



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)**

Proceedings of the 12th Meeting of the COMCEC Agriculture Working Group

**“Analysis of Agri-food Trade Structures to
Promote Agri-food Trade Networks among
the OIC Member Countries”**



COMCEC COORDINATION OFFICE

October 2018



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)**

**PROCEEDINGS OF THE 12TH MEETING OF
THE COMCEC AGRICULTURE WORKING GROUP
ON
“Analysis of Agri-food Trade Structures to
Promote Agri-food Trade Networks among
the OIC Member Countries”**

(20 September 2018, Ankara, Turkey)

**COMCEC COORDINATION OFFICE
October 2018**

For further information please contact:

COMCEC Coordination Office

Necatibey Caddesi No: 110/A

06100 Yüce-tepe

Ankara/TURKEY

Phone : 90 312 294 57 10

Fax : 90 312 294 57 77

Web : www.comcec.org

E-mail : comcec@comcec.org

agriculture@comcec.org

TABLE OF CONTENTS

Introduction.....	5
1. Opening Session.....	6
2. The COMCEC Agriculture Outlook 2018.....	6
3. Analysis of Agri-food Trade Structures to Promote Agri-food Trade Networks among the OIC Member Countries	9
3.1. Overview of the Agri-food Trade Structures in the World and the OIC Member Countries.....	9
3.2. Selected Case Studies and Policy Recommendations	11
4. Policy Debate Session on the Agricultural Agri-food Trade Structures in the OIC Member Countries	17
5. Utilizing the COMCEC Project Funding.....	18
6. Member Country Presentations.....	19
6.1. Turkey.....	19
6.2. Uganda.....	19
7. Contributions of International Institutions.....	21
7.1. The Role of International and Regional Trade Cooperation in Agricultural Commodity Development	21
Closing Remarks.....	23
ANNEXES.....	24
Annex 1: List of Participants	24
Annex 2: Agenda of the Meeting	27
Annex 3: Programme of the Meeting.....	28
Annex 4: The Policy Recommendations.....	30

Introduction

The 12th Meeting of the COMCEC Agriculture Working Group was held 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”.

The Meeting was attended by the representatives of 14 Member States which have notified their focal points for the Agriculture Working Group. Representatives of COMCEC Coordination Office, Islamic Development Bank, SESRIC and UNCTAD have also attended the Meeting.¹

At the outset, the representative of the COMCEC Coordination Office (CCO) made a presentation on “COMCEC Agriculture Outlook 2018”. During the presentation, the participants were informed about the general overview of the agriculture sector in the OIC Member Countries through focusing macro agricultural indicators.

Afterward, the Meeting considered the research report titled “Analysis of Agri-food Trade Structures to Promote Agri-food Trade Networks in the Islamic Countries” which was commissioned specifically for the 12th Meeting with a view to enriching the discussions.

The Representatives of the Member States have shared their experiences, achievements and challenges in promoting Agri-food Trade Networks among the OIC Member Countries. The participants had the chance to discuss the policy options for enhancing the cooperation in this important field in a moderation session. The Room Document based on the findings of the research report submitted to the Agriculture Working Group Meeting and the answers of the Member Countries to the policy questions sent to the Member States by the CCO was the main inputs for the discussions during moderation session. As an outcome, the Meeting has agreed on a set of policy recommendations on promoting Agri-food Trade Networks among the OIC Member Countries.

Lastly, UNCTAD has made a presentation on the role of international and regional trade cooperation in agricultural commodity development.

¹ The list of participants is attached as Annex 1.

1. Opening Session

In line with the tradition of the Organization of the Islamic Cooperation (OIC), the Meeting commenced with the recitation from the Holy Quran. Afterwards, Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office welcomed all participants. Briefly informing the participants about the programme of the Meeting, Mr. KARAGÖL invited Mr. Charles MUKAMA, Senior Veterinary Inspector, Ministry of Agriculture, Animal Industry and Fisheries of the Republic of Uganda, to chair the Meeting. Mr. MUKAMA welcomed all the participants to the 12th Meeting of the Agriculture Working Group and expressed his best wishes for successful deliberations.

2. The COMCEC Agriculture Outlook 2018

Prof. Dr. Haluk KASNAKOĞLU, Consultant at the COMCEC Coordination Office summarized the key features of COMCEC Agriculture Outlook 2018, which was published in August 2018.

Prof. KASNAKOĞLU informed the participants the key features of COMCEC Agriculture Outlook 2018 through summarizing main progress made from the previous Outlook period. His presentation on Agriculture Outlook 2018 outlined the state of agriculture in the OIC Member Countries in terms of macro agricultural indicators of agricultural value added, growth rates employment and trade, sectoral indicators of crops and livestock production, land use and productivity and undernourishment as an indicator of the state of food security.

Regarding progress in terms of macro agricultural indicators, he expressed that over the last three decades, OIC's agricultural value added increased to 649 Billion US Dollar with a share of 20 percent from 186 Billion US Dollar with a share of 16 percent. In terms of OIC groups, he emphasized that more than half of the value added in 2016 was made by Asian Group while African Group was the one that increased its share most among these three groups. Arab Group's contribution to agricultural GDP remained stable around 22 percent in 2016.

Furthermore, Prof. KASNAKOĞLU stressed that the value-added ranking of top ten country did not change over the year but drew attention to the fact that there was a diverse structure of agriculture among these top ten countries where, in 2016, the share of agricultural value added is the highest in Sudan with 27 percent while Iran, Malaysia and Turkey were only three countries whose share was below 10 percent. Regarding trends in growth rates, he also showed that over the last decades, OIC countries with such diverse agricultural economies succeeded to surpass average World growth rates which in terms of both agricultural and overall economy, except Asian Group countries' growth rates remained around World average.

Prof. KASNAKOĞLU pointed out to a continuous gap between OIC and World averages in both agricultural employment and rural population although they showed a constant decreasing trend compared to their past performance and further said that an average agricultural employment with a share of around 35.6 percent in 2016 pointed to the importance of agriculture as a key driver for development. Moreover, Prof. KASNAKOĞLU informed the participants that the figures showed a rapid increase at the levels of both exports and imports over the last two decades but seemed to be stabilized around 65 percent exports/imports ratio in post-2010 period because of slower growth decrease in World's export markets in the last 3 years.

