilitations. (Ms. Jalilah Mahdan - Royal Customs and Excise Department, Malaysia)
6. The responsibilities of Importers and Customs Agents in Facilitating Trade. (Mr. M. Perumal - Royal Customs and Excise Department) & Mr. Yee Poh Tak - Deputy President of Association of Forwarding Agents Port Klang, Malaysia)
7. Implementation of Express Consignment Clearance by Malaysian Customs. (Ms. Patimah Kamari - Royal Customs and Excise Department, Malaysia)
8. Exemption from Import Duties on Raw Materials/Components : Policies and Procedures under the Malaysian Treasury. Mr. Awang Che Seman - Malaysian Treasury)
9. APEC-SCCP and ASEAN Customs DG/Commissioners Efforts Towards Simplification and Harmonization of Customs Procedures. (Mr. Mohd Osman - Royal Customs and Excise Department, Malaysia)
10. Facilities Offered for Temporary Stay of Goods and Delayed Payment of Duty and Other Facilities. (Mr. Chik Omar Chik Lim - Royal Customs and Excise Department, Malaysia)
11. Trade Facilitation and Electronic Business - Malaysian Customs Experience. (Ms. Siti Aminah Abdullah - Royal Customs and Excise Department, Malaysia)
12. The Role of AKMAL in Training. (Mr. Sarmin Md Hussin - Royal Customs and Excise Department, Malaysia)

D-8 GROUP SEMINAR

ON

TRADE FACILITATION AND SIMPLIFICATION OF CUSTOMS PROCEDURES

**9 - 12 NOVEMBER 1999
KUALA LUMPUR , MALAYSIA**

The Seminar on Trade Facilitation and Simplification of Customs Procedures, organised under the D-8 Group Cooperation on Training Programmes, was held in Park Plaza International Hotel, Kuala Lumpur on the 9 - 12 November 1999.

The objective of the Seminar is to discuss and share the Malaysian experience in trade facilitation and simplification of Customs procedures with other D-8 members and OIC countries with the aim of reducing the cost of transacting business and minimizing trade bureaucracy.

The Seminar was attended by seven members of D-8 countries namely Bangladesh, Egypt, Indonesia, IR of Iran, Malaysia, Pakistan and Turkey, and three other OIC members namely Jordan, Saudi Arabia and Sudan. The list of participants and observers is as per Annex 1.

The opening of the Seminar was officiated by Datuk Mohamed Nazri Bin Tan Sri Abdul Aziz, Deputy Minister of Finance, Malaysia. In his remarks, the Minister hoped that ties among the member countries would be strengthened and that they would become active trading partners in the near future. To enhance mutual cooperation and assistance among member countries, he anticipated there would be follow-up and follow-through activities concerning the Seminar. The Minister's keynote address appears as Annex 2.

Papers in relation to the following areas were presented by the Malaysian Customs administration and related agencies :

- ❖ Simplified and harmonized import & export procedures / documents legislation
- ❖ Responsibilities of importers and customs agents in facilitating trade
- ❖ Government policies and procedures on granting Tax Exemptions and Incentives

- ❖ Customs facilities under the concept of Free Zone, Licensed Manufacturing Warehouse, Temporary Stay of Goods & Delayed Payment of Duty and Express Consignment Clearance.
- ❖ Other international fora efforts towards simplification and harmonization of customs procedures
- ❖ E-Business in Trade facilitation
- ❖ The vital role of training

The papers presented appear as Annex 4.

The delegate from Islamic Republic of Iran shared his experience on the automation of the I.R. of Iran Customs Administration and proposed the establishment of a Customs forum within the OIC framework.

The Seminar held an exchange of views on the above significant issues and recognised the vital elements on trade facilitation and simplification of customs procedures.

D-8 GROUP SEMINAR RECOMMENDATIONS

ON

TRADE FACILITATION AND SIMPLIFICATION OF CUSTOMS PROCEDURES

9 - 12 NOVEMBER 1999
KUALA LUMPUR , MALAYSIA

In view of the strategic importance of simplifying and standardizing customs procedures, documents and legislation;

Conscious of the need to accede to international conventions and agreements to strengthen an open multilateral trading system and to create a more open business environment for exchanging goods, services and technology;

Conscious of the vital importance of latest Information Technological advances as a tool in moving towards commercially integrated approach to trade facilitation that is responsive to changes in government policies and industry practices;

Recognizing the global demands of the expanding courier industry to expedite delivery of commercial goods efficiently and effectively in order to encourage competition in international trade;

Aware of the need to train Customs officers in order to produce competent and skillful manpower with positive attitude and to educate the general public so as to create a Customs Literate Society;

Taking into account the significance of Government's role in granting exemptions and incentives to promote industrial growth and healthy competition ;

the Seminar on Trade Facilitation and Simplification of Customs Procedures held in Kuala Lumpur, Malaysia from 9 - 12 November 1999 acknowledged the above as vital elements for trade facilitation and simplification of customs procedure

Third Expert Group Meeting on Trade

Cairo, Egypt

19-20 January 2000

FINAL REPORT

1. The Third D-8 Expert Group Meeting On Trade was held in Cairo on the 19th and 20th of January 2000, upon invitation from the Government of Egypt and in accordance with Resolution 15 on Trade adopted by the Sixth Session of the Commission (para 15). The Meeting was chaired by H.E. Ambassador Sayed El-Massry, Assistant Foreign Minister of Egypt for Multilateral Affairs and International Cooperation.
2. The Meeting was attended by experts from Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. Mr. G. Lajsic, expert of the International Trade Center (ITC), Mr. A. Jassem, Secretary-General of the Islamic Chamber of Commerce and Industry, and Mr. A. Abdullah Sultan, Secretary General of the Organization of Islamic Shipowners Association, also attended the meeting.
3. The Meeting was opened by a recitation from the Holy Quran, followed by the opening remarks of the Chairman who stressed in his statement (Annex 1), the following :

The growing international challenges in the context of globalization constitute an added reason for closer cooperation among the developing countries, D-8 among them, to face these challenges, derive benefits from the newly defined global economy and avoid its negative effect.

The Third Ministerial Conference on the WTO in Seattle demonstrated the imperative need for developing countries to coordinate their efforts in order to reverse the course of the international trading system being characterized by imbalances and inequities to the detriments of developing countries.

Developing countries, and the D-8 among them are called upon to utilize the positive side of trade liberalization to South-South trade cooperation, notably through exploiting the promising export potentials among them.

It is within this context, and in the spirit of the Dhaka Declaration, which stipulated the critical importance of D-8 intra-trade, that the agenda of the Third

Expert Group Meeting has gained particular importance with a view to proposing trade facilitating measures among the D-8 member countries.

4. The first Plenary Meeting adopted the Provisional Agenda and the Programme of Work (Annexes 2 & 3), and established a Working Group which met simultaneously with the Plenary to discuss Agenda items 4, 5, and 6.
5. The Meeting had before it a number of documents under the different agenda items. The list of documents is annexed to this report (Annex 4).
6. Agenda item 3. As a follow-up to the proposal to establish an International Marketing and Trading Company (IMTC), the delegates presented their views and comments both on the report of the ITC expert and the offer of the Islamic Development Bank (IDB) on the financing of the feasibility study for the IMTC.

Delegations pointed out the need to reduce the cost of the Feasibility Study from that proposed in the Revised Terms of Reference prepared by the ITC through more reliance on national rather than international resources. The Meeting requested the I.T.C. expert to revise his study accordingly.

On the question of the contacts with the Asian Development Bank which was entrusted to Bangladesh during the Consultation meeting of the D-8 Commissioners that was held in New York on October 1st, 1999, Bangladesh delegation reported to the Meeting that their authorities contacted the Asian Development Bank in order to seek the participation to finance the Feasibility Study. So far, the response of the bank is not positive.

The Meeting requested both Egypt and Nigeria to contact the African Development Bank in order to seek more financial grants to cover the major part of the remaining cost. Egypt, as the coordinating country on trade, offered to contact other financial institutions for the same purpose.

However, the Chairman explained that we should not expect that the Study will be completely financed through grants from International Organizations. Participating countries in the project are expected to contribute in shouldering a part of the financial cost, albeit, a small one.

The Meeting was of the view that the proposed project should be a private-sector driven one. Therefore, the private sector should be involved in it from its very beginning. The Chairman further drew attention to the presence of Representatives of the Private Sector at the Meeting and the positive impact of the establishment of a forum for the D-8 Chambers of Commerce & Industry and Business Associations (Agenda item 8), on the role of the private sector in this regard.

7. **Agenda item 4** on Trade Facilitation Measures among the D-8 Countries, and its 3 sub-items :
 - 7a) The Meeting discussed the Report of the Seminar on Trade Facilitation and Simplification of Customs Procedures for D-8 Countries which was held in Kuala Lumpur on 9-12 November 99, and recognized these measures as prerequisites for trade promotion among the D-8 countries in accordance with international norms and standards. The Malaysian paper on Trade Facilitation Measures among ASEAN & APEC was also debated, and the need was expressed to further analyze the experience of these economic groups in this context, and its adaptation to D-8 member countries with the aim of fostering trade cooperation among them.
 - 7b) Experts looked further at the proposal of the Islamic Republic of Iran on the simplification of the visa procedures for the D-8 businessmen, and recognized that, so far, three member countries have not submitted their comments on the proposal. The Meeting indicated that those countries would have the opportunity to do so during the next Commission Meeting (Dhaka, 22-23 February, 2000).
 - 7c) The Meeting recognized that due to the existence of various bilateral agreements among the D-8 countries, on the Avoidance of Double Taxation & Protection/Encouragement of Investments, (Annexes 5 i and 5 ii), no multilateral agreement in these two fields among the D-8 countries was needed. However, members were urged to complete and finalize the bilateral agreements among them.
8. **Agenda item 5** : Deliberations of participants focused on the paper prepared by the Egyptian banking authorities, on the "Simplification and Harmonization of Banking Measures and Financing Foreign Trade" among the D-8 Countries,

Several proposals were made focusing on the role of Central Banks, in coordinating and harmonizing banking practices in the D-8 countries; in this context, it was suggested that a committee comprising D-8 Central Banks be set up for the implementation, among other things, of the objectives outlined in the recommendation adopted on this item.

