



CCO BRIEF ON TRADE

COMCEC COORDINATION OFFICE
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BRIEF ON TRADE COOPERATION

I. Introduction

International trade is an important catalyst for economic and social development. The evidence shows that enhancing international trade in countries contributes to raise of living standards, investments and employment. Many countries perceive international trade as an important tool for strengthening their integration with other countries and take steps towards improving trading environment through multilateral, regional, and bilateral initiatives.

In its previous meetings so far, the COMCEC Trade Working Group devoted respectively on very specific thematic areas such as SMEs as well as SMEs' Internationalization, Trade Financing, Risk Management, Single Window, Authorized Economic Operators, Export Credit Agencies, Transit Regime, National Trade Facilitation Bodies, and Trade Facilitation.

Along with the developing information and communication technologies in recent years, changes have been observed in the field of trade. In this context, besides the traditional trade methods, trade can also be now carried out through technological devices. This is what we call it as e-commerce or e-trade. E-commerce is becoming a powerful driver of economic growth worldwide. The emergence of e-commerce, the activity whereby buying and selling takes place in a manner facilitated by the Internet, has transformed the global commercial landscape, which is complex, dynamic, multi-faceted and rapidly evolving.

II. Trade Cooperation under the COMCEC

With the proliferation of the using internet, the shift of marketplaces to virtual environments in addition to physical ones has necessitated a different perspective on commerce. Economic and socio-cultural changes, particularly those affecting all national markets in our globalized world, have significant impact on trade along with technological advancements.

Over time, the increase in the use of the internet, social media, and mobile devices, especially with the pandemic affecting the entire world, has made the issue even more crucial for countries, businesses, and consumers who have not previously shopped in the virtual market. Therefore, it will be crucial for all countries to closely monitor the topics covered by e-commerce, make necessary legal regulations, and complete and constantly improve them by taking into account all elements related to technological infrastructure, thereby playing a role in enhancing their competitive advantages.

Although, there is not yet universally agreed definition of e-commerce, World Trade Organization (WTO) defines e-commerce as “the production, distribution, marketing, sale or delivery of goods and services by electronic means”¹. Additionally, UNCTAD defines it as “the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders”².

Even though Information and Communication Technologies is the integral part and core of the e-commerce, most of the developing countries including the OIC Member Countries is facing some problems particularly in promoting and developing an appropriate level of e-commerce to enhance domestic and cross-border e-commerce. Additionally, these countries suffer from factors such as low technological base, high internet cost, low GDP per capita, lack of appropriate financial and legal framework. However, the scale, weight and impact of these factors vary from country to country. In order to overcome these barriers and obstacles,

¹ https://www.wto.org/english/thewto_e/minist_e/mc12_e/briefing_notes_e/bfecom_e.htm

² <https://www.oecd-ilibrary.org/sites/1885800a-en/index.html?itemId=/content/component/1885800a-en>

developing countries are required to adopt long term strategies as well as medium to short-term plans and programs at both the national and regional levels and need the support, cooperation and guideline from most relevant International Organizations, including OIC.

Within this framework, the COMCEC Trade Working Group (TWG) will devote its 20th and 21st Meetings to “Improving E-Commerce Capacities of the OIC Member Countries”.

A. Improving E-Commerce Capacities of the OIC Member Countries - 20th and 21st Meeting of the Trade Working Group

20th Meeting of the COMCEC Trade Working Group was held on May 2nd, 2023 with the theme of “Improving E-Commerce Capacities of the OIC Member Countries”. During the Meeting, the first draft of the research report on this subject towards the preparation of a guide that will contribute the Member Countries’ endeavors for enhancing improvement of e-commerce capacities in their respective countries have been discussed. Furthermore, the experiences and perspectives of the Member Countries, International Organizations such WTO and D-8 with regard to improving e-commerce capacities were shared with the participants. The final version of the report will be submitted to 21st Meeting of the TWG to be held in October 2023.

All the documents prepared for the Working Group Meetings are available on the COMCEC website (www.comcec.org).

B. COMCEC Financial Support Instruments

The COMCEC Project Funding Mechanism

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

Under the 9th Call for Project Proposals under the CPF, 4 projects were selected to be implemented in 2022. The projects implemented under the CPF in 2022 are as follows;

- Lebanon implemented the project named “Developing a Roadmap for Establishing National Trade Facilitation Body in Lebanon” with Türkiye and Malaysia. The project aimed to develop a roadmap for establishing a national trade facilitation body in Lebanon. 3 activities, namely a training, workshop and study visit organized within the framework of the project.
- Morocco implemented the project called “Accelerating customs clearance of goods between OIC Member countries through the exchange of Electronic Certificate of Origin” with Malaysia, Türkiye and Indonesia. The objective of this project was to establish a clear and precise plan for ensuring electronic exchange of certificate of origin documents between countries. A study visit to Malaysia as well as a training activity were conducted.
- SMIIC implemented the project called “Promotion of OIC/SMIIC Halal Standards use in the Asian and Arab Region” with 16 beneficiary countries. Within the project, two training activities were organized about OIC/SMIIC Standards.

