

ROOM DOCUMENT
17TH MEETING OF THE TRADE WORKING GROUP

The COMCEC Trade Working Group (TWG) has successfully held its 17th Meeting on September 30th, 2021 virtually with the theme of “Counter-Measures to Sustain Trade Facilitation during and after COVID-19 Pandemic in the OIC Member Countries. The room document prepared in accordance with the main findings of the research report conducted specifically for the 16th and 17th Meetings of the TWG. The existing document includes these policy recommendations highlighted during the Meeting.

The policy recommendations are as followings:

Policy Advice 1: Promoting structural transformations through simplification of the required formalities and documentation, enhanced investments in digital infrastructure, improving customs risk management systems and further utilization of the potential of private-public partnership with a view to achieve long term efficiency and resilience to shocks amid global or regional crises.

Rationale:

Developing and strengthening already existing physical, digital and legal capacity not only enables countries to provide a higher quality of services to traders but also it is critical in terms of presenting greater resilience to shocks in times of crises.

In this sense, the simplification, reduction or even elimination of formalities connected with imports, exports and transit trade facilitates customs practices, and thus makes the overall management of crises easier through in a multiway such as facilitating trade for emergency goods or sustaining supply chains, etc.

Improving the Digital infrastructure through effective instruments as advancing supportive IT infrastructure for automation of customs and other border agency procedures, providing the acceptance of digital copies, encouraging the implementation of the single window systems, enabling traders to use e-signatures has a crucial role in assisting streamlining border processes and reducing interpersonal interactions. Therefore, investing in digital infrastructure is one of the recommendations that can be prioritized.

The use of customs risk management systems is essential to speed up the shipment of goods and avoid lengthy delays at borders. And its speeding up role becomes more important and functional in times of emergency when shipment of critical products such as medical products needs to be expedited.

In all endeavours for promotion of structural transformations, making use of the potential of private Sector through Public-Private Partnerships (PPPs) can be utilized as an effective tool to realize public projects through private sector funding, expertise and capacity.

Policy Advice 2: Ensuring an effective coordination and communication with all relevant stakeholders in order to manage the crises with greater efficiency through establishing national inter-agency coordination mechanisms, strengthening the cross-border agency cooperation, expanding regional and international partnerships and improving the publication as well as availability of trade related information.

Rationale:

Effective coordination, communication and partnership with all relevant stakeholders are very important for the success in any business having a multistakeholder nature. However, in times of global crises problem solving requires global solutions and effective coordination becomes a precondition for the success. Thus, from inner to outer circle, improving and strengthening coordination mechanisms at national, regional and international levels significantly contributes to the effective management of global crises.

Countries that established effective coordination mechanisms across relevant authorities are relatively more successful in responding to the pandemic. Therefore, national inter-agency coordination mechanisms need to be designed in a way to include all relevant stakeholders as much as possible (representatives of business and public authorities such as chambers of commerce, ministries in charge of foreign trade, finance and statistics, etc.). Moreover, national coordination mechanisms may be authorized to provide advices and set up binding rules and procedures regarding trade facilitation measures.

At regional level, one of the practical tools would be the signing of bilateral agreements or Memorandum of Understanding with neighbouring or transit countries or the most important trading partners in order to harmonize and coordinate various factors related to trade facilitation. This tool also increases the effectiveness of security and safety measures which are required during this special period.

Cooperation with regional and international organizations governmental or non-governmental (OIC, WCO, WTO, IATA and ICAO, etc) bear utmost importance since it provides guidance, technical and training assistance as well as an exchange of experiences platform.

Policy Advice 3: Developing a National Emergency Trade Facilitation Plan, where applicable, with all necessary components and instruments to ensure the right, timely and quick response and recovery during the pandemic and post pandemic era.**Rationale:**

National Emergency Trade Facilitation Plan is at the heart of the all crises management efforts since it brings all the necessary components (i.e a well-designed implementation instruments, monitoring and evaluation mechanisms) together both for the pandemic and post pandemic period.