Prof. KASNAKOĞLU stated that share of the OIC in world agricultural exports nearly doubled from 6% to 10% in the first decade of the 21st century and fell gradually to 9% in the second decade. Share of OIC in the world agricultural imports increased from 8% to 13.5% from 2000 to 2015 and fell gradually to 12.8% during the last three years. 69% of agricultural exports are realized by Asian Group while Arab and African Groups follow with shares of 21 and 11 percent respectively. On the

other hand, 50% of imports are realized by Arab Group followed by Asian Group with 43% and African Group realizing the remaining 8%. Arab and African Groups registered trade deficit in agriculture, and the Asian Group enjoyed a small trade surplus. The OIC agricultural trade deficit mainly comes from the Arab Group.

Regarding trade partners in agricultural trade for 2017, Prof. KASNAKOĞLU highlighted that 46% of African exports are to 5 countries and 76% to 15 countries. Only 9% of top 15 importers are from OIC and 3% from African Group. 39% of Arab exports are to 5 countries and 66% to 15 countries. 40% of the top 15 importers are from OIC and 40% from Arab Group countries 31% of Asian exports are to 5 countries and 57% to 15 countries. Only 12% of top 15 importers are from OIC and 36% from Asian Group countries so Africa exports are concentrated to few countries and take place outside the region and OIC. Arab exports are less concentrated but almost half of it takes place within the region and with OIC countries. Asian exports are more widespread, moderately with Asian countries and least with OIC countries. 36% of African imports are from 5 countries and 68% from 15 countries. Only 9% of the top 15 exporters are from OIC and 5% from African group. 35% of Arab imports are from 5 countries and 64% from 15 countries. 15% of the top 15 exporters are from OIC and 9% from Arab group countries 30% of Asian imports are from 5 countries and 73% from 15 countries. Only 12% of the top 15 exporters are from OIC and 44% from Asian group. so while compared to exports Asian group imports are more concentrated to top15 exporters, it takes place more in the takes place more so within the region and OIC. Arab imports are equally concentrated with exports but take place less in the region and with OIC countries.

Prof. KASNAKOĞLU underlined that almost one third of all agricultural area and over one fifth of the arable area in the world are in the OIC countries. While for Africa and Asia total land and agricultural land shares in the OIC are similar, for Arab group, share in the OIC agricultural land is lower than share in the total land. OIC member countries produce 15% of world cereals, 34% of oilcrops, 19% of fruits and 14% of world vegetables. With the exception of oilcrops shares in production volume, in general, remained the same over the last 15 years. He added that OIC member countries produce 14% of the world's beef and buffalo meat, 37% of sheep and goat meat and 12% of poultry meat. The share of OIC countries in the world production of beef and poultry have significantly increased during the last decade and a half, while the growth rate in case of sheep and goat meat have been parallel to the world average. OIC member countries are responsible for 20% of world's non-capture fish production and 18% of capture fish production. OIC shares in both capture and non-capture fish production have increased significantly over the last 15 years. The share of non-capture fisheries production in the world has increased from a level of 31 percent in 2000 to 53 percent in 2015 while the one for OIC showed an increase from 16 to 54 percent during the same period.

Prof. KASNAKOĞLU stressed that land productivity is measured as the ratio of agricultural output value added to the agricultural land area. The OIC land productivity reached to a point of convergence to the world average in 2014 and surpassed it slightly in 2015. The significant rate of growth in both OIC and the world in the period of 1995-2015 can be explained by dramatic increases in agricultural value added while arable land areas remained almost the same in the same period. He stated that the Arab Group has the highest level of agricultural land productivity. African group has the lowest land productivity but registered the highest rate of growth in productivity with more than 2 times over the last two decades. Labor productivity is measured by the ratio of total agricultural value added to the number of agricultural employment. The OIC labor productivity started slightly behind the world average in 2000 and caught it in 2005. However afterwards over the last decade although still on the growth track, it fell below the world average as a result of relatively higher rates of growth in non-OIC countries.

Regarding the renewable water potential in the OIC by sub-regions, Prof. KASNAKOĞLU informed the participants that OIC member countries have 7,261 km³/year of renewable water resources for the period 2013-2017 that accounts for 13.3% of the world's total. Taking into account the fact that OIC member countries have 28% of the world's total agricultural area, the majority of the member countries face water scarcity. At the sub-regional level, renewable water resources disperse unequally in the OIC. Moreover, the ratio of renewable water resources to the agricultural land varies considerably among its sub-regions. While Asian group has 71 percent of the renewable water resources in the OIC, it possesses 9,965 m³/ha renewable water per hectare of agricultural land, Arab group owns 4 percent of renewable water resources with 554 m³/ha renewable water per hectare of agricultural land.

Prof. KASNAKOĞLU concluded his presentation by giving information on the state of food insecurity in the OIC Member Countries. Prof. KASNAKOĞLU underlined that, unfortunately, statistics on food security are available only for 25 of the 57 OIC member countries. They also underestimate food insecurity, as countries where data is not available face relatively higher levels of hunger. With these limitations in mind, FAO estimates about 800 million undernourished in the world, slightly down from over 900 million at the beginning of the millennium. 200 million or about quarter of the world's hungry are in the OIC member countries. In the 2014-2016 period, 50% of the OIC's undernourished was in the Asian group, followed by the African group with 31% and Arab group with 19%. Number of undernourished in Asia fell over the last 15 years but those in the Arab and African groups have increased.

Questions and Remarks

Question: The delegate from Pakistan mentioned that some of the important issues such as "renewable water resources", "water management", "microfinance in the agriculture", "land use", "seed quality improvement", women in agriculture sector" can be added to the COMCEC Agriculture Working Group Agenda. The delegate from Palestine underlined that "agricultural research and extension services", and "agricultural know-how" may be addressed in the Agriculture Outlook.

Answer: CCO underlined that they have noted the valuable suggestion of the member countries and will consider this issues while planning future working agenda of the Working Group as well as the outline of the Outlook report.

