



AGRICULTURE



**CCO BRIEF
ON
AGRICULTURAL
COOPERATION**

COMCEC COORDINATION OFFICE
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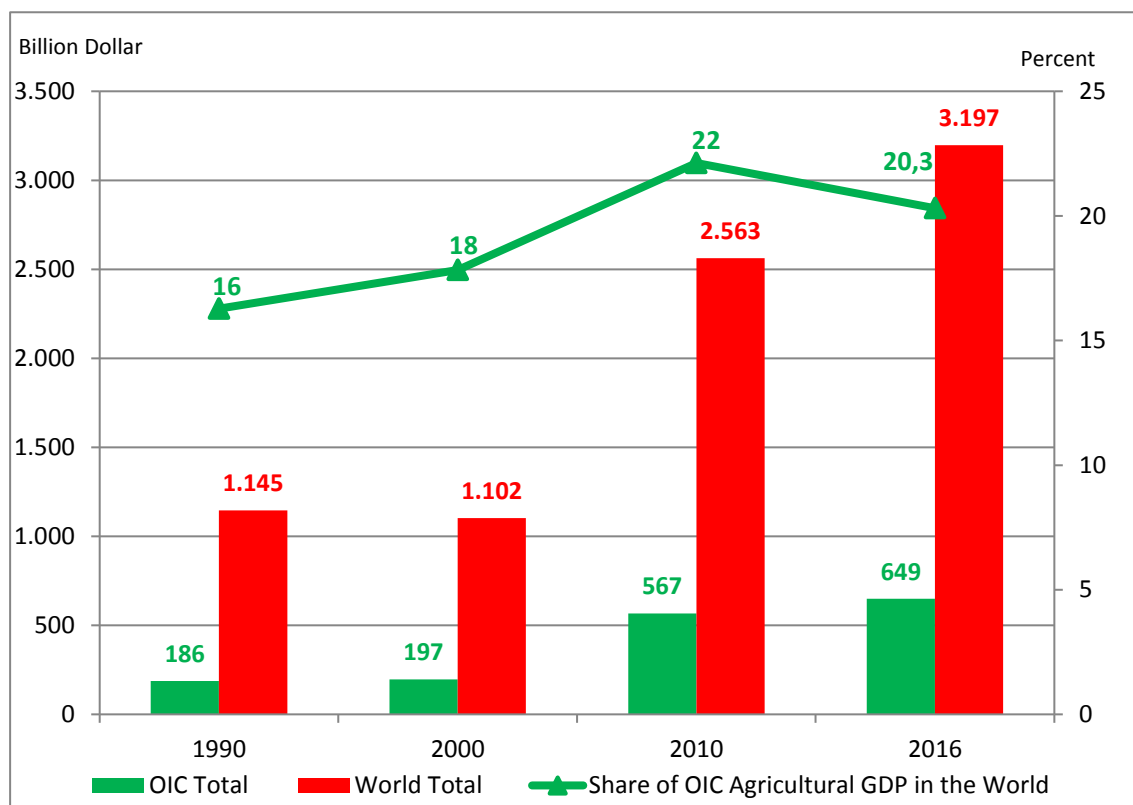
BRIEF ON AGRICULTURAL COOPERATION

Agriculture with its intrinsic nature plays a distinctive role in ever increasingly connected world economies. The agri-food systems¹ around the globe respond to the increased demand associated with rising aggregate income and rapid urbanization, in addition to imperatives of population dynamics through their geographically and economically diverse structures of supply. Most of the food in developing countries is produced by approximately 500 million small farms. Smallholder production will still be the dominant form of production in developing countries by 2030, with evidently increasing contribution capacity of smallholders to the advances in productivity.

Agriculture in the OIC Member Countries

In many member countries of the OIC, agriculture is one of the leading sectors in terms of income, employment and trade. As shown in Figure 1, while the OIC's agricultural GDP was US\$186 billion with a share of 16 percent in the world's agricultural production in 1990, it reached to US\$ 649 billion with a share of 20.3 percent in the world's agricultural production in 2016.