9. **Agenda item 6** : On Trade Information Mechanism and the proposal to establish an Intra D-8 Trade Database. The Meeting highlighted their importance for the promotion of trade and business between the D-8 countries. In this context, the meeting discussed the Egyptian proposal to establish an Intra-D-8 Trade Database and invited member countries, thereon, to identify national focal points to be responsible for providing Trade and Business Information.

The Meeting requested the Egyptian side to prepare the structure and format for the proposed trade database and to circulate it to the national focal points in the D-8 member countries.

The Islamic Republic of Iran proposed to be the Coordinator for the Trade Database project.

However, the view was expressed that it would be more appropriate that, since Egypt is the Coordinator of Trade in the D-8 Group, it should act as the focal point for the proposed Trade Database.

10. **Agenda item 7** : The Report of the Export Group Meeting on Shipping held in Alexandria, Egypt (15-16 November 1999) was presented (Annex 6). Mr. A. Sultan, the Secretary General of the Organization of Islamic Shipowners Association briefed the meeting on the Association's aims and activities.

Experts stressed the importance of maritime transport in enhancing trade among D-8 countries and the need to utilize, to the maximum, the existing regional facilities in particular those of the OIC and its affiliates.

The Meeting recognized the importance of having scheduled direct shipping services between D-8 countries as was stressed by Malaysia.

1. **Agenda item 8** : The Meeting discussed the proposal of the Islamic Republic of Iran to establish a Confederation of D-8 Chambers of Commerce and

Businessmen Association (Annex 7). It is to be recalled that the Third Session of the Council of Ministers held on February 27th 1999, underlined the importance of involving the private sector in D-8 cooperation. Discussions were similarly held on the suggestion made by the Islamic Chamber of Commerce and Industry, to set up a Committee or a Working Group within the Islamic Chamber of Commerce in

Businessmen Association (Annex 7). It is to be recalled that the Third Session of the Council of Ministers held on February 27th 1999, underlined the importance of involving the private sector in D-8 cooperation. Discussions were similarly held on the suggestion made by the Islamic Chamber of Commerce and Industry, to set up a Committee or a Working Group within the Islamic Chamber of Commerce in Karachi, to deal specifically with the D-8 countries instead of establishing a new entity.

Representatives of the D-8 Business Associations and Chambers of Commerce, held a parallel meeting and declared the establishment of an independent D-8 Forum for Chambers of Commerce and Industry and Business Associations, as a non-governmental and non-profit organization under the umbrella of the Islamic Chamber of Commerce and Industry (ICCI).

The Meeting welcomed this initiative as the right and practical step in the direction of enhancing Intra-D-8 trade and promoting investment and technical cooperation among the D-8 member countries.

The ICCI and the Egyptian Federation for Chambers of Commerce signed the Charter of the Forum; Representatives from Chambers of Commerce from other D-8 Countries who participated in formulating the charter, declared their acceptance in principle of it pending the final approval from their respective unions. The meeting further requested the Forum to put the IMTC project on top of its priorities.

12. Agenda item 9 : Extensive discussions took place on the proposal of the Istanbul Chamber of Commerce to establish Business Service Centers to support Small and Medium-size Enterprises (SMEs), at all stages from production to export, which was previously presented to the Sixth Session of the D-8 Commission.

The Meeting was of the view that there is a need to cooperate and coordinate among the relevant organizations and centers supporting SMEs in the D-8 countries. The D-8 countries were called upon to identify the existing entities, on the national level in the field of SMEs without creating new ones.

Both Egypt and Turkey expressed interest to coordinate the BSC subject. The Delegation of the Islamic Republic of Iran declared that his country is considering the subject and would also offer to act as coordinator. However, if

the Executive Director of the D-8 did not receive the Iranian offer by the 10th of February 2000, then, it means that Iran is not interested to act as coordinator.

13 - Recommendations

The Meeting recommended to the Commission, the following remarks and recommendations.

Item 3: International Marketing & Trading Company (IMTC)

1- With regard to Item 3 on the follow-up of the proposal to establish an International Marketing & Trading Company (IMTC), and after listening to various points of view and comments from the Delegations and the International Trade Centre (ITC) Expert, the Meeting decided to ask the ITC Expert to look into his report regarding the revised Terms of Reference for the Feasibility Study, with a view to reducing the cost considerably through relying more on national resources than international ones. This second revision should be ready by the first week of February 2000 for the consideration of the Commission meeting that will take place in Dhaka on the 22nd -23rd February, 2000.

2- The Meeting decided that the proposed project should be Private Sector driven from its very beginning, and requested Egypt accordingly to disseminate information about this project to the Private Sector.

The Meeting asked both Egypt and Nigeria to contact the African Development Bank to seek additional financing for the Feasibility Study. Furthermore, Egypt, as coordinator for trade, offered to contact other financial institutions for the same purpose.

It was being understood that the objective is to bring the governmental financial share to a minimum.

Item 4: Trade Facilitation Measures among the D-8 Countries

4a) The Report of the Meeting on Trade Facilitation and Simplification of Customs Procedures (Malaysia -November, 1999)

- i. The Meeting took note of the Report of the Seminar on Trade Facilitation and Simplification of Customs Procedures for D-8 Countries which was held in Kuala Lumpur on 9-12 November 99.
- ii. The Meeting recognized the importance of simplification and harmonization of customs procedures among the D-8 member countries as a prerequisite for trade facilitation in accordance with international norms and standards.

- iii. The Meeting recommended that the D-8 members will submit to the Executive Director of the Group a description of their customs procedures coupled with their views and proposals to facilitate customs cooperation and to eliminate existing obstacles.
- iv. The Meeting further recommended that the International Trade Centre (ITC) examines the potentials of customs harmonization among the D-8 member countries, in the context of the feasibility study to be prepared by the ITC for the establishment of the International Marketing and Trading Company (IMTC).
- v. The meeting took note with appreciation of the paper presented by Malaysia on Trade Facilitation Measures among ASEAN & APEC. They expressed their interest to further make an in-depth study of the experience of these economic groups with the aim of benefiting from relevant experiences in fostering trade cooperation among themselves.
- vi. The Meeting recommended exploring ways and means to coordinate positions and policies among the D-8 countries in the issues of common concern facing them as developing countries, in the area of international trade, in particular anti-dumping measures and forceful attempts to link trade to labour standards and environment.

**4 (b) – Simplification of Visa Procedures for the D-8 Countries’
Businessmen**

- i. The Meeting, after further discussion of the proposal of the Islamic Republic of Iran under this sub-item, indicated that those countries which have not submitted their comments on the proposal, would have the opportunity to do so during the next Commission Meeting that will take place in Dhaka, 22nd–23rd February, 2000.
- ii. The Meeting recognized the importance of facilitating the process of issuing visas for businessmen for trade facilitation, and recommended for the members to expedite issuing of visas, as appropriate, for businessmen with the simplest possible procedures.

**4 (c) Avoidance of Double Taxation and Protection/Encouragement
of Investment**

- i. The Meeting recognized that due to the existence of various bilateral agreements among the D-8 Countries, and that a multilateral agreement was therefore not necessary.

- ii. In accordance with the Egyptian proposal, the meeting encouraged the D-8 members to engage in negotiations as soon as possible to complete and finalize the bilateral agreements on the Avoidance of Double Taxation & Protection/ Encouragement of Investment among them.

Item 5: Simplification and Harmonization of Banking Measures & proposals on Financing Foreign Trade of D-8 Countries

In the framework of cooperation among the countries of the Group of D-8, which includes inter-alia harmonization of banking regulations with the aim of boosting intra-D-8 trade, the Meeting made the following recommendations:

I. Harmonization of Banking Procedures:

It is proposed that banking measures related to foreign trade and correspondent arrangements with the Group countries need to be coordinated as follows:

- ❖ Central Banks in the D-8 member countries will undertake the task of coordinating between all the banks in the D-8 countries so as to bring about advancement of basic intra-D-8 banking relations
- ❖ It should be always borne in mind that banks in the D-8 member countries adhere to the criteria of banking loans as stated in the Basic Convention.
- ❖ Encouraging the Central Banks of the D-8 member countries to apply the various internationally recognized banking practices and criteria.
- ❖ Banks in member countries are obliged to follow International Accounting Criteria so as to achieve sound disclosures of its financial status.
- ❖ It was recommended that the D-8 countries consider the new growing phenomenon in the world of mergers amongst banks to create big entities capable of competition on the world stage and to boost its credit worthiness, whilst taking into consideration the specific socio-economic conditions in each member country.

