

4TH MEETING OF THE COMCEC TRADE WORKING GROUP

Preferential Trade Agreements (PTAs) and Trade Liberalization Efforts in the OIC
MSs with a Special Emphasis on the TPS-OIC

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ITFC/IDB Group Roles in enhancing trade and trade cooperation among OIC MCs : INVESTMENT FOR TRADE

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Member of
Islamic Development Bank Group

Outline

1

Changing Nature of Preferential Trade Agreements

2

What ITFC/IDBG does for the development trade in and across the MCs ?

3

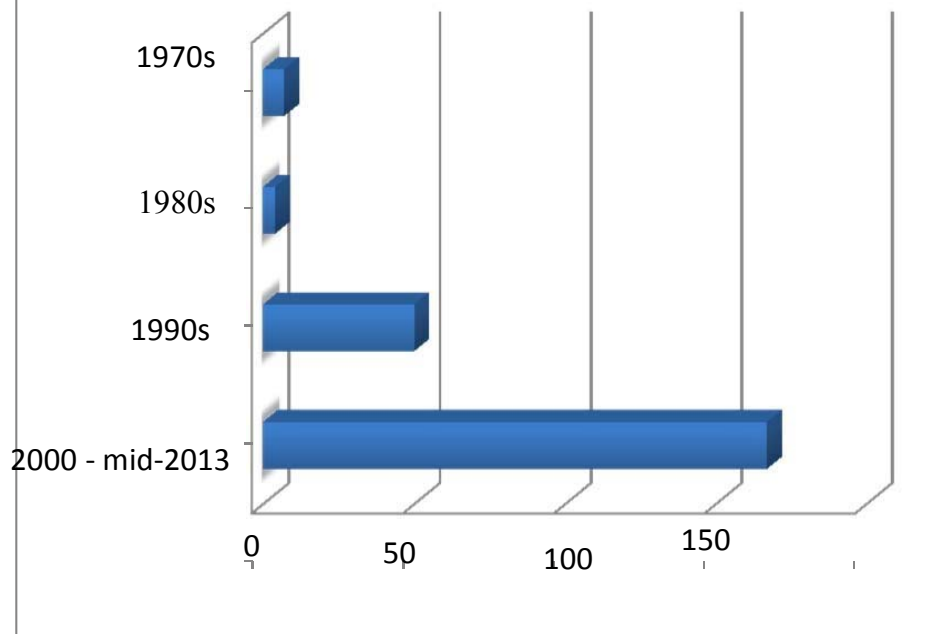
What could be done together ?



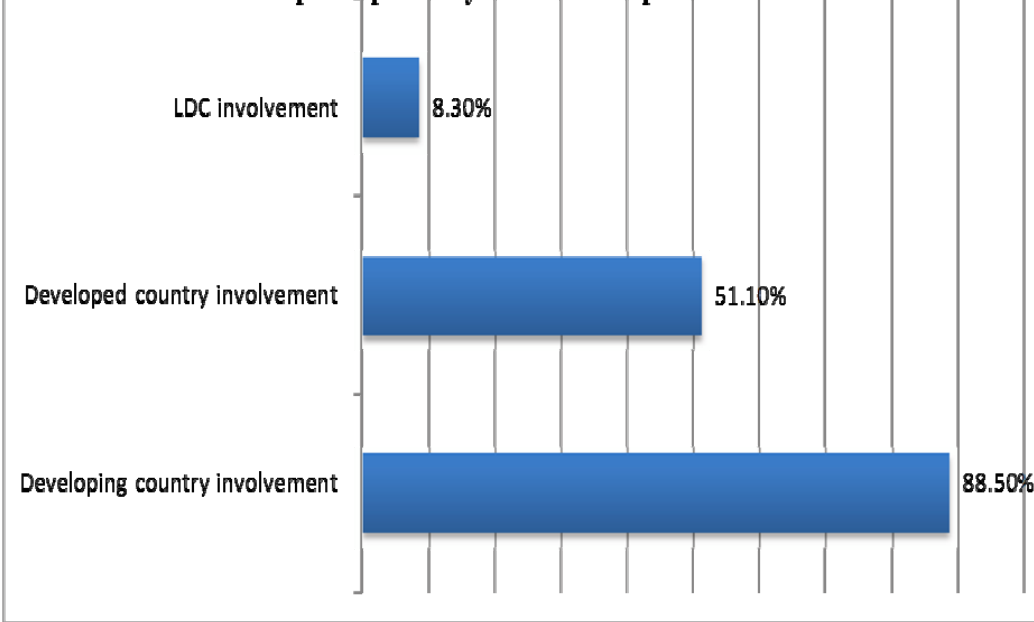
1 Changing Nature of Preferential Trade Agreements (PTAs)