Figure 1. The OIC Agricultural GDP and its Global Share



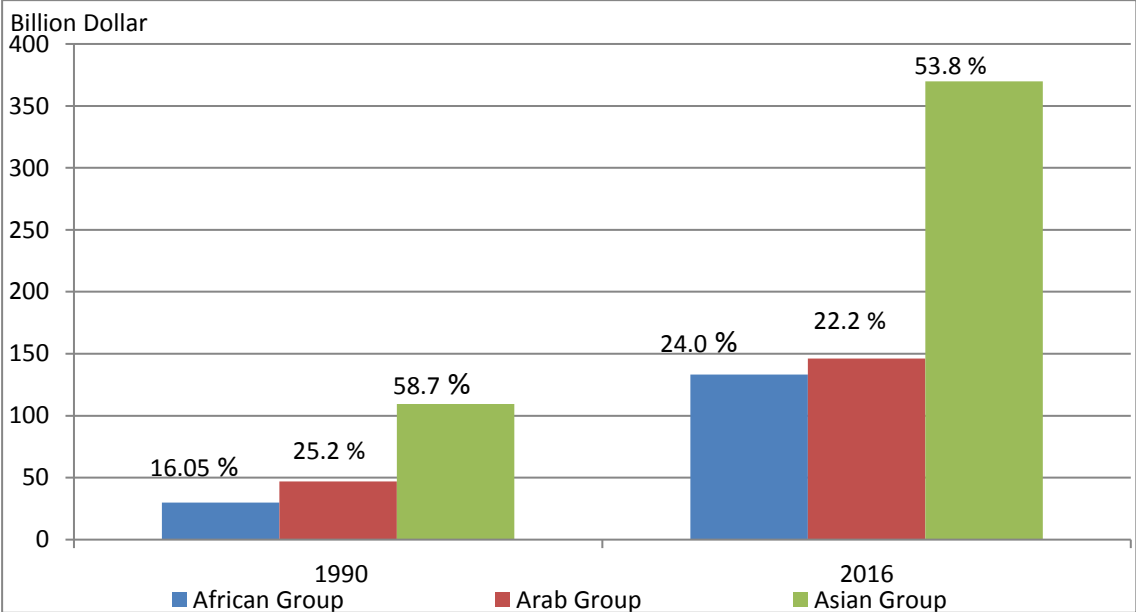
Source: COMCEC Agriculture Outlook 2018

Figure 2 demonstrates the share of agricultural GDP in total GDP of the three official regional groups of the OIC (African, Arab and Asian). 1990-2016 period, the performance of the African Group strengthened compared with the Arab and Asian Groups; nevertheless, over the years, the Asian Group has made the highest contribution to agricultural production.

¹ The term "Agri-food system" refers to the entire range of consumers, enterprises, institutions and activities involved in the production, processing, marketing and consumption, originating from agriculture, forestry and fisheries, including the inputs needed and outputs generated at each of these steps, as adapted from FAO (2013) The State of Food and Agriculture – Food Systems for Better Nutrition, Rome:3.

As of 2016, the OIC agricultural GDP reached 649 billion US Dollars and the contribution of the Asian group to this value is 370 billion US Dollars, which is more than half of the total agricultural GDP of the OIC member countries. Hence, the Asian Group has the highest amount of the agricultural GDP, followed by the African Group and the Arab Group with approximately 133 billion and 146 billion US Dollars, respectively.

