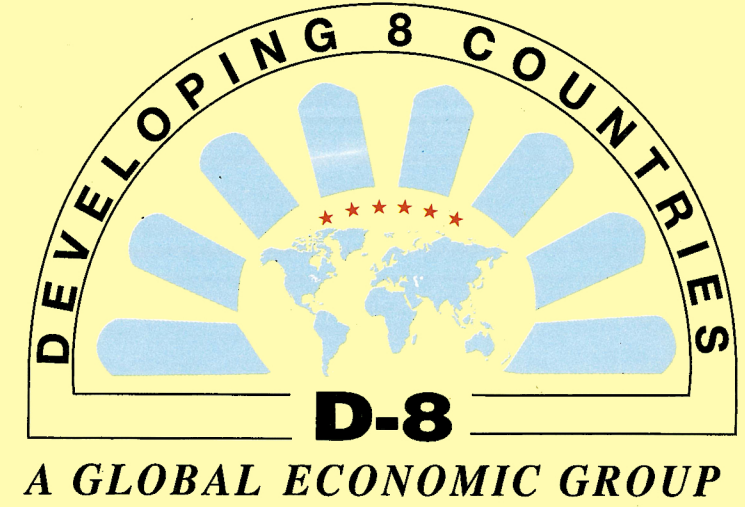


A GLOBAL ECONOMIC GROUP MEETINGS BETWEEN 2004 - 2006 VOLUME I



**MEETINGS
BETWEEN
THE FOURTH AND THE FIFTH SUMMITS**

2004-2006

VOLUME I

OFFICE OF THE EXECUTIVE DIRECTOR

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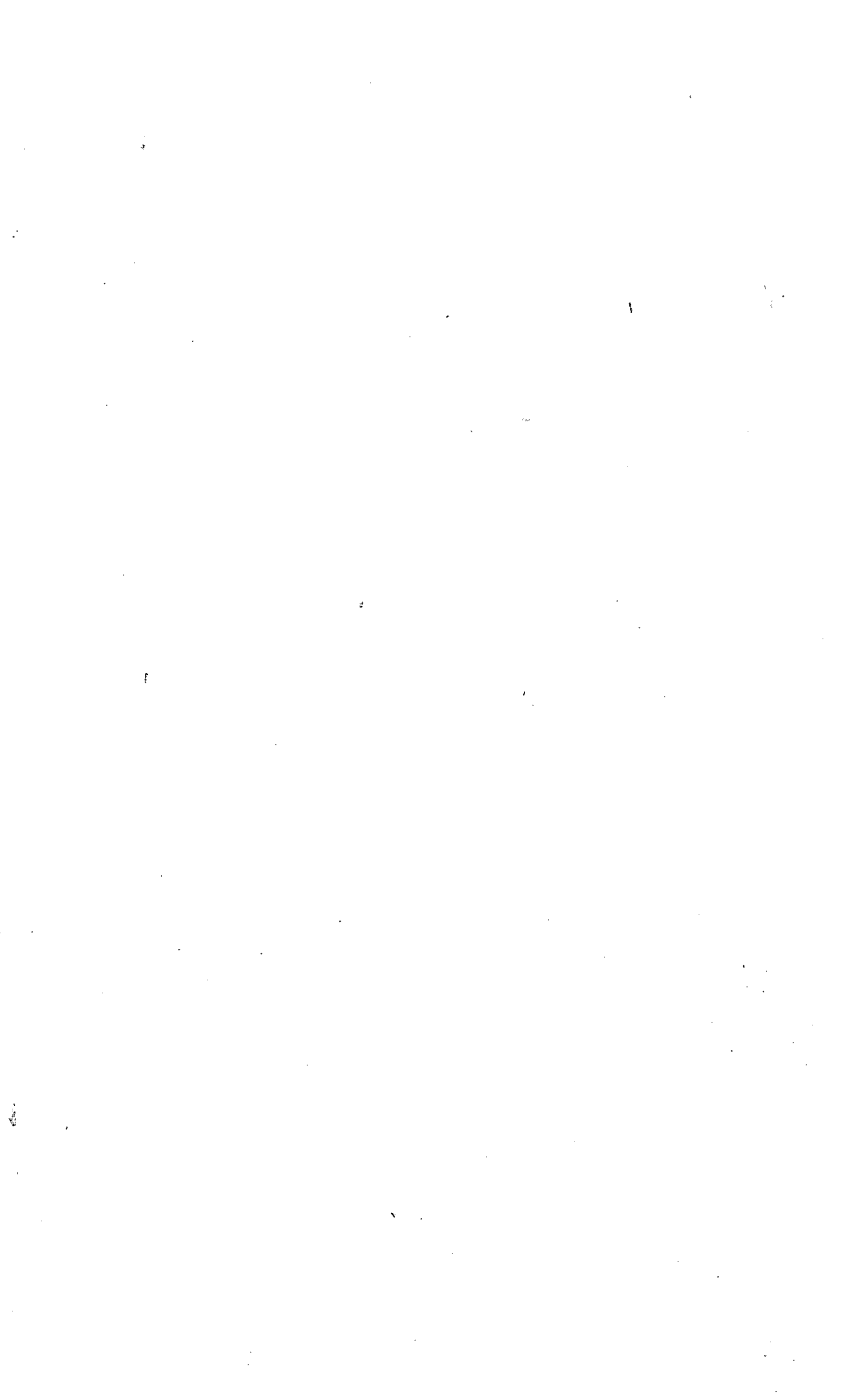
MEETINGS
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THE FOURTH AND THE FIFTH SUMMITS

2004-2006

17

VOLUME I

OFFICE OF THE EXECUTIVE DIRECTOR
İstanbul, June 2006



CONTENTS

17

VOLUME I

MEETINGS OF THE PRINCIPAL BODIES

| PART I: SIXTEENTH SESSION OF THE COMMISSION | PAGE |
|---|-------------|
| Report of the Commission | 1 |
| Decisions adopted | 6 |
| Report of the Executive Director | 8 |
| Statement by the Executive Director | 14 |
| PART II. SEVENTEENTH SESSION OF THE COMMISSION | |
| Report of the Commission | 16 |
| Report of the Executive Director | 18 |
| PART III. EIGHTEENTH SESSION OF THE COMMISSION | |
| Report of the Commission | 21 |
| Decisions adopted | 26 |
| Report of the Executive Director | 29 |
| Statement by the Executive Director | 42 |
| PART IV. NINETEENTH SESSION OF THE COMMISSION | |
| Report of the Commission | 45 |
| Report of the Executive Director | 52 |
| Statement by the Executive Director | 63 |

| PART V. VIII SESSION OF THE COUNCIL OF MINISTERS | PAGE |
|---|-------------|
| Report of the Council of Ministers | 66 |
| Statement by the Executive Director | 68 |

VOLUME II

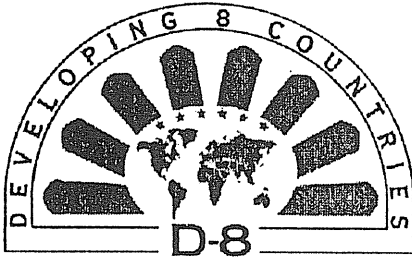
MEETINGS AT TECHNICAL LEVEL

| | |
|---|--|
| Second Meeting of High Level Trade Officials | |
| Third Meeting of High Level Trade Officials | |
| Text of the Multilateral Agreement Among D-8 Member Countries on Administrative Assistance in Customs Matters | |
| Fourth Meeting of High Level Trade Officials | |
| Fifth Meeting of High Level Trade Officials | |
| Sixth Meeting of High Level Trade Officials | |
| Text of the Preferential Trade Agreement Among D-8 Member Countries | |
| Insurance and Reinsurance Workshop for D-8 Countries | |
| Seminar on Water Conservation and Drip Irrigation | |
| Meeting of Takaful and Insurance Regulatory and Supervisory Authorities | |
| Seminar on WTO Issues | |
| Second Working Group Meeting on Energy | |
| Seminar on Shipping | |
| Working Group Meeting on Industry | |
| Meeting of D-8 Central Bank Officials | |

PART I

SIXTEENTH SESSION OF THE COMMISSION

REPORT OF THE COMMISSION



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11 July 2004

REPORT OF THE XVI. SESSION OF THE COMMISSION

XVI. Session of the Commission was held in Tehran on 10-11 July 2004. The D-8 Commissioners and Heads of Delegation were kindly received by H.E. Mr. Kharazi, Foreign Minister of the I. R. of Iran. The Foreign Minister underlined the crucial importance of the expansion of D-8 intra-trade and hence the early conclusion of Preferential Trade Agreement (PTA). He also emphasized on the need to promote cooperation and collaboration in the field of science and technology by bringing together the D-8 scientists and the academicians.

The Chairman, Ambassador S.M.H. Adeli, made his opening statement. Then the Commission adopted the revised draft agenda by inserting as new item 6, the Indonesian proposal for setting up a Central Banks Forum. The Executive Director presented his report. (The texts of the statements are attached herewith)

Item 4. Consideration of the reports of the meetings which have been held since the Tehran Summit.

a) Second Meeting of the High Level Trade Officials(28-29 June 2004, Islamabad):

The delegate of the I.R. of Iran as the sponsor of the two draft agreements, one on PTA and the other on Administrative Assistance in Customs Matters briefed the Commission on the outcome of the Second Meeting of the High Level Trade Officials. The sub-group considered the whole draft on customs cooperation. The draft is open for comments from the member countries to be given by the end of September. The preambular part of the PTA together with Art. 1 concerning the definitions and the Art. 2 governing the principles were considered. It is expected that the work be completed during the next two rounds. The need to strengthen the D-8 Secretariat to serve as a focal point for exchange of information and processing trade data was also underlined.

The delegation of Pakistan as the host country stressed the importance of the regional trade arrangements under the present economic environment since the

outcome of the multilateral trade negotiations have become unpredictable after the Cancun experience.

The Pakistani Delegation proposed to establish a D-8 virtual group (e-group) on trade to facilitate the coordinating unit on trade and related matters including the early conclusion and implementation of Preferential Trade Agreement. The group based in Islamabad would comprise experts on trade and WTO issues. Further details of the proposed group will be circulated through the coordinating unit for consideration at the next Commission's meeting.

The Commissioners expressed their thanks to the Government of Pakistan for organizing the meeting and appreciated the contribution of the member countries and their experts for the progress made on the two draft texts. They expressed the hope that the high level trade officials would speed up their work at the subsequent meetings so that the agreements could be concluded at an early date.

The Indonesian delegation expressed their willingness to host the next meeting and would consult their trade authorities before announcing the date. They would endeavour to organize the next meeting before the end of December 2004. The Commission recommended that the duration of the next ILTO Meeting be extended to three days.

b) Seminar on Water Conservation and Drip Irrigation (26-28 April 2004, Islamabad)

The Pakistani delegate presenting the report of the Seminar stated that they invited FAO expert to the meeting, who made a valuable contribution to the discussions. He emphasized the need to develop linkages with other international organizations specialized in this field. He also requested member countries to designate focal points for effective collaboration and cooperation.

The Commissioners appreciated the work of the Seminar and supported the idea of linkages with other organizations within the UN System. Meanwhile, the Commissioner of Turkey stated that the cooperation in this field should not be merely confined to agriculture but go beyond, citing the management and conservation of water resources. The Commissioner of Iran referred to the importance of water as a source of energy and Egyptian Commissioner also stressed the importance of water conservation in D-8 countries. The Commission recommended the formulation of a plan of action, for implementing various recommendations for the meeting.

c) Workshop on Insurance and Reinsurance (1-2 March 2004, Cairo)

The Commissioner of Egypt presented the report of the Workshop and referred to the various recommendations adopted, including combating money laundering. The Commissioners appreciated the work done, stressing that the main issue here is to converge the activities towards the financial sector. The Commission decided that it would be more appropriate to discuss money laundering issues in the context of the Meeting of the Officials of Central Banks and Ministries of Finance.

The Commissioner of Malaysia informed the Commission that Malaysia is convening the Meeting of Supervisory and Regulatory Authorities of D-8 on Insurance and Takaful in Kuala Lumpur on 13 July 2004 to discuss the setting up of a mechanism for cooperation in this field.

Item 5 and 6: Calendar of events:

The Commission took note of the following:

- Meeting on Establishing a Shipping Business Forum: The Bangladesh delegate stated that he was not in a position to give a date for this meeting but would refer the matter to his authorities. In the course of the discussions, an understanding was reached that in case Bangladesh could not give a date for this important meeting till September, then another member country may volunteer to organize it. The Commission decided that events which could not be held for 3 consecutive times as scheduled would either be cancelled or be put for renewed consideration.
- Second Working Group Meeting on Energy by the I.R. of Iran: 9-10 October 2004
- Workshop on Data Collection, Classification Systems and Management of SMEs by Pakistan: Towards end of 2004. A concept paper is to be prepared by the host country for circulation.
- Seminar on WTO Issues by Pakistan: Mid-November
The Seminar would be helpful in capacity building in member countries to enhance their ability to effectively deal with various WTO issues.
- Second Meeting of Officials of Central Banks/ Ministries of Finance by the I.R. of Iran: The Commission underlined the importance of cooperation in banking sector for the promotion of trade. It was agreed that the Indonesian proposal to establish the Framework of Central Banks Forum should be included in the agenda of the second meeting of officials. In the light of the discussions over this Indonesian proposal, the meeting of central bank governors could be convened at a later stage. To this end, the Indonesian delegate requested the member countries to give their written comments on their proposals prior to the meeting of officials. The meeting noted that the Malaysia has provided a written comment on Indonesia's proposal.
- Meeting of senior officials with private sector participation to consider new industrial projects by the I. R. of Iran: The date yet to be announced.

In conclusion, the Chairman requested the member countries to finalize the dates by the end of September so that the meetings planned for the current year could take place.

Item 7: Second D- 8 Business Forum and Tehran Trade Fair

Mr. Khamooshi, the Chairman of the Iranian Chamber of Commerce Industries and Mines, briefed the Commission concerning the implementation of the decisions of the Second Session of the Business Forum. In this vein, he informed the session of the establishment of the Business Forum Secretariat within the Chamber in order to facilitate the contacts between the D-8 Chambers. He also appraised the meeting about the arrangements for the D-8 Trade Fair. (The text of his statement is attached herewith).

In response to the inquiry from the Chairman for rather weak interest from the members, Mr Khamooshi made the following comments:

- At present, the trade among the member countries is carried out to a great extent through third countries. The I.R. of Iran has lifted all non-trade barriers. D-8 countries should try hard to engage in direct trade.
- Banking relations required by the trade are not satisfactory either. The banking transactions are mostly going through again third countries.
- Flight connections between the member countries are not direct. In most cases, the businessmen have to take connecting flights.
- Visa procedures require improvements to facilitate the contacts between businessmen.
- In certain cases, passport controls are subject to time consuming procedures.
- Satisfactory shipping lines do not exist between the member countries.

The Commissioners thanked Mr. Khamooshi for his briefing and candid comments concerning the impediments to the expansion of D-8 trade. They supported the step taken by the Iranian Chamber to establish a Secretariat in accordance with the article 9 of the report of the Second Business Forum. In this connection, it was suggested that the member countries may designate focal points in their own chambers. On the other hand, the Commissioners, while requesting additional information on technical matters related to the trade fair, stated that they would encourage their private sector to participate in the Tehran Fair.

In conclusion, responding to various remarks made by the Mr. Khamooshi on the reasons impeding D-8 trade, the Chairman stated that the Governments have already initiated the necessary steps on several topics such as PTA and Customs Cooperation Agreements, easing visa procedures, shipping and banking practices. He also suggested that from now, on the Commission may invite the Chairmen of the Chambers of Commerce from 3-5 member countries as was decided at the Business Forum.

Item 8: Review of the existing arrangements for the Coordinating Unit as well as the secondment to the Unit.