II- Banking Measures Relating to Foreign Trade and Cooperation Arrangements among Group Members

1. A committee comprising D-8 Central Banks may be set up with the following tasks:
 - ❖ To exchange information and data relating to existing banking laws and practices in each country.
 - ❖ To propose measures to help strengthening and harmonizing banking laws and practices, as far as possible, within the Group members and to remove any identified discrepancies or weakness impeding advancement of basis intra-D-8 banking relations.
 - ❖ To encourage adherence to Basle Convention and other Prudential Regulations including capital, credit and deposit ratios by the banks in the D-8 countries.
2. D-8 countries which have not done so are encouraged to establish Export Credit Guarantee System in all D-8 countries and provide it with adequate resources. The Export Credit Guarantee Companies in each D-8 country should get into contact with the corresponding companies in the other D-8 countries.
3. The banks should become actively involved in providing investment financing that is especially targeted towards Technological Upgrading Projects with the view that it would lead to increasing the export capabilities of Industrial Projects as well as increasing its competitive capability in International Markets.

Item 6: Trade Information Mechanisms among Member Countries

a) Trade Information Mechanisms:

The meeting took note of the remarks received from member f D-8 Countries on the questionnaire and concluded the following:

- i. The importance of Trade information mechanisms for the promotion of trade and business between the D-8 countries.
- ii. Any trade database information must use and build on the existing trade mechanisms including those of the OIC such as the Islamic Centre for Development of Trade (ICDT) & the Islamic Development Bank (IDB), which has not yet been fully utilized.
- iii. Maximizing the usage of the available O.I.C. trade information mechanisms.

b- The proposal to Establish an Intra-D-8 Trade Database: *

- i. In the light of the Egyptian paper under this sub-item, the Meeting invited member countries to identify a focal point that will be responsible for the providing of Trade and Business information.
- ii. The meeting requested Egypt to prepare the structure and format for the proposed Trade Database and to circulate it to the national focal points.

**Item 7: Report of the Expert Group Meeting on Shipping
(Alexandria-Egypt, 15&16 November 1999)**

- i. The Meeting took note of the recommendations of the Experts Group Meeting on Shipping which was held in Alexandria-Egypt, 15&16 November 1999.
- ii. The Meeting stressed on the importance of maritime transport in enhancing and promoting trade among D-8 countries, and recommended the utilization to the maximum of the existing regional facilities, in particular those of the O.I.C. and its affiliated organizations such as the Organization of Islamic Ship-Owners Association.
- iii. The Meeting further highlighted the importance of local focal points for the exchange of information about ship and cargoes.
- iv. The Meeting recognized the importance of having scheduled direct shipping services between D-8 countries

Item 8: The Proposal to set-up a Chamber of commerce and Business Union for the D-8 Countries

The Meeting welcomed the initiative of the representative of Chambers of Commerce and Industry and Business Associations in the D-8 Countries, meeting in the framework of the Third Expert Group

• See Paragraph 9 on page 4 for the discussion on this sub. Item.

Meeting on Trade, to establish an independent D-8 Forum for Chambers of Commerce and Industry and Business Associations, within the Islamic Chamber of Commerce and Industry in Karachi, and its annexed Charter (Annex 7).

Item 9 - Small and Medium Size Enterprises

The Meeting deliberated the proposal presented by Istanbul Chamber of Commerce under this item, and agreed on the following:

- i. SMEs could play a significant role in boosting national economies.
- ii. The crucial importance of identifying the existing entities within each D-8 country supporting SMEs and not to establish new ones.
- iii. The necessity to cooperate and coordinate among those entities (relevant organizations and centres) supporting SMEs in the D-8 member countries.
- iv. Both the Istanbul Chamber of Commerce of Turkey (ICOC) and the Social Fund of Development of Egypt (SFD) expressed their interest to act as coordinators for the BSC issue.*

14. Closing Session

- a) The Third Expert Group Meeting on Trade concluded its work at its Final Plenary Meeting on January 20th, 2000 during which it adopted its Final Report, to be presented to the D-8 Commission.
- b) Mr. Aqeel Al-Jassem, Secretary General of the Islamic Chamber of Commerce and Industry, made a statement in which he gave a brief introduction of the I.C.C.I. and its activities. He explained that one of its main objectives is to offer its facilities to the D-8 Group and the newly formed D-8 Forum for Chambers of Commerce and Industry and Business Associations.
- c) At the end of the closing session, delegations expressed their appreciation for the government of Egypt for hosting the Third D-8 Expert Group Meeting on Trade and for the excellent preparation and the warm hospitality extended to them.

* See para. (12) regarding the position of the Islamic Republic of Iran

- d) In his concluding remarks, H.E. Ambassador Sayed , K. El-Masry, Assistant Foreign Minister of Egypt for Multilateral Affairs and International Cooperation, reiterated the objectives of the D-8 Group in fostering economic cooperation among its members; he expressed Egypt's gratitude to all the delegations who participated in the Meeting, as well as the Secretariat for the job exceptionally done and declared the Third D-8 Expert Group Meeting closed.
- e) The Meeting ended by recitation from the Holy Quran.

Fourth Expert Group Meeting on Trade

Cairo, Egypt

20-21 February 2001

FINAL REPORT

1. The Fourth D-8 Expert Group Meeting on Trade was held on the 20th and the 21st of February in Cairo 2001 in preparation for the Third D-8 Summit. The Meeting was chaired by Mr. Maamoun Abdel Fattah, Advisor to the Minister of Economy and Foreign Trade of Egypt.
2. The Meeting was attended by experts from all D-8 member states, representatives of FINBI, the consultant firm entrusted with the task to prepare the International Marketing and Trade Company (IMTC) feasibility study, the Islamic Chambers of Commerce, and the Egyptian General Chamber of Commerce and Industry.
3. The Meeting was inaugurated with opening remarks by the Chairman who welcomed all D-8 experts to Egypt, and expressed his sincere wishes for a pleasant stay in Cairo, and fruitful deliberation on the issues before the Group.

ITEM II : Adoption of the Provisional Agenda

4. The Chairman invited the participating D-8 delegates to examine the Provisional Agenda and the progress of work. The Agenda was adopted (Annex I). In addition, the Meeting had before it a number of documents under the different agenda items, the list of which is annexed (Annex II).

ITEM III: Consideration of the Establishment of the International Marketing and Trading Company (IMTC)

5. The Chairman invited Ms. Naglaa Bahr, of Finance and Banking Consultants, International (FINBI) to give a presentation on the most recent version of the feasibility study prepared by FINBI on its own responsibility, after having taken into account the comments of the IX Session of the Commission in Dhaka (16 & 17 January 2001). The presentation addressed three major issues:

- A general overview of the different phases, through which the idea of the establishment of the IMTC has evolved.
 - The different components of the study, including economic, marketing, financial, legal, organizational and operational aspects.
 - Recommendations reached by FINBI for the establishment of the (IMTC)
6. The presentation emphasized the following main goals for the IMTC :
- To assist in making trade an effective tool serving unilateral, as well as economic development of the member states.
 - To encourage the private sector's participation in the Company's operation, as the main driving force for trade in the member states.
 - To establish affiliates in member countries in order to expand and increase the operation of IMTC, and therewith the volume of D-8 internal and external trade at a later stage.

7. The objectives of IMTC, were summarized in the following:
- To promote and expand trade among D-8 countries with best possible terms; and
 - To expand D-8 trade with the international community, with priority given to OIC countries with best possible terms
8. As for the activities of IMTC, FINBI recommended specific mixture of activities in order to achieve the aforementioned goals and objectives. These activities were divided into three basic clusters namely trade, marketing, and a database web site:
- The trade cluster includes: trade in goods and services, supporting activities i.e. services which facilitate procedures related to trade and complementary activities, such as storing and distribution.
 - The marketing cluster includes: marketing and promotion.
 - Database website.
9. FINBI presented three financial models for IMTC. These models were designed according to different activity combinations. FINBI stressed the profitability of the three models. While two of the three will require up-front payment of the countries' shares in the Company's capital, the third provides the option of paying up the shares in installments, and it was left to the Experts and the private sector to opt for one of the three models.
10. Regarding the legal framework, and in light of different factors associated with the scope of activities of IMTC, the nature of the shared capital, the ability to issue bonds, the broad range of ownership constituency, the freedom of the nationality of management and the possible future expansion, FINBI proposed that the most suitable legal structure for IMTC is "Open Joint Stock Free Zone Company". FINBI also recommended equal participation of the D-8 members in the company's shares in order to guarantee equal commitment, equal service opportunities, in addition to equal representation in the board, and consequently, equal influence on decisions.
11. The FINBI presentation has generated several comments and remarks from the participating delegates, which could be summarized as follows:
- (a) The delegation of I.R. of Iran raised the following issues:
- (i) The need to convince the D-8 private sector to take part in the process of establishing IMTC, in light of its crucial role in promoting intra-trade.
 - (ii) The wide and ambitious scope of IMTC activities, which could discourage the private sector to be forthcoming in venturing participation in the project
 - (iii) The question of whether limiting the scope of IMTC to marketing activities could also enable the Company to generate profit.
 - (iv) Agreeing that the best legal framework for the company is a joint stock free zone company, the issue of equal participation was raised. The company could be established in two phases, according to which the modality of the share of each country should be determined.
 - (v) The need to provide further information about the assumptions and calculations underlying the profit forecast and the prospect of the company.
- (b) The delegation of Pakistan asked whether the proposed capital will cover IMTC expenses during the first two years of operation and request the second draft of the

feasibility study which addresses in details recent financial and economic status to be circulated.