Figure 2. Agricultural GDP by Sub-Regions and their share by current price

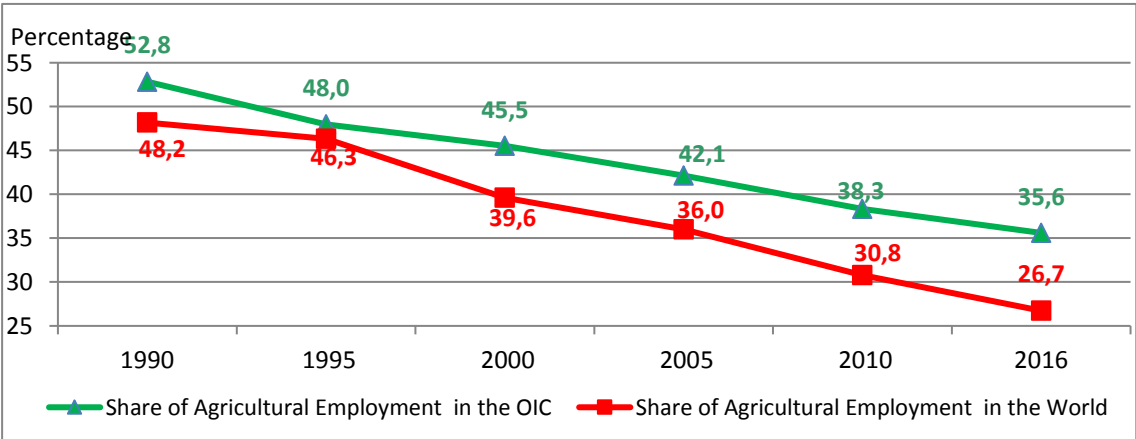


Source: COMCEC Agriculture Outlook 2018

As with many developing countries, the agriculture sector is a significant source of employment in the OIC member countries. In 1990, the agricultural sector of OIC member countries employed almost 199 million people. Up to 2016, 23 million agricultural labor have been added, increasing the number of people employed in agriculture to 222 million people.

Despite the increase in agricultural employment, over time the share of agricultural employment is decreasing. In 1990, agriculture accounted for almost 52.8 percent of total employment in the OIC. At the beginning of the 2000s, the contribution of agricultural sector to total employment decreased to around 45 percent in the OIC and 40 percent globally. In 2016, the proportion of agricultural employment was 35.6 percent in the OIC and 26.7 percent worldwide as shown in Figure 3.

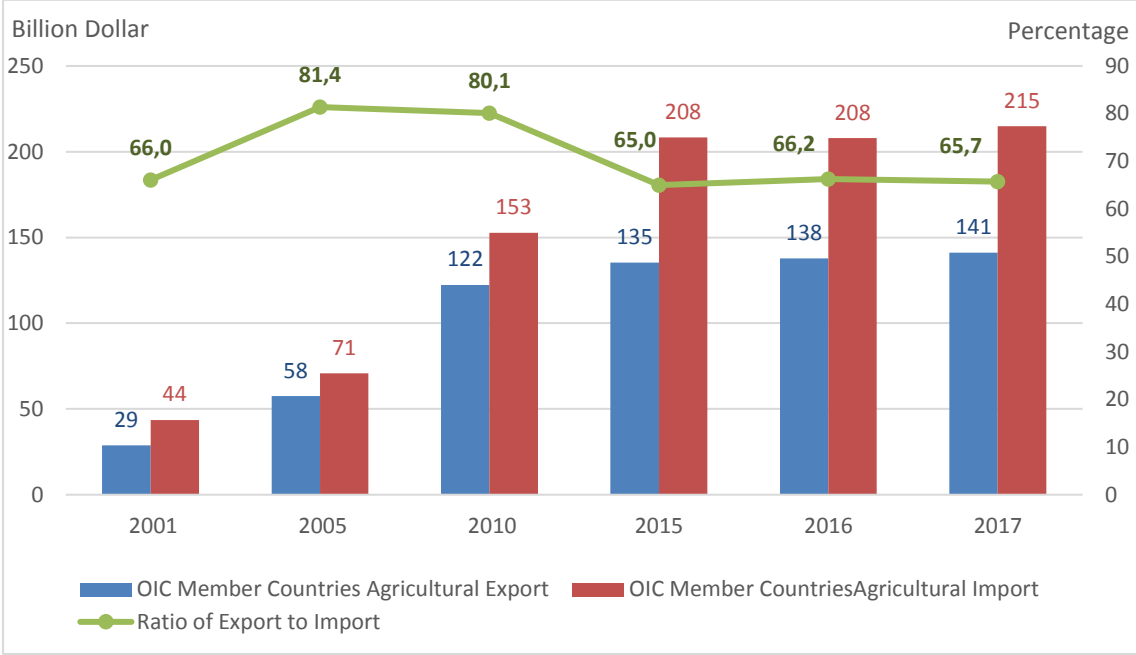
Figure 3. Share of Agricultural Employment in the OIC and World



Source: COMCEC Agriculture Outlook 2018

Agricultural commodity trading of the OIC Member Countries has increased considerably in the last decade up to 2015. Total agricultural trade in the OIC member countries grew by more than 4 times during this period, reaching 355 billion USD in 2017 (Figure 4). The total agricultural imports of OIC member countries reached to 214 billion USD in 2017, from 43 billion USD in 2001. Correspondingly, total agricultural commodity exports of OIC member countries was 141 billion USD in 2017 compared with 29 billion USD in 2001.