The main purpose of a national emergency trade facilitation plan is to ensure the right, timely and quick responses and recovery operations of all stakeholders of trade facilitation in a well-coordinated way. Thus, preparedness for future shocks is one of the key objectives of a National Emergency Trade Facilitation Plan.

Policy Advice 4: Facilitating trade for emergency goods simplification of procedures including but not limited to setting up appropriate warehousing facilities to store and distribute the emergency goods and taking measures to accelerate immediate clearance and release of emergency goods at customs.**Rationale:**

Rapid access to emergency goods such as medical supplies and food is one of the most critical aspects of the COVID-19 pandemic since their unavailability may have significant impacts on

lives and livelihoods. In order to minimize the negative social and economic effects of COVID-19 and to shorten the duration of the crises, it is imperative to adopt special policies that are specially and dynamically designed for emergency goods.

In this respect, all possible counter measures of the trade facilitation for emergency goods should be taken into consideration with respect to their priority as (1) temporarily reducing/eliminating tariffs, taxes and other trade restrictions, (2) setting up appropriate warehousing facilities to store and distribute the emergency goods and (3) taking measures to accelerate immediate clearance and release of emergency goods at customs, (4) using automation, electronic data processing and e-payments to avoid physical contact during the clearance process, (5) avoiding disruptions in the production of essential goods as a result of supply chain discontinuity, (6) publishing information materials on the classification of emergency / essential goods and training customs officials to differentiate swiftly between essential and nonessential goods.

Policy Advice 5: Sustaining supply chains in order to ease the management of pandemic as well as any other unexpected disasters.

Rationale:

The COVID-19 pandemic puts forward the importance of sustainability of supply chains more than ever before. Because COVID-19 pandemic demonstrated that how vulnerable the current supply chain management is and there is an urgent need for a new supply chain strategy in order to make supply chains more resilient especially when the critical role it has on the overall economy is considered.

During COVID-19, the most common disruptions reported by firms were mainly related to difficulties at the borders when exporting or importing goods rather than the problems related to their suppliers. Thus, in order to prevent major interruptions in global value chains during such periods and minimize their economic consequences, the followings can be given due regard: (1) adopting a new strategy for sustainable supply chains where pandemic is taken into consideration, (2) providing regular updates on rules and procedures related to customs formalities for greater transparency and predictability and (3) simplifying procedures and regulations for imports and exports of intermediary goods.

Policy Advice 6: Supporting the continuity of the Business in order to minimize adverse economic consequences of pandemic.

Rationale:

Unprecedented global pandemic damaged the economy and business. According to OECD (2020) estimates, the firms' profits declined by around 40 percent to 50 percent compared to pre-pandemic period. Service sectors such as hospitality, entertainment and transport were hit hard by the pandemic. And young firms were affected more than the sophisticated/experienced ones. Micro, small and medium enterprises (MSMEs) faced many challenges such as a decrease in demand, high fixed costs, lack of adequate capital, and difficulties in accessing affordable financing.

For the utmost target of protecting the economy from bankruptcies and failures, it is imperative to take special measures for the businesses to minimize the impact of crises on firms' operational capacities. Maintaining effective communication channels with business

representatives to better understand the challenges they face in pandemic and design appropriate policy interventions would be among the first counter measures for policy makers. Allowing importers and exporters to defer duties, taxes and fees, extend time frames for filing claims and appeals relating to trade procedures, facilitating and encouraging cross border e-commerce to take advantage of global expansion of online shopping, reducing the costs for MSMEs in integrating into global value chains are among other important measures for the continuity of businesses.

Instruments to Realize the Policy Advices:

- **COMCEC Trade Working Group:** In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

- **COMCEC Project Funding:** Under the COMCEC Project Funding, the COMCEC Coordination Office calls for project proposals 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 and their sub-areas, the Member Countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects. The projects may include seminars, training programs, study visits, exchange of experts, workshops and preparing analytical studies, needs assessments and training materials/documents, etc.