

Policy Recommendations Adopted by 34th Session of the COMCEC

- **Designing Market Information Systems (MIS) through assessing and reviewing targeted stakeholders with a sustained budget support and an effective monitoring and evaluation framework**

Rationale: A well-functioning agricultural Market Information System (MIS) requires a careful design which aligns information provided to the identified needs of targeted stakeholders, especially farmers, traders, financial intermediaries and other private actors in the agricultural value chains through regular assessments and reviews. Because of the “public good” characteristics of the market information, sustainability of the MIS implementations can be achieved by governments’ budget support. Furthermore, a well-established monitoring and evaluation framework at the beginning is of utmost importance for the efficiency and sustainability of an MIS and ensuring that the target audience gains the anticipated benefits.

- **Building sufficient capacity for stock monitoring, trend analysis and forecasting as well as other relevant subjects beyond providing price information for a better functioning MIS**

Rationale: Based on evidence found with regards to the expectations of market players, it is clear that the content of MIS should go beyond price information and include reporting trend analysis which can signal supply and demand conditions and allow market players to take positions regarding immediate and future price levels. To achieve this, there is a need to make necessary investments in building output forecasting capacity, which is becoming increasingly more feasible with the advances in ICT.

- **Linking MIS to other market-supporting institutions and/or other risk-management tools to increase the mutual benefits.**

Rationale: Linking the development of MIS to that of other market-supporting institutions such as line ministries, producer unions, farmer and traders’ cooperatives, marketing boards, state-owned economic enterprises and other institutions on the supply chain and/or other risk-management tools such as warehousing receipt systems, agricultural commodity exchanges as well as agricultural insurance programs can lead to mutual benefits. On the one hand, such institutional innovations will ensure that price discovery is more transparent and therefore worth accessing. On the other hand, effective and reliable MIS is an important prerequisite for developing these market institutions successfully.

- **Forming the necessary mechanisms/platforms for an improved coordination among the key stakeholders and ensuring the effective review of the quality of information provided.**

Rationale: The needs of the relevant stakeholders along the agricultural value chains could be mediated by setting up necessary mechanisms/platforms such as specific working groups with representation from government, providers, key stakeholders and donors. These mechanisms

facilitate coordination and rationalization of the information collection and dissemination process and thereby contribute to the efficiency. Furthermore, the quality of information provided and its relevance to target users could also be regularly reviewed through these mechanisms/platforms.

- **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.

- **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.

- **Developing and increasing economic connectivity as well as physical¹ and information connectivity to reduce trade costs in agricultural trade markets for a sustainable agricultural trade development.**

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

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