Increasing number of Regional Preferential Trade Agreements

The number of Active RTAs notified to the WTO



RTA participation by level of development



When the multilateral negotiation stagnates, Regional Integration has become more popular, particularly after mid 1990s

Scope of the Preferential Trade Agreements started to change

RTA signatories by level of development (shares in per cent of total signatories)

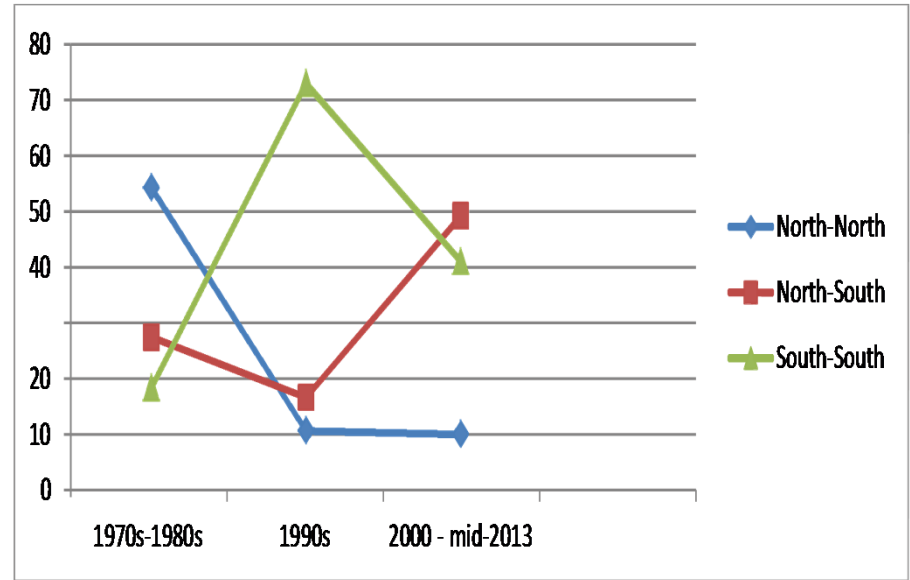
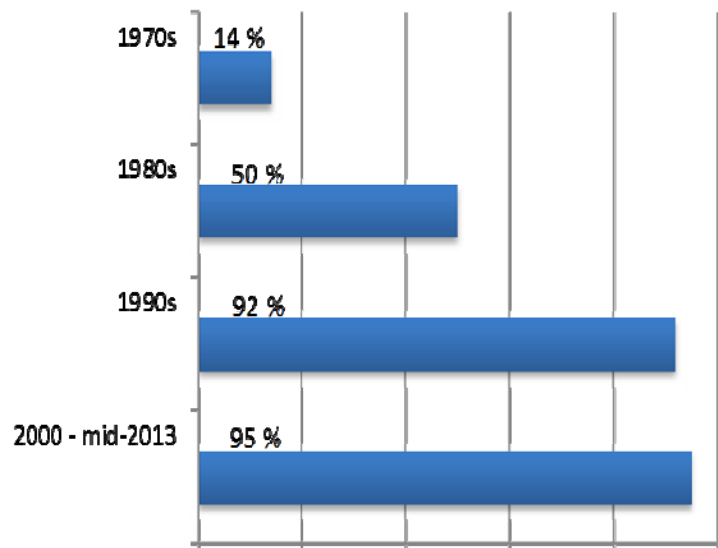


Chart 2: RTAs containing Trade Facilitation components (in percentage of total Agreements)



Inter regional trade agreements has been noticeable over the last two decades, particularly after the completion of WTO Uruguay Round in 1994

After the tariff reductions, interest shift to trade facilitation/Non Tariff Measures

WHAT ARE THE CHANGE FACTORS ?

