



TRANSPORT AND COMMUNICATIONS

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COMCEC

CCO BRIEF
ON
TRANSPORT and
COMMUNICATIONS
COOPERATION

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BRIEF ON TRANSPORT AND COMMUNICATIONS COOPERATION

I. Introduction

The transportation industry is growing rapidly due to the increasing per capita income and mobility needs of households, trade globalization, deregulation, and privatization of the transportation infrastructure and services, as well as technological progress.

Transport infrastructure is crucial for both the economic and social development of nations and quality infrastructure is a key pillar of international competitiveness.¹ According to the 'Infrastructure to 2030' report, global transport and infrastructure investment needs would exceed USD 11 trillion over the 2009-2030 period. In order to effectively plan and implement transport infrastructure, countries need to have sound national policy frameworks and ensure the necessary funding.

Furthermore, with regard to the surface transport, worldwide road and rail passenger travel is expected to grow approximately from 120% to 230% by 2050, while this growth is expected to range from 240% to 450% for non-OECD economies. Moreover, global road and rail freight transport is projected to increase between 230% and 420% in the same period.²

Similarly, the Information and Communications Technologies (ICTs) industry is also growing and it continues to be a key industry of growth, innovation, economic and social development. The share of the ICT sector in GDP is around 6 % in the OECD member countries and relatively less in developing countries. With the rapid diffusion of digital technologies into developing countries, this number could rise in the future. Besides, the indirect contributions of the ICT investment to economic growth, through improvements in total factor productivity, could also be large as well.

Within this framework, transport and communications infrastructure is a critical component of the economic and social development of countries. The economic and productivity growth of a given region is tied closely to its transport infrastructure and transport systems, which enable higher productivity through lower logistics costs, inventory savings, and access to larger supply and labor markets.

Besides, the COVID-19 has had unusual implications on the transportation systems and services of the countries. The responses to COVID-19, from implementing social distancing to lockdown policies for affected areas, have huge implications for the mobility and connectivity of people and goods, the continuity of transport services, and therefore the entire sector. This will also have cumulative impacts on the economic activity of cities, regions, freight logistics, as well as related industries, markets and supply chains. This crisis is being felt primarily in public transport and commercial aviation; and, as city, regional and country borders close, the impact on goods, services and production nodes will become more apparent with shortages of products, made worse by stock-piling. Measures to contain the outbreak have resulted in a

¹ OECD, 2012

² International Transport Forum (ITF)

dramatic reduction in transport activity. The global passenger demand in aviation decreased by 80% in 2020 compared to 2019. It is estimated that there will be a loss of 300 billion dollars in revenue due to this decrease. According to the International Union of Railways (UIC), the total passenger revenue loss of the railway operators reached almost \$60 billion in 2020. Furthermore, the road passenger transport activities declined globally in almost every city to between 40% to 80%. These figures are also valid in OIC member countries.³

This negative demand shock is affecting all modes of transport. In response, many transport services are either shutting down or scaling-back as routes are no longer viable. This raises concerns as to how minimal lifeline connectivity and mobility can be sustained to permit passenger travel for essential purposes, as well as protecting supply chains for imports of food, fuel, medical supplies and essential goods, and domestic distribution channels. As a result, in the short- and mid-run, the provision of these services will likely be severely impaired due to financial distress of the operators. Most dramatically, it is predicted that some major transport service providers including airlines may be bankrupt in the near future. That brings the importance of keeping the national airlines and other transport capacity of the countries functional through sound interventions, in order to lose the pace and keep abreast in responding with the expected significant mobility increase after COVID.

Considering the importance of developing sound mitigation strategies for the transport service providers during and after COVID-19 and to contribute to the debate from the Islamic countries' point of view, the COMCEC Transport and Communications Working Group (TCWG) has devoted its 16th meeting to "Mitigation Strategies for Transport Service Providers during and after COVID-19". Enhancing the cooperation among the member countries on this theme through sharing experiences and the best practices would directly contribute to the realization of related output areas of the COMCEC Strategy.

II. Transport and Communications Cooperation under the COMCEC

Improving the functioning, effectiveness, and sustainability of transport and communications in the Member States is the main objective of the COMCEC Strategy in the field of transport and communications. Within this framework, since the 36th COMCEC Session, the COMCEC TCWG elaborated on mitigation strategies for transport service providers during and after COVID-19 in its 16th Meeting.

A. Mitigation Strategies for Transport Service Providers during and after COVID-19

(16th Meeting of the Transport and Communications Working Group)

The 16th Meeting of COMCEC Transport and Communications Working Group was held virtually on May 31st, 2021, with the theme of "Mitigation Strategies for Transport Service Providers during and after COVID-19".