(c) The delegation of Egypt raised the following issues:

- (i) The objective of IMTC is to promote and expand trade among the D-8 member countries, an objective agreed upon by all D-8 member states. IMTC will help realize this objective through reallocating trade among our countries so that we can trade directly between one another instead of going through a third party, to facilitate trade among us. Therefore IMTC should provide focused information in the fields of customs and administrative procedures, tariff structure...etc (Supporting activities).
- (ii) As for the start-up capital, it was stated that it need not be upfront. Members should be able to consider all available options, including pay off capital in terms of installment. Moreover, it should be flexible for governments and private sector to participate, if it is an open stock company.

(d) The delegation of Turkey stressed that it is the private sector which should bare the responsibility for trade activities, and thus it assumes an indispensable role in establishing and managing the IMTC.

(e) The Nigerian delegate agreed with the comments made by Turkey.

(f) The delegation of Indonesia raised the following issues:

- (i) the IMTC should be private sector driven, commercially in nature and the participation of private sector in the IMTC should be on a voluntary basis.
- (ii) to convince D-8 private sector, FINBI, should give a more detailed presentation at the First D-8 Business Forum on 22-23 February 2001.
- (iii) FINBI was asked to revise the country's economic analysis of the second draft of the feasibility study.

12- In reflection to the aforementioned comments, the FINBI clarified the following:

- IMTC's growth and development are meant to be natural and gradual, thus it is not assumed that it could generate profits during the first three years of its operation.
- By limiting the activities of IMTC to marketing, it will be difficult for the company to achieve the aspired profitability and sustainability. Accordingly, it will be essential to include trade in the activities.

13. The deliberations on the feasibility study of the IMTC continued on the second day with the presence of the consulting agency representatives. The delegates asserted that the first part of the feasibility study contained irrelevant and unnecessary information. FINBI was asked to remove it and strongly urged to modify the report to concentrate on trade relevant data. Furthermore, the main purpose of the feasibility study is to examine the

viability of establishing a trading company among D-8 countries including its profitability.

14. Moreover, and during the course of the discussion, the Iranian delegate stressed that the most important part of the feasibility study is the one concerned with the business plan of IMTC. He added that this part needed to be further adjusted and modified so as ensure its transparency and relevancy to the private sector needs. His thoughts were shared by a number of delegations including Malaysia, Bangladesh, and Egypt. In this context, the consulting agency representatives took note of all the aforementioned remarks and promised to prepare a more elaborate business plan that crystallize the profitability of the IMTC, along with the necessary and sufficient background information about it to be presented to the D-8 first business forum.
15. In conclusion of the discussion, the chairman stated that the main purpose of the meeting is not to decide whether we establish the IMTC or not. This decision has already been taken by the Summit in 1997. However, the goal of the meeting is to agree on the best structure, objectives, and activities of IMTC so that a trading company that is viable and feasible can be established among D-8 countries. This should be done in accordance with recommendations made by the commissioners in the Dhaka's Meeting. Moreover, the chairman noted that there is a consensus that IMTC should be a private sector driven company. However, the governments may join if they wish so with the proviso that they can not hold shares big enough to control the company. It was also agreed that it is preferable that each country should have equal share to reflect benefits, responsibilities, and representation, while unfilled subscriptions by a member can be covered by another one if need to. Finally, the meeting should reach an overall agreement about the best and the most attractive financial model of IMTC to the private sector, so as to recommend this model to the D-8 commissioners and the business people in their forthcoming meetings.

ITEM IV: Welcome note by the Chairman of the Meeting of the First D-8 Forum for the Chambers of Commerce, Industry & Business Associations (22-23 February 2001).

16. The Chairman welcomed the establishment of the First D-8 Forum for the Chambers of Commerce, Industry & Business Associations and expressed his delight to plant the seeds of government-private cooperation through the convening of this Meeting as well as the Forum stressing that their respective objectives were complementary.
17. The experts took note of the convening of the Forum and highlighted their enthusiasm with regards to attracting the private sector in the process of comprehensive D-8 cooperation.

ITEM V: Other Trade Facilitation Measures among the D-8 Countries

18. The experts discussed the following sub-items:

- a) *Training Program on the Malaysian Capital Market held in Kuala Lumpur 19-13 October 2000*
 - The Malaysian delegation briefed the meeting on the report concerning the training program on the Malaysian Capital Market held in Kuala

Lumpur on 9-13 October 2000, highlighting the wide range of issues and concerns that were discussed with regards to the overview of the Malaysian Capital Market and the comments that were subsequently raised by the delegations who attended the meeting in Kuala Lumpur (TR/4.M/5A/Doc 1)

- The Iranian Delegate stressed the importance of exchanging information and expertise between the D-8 member Countries concerning their Capital Markets development and operations. Furthermore, they highlighted cultural differences in dealing with the topic of capital market cooperation.
- In his conclusion, the Chairman stressed the vital role of capital markets for our countries economic development and the need to share our expertise and information in this field.
- The meeting took note of the report.

b) *Review of the process of signing of the Agreements on the Avoidance of Double Taxation and Protection/Encouragement of Investment.*

- The Meeting took note of the status of the Agreements on the Avoidance of Double Taxation (TR/4.M/5B/DOC.1) as well as those on the Protection/Encouragement of Investment (TR/4.M/5B/DOC.2). In the course of the discussions the meeting added the latest information in the status of these two sets of agreements where:
 - The Nigerian delegate indicated that the agreement on Avoidance of double taxation with Egypt has been already agreed upon and will be signed on the occasion of the convening of the joint Egyptian-Nigerian commission. Furthermore, it was clarified that similar agreements with the remaining members of the D-8 group are currently subject to negotiations with the view to finalizing them as soon as possible.
 - The Iranian delegate stated concerning the agreements on promotion and protection of Investments that they have ratified the agreement with Pakistan, and that negotiations were currently underway with Bangladesh, and Indonesia. Furthermore, he added that as regards the agreements on Avoidance of Double Taxation, an agreement was signed with Malaysia, and requested information concerning the status of a similar agreement with Egypt. Egypt said this information will be provided as soon as possible.
 - The Egyptian delegate indicated that agreements on promotion and protection of investments, were ratified with Turkey and signed with Malaysia. In addition, it was added that agreements on Avoidance of double taxation were signed with Malaysia. Furthermore, she added that it would be beneficial to provide the Executive Director with more detailed notification, including the dates of signing and/or ratification of such agreements.
 - The Indonesian delegate indicated that they were in the process of negotiating an agreement on promotion and protection of investments with Iran.
 - The Pakistani delegate confirmed that an agreement on promotion and protection of investments was signed with Indonesia.

The delegate from Bangladesh said that Bangladesh is in favour of concluding agreements on both the avoidance of double taxation as well as promotion protection of investment. Such agreements are necessary for promotion of joint ventures and may also facilitate trade. He furthermore stated that:

- i. Agreement on the Avoidance of Double taxation with Malaysia and Pakistan are in force.
 - ii. Negotiation on the Agreement on the Avoidance of Double Taxation with Turkey, Indonesia, and Egypt are completed and ratification is underway.
 - iii. Negotiation to sign an Agreement on the Avoidance of Double Taxation with Iran is underway.
- The Chairman recognized the need by the Member States to notify the updated detailed information on the status of these two sets of agreements.
 - The meeting recalled the vital role played by these agreements in the process of promoting and facilitating intra-trade in-between the D-8 member countries. the meeting called upon all members to complete their negotiations and ratify the bilateral agreements, at the earliest.

c) *Follow-up on the Simplification and Harmonisation of Banking Measures:*

- Referring to the proposal to hold a meeting of the Central Bank Representatives of the D-8 Member States on the side of the next annual IMF meeting, the Chairman highlighted the need to identify forms of cooperation by Central Banks with a view to promoting trade.
- The Indonesian delegate suggested that Egypt may send invitations to the Central Banks of the group to convene a meeting on the side of the next IMF meetings. She added that the Central Banks of the group are required to cooperate in wider fields, including the field of banking regulations, with a view to contributing to the facilitation and promotion of intra-trade between the members of the group. In addition, the Representative of the Egyptian Central Bank expressed the usefulness of such cooperation emphasizing the need to exchange information and experience as well as coordinating activities in this domain.
- The Nigerian delegate indicated that the role of Central Banks should be confined to the regulatory framework of the commercial banks. The latter should be the ones to assume the higher share in facilitating trade between Member Countries of the D-8 group. The fact that Nigeria has introduced Universal Banking to liberalize economic activities therefore enabling the Banks to engage in all viable activities was underscored.
- The Iranian delegate welcomed the meeting of the representatives of the Central Bank of the group on the side of the next IMF meeting and brought to the attention of the meeting that the Central Bank of Iran has sent its comments on the issue of cooperation amongst the Central Banks of the group which was circulated. The Iranian delegate indicated that Iran, Pakistan, Malaysia and Bangladesh have come together in an "Asian Clearing Union", an entity that gives effective guarantee regarding the letters of credit. In that regard, the delegate proposed that similar arrangements for the D-8 group could be considered.