TF Measures contained in RTAs by frequency of occurrence (%)

Rank	Measure	Occurrence
1.	Exchange of customs-related information	69.6%
2.	Cooperation in customs and other TF matters	59.4%
3.	Simplification of formalities/procedures	52.5%
4.	Publication and availability of information	50.2%
5.	Appeals	41.5%
6.	Harmonization of regulations/formalities	38.7%
7.	Risk management	36.9%
8.	Publication prior to implementation	36.4%
8.	Transit	36.4%
10.	Advance rulings	35.9%
11.	Automation/electronic submission	35.5%
12.	Use of international standards	33.2%
13.	Disciplines on fees and charges connected with importation and exportation	32.7%

Key Interests of PTAs Signatories : Developed countries tend to include provisions on issues that are close to their hard

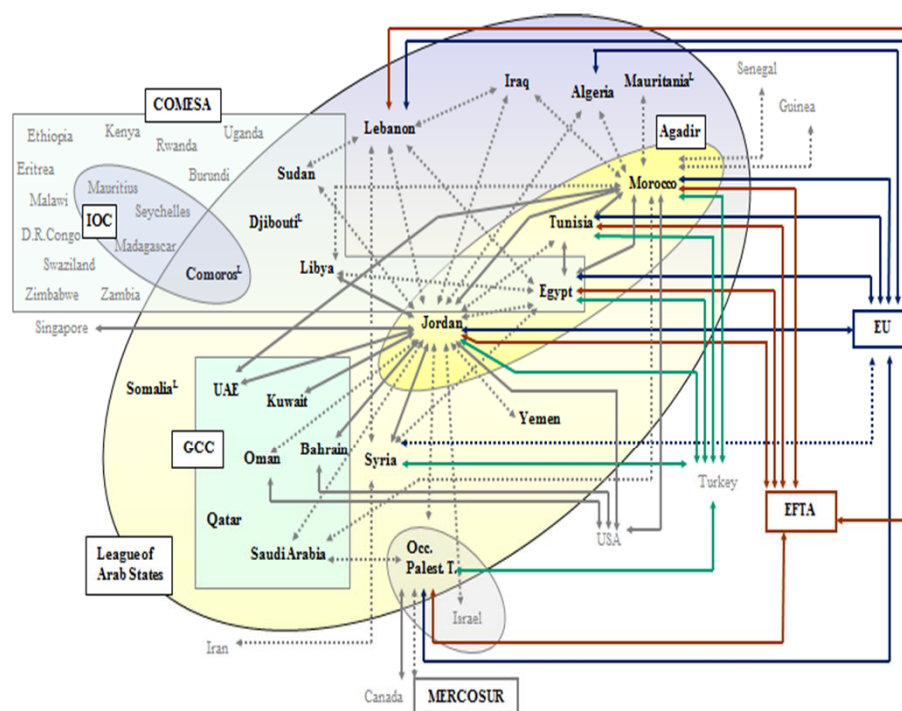
Relocation of production : creation of Global-regional value chains;

Change of focus from cross-border trade movements to end-to-end supply chain : focus is not anymore movement of goods from one border to another but on global value chains

Development of ICT: Information technology has given a boost to computerization of trade procedures and documents that facilitated movement of goods across the borders

ARE THINGS GETTING COMPLICATED?

Trade agreements in the Arab States (Source: ITC, 2012)