Following the extensive discussions on this topic, the Commission concluded that the Coordinating Unit has to be strengthened if additional tasks would be conferred upon it. It was agreed that as a first step, the Coordinating Unit could be seconded by experts as offered by the I.R of Iran and by Pakistan. To this end, arrangements for the secondment are to be jointly coordinated and carried out by the sponsoring countries and the Executive Director. The member countries are to be kept informed of the final arrangements. In the light of this experience, the expansion of

the mandate and staff member together with its budget is to be considered at the next session of the Commission, in compliance with the instructions given at the Tehran Summit. For this purpose the Executive Director should present a revised paper earlier presented to the Commission which would include additional mandate and tasks to be given to the Coordinating Unit required number of additional staff, financial implications for the budget and proposed scale of contributions.

Item 9: Liaison with other international organizations.

The Commission appreciated the steps taken by the Executive Director to establish liaison with various international organizations. It was also agreed that the member states would continue to seek financial and technical assistance from various international organizations in support of D-8 activities.

Item 10: Cooperation in International Fora:

In order to coordinate and harmonize the positions of the member countries in various international fora on multilateral issues, the Commission agreed on the following steps:

- The member countries inform their representative to hold consultations with their D-8 counterparts participating in international meetings.
- Any member state hosting an international meeting is encouraged to invite resident D-8 ambassadors to brief them on the events.
- The missions of D-8 countries in New York and Geneva are called upon to meet and coordinate their positions on important items in the UN and WTO agenda.

Item 11: Any other Business

a. Next meeting of the Commission and the Council of Foreign Ministers:

The Commission recommended that it would be proper to have a Council meeting in New York during the forthcoming UNGA, which would be preceded by a meeting of the Commission. The chair country would inform the member countries of the outcome.

b. Agreement on Easing Visa Procedures for D-8 Businessmen:

The Commission appealed to the member countries who have not ratified this agreement to do so in order to bring the agreement into force at an early date.

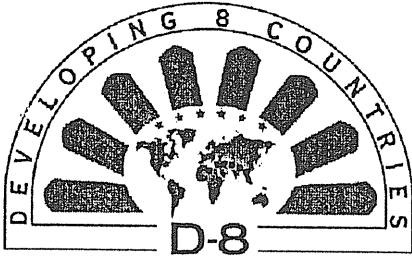
c. Operation of various data bases enumerated at the Tehran Declaration:

The Commission called upon the member countries to put into operation the data bases at an early date, and to update them regularly.

x x x

The Commissioners congratulated H.E. Dr Adeli, Chairman, for successfully conducting deliberations at the Commission, and expressed their profound thanks and gratitude to the Government of the I.R. of Iran for the warm hospitality and excellent arrangements.

DECISIONS ADOPTED



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DECISIONS OF THE XVI. SESSION OF THE COMMISSION

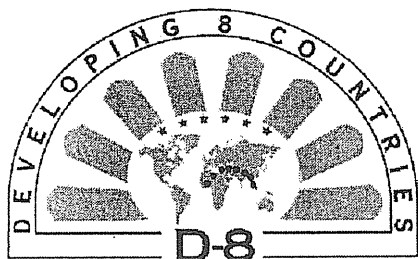
(10-11 July 2004, Tehran)

The Commission, having met in Tehran on 10-11 July 2004, adopted the following decisions and recommendations :

1. Having reviewed the work of the Second Meeting of the High Level Trade Officials (HLTO) which was held on 28-29 June 2004 in Islamabad, appreciates the progress made on two draft agreements, namely Preferential Trade Agreement (PTA) and Agreement on Administrative Assistance in Customs Matters.
2. Giving its strong support to the work of the HLTO, calls upon early conclusion of the draft agreements.
3. Invites the member countries to give their written comments on the amended Customs matters draft, in particular on Articles 9-12, preferably by the end of September 2004.
4. Welcomes the offer made by Indonesia to convene the next session of the HLTO in Jakarta possibly before the end of 2004. The exact date to be communicated in due course.
5. Appreciates the recommendations of the Seminar on Water Conservation and Drip Irrigation which was held in Islamabad on 26-28 April 2004 and calls upon the member countries to designate focal points for effective collaboration in this field, going beyond agriculture. The Commission looks forward to the initiative which will be taken by the Government of Pakistan to chart a Framework for Action in consultation with the member countries for the implementation of various recommendations.

6. Recognizing the global concern of water scarcity, emphasizes the importance of the contribution of the D-8 member countries in this field also at the international fora and invites member countries to develop a coordinated approach on issues of water conservation and water management.
7. Appreciates the recommendations of the Workshop on Insurance which was held in Cairo on 1-2 March 2004 and invites the member countries to take appropriate steps within the confines of their legal framework for their implementation.
8. Approves the dates already announced for the meetings in the calendar of events for the current year as indicated in the report of the Commission and calls upon those member countries who have not yet done so to set the precise dates of the events they will be hosting. It was also decided that events which could not be held for 3 consecutive times as scheduled, would either be cancelled or be put for renewed consideration.
9. Invites the member countries to give their written comments on the Indonesian proposal for setting up a Central Bank's Forum, and recommended that the matter be taken up at the meeting of central bank officials.
10. Appreciates the preparations made by the I. R. of Iran for organizing the D-8 Fair in Tehran. Calls upon the member countries to make utmost effort to encourage through their national chambers, their industrialists and businessmen to actively participate in this fair.
11. Welcomes the offer made by the I.R. of Iran and Pakistan as a first step to strengthen the Coordinating Unit through secondment of officers and requests them to coordinate necessary arrangement with the Executive Director.
12. Also requests the Executive Director to present to the next session of the Commission a revised paper to establish an efficient secretariat.
13. While appreciating the Executive Director's efforts to establish liaison with other international/regional organizations, encourages the member countries to also seek their technical and financial assistance for D-8 projects.
14. Invites those member countries that have not yet done so to expedite the ratification of the Agreement on Simplification of Visa Procedures for Businessmen so that it could enter into force without further delay.
15. Invites the member countries concerned to take the necessary steps for setting up and regular updating of the data bases referred to in the Tehran Declaration.

REPORT OF THE EXECUTIVE DIRECTOR



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17 June 2004

REPORT OF EXECUTIVE DIRECTOR TO THE XVI. SESSION OF THE COMMISSION (Tehran, 10-11 July 2004)

1. This report covers D-8 activities and developments during the period of nearly five months since the Tehran Summit. For convenience, it follows the order of the draft agenda. A few additional subjects which also require attention are addressed under the item of Any Other Business.

Item 4: Consideration of the reports of the meetings held since the Tehran meeting

a. Report of the Second Meeting of the High Level Trade Officials:

2. The meeting is scheduled to take place in Islamabad on 28-29 June 2004 at which the two draft agreements, one on preferential trade and the other on customs cooperation, will be discussed. As would be recalled, upon the recommendation of the first meeting of the High Level Trade Officials, the Commission invited the member countries to give their views on these two draft agreements by the end of last May. In response to three or four reminding letters following the Summit, so far, only Turkey offered its comments on the draft agreement on customs cooperation and Bangladesh on the draft text of PTA.

3. Until now, most members have already confirmed their participation in this important meeting. The Group of High Level Trade Officials is expected to submit to the Commission a report on the outcome of the discussions on the two draft agreements. As soon as received from the host country, the report will be circulated to the Commissioners before the Commission meeting.

b. Report of the Seminar on Water Conservation and Drip Irrigation:

4. The seminar was held in Islamabad in 26-28 April 2004 with the participation of all the member countries except Malaysia. Its report with a number of recommendations is circulated to the member countries (Our letter No AGR/04/149 dated 17 June 2004).

c. The Workshop on Insurance and Reinsurance :

5. The Workshop was held in Cairo on 1-2 March 2004 with the participation of all members except Bangladesh and Pakistan . As will be seen in its report which was circulated in the attachment of our letter FBP/04/98 dated 14 April 2004, the workshop adopted a number of recommendations for consideration by the Commission.

Item 5: Setting the dates of various meetings in the calendar of events for the current year.

6. At its XV. Session held on 15 February 2004, the Commission adopted the calendar of the meetings planned for the current year. Out of these ten meetings, two have already taken place, the one on trade is scheduled to be held before the Commission meeting and the fourth one is planned to take place on 13 July 2004 in Kuala Lumpur on Insurance and Takaful. Thus, the remaining six meetings for which the dates are yet to be set are as follows:

- Meeting on Shipping to Establish a Shipping Business Forum (Bangladesh)
- Second Working Group Meeting on Energy (I.R. of Iran)

-Workshop on Data Collection , Classification Systems and Management of SMEs (Pakistan)

-Seminar on WTO Issues (Pakistan)

-Second Meeting of Officials of Central Banks/Ministries of Finance (I.R. of Iran)

-Meeting of Senior Officials with private sector participation to consider new industrial projects (I.R. of Iran)

7. In my letters of No. COM/04/65 and COM/04/84 dated 20 February and 15 March 2004 respectively, referring to the list of planned activities, I invited the concerned member countries to set the precise dates for these meetings. However, I have not received any response from them. Therefore, the distinguished commissioners could kindly announce at the Commission the dates for these meetings.

8. Concerning the Second Meeting of Officials of Central Banks and Ministries of Finance which is going to be organized by the I. R. of Iran, Indonesia recently requested the member countries to give their comments on their proposal for setting up a Central Banks' Forum, which was welcomed by the Commission at its XV. Session (Our letter FBP/04/114 dated 11 May 2004). So far only Malaysia responded.

Item 6: The follow up of the recommendations of the Second D-8 Business Forum (including preparations of the D-8 Trade Fair in Tehran).

9. The Second Meeting of the Business Forum which was held in Tehran on 14 February 2004 adopted a number of recommendations such as exchange of trade and industrial delegations, measures to liberalize and facilitate D-8 intra-trade, establishment of a direct correspondent banking system, sharing research and transfer of technology in the field of pharmaceuticals, biotechnology and vaccines etc. At its XV. Session, the Commission decided to refer them to the relevant authorities of the member countries to seek their views. Thereafter, the Summit took note of these recommendations and called upon the member states to follow up by giving them serious consideration. In line with these decisions of the

Tehran Summit, I solicited the views of the member countries (Our letter COM/04/70 dated 24 February 2004). So far, no response is received.

10. Moreover, the Commission also decided at the same session to have a joint meeting with the Chairman of the Business Forum, a decision which was also endorsed by the Summit. Accordingly, the Chairman of the Iranian Federation of Chambers of Commerce and Mines as the current chairman of the Forum may join the Commission meeting and brief the members about the steps the Federation has taken, or is considering to take, for the implementation of the recommendations of the Second Business Forum, including the preparations of D-8 Trade Fair which is going to be organized in Tehran.

11. Meanwhile, in response to my inquiries about the likely dates of the Tehran Trade Fair, the Iranian authorities recently informed that the Iranian Center for International Fair suggested the end of December 2004 or early January 2005 for it. They also stated that a hall with an area of 6000 square meters would be allocated for the Fair and that at the hall, a pavillion of 50 square meters would be at the disposal of each member state free of charge while additional needs would be met with a charge of USD 215 per square meter. The Iranian Authorities requested the participants to indicate their requirements of total exhibition area to the Iranian Chamber of Commerce, Industries and Mines **before the end of this month**. I have transmitted the above information to the member countries (our letter No. TR/04/137 dated 9 June 2004). In response, Malaysia requested detailed information either with a brochure or via internet in order to persuade the companies to participate in this Fair.

Item 7: Review of the existing arrangements for the Coordinating Unit as well as the secondment of the Unit.

12. As would be recalled, at the Tehran Summit, the Heads of State and Government while appreciating the work of the Coordinating Unit underlined the importance of strengthening the D-8 Secretariat for furthering the aims and the objectives of D-8. To this end, they tasked the Commission to continue to examine this issue and decided to review the existing arrangements including the scale of the contributions before the end of the chairmanship of the I. R. of Iran. Earlier, the Commission having addressed this issue at its Special Session concluded that it was indeed necessary to strengthen the Coordinating Unit if

we want to revitalize D-8 cooperation, on which all agreed. As one alternative solution, both the I. R. of Iran and Pakistan offered to second the Coordinating Unit.

13. After the Tehran Summit, Ambassador Kılıç, Commissioner of Turkey, has written on this matter to H.E. Dr. Adeli, the Chairman of the Commission, requesting him to inscribe this subject into the agenda of the next session of the Commission with a view to examine it in all its aspects including the establishment of a small but effective full-fledged secretariat as well as the secondment of the Coordinating Unit. A copy of this letter was sent to me for information. I circulated it to other member countries (Our letter No. COM/04/79 dated 10 March 2004).

Item 8: Liaison with other international organizations:

14. As you know, the D-8 Group established last year liaison with UNIDO and signed a joint communique, indicating their mutual willingness to cooperate and describing in broad lines the areas of this cooperation. In order to give a follow up and substance to this relationship, the D-8 may consider to seek collaboration and technical assistance of UNIDO before engaging in new projects in industrial sector and invite to this end UNIDO's expert to the meeting which will be organized by the I.R. of Iran to discuss this subject.

15. On the other hand, in pursuance of decisions earlier taken to establish liaison also with other regional/international organizations, I have this time approached UNDP and WTO. The copy of the letters addressed to these two organizations have been circulated for information to the member countries in the attachment of our letter No LSN/04/93 dated 1 April 2004. I have so far received no response from the organizations mentioned above.

Item 9: Cooperation in international fora (including the review of multilateral trade negotiations).

16. At the Tehran Summit, the Heads of State and Government underlined the need for better coordination among the positions of member states on matters related to the development of global economic system with a view to enhancing our Group's role in international economic decision process as well as to make positive contributions to economic

growth and sustainable development (para.12 of the Tehran Declaration) In this vein, they have particularly addressed multilateral trade issues and reaffirmed their commitment to the Doha round trade negotiations. After the failure at Cancun, a change of mind and flexibility seems now to be emerging in the position of the European Union and the United States for the elimination of subsidies which they give to their farmers and for lowering or reducing tariffs on agricultural products. I earnestly hope that longstanding problems in this area will thus be heading towards a solution soon. To this end, at the forthcoming negotiations, the D-8 member countries could take the necessary steps to coordinate their positions and collaborate as well with other developing countries.

Item 10: Any other business.

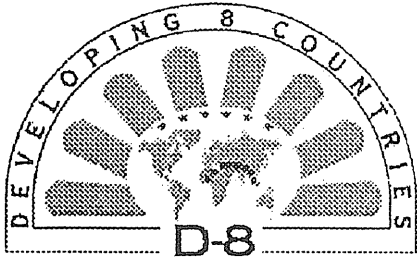
A. Agreement on Simplification of Visa Procedures for Businessmen:

17. As would be recalled, this agreement was concluded more than three years ago at the Cairo Summit. Nevertheless, the agreement could not enter into force due to the lack of minimum number of ratification as required by the agreement. Indeed, so far only Turkey and I. R. of Iran ratified it. The distinguished Commissioners may brief the Commission about the state of ratification in their respective countries and the steps taken to this end.

B. Operation of various data bases :

18. At the Tehran Summit, the Heads of State and Government reaffirmed their earlier call on the member countries to regularly feed and update the required information in their national home pages in the ITDB network as well as five data bases enumerated in the text of the Declaration. With the exception of trade base, which has already been set up by Egypt, the other four are yet to become operational and to this end required an action by the coordinating countries. Regarding these data bases, I sent two reminders to the countries concerned (our letters COM/TCI/04/64 and COM/TCI/04/83 dated 20 February 2004 and 15 March 2004 respectively). As I have received no response from them, the distinguished commissioners may brief the Commission about the steps their authorities might have already taken or are considering to take on this matter.