- The Chairman emphasized the need for the respective Central Bank officials to come together and discuss issues of mutual cooperation, and stressed the importance of discussing the forms of cooperation amongst the Central Banks of the group raising the issue of the different national roles of the Central Banks, as well as the importance of identifying some of the issues relating to trade facilitation and promotion which needs to be discussed in the coming meeting of the Central Banks Representatives.
- The Chairman, in conclusion, indicated that the scope of the discussions of the proposed meeting of the Central Banks' representatives should be broadened to include all facets of cooperation with respect to identifying modalities of cooperation with the ultimate view of facilitating trade amongst the group members. He added the Iranian comments, as well as the Indonesian proposals should be taken into consideration. It was also agreed that Egypt would send reminders through the Executive Director to convene a meeting of the Central Banks representatives on the side of the next IMF meetings.

d) *Follow-up on the Simplification of Customs Procedures among the D-8 Countries*

- The Chairman pointed out that only Egypt, Indonesia and Bangladesh have put forward proposals reflecting views and positions in this regard. He drew the delegates' attention that the three proposals varied in scope, and covered the areas of tariffs, non-tariff barriers to trade, pre-shipment inspection, and taxes. The Chairman, emphasized that tackling non-tariff barriers is crucial in the area of trade facilitation and enhancement among D-8 countries. The Chairman further invited the participating delegates to share their comments on those proposals.
- The representative of the Egyptian customs authority gave a presentation whereby it was stressed that Egypt recently amended its Customs Law to facilitate customs procedures, introduced the use of modern technology in the work of its customs authority. It was also emphasized that Egypt is prepared to enhance cooperation in the area of customs with D-8 member countries through the sharing of information and expertise by way of exchanging documents, field visits, training courses and seminars.
- The delegation of Indonesia reiterated the importance attached by his country to enhancing cooperation among D-8 member countries in the areas of customs and taxation. Furthermore, Indonesian delegate reiterated that trade regulation and customs procedures should be in line with international norms and standards, trade facilitation especially tariff and non-tariff barriers should be in accordance with the WTO Agreements and the Kyoto Convention respectively.
- The delegation of I.R. of Iran stressed the importance of harmonization of customs procedures and the use of modern and computerized customs systems. In this vein, the Iranian delegation emphasized the importance of upgrading D-8 customs officers capabilities and cooperation in the crucial areas of Information Technology and E-commerce, whereby experience sharing among D-8 countries is vital towards the Group's quest for trade facilitation and enhancement. Thus, the Iranian delegation called for direct interaction among D-8 customs authorities to discuss the modalities of cooperation in the aforementioned areas. The delegation of Iran further endorsed the Chairman's remark that tackling non-tariff

barriers to trade is crucial, and stressed the need to expand the scope of cooperation within the Group beyond customs matters

- Reflecting on the comments by I.R. of Iran, Egypt supported the idea of direct interaction among D-8 customs authorities in order to upgrade the level of cooperation and the harmonization of customs procedures -as appropriate- for the purpose of trade enhancement within the Group. It was pointed out that the D-8 could, additionally, invite technical assistance of UNCTAD in this regard. Furthermore, Egypt expressed agreement on the importance of widening the scope of D-8 cooperation beyond customs matters to cover non-tariff barriers to trade, and E-commerce.
- The Chairman, having sensed the interest of the trade experts to include non-tariff barriers, as a major impediment to trade, as well as E-commerce, requested the participating delegations to reflect on this matter. The Meeting agreed that the aforementioned subjects be incorporated in the work of the D-8 Expert Group on Trade under "Trade Facilitation".

e) *Follow-up on the proposals for cooperation among the D-8 countries in the field of shipping :*

- The Bangladeshi delegate recalled the main objectives of their proposal on cooperation among the D-8 countries in the field of shipping. It was stressed that this proposal aims at synthesizing the different points of views of ship owners and shipping authorities in the member countries with the objective of deriving the modalities of cooperation that would promote cooperation in the field.
- The Turkish delegate emphasised the need for the member countries to exchange detailed information on their shipping capabilities through the Executive Director prior to adopting the proposal of Bangladesh to organize a working group meeting in the field. It was added that such information would facilitate the identification of the modalities of cooperation which the working group can examine at a later stage. Finally, it was recommended that the issue be raised in front of the First Forum for the Chambers of Commerce, Industry and Business Associations as agreed at the ninth session of the commission held in January 16-17 in Dhaka. It was further added that all the D-8 Member Countries with the exception of Nigeria and Malaysia have signed the Charter of the First Forum for the Chambers of Commerce, Industry and Business Associations. Nigeria and Malaysia were encouraged to sign the Charter.
- The Malaysian Delegate responded that his government will continue to consult the Chambers of Commerce regarding signing the Charter as soon as possible.
- The Chairman concluded the sub-item by stressing the importance of detailed information on the Member Countries' shipping capabilities, to allow the working group to examine and identify the best modalities of cooperation.

f) *Follow-up on consolidating the cooperation among the D-8 countries in the field of Small and Medium-size Enterprises:*

- The Meeting considered both the Egyptian proposal to promote joint D-8 SMEs ventures (TR/4.M/5.F/DOC.1) as well as the Turkish program proposal for cooperation in this field (TR/4.M/5.F/DOC.2).

- The Representative of the Social Fund for Development (SFD) provided an overview of the Egyptian proposal to promote a joint D-8 venture, indicating the need to unlock the business opportunities for SMEs. Furthermore, the representative of the Social Fund for Development highlighted the importance of the Workshop/Seminar proposed to be held by Turkey, with the aim of identifying concrete modalities for cooperation in the field of SMEs. In this context, the delegate of Bangladesh asserted that his country will present a paper on micro financing during that seminar.
- The Turkish delegates outlined Turkey's experiences in the establishment, classification and promotion of SMEs operations. It was indicated that the Member Countries are encouraged to exchange information on their SMEs as well as their experiences in the field in order to facilitate the identification of modalities of cooperation within the group. It was emphasised that promoting the role of SMEs in trade is highly recommended as a starting point for cooperation within the group. Such cooperation can prepare the grounds for further cooperation in the fields of exchanging know-how as well as establishing joint financing entities.
- The Egyptian delegate drew the attention of the meeting to the fact that SMEs are part of the Private Sectors in our respective countries suggesting to address the topic in the First Forum for the Chambers of Commerce, Industry and Business Associations.
- The Iranian and the Malaysian delegates referred to their respective experiences with SMEs, and the role such enterprises play in their processes of economic development and trade promotion. The Iranian delegate also supported the proposal made by Turkey to organize a seminar on SMEs.
- The Pakistani delegate informed the meeting of the central importance that has been assigned to SMEs in the current economic program of the government. He also indicated that the government institution primarily responsible for development of SMEs in Pakistan is known as the Small and Medium Enterprises Development Authority (SMEDA). The Pakistani delegate also supported the proposal by Turkey to organize a workshop/seminar as a first step for cooperation on SMEs.
- The Representative of the Islamic Chambers of Commerce and Industry (ICCI), highlighted that defining and classifying SMEs is problematic and differs from one country to the other. However, such an issue did not prevent the ICCI from concluding several bilateral and multilateral Memorandums of Understanding (MOUs) in the field of promoting SMEs.
- The Chairman took note of the discussions and issues raised and welcomed the Turkish proposal of organizing a Workshop/Seminar to discuss the modalities of cooperation in the field of SMEs and exchange of information and experiences on the topic.

ITEM VI: Trade Information Mechanisms and the proposed Intra-D-8 Trade Database and Web site (IDSC).

19. The Chairman, congratulating Egypt for the completion of the Intra-D-8 trade database, invited a representative from the Egyptian Information and Decision Support Center (IDSC) to give a presentation on the trade database (TR.4.M/6.Doc.1). The representative from IDSC explained that Egypt was entrusted with the task of creating a trade database site as part of the ITDB network. Demonstrating the site, the representative highlighted its features noting the multi-layered structure of the search process by country, category, company name, etc. Also, there is a matchmaking feature in which a D-8 market place is simulated with offers of buying and selling posted on the site. Furthermore, the representative highlighted the statistical section of the site which includes relevant indicators for the private sector.
20. Thanking the Information and Decision Support Center for the presentation, the Chairman called on the representative of the Egyptian International Trade Point (EITP) – the co-partner in the creation of the trade database – to give his presentation. In his presentation, the EITP representative gave a general overview of the trade database highlighting the profiles and general economic indicators of the member countries.
21. The representative of the I.R. of Iran while providing the meeting with his written comments on the structure of the trade database, also referred to the relevant decisions of the 7th Commission (para. 42 and 43). He reminded that the trade database when finalised would be posted in the ITDB website, which is designed as an instrument to exchange all existing trade, industrial and technological data to strengthen cooperation among members. He also distributed a brochure on the introduction of D-8 ITDB website for the information of the meeting.
22. The Indonesian delegate asked about the mechanisms and procedures for updating members' data and was supportive of the D-8 having one web-site covering all aspects of the D-8 cooperation including the trade database developed by Egypt.
23. The Chairman expressed his view that the efforts of each country is needed in the feeding of the database with the required information in order to establish a transparent mechanism through which all D-8 countries can share their updated information. He also added that we should encourage cooperation between our respective trade points.
24. The Meeting invited all countries to feed the database with their updated trade and business information as soon as possible. In addition, all member states were asked to encourage cooperation between their respective trade points.

ITEM VII: Any other Business

25. No other business was raised by the meeting

ITEM VIII: Adoption of the Final Report

26. The Meeting considered and adopted the Report.

ITEM IX: Closing Session

27. The Fourth Expert Group Meeting on Trade concluded its work at its final Plenary Meeting on February 21, 2001 during which it adopted its Final Report to be presented to the X Session of the D-8 Commission.
28. At the end of the Closing Session, delegations expressed their appreciation to the Government of Egypt for hosting the Fourth Expert Group Meeting on Trade and for the excellent organization as well as the warm hospitality extended to them.
29. The Chairman, in his concluding remarks, expressed the gratitude of Egypt to all the delegations who attended the Meeting as well as the Secretariat for their exceptional job. He, then, declared the Fourth Expert Group Meeting on Trade closed.