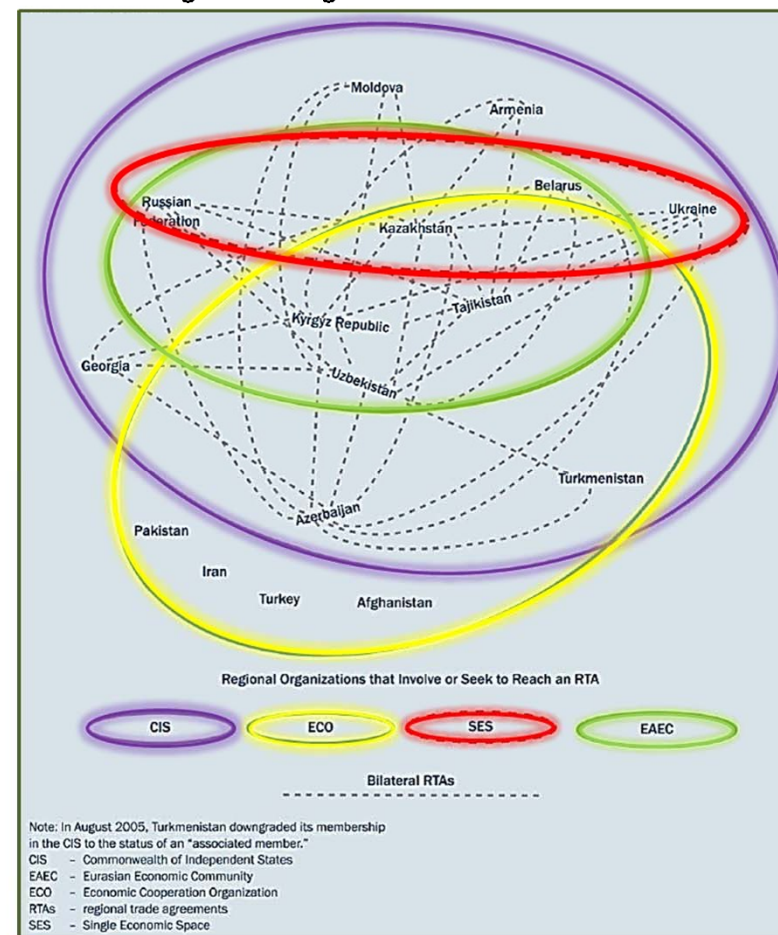


Agadir Agreement for Establishing a Mediterranean Free Trade Area
 COMESA Common Market for Eastern and Southern Africa
 EFTA European Free Trade Association (Iceland, Lichtenstein, Norway, Switzerland)
 EU European Union (27 Member States)
 GCC Gulf Cooperation Council
 IOC Indian Ocean Commission
 MERCOSUR Southern Common Market (Argentina, Brazil, Paraguay, Uruguay)

¹ member of the League of Arab States but not applying preferences under the Greater Arab Free Trade Area

— Free Trade agreements
 - - - - - Partial scope agreements
 — Agreements with the EU
 — Agreements with EFTA
 — Agreements with Turkey

Central Asia Region Trade Agreements Noodles Bowl

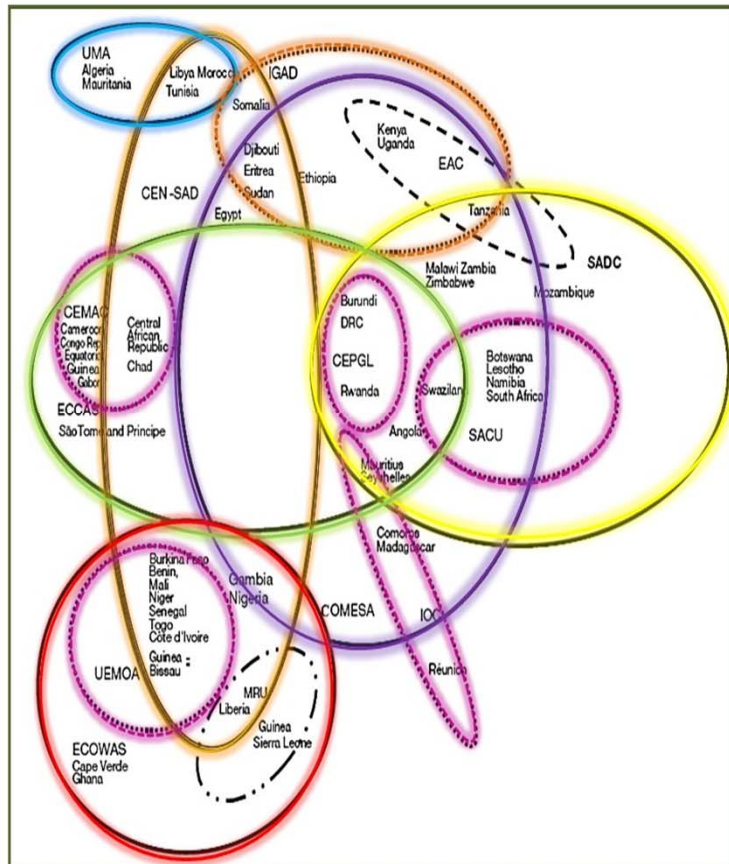


Note: In August 2005, Turkmenistan downgraded its membership in the CIS to the status of an "associated member."
 CIS - Commonwealth of Independent States
 EAEC - Eurasian Economic Community
 ECO - Economic Cooperation Organization
 RTAs - regional trade agreements
 SES - Single Economic Space

Source: Asia Development Bank 2009

ARE INSTITUTIONAL CAPACITY, PHYSICAL INFRASTRUCTURE, PRODUCTIVE CAPACITY GROWING FAST ENOUGH ?