STATEMENT BY THE EXECUTIVE DIRECTOR



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STATEMENT BY THE EXECUTIVE DIRECTOR AT THE XVI. SESSION OF THE COMMISSION

(Tehran, 10-11 July 2004)

Perhaps, the most important item in the agenda is the report of the meeting of High Level Trade Officials, which was held in Islamabad on 28-29 June. Due to its crucial importance, I personally attended this meeting and addressed to the participants. Its report was circulated in the attachment of our letter no: TR/04/169 dated 4 July 2004.

The PTA draft was considered at the plenary of the meeting whereas the draft customs cooperation agreement was discussed at the sub-group. The plenary and sub-group worked simultaneously.

The Trade Officials have been able to consider the preamble and the first two articles of the PTA draft. During the discussions, the scope of the agreement and the modality of coverage of goods were also addressed.

The sub-group reviewed the whole draft of the customs cooperation agreement. There were diverging views concerning articles 9 through 12 of this draft. Indeed, some delegations wanted the deletion of these four articles while others preferred to retain them, subject to reservation. Since experts from only four members attended the sub-group, the whole draft is therefore left open for discussion in the next meeting. As a matter of fact, the sub-group decided to seek the comments of the

members on the entire draft, including their views concerning articles 9 to 12 by the end of September.

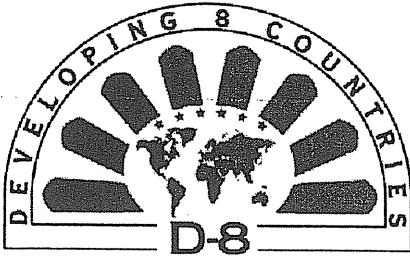
As for the next meeting of the High Level Trade Officials, as you would recall, at the Tehran Summit, another meeting of trade experts was planned to take place during this year. However, at the Islamabad Meeting, the Indonesian Delegate offered to host a meeting during the year 2005. Nevertheless, he promised to consult with his authorities to explore the possibility of advancing this meeting to sometime during this year.

Although the draft texts have not yet been finalised, the trade experts for the first time got down to real work and made a good progress. Therefore, they deserve our praise and full support. I earnestly hope that they would be able to finalise their work at the next meeting or at the latest the one after.

Now, coming to the calendar of events for the current year, the Commission, while finalising the calendar, has also to decide on the next meeting of the High Level Trade Officials as stated above. In case Indonesia could not advance the date of the meeting to this year, then another country may volunteer it.

Since there is no reference in the draft agenda to certain topics such as the state of ratifications of visa agreement and the operation of various date bases, I addressed them in my report under item 10: any other business.

And finally, I have to report that four member countries have not yet paid their contributions for the current year in spite of the fact that the first half of the year has already elapsed. Moreover, two members continue to be in arrear for their contributions of the past 2-3 years. In view of the serious financial problems thus faced by the Coordinating Unit, I would appeal to those countries to be kind enough to fulfil their commitments as soon as possible.



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4 October 2004

REPORT OF THE XVII SESSION OF THE COMMISSION (*) (27 September 2004, New York)

1. The XVII. Session of the Commission was held in New York on 27 September 2004. The meeting was chaired by Mr. Mir Afsal from the Iranian Mission to the UN, due to the absence of Ambassador Adeli for the reasons of force majeure.
2. Following the adoption of the agenda, the Executive Director made a brief presentation to update his report earlier circulated.
3. The Commissioner of Malaysia presented the Report of the Meeting of Takaful and Insurance Regulatory and Supervisory Authorities which was held in Kuala Lumpur on 13 July 2004. Referring to various recommendations of the meeting, he reminded of the decision to convene this meeting annually on a rotation basis. Accordingly, the Executive Director will make inquiries with the member countries to find out a volunteer who would be willing to organize the next meeting. The Malaysian Commissioner added that together with Egypt, they would take the necessary steps to set up the two working groups, one on education and training to be headed by Malaysia, and the other on financial infrastructure development by Egypt.
4. Concerning the precise dates of the remaining events which will be organized during the current year, the Commissioner of Pakistan informed that his authorities were considering to convene the Seminar on WTO issues in December 2004 and the Workshop on Data Collection, Classification Systems and Management of SMEs in January 2005. The Executive Director will be in touch with him for finalizing the precise dates of these meetings.

As for the dates of the other three events namely, Meeting on the Establishment of a Shipping Business Forum (by Bangladesh), the Second Meeting of Officials of Central Banks and Ministries of Finance and Meeting of Senior Officials on New Industrial Projects (both by the I.R. of Iran), the Executive Director will endeavour to find out from the countries

(*) prepared under the personal responsibility of the Executive Director

concerned the precise dates of these meetings. Meanwhile, the Commissioners, having underlined the importance of shipping for the expansion of D-8 intra-trade, agreed to wait for the final decision of Bangladesh till the third week of October. In case Bangladesh would not be in a position to organize it, the Executive Director is requested to seek a volunteer from among the members to convene this meeting at an early date.

The Commissioner of Egypt informed the meeting that her authorities would most probably be agreeable to the setting up of a Framework of Central Banks Forum as proposed by Indonesia. However, she is not at this stage in a position to give a formal reply in writing. As would be recalled, Bangladesh and Pakistan had earlier favoured this idea.

On the other hand, the Executive Director informed the Commission that so far only Egypt nominated its participants in the Second Working Group Meeting on Energy which was planned to take place on 9-10 October 2004. On this occasion, he recalled that this meeting had originally been scheduled to be held last January, but had to be postponed due to inadequate number of participation. In view of the short period of time till the date of the meeting, he requested the member countries to expedite their nominations.

5. As for the preliminary discussions to plan various events of priority in 2005, the Commissioners were not in a position at this stage to comment thereupon. Accordingly, the Executive Director will find out the priorities of the members concerning the events which may be organized next year.

6. In the consideration of the preparations of the Tehran Trade fair, Egypt, Indonesia, Malaysia and Pakistan informed that they already communicated to the Iranian Chamber of Commerce their interest in this fair. The Commissioner of Bangladesh stated that they could not yet receive response from their Export Promotion Bureau. The Iranian Delegation, underlying the importance of ensuring maximum number of participation of the firms from the member countries, requested the members to give as soon as possible information about their space requirements, goods to be exhibited, shipping arrangements etc. Meanwhile, the Commissioner of Bangladesh informed the meeting that they would be able to organize their trade fair not in 2005, but in 2006.

7. No additional ratification was pronounced concerning the Agreement on Easing Visa Procedures for D-8 Businessmen. An appeal was made for expediting the ratification process in the member countries so that the agreement would enter into force at an early date.

8. In the consideration of the item on Strengthening of the Coordinating Unit, some member countries, while recognizing in principle the need to strengthen the secretariat, stated however that under its existing mandate, they rather favoured the idea of secondment of the secretariat and would like to first see the outcome of this arrangement. Other delegations took a position more open to all solutions, including the establishment of an efficient secretariat. Finally, the Commission agreed to continue to discuss this matter at its next session.

9. The Commission considered the draft agenda of the VIII. Session of the Council of Foreign Ministers and decided to recommend the proposed text.

10. No date has been set for the next session of the Commission. The Executive Director is requested to take up this matter with the chair country.

REPORT OF THE EXECUTIVE DIRECTOR

PART II

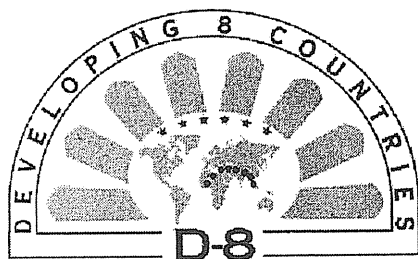
SEVENTEENTH SESSION OF THE COMMISSION

REPORT OF THE COMMISSION

PART III

EIGHTEENTH SESSION OF THE COMMISSION

REPORT OF THE COMMISSION



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8 September 2004

REPORT OF THE EXECUTIVE DIRECTOR XVII. SESSION OF THE COMMISSION (27 September 2004, New York)

1. This report covers the developments of about two and a half months since the last session of the Commission which took place on 10-11 July 2004.

2. During this period, the only event is the **meeting on "Takaful and Insurance Regulatory and Supervisory Authorities"**, which was held in Kuala Lumpur on 13 July 2004. Its report which was circulated in the attachment of our letter No. FBP/04/181 dated 26 July 2004 contains a number of recommendations such as convening the D-8 Takaful and Insurance Regulators Meeting (DTIRM) annually on rotation basis, the setting up of two working groups, one on education and training to be headed by Malaysia, and the other on financial infrastructure development to be headed by Egypt.

3. As would be recalled, out of ten meetings which were approved at the Tehran Summit as the events planned for the year 2004, so far only four of them took place. At the last session of the Commission, the member countries were accordingly requested to finalize by the end of September the dates of the **remaining events** which are as follows:

- Meeting on Establishment of a Shipping Business Forum.
- Workshop on Data Collection, Classification Systems and Management of SMEs
- Seminar on WTO issues
- Second Meeting of Officials of Central Banks and Ministries of Finance.
- Meeting of Senior Officials on New Industrial Projects.

Following up this matter, I sent on 16 August 2004 a reminder to the member countries concerned to announce the dates of these meetings by the deadline. So far, I have not received any response from the member countries (The date of the Working Group Meeting on Energy was already announced by the Iranian delegation in the course of the last Commission meeting to take place on 9-10 October 2004). I earnestly hope that the Commissioners will be in a position to announce the precise dates of these meetings at the forthcoming session of the Commission.

On the other hand, the Indonesian Authorities having endeavoured to advance the date of the Third Session of High Level Trade Officials to the current year recently proposed to organize it on 9-11 October 2004 (Our letter TR/04/187 dated 16 August 2004). The program of work of this meeting was also circulated.

4. In order to evenly spread the **activities for 2005** throughout the whole year to the extent possible and to organize at least some of the events in the early months of the year, the Commissioners may exchange views on the subjects of high priority and interest for their countries in D-8 cooperation. Certainly, precise dates for them may be announced at a later stage.

In this context, the Commission may consider following ideas which are not of course exhaustive :

- the conclusion by the HLTO of the two draft agreements might require one or two more meetings in 2005.
- In the light of the Meeting of Senior Officials on New Industrial Projects and the Second Working Group Meeting on Energy, both of which are planned to take place during this year, follow-up meetings may be required next year on these two subjects.
- In case the Commission approves the recommendations of the Meeting of Takaful and Insurance Regulatory and Supervisory Authorities recently held in Kuala Lumpur as mentioned above, follow-up meetings may also be required in this area.
- The decisions and recommendations made in the past in the fields of poverty alleviation and rural development could also be given a follow-up.
- In case the Commission approves the Indonesian proposal to establish a Framework of Central Banks Forum, then a meeting of Central Bank Officials also has to be planned in 2005. (Recently, Pakistan also responded to this proposal, favouring the creation of such a forum).
- As would be recalled, the Commission having approved the decisions of the Seminar on Water Conservation and Drip Irrigation which was held in Islamabad on 26-27 April 2004, requested the host country to formulate a plan of action for implementing various recommendations of the Seminar. In the light of this plan of action, meetings might be organized in this field.

5. As would be recalled, the President of the Iranian Chamber of Commerce, Industry and Mines briefed the Commission at its last session on the preparations of **Tehran Trade Fair**. So far, I have not received any response from the member countries about their participation while the time available for the necessary preparations is getting shorter. Therefore, I sent on 6 September 2004 a reminder to the distinguished Commissioners requesting them to kindly intervene to encourage through their chambers of commerce their businessmen and industrialists to participate in the fair. I earnestly hope that the Commissioners will be in a position to announce their participation in this first D-8 fair which

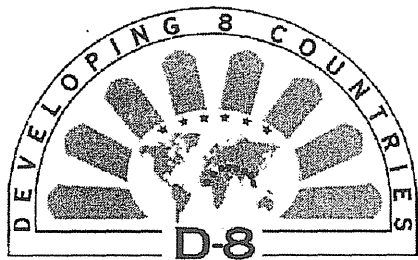
will, I am sure, have a positive impact on the commercial relations among the member countries.

6. Since the Tehran Summit, no new ratification of **the Agreement for Easing Visa Procedures for D-8 Businessmen** has been notified. As Turkey and Iran have already ratified this agreement, at least two more ratifications are required for its entry into force. Taking into account that it was signed about three and a half years ago at the time of Cairo Summit, the member countries could make maximum effort to expedite their ratification procedures.

7. In pursuance of the summit decision and as requested by the Commission at its last session, I prepared a revised paper for the establishment of an **efficient secretariat**, which was circulated in the attachment of our letter No ADM-COM/04/183 dated 26 July 2004. As will be seen therein, the paper addresses all the relevant aspects of the subject, including legal matters and financial implications which are rather minimal in comparison to other regional organizations. I earnestly hope that seven years after the creation of D-8 which is now faced with new tasks and additional responsibilities, the member countries will be agreeable to the setting up of a small and efficient secretariat as outlined in the paper.

8. The draft agenda of the VIII. Session of the Council of Ministers is before you as circulated in the attachment of our letter No COM/04/210 dated 6 September 2004.

9. Both to evaluate the outcome and reports of the planned activities to be organized in the coming months of 2004 and to plan at least some activities which will be held in 2005, I believe, the Commission may consider to hold its next session at a date about six months from now, in early spring 2005.



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REPORT OF THE XVIII. SESSION OF THE COMMISSION

(Tehran 23-24 May 2005)

1. The D-8 Commission met in Tehran on 23-24 May 2005 with the participation of all the member countries.
2. In his opening statement, Chairman of the Commission, Ambassador Ali Majedi stated that the formation of economic blocs is the best means to promote individual national interests. Certainly, D-8's share in world population, trade, power generation, oil and gas production capacity, GDP is so significant to make the D-8 Grouping as an effective and strong vehicle for cooperation. He added that we have to make maximum use of our capacities and to redouble our efforts to deepen D-8 cooperation.
3. The draft agenda was adopted
4. The Executive Director introduced his report and underlined a few salient points therein. In this context, he commended the hard work of the HLTO and expressed the hope that the experts would be able to finalise the PTA Agreement at the next meeting so as to make it ready with the Customs Cooperation Agreement for signature at the Jakarta Summit. He also emphasized the necessity of establishing a proper and efficient secretariat in view of the additional tasks conferred upon it.
5. **The work of the HLTO:** The Commissioners of Indonesia and Turkey introduced the reports of the III. And IV. Sessions of the HLTO. Besides, the Turkish expert in the HLTO offered additional information on various articles on which there are still divergencies. In the course of the discussions, all the Commissioners deeply appreciated the work of the HLTO. Concerning the articles which are placed in brackets, it was suggested that the HLTO could draw

upon the experience of OIC especially concerning article 5. "tariff on import of goods". It was also stated that the officials from the Central Banks of the member countries could join the next meeting of the HLTO and engage in the discussions on articles 19 and 21 concerning the "transfer of payments and balance of payment difficulties". Meanwhile, another suggestion was made by rolling the text of various suggestions on controversial articles through e-mail addresses. The Commissioners expressed their earnest hope that the PTA draft would be finalized before the Jakarta Summit since all the member countries stand to gain from this agreement. To this end, Pakistan volunteered to organize the V. Session of the HLTO. Moreover, if yet another meeting is needed, Turkey volunteered to do likewise.

