

THE POLICY RECOMMENDATIONS HIGHLIGHTED BY THE 12TH MEETING OF THE COMCEC AGRICULTURE WORKING GROUP

The COMCEC Agriculture Working Group (AWG) has successfully held its 12th Meeting on September 20th, 2018 in Ankara, Turkey with the theme of “*Analysis of Agri-food Trade Structures to Promote Agri-food Trade Networks among the OIC Member Countries*”. During the Meeting, AWG made deliberations on promoting inclusive agri-food trade networks among the OIC Member Countries. Room Document, prepared in accordance with the main findings of the research report conducted specifically for the 12th Meeting of AWG and the answers of the Member Countries to the policy questions were the main input for the discussions. During the Meeting, the participants agreed on the policy recommendations included in the Room Document. The existing document includes these policy recommendations highlighted during the Meeting.

Policy Recommendation I: Developing and implementing preferential market access schemes and intra- as well as cross-regional trade agreements (e.g. TPS-OIC (Trade Preferential System among the Member States of the OIC)) with a view to contributing to collaborative and sustainable agricultural trade development.

Rationale:

Liberalization of agricultural trade within the multilateral system is a long-term goal as no negotiations have been concluded on agriculture since the end of the Uruguay Round in 1994. Agricultural trade flows are the result of a complex interplay between policy, geography, and productivity. Both at the global level and within the OIC, trade networks in agricultural products have a strong intra-regional dimension. Besides, regional trade agreements play an important role in promoting intra-regional dynamics with the effects varied across regions, time periods and product groups. There is also a clear movement in the agricultural sector towards trading with more distant partners, and most regions—both within and outside the OIC—are becoming more geographically diversified in their export patterns. Developing and implementing preferential market access schemes, as well as to conclude more intra- and cross-regional trade agreements/arrangements can help member countries benefit from the strong intra-regional dynamics of agricultural trade by collaborating with regional partners to liberalize agricultural trade on a preferential basis while reducing the potential for trade diversion costs that can arise from the use of preferences or regional agreements. In this regard, Trade Preferential System among the Member States of the OIC (TPS-OIC) gives an important opportunity to initiate such a basis for liberalizing agricultural trade among the OIC Member States.

Policy Recommendation II: Building supply-side capacity and improving demand side capacity through rationalizing non-tariff measures (NTMs) for a sustained agricultural trade structure among OIC member countries.

Rationale:

It is important for OIC Member countries to develop their ability to produce competitively if they are to take full advantage of the opportunities offered by market integration. Dealing

with trade barriers within exporting countries—particularly poor infrastructure and trade facilitation—is the key. But NTMs, unlike tariffs, can also have implications for exporters, not just importers. In particular, developing national quality infrastructure as it applies to agricultural products is important. Cooperation through the OIC, as well as through related bodies, can help support this undertaking. Global agricultural markets still remain distorted as evidenced by higher levels of protection and trade costs. Non-tariff measures as factors affecting the ability of exporters to access foreign markets like product standards, certification and technical barriers to trade play a key role in keeping trade costs high. Given the importance of NTMs, a key issue for countries to develop a sustainable trade base is quality and certification. Implementing NTMs only when justified by a rigorous cost-benefit analysis would be a key starting point to rationalize NTMs while collaborative efforts among regional and development partners on standards and certification could be facilitated by COMCEC and other related OIC branches. Supporting national quality infrastructure, including in areas like halal certification as well as infrastructure and trade facilitation would also help importers as well as exporters.

Policy Recommendation III: Developing and increasing economic connectivity as well as physical¹ and information connectivity to reduce trade costs in agricultural trade markets for a sustainable agricultural trade development.

Rationale:

Bilateral trade is a complex interplay of a number of different economic forces. A major factor is connectivity. This is all the more true in emerging agricultural product sectors like fresh fruits and vegetables, and fish, where cold chain storage is important. There is evidence that some OIC member countries have strong comparative advantages in these sectors. To take advantage of them, however, they need to develop high quality transport connections with consumer markets. Trade agreements often do not address such issues, but broader economic cooperation programs can. Developing connectivity is one way of reducing trade costs in agricultural markets, in addition to lowering tariffs and rationalizing NTMs. In the current information age, access to information and information networks are as important as physical networks. In some cases, connectivity can be achieved through a hub structure but in other cases, trade links are relatively dispersed due to the tendency for agricultural trade to be in dissimilar goods exploiting geographical differences, and/or influenced by trade policies including regional and cross-regional trade agreements. Establishing and developing comprehensive regional and intra-OIC agricultural trade information networks could be the fastest, lowest cost and possibly the highest valued project in this direction.

Instruments to Realize the Policy Advices:

COMCEC Agriculture Working Group: In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

¹ Physical connectivity refers to physical infrastructure such as ports, airports, road and rail links as well as logistics services all of which enable shipments to move between geographically dispersed parties.

Future **Joint Meeting of the COMCEC Agriculture and Trade Working Groups** on the subject of OIC trade integration opportunities, efforts, policies and experiences.

COMCEC Project Funding: Under the COMCEC Project Funding, the COMCEC Coordination Office calls for projects each year. With the COMCEC Project Funding, the member countries participating in the Working Groups can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above-mentioned policy areas, the member countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects in this regard. These projects may include organization of seminars, training programs, study visits, exchange of experts, workshops and preparing of analytical studies, needs assessments and training materials/documents, etc.