Sub-Saharan African (SSA) Region Trade Agreements Spaghetti Bowl



In Mena Region over 50, in SSA around 30 bilateral, regional PTAs have signed: On average, each African country belong to at least four RPTAs

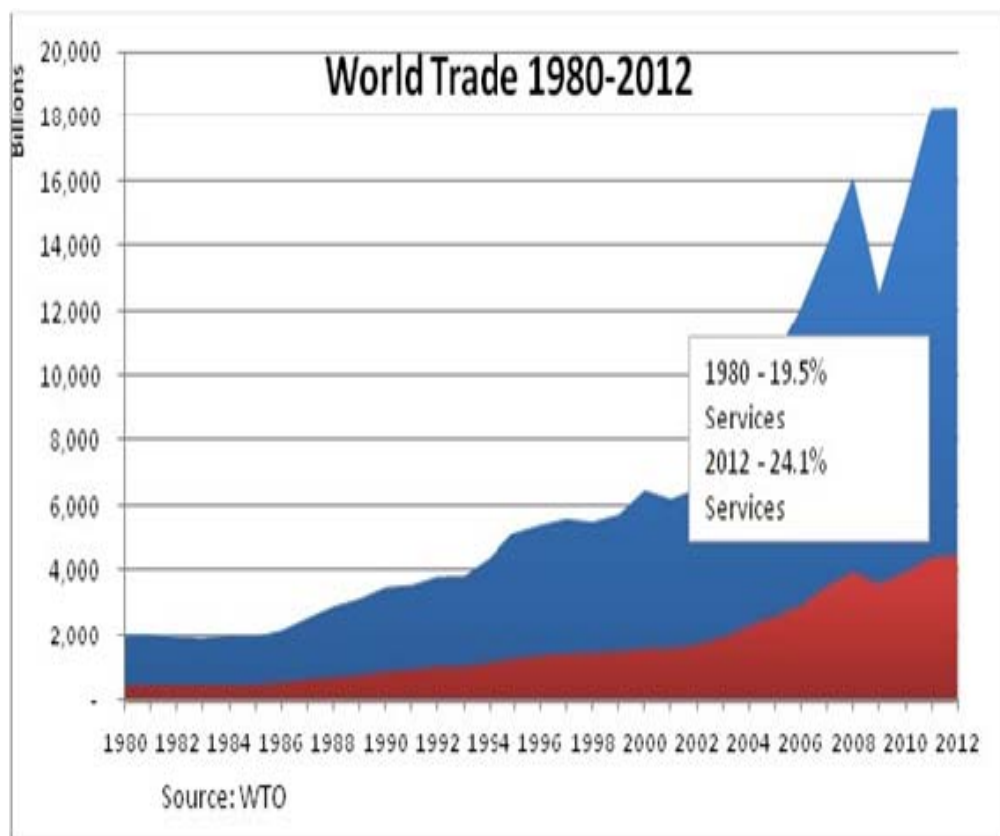
Our Administrative capacities are supportive of effective implementation of these agreements ?

Is trade related infrastructure sufficient enough and business environment is conducive enough ?

Do we able to attract foreign direct investment and be part of global/regional value chain?