6. **The Report of the WTO Seminar :** In presenting its report, the Commissioner of Pakistan particularly referred to the two messages given by the experts, namely the collaboration of D-8 Missions in Geneva by getting together in the course of the WTO meetings and supporting the Iranian membership in this Organization. The Iranian Delegation, expressing its appreciation for the work of the Seminar, requested the member countries to instruct their delegations to WTO to continue to support the Iranian membership as there will soon be a meeting of the WTO Council.
7. **The Report of the Second Working Group Meeting on Energy:** The Iranian Delegation introduced the report of the meeting and referred to its recommendations such as the exchange of information in this field, the establishment of a center/ data bank to this end and cooperation among D-8 research institutes for the development of education on energy and human resources. Commenting on the report, the Commissioners expressed their appreciation for the work of the Energy Group and underlined the importance of intensification of cooperation in this field and the exchange of energy technology with particular attention to renewable energy. In this context, it was also underlined the importance of energy efficiency while increasing the capacity of energy production. As recommended by the Group to hold this meeting on an annual basis, Indonesia volunteered to organize next meeting of energy in 2006 and Egypt to do likewise in 2007. In the light of the conclusions of these meetings, an energy meeting at ministerial level could also be convened.
8. **The Report of the Seminar on Shipping:** The Commissioner of Pakistan presented the Report of the Seminar on Shipping and referred to various recommendations of the Seminar such as liberal visa procedures for the seafarers like the D-8 businessmen, exchange of data for sea trade, port facilities and available cargo. He stated that it would be useful to exchange e-mail addresses of the associations and institutions involved in shipping. In this context, he also expressed his disappointment for the inadequate attendance at this meeting, adding that his Government is prepared to meet the travel expenses of the participants as they did in the case of the Meeting on Drip Irrigation and Water Conservation.

9. **Strengthening of the Coordinating Unit (consideration of the paper prepared by the Executive Director):** In the extensive discussions undertaken, all the Commissioners underlined the need to strengthen the Coordinating Unit. The discussions rather concentrated on the increase of the existing contributions to meet the additional requirements of financing. With the exception of one delegation, all the Commissioners concurred in principle with an increase in the existing contributions although some questioned its scaling. Nevertheless, at the end of the discussions, the Commission decided as an interim solution to go along with the secondment of the Coordinating Unit as offered by the I.R. of Iran and Pakistan. In this context, the Pakistani expert would be based in Islamabad, his travel expenses to be covered by the Government of Pakistan and the Iranian expert to be located in the Iranian diplomatic mission in Istanbul, his salary to be entirely paid by his government and his travel expenses to be met either by the same government or by the host country organizing the meeting.

On the other hand, in order to make a division of labor between the seconded experts, it was agreed that the Pakistani expert would be responsible for trade, finance/banking/ privatization, insurance, tourism while the Iranian expert for science & technology, telecommunication & information, industry, energy, environment.

In view of the instructions by the Tehran Summit, the Commission also agreed to continue to consider the paper of the Executive Director for the establishment of a proper and efficient secretariat since the secondment could not be a substitute and alternative to setting up a proper secretariat in the words of the Executive Director.

As for the unpaid contributions, the Commissioners of Bangladesh and Nigeria gave the assurance that their Government were in the process of completing the necessary financial procedures for the payment of their past contributions.

10. **Tehran Trade Fair:** The Iranian Delegation briefed the Commission about the preparations of the Fair and said that they were in contact with their authorities to make a discount in the rate of the additional space required by the members. The Iranian Delegation also expressed their earnest hope that all the member countries would participate in the Fair, adding that so far only three members confirmed their participation. The Commissioners of Malaysia and Egypt stated that their countries would most likely participate in the Fair.
11. **V. Summit Meeting:** The Indonesian Commissioner stated that internal consultations among various departments were being conducted for the preparations of Summit and they planned to organize it sometime in March or April either in Jakarta or in another place yet to be decided. He added that they were considering to also organize a meeting of trade ministers, business forum,

and trade fair on the occasion of the Summit. The Commissioners, appreciating the proposal of the Indonesian Authorities, especially requested the early announcement of the precise dates of the Summit so that these dates could duly be incorporated well in advance in the rather heavy programs of the Heads of State and Government.

12. Calendar of Events for 2005: In the course of the discussions on the subject, the Commission agreed on the following:

- Meeting of Working Group on Industries, Tehran, 27-28 June 2005
- HLTO Meeting in Islamabad, the date yet to be announced
- Meeting of Central Bank Officials, Indonesia, a tentative date in September
- Seminar on SMEs, Islamabad, the date yet to be announced
- IX. Session of the Council of Ministers to be preceded by the XIX. Session of the Commission in New York
- XX. Session of the Commission, in Tehran at a date in November or December next, yet to be announced.

13. Calendar of Events of 2006:

- The XXI. Session of the Commission, the Council of Ministers and the Summit, in Jakarta, the dates yet to be announced
- The Meeting of Ministers of Foreign Trade and III. Business Forum and Trade Fair, simultaneously with the Jakarta Summit
- III. Working Group Meeting in Energy, in Indonesia
- Expert Meeting on VAT (value added tax) in the I.R. of Iran
- Seminar on Olive and Saffron Cultivation, in Pakistan

The calendar for 2006 will be finalized at the XX. Session of the Commission which will be held in Tehran.

14. Any other business:

a. The Commission called upon those member Governments who have not yet done so to take appropriate steps to expedite their ratification process of the Agreement on the Simplification of Visa Procedures for D-8 Businessmen

b. The Commission also reiterated its call to the member countries to properly feed and update the data bases established for various sectors.

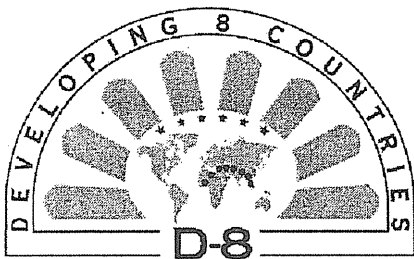
c. The Commission, reviewing the establishment of liaison with various international institutions, emphasized the importance of engaging in cooperation with them especially UNCTAD, WTO, the World Bank, ADB (Asian Development Bank), IDB.

d. The Commission also reiterated the D-8's wish to enter into relationship and cooperation with the OIC.

e. The Commissioner of Malaysia informed that his country will host the OIC Trade Forum which will be held on 20-21 June 2005 in Putrajaya in conjunction with the 30th Islamic Development Bank of Governors Meeting scheduled on 23-24 June 2005. He invited the D-8 member countries to participate in the OIC Trade Forum.

15. The Commissioners expressed their appreciation to Ambassador Ali Majedi, the Chairman of the Commission, for conducting the discussions in the most diligent and productive manner, thus ensuring the success of the meeting.
16. The Commissioners also expressed their thanks and gratitude to the Government of the I.R. of Iran for the warm and generous hospitality extended as well as for the excellent arrangements for the Meeting of the Commission.

DECISIONS ADOPTED



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DECISIONS

XVIII SESSION OF THE COMMISSION

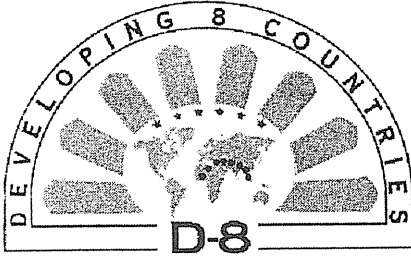
The D-8 Commission having met in Tehran on 23-24 May 2005 made the following decisions and recommendations:

1. Expressed its thanks to the Governments of Indonesia and Turkey for organizing the III. and IV. Sessions of the High Level Trade Officials (HLTO) on 9-11 October 2004 in Jakarta and 19-20 April 2005 in Ankara respectively.
2. Appreciated the work of the HLTO on the two draft texts, one the Preferential Trade Agreement (PTA) and the other Multilateral Agreement on Administrative Assistance on Customs Matters, and strongly supported its efforts.
3. Took note of the two progress reports of the HLTO and requested the member countries to give their written comments within 45 days on the PTA draft in particular on those articles related to the transfer of payments and balance of payment difficulties.
4. Called upon the member countries to make maximum efforts in a spirit of conciliation and compromise to reach agreement on those articles of PTA which have been placed in brackets due to divergent positions and to make it ready for signature at the Fifth Summit along with the already agreed Multilateral Agreement on Administrative Assistance on Customs Matters.
5. Welcomed the offer made by Pakistan to convene the Fifth Session of the HLTO in Islamabad and agreed to have Central Banks representatives present during this HLTO meeting.
6. Appreciated the step taken by the Government of Pakistan to convene the Seminar on Shipping in Karachi on 20-21 April 2005.
7. Took note of its recommendations, decides to establish the "Ports and Shipping Business Forum" and pending the setting up of a proper infrastructure for it, appreciated the offer made by Pakistan to set up a dedicated desk to follow up the recommendations of the Seminar.

8. Appreciated the interactive discussions undertaken at the Seminar on WTO Issues held in Islamabad on 21-22 December 2004 on the most important subjects of the Doha Development Agenda (DDA) Negotiations.
9. Requested the member countries to instruct their delegations accredited to WTO to continue these discussions in Geneva with the initiative of the chair country for better coordination of their positions.
10. Also appreciated the work of the Second Working Group Meeting of Energy held in Tehran by the Islamic Republic of Iran on 30-31 January 2005 and took note of its report.
11. Welcomed the offer made by Indonesia to convene the Third Working Group Meeting of Energy in 2006.
12. Appreciated the arrangements made by the Islamic Republic of Iran for the Tehran Trade Fair and encouraged member countries to actively participate in the Fair.
13. Took note of Executive Director's report on the strengthening of the Coordinating Unit and decided to continue further discussions on this issue.
14. Welcomed and accepted Iran's offer of secondment and Pakistan's offer to provide assistance of a Pakistan-based economic expert to the Coordinating Unit.
15. Welcomed Pakistan's proposal to establish D-8 Resource persons database of officials, experts, trade bodies and companies for use by all member countries, and its proposal to gather and share data on agricultural research institutes in D-8 countries for encouraging contacts between them.
16. Took note with satisfaction the commitment of the member countries concerned to settle their unpaid mandatory contributions.
17. Took note of the briefing given by the Indonesian Delegation on the preparations of the Fifth Summit to be held in Indonesia in the 1st quarter of 2006.
18. Approved the calendar of events for the current year as follows:
 - a) Meeting of Working Group on Industries, Tehran (June)
 - b) HLTO Meeting in Islamabad (date to be finalized)
 - c) Meeting of the Central Banks Officials, Indonesia (tentatively scheduled for September)
 - d) Council of Ministers preceded by Commission meeting in New York (September)
 - e) Seminar on SMEs, Islamabad (date to be finalized)
19. Expressed its thanks to the member countries, which volunteered to host the events in this calendar.

20. Called upon host countries to announce dates for the meetings as soon as possible with a prior notice of 6-8 weeks, and requested the other members to nominate their participants in a timely manner and to ensure satisfactory attendance of the meetings so that any postponement be avoided.
21. Took note of following events proposed for the calendar of year 2006:
 - a) XXI. Commission, X. Council of Ministers and V. Summit
 - b) Meeting of Ministers of Foreign Trade, Business Forum and Trade Fair (back to back with the Summit)
 - c) Third Working Group on Energy in Indonesia
 - d) Experts Meeting on VAT in Iran
 - e) Seminar on olive and saffron cultivation in Pakistan, preceded by visits of experts in these fields organized also by Pakistan.
22. Called upon the member countries to reflect on calendar of events of 2006 so that it could be finalized at the XX. Session of the Commission and requested member countries to inform the Coordinating Unit.
23. Decided to convene the XX. Session of the Commission some time in the month of November or December next, the precise date to be communicated through the Executive Director in due course.
24. Taking into account the importance of easy and increased personal contacts between the D-8 businessmen for the expansion of D-8 intra-trade, called upon those member governments who have yet done so to take appropriate steps to expedite their ratification process of the Agreement on the Simplification of Visa Procedures for D-8 Businessmen.
25. Called upon the member countries to properly feed and update the databases D-8 Website (ITDB) established for various sectors.
26. Reiterated working cooperation with the international financial institutions including Asian Development Bank, Islamic Development Bank, World Bank, and also UNCTAD and WTO to be initiated without any financial costs to the Coordinating Unit.
27. Also reiterated its wish to establish liaison and cooperation with the OIC.

REPORT OF THE EXECUTIVE DIRECTOR



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2 May 2005

REPORT (REVISED) OF THE EXECUTIVE DIRECTOR TO THE XVIII SESSION OF THE COMMISSION (23-24 May 2005, Tehran)

INTRODUCTION:

1. Since the XVI. Session of the Commission held in Tehran on 10-11 July 2004, nearly one year has passed. Meanwhile, the Commission also held a short meeting (XVII. Session) in New York alongside the UNGA to just review the implementation of the decisions of the Tehran Summit. This New York Meeting was followed by the Meeting of the Council of Foreign Ministers.
2. As would be recalled, at its Special Session earlier held in Tehran on 10-12 January 2004, the Commission had decided “to prioritize D-8 activities and set targets on selected core subjects on annual basis” and accordingly recommended to the Council of Foreign Ministers and the Summit the calendar of **ten** events for the year 2004. This calendar was approved by the Heads of State and Government.
3. The most important item in the calendar of last year was related to the work of High Level Trade Officials (HLTO) to consider the two draft texts, one on Preferential Trade Agreement (PTA) and the other on Multilateral Agreement on Administrative Assistance on Custom Matters. As I will detail herebelow, the HLTO, which has so far held four sessions,

has indeed produced a remarkable performance although additional efforts are required to finalize the PTA draft.

4. As for the activities related to the remaining **nine** subjects, **four** meetings were organized by the member countries on the dates indicated herebelow:

- Insurance and Reinsurance Workshop for the D-8 Countries, in Cairo, on 1-2 March 2004
- Seminar on Water Conservation and Drip Irrigation, in Islamabad on 26-28 April 2004
- Meeting of Takaful and Insurance Regulatory and Supervisory Authorities of D-8, in Kuala Lumpur, on 13 July 2004
- Seminar on WTO Issues, in Islamabad, on 21-22 December 2004

The reports of the first two were already considered by the Commission at its XVI. Session while that of the third at its New York (XVII.) meeting. The report of the Seminar on WTO Issues is now before this session for your consideration.

5. Thus, from the calendar of events of the last year, **five** activities have been switched over to the year 2005. Amongst them, the following **two** meetings were convened by the countries on the dates indicated downbelow:

- Second Working Group Meeting on Energy, in Tehran, on 30-31 January 2005
- Seminar on Shipping, in Karachi, on 20-21 April 2005

In return, the following **three** meetings are yet to take place, on which I shall have some comments under the relevant section of the report.

- Workshop on Data Collection, Classification Systems and Management of SME's,
- Second Meeting of Officials of Central Banks/ Ministries of Finance,
- Meeting of Senior Officials with private sector participation to consider new industrial projects.

6. Hence, **we are behind the schedule in the implementation of the 2004 calendar of events**. Moreover, as I have already detailed in my brief evaluation of the performance of the

organization during last year (Our letter No. COM/04/290 dated 23 December 2004), we could not meet either the expectations in some other subjects to which I shall return in the later part of this report.

7. On the other hand, although we shall be leaving behind about five months of this year by the time of this session of the Commission, **we have still to decide on the calendar of events for the current year**. Under these circumstances, no new activity for the current year could possibly be planned before the month of August or September even if it is announced this time at the Commission since it requires a prior notice of above two months for preparations. I had already drawn attention to the urgency of this question in my report of 8 September 2004 to the New York Session of the Commission. Indeed, the calendar of events for the current year should have been done before the end of last year or at the latest in the early months of this year.

8. **To sum up, there exists, frankly speaking, a gap between the decisions made and the actions taken thereupon in quite many areas.**

TRADE: REPORTS OF THE III. AND IV. SESSIONS OF THE HLTO

9. As would be recalled, the HLTO held its first session in Tehran on 14-15 February 2004 just before the Summit and started its work on the two draft agreements namely, "Preferential Trade Agreement" and "Multilateral Agreement on Administrative Assistance on Custom Matters". The report of the first meeting was considered by the Commission at its XV. Session during the Summit.

10. The II. Session of the Group was held in Islamabad on 28-29 June 2004. The experts were able to go through the whole draft text of the Customs Cooperation Agreement although divergencies emerged on articles 9-12 concerning controlled delivery, cross-border cooperation and surveillance, hot pursuit. On the other hand, at the same meeting, the experts were also able to consider the **preamble and the first two articles** of the draft PTA Agreement. The report of this session was considered by the Commission at its XVI. Session.