3. Analysis of Agri-food Trade Structures to Promote Agri-food Trade Networks among the OIC Member Countries

3.1. Overview of the Agri-food Trade Structures in the World and the OIC Member Countries

Dr. Ben SHEPHERD, Principal of Developing Trade Consultants, made a presentation on the general overview of Agri-food Trade Structures in the World and the OIC Member Countries.

Underlining the importance of the agriculture sector, Dr. SHEPHERD stated that almost half the world's population lives in rural areas, where agriculture is the main source of income. In a significant number of countries, agriculture makes a notable contribution to GDP and employment.

Dr. SHEPHERD stressed that the research report aims at analyzing global and regional agri-food trade networks of the OIC member countries and identifying and elaborating policy recommendations. To do this, the report adopts the FAO's definition of the agri-food system as the entire range of consumers, enterprises, institutions, and activities involved in the production, processing, marketing, and consumption, originating from agriculture, forestry, and fisheries, including inputs needed and outputs generated at each stage.

Dr. SHEPHERD expressed that the report uses qualitative and quantitative methodologies as appropriate for the analysis. For the quantitative analysis, the focus is on identifying the underlying characteristics of global and regional trade networks, based on bilateral trade flows. As such, the main data source is UN Comtrade, which is the leading database on global bilateral trade flows. The report focuses on the products identified in Annex 1 of the report, using a level of aggregation appropriate to the data analysis methodology being applied.

Dr. SHEPHERD added that the qualitative analysis is based primarily on a desk review, which is integrated as appropriate into the discussion in the first sections of the report. In addition, three case studies were completed based on field visits and interviews with key informants. The case studies are supported by data, but focus on identifying patterns in the trade flows of the three countries concerned, and also on identifying barriers and enablers in terms of future trade performance. He stated that the three case study countries are Bangladesh, Cameroon, and Tunisia. He highlighted the rationale for choosing these countries, as it is that they are members of different OIC regional groups, have significantly different levels of per capita income, specialize in different products, and have markedly different trade patterns. As such, they help bring out the diversity of experience within the OIC in terms of agricultural trade, and can help provide the basis for developing insights of relevance to a wide range of member countries.

Regarding the overview and analysis of global agri-food trade, Dr. SHEPHERD informed the participants that the OIC member countries account for a modest but growing proportion of global agricultural trade: 8% on the export side, and 11% on the import side. Based on the Annex 1 classification of the Report, the bulk of OIC trade in this sector is accounted by agri-food products, relative to raw materials and fish products. At the section level within that classification, food and live animals account for the bulk of trade in agri-food products, with each of the other titles including one section only.

Furthermore, Dr. SHEPHERD pointed out that the trade in agricultural products is relatively concentrated by region, and is typically dominated by North America and Europe, with a rising role for East Asia. Moreover, trade flows have a noticeable intra-regional dimension. Regional patterns

of trade are relatively stable over time. In terms of policies, MFN tariffs have fallen significantly over the last two decades, but overall trade costs remain much higher than in manufacturing. The reason is likely the prevalence of non-tariff measures (NTMs) in agriculture.

He expressed that network analysis can provide some insight into global flows of agricultural products. However, it is clear that there is no single global network, but rather a collection of subnetworks heavily grounded in intra-regional linkages. Key economies around which subnetworks are constructed include the USA, the EU, and increasingly China.

In terms of the analysis of the agricultural trade performance of OIC Member Countries, the agricultural trade of OIC members is relatively concentrated, with the top ten products accounting for up to 85% of regional group exports in 2016. Dr. SHEPHERD briefed the participants that, on a geographical basis, more diversity is evident. Although intra-regional links are important, in most cases non-OIC countries play a very important role as sources of import demand for OIC exporters. This dynamic is less pronounced within the Arab Group relative to the African and Asian Groups, but is still present, in particular on the import side.

Dr. SHEPHERD highlighted that network analysis focusing on OIC member countries only shows that the distribution of trade flows differs considerably by sub-sector. There is no single OIC trade network, but instead a differing collection of subnetworks depending on the sector considered, with some countries relatively loosely connected to the rest of the OIC members. In agricultural raw materials, Turkey and Saudi Arabia act as hub economies for other OIC member countries.

Lastly, he argued that intra-regional trade is particularly important in the OIC context. It is driven not only by geographical proximity, but also by trade policy, in particular the tendency of neighboring countries to sign regional trade agreements (RTAs), which result in substantially lower tariff barriers for members' exports.

Questions and Remarks

Question: In the current context of tariff wars, how difficult do you think for the OIC Member Countries to be able to achieve the goal of liberalization in the agricultural sector?

Answer: In the current context of context of tariff/trade wars and visible lack of liberalization in some major economies, it is extremely difficult to liberalize the agriculture sector at the multilateral level and change the political calculations in certain major markets, in this case the US. My experience in other regions is that protecting the market is by no means a shared value. My hope is that it is a passing incident in the US trade policies. Over a long period, there has been progressive liberalization bilaterally and multilaterally. As a group like the OIC, we can continue working on the preferences among the Member Countries. We can work on moving forward to implement, to accelerate and to develop that system. At the multilateral level, group approach to multilateral liberalization/negotiations is an extremely interesting one. For example, the African Group is extremely successful in shaping the trade facilitation agreements at the WTO. A group of like-minded OIC member countries might play such a role. However, we should be realistic, we know that agriculture is the hardest part to liberalize in the world but we can work together on a shared common interest to advance the liberalization agenda at least among ourselves.

Question: Please elaborate on the practical implementation of the use of hub economies and developing close links with hub economies in the OIC region?

Answer: Regarding the links with the hubs, the emphasis should be on developing connectivity with the hub. The connectivity consists of both physical and informational and communicational aspects. It consists of developing infrastructure, transport and logistics services and also developing information exchange platforms.

3.2. Selected Case Studies and Policy Recommendations

In the second presentation, Dr. SHEPHERD presented the findings of the report on selected case studies namely Bangladesh (Asia Group), Tunisia (Arab Group) and Cameroon (Africa Group). At the final part of the presentation, Dr. SHEPHERD presented the policy recommendations.