Source: Economic Commission for Africa, 2006 , OECD report Sub-Saharan region

PREFERENTIAL TRADE AGREEMENTS: NECESSARY BUT NOT SUFFICIENT FOR REGIONAL INTEGRATION

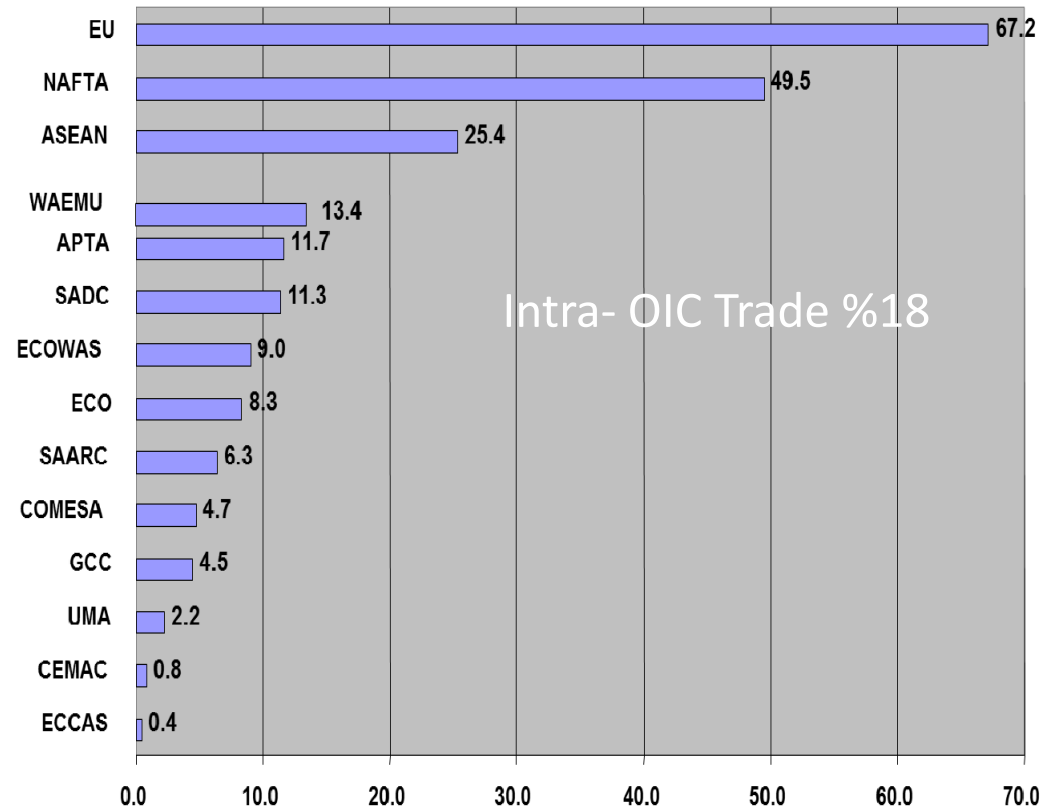


Evolution of the Share of Intra RTA Trade as a % of Total RTA Exports)

Agreement	1990	2000	2010
ASEAN	18.87	22.92	25.14
CARICOM	11.89	18.32	18.31
EAC	29.83	19.79	23.17
ECOWAS	29.04	9.04	6.8
EU	66.71	65.52	63.38
GCC	1.33	1.6	2.53
Mercosur	8.89	21.07	16.23
NAFTA	41.9	56.34	48.75
OIC2000		5.65	8.49
SAARC	3.46	4.27	6.01
WAEMU	25.66	19.18	15.4

INVESTMENT FOR TRADE

INTRA-REGIONAL TRADE SHARES AROUND THE WORLD



COMPLEMENTING EFFORTS FOR DEEPER INTEGRATION

Creation of enabling regulatory environment for trade and investment

Facilitation trade behind – across the borders

Institutional and human development

Development of physical trade related infrastructure

2

What ITFC/IDBG does for the development trade in and among the MCs ?

SUMMARY OF IDBG MANDATE IN TRADE



Develop Key Economic Infrastructure to facilitate Trade



Enhance regional integration and economic cooperation



Foster trade promotion and cooperation



Extend competitive trade financing solutions



Mainstream trade as a driver of development



Build capacity in member countries



Develop trade of strategic commodities



Enhance trade transactions through export credit

PIONEER in SUPPORTING TRADE LED ECONOMIC GROWTH

*Trade is **the main area** of IDB Group development assistance*

- More than US\$ 40 billion group trade financing since inception (**≥ 50% of total financing**)
- Half of the trade finance approval **extended for intra-OIC TRADE**
- **Over US\$ 20 billion development financing of trade-related infrastructure:** roads, ports, border posts, construction of dams, special economic zones, etc.
- **Over US\$ 18 billion business covered** through export credit and reinsurance of trade operations and private sector investments by ICIEC
- **Trade related technical assistance (TRTA)** for institutional capacity development