11. At the III. Session of the HLTO held in Jakarta on 9-10 October 2004, the experts agreed to drop from the draft text of the Customs Cooperation Agreement the controversial articles 9-12. Thus, this text is finalized with perhaps minor touches if need be and is ready for signature. On the other hand, the experts resumed their discussions on the draft PTA and were able to go through articles 3-21. However, several articles had to be placed in bracket due to diverging positions.

12. At the IV. Session of HLTO which was held on 19-20 April 2005 in Ankara, the experts first addressed the remaining articles 22-27 which were left over from the previous session. Thereafter, they reverted to the controversial provisions which had earlier been placed in bracket. As will be seen in their report which was circulated in the attachment of our letter No TR/05/HLTO/91 dated 21 April 2005, the most serious issue in the discussions was over article 5 concerning the tariff reduction modality. On this point, the Chairman suggested to consider to take up the text of the article already adopted by the Trade Negotiating Committee of the OIC on this matter. However, some delegates were not prepared to accept this proposal as they had no mandate. This article together with some others, including those on transfer of payments, balance of difficulties, had to be kept in bracket since no compromise could at that stage be reached to bridge the diverging positions.

13. In the conclusion of the discussions, the HLTO requested the member countries to give their written comments especially on those controversial articles. Moreover, the Group also requested the Executive Director to consult with the member countries on the venue and the date of the next meeting. It would be highly advisable if the Distinguished Commissioners now consult with their relevant authorities on this matter so that the venue and date of the V. Session could instantly be decided upon at the Commission Meeting.

14. On the other hand, the HLTO has entrusted the Coordinating Unit with the task of serving as the secretariat for the Council of Trade Ministers and the Supervisory Committee referred to in article 26. of PTA. As pointed out by my colleague from the Coordinating Unit in the course of the HLTO Meeting, this task can only be performed in case the Coordinating Unit is strengthened and expanded.

15. As stated in my message to the IV. HLTO Meeting, the early conclusion and entry into force of PTA will not only lead to the expansion of D-8 intra-trade, which still represents a

small fraction of the overall trade of D-8 with the world, but will also have positive effects on all sectors of cooperation. Moreover, the expansion of D-8 intra-trade will also act as a stimulus on the overall development of D-8 economies, including SMEs. Hence, all the member countries stand to gain from the implementation of PTA.

Therefore, it is my earnest hope that keeping in mind the vital importance of this subject for all, the member countries will show **the necessary spirit of conciliation and compromise and find the ways to bridge the gap between diverging views. It is my expectation that an agreement on the whole text would be reached at the next session of HLTO so that with the endorsement of the Heads of State and Government, the PTA together with the Customs Cooperation Agreement could be signed at the Jakarta Summit. This will be the single most important achievement in the rather short history of D-8.**

THE REPORT OF THE SEMINAR ON SHIPPING

16. The “Seminar on the Prospects of Shipping” was held in Karachi on 20-21 April 2005. In view of the vital importance of shipping for the expansion of D-8 intra-trade, I repeatedly solicited the participation of all the member countries in this Seminar. Yet, only Egypt, the I.R. of Iran and Turkey (in addition to the host country) attended the Seminar. Although Malaysia also nominated three participants initially, none of them however turned up at the meeting. This poor attendance, coupled with the postponement of the Workshop on SMEs (planned to take place on 2-3 May 2005 also in Pakistan) due to insufficient participation, clearly created certain misgivings on the part of the host country. As I underlined above in connection with the calendar of events, the recurrence of similar cases poses a serious problem which must, in my view, be addressed by the Commission.

As for the substance of the Seminar; apart from the country papers, a number of papers were presented to the Seminar. At the end of the discussions, the Seminar adopted a series of recommendations such as ;

- set up a D-8 Shipping Business Forum (renamed as “Ports and Shipping Business Forum”) with a proper infrastructure for it, and at the initial stage establish a dedicated

desk to follow through the recommendations (Pakistan offered its facilities at the Ministry of Ports and Shipping at Karachi for setting up the proposed desk)

- accept and ratify major IMO and Transport Conventions and bring their domestic laws in harmony with one another so that ship owning and ship operations in D-8 countries will be facilitated,
- encourage and facilitate the utilization of one another's educational and training facilities and institutions,
- liberalize visa regimes within the Group to facilitate seafarers to join and leave the ships in D-8 ports,
- send the statistics of maritime data for trade, ports and shipping within the Group biannually to the proposed desk of Ports and Shipping Business Forum,
- accord MFN treatment to the vessels, ports and trade of the member countries etc....

REPORT OF THE SEMINAR ON WTO ISSUES

17. The Seminar was held in Islamabad on 21-22 December 2004. The participants undertook, among others, an interactive discussion on the most important subjects of the ongoing WTO Doha Development Agenda (DDA) negotiations. The seminar having provided a good opportunity to help the participants better understand their respective positions on various issues involved, it was felt that it would be useful to continue these discussions among D-8 missions accredited to the WTO in Geneva for better coordination of these positions. On the other hand, all the delegations called upon the WTO to find an early and satisfactory solution to the issue of Iranian accession to the WTO.

REPORT OF THE SECOND WORKING GROUP MEETING ON ENERGY

18. After two postponement due to insufficient participation, the Working Group met in Tehran on 30-31 January 2005. The participants addressed several issues such as optimizing per capita energy consumption, reforming and structuring of energy sector, and increase of the participation of private sector, intensification of R&D on energy technology, renewable energy technology etc.... It was agreed that this meeting should be held annually on a rotating basis. The Working Group also reemphasized the establishment of a "D-8 Energy Institute for Training and Research" as proposed in the first meeting held in Abuja.

**CONSIDERATION OF THE PAPER PREPARED BY THE EXECUTIVE DIRECTOR
ON THE STRENGTHENING OF THE COORDINATING UNIT.**

19. At the Tehran Summit, the Heads of State and Government recognized that the strengthening of the Secretariat would be important for furthering the aims and objectives of D-8. To this end, while tasking the Commission to continue to examine this issue, they decided to review the existing arrangements, including the scale of contributions before the end of Chairmanship of the I.R. of Iran.

In the light of the decision of the Summit, the Commission discussed this matter at its XVI. Session and as a first step welcomed the offers made by the I.R. of Iran and Pakistan for the secondment of the Secretariat. In line with these offers, I prepared a draft protocol concerning the arrangements required for the secondment and sent the draft to the two sponsoring countries to seek their views thereupon. To this draft, I have received some oral comments only from the I. R. of Iran.

20. On the other hand, the Commission also requested at the same XVI. Session the Executive Director to present to the next session a revised paper to establish an efficient secretariat. This revised paper was prepared and circulated in the attachment of our letter No ADM/COM/04/183 dated 26 July 2004. The paper includes new mandate and tasks to be given to the Coordinating Unit, required number of additional staff, financial implications for the budget and scale of contributions etc.... However, the Commission did not have enough time to go into the substance of this paper in its short meeting which was held in New York under the very hectic conditions of UNGA

21. In my view, the secondment of the Coordinating Unit cannot be a substitute or alternative to the establishment of a small and efficient secretariat. Indeed, almost eight years after the creation of D-8, the expansion of cooperation within D-8 makes it imperative to establish a proper secretariat. With the additional responsibilities conferred upon the secretariat by the PTA as stated above, this question now acquires even greater urgency. Therefore, I earnestly hope that the member countries will be agreeable to the establishment of a proper secretariat in broad lines indicated in the paper. As will be seen in the paper, the

financial implications of creating such a secretariat are kept at minimum and may perhaps entail minor increases in annual contributions.

TEHRAN TRADE FAIR

22. As is known, the Iranian Chamber of Commerce, Industries and Mines first proposed to organize this fair either at the end of December 2004 or early January 2005 and then gave 27-31 December 2004 as the exact date of the fair. Nevertheless, the insufficient number of responses from the member countries made it impossible to organize the fair on the dates indicated. Accordingly, the Iranian Chamber was obliged to postpone the fair and suggested 23-26 July 2005 as the new dates. So far, only Pakistan and Indonesia informed this office of their intention to participate in this fair. According to the information recently received from Tehran, the Iranian Chamber of Commerce, Industries and Mines organized a briefing for the D-8 Embassies in Tehran on 6 April 2005 and also distributed booklets and some other written material related to the Trade Fair. The members which have not yet responded may kindly confirm their participation at the latest at the Commission meeting in view of the shortage of time for the arrangements of the fair.

FIFTH D-8 SUMMIT

23. The Indonesian Delegation may give preliminary information on the arrangements for the Fifth Summit, including its tentative dates.

CALENDAR OF EVENTS FOR THE CURRENT YEAR

24. As stated in the introductory part of the report, three meetings are left over from the last year. These are:

- Workshop on data Collection, Classification Systems and Management of SMEs.
- Meeting of Senior Officials with private sector participation to consider new industrial projects.
- Second Meeting of Officials of Central Banks /Ministries of Finance

25. Pakistan volunteered to organize the Workshop on SMEs on 2-3 May 2005 as a follow-up to the first meeting which was held in Istanbul on 2-4 October 2001. However, due to the insufficient number of response from the member states (only Malaysia nominated its participant), the workshop had to be postponed. As you would realize, SMEs play a vital role in the overall development of D-8 economies. Therefore, a new date has to be fixed for the workshop.

26. The I. R. of Iran sponsored the meeting on industry and proposed to organize it on 12-13 April 2005. However, this meeting too had to be postponed since no member responded by the deadline date (the Nigerian nomination was received after postponement). As you would recall, after the suspension of the agricultural aircraft project for the reasons known to the member countries, no new project is projected in the field of industry. Since industry is one of the vital sectors which stimulates the expansion of D-8 cooperation particularly in the field of trade, the member countries may consider to initiate a new project in the industrial sector, which will be feasible from technological, financial and commercial points of view. Therefore, a new date should be fixed for this meeting. If decided, we can seek the assistance of UNIDO in the development of such a project.

27. The I. R. of Iran sponsored to organize the Second Meeting of Officials of Central Banks/Ministries of Finance as part of the calendar 2004. However no date is yet fixed for it. The purpose of this meeting is to discuss measures which could be taken in the D-8 banking sector in order to facilitate commercial transactions and thus to encourage D-8 intra-trade.

As would be recalled, to this end, Indonesia proposed the establishment of a Central Banks' Forum/Framework. This proposal was welcomed by the Commission at its XV: Session. Bangladesh, Malaysia and Pakistan have given their written comments on the substance of the proposal, while Turkey expressed its readiness to go along with it. I believe, it is now timely to convene the meeting of Officials of Central Banks/Ministries of Finance to consider the cooperation among the D-8 Central Banks in the context of the above mentioned Indonesian proposal. This meeting could be organized either by the I.R. of Iran or Indonesia.

Hence, the three activities which were left over from last year could be reprogrammed and included in the calendar of events for the current year.

28. On the other hand, the **Meeting of Takaful and Insurance Regulatory and Supervisory Authorities**, which was held in Kuala Lumpur on 13 July 2004, recommended that this meeting could be **convened annually** on a rotation basis. The Commissioner of Malaysia brought this point to the attention of the Commission at its New York Meeting. Although I solicited the response of the member countries on this point, so far none is received (Our letter No. FBP/04/252 dated 14 October 2004).

Furthermore, at the same meeting in Kuala Lumpur, it was decided set up **two working groups**, one on education and training to be headed by Malaysia and the other on the financial infrastructure development by Egypt. The Malaysian Authorities requested the member countries to nominate two representatives as the member of the working group on education and training which will be headed by them (Our letter FBP/04/256 dated 19 October 2004). So far, only the I. R. of Iran and Turkey nominated their representatives to this group.

29. Certainly and most importantly the **HLTO has to hold yet another meeting** before the end of this year to hopefully finalize the draft text of PTA and make it ready for signature at the Jakarta Summit.

30. **Those activities mentioned in the foregoing paragraphs, including the next meeting of HLTO, and possibly one or two additional ideas would thus be good enough to fill the calendar of events for the current year** provided that their dates be announced without delay, if possible at the forthcoming Commission Meeting.

CALENDAR OF EVENTS FOR 2006.

31. In this context, I would like to draw the attention of the Commission that certain topics/activities are of periodical nature and therefore require follow-up and continued review. For example:

- The conclusion and implementation of PTA and Customs Cooperation Agreement require follow-up meetings (after the entry into force of PTA, the Supervisory Council has to hold periodical meetings within six months and then once a year).

- In case the Commission decides to initiate a project in the field of industry, this project too may require periodical meetings.
- If and when the Commission decides to establish a Central Banks' Forum, then we have to plan its annual meetings in the context of calendar of events every year.
- As mentioned above, it is recommended that the Meeting of Takaful and Insurance Regulatory and Supervisory Authorities should annually be convened on a rotation basis. Again as referred to above, the two working groups established thereunder are also to meet.
- As implied by the recommendations of the Seminar on the Prospects of Shipping, the implementation of various recommendations require continued review and periodical meetings. Hence, this topic could also be considered in the formulation of the calendar of events.
- As would be recalled, the Workshop on Poverty Alleviation Reforms and Development Measures which was planned to be held in Tehran on 26-28 January 2004 had to be postponed due to insufficient participation. However, in view of the importance of this topic for all the member countries, the Commissioner of Egypt expressed their interest in this workshop and solicited the host country to fix a new date for the Workshop (Our letter No. PHR/04/36 dated 28 January 2004)
- The Second Working Group on Energy decided that this meeting be held annually on a rotating basis and recommended that the next meeting should take place in 2006.

32. In addition to these activities which are mostly of periodical nature, the Commission may also consider to initiate new subjects of cooperation, such as the creation of a scientific forum with the participation of D-8 scientific and research institutes and universities etc.. In any case, the Commissioners may exchange views on this matter so that the calendar of events for 2006 could be finalized at the next session of the Commission.

NEXT COMMISSION MEETING

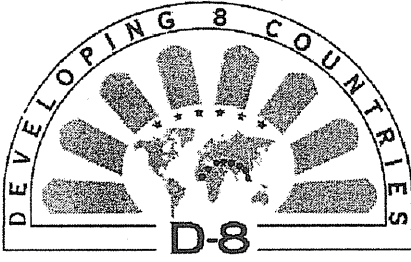
33. According to the document of the Structure and Functioning of D-8, the Commission meets twice a year. Hence, the Second Meeting of the Commission could be convened sometime in November/December after the V. Session of HLTO. This meeting of the Commission could also serve as a preparatory meeting for the Jakarta Summit.

ANY OTHER BUSINESS

34. In spite of the fact that four years have passed since the conclusion of the **Agreement on Simplification of Visa Procedures for D-8 Businessmen**, the number of member countries which ratified this agreement still confined to only two (I.R.of Iran and Turkey). For this reason, the agreement could not yet enter into force since ratification at least by four members is required for it. As also stressed by the D-8 Business Forum, the speedy ratification of this agreement is of vital importance for the expansion of D-8 intra-trade. Therefore, the member countries could take appropriate steps to expedite their ratification process.

35. As already mentioned in the earlier reports, **databases** are not properly fed and updated. As a result, the exchange of information and experience among the member countries in various fields can not be qualified as satisfactory.

36. The **unpaid past contributions** poses a serious problem of financing for the Coordinating Unit. Indeed, Bangladesh is in arrears for the years of 2002 – 2003 - 2004 and Nigeria for the years of 2001 - 2002 - 2003 - 2004. This caused a total deficit of USD 100.002 (14.286 x 7) in the budgets of those years, which has been funded by the Turkish Government, subject to reimbursement. The Commission should discuss this matter to find a solution.