Background

In the first meeting for the working group on trade held in Cairo on June 4 - 5, 1997 the idea of establishing an International Marketing Company among the D-8 was proposed and the idea was favored by most countries. Increasing trade within the group and with the outside world were major objectives of the D-8. The company should assist in achieving these goals. In addition, it should assist the private sector of the 8 countries.

After the first summit and during the council meetings the idea was further elaborated. In the fifth session of the D-8 Commission in April 1998, a pre-feasibility study, for the establishment of the International Marketing and Trade Company (IMTC), that was conducted by an ITC consultant, was submitted. All countries agreed on the importance of increasing intra-trade amongst the D-8 countries, supporting small and medium-size enterprises at all stages from production to export. "Stressing the role and needs of the private sector remained as a main aspect of this cooperation."

During the following meetings the terms of reference (TOR) and revised terms of reference (RTOR) for conducting a feasibility study and its financial aspects were finalized.

The First Draft of the study was developed and shared with the countries in Dhaka's meeting of January 16 - 17, 2001. The preliminary comments of the countries were considered and resulted in a simplified framework. Following is a summary thereof.

General Framework of the Study

A thorough market analysis of the D-8 has been conducted. It consisted of an individual country analysis followed by an assessment of the economics/markets of the D-8 as a whole. It confirmed that there is a need for promoting trade within the D-8 group. There are many areas where exports and imports can complement each other on the level of the D-8 (Appendix 1).

The IMTC aims at sustainability through profitability. Thus, profit-making is a major aim and function of the company.

The IMTC will go through various phases of natural development. The study assumes two major phases:

Phase One: Covers the first 6 years: one year establishment and 5 years of operation. This is the scope of this feasibility study.

Phase Two: Covers the period beyond the first 6 years. It had to be taken into account in many areas, as was the case in the legal status of the company and the scope of activities. They need to be included upon the establishment, in order to permit possible expansions and extensions of the company (though they will take place only in phase two).

The study is taking into consideration all previous efforts/conditions/ comments of the Pre-feasibility study, the TOR, the RTOR, and the Dhaka countries' comments.

The IMTC is a private company. This will be reflected in its legal structure, its strategy, its operation, and its organizational structure.

The Goals and Objectives of the IMTC

Goals:

1. Assisting in making trade in member countries an effective tool serving their economic development unilaterally and collectively
2. Encouraging private sector to be part of the above operation with attention given to assist the trade of Small Enterprises.

Objectives:

1. Increasing trade among D-8 countries (with best possible terms).
2. Expansion of D-8 trade with the international community, with special attention to the OIC countries (of which all 8 countries are members).

In order to achieve these objectives, the IMTC will be conducting numerous activities, with the aim of providing a unique service mix, which will ensure its profitability and sustainability.

Activities

I. Trade

- A. **Trade of goods and services:**
The direct buying and selling of goods and services for a third party or on its own expense through export and import.
- B. **Trade-supporting services:**
which includes conducting services which facilitate procedures related to trade (e.g. advice, facilitation, consultancy on trade procedures).
- C. **Complementary activities:**
Outsourcing and/or conducting activities which complement trade. These activities are outside the scope of trading and its supporting services, but are necessary because they make it more attractive and/or add to its value (storing, labeling, managing free zones, etc.)

II. Marketing:

- A. **Marketing and Promotion**
Participating in and/or organizing events, conducting studies/research/campaigns, helping D-8 companies to develop adequate strategies and the necessary marketing tools to introduce their goods and/or services to its partners, and encouraging members of the business community and business organizations and associations in D-8 countries to attend appropriate training/seminars/workshops.

B. Managing and developing the Database

Establishing the database through coordination with concerned entities of D-8 and OIC. The database will be connected to the various sites and previously established databases. The database management will include the development of a reliable and rich database that includes various information re- trade regulations and documentation, price information, transportation quotes and information both on the D-8 level and internationally.

Financial Analysis

This section will focus on the financial and economic evaluation of the IMTC. It will present the narrative explaining the assumptions/calculations/definitions. It will then explain the financial analysis of the 3 profitable models, with their sensitivity analysis. The corresponding economic analysis is also included. (Appendix 2)

Financial Statements Assumptions

FIXED ASSETS

1. Land: 10,000 m² of land in Port Said free zone area.
2. Two warehouses: 2,000 m² will be used to store different types of commodities that need special storage and care; and 7,500 m² will be used to store all other types of commodities. The two warehouses shall be supplemented with adequate equipment in order to perform commodity and storage handling with a high level of efficiency.
3. Moderate office building will be constructed close to the warehouses in Port Said Free Zone area.
4. Equipment needed to perform appropriate warehousing.
5. IT and Communication establishing IT network with appropriate hardware, software and permanent Internet connection. This category also includes other office equipment like telephone system, faxes, photocopiers,...
6. Furniture & Decoration for both office buildings (the owned building in Port Said free zone and the rented headquarter office).
7. Transportation Vehicles: 3 cars and one motorcycle are needed for the operations of the company.

REVENUES

A. Trade in Goods and Services

- The intra-trade figure among the D-8 countries is assumed to grow at a conservative rate of approximately 1.5% during the first two years of operation and at a moderate rate of an average of 6% per annum for the following years.
- IMTC share of this *incremental increase* is assumed to be modest during the early years of operations (2% only). This share will grow gradually until it reaches an average of 13% in 2006.

IMTC is assumed to generate a 6% (of the incremental increase in intra-trade between the D-8) as revenues from engaging in this type of activity

B. Complementary Trade Activities (please refer to the activities' section for a description of this type of activity).

This activity is assumed to generate revenues at a moderate level amounting to US \$ 16,829 for the first year of operations. This figure will then gradually increase at an average rate of 19% over the following years of operations.

C. Trade Supporting Activities (please refer to the activities' section for a description of this type of activity).

The fee revenues from these activities are assumed to be marginal all the way through. It is assumed to reach a maximum level of approximately US\$ 0.033 million by year 6.

D. Marketing Services

Revenues from marketing services are assumed to be minimal as can be seen from the attached income statements given the nature of this industry in terms of supply, demand and competition mechanisms.

E. Database Services

Members of IMTC are expected to be 614, 921, 1382, 1,728 and 2,160 by the end of years 2, 3, 4, 5 and 6 respectively.

- The annual fee for members is set at US\$ 700

OPERATING EXPENSES

A. Depreciation & Amortization.

The applied annual depreciation rates are as follows:

Land	0%
Buildings	2%
Furniture & Decoration	10%
Transportation Vehicles	20%

B. General & Administrative Expenses.

1. **Staff Payroll:** IMTC will start its operations with 21 employees. The total package for each employee will cover the following:
 - Basic salary according to required qualification/experience.
 - Annual bonus
 - Insurance
 - Fringe benefits
 - Salary increases as per market/industry averages
 - Adjustment for applicable inflation rate
2. **Utilities:** electricity, water supply, natural gas, fuel, telephone bills, repairs.
3. **Sales & Marketing:** advertisement, publicity, brochures, printed material.
4. **Contingencies and others:** to account for unforeseen events, changes in prices, exchange rates, and other unpredicted expenses that might arise

GROSS MARGIN

The gross margin, generally for this type of industry, would not be a real indicator of profitability. The reason is that, for this type of industry, the amount of costs that can be directly traced as direct costs i.e. that can be directly linked to the production of revenues, from an accounting sense, is relatively minimal. The bulk of costs, for the concerned company, are the indirect costs or overheads. Accordingly, the true measure of profitability would be the net margin rather than the gross margin.

ECONOMIC INDICATORS

The Net Present Value (NPV) was calculated for each one of the 7 models developed for IMTC using a discount rate of 9% (6% rate of return on dollar deposits + 3% risk premium applicable to similar types of operations).

Similarly, the Internal Rate of Return (IRR) was calculated for each one of the seven models developed for the concerned company.

SENSITIVITY ANALYSIS

It is important to note that as a result of the nature of operations of IMTC, namely trade, marketing and database services, the company's reaction or status under a stress analysis, usually a decrease in the expected revenues of the company as a result of any number of changes in its external environment and/or its internal environment, will differ. This means that the company, in face of any unfavorable or negative occurrence, can react to a decrease in the volume of revenues by a decrease in the magnitude or scale of its operations to minimize its losses and prevent the erosion of its capital.

Conclusion and Recommendations

1. IMTC is recommended to be established as an OPEN JOINT FREE ZONE Company
2. The IMTC is private sector-oriented.
3. The main objective of IMTC is to increase D-8 intra-trade and eventually trade with the rest of the international community.
4. Equal share in ownership of the IMTC by the 8 countries that enable equal service opportunities and equal representation on the Board of the company
5. A moderate start, keeping expansion possibilities always open.
6. The IMTC should engage in a mix of activities which will realize the highest profit
7. The three presented models proved financially and economically viable. The Consultant is recommending model 2 since it has the highest success/profitability potential.