Bangladesh

Dr. SHEPHERD stated that Bangladesh is an LDC where agriculture represents 14.5% of GDP, but over 40% of employment. He underlined that recent policy documents emphasize the importance of developing the agricultural sector, in particular by boosting productivity, developing employment opportunities for the rural poor and fostering diversification.

Dr. SHEPHERD highlighted that the country has been engaged in liberalization, including the agriculture sector, since the 1990s. The twin aims of this process have been to increase productivity, and to ensure self-sufficiency in staples. Against this background, the current environment for agriculture in Bangladesh is one of rapid transformation from a low input-low output equilibrium (largely subsistence) to commercial farming.

Dr. SHEPHERD informed the participants that Bangladesh's agricultural exports are dominated by fish products and agricultural raw materials, with agri-food products playing a lesser role. The importance of agri-food products has been increasing over recent years, however, relative to the other two sectors. Key export markets are Europe and Central Asia, the Middle East and North Africa, East Asia and the Pacific, and South Asia. On the import side, agri-food products largely dominate in sectoral terms, while key source markets include East Asia and the Pacific, Latin America and the Caribbean, South Asia, Europe and Central Asia, and North America. The product mix is relatively stable over time.

Dr. SHEPHERD underlined that Bangladesh's trade bundle is relatively concentrated, with the top ten export products accounting for 86% by value, and the top ten destinations accounting for 70%. The import side is slightly more diversified, but still exhibits considerable concentration. Non-OIC countries account for the bulk of Bangladesh's trading partners on both the export and import sides.

Dr. SHEPHERD argued the key lessons from the Bangladesh case study, including based on insights from stakeholders, include the following. Trade networks with the rest of the world and particularly the OIC member countries:

- **Highly concentrated agri-food trade products and markets:** Bangladesh agricultural exports and imports items are highly concentrated and only 10 products account for more than 85% of its total agri-food trade. Similarly, the country's major share of agricultural exports and imports are also limited to a limited number of destination and source countries.
- **Lack of effective bilateral and regional trade agreements with other OIC member countries:** Bangladesh yet to have any bilateral trade agreements with any of the OIC

members and the Trade Preferential System among the Member States of the OIC (TPS-OIC) has yet to be operationalized. These affect market access of two way agricultural trade between Bangladesh and other OIC member countries.

- **Mutual recognition of standards and quality certification:** One of the major factors hindering the expansion and strengthening of the country's agri-food networks is the non-recognition of its standards and certification by its trading partners.
- **Trade related infrastructure:** The country's ports and internal road and railway infrastructure have not been fully upgraded to meet the growing needs of its trade sector. They often negatively affect the country's agricultural trade performance and hinder exploration of its full potential.
- **Quality infrastructure:** Although Bangladesh adopted a National Quality Policy to upgrade its quality infrastructure; there are significant challenges that remain unattended in terms of setting up a comprehensive standards and conformity assessment system to meet the requirements of upstream export markets.

Cameroon

Regarding the second case study, Dr. SHEPHERD expressed that Cameroon is a lower middle-income country with 16% of GDP and 62% of employment coming from agriculture. It is the most economically diverse country in its region, but historical policies limited the scope for the agricultural sector to grow. Since the 1990s, however, there has been considerable liberalization, including through the signing of RTAs with key partners, including the OIC member countries in Asia.

Dr. SHEPHERD underlined that Cameroon's exports are heavily concentrated, with particular reliance on cocoa and wood products. He stressed that this reliance is quite persistent over time. Imports are relatively more diversified, although fish, wheat, and rice account on their own for a relatively large share of the country's total agricultural import bill. In terms of geography, exports are again relatively concentrated, a pattern that persists over time, although wood products are exported to a large number of countries. Import diversification is increasing over time, and in most product categories is higher than for products at a similar level of disaggregation on the export side.

Dr. SHEPHERD argued the key lessons from the Cameroon case study, including based on insights from stakeholders, include the following:

- There could be benefits from a joint program with OIC members in Central and West Africa in fostering the implementing of trade reforms particularly through institutional and human capacity building actions to consolidate various bilateral trade accords between member countries and support structural transformation for sustainable development.
- Joint Central and West African OIC-members could act together to identify and dismantle Non-Tariff related restrictions affecting sustainable agri-food in three areas: facilitating cross-border trade and support for industrialization.
- Government priorities should include actions towards dismantling non-tariff barriers, reducing transactions cost and capacity building in implementing pro-poor trade reforms.
- Cross-border trade facilitation among Lake Chad Basin OIC members could be one possible framework for promoting trade networks.

- Trade policy restrictions, inefficient border crossing regimes, lack of transparency, lack of predictability when crossing and cumbersome documentation process are key factors that drive informal trade, which is an important factor in Cameroon's agricultural trade, notwithstanding obvious difficulties in quantifying it accurately.

Tunisia

For the third case study, Dr. SHEPHERD expressed that Tunisia is a lower middle-income country where agriculture represents about 10% of GDP and 17% of employment. 35% of the population live in rural areas. Recent policy documents aim to develop the sector in particular by supporting research and development, and developing human resources. He emphasized that like the other case study countries, Tunisia has been liberalizing the agricultural sector since the 1990s, and now has trade agreements with 50 countries representing over 800 million consumers.

Dr. SHEPHERD informed the participants that the product composition of exports and imports skews heavily towards agri-food products. In geographical terms, non-OIC countries account for the lion's share of Tunisia's trade, although Arab Group OIC member countries are also important export destinations. Exports are relatively concentrated in the product dimension, with olive oil, fish and crustaceans, and fruits and nuts accounting for the bulk by value. The import side is less concentrated, although wheat and oil seeds stand out as being particularly important. In terms of trading partners, the nearby EU market is particularly important, but so too is the USA, and Arab Group partners like Morocco, Algeria, and Libya.