FRAGMENTED APPROACH IN PROVIDING TRTA

96 Different Activities, Projects were supported/undertaken by ITFC in 5 year

Examples for Four Focus Areas

- Overseas Study Tours for Kazakhstan's Entrepreneurs
- In-trade Malaysia 2009
- 14th OIC EXPO 2013 & 15th Private Sector Meeting
- Exhibition on Textile and Cotton Industry in Burkina Faso
- Seminar on OIC Free Trade (Agadir Agreement)
- Conference on Trade Development
- Workshops/Experts Groups Meeting on the Impacts of Transportation Network on Trade & Tourism
- Training Course on Export Strategies & Int'l Marketing
- OIC Chamber Academy Programs
- Familiarization and Knowledge Sharing Programs on Commodity Exchanges
- Needs Assessment Study for Groundnut sector in selected Sub-Saharan MCs

IDB GROUP SUPPORTS FOR THE FORMULATION AND IMPLEMENTATION OF PTAS

SPECIFIC OBJECTIVES & INTERVENTION

- Study on Road Transport facilitation and implementation of TIR in Arab States (with AULT and IRU)
- TA Grant to ECO for the implementation of Transit Transport Framework Agreement
- Seminar on TF among Arab countries and their Integration into the MTS
- Workshop On the impact of Economic Partnership Agreements on Regional Integration in Africa
- OIC Regional Workshop on Trade Facilitation & Single Window for Enhanced Economic Cooperation
- BPA Study to identify procedural & regulatory barriers among selected Central Asian Countries
- Study & Seminar on identifications of NTMs in the Arab Region

- **Support formulation and implementation of OIC level policies and programs**
- **Assist MCs to identify (and eliminate where possible) regulatory and procedural obstacles to trade**
- **Assist MCs to accede to relevant TTF agreements and to simplify and harmonize national trade and transport procedures**
- **Promote and support knowledge sharing and cooperation across MCs in the area of trade and transport**



Paradigm Change in Providing TRTA

- Stop fragmented approach in providing TRTA
 - Institutionalize Partnership
 - Focus on Regional/Thematic Program
- Consolidate resources and efforts for jointly developed Programs



Organization of Islamic Cooperation (OIC)

NEW PARTNERSHIP DEVELOPMENT TOOL FOR SOLIDARITY & ECONOMIC DEVELOPMENT

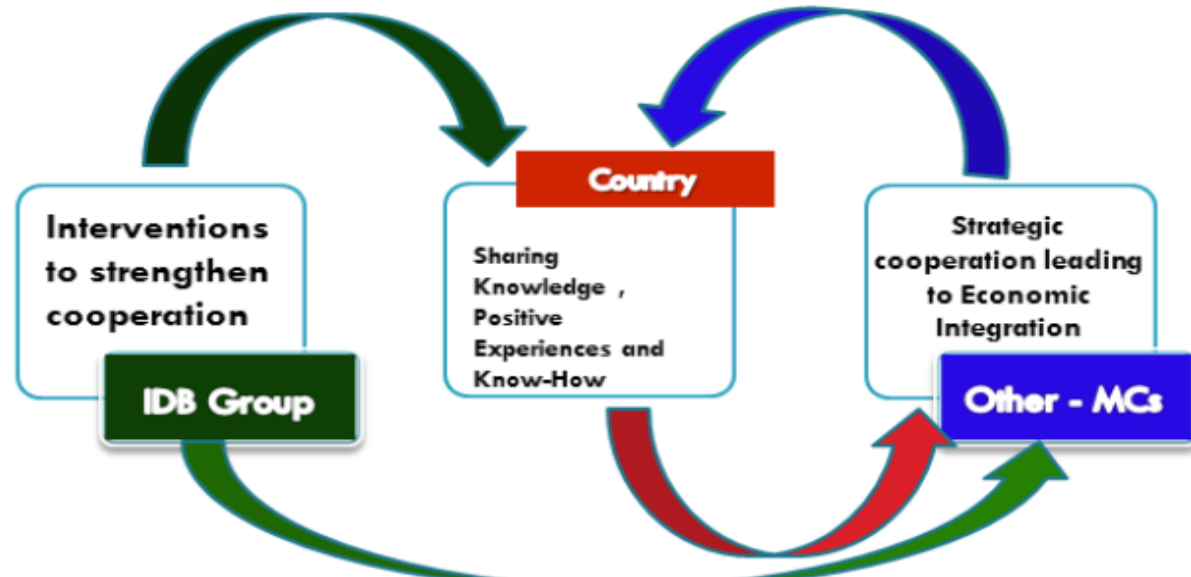


Reverse linkages

Identify expertise from other Member Countries and use RL as a mechanism for transfer of knowledge and experience