APPENDIX 1

APPENDIX I

General Assessment of the status of Trade in the D-8:

(preliminary findings to be complete after input from countries is finalized)

Looking at the D-8 countries we find the following economic/social characteristics

- High population which has an average growth rate of around 2%
- An average GDP growth rate of more than 5%
- A controlled inflation rate, not exceeding 7%
- A balance of trade which is mostly negative in each country, but with a potential of improving. However, if we look at the total D-8 balance of trade, we find that in 1999 the balance was positive as imports were 199,127 million dollars, whereas exports reached 202,910 million dollars. This is a remarkable improvement from the negative balance of trade which was constantly negative until then. It seems that the D-8 countries are moving in the right direction when it comes to increase in export. It increased around 10% in 1999.

Looking at the fiscal policies and the capital markets of the 8 countries, we find the environments suitable for trade and trade operation in most countries.

All 8 countries have suitable maritime ports, as they are all accessible by sea. Their transportation network is quite complete and reaches all areas in each country.

When we look at major trade partners of each D-8 country, we hardly find any D-8 country in the list. The level of intra D-8 trade is still very low. If we can take 1996 figures as indicators, we will notice that maybe only Malaysia has a considerable rate of trade within the D-8.

However, looking at items of export and import, we find many areas where they can complement each other, as demonstrated in the following table.

List of exports and imports

<u>Exports</u>	<u>Imports</u>
<i>Agricultural and food related products</i>	
Wheat (T)	
Cotton (E, P, T)	(T)
Rice (E, P)	
Potatoes (E)	(T)
Citrus (E)	
Fruits (Ir, T)	
Nuts (Ir)	
Tuna (I)	Tuna
Fish (I)	
Coffee (I)	Coffee
Foodstuffs (M, T)	Foodstuffs (I, Ir, N, P)
Tea (B)	

<i>Exports</i>	<i>Imports</i>
Cacao (N)	
Refined Sugar (E)	
Canned Vegetables and fruits (E)	
(M)	Animal and Vegetable oils and fats (M, P)
Vegetables (T)	
Spices (N)	
	Animals (N)
	Cereals (B)
	Eggs (B)
	Dairy Products (B)
	Beverages (I)
<i>Fishery Products</i>	
Fish (B, P)	
Prawns (B, I)	
Textiles, Clothing and related Products	
Cotton yarn and textile (P, T)	Textile yarn (B, T)
Ready made Garments (B, P)	
Spinning and Weaving Products (E)	
Carpets (Ir, P)	
<i>Metal, Metal works and related Products</i>	
Iron (Ir)	Iron (B, E, T)
Steel (Ir)	Steel (B, E, T)
Metallurgical Products (E, T)	Metal Products
Copper (I)	
Charcoals (I)	
Nickel (I)	
	Metal Works (Ir)
<i>Chemicals and Pharmaceuticals</i>	
Medical herbs (E)	
Chemicals (E, M, T)	Chemicals/organic and inorganic (B, E, M, P, T)
Pharmaceuticals (E)	Pharmaceuticals (Ir, T)
Cosmetics (E)	
Fertilizers (B)	Fertilizers (P, T)
<i>Fuel and Gas</i>	
Petroleum and its Products (Ir, P)	Petroleum and its products/refined oil products (B, E, Ir)
Mineral Fuel (M)	(M, P)
Lubricants (M)	Lubricants (M)
Oil and oil products (I, N, T)	

<i>Exports</i>	<i>Imports</i>
Machinery and Equipment	
Machinery (M)	Machinery (B, Ir, M, N, P, T)
Transport Equipment (M)	Transport Equipment (B, I, M, P, T)
	Spare Parts (I)
Mechanical Goods (T)	
L Others	
Cigarettes (E)	
Tobacco (E, T)	
Gas (I)	
Shoes (I)	
Wood (I)	Wood and Cork (E)
Wood Products (I)	Wood Articles
Skins (B, N)	
Leather (B, P)	Electrical Goods (P, T)
Electrical Goods	
Rubber (I, N)	
Manufactured Goods (M)	
Agricultural and Industrial capital goods (T)	
	Artificial Plastics (E)
Paper and Paper Products (E)	Paper and paper products (E)
Hides (B, Ir, N)	
Jute Manufactures and raw (B)	
Raw material for Industrial use (T, P)	(I)
	Individual Cars (I)
	Consumer Goods (I)
	Military Supplies (Ir)
	Technical Assistance (Ir)

B	Bangladesh
E	Egypt
I	Indonesia
Ir	Iran
M	Malaysia
N	Nigeria
P	Pakistan
T	Turkey

Thus, this simple table shows that the D-8 could definitely at least partially complement each other in the trade area in all items that are bold in the table.

There is a big market with a wide range of commodities in which the potential IMTC will operate. As a matter of fact, it is obvious that EMTC is needed

It should be noted, however, that there are additional products that are exchanged in the D-8 but in lower quantities, thus they are not mentioned in the table above, but they will be included in the operation of EMTC, as it will deal with all quantities of trade

APPENDIX 2

**IMTC
Model 4A
Projected Income Statements**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenues						
Trade in goods & services	0	224,390	1,813,074	3,771,195	4,902,553	7,647,983
Complementary trade activities	0	16,829	135,981	212,130	291,212	302,860
Trade supporting activities	0	1,870	15,109	23,570	32,357	33,651
Marketing services	0	129,000	193,500	290,250	362,813	453,516
Data base services	0	430,000	645,000	967,500	1,209,375	1,511,719
Total	0	802,090	2,802,664	5,264,644	6,798,309	9,949,729
Cost of Revenues						
Trade in goods & services	0	26,927	217,569	452,543	588,306	917,758
Complementary trade	0	2,020	16,318	25,456	34,945	36,343
Trade supporting activities	0	224	1,813	2,828	3,883	4,038
Marketing services	0	15,480	23,220	34,830	43,538	54,422
Data base services	0	51,600	77,400	116,100	145,125	181,406
Total Cost of revenues	0	96,251	336,320	631,757	815,797	1,193,967
Gross Profit	0	705,839	2,466,344	4,632,887	5,982,512	8,755,761
Depreciation & amortization Expense						
General & administration expenses	0	2,810,640	2,915,472	2,585,560	2,737,242	2,911,209
Operating Profit	0	-2,207,151	-562,728	1,933,727	3,131,670	5,730,953
Interest income/expense	0	93,210	-33,515	-34,754	86,000	285,877
Net Profit	0	-2,113,941	-596,243	1,898,973	3,217,671	6,016,829

IMTC
Model 4A
Projected Balance Sheets

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fixed Assets						
Land	375,000	375,000	375,000	375,000	375,000	375,000
Warehouses	200,000	762,500	762,500	762,500	762,500	762,500
Office Building	80,000	80,000	80,000	80,000	80,000	80,000
Equipment	100,000	100,000	100,000	100,000	100,000	100,000
IT & Communication	267,500	267,500	267,500	267,500	267,500	267,500
Furniture & communication	400,000	400,000	400,000	400,000	400,000	400,000
Transportation vehicles	100,000	100,000	100,000	100,000	100,000	100,000
Gross Fixed Assets	1,522,500	2,085,000	2,085,000	2,085,000	2,085,000	2,118,823
Acc depreciation	0	102,350	215,950	329,550	443,150	556,750
Net Fixed Assets	1,522,500	1,982,650	1,869,050	1,755,450	1,641,850	1,562,073
Current Assets						
Cash & bank deposits	1,553,500	0	0	1,433,338	4,764,609	10,861,216
Total Current Assets	1,553,500	0	0	1,433,338	4,764,609	10,861,216
Intangible Assets						
Preoperating Expenses	924,000	462,000	0	0	0	0
Total Intangible Assets	924,000	462,000	0	0	0	0
Total Assets	4,000,000	2,444,650	1,869,050	3,188,788	6,406,459	12,423,289
Current Liabilities						
Bank overdrafts	0	558,591	579,234	0	0	0
Total Liabilities	0	558,591	579,234	0	0	0
Shareholders' Equity						
Paid-up capital	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings	0	(2,113,941)	(2,710,184)	(811,212)	2,406,459	8,423,288
Total Shareholders' Equity	4,000,000	1,886,059	1,289,816	3,188,788	6,406,459	12,423,288

IMTC - Financial Analysis

**IMTC
Model 4B
Projected Income Statements**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenues						
Trade in goods & services	0	224,390	1,813,074	3,771,195	4,902,553	7,647,983
Complementary trade activities	0	16,829	135,981	212,130	291,212	302,860
Trade supporting activities	0	1,870	15,109	23,570	32,357	33,651
Marketing services	0	129,000	193,500	290,250	362,813	453,516
Data base services	0	430,000	645,000	967,500	1,209,375	1,511,719
Total	0	802,090	2,802,664	5,264,644	6,798,309	9,949,729
Cost of Revenues						
Trade in goods & services	0	26,927	217,569	452,543	588,306	917,758
Complementary services	0	2,020	16,318	25,456	34,945	36,343
Trade supporting activities	0	224	1,813	2,828	3,883	4,038
Marketing services	0	15,480	23,220	34,830	43,538	54,422
Data base services	0	51,600	77,400	116,100	145,125	181,406
Total Cost of revenues	0	96,251	336,320	631,757	815,797	1,193,967
Gross Profit	0	705,839	2,466,344	4,632,887	5,982,512	8,755,761
Depreciation & Amortization expense	0	102,350	113,600	113,600	113,600	113,600
General & administration expenses	0	2,810,640	2,915,472	2,585,560	2,737,242	2,911,209
Operating Profit	0	-2,207,151	-562,728	1,933,727	3,131,670	5,730,953
Interest income/expense	0	3,210	-68,915	-42,278	78,025	161,874
Net Profit	0	-2,203,941	-631,643	1,891,449	3,209,695	5,892,826