Dr. SHEPHERD argued the key lessons from the Tunisian case study, including based on insights from stakeholders, include the following:

- Tunisia's exports are heavily concentrated on agri-food products, with that concentration becoming more pronounced over time.
- Tunisia's export basket is relatively concentrated at a disaggregated level, with two products (olive oil and fruit and nuts) accounting for 46% of total exports. Imports are more diversified, with the top two products accounting for 32% of total imports (wheat and oil seeds).
- There is evidence of geographical export diversification over time in most product categories, likely related to Tunisia's attention to regional integration with key partners like the EU and Turkey, although coverage of agreements in relation to agricultural products is not always complete.
- Intra-OIC trade plays a more important role for Tunisia than for the other case study countries, in particular with other Arab Group countries. Geography is a major factor in these relationships, as well as product mix: Tunisia's exports tend to be destined for final consumption, rather than for use as intermediates in production of processed goods.
- Quality infrastructure and certification is an area that needs further work. There is evidence that producers are experiencing difficulty with certification in important areas (e.g., organic products), and halal certification is as yet underdeveloped, but has significant potential.

Conclusions and Policy Recommendations

At the final part of his presentation, Dr. SHEPHERD summarized the key findings of the report as follows:

- ✓ Global agricultural markets remain more distorted than global markets for manufactured goods, as evidenced by higher average levels of trade costs. Tariffs are a driving force behind this, but Non-Tariff Measures (NTMs) also play a key role in keeping trade costs high.
- ✓ Notwithstanding these distortions, trade in agricultural products has seen substantial growth since 1995. Nonetheless, market distortions hold back trade growth, which poses substantial development challenges for countries that are relatively dependent on agricultural exports, in particular low and middle income countries.
- ✓ Although trade in agricultural products has been growing within the OIC over recent years, the proportion of world trade accounted for by OIC countries remains relatively small. In 1995, OIC countries accounted for 6.7% of global exports; by 2016, that proportion had increased to 8.0%. Consistent with this result, OIC exports grew at an average annualized rate of 5.9% over that time period, compared with 5.0% for non-OIC exports.
- ✓ Both at the global level and within the OIC, trade networks in agricultural products have a strong intra-regional dimension. Trade costs, including those due to geography, are an important determinant of this outcome. Over time, inter-regional links are becoming more important in some cases, but there is significant variation by product. However, there is also an important degree of cross-sectoral heterogeneity at play, so the degree of concentration or dispersion in a network depends in part on product characteristics.
- ✓ Regional trade agreements (RTAs) play an important role in promoting this intra-regional dynamic, but the effect varies markedly across regions, time periods, and product groups. Nonetheless, there is evidence that preferential margins are substantial, and much of world trade in agricultural products—and intra-OIC trade—takes place within RTAs.
- ✓ Agreements with neighboring regions, such as the EU, are likely also a significant driver of growth in extra-OIC trade in agricultural products. For African countries, Regional Economic Communities (RECs) also play a significant role, as they shape both trade and agricultural policies on a regional level.
- ✓ It is difficult to talk about a single OIC trade network in agricultural products because of strong regional dynamics just referred to. Rather there are largely separate networks within the OIC based on intra-regional trade. Moreover, the characterization of OIC trade networks in this sector is difficult because of the very important role played by extra-OIC trade for many countries and products.
- ✓ From a policy perspective, it is not a negative feature of intra-OIC trade that clear networks do not emerge from the data in some cases. Trade flows are the result of a complex interplay between policy, geography, and productivity (comparative advantage). In some cases, this interplay displays distinct characteristics—such as the role of Turkey and Saudi Arabia as hub countries for some products. 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 influenced by trade policies including regional and cross-regional trade agreements.
- ✓ There is evidence that most regions—both within and outside the OIC—are becoming more geographically diversified in their export patterns. This is another reason why simplistic network analysis is not appropriate for this sector. Rather, it is important to look at evolving dynamics, and to recognize the importance of market potential both inside and outside particular groupings. There is a clear movement in the agricultural sector towards

trading with more distant partners, and this movement is likely to intensify as mega-regional and cross-regional trade agreements become more common.

- ✓ Reference to a measure like Theoretical Revealed Comparative Advantage (TRCA) can help policymakers identify potential growth sectors, and the report contains detailed information on this measure, which is highly country and product specific. It is a more reliable measure of export potential than, for example, recent patterns in the net balance of trade at the product level.
- ✓ Given the importance of NTMs in the agricultural sector, a key issue for countries developing an export base is quality and certification. OIC members deal with this issue in different ways, but there is a clear movement towards supporting national quality infrastructure, including in areas like halal certification, although the movement is not yet universal.

Based on these findings, Dr. SHEPHERD informed participants on the recommendations, which are mentioned in the research, report as follows:

- ✓ **Collaborative policy liberalization**
- ✓ **Looking beyond traditional trade policies**
- ✓ **Regional integration and preferences**
- ✓ **Limitation of trade diversion and maximization of trade diversion**
- ✓ **Set appropriate policy objectives**
- ✓ **Make use of hub economies where appropriate**
- ✓ **Take advantage of emerging industrialization**
- ✓ **Rationalize non-tariff measures**
- ✓ **Build supply-side capacity**

Questions and Remarks

Question: Regarding the Bangladesh case study, the country has a significant fishery industry and the majority of the fish go to the EU market. What is the role of government and what are the strategic policies government used to support to fishery sector to emerge, grow and access to the EU market which have strict quality standards?

Answer: It is an interesting development in lower income environment. The importance of EU as an import market means producers in Bangladesh reach a high level of sophistication and safety in the fishery sector. In this case, it is a combination of both government support and international agencies, like the EU in terms of the development of the fishery sector and capacity building in Bangladesh. There are two components. One is infrastructural logistics and the second one in national quality infrastructure. Bangladesh is able to achieve important developments in these two components.

Remarks: It is better to extend the number and scope of the case study countries because it seems to be difficult to make a generalization based on three case studies in the research report.

Answer: It is very difficult to make a generalization based on the case studies for the entire membership. However, by choosing very diverse countries, based on geography, income level, etc., there are nonetheless lessons which have broader applicability for the whole members. Moreover, in the research report, there is a separate section, the first part of the report provides data and information for the whole members of the OIC. This section provides lessons which have broader applicability.