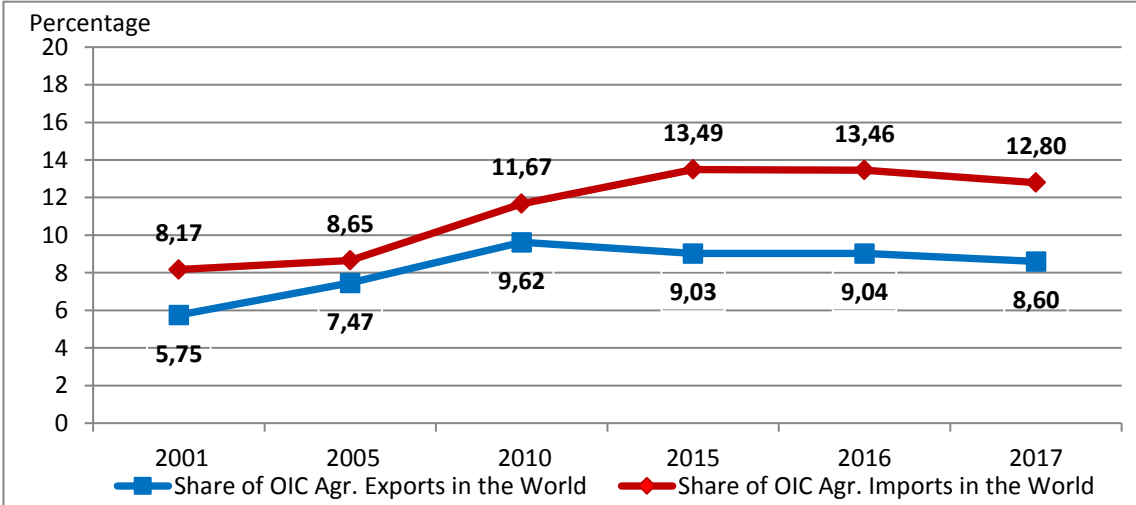
Figure 4. Agricultural Exports and Imports in the OIC



Source: COMCEC Agriculture Outlook 2018

The global share of the OIC member countries’ agricultural imports increased to 12.8 percent in 2017 from 8.17 percent in 2001. Correspondingly, the contribution made by the OIC agricultural exports to world agricultural exports reached 8.6 percent. Both agricultural imports and exports have risen significantly during the 2001-2010 period. During the 2010-2017 period, while the share of agricultural commodity exports of the OIC Member Countries had been stabilized, the contribution made by the OIC agricultural imports to global agricultural imports began to decline (see Figure 5).

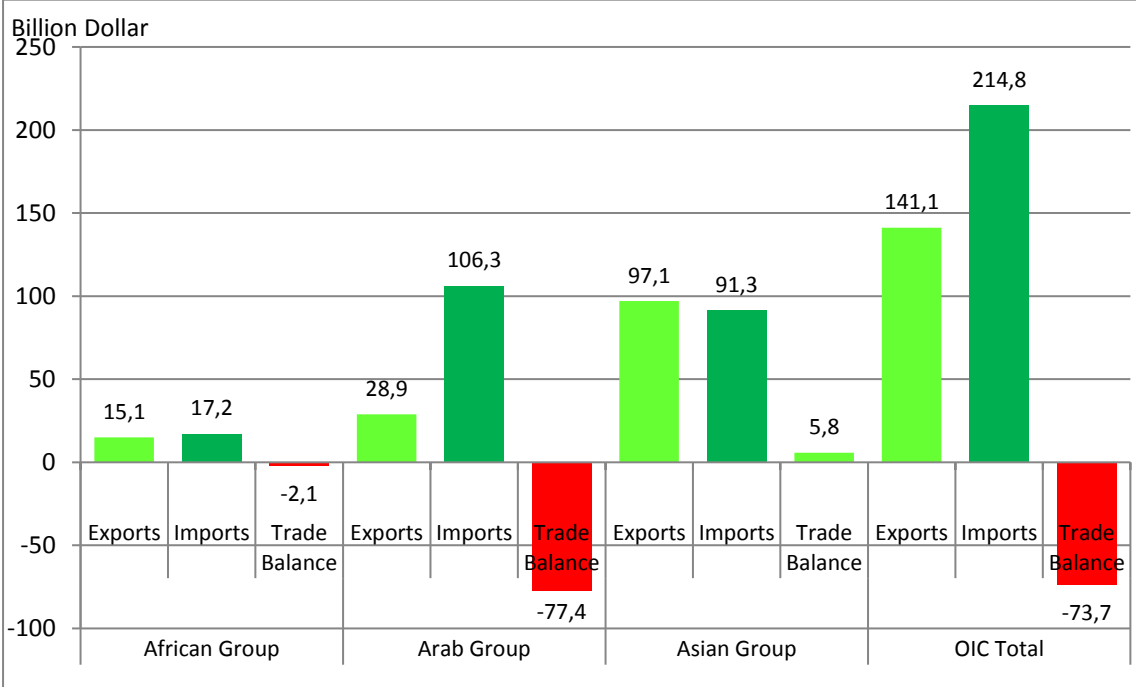
Figure 5. OIC Agricultural Trade Performance of OIC Member Countries in the World



