Conscious of historical bonds created through millennia among peoples of the Indian Ocean and with a sense of recovery of history; cognizant of economic transformation and speed of change the world over which is propelled significantly by increased intensity in regional economic co-operation; realising that the countries washed by the Indian Ocean in their diversity offer vast opportunities to enhance economic interaction and co-operation over a wide spectrum to mutual benefit and in a spirit of equality; convinced that the Indian Ocean Rim, by virtue of past shared experience and geo-economic linkages among Member States, is poised for the creation of an effective association and practical modalities of economic co-operation; and conscious of their responsibility to promote the welfare of their peoples by improving their standards of living and quality of life; the Governments of Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Yemen hereby establish the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC), with the following fundamental principles, objectives, areas of co-operation, and institutional and financial structures and arrangements.

**Fundamental Principles**

2. The Association will facilitate and promote economic co-operation, bringing together representatives of government, business and academia. In a spirit of multilateralism, the Association seeks to build and expand understanding and mutually beneficial co-operation through a consensus-based, evolutionary and non-intrusive approach. The Association will apply the following fundamental principles without qualification or exception to all Member States:

i) Co-operation within the framework of the Indian Ocean Rim will be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs, peaceful co-existence and mutual benefit;

ii) The Association will be open to all sovereign States of the Indian Ocean Rim which subscribe to the principles and objectives of the Charter and are willing to undertake commitments under the Charter;

iii) Decisions on all matters and issues and at all levels will be taken on the basis of consensus;

iv) Bilateral and other issues likely to generate controversy and be an impediment to regional co-operation efforts will be excluded from deliberations;

v) Co-operation within the Association is without prejudice to rights and obligations entered into by Member States within the framework of other economic and trade co-operation arrangements and will not automatically apply to Member States of the Association. It will not be a substitute for, but seek to reinforce, be complementary to and consistent with their bilateral, plurilateral and multilateral obligations;

vi) Within the framework of the Association, Member States will pursue adequate measures to promote the achievement of its objectives, and will not take any action likely to prejudice its objectives and activities;

vii) The Work Programmes of the Association will be undertaken by Member States on a voluntary basis.

**Objectives**

3. The objectives of the Association will be:

i) To promote the sustained growth and balanced development of the region and of the Member States, and to create common ground for regional economic co-operation;
ii) To focus on those areas of economic co-operation which provide maximum opportunities to develop shared interests and reap mutual benefits. Towards this end, to formulate and implement projects for economic co-operation relating to trade facilitation, promotion and liberalisation; promotion of foreign investment, scientific and technological exchanges, and tourism, movement of natural persons and service providers on a non-discriminatory basis; and development of infrastructure and human resources, as laid down in the Work Programmes of the Association;

iii) To identify other areas of co-operation as may be mutually agreed;

iv) Towards promoting liberalisation, to remove impediments to, and lower barriers towards, freer and enhanced flow of goods, services, investment and technology within the region;

v) To explore all possibilities and avenues for trade liberalisation with a view to augmenting and diversifying trade flows among Member States;

vi) To encourage close interaction of trade and industry, academic institutions, scholars and the peoples of the Member States without any discrimination among Member States and without prejudice to obligations under other regional economic and trade co-operation arrangements;

vii) To strengthen co-operation and dialogue among Member States in international fora on global economic issues, and where desirable to develop shared strategies and take common positions in the international fora on issues of mutual interest; and

viii) To promote co-operation in development of human resources, particularly through closer linkages among training institutions, universities and other specialised institutions of the Member States.

MEMBERSHIP

4. All sovereign States of the Indian Ocean Rim are eligible for membership. To become members, States must adhere to the principles and objectives enshrined in the Charter of the Association. Expansion of membership of the Association will be decided by Member States.

INSTITUTIONAL MECHANISM

5. There will be a Council of Ministers of the Association. The Council will meet once in two years, or more often as mutually decided, for formulation of policies, review of progress of co-operation, decisions on new areas of co-operation, establishment of additional mechanisms as deemed necessary, and decisions on other matters of general interest.

6. There will be a Committee of Senior Officials of the Association composed of government officials of Member States. It will meet as often as mutually decided. It will review implementation of the decisions taken by the Council of Ministers; and in co-operation with the Indian Ocean Rim Business Forum (IORBF) and the Indian Ocean Rim Academic Group (IORAG) establish priorities of economic co-operation, develop, monitor and co-ordinate Work Programmes, and mobilise resources for financing of Work Programmes. The Committee will submit periodic reports to the Council of Ministers, and refer, as and when necessary, policy matters for the Council’s decision.

7. There will be a Secretariat of the Association to co-ordinate, service and monitor the implementation of policy decisions and Work Programmes as laid down.

NATIONAL FOCAL POINTS

8. Each Member State of the Association will set up a tripartite National Focal Point for Indian Ocean Rim co-operation to co-ordinate and advance implementation of its activities and achievement of its objectives.
9. The Association includes bodies known as the Indian Ocean Rim Business Forum (IORBF) and the Indian Ocean Rim Academic Group (IORAG) in accordance with the tripartite nature of the Association. They may meet together with the Council of Ministers and the Committee of Senior Officials as mutually decided. They may also meet as and when they deem it necessary. They will interact with the Committee of Senior Officials and the Secretariat in the consideration, formulation and implementation of the policies and Work Programmes of the Association. The IORBF and the IORAG may draw upon other non-governmental regional business and academic networks, as necessary.

**FINANCIAL ARRANGEMENTS**

10. Each Member State will contribute to the finances of the Association as decided. Adequate arrangements will be made by participating Member States for providing finances for implementing the Work Programmes. This will not exclude external sources of financing where appropriate.

11. The Member States will endeavour to promote the spirit of economic co-operation enshrined in the Charter of the Association.

(Notes from the Secretariat: Ratified on 3rd March 1997)