IMTC

Model 4B

Projected Balance Sheets

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fixed Assets						
Land	375,000	375,000	375,000	375,000	375,000	375,000
Warehouses	200,000	762,500	762,500	762,500	762,500	762,500
Office Building	80,000	80,000	80,000	80,000	80,000	80,000
Equipment	100,000	100,000	100,000	100,000	100,000	100,000
IT & communication	267,500	267,500	267,500	267,500	267,500	267,500
Furniture & decoration	400,000	400,000	400,000	400,000	400,000	400,000
Transportation vehicles	100,000	100,000	100,000	100,000	100,000	133,823
Gross Fixed Assets	1,522,500	2,085,000	2,085,000	2,085,000	2,085,000	2,118,823
Acc. depreciation	0	102,350	215,950	329,550	443,150	556,750
Net Fixed Assets	1,522,500	1,982,650	1,869,050	1,755,450	1,641,850	1,562,073
Current Assets						
Cash & bank deposits	53,500	0	0	1,300,414	2,697,893	8,670,496
Total Current Assets	53,500	0	0	1,300,414	2,697,893	8,670,496
Intangible Assets						
Preoperating expenses	924,000	462,000	0	0	0	0
Total Intangible Assets	924,000	462,000	0	0	0	0
Total Assets	2,500,000	2,444,650	1,869,050	3,055,864	4,339,743	10,232,569
Current Liabilities						
Bank Overdrafts	0	1,148,591	704,634	0	0	0
Total Liabilities	0	1,148,591	704,634	0	0	0
Shareholders' Equity						
Paid-up capital	2,500,000	3,500,000	4,000,000	4,000,000	4,000,000	4,000,000
Retained earnings	0	(2,203,941)	(2,835,584)	(944,136)	319,743	6,212,569
Total Shareholders' Equity	2,500,000	1,296,059	1,164,416	3,055,864	4,339,743	10,232,569

IMTC - Financial Analysis

**IMTC
Model 3
Projected Income Statements**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenues						
Trade in goods & services	0	224,390	1,813,074	3,771,195	4,902,553	7,647,983
Trade supporting activities	0	1,870	15,109	23,570	32,357	33,651
Marketing services	0	129,000	193,500	290,250	362,813	453,516
Data base services	0	430,000	645,000	967,500	1,209,375	1,511,719
Total	0	785,260	2,666,683	5,052,515	6,507,098	9,646,869
Cost of Revenues						
Trade in goods & services	0	26,927	217,569	452,543	588,306	917,758
Trade supporting activities	0	224	1,813	2,828	3,883	4,038
Marketing services	0	15,480	23,220	34,820	43,538	54,422
Data base services	0	51,600	77,400	116,100	145,125	181,406
Total Cost of revenues	0	94,231	320,002	606,302	780,852	1,157,624
Gross Profit	0	691,029	2,346,681	4,446,213	5,726,246	8,489,244
Depreciation & amortization expense	0	94,350	105,600	105,600	105,600	105,600
General & administration expenses	0	2,905,200	3,005,040	2,469,638	2,614,097	2,779,780
Operating Profit	0	-2,308,521	-763,959	1,870,975	3,006,549	5,603,865
Interest income/expense	0	14,106	-100,024	-117,807	-6,281	72,062
Net Profit	0	-2,294,415	-863,983	1,753,168	3,000,268	5,675,926

IMTC

Model 3

Projected Balance Sheets

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Fixed Assets						
Land	375,000	375,000	375,000	375,000	375,000	375,000
Warehouses	200,000	762,500	762,500	762,500	762,500	762,500
Office building	80,000	80,000	80,000	80,000	80,000	80,000
Equipment	100,000	100,000	100,000	100,000	100,000	100,000
IT & communication	267,500	267,500	267,500	267,500	267,500	267,500
Furniture & decoration	320,000	320,000	320,000	320,000	320,000	320,000
Transportation vehicles	100,000	100,000	100,000	100,000	100,000	133,823
Gross Fixed Assets	1,442,500	2,005,000	2,005,000	2,005,000	2,005,000	2,038,823
Acc depreciation	0	94,350	199,950	305,550	411,150	516,750
Net Fixed Assets	1,442,500	1,910,650	1,805,050	1,699,450	1,593,850	1,522,073
Current Assets						
Cash & Bank deposits	235,100	0	0	0	1,201,028	6,948,711
Total Current Assets	235,100	0	0	0	1,201,028	6,948,711
Intangible Assets						
Preoperating expenses	1,322,400	462,000	0	0	0	0
Total Intangible Assets	1,322,400	462,000	0	0	0	0
Total Assets	3,000,000	2,372,650	1,805,050	1,699,450	2,794,878	8,470,804
Current Liabilities						
Bank overdrafts	0	1,667,065	1,963,447	104,680	0	0
Total Liabilities	0	1,667,065	1,963,447	104,680	0	0
Shareholders' Equity						
Paid-up capital	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Retained earnings	0	(2,294,415)	(3,158,397)	(1,405,230)	(205,122)	5,470,804
Total Shareholders' Equity	3,000,000	705,585	(158,397)	1,594,770	2,794,878	8,470,804

Charter of D-8 Forum for Chambers of Commerce & Industry and Business Associations

We, the representatives of Chambers of Commerce & Industry and Business Associations in the D-8 Countries, in order to develop closer ties among our chambers to coordinate and maximize our efforts for promoting business, economic development and joint investment in our countries,

In line with Dhaka's Summit Declaration which, while taking into account the growing importance of the Private Sector, emphasized the complementarity of its role together with the government's,

Taking into consideration the outcomes of the Third Session of the D-8 Council of Ministers which underlined the importance of involving the Private Sector in D-8 cooperation,

Based on the recommendations of the Representatives of the D-8 Business Associations and Chambers of Commerce who met in Cairo within the framework of the D-8 Third Expert Group Meeting on Trade (19-20/1/2000).

Convinced that the National Chambers of Commerce and Industries, Federations, Business Associations and Unions of Chambers can play a more vital role in expanding and promoting Inter D-8 trade, joint ventures and technical cooperation and consolidation efforts and organizing chambers into one body, and

Taking into consideration the existing functions of the Islamic Chamber of Commerce and Industry (ICCI) and agreeing to its offer to use its expertise and facilities.

And on this day of Thursday, 20th of January 2000, We the under-signed, hereby adopt and promulgate this Charter :

Article 1 The Forum

Hereby is the establishment of an independent D-8 Forum for Chambers of Commerce & Industry and Business Associations, a non-government and non-profit organization under the umbrella of the Islamic Chamber of Commerce & Industry.

Article 2 Definitions

- The following words and phrases shall have the corresponding explanations :
- A. The Forum : D-8 Forum for Chambers of Commerce & Industry and Business Associations.
 - B. The Chairman : the Chairman of the Forum who is the Chairman/President of the National Chamber in the host country of the D-8 Summit of Council of Ministers.

- C. The General Secretariat : the Executive Body of the National Chamber in the host country.
- D. The Secretariat : a Secretariat for the Forum set within the Islamic Chamber of Commerce & Industry.
- E. Member : The National Chamber/Federations/Unions of Chambers of Commerce and Industry/Business Associations.

Article 3 Objectives

The Forum seeks to achieve the following objectives :

- A. Promoting and consolidating relations and ties amongst the National Chambers and Business Associations in the D-8 member Countries.
- B. Connecting member chambers through an information network.
- C. Considering and examining the existing rules of international trade as well as coordinating and formulating a common position vis-à-vis the WTO regulations.

Article 4 Chairmanship

The Forum shall have a rotating Chairmanship. The Chairman/President of the National Chamber in the host country shall hold the Chairmanship of the Forum and shall provide the Secretariat for the Forum's meeting with the assistance of the Secretariat. The National Chamber in the host country, in coordination with the Secretariat, shall also follow up the implementation of the adopted resolutions and recommendations.

Article 5 Membership

Member in any D-8 country shall become full-fledged member of the Forum's Charter, or by expressing their wish in a letter addressed to the Chairman of the Forum.

Article 6 Organs

- A. The Forum : That's the General Conference presided by the Chairman/President of the National Chamber of the host country. The members of the National Chambers, its executive secretaries, the public personalities in the field of economy, and the significant businessmen in the D-8 countries may be invited to attend the General Conference. The Forum shall be convened every two years preferably by the time of the regular D-8 Summit.
- B. The Executive Committee : The Executive Committee shall be composed of :
Chairmen of the National Chambers,
Chief Executive or Secretary General of the National Chambers.
The Executive Committee shall be convened once a year at least. In follow up on the implementation of the resolutions adopted by the Forum, the preparation at the General Forum and the setting of plans and strategies for the Forum in coordination with the Secretariat.

C. The Secretariat

The Islamic Chamber of Commerce & Industry shall provide the Secretariat for the Forum.

Article 7

Expenses and Logistic Support

- The Forum shall have no budget or financial resources. Each members shall bear the expenses of its participants' travels and accommodations.
- The host National Chamber shall bear all the logistic expenses of the Forum's meeting.

Article 8

Language and Entry into Force

English shall be the official language of the Forum and all instruments of accession shall be submitted to the D-8 Council of Ministers and the D-8 Summit.

This Charter comes into force from the date of being approved by at least five members of the D-8 Countries.