Source: COMCEC Agriculture Outlook 2018

As can be seen in the Figure 6, most of the OIC member countries have trade deficits in agriculture. As of 2017, 74 billion US Dollars trade deficit occurred in the OIC. Said figure also illustrates the agricultural trade balance in the OIC Sub-Regions in 2017. The only group, which had a positive trade balance, was the Asian Group with 5.8 billion US Dollars. On the other hand, African and Arab Groups have registered trade deficits of 2.1 and 77.4 billion US Dollars, respectively.

Figure 6. Agricultural Products Trade Balance in the OIC by Sub-Regions, 2017



Source: COMCEC Agriculture Outlook 2018

“Reviewing Agricultural Trade Policies to Promote Intra-OIC Agricultural Trade” (13th Meeting of the Agriculture Working Group)

Global trade in agricultural products has grown rapidly in recent decades and is also expected to grow further over the coming decades. International trade promotes economic growth and creates welfare gains. But, many developing countries, including the OIC member countries, face serious difficulties that prevent them from fully reaping the benefits of international trade.

To help the OIC member countries formulate effective measures and policies so as to make greater use of their potential as trading partners in global market as well as within the OIC markets for agricultural products, diverse needs and priorities of the Member Countries need to be examined. Design and implementation of better agricultural trade policies require reviewing the existing state of policies thoroughly and in such a way to allow for identification and removal any inefficiencies and weaknesses. In this respect, the 13th Meeting of the Agriculture Working Group was held on February 21st, 2019 in Ankara with the theme of “Reviewing Agricultural Trade Policies to Promote Intra-OIC Agricultural Trade” and a research report on the same subject was considered by the WG.

The said report focuses on three sets agricultural trade policies: (i) border measures such as applied tariff rates, (ii) non-tariff measures such as sanitary requirements, export subsidies and technical barriers to trade, and (iii) bilateral and multilateral trade agreements among countries. According to the report, there exists considerable protection through high tariff rates within the OIC for certain critical product divisions and products such as sugars and oil seeds, and potential exporters of these products face high applied tariffs imposed by potential importers. A similar pattern is observed for a large number of products at the product level for the top export products of the OIC member countries.

On the other hand, some other key product divisions such as meat are not subject to high tariff protection but still exhibit low shares of intra-regional trade within the OIC region. Thus, non-tariff measures may also be responsible for limited intra-OIC agricultural trade in certain products.

Moreover, the report indicates that in general, the OIC member countries have, on average, fewer trade agreements with other OIC countries than their non-OIC trade agreements. In other words, on average, each OIC member country has 22 preferential trade agreements, and 8.73 of them are with other OIC Member Countries.

The research report identifies some factors adversely affecting agricultural trade flows. These are, among others, the very poor status of marketing knowledge and information; the unavailability of financial resources; the very poor status of technical adaptability of producers and lack of standardization of the products; problems concerning data availability and data reliability in the realm of agricultural trade flows and agricultural trade policy measures (including both the tariff rates and the NTMs) and widespread smallholder farming practices across the OIC (which means cost disadvantages, barriers against modernization, and other supply chain issues act as significant barriers to access to global markets).

Within the framework of the research report, field visits were conducted in Turkey, The Gambia and Morocco and desk based studies were made on Chad, Brazil and Thailand.

The AWG, in its 13th Meeting, came up with the following policy recommendations:

- ✓ Promotion of Niche Agricultural Products and Halal Certification through product diversification, trademarking, marketing strategies and advertising campaigns.
- ✓ Promotion of Commercial Cooperation (e.g. enhancing agricultural investments, removal of business visas, etc) and Non-Commercial Cooperation (e.g. sharing best practices and technical expertise, developing safety standards, etc.) among the OIC Member Countries in the areas related to agricultural trade.
- ✓ Promotion of Tariff Reductions and Bilateral Arrangements in key products (e.g. sugar, meat, feeding stuff for animals, oil-seeds, live animals)
- ✓ Developing and implementing multilateral trade arrangements (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.
- ✓ Enhancing the capacity of the Member Countries in collection, management and dissemination of agricultural trade data with a view to designing sound and evidence-based agricultural trade policies.