- Technical Cooperation Program among the IDB MCs since 1983
- Introduction of the RL Concept as a South-South cooperation tool in 2008

Figure-1: Reverse Linkages



WHAT IS AID FOR TRADE INITIATIVE FOR ARAB STATES

Multi-Donor, Multi-Country and Multi-Agency Regional Trade Development & Integration Program
under the theme of Aid for Trade

Aiming to foster Arab trade **BY IMPROVING COMPETITIVENESS,**
PROMOTING TRADE AND TRADE COOPERATION FOR
ECONOMIC INTEGRATION AND NEW JOBS FOR YOUTH



OBJECTIVES

Enhance regional competitiveness through trade reforms	Strengthen trade supply side and value chain integration	Strengthen regional and sub-regional organizations' capacity to foster trade integration
Output #1: Trade support institutions in the Arab states are more efficient in promoting regional trade environment and integration	Output #4: Bankable Project to support production and trading capacity of SMES in priority export sectors	Output #7: Intra-Arab trade development strategy developed and endorsed
Output #2: Regional Quality Infrastructure Strategy is adopted and implementation is carried away	Output #5: Bankable Project to support SMES's integration to regional value chains	Output #8: Strengthened capacities of LAS, GCC, Agadir Agreement and Arab Maghreb Union to implement regional integration processes and the PAFTA
Output #3: Bankable Project to support regional business environment improvement through reduction of regional barriers to trade and regulatory reform support	Output #6: Skills Development strategies integrated into sectoral policies to support growth and expand opportunities for the creation of decent employment in priority export sectors	

Double Track Modus Operandi

- Regional Export Potential Assessment
- Improved awareness and national capacity on NTM and Trade promotion
- National accession negotiations strategies discussed & developed for 7 acceding countries
- National skills development strategies
- Bankable project to support business environment, competitiveness and trade facilitation
- Bankable project to support production and trading capacity of SMES in priority export sectors

ITC,
UNCTAD,
ILO

UNDP

**National
Level**

LDCs: Sudan, Mauritania, Yemen, Djibouti, Comoros and Somalia

Agadir Agreement

Countries: Egypt, Tunisia, Morocco and Jordan

Middle Income Countries: Libya, Lebanon, Algeria, Palestine and Iraq

WTO acceding Countries: Algeria, Comoros, Iraq, Lebanon, Libya, Sudan and Syria

- Regional Quality Infrastructure Strategy
- Intra Arab Trade Development Strategy
- Strengthen capacity of LAS, GCC, Agadir Agreement countries, Maghreb Union secretariat

UNIDO, UNDP
and UNCTAD

**Regional &
Sub-regional
Level**

LAS

Agadir Group

AMU

GCC



- **FAST TRACK PROGRAM (2014)**

- Studies and regional workshops on NTMs
- Studies and projects on joint border gate management, multi-modal transport infrastructure and trade logistics
- Skill Development Programs and trainings for Trade and Economic Diversification
- Technical and institutional support to LAS for formulating trade policy recommendation
- Technical support to selected MCs for WTO Accession process

- **PROJECT PIPELINE (Indicative)**

- Export Diversification Programme through improved SME Competitiveness and value-chain integration
- Programme for Promoting Export of Services in Arab States
- Sectoral Export Development Programmes
- Development of IT Business support services for SMEs



INVESTMENT AREAS FOR DEEPER & STRONGER TRADE INTEGRATION

- **More Cooperation and focus on formulating thematic programs**
- **Enhance Ownership & Institutionalize Partnership for implementation of joint programs under new COMCEC Strategy**
- **POOL the resources for better & coordinated implementation**
- **Support national/regional efforts in creating more enabling regulatory environment for business & investment partnership in and across the borders**
- **Exchange knowledge & best practices for solidarity & harmonization**
- **Give a try to create regional/OIC supply chain integration for strategic commodities**
- **.....**

Thank you

Questions, Comments?

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