Office of the Executive Director

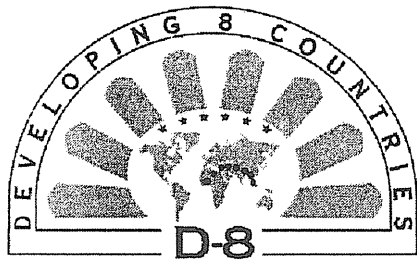
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2 May 2005

ADDENDUM TO THE REPORT OF THE EXECUTIVE DIRECTOR TO THE XVIII SESSION OF THE COMMISSION

36. The **unpaid past contributions** poses a serious problem of financing for the Coordinating Unit. Indeed, Bangladesh is in arrears for the years of 2002 – 2003 - 2004 and Nigeria for the years of 2001 - 2002 - 2003 - 2004. This caused a total deficit of USD 100.002 (14.286 x 7) in the budgets of those years, which has been funded by the Turkish Government, subject to reimbursement. The Commission should discuss this matter to find a solution.

STATEMENT BY THE EXECUTIVE DIRECTOR



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**STATEMENT OF THE EXECUTIVE DIRECTOR
TO THE XVIII. SESSION OF THE COMMISSION**

(23-24 May 2005, Tehran)

Mr. Chairman,
Distinguished Colleagues,

I would like to congratulate you, Mr Chairman, for assuming the Chairmanship of the D-8 Commission. Under your able guidance, we shall succeed in our endeavour on this occasion. I would also like to welcome the new Commissioners of Malaysia and Turkey (Bangladesh).

The Revised Report of the Executive Director is before you. I would however like to briefly underline a few salient points. As you would recall, at its XV. Session which preceded the Tehran Summit, the Commission adopted the calendar of events for 2004, which consisted of ten activities. This calendar was then approved by the Council and the Summit at Tehran.

Yet, we have been able to carry out only five activities during 2004, the remaining five had to be deferred to this year. Out of these remaining five, two meetings namely the Working Group Meeting on Energy and the Seminar on

Shipping, were held during the last few months of this year. Just recently, the Iranian Authorities have proposed to organize on 27-28 June 2005 the Working Group Meeting on Industry which was originally scheduled to take place on 12-13 April 2005 but had to be postponed due to inadequate participation.

On the other hand, we have to still adopt the calendar of events for the current year although we have left behind nearly half of this year.

In brief, we are lagging behind the schedule of events despite the fact that a year and a half ago, the Commission adopted certain steps to revitalise D-8 cooperation. I think, the Commission has to look into this problem.

In spite of this not so satisfactory overall picture, the HLTO produced, in my view, a commendable work as stated in my report. The member countries which hosted the last two sessions may brief the Commission in detail about the discussions on the two draft agreements and the progress achieved. The experts deserve full support from the Commission. I earnestly hope that they will be able to bridge the gap between diverging positions on certain articles of PTA, in particular on article 5 concerning tariff on import of goods, and to finalize this agreement too at their next meeting so that both agreements could be made ready for signature at the Jakarta Summit.

The Reports of the Seminar on Shipping, Seminar on WTO Issues and Second Working Group Meeting on Energy are also before the Commission for consideration and appropriate action.

As for the strengthening of the Coordinating Unit, you would recall that at the request of the Commission, I prepared a paper for the "establishment of an efficient D-8 secretariat" and submitted it to the XVII. Session held in New York. However, due to the hectic work at the UN, the Commission was able to hold in NY a meeting of about 45 minutes, during which there was no time to consider this paper. Therefore, as stated in para 8 of its report, the Commission agreed to continue to discuss this subject at this session.

On the other hand, in the light of the proposals put forward by the I.R. of Iran and Pakistan in the earlier session for the "Secondment of the Coordinating Unit" as an interim measure, I prepared a draft protocol for necessary practical arrangements and sent it for comments to the two members concerned.

In my view, the secondment of the Coordinating Unit cannot be a substitute or alternative to the establishment of a small and efficient secretariat. Indeed, almost eight years

after the creation of D-8, the expansion of cooperation within D-8 makes it imperative to establish a proper secretariat. With the additional responsibilities conferred upon the secretariat by the PTA as stated in my report, this question now acquires even greater urgency.

As regard to the Tehran Trade Fair, we have until now received clear-cut response only from three members, Indonesia, Pakistan and Turkey confirming their participation. However, the Iranian Chamber of Commerce, Industry and Mines being in direct contact with the Chambers of the members, may have more to say on this matter.

In my report, I also ventured to give some ideas about the calendar of events for 2005 and 2006 which could be taken into consideration in the discussions.

We have about 8-9 months till the Jakarta Summit, depending upon its dates. Hence, the Indonesian delegation may give some preliminary information about the Summit preparations.

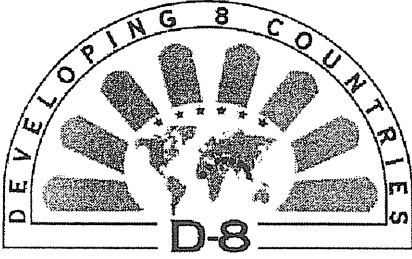
The Distinguished Commissioners could also hold consultations on the Indonesian proposal to find out whether the D-8 Council of Foreign Ministers could meet on 17- or 18 June following the Second South Meeting in Doha on 13-16 June 2005. (Our letter No. COM/05/103 dated 11 May 2005)

Finally, under the item Any Other Business; the Commission could also address the subjects mentioned in para 34-36 of the report, namely ratification of the visa agreement, databases and unpaid contributions.

PART IV

NINETEENTH SESSION OF THE COMMISSION

REPORT OF THE COMMISSION



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REPORT OF THE XIX SESSION OF THE COMMISSION (13-14 March 2006, Tehran)

1. The XIX Session of the Commission was convened in Tehran on 13-14 March 2006 with the participation of all the member countries.

2. In his opening statement, H.E. Ambassador Ali Reza Sheikh Attar, Deputy Foreign Minister for Economic Affairs and the Chairman of the Commission, underlined the vital role of regional groupings such as D-8, ECO, ASEAN and others in the economic development of developing countries. In the context of D-8 cooperation, he emphasized the importance of better use of potentials and resources of the member countries for the well being of the D-8 community. He also added that the member countries should take the necessary steps to strengthen the Secretariat in terms of human resources and financial means in order to achieve D-8 objectives.

3. The Commission then adopted the Agenda.

4. The Executive Director H.E. Ambassador Kamel while briefly presenting his report highlighted a few salient points. The Commissioners expressed their appreciation of the work of the Secretariat. In their general remarks, several Commissioners said that the member countries should take concrete steps for enhancing D-8 cooperation rather than being rhetorical.

5. In the consideration of the report of the V. Session of HLTO, the Pakistan Commissioner presented its report. All the Commissioners underlined the importance of the Preferential Trade Agreement for the expansion of D-8 intra-trade and expressed their earnest hope that this agreement together with the Multilateral Agreement on Administrative Assistance on Customs Matters would be signed during the forthcoming Summit as it would constitute a great step to push cooperation in other fields as well. Concerning the observation by Bangladesh as reflected in the report of the V. Session, the Ambassador of Bangladesh said that this matter was under inter-ministerial discussion and that they would make their final position known at the forthcoming meeting of HLTO in Bali. By the same token, the Turkish Commissioner stated that his authorities would be able to give their final decision on their observations referred in the report at the next HLTO Meeting.

6. The Iranian Delegate introduced the Report of the II. Meeting of Working Group on Industry. In the course of the lengthy discussions, the Commissioners stated that the project proposals reflected in the report were defined in too broad terms and that the member countries had to prioritize and concretize their ideas which would be supported by concept papers in the lines as proposed by Malaysia in their Paper of Terms of Reference. In this context, Turkey recounted the experience of the OIC in identifying the projects and added that they utilized 'Project Profile Forms' to this end. The Commissioners stated that these specific and concrete ideas of common interest to the member countries could then be discussed in workshops, preferably with the involvement of the private sector as industrial activities were rather run by the private sectors in the member countries. In this vein, H.E. Ambassador Tabatabaee put forward some specific ideas for joint projects in the industrial field, namely Digital Microscope, DNA Typing, Finger Printing Technology, Compressed Natural Gas (CNG). He also expressed their readiness to organize workshops on these subjects. Moreover, the Iranian expert made a presentation on the optimization of energy consumption. On the other hand, the Ambassador of Egypt suggested the inclusion of high technology projects for consideration within D-8 cooperation. The

Commission concluded that all the member countries might come forward in the same way with specific project proposals to be first considered at the workshops.

7. Indonesia presented the Report of the Central Bank Officials convened in Bali in 1-2 September 2005 and referred to the recommendations of the Meeting. He also stated that similar meetings may be organized in the future alongside with the meetings of international financial institutions.

8. The Commissioner of Pakistan informed that her authorities were ready to organize the Seminar on Data Collection, Classification System and Management of SMEs in the coming weeks, in any case before the month of July 2006. Several Commissioners emphasized the important role of the SMEs in the overall development of the member countries.

9. The Commissioner of Pakistan informed that her Government was actively working on setting up the necessary infrastructure for the Shipping Business Forum and suggested in this context the creation of an Advisory Council to seek the views of the member countries on this matter. She also added that pending the establishment of the Forum referred to above, her authorities would soon activate the dedicated desk as an interim step for exchange of information in the field of shipping. Taking into account the importance of shipping in the expansion of trade in view of the wide geography of D-8, the Commissioners underlined the need for exchange of information on the capacity of their ports, cargo requirements and services, etc. The Commissioner of Turkey informed that his authorities have already provided extensive information on this score.

10. The Commission emphasized the need to put into force without delay the Agreement on Easing Visa Procedures for Businessmen which had been signed about five years ago at the Cairo Summit. Turkey and the I.R. of Iran having already ratified it, the Commissioners of Bangladesh, Egypt and Pakistan have stated that their

authorities would do their best to expedite their ratification process. In this way, it is hoped that the requirement of ratification at least by four members would soon be met for the entry into force of the agreement.

11.H.E. Mr. Tabatabaee clarifying their position on the planned Expert Meeting on VAT (Value Added Tax) stated that they decided to forego convening this meeting in order to avoid a duplication since they organized an OIC meeting on the same subject more or less in those days.

12.The representative of the Iranian Chamber of Commerce and Mines briefed the Commission about their efforts to organize a D-8 Trade Fair in Tehran but added that they could not achieve it because of inadequate interest from the member countries. Instead, they invited the members to participate in the International Trade Fair organized in Kish Island. In response to this offer, Bangladesh and Indonesia together with the host country took part in the Fair. The Commissioner of Indonesia informed that as the host of the forthcoming Summit, they would organize a trade fair alongside with the Summit between the dates 10-13 May 2006 and that they would provide hospitality, space in the fair area and temporary customs and tax exemption for the goods which would be on display. He invited the member countries to participate in this fair.

13. In considering the Paper presented by the Executive Director on the Secretariat, all the Commissioners agreed on the need to upgrade its status in order to better project the image of D-8 and to strengthen its structure in view of the additional tasks which will be conferred upon the Secretariat especially by the PTA and new project proposals. However, some commissioners pointed to the financial problems which could be posed by the increase of contributions. Hence, in order reduce the additional cost of the change in the structure of the Secretariat, the Iranian delegation proposed that the Secretary General should be seconded by the outgoing chair country and the economist by a member country on a rotational basis at their own expense. The Iranian delegation circulated a paper to this effect while making it clear

that their proposal is of complementary nature to the Secretariat paper. The Commissioners solicited some clarifications on various points in the Iranian paper. It was made clear that the Deputy Secretary General would in permanence be from Turkey in order to ensure the continuity as well as to sort out the issues which have to be settled with the Turkish Government, including tax and social security matters, immunities and privileges etc... It was also suggested that the yearly contributions under the new arrangements should be based inter alia on the OIC criteria on the basis of capacity to pay. In conclusion, the Commissioners requested the Executive Director to combine the Secretariat paper with the Iranian proposal in consultation with the Iranian Authorities, taking into account the remarks made in the course of discussions, and circulate it to all the member countries to seek their comments on it. It was decided that the final decision on this matter be taken at the next Commission Meeting which would precede the Bali Summit.

14. The Chairman stated that there was no way to strengthen the Secretariat unless financial problems faced by the Secretariat due to unpaid contributions were resolved. In response, the delegations of Bangladesh, Malaysia and Nigeria have assured that their Governments would take the necessary steps to settle their accounts shortly.

15. The Commission agreed to organize the following activities as part of the events of the current year and 2007:

- a. A series of HLTO Meeting to finalize the PTA as well as the Draft Rules of Origin,
- b. Third Working Group Meeting on Energy (by Indonesia),
- c. Seminar on Olive and Saffron Cultivation (by Pakistan),
- d. Capacity Building on Micro Financing (by Indonesia),
- e. The Commission Meeting some time after the Summit (by Indonesia),
- f. Working Group Meeting on Industry (by Malaysia),

- g. Workshop on Data Collection and Classification Systems and Management of SMEs (by Pakistan),
- h. Expert Meeting on environmental questions including Nature-Based Tourism (by the I.R. of Iran),
- i. Workshops on new specific projects in the field of industry such as Digital Microscope, DNA Typing, Finger Printing Technology, Compressed Natural Gas (by the I.R. of Iran and other member countries),
- j. A meeting to initiate cooperation between D-8 scientific institutions, research institutes and universities.

As the above list is not exhaustive, the Commission invited all the member countries to come up with new result-oriented and feasible projects and to inform the Secretariat accordingly for circulation to one and another.

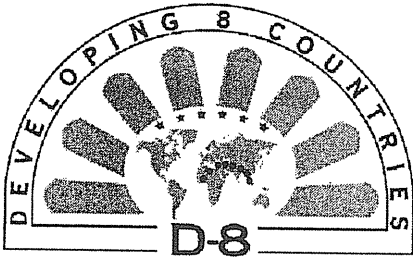
16. The Commissioner of Indonesia briefed the Commission about the time-table of the Summit, organizational arrangements including hospitality of 1+7 including the Foreign Minister and the Commissioner for each delegation and of the staff of the Secretariat. He added that they were sending special envoys to the member countries to hand over official letters of invitation and that so far they received positive responses for participation at the level of Head of State and Government. In the course of the Meeting, he circulated the first part of the Draft Bali Declaration covering international issues. The Executive Director informed the Commission that the second part addressing the D-8 activities would be prepared by the Secretariat in the light of the discussions at the Commission and would also be circulated shortly. The Commission requested the member countries to give their comments on the whole draft at an early date for circulation to the other members. The Indonesian Delegation proposed to convene another meeting of the Commission on 16-17 April to merely consider the Draft Declaration. The Commissioners responded that it would be better for practical reasons to address the Draft Declaration at the meeting of the Commission which would just precede the Summit. On this point, it was suggested that this meeting of the Commission could be prolonged by adding one

more day to start on 9th May to give sufficient time for the consideration of the Draft. The Commissioner of Indonesia went along with this suggestion.

17. Under any other business, Mr. Hadi Soleimanpour, from the Department of Environment of the I. R. of Iran briefed the Commission on their proposal of Nature-Based Tourism (NBT). In this vein, underlining the importance of tourism in the development of the member countries, he explained the characteristics of NBT, its socio-economic and political dimensions. He also referred to international events related to NBT and international instruments governing it. In conclusion, he proposed to harmonize NBT activities within D-8 to enhance intergovernmental cooperation among the member countries and to establish a working group to examine ways and means of achieving such goals. He also proposed that their authorities were prepared to convene this working group at an early date. The Commissioner of Turkey responded that they already transmitted this proposal to their relevant authorities and would attend the meeting of the working group. The Commissioner of Pakistan stated that they attach great importance to this subject and would carefully study the Iranian proposal.

18. The Commissioners expressed their thanks and gratitude to the Government of the I. R. of Iran for the excellent arrangements of the Meeting of the Commission and for its generous hospitality. They also expressed their deep appreciation to H.E. Ambassador Attar, the Chairman of the Commission, for conducting the work of the Commission in a very efficient and diligent way, thus ensuring its success.