³ Mitigation Strategies for Transport Service Providers during and after COVID-19 in OIC Member Countries, COMCEC Coordination Office, May 2021

Since the last COMCEC Ministerial Meeting, there have been slight modifications in the preparation process of COMCEC Sectoral Analytical Studies and the conduct of Working Group Meetings taking into consideration the requests and valuable feedbacks from National Focal Points and relevant senior-experts of the Member Countries. One research report will be prepared for two consecutive WG meetings. While the first draft of the report will be submitted to the first meeting, the completed report will be submitted to the second meeting.

In this new modality, as there will be a long preparation period and sufficient time for perfection of the final study, the active contributions of member country focal points and representatives in the process are more crucial. This new modality will strengthen the CCO's policy oriented approach to develop more concrete policy recommendations for the benefit of the member countries.

Within this framework, a research report with the same theme is being prepared for two consecutive COMCEC TCWG meetings (16th and 17th). While the first draft version of the report will be submitted to the 16th TCWG meeting, the final version of the report will be submitted to the 17th TCWG meeting, to be held on the October 2021. The main objective of the study is to establish a conceptual foundation for better understanding of the current and future implications of the COVID-19 on transport service providers in the OIC Member Countries and come up with sound mitigation strategies and policies to tackle the challenges arisen so far. The expected outcome of this study will be a comprehensive, but concise overview of implications of the COVID-19 on transport service providers in the OIC Member Countries, highlighting crucial issues and challenges, which OIC countries faces during and after COVID-19 , and major recommendations outlining how these issues can be addressed by the various players. The study is also expected to draw attention to current and future implications of the COVID-19 on transport service providers as well as to trigger a serious debate around the issues identified and how better to address them.

The First Draft Report reveals important findings in terms of mitigation strategies for transport service providers in the world as well as in the member countries. The First Draft Report provides a conceptual framework on the impact of the COVID-19 on the transport sector in the world as well as in the OIC region, and the global trends and successful implementations for the containment of the adverse impacts of the COVID-19 pandemic on the transport service providers. In light of the discussion during the meeting and with active contribution of the member countries, the draft report will be improved. The final version of the report is expected to highlight the major challenges faced by the OIC member countries with mitigation strategies against COVID-19 and include sound, specific and practical policy recommendations for developing/improving mitigation strategies for transport service providers during and after COVID-19 in the OIC member countries. The First Draft Report also reveals some practical recommendation for mitigating the adverse impacts of the pandemic as followings;

- The competitive conditions of the sector should be reorganized by the state.
- Alternative routes should be created to countries where travel barriers persist, ensuring that the activities of transportation service providers are maintained.

- Modifying tax obligations as financial relief to the transport service providers is essential to save them from financial disruptions and bankruptcy.
- Providing varied support for privately operated stations will create a financial advantage for transport service providers.
- Continued operation of commercial shipping is vital as it moves raw materials, energy and food items among other basic necessities. In this regard all necessary services (health services, bunkering and supplies and certification of regulatory compliance) needs to be provided to the seafarers.
- Fast track clearance of critical medical equipment at customs, express clearance at airport and border agencies needs to be ensured through list of harmonized system codes provided by the World Custom Organization.
- In order to avoid physical contact between people at borders and custom points, paperless transactions and electronic submission needs to be introduced.

The report is available on the COMCEC website. (www.comcec.org)

B. COMCEC Project Funding

COMCEC Project Funding (CPF) is the other important instrument of the Strategy. Projects financed under the CPF need to serve multilateral cooperation and must be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its transport section. Projects also play important roles in realization of the policy recommendations formulated by the member countries during the TCWG meetings.

Under the 7th Call for Project Proposals, 3 projects were selected to be financed by the CCO in 2020. These projects, however, are yet to be completed due to delays arising from international travel restrictions imposed by the COVID 19 pandemic and postponed to 2021 by the project owners. Moreover, after the 8th Call for Project Proposals under the CPF, one project has been selected to be implemented in 2021. The selected projects under the CPF, which are expected to be completed in 2021 are as follows;

The project titled “Establishing Maritime Transport Archives” will be implemented by Cameroon in partnership with Cote d’Ivoire and Chad in 2021. The project aims at developing legal, institutional and regulatory frameworks to enhance trade flows in the corridors Douala - Ndjamen, Douala-Bangui. A training program and workshop will be organized with key transport actors to discuss institutions and regulatory framework.

The second project titled “Monitoring Lagos-Abidjan Transport Corridor” will be implemented by Nigeria in partnership with Benin, Togo and the Gambia. The objective of this project is to facilitate the movement of people and goods and improve governance along the corridor.

Moreover, Turkey will implement the project titled “Implementation of International Maritime Conventions” with two partner countries, Algeria and Tunisia in 2021. This project aims at ensuring effective coordination and cooperation among selected countries through establishing an implementation committee and capacity building.

Lastly, the project titled “Enhancing ICT Skills: Empowering the Youth” will be implemented by Maldives for improving human resource capacity by creating a diverse mobile workforce that can deliver online applications which include emerging technologies such as FINTECH and online marketing. The partner countries of this project are the Gambia and Turkey.