4. Policy Debate Session on the Agricultural Agri-food Trade Structures in the OIC Member Countries

The session was moderated by Mr. Mohammad KHALEDI, Director General, Ministry of Jihad-e Agriculture of Iran. At the beginning of the session, Mr. Selçuk KOÇ, Director at the CCO, made a short presentation on the responses of the Member Countries to the policy questions on the Agri-food Trade Structures in the OIC Member Countries that were already sent by the CCO. Afterward, the policy recommendations provided in the room document were presented.

Later on, the participants expressed their views and comments on each policy recommendations. Following discussions, the participants have agreed on the following policy recommendations:

- ✓ 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.
- ✓ 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.
- ✓ Developing and increasing economic connectivity as well as physical and information connectivity to reduce trade costs in agricultural trade markets for a sustainable agricultural trade development.

The policy recommendations are attached to this report as Annex 4.

5. Utilizing the COMCEC Project Funding

Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office, made a presentation on the COMCEC Project Funding. At the outset, a short video on COMCEC Project Funding has been showed to the participants. Afterward, Mr. KARAGÖL informed the participants about the essentials of the COMCEC Project Funding.

Mr. KARAGÖL continued his presentation by highlighting the timeline for the project submission. He stressed the importance of finding a project idea and informed the participants on how they can find project topics. He introduced the COMCEC Project Funding Webpage and invited the participants to check put the COMCEC Project Funding webpage.

Mr. KARAGÖL underlined the supported themes in agriculture area and shared brief information with participants regarding online project submission system. At the final part of his presentation, he informed the participants on the funded agriculture projects in 2018, namely Improving Agricultural Irrigation Extension Services-Turkey and Developing Agricultural Market Information System for Horticulture Farmers- Indonesia.

6. Member Country Presentations

In this section, member country representatives had a chance to present their experiences with regards to agricultural trade structures.

6.1. Turkey

Ms. Seda SEVGİ, Expert, Ministry of Trade made a presentation on Turkey's Agricultural Trade. At the outset, Ms. SEVGİ informed the participants on agricultural trade figures of Turkey. She stated that Turkey has a trade surplus in agricultural products. She underlined that as the world's seventh-largest agricultural producer, Turkey has been promoting its agriculture sector and it continues to play an important role in the economy. The sector contributed to approximately 7,1% of Turkey's GDP and 21% to employment in 2014. Trade is very important to the sector, as both imports and exports grew 48% over the period 2010-14, contributing to a growing trade surplus in agricultural products.

Ms. SEVGİ stated that Turkey produces a wide range of agricultural products but is a leading world producer and exporter of nuts, dried fruits, and some fresh vegetables. The main destination for exports of most agricultural products varies depending on the product: in 2014 the EU was the main destination for hazelnuts, preparations from nuts, grapes, and sugar confectionery; Iraq for bakers' wares, flour, sunflower seed oil, and chicken meat; and the Russian Federation for citrus fruits.

Ms. SEVGİ underlined that Turkey's Agricultural Exports to COMCEC Countries accounted for 38% of Agricultural exports of Turkey. She shared some information on Turkey's trade relations with the European Union. At the final part of her presentation, she informed the participants on Turkey's free trade agreements.

6.2. Uganda

Mr. Emmanuel KIMBOWA, Principal, Ministry of Agriculture, Animal Industry and Fisheries of Uganda made a presentation on Uganda's agricultural trade.

Mr. KIMBOWA started his presentation by giving general information about the agriculture sector in Uganda. He stated that it is dominated by small-scale farmers with 90 percent, as well as mostly produced and traded products.

Furthermore, Mr. KIMBOWA informed the participants of Uganda's policy direction. He underlined that Uganda is a private sector led economy. Government mostly provides a conducive environment for the private sector interventions. He added that Uganda Vision 2040 identifies Agriculture among the 4 priority sectors with high opportunity for growth and development. He highlighted that the Government National Development Plan (NDP) defines agriculture as a leading sector.

Mr. KIMBOWA also briefly touched upon on 12 priority commodities (coffee, tea, maize, rice, beans, cassava, bananas, fruits and vegetables, meat, dairy, and fisheries) and 4 strategic commodities (cocoa, palm oil, oil seeds and cotton). He summarized the trade opportunities in Uganda's agriculture products as follows:

- High demand for agricultural commodities especially food from Uganda neighbors.
- Diverse microclimatic zones that enable the production of a diversity of agricultural products
- Bigger market for which access is duty and quota free
- Sound macro-economic framework conducive for investment

He also addressed some trade challenges such as subsistence/capacity issues, inadequate infrastructure, information asymmetry between producers and traders. Mr. KIMBOWA concluded his presentation by underlining the importance of harmonization of quality and standards among the OIC partner states and utilizing COMCEC as a block for negotiations, building bilateral and multilateral trade links.

7. Contributions of International Institutions

7.1. The Role of International and Regional Trade Cooperation in Agricultural Commodity Development

Mr. Stefan CSORDAS, Associate Economic Affairs Officer at UNCTAD made a presentation on the role of international and regional cooperation for agricultural development with a focus on Africa.

Mr. CSORDAS highlighted at the beginning of his presentation the central role that agricultural development plays for sustainable development. In particular, in low-income countries, the share of agriculture in employment and GDP is substantial. However, agricultural sectors of low-income countries often feature low productivity. Since there are numerous links between agricultural development and the Sustainable Development Goals (SDGs), increasing productivity and value addition in the agricultural sector is a key challenge in the context of the global development agenda.

Mr. CSORDAS pointed out a number of policy areas that are important for the promotion of value addition and productivity at the domestic level. These generally include horizontal, economy-wide policies as well as targeted measures directed at specific sectors or problems. Among the horizontal policies there is ensuring macroeconomic stability, investments in human capital and infrastructure such as roads, energy and ICT services. In addition, targeted measures can help to strengthen market access for smallholders, support innovation and facilitate access to finance.