REPORT OF THE EXECUTIVE DIRECTOR



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30 January 2006

REPORT OF THE EXECUTIVE DIRECTOR TO THE XIX SESSION OF THE COMMISSION (13-14 March Tehran, 2006)

INTRODUCTION

1. This meeting of the Commission is taking place at a time when issues of worldwide implications such as the combat against poverty, the elimination and easing of tariff barriers to the exports of farm products from the developing countries as well as measures to reduce gas emissions causing global warming are subject to intensive discussions in international fora. I am sure, these issues are also expected to appear high in the agenda of the forthcoming D-8 Summit to be held in Indonesia.

2. As would be recalled, the annual meeting of the Council of Foreign Ministers which was initially planned to take place in New York in 2005 alongside the UNGA could not be convened due to the elections in the Islamic Republic of Iran, the chair country, which resulted in a government change, coinciding with the UNGA meetings. Thereafter, the chair country proposed to convene the Council meeting on 21-22 January 2006. However, the member countries have not been able to confirm their participation. Thereupon, the Islamic Republic of Iran made yet another attempt to convene the Council and proposed to this end two alternative dates, namely 23 February and 5 April 2006. But, in the light of the consultations conducted, the Iranian Authorities felt obliged to later forgo the convening of the Council since a consensus could not be reached on the date. Nevertheless, the Council

Meeting on 11 May 2006 just before the Summit will offer an opportunity for the Honorable Ministers to exchange views on international issues mentioned above as well as to review the D-8 activities, to assess the performance of the Organization since the Tehran Summit and to make the necessary recommendations to the forthcoming Summit.

3. As is known, the Heads of State and Government endorsed at the Tehran Summit ten activities as the calendar of events for the year 2004, as recommended by the Council and the Commission. Out of these ten activities, five were in fact organized in 2004 while the remaining five had to be deferred to the year 2005. Of these remaining five, the following four meetings took place last year, the first two before the last session of the Commission which was held in Tehran on 23-24 May 2005, and the remaining two afterward:

- Second Working Group Meeting on Energy
- Seminar on Shipping
- The Second Meeting of the Central Bank Officials
- Meeting on New Industrial Projects

4. The reports of the first two meetings had already been considered by the Commission at its May session while the reports of the last two are presented to this session. On the other hand, the Seminar on SMEs which was also deferred to 2005 is yet to be realized. Thus, no new activity other than those planned in the calendar of events of 2004 was undertaken during the last year, except another session of HLTO.

5. In brief, one may conclude that the performance of D-8 during the last two years seems to be quite modest compared to earlier periods. I shall elaborate on this matter under the relevant chapters.

Now, I shall address herebelow various items in the agenda:

TRADE

The Work of the High Level Trade Officials (HLTO) on PTA

6. As would be recalled, the HLTO, having already finalized the draft Multilateral Agreement on Administrative Assistance on Custom Matters, continued its discussions on draft

Preferential Trade Agreement (PTA) at its III and IV. sessions which had been held in Jakarta and in Ankara in October 2004 and in April 2005 respectively. The reports of these two sessions were already considered at the May session of the Commission. Indeed, the Commission having appreciated the work of HLTO,

-instructed the experts to continue their work in order to bridge the diverging positions of the members on certain articles and welcomed as well the offer made by Pakistan to convene the V. Session in Islamabad,

-requested the member countries to give their written comments within 45 days on the PTA draft in particular on articles 19 and 21 related to the the transfer of payments and balance of payment difficulties. The Commission also advised the participation of Central Banks' representatives in the discussion on these two specific articles.

7. In line with the decision of the Commission, I requested the member countries to give their comments within 45 days on the PTA draft (Our letters No. TR/05/HLTO/146 and 198 dated 14 July and 29 September respectively). In response, Turkey expressed its agreement with articles 19 and 21 of the PTA as they stood while Malaysia offered substantial amendments to several articles of the draft agreement, including article 5 concerning the tariff on import of goods. The comments of Turkey and Malaysia were been circulated to the member countries (Our letters TR/05/HLTO/117 and 207 dated 1 June and 20 October 2005 respectively, and TR/05/HLTO/212 dated 26 October 2005).

8. Meanwhile, the D-8 Central Banks' Officials, in their meeting held in Bali on 1-2 September 2005 to consider the steps for cooperation in the field of banking, also pronounced their views on articles 19 and 21 of the PTA. In this vein, they agreed in principle that article 19 should be in conformity with article VIII. of IMF's Articles of Agreement. In fact, most of them were in favour of deleting para. 2 and 3 of this article 19. Concerning article 21, the majority agreed that it should be in line with BOP Safeguard clause of the WTO regulation. However, the meeting took note of the concern of one delegation whose country is not currently a member of WTO, since the reference to such a clause of WTO in the draft PTA might create difficulty in the ratification process by its Parliament.

9. As the host country, Pakistan initially proposed to convene the V. Session of the HLTO in Islamabad on 11-12 November 2005. Most member countries confirmed their participation, though some at the last minute after the deadline. However, the Pakistan authorities felt obliged to postpone the meeting due to the paucity of time and lack of timely confirmations from all the member countries as well as due to other important engagements at the time, including the relief efforts for the tragic earthquake. Later, the host country proposed the dates of 5-6 January 2006 on which the meeting was in fact held.

10. At this session, the experts continued their work on the draft PTA together with the amendments proposed by Malaysia and produced an excellent text which was adopted ad referendum while Turkey and Bangladesh were requested to reconfirm their commitments under Art. 5. I would like to heartily congratulate them. At the next session to be held in Indonesia in the first week of April 2006, the draft agreement will be put to the final approval of the HLTO. On the other hand, Pakistan undertook to table a draft Rules of Origin for consideration at the next session, as the implementation of tariff reductions is dependent upon an agreed text of Rules of Origin.

11. In this connection, I would like once again reaffirm the crucial importance of trade in D-8 cooperation. Indeed, even without special support measures, the D-8 intra-trade has increased from USD 14,562 billion in 1999 to USD 33,004 billion in 2004, which represents an increase of 127 % in five years whereas the total trade of the member countries with the whole world has increased from USD 397,127 billion to USD 731,638 billion during the same period, which demonstrates an increase of 84 %. A comparison of the above-mentioned percentages reveals that the D-8 intra-trade has grown at a much faster rate than the trade of the Grouping with the world. As a result, while the share of the D-8 intra trade in the D-8 total trade with the whole world was 3.66 % in 1999, it has risen to 4.51 % in 2004. Nevertheless, taking into account the great potential in this field, I still consider this ratio quite modest. I strongly believe that with the conclusion and entry into force of the two agreements namely "Multilateral Agreement on Administrative Assistance on Customs Matters" and "Preferential Trade Agreement", D-8 intra-trade is expected to achieve a great stride in the coming years.

Data Collection, Classification Systems and Management of SMEs

12. As stated above, this meeting was originally scheduled as part of the events for the year 2004, but had to be deferred to the year 2005. Accordingly, Pakistan proposed to organize the workshop on 2-3 May 2005, as a follow up to the first meeting which had been held in Istanbul on 2-4 October 2001. However, due to the insufficient number of response from the member states, it had to be postponed. At this meeting of the Commission, the Pakistan Delegation might be willing to propose another date.

Shipping

13. As would be recalled, the Commission, having considered at its last session the report of the Seminar on Shipping held in Karachi on 20-21 April 2005, decided to establish the "Ports and Shipping Business Forum" and pending the setting up of a proper infrastructure for it, appreciated the offer made by Pakistan to set up a dedicated desk to follow up the recommendations of the Seminar. In pursuance of this decision of the Commission, I requested from Islamabad information concerning the particulars of the dedicated desk i.e. e-mail, fax and telephone numbers (Our letters No TR/05/SHIP/140 and 159 dated 5 July and 9 August 2005 respectively). As no response has so far been received, the Pakistan Delegation may this time inform the Commission on this matter.

14. On the other hand, in line with the decisions of the Seminar, Turkey offered detailed information on the capacity of Turkey's ports and shipping lines (Our letter No: TR/05/SHIP/191 dated 7 September 2005). Moreover, the I.R. of Iran and Turkey also supplied the e-mail addresses of their institutions dealing with shipping.

Agreement on Easing Visa Procedures for D-8 Businessmen

15. In spite of repeated appeals by the Commission, the Council and the Summit, the members other than the I.R. of Iran and Turkey are yet to ratify this agreement, which had been signed almost 5 years ago at the Cairo Summit. Consequently, the agreement could not yet enter into force. In view of the indispensable role of businessmen in the expansion of D-8 trade, those members who have not yet done so, are again requested to take the necessary steps to expedite their ratification process.

Trade Fair

16. As would be recalled, the I.R. of Iran first proposed to organize the Tehran Trade Fair on

27-31 December 2004, while offering some facilities free of charge. However, due to the insufficient number of participation, they had to postpone the Trade Fair to 23-26 July 2005. In spite of the efforts by the Iranian Chamber of Commerce and Mines (ICCIM) as well as D-8 Secretariat, the Fair could not again take place due to the same reason. Most recently, the ICCIM has made another attempt to convene the Trade Fair, this time alongside the "First International Trade and Industry Fair which is organized in Kish Island. This will make it possible to reserve a distinct D-8 stand within the international fair, be it for a few participants from the D-8 members. The interested member countries may pronounce their participation without delay.

FINANCE BANKING AND PRIVATIZATION

Meeting of Central Bank Officials

17. This meeting was held in Bali on 1-2 September 2005. The participants exchanged views on possible areas of cooperation in this field as reflected in their report (circulated in the attachment of our letter FBP/05/190 dated 6 September 2005). As for the institutional arrangements for cooperation, it was agreed that a permanent forum was not required and that future meetings of D-8 Central Bank Officials could be organized as and when deemed necessary on the sidelines of the meetings of international financial organizations. Their report is before the Commission for consideration.

Expert Meeting on Value Added Tax (VAT)

18. As a matter of fact, this meeting was planned to take place in 2006. However, the I.R. of Iran, having advanced its date, proposed to convene it on 6-7 December 2005. Although some member countries had already nominated their participants, the host country, having however realized that this meeting almost coincides with the "II. Conference of Tax Authorities of the Islamic Countries (ATAIC)" which was also scheduled to take place in Tehran in early December, later decided to postpone the D-8 Meeting in order to avoid a duplication.

INDUSTRY

19. As will be recalled, the priority project of agricultural aircraft had to be suspended until such time when the D-8 market develops sufficiently to justify starting commercial

production. Therefore, in line with the directives of the Tehran Summit, the Commission decided to explore new projects in the field of industry, taking into account their feasibility. To this end, the I.R. of Iran volunteered to organize the Working Group Meeting on Industry on 12-13 April 2005. However, the meeting had to be postponed due to the lack of response from the member countries. Later, this meeting was in fact convened in Tehran on 27-28 June 2005. As reflected in its report, a number of ideas for cooperation have been put forward by the participants. For identifying industrial potentials and needs of the member countries, it was agreed that the member countries that proposed projects for cooperation should prepare a pre-feasibility study for each within two months and that the other members give their responses on these studies again within two months after their circulation. In pursuance of the decision of the Working Group, I requested the member countries to send pre-feasibility studies on the proposed topics for their circulation. (Our letter IND/05/142 and 194 dated 5 July and 16 September 2005 respectively). Since I received no response from any member until now, the Commission may wish to urge the members to prepare pre-feasibility studies for consideration at the next meeting of the Working Group.

20. At the Tehran Meeting, it was also decided that the next meeting be held within one-year time. The group suggested that following the alphabetical order, this meeting be convened by Malaysia and requested the Malaysian Authorities to give their confirmation within three months. In response to our inquiry as to the date of this meeting, Malaysia has recently informed that their authorities regretted not to be able to convene this meeting in 2006 as they are very much involved in other international meetings. Moreover, in their reply, Malaysia also submitted a draft text of the Terms of Reference for the Working Group on Industry while at the same time putting forward some proposals on how to improve and strengthen the work of the D-8 working groups in general. (Both circulated in the attachment of our letter No IND/COM/06/10 dated 20 January 2006). The Commission, while considering the Report of the Working Group on Industry, may also reflect upon the Malaysian papers.

REVIEW OF THE ARRANGEMENTS FOR THE SECRETARIAT

A. Strengthening of the Secretariat

21. As will be recalled at the Tehran Summit, the Heads of State and Government recognized that strengthening the secretariat would be important for furthering the aims and objectives

of D-8. To this end, while tasking the Commission to continue to examine this issue, they decided to review the existing arrangements including scale of contributions before the end of the chairmanship of the I.R. of Iran.

22. Accordingly, the Commission considered this important subject at its XVI. and XVIII. Sessions. With the exception of one delegation having no instructions at the time, all the Commissioners concurred in principle with the need to strengthen the secretariat and increase the existing contributions. The Commission while agreeing as an interim solution to go along with the idea of secondment of the Coordinating Unit., also decided to continue further discussions on this issue (Dec. 13/ XVIII. of the Comm). Meanwhile, the Commissioner of Egypt confirmed in writing after the meeting of the Commission that in order to strengthen the secretariat, her Government was prepared to increase its contribution on the basis of the OIC criteria as suggested in the Working Paper of the Executive Director.

23. In the light of the views expressed by the Commissioners at the XVIII. Session, I am now working on a new version of the Paper on the Strengthening of the Secretariat for consideration by the Commission. It will soon be ready for circulation to the member countries.

24. It is my firm belief that the present structure of the Secretariat has to be revised and the number of staff be expanded in view of the increasing workload and additional tasks conferred upon the Secretariat, especially by the Preferential Trade Agreement.

25. To this end, firstly, the Secretariat should be headed by a "Secretary General" instead of "Executive Director". This will better project the image of D-8 and put the organization on a par with other similar organizations.

26. As for the number of staff, although I still maintain the view that the present staff should be strengthened with two additional professionals, an increase of only one at this stage is however of absolute necessity, with the understanding that no increase will be made in the auxiliary staff. As will be seen in the new version of the Paper, in this way, the increase earlier projected in the budget will be further cut down.

B .State of the Payment of Contributions

27. While five members have already paid their contributions for 2005, the remaining three countries (Bangladesh, Nigeria and Malaysia) are yet to do so. Moreover, Bangladesh continues to be in arrears for its contribution for the years 2002-2003-2004 and Nigeria for the years 2001-2002-2003-2004. Thus, including the contribution of 2005, the total amount due by Bangladesh is (14.286 x 4 years =) USD 57.144 and by Nigeria (14.286 x 5 years=) USD 71.430. Together with the Malaysian 2005 contribution, the unpaid contributions amounted to (14.286 x 10 =) USD 142.860. As stated in my earlier reports, the deficits thus occurred in the annual budgets of the Secretariat have, each time at our request, been financed throughout these years by the Turkish Government, subject to reimbursement. This is in addition to Turkey's yearly contribution of USD 60 000. Since, this ongoing problem creates a serious strain on the Secretariat, I feel obliged to bring this matter to the attention of the Commission to find a permanent solution.

CALENDAR OF EVENTS FOR 2006

28. Taking into account the slowdown in D-8 activities as reflected in the introduction of this report and in perspective of the forthcoming Summit, the member countries could give particular attention to the new ideas of cooperation in different fields for the years 2006 and 2007. Herebelow, I venture to mention a few:

- A series of meetings of HLTO as required (starting with the VI. Session to be held in Indonesia in early April) to finalize the draft PTA and to discuss the draft agreement on Rules of Origin as well as yearly meetings of the Supervisory Committee foreseen under the PTA.
- Third Working Group Meeting on Energy (by Indonesia)
- Expert Meeting on VAT in the light of the conclusions of the ATAIC Meeting (by the I.R. of Iran)
- Seminar on Olive and Saffron Cultivation (by Pakistan).