All the reports submitted to the Meeting and the presentations made during the Meeting are available on the COMCEC web page (www.comcec.org).

COMCEC Project Funding

Through its Project Funding Mechanism, the CCO provides grants to the selected projects proposed by the relevant OIC institutions and the Member States that have already registered in the Agriculture Working Group.

Under the Fifth Project Call, two projects have been selected for funding in agriculture cooperation area of the COMCEC Project Funding. The first project was implemented by Indonesia and titled “Developing Agricultural Market Information System for Horticulture Farmers”. Project partners for this project were Malaysia, Bangladesh, Brunei Darussalam, Egypt, Pakistan and Jordan. The project aimed at facilitating the marketing of agricultural products, especially horticulture in the OIC member countries through capacity building activities on marketing management information systems. In this regard, study visits to Australia and Morocco were conducted by the project team for data collection on the best marketing practices for agricultural products. In addition, an international workshop was organized in order to share experiences on market access strategies and best practices for global competitiveness adopted and promoted by advanced countries. Lastly, a training program with the participation of experts from the partner countries was held in Indonesia. In the training program, which included onsite training, participants were trained on theoretical and practical aspects of the marketing management information systems.

The second project titled “Improving Agricultural Irrigation Extension Services” was implemented by Turkey with the participation of Morocco, Tunisia and Palestine. The project purpose was improving knowledge and experience of technical staff employed in agricultural irrigation extension and training services. Within the scope of the project, project team conducted study visits to Morocco and Tunisia for investigating current situation in the irrigated fields and good practices on agricultural irrigation. After the study visits, a workshop was held in Turkey with the participation of experts from the partners to elaborate in detail the difficulties and opportunities of improving the irrigation extension services. Immediately after the workshop, a training program, which focuses on innovative approaches for the effective use of limited water resources, new irrigation techniques, alternative irrigation water resources such as saline or drainage water and water harvesting techniques, was organized in Adana, Turkey.

Under the Sixth Project Call of the COMCEC Project Funding, made in September 2018, three projects have been selected for funding in agriculture cooperation area. The first project will be implemented by Egypt and titled “Enhancing Capacity and Raising Awareness on Food Waste Management in the OIC Countries”. Project partners for this project are Saudi Arabia, Afghanistan, Sudan and Turkey. The project aims at increasing the awareness about the best practices in food waste management and dissemination of practices, implementing methods to recover food waste in the OIC region. In this regard, a study visit to Saudi Arabia will be conducted by the project team to collect technical information about the food waste management and applied techniques for processing food waste. In addition, a training on food waste management will be organized in Egypt to improve the personal and institutional capacities of the partner countries.

The second agriculture project titled “Capacity Building on Warehousing and Storage Management” will be implemented by Malaysia with the participation of Indonesia, Bangladesh and Turkey. The project purpose is increasing technical knowledge of farmers and farmer associations on warehousing and storage management. Within the scope of the project, project team will conduct a study visit to Turkey to gain information about warehouse and storage of seeds and fresh products. After the visit, a training program on warehouse and storage of selected crops (seeds and fresh produces), which will be held in Malaysia with the participation of experts from the partners. Immediately after the training program, a workshop focusing on improving current status of the partner countries on warehousing and storage management will be organized.

Another agriculture project titled “Reduction of Food Loss and Waste in the OIC Countries” will be implemented by Turkey with the partnership of Egypt, Indonesia, Palestine, Morocco, Qatar, Pakistan and Tunisia. The project aims at strengthening human and institutional capacity and raising awareness on reduction of food loss and waste with a holistic approach. In this regards, a study visit to Indonesia will be conducted in order to understand current situation on reducing food losses and waste such as legal infrastructure, standards, studies, good practices etc. After the visit, a training program focusing on approaches and applications to reduce on food loss and waste, methodology for food loss and waste index etc. will be organized in Ankara. Also, challenges and opportunities on the project issue will be discussed by experts from the partners in a workshop which will be held at the same time with the training program.

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