Mr. CSORDAS mentioned that beyond domestic policies and strategies, regional and international cooperation can also play an important role. Areas for cooperation include the reduction of trade barriers the lowering of transaction costs and the strengthening of value chains. The agricultural sector is still one of the most protected sectors in international trade with regard to tariffs, which is a great burden especially for developing countries. On average tariffs for agricultural products are higher than for manufactured items and tariff peaks are often concentrated in agricultural products. In addition to tariffs, non-tariff trade barriers (NTBs) are particularly relevant for the agricultural sector. Regional and international cooperation can help to rationalize NTBs and lower the costs of trade, for instance through harmonization and standardization.

Mr. CSORDAS continued his presentation by zooming in on intra-African agricultural trade. Between 2000 and 2017, the share of intra-African agricultural exports – i.e. agricultural goods that are exported by an African country to another African country - has increased from 16.3% to 22.5%. Intra-African exports of agricultural goods have also increased substantially in terms of the value of between 2000 and 2017. One important driver of these trends were regional integration efforts in Africa. At the level of regional economic communities (RECs), the share of intra-REC exports of agricultural goods is highest in the Southern African Development Community (SADC) at 30%, followed by the Common Market of Eastern and Southern Africa (COMESA) at 17% and the East African Community (EAC) at 15%. In this context, the launch of the tripartite free trade area between COMESA, EAC and SADC in 2015 has the potential to further promote intra-African trade flows.

Mr. CSORDAS also mentioned the agreement on the African Continental Free Trade Area (CFTA), which was signed by 44 governments at the African Union Extraordinary Summit in March 2018 in Kigali. The CFTA's objectives include the establishment of a single continental market, the promotion of intra-African trade, the consolidation of existing FTAs and the strengthening of competitiveness. In this regard, the CFTA is a significant step forward towards trade integration on the continent.

Mr. CSORDAS highlighted three specific areas where regional cooperation can help to promote agricultural trade. One area is the promotion of market access through regional market places. One example in this regard is the Mombasa Tea Auction, which is the second largest tea auction in the world. Through this auction, not only Kenyan tea growers but also growers from other countries in the region including Burundi, Rwanda, Tanzania and Uganda gain direct access to one of the most important market places for tea.

Another area for regional cooperation is infrastructure, which is an important enabler of regional value chains. In this regard, transport infrastructure is particularly important. There are currently a number of regional infrastructure projects at various stages of development in Africa. One successful project is the Maputo Development Corridor, which connects land-locked South African provinces Gauteng, Limpopo and Mpumalanga with the deep-sea port of Maputo. The corridor consists of transport infrastructure such as roads and rails as well as port facilities. The project has attracted billion dollars of investments and has improved market access in the region. The upgrading of the 4,600 km trans-Saharan highway between of Algiers and Lagos is another example of a regional infrastructure project.

A third important area where regional cooperation could foster trade is the development of cross-border payment systems, which is particularly relevant in Africa. Having access to a reliable, low-cost and fast way to make payments across borders reduces trade costs and can help to promote regional value chains. Also in this area, there are good examples that are emerging, often driven by mobile technology. For instance, it is now possible to make mobile-to-mobile payments across borders between Burkina-Faso and Cote-d'Ivoire and between Tanzania and Rwanda. Several additional services of this kind are currently being developed.

Mr. CSORDAS concluded his presentation by summarizing three key messages: agricultural development is a key aspect of the sustainable development agenda; horizontal and targeted policies can promote value addition and productivity in the agricultural sector; international and regional cooperation can also play an important role for agricultural trade and development.

Closing Remarks

The Meeting ended with closing remarks of Mr. Mukama CHARLES, Chairman of the Meeting and Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office (CCO).

In his closing remarks, Mr. KARAGÖL informed the participants that the 13th Meeting of the COMCEC Agriculture Working Group would be held on February 21st, 2019 in Ankara with the theme of "Reviewing Agricultural Trade Policies to Promote Intra-OIC Agricultural Trade". He mentioned that a research report will also be shared with the focal points and other participants at least one month before the aforementioned meeting.

ANNEXES

Annex 1: List of Participants

LIST OF PARTICIPANTS
12th MEETING OF THE AGRICULTURE WORKING GROUP
(September 20th, 2018)

A. MEMBER COUNTRIES OF THE OIC

ARAB REPUBLIC OF EGYPT

- Mr. AMR SELIM
Deputy Head of Mission, Embassy of Egypt in Ankara

REPUBLIC OF GAMBIA

- Mr. SARIYANG M K JOBARTEH
Director General, Ministry of Agriculture

ISLAMIC REPUBLIC OF IRAN

- Mr. MOHAMMAD KHALEDI
Director General, Ministry of Jihad-e-Agriculture

REPUBLIC OF LEBANON

- H.E. GHASSAN MOALLEM
Ambassador, Embassy of Lebanon in Ankara
- Mr. MUHAMMED FADIL ELIMADI
Administrative Staff, Embassy of Lebanon in Ankara

MALAYSIA

- Mr. TAPSIR SERIN
Director, Malaysian Agriculture Research and Development Institute
- Ms. ROZANA MOHD MASDEK
Research Officer, Malaysian Agriculture Research and Development Institute

KINGDOM OF MOROCCO

- Ms. FATIMA ZAHRA ELMIRI
Head of Department, Ministry of Agriculture
- Mr. IDRISSE IBRAHIMI JAOUAD
Desk Officer, Ministry of Agriculture

REPUBLIC OF MOZAMBIQUE

- Mr. ACACIO MARIO UELEMO NEVE
Head of Department, Ministry of Agriculture and Food Security

SULTANATE OF OMAN

- Mr. KHATIR AL ALAWI
Director of Agricultural and Fisheries, Ministry of Agriculture and Fisheries

- Mr. BADAR AL SIYABI
Director of Extension and Plant Production, Ministry of Agriculture and Fisheries

ISLAMIC REPUBLIC OF PAKISTAN

- Mr. UMER SIDDIQUE
Counsellor, Embassy of Pakistan in Ankara

THE STATE OF PALESTINE

- Mr. ASHRAF BARAKAT
Director of Quality and Postharvest, Ministry of Agriculture