- The Working Group Meeting on Industry to concretize various ideas on new industrial projects earlier proposed at the Working Group Meeting held in Tehran in the light of pre-feasibility studies (by Malaysia)
- Reschedule of the date of the Workshop on SMEs which had been postponed.
- The Meeting of Takaful and Insurance Regulatory and Supervisory Authorities, which was held in Kuala Lumpur on 13 July 2004, recommended that this meeting could be convened annually on a rotation basis. Furthermore, at the same meeting, it was also decided to set up two working groups, one on education and training to be headed by Malaysia and the other on financial infrastructure development by Egypt. In order to give a follow up to these recommendations, a meeting could be organized in this field.
- As would be recalled, the Workshop on Poverty Alleviation Reforms and Development Measures which was planned to be held in Tehran on 26-28 January 2004 had to be postponed due to the insufficient participation. However, in view of the importance of this topic for all the member countries, the Commissioner of Egypt expressed their interest in this workshop and solicited the host country to fix a new date for the Workshop (Our letter No. PHR/04/36 dated 28 January 2004).
- Cooperation between D-8 scientific institutions, research institutes and universities with a view to possibly creating a scientific forum.
- An expert meeting on environmental questions, including implications of global warming, in the light of the recent discussions in various international fora.

PREPARATIONS FOR THE FORTHCOMING SUMMIT

29. The Government of Indonesia first proposed to organize the D-8 Summit on 14-18 March 2006. However, due to the inconvenience of this date for some member countries, they later suggested the dates of 10-13 May 2006. Upon the acquiescence of all the member countries in the course of consultations I have conducted, the Indonesian Authorities have

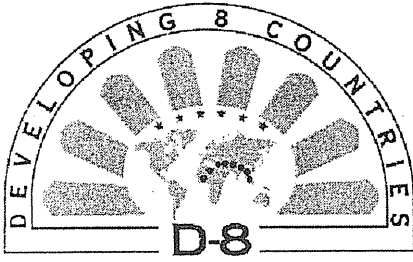
recently confirmed the proposed dates. Formal letters of invitation by the President of Indonesia are to be handed over by special envoys in due course.

The Indonesian Delegation may brief the Commission on the preparations for the Summit.

NEXT SESSION OF THE COMMISSION

30. I believe, the Commission needs to hold yet another meeting some time before the Summit to discuss the draft Summit Declaration. The date and venue of this meeting is also to be decided at the forthcoming session.

STATEMENT BY THE EXECUTIVE DIRECTOR



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STATEMENT BY THE EXECUTIVE DIRECTOR XIX. SESSION OF THE COMMISSION (13-14 March 2006, Tehran)

Mr Chairman,
Dear Colleagues,

I again congratulate you upon your appointment as the Deputy Foreign Minister and in that capacity as the D-8 Commissioner of the I. R. of Iran. I am sure under your able chairmanship, our work will be crowned with success. I would like to take this opportunity to also welcome the new Commissioners of Indonesia, Malaysia and Pakistan, Their Excellencies Ambassador M. Slamet Hidayet, Mr. Ibrahim Abdullah and Miss Chohan respectively, as well as H.E. Ambassador Amr Helmy from Egypt and H.E. Mr. Shameem Ahsan, Ambassador of Bangladesh to Tehran.

X X X

My report is before you. As it speaks for itself, I would like to merely emphasize a few salient points.

This session of the Commission is of particular importance as we are now preparing the forthcoming Summit. In this vein, the Commission, while reviewing the past performance of the organization, is at the same time expected to make recommendations to the Summit through the Council on the measures to strengthen the effectiveness of the organization as well as on proposals for future activities and projects.

As you will recall, the Heads of State and Government endorsed at the Tehran Summit a calendar of ten events to be implemented during the year 2004. However, as detailed in the report, serious delays occurred in their implementation, half of them having been deferred to the year 2005. In other words, there was a marked slowdown in the implementation of the projects as compared to earlier periods. I think, we have to be more innovative to come up with result-oriented new ideas which will attract greater interest from the member countries.

Yet, during this period, the single most important achievement has been the work of HLTO. Indeed, the experts after having completed the Multilateral Agreement on Administrative Assistance on Custom Matters, concentrated their work on the draft Preferential Trade Agreement. I am pleased to acknowledge that at the last session held in Islamabad, they completed their discussion on the draft and adopted this text ad referendum. They produced a commendable work for which I congratulate them. It is my earnest hope that the HLTO will give its final approval to the latest version of the draft at its next session to be held in Bali in early April and will start to discuss the draft rules of origin.

I strongly believe that the entry into force of these instruments is expected to give a strong boost to the D-8 intra-trade. As a matter of fact, even now without enjoying any support measure, the D-8 intra-trade is steadily increasing. In a period of five years, it has grown 127 % from USD 14,5 billion in 1999 to USD 33 billion in 2004. Whereas the total trade of D-8 members with the whole world has grown 84% during the same time span. In other words, the D-8 intra-trade has grown at a rate much faster than the overall trade of the members.

Another subject linked with the trade is the fate of the Agreement for Easing Visa Procedures for D-8 Businessmen. You know, this Agreement was signed five years ago at the Cairo Summit. However, it could not yet enter into force since the required number of ratifications could not be reached. Therefore, I again appeal the member countries to expedite their ratification procedures in view of the indispensable role of the businessmen in the expansion of D-8 intra-trade.

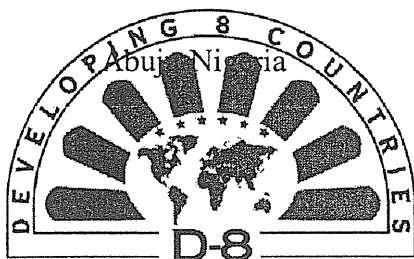
Among various subjects touched upon in the report, the industrial cooperation deserves, in my view, particular attention. As we decided to suspend the agricultural aircraft project for the reasons known to you all, no new project in this field is presently at hand. In the course of the Working Group Meeting on Industry, held in Tehran on 27-28 June 2005, various proposals have been put forward for cooperation in this field. The Working Group then requested the member countries concerned to prepare pre-feasibility studies for these project proposals and circulate them through the Secretariat to the other members to seek their comments. Thus, the Working Group planned to evaluate at its next meeting pre-feasibility studies in the light of these comments and ultimately agree to one or two new projects. However, so far no pre-feasibility study was received from any member. Meanwhile, Malaysia, while informing that they would not be able to organize the next meeting of the Working Group during this year since they are already engaged in organizing other international meetings in 2006, submitted a draft Terms of Reference for the Working Group on Industry and put forward as well certain proposals to enhance the work of D-8 working groups. In discussing new industrial projects, the Commissioners may also reflect upon Malaysian proposals.

As for the D-8 Secretariat, I circulated a revised paper on the Strengthening of the Secretariat. The paper is self explanatory. Here, I would like to again emphasize that the D-8 Secretariat should now be given a proper status and structure so that it will be able to cope with steadily increasing work load and additional tasks, including responsibilities conferred upon by the PTA. I am sure, the Commission will take the right decision in the best interest of the organization and its future. In this connection, I would also like to bring to your attention that the Secretariat is at present in a serious financial crisis due to unpaid contributions. The Commission has to also consider this subject to find a way out.

PART V

**EIGHT SESSION OF THE COUNCIL OF
MINISTERS**

REPORT OF THE COUNCIL OF MINISTERS



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6 October 2004

REPORT OF THE VIII SESSION OF D-8 COUNCIL OF FOREIGN MINISTERS (*) (New York, 27 September 2004)

1. The VIII. Session of the D-8 Council of Foreign Ministers was held in New York on 27 September 2004. The meeting was chaired by H.E. Mr Gholam Ali Khoshro, Deputy Foreign Minister of the I.R. of Iran for International Affairs. The Foreign Ministers of Indonesia, Malaysia, Pakistan and Turkey were present at the meeting while the remaining members represented by their Commissioners.

2. Following the opening statement by the Chairman and the presentation by the Executive Director on D-8 activities since the Tehran Summit, the draft agenda was adopted. The Foreign Ministers and Commissioners made general statements, offering their views on various agenda items. They are summarized herebelow in the order of the agenda.

3. The present trend of globalization and the uncertainties and inequities of the multilateral trading system have laid a renewed emphasis on the need for regional economic integration.

Trade liberalization should be undertaken through an equitable and ruled-based trading system under the WTO. The recent adoption of the so-called "July package" is a positive development which has put discussions on the Doha Round back on track. However, to achieve our goals in this endeavour, we as developing countries maintain our cohesion and unity, and must be vigilant against attempts to include and reintroduce extraneous issues.

4. D-8 is a vehicle for fostering and accelerating trade and economic cooperation amongst the member countries. Although we have achieved quite progress in this respect, we have not yet been able to exploit the existing potential. Much still remains to be done. Having reviewed our activities at the Tehran Summit, we have adopted a number of measures to revitalize D-8 cooperation.

(*) Prepared under the personal responsibility of the Executive Director .

5. In this context, the expansion of intra-trade is of highest priority. The early conclusion of the Trade Preferential Agreement and of the Agreement on Administrative Assistance in Customs Matters acquires great importance in this respect. The progress made so far by the High Level Trade Officials is appreciated.

The development of adequate transportation (including the setting up of a Shipping Business Forum), transit and communication links; cooperation among D-8 Central Banks (the creation of a Central Bank's Forum); easing visa procedures for D-8 businessmen (early entry into force of the Agreement); will no doubt facilitate, and contribute to, the expansion of D-8 intra-trade.

6. The role of SMEs in accelerating economic and social development and in alleviating poverty is important. Yet, the phenomenon of globalization had an impact on the development of SMEs. Therefore, D-8 Governments must provide right support policies at micro and macro level to SMEs.

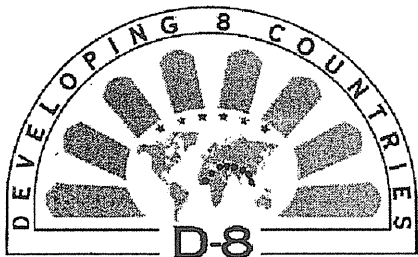
7. The expansion of cooperation in information technology and in higher learning through the establishment of a network of higher learning centers and of skill development institutes would contribute to developing skilled work force in D-8 countries.

8. The development of Takaful and Retakaful sectors in D-8 members by strengthening strategic partnership among regulators and supervisors is an important area of cooperation. The recommendations made at the meeting of Takaful and Insurance Regulatory and Supervisory Authorities, which was held in Kuala Lumpur on 13 July 2004, should therefore be given a follow up.

9. The private sector is expected to play a crucial role in D-8 cooperation. The Business Forum, which has so far had two meetings alongside the Cairo and Tehran Summits, no doubt provides an indispensable instrument in this respect. In this context, holding the First D-8 Trade Fair in Tehran, which could be followed by fairs in other member countries, will serve strengthen the ties between businessmen and thus contribute to D-8 cooperation.

10. The competent manner in which the Executive Director is running the Secretariat is appreciated. Yet, there is a need to strengthen the Secretariat in view of the resources and manpower constraints. To this end, some took the position open to all solutions, including creation of a small and efficient secretariat in the light of the paper prepared by the Executive Director at the request of the Commission, while others gave support to the offers by two member states to second an officer to the secretariat at their own expense and wanted to first see the outcome of this approach.

STATEMENT BY THE EXECUTIVE DIRECTOR



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27 September 2004

STATEMENT BY THE EXECUTIVE DIRECTOR AT THE VIII. SESSION OF THE COUNCIL OF FOREIGN MINISTERS

Mr Chairman, Honourable Minister of Foreign Affairs of the I.R. of Iran
Honourable D-8 Ministers, Excellencies,
Ladies and Gentlemen

According to the most recent projections, the world economic growth for the current year looks better than expected in spite of the sharp rise in oil prices. Indeed, major economies are predicted to achieve an average growth rate of 3.6 % , the United States and Japan with over 4% doing better than European Union with about 2%. Thus, the dynamism in major economies might provide a stimulus for the further improvement of global economic conditions. Nevertheless, the economies of developing countries, heavily dependant on imported oil, including some D-8 members, are expected to face even more serious problems in their balance of payment due to the sharp rise in oil prices, ultimately affecting their development efforts.

Perhaps more importantly, there are signs that developed countries, including the United States and the European Union, have softened their positions in multilateral trade negotiations and now seem to be prepared to eliminate, at least to cut back, the subsidies and export credits they offer to their agricultural products. This will hopefully pave the way to an agreement between developed and developing countries in the forthcoming meetings under the Doha Round Negotiations. As the D-8 Group we could intensify our collaboration with other regional groups to this end.

As the Honourable Ministers would recall, the Heads of State and Government endorsed at the Tehran Summit ten events to take place in the course of the current year as approved by the Commission. During the period of about seven months since the Summit, the following meetings were held :

- Workshop on Insurance and Reinsurance in Cairo on 1-2 March 2004
- Seminar on Water Conservation and Drip Irrigation in Islamabad on 26-28 April 2004
- Second Meeting of High Level Trade Officials in Islamabad on 28-29 June 2004
- Meeting of Takaful and Insurance Regulatory and Supervisory Authorities in Kuala Lumpur on 13 July 2004.

Their reports have been evaluated by the Commission at its XVI. and XVII. Sessions.

Among these four meetings, the Meeting of HLTO is of particular importance as the trade is the key sector to enhance economic cooperation within D-8. Indeed, the D-8 intra-trade has grown from USD 14.5 billion in 1999 to USD 26.5 billion in 2003 which represents an increase of 80 % during this period. Nevertheless, the present volume of D-8 intra-trade still constitutes a small fraction of the overall trade of D-8 members with the whole world which amounted to USD 619 billion in 2003. Hence, there exist a great potential for the expansion of D-8 intra-trade.

At the second meeting of HLTO, the experts considered two draft texts earlier submitted by the I. R of Iran, the one on Preferential Trade Agreement and the other on Administrative Assistance Agreement in Customs Matters. In fact, they have been able to go through the preambular part and the first two articles of the first draft and the whole text of the second. In my view, the experts made a very good start. I am encouraged by their efficient work. The Commission having considered their report appreciated the progress made and expressed the hope that the HLTO would speed up their work at the subsequent meetings so that the agreements could be concluded at an early date. The next meeting of HLTO is scheduled to be held in Jakarta on 9-11 October 2004.

As for the remaining meetings planned to take place during the current year, the precise dates of them (or **some of them**) have just been announced by the countries concerned at the Commission meeting.

In this context, in order to plan the activities of next year, the Commission also exchanged views this morning on the events of interest to the member countries, which could be organized in 2005, to reach a prior agreement on them so that precise dates for some of them could be fixed before the end of this year or early next year (a few examples).

In line with the decision of the Second Business Forum, which was held alongside the Tehran Summit, the Iranian Chamber of Commerce, Industry and Mines announced in June the dates of 27-31 December 2004 for the Tehran Trade Fair. So far..... The Commission having reviewed this matter requested the member countries to do their utmost to ensure larger participation from their businessmen and industrialists of private and public sectors in the Tehran Trade Fair.

Since the Tehran Summit, no new ratification of the Agreement for Easing Visa Procedures for D-8 Businessmen has been notified. As Turkey and Iran have already ratified this agreement, at least two more ratifications are required for its entry into force. Taking into account that it was signed about three and a half years ago at the time of Cairo Summit, the member countries could make maximum effort to expedite their ratification procedures.

In pursuance of the Tehran Summit decisions and as requested by the Commission at its July Session, I prepared a revised paper for the establishment of an efficient secretariat. As will be seen therein, the paper addresses all the relevant aspects of the subject, including legal matters and financial implications which are rather minimal in comparison to other regional organizations. The Commission having considered the paper decided to continue the discussions on this subject at its next session with a view to reach an early agreement on it. It is my earnest hope that seven years after the creation of D-8 which is now faced with new tasks and additional responsibilities, the member countries will be agreeable to the setting up of a small and efficient secretariat as outlined in the paper.