STATE OF QATAR

- Ms. SARA AL-MALKI
Economist, Ministry of Municipality and Environment

KINGDOM OF SAUDI ARABIA

- Mr. RAJEH AL RAGAS
Economist, Ministry of Environment, Water and Agriculture

REPUBLIC OF TURKEY

- Mr. AYHAN BARAN
Head of Department, Ministry of Agriculture and Forestry
- Mr. ADİL ALTAN
Coordinator, Ministry of Agriculture and Forestry
- Ms. BURÇAK YÜKSEL
Expert, Ministry of Agriculture and Forestry
- Mr. ERHAN EKMEKÇİ
Engineer, Ministry of Agriculture and Forestry
- Mr. ERSİN KESKİN
Specialist, Ministry of Agriculture
- Mr. MUSTAFA DEMİRCİ
Expert, Ministry of Agriculture and Forestry
- Ms. PINAR DOĞU
Expert, Ministry of Agriculture and Forestry
- Mr. MEHMET ALİ ÖZDEMİR
Expert, Ministry of Agriculture and Forestry
- Mr. HAKAN ARSLAN
Engineer, Ministry of Agriculture and Forestry
- Ms. SEDA SEVGİ
Expert, Ministry of Trade

REPUBLIC OF UGANDA

- Mr. PAINENTO CHARLES MUKAMA
Senior Veterinary Inspector, Ministry of Agriculture, Animal Industry and Fisheries
- Mr. VICTOR EMMANUEL KIMBOWA
Principal, Ministry Of Agriculture, Animal Industry and Fisheries

B. THE OIC SUBSIDIARY ORGANS

STATISTICAL, ECONOMIC, SOCIAL RESEARCH AND TRAINING CENTER FOR ISLAMIC COUNTRIES (SESRIC)

- Ms. ALIA SHARIFY ORTAQ
Training Expert, SESRIC
- Mr. MUZAMIL EDEMA
Data Registrar, SESRIC

ISLAMIC DEVELOPMENT BANK (IDB)

- Mr. SABRİ ER
Agricultural Markets and Trade Specialist, Islamic Development Bank

UNITED NATIONS CONFERENCE TRADE AND DEVELOPMENT (UNCTAD)

- Mr. STEFAN CSORDAS
Associate Economic Affairs Officer, UNCTAD

C. INVITED INSTITUTIONS

- Mr. BEN SHEPHERD
Developing Trade Consultants, Consultant

D. COMCEC COORDINATION OFFICE

- Mr. SELÇUK KOÇ
Director
- Mr. BURAK KARAGÖL
Director
- AYLİN ŞENOL GÜN
Expert
- Mr. OKAN POLAT
Expert
- ALİ ORUÇ
Expert
- Prof. Dr. HALUK KASNAKOĞLU
Consultant

Annex 2: Agenda of the Meeting



AGENDA

12TH MEETING OF THE COMCEC AGRICULTURE WORKING GROUP (September 20th, 2018, Ankara)

“Analysis of Agri-food Trade Structures To Promote Agri-food Trade Networks Among the OIC Member Countries”

Opening Remarks

1. The COMCEC Agriculture Outlook
2. Overview of the Agri-food Trade Structures in the World and the OIC Member Countries
3. Selected Case Studies and Policy Recommendations
4. Policy Debate Session on the Agri-food Trade Structures
5. Utilizing the COMCEC Project Funding
6. Member Country Presentations
7. Contributions of International Institutions

Closing Remarks

Annex 3: Programme of the Meeting



PROGRAMME

12TH MEETING OF THE COMCEC AGRICULTURE WORKING GROUP (September 20th, 2018, Ankara)

"Analysis of Agri-food Trade Structures To Promote Agri-food Trade Networks Among the OIC Member Countries"

08.30-09.00	Registration
09.00-09.05	Recitation from Holy Qur'an
09.05-09.15	Opening Remarks
	COMCEC Agriculture Outlook 2018
09.15-09.35	Presentation: <i>Prof. Dr. Haluk KASNAKOĞLU</i> <i>Consultant</i> <i>COMCEC Coordination Office</i>
09.35-09.45	Discussion
	Overview of the Agri-food Trade Structures in the World and the OIC Member Countries
09.45-10.25	Presentation: <i>Dr. Ben SHEPHERD</i> <i>Principal</i> <i>Developing Trade Consultants</i>
10.25-10.55	Discussion
10.55-11.10	Coffee Break
	Selected Case Studies and Policy Recommendations
11.10-11.50	Presentation: <i>Dr. Ben SHEPHERD</i> <i>Principal</i> <i>Developing Trade Consultants</i>
11.50-12.30	Discussion
12.30-14.00	Lunch

Policy Debate Session on Agri-food Trade Structures

There will be a moderation session under this agenda item. Participants are expected to deliberate on the policy options/advice for inclusive agri-food trade networks and challenges and opportunities of improved market access among the OIC Member Countries. At the beginning of the session, the CCO will make a short presentation on the responses of the Member Countries to the policy questions as well as the Room Document.

14.00-14.10 Presentation: *“Responses of the Member Countries to the Policy Questions on Agri-food Trade Structures in the OIC Member Countries”*
Mr. Selçuk KOÇ
Director
COMCEC Coordination Office

14.10- 15.15 Discussion

Utilizing the COMCEC Project Funding

15.15-15.30 Presentation: *Mr. Burak KARAGÖL*
Director
COMCEC Coordination Office

15.30-15.45 Discussion

15.45-16.00 **Coffee Break**

Member Country Presentations

16.00-17.00 - Presentations
- Discussion

Contributions of International Institutions

17.00-17.15 Presentation: *“The Role of International and Regional Trade Cooperation in Agricultural Commodity Development”*
Mr. Stefan CSORDÁS
Associate Economic Affairs Officer
United Nations Conference on Trade and Development (UNCTAD)

17.15-17.45 Discussion

17.45-18.00 **Closing Remarks and Family Photo**

Annex 4: The Policy Recommendations

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 analytical study conducted for the 12th Meeting of AWG and the answers of the Member Countries to the policy questions were the main input for the discussions. Accordingly, the participants have come up with some policy recommendations.

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 physical² 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.

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.

² 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.