- Palestine implemented the project titled “Enhancing Palestinian Limestone-SMEs Internationalization” with Saudi Arabia and Jordan as beneficiary countries. This project aimed to internationalize SMEs in order to reducing the risk of dependency by increasing exports from Palestine to OIC markets. A workshop was conducted in order to bring together potential producers and buyers. In addition, a handbook about Palestinian limestone was produced.

Furthermore, under the 10th Call for Project Proposals under the CPF, 6 projects have been selected to be implemented in 2023. These projects are as follows:

- Bangladesh will implement the project called “Developing Export Competitiveness of Potential Halal Products of Bangladesh” with the partnership of Türkiye. The project aims at enhancing the capacity of the officials from public and private sector engaged in trade of halal products in order to ensure Bangladesh to enter into the Global Halal Market. Under this project, the relevant institutions of Bangladesh with regards to halal standard issues will pay a visit to Türkiye. After that, a training activity will be organized in Bangladesh.
- Secondly, Cameroon will implement the project titled “OIC/SMIIC Halal Auditor and foundation Training for Cameroon” with the objective of reducing non-tariff barriers to trade through use of common (OIC/SMIIC) halal standards. The relevant experts from experts will have the opportunity to benefit from a training activity regarding halal standards.
- Furthermore, the project called “Capacity-building and Institutional Strengthening for Rules of Origin in OIC Member States” will be implemented by Trade Promotion Organization of the Republic of Iran with the partnership of Türkiye. This project includes a training activity which will enable improving human capacity and institutional structure of related organizations and private sectors of Iran regarding the field of Rules of Origin of TPS-OIC.
- Suriname’s project on “Supporting and Ensuring SMEs in Suriname and Guyana to Continue Business during Crisis” aims at enhancing the capacity of trainers at the Ministry of Economic Affairs to guide SMEs during crisis, such as pandemics etc. The project will be implemented with the partnership of Guyana and Türkiye. A training activity will be organized for the trainers in the Ministry of Economic Affairs, Entrepreneurship and Technological Innovation in Suriname, which will ultimately contribute to the SME development during crisis.
- Republic of Türkiye will also implement a project on “Raising Awareness for Multilateral/Mutual Recognition According to the OIC/SMIIC Halal Standards” for emphasizing the need for harmonized halal accreditation systems to unify halal standards for the mutual recognition of halal certificate with six beneficiary countries: Nigeria, Sudan, Jordan, Saudi Arabia, Azerbaijan and Kazakhstan. A workshop and international seminar will be held for the benefit of Türkiye and other beneficiary countries.
- Lastly, SMIIC’s project on “Halal food and meat Detection Methods Training and Inter-laboratory Comparison for OIC Countries” will enable improving human capacity in laboratories performing halal testing and developing unified methods for halal food and meat detection. A training activity will be held for the benefit of 10 member countries, namely Indonesia, Iran, Iraq, Jordan, Pakistan, Malaysia, Morocco, Saudi Arabia, Sudan and Türkiye.

The Flagship Project of the COMCEC on Trade: TPS-OIC

Since the establishment of the COMCEC, trade has been one of the most important cooperation areas. In order to enhance trade among the OIC Member Countries, the COMCEC has initiated many programs and projects towards reaching this objective. The Trade Preferential System among the Member States of the OIC (TPS-OIC) is one of the most important projects of the COMCEC for fostering intra-OIC trade.

The TPS-OIC mainly based on three agreements, namely the Framework Agreement, the Protocol on Preferential Tariff Scheme (PRETAS), and the Rules of Origin. The legal basis of the TPS-OIC has been completed in 2011 and the required number of the member countries for the operationalization of the System has been reached by the end of 2014. These countries are Bangladesh, Iran, Jordan, Malaysia, Morocco, Pakistan, Turkey, Bahrain, Saudi Arabia, United Arab Emirates, Kuwait, Qatar and Oman.

In order to make the TPS-OIC system operational, participating states have to meet two conditions at the same time, namely the ratification of the three TPS-OIC Agreements and the submission of the list of concessions to the Trade Negotiating Committee (TNC) Secretariat.

On the other hand, for successful implementation of the System, the Member Countries are required to undertake some internal measures, such as: *printing the TPS-OIC Certificate of Origin documents, conveying specimen impressions of stamps to the TNC Secretariat and completing the necessary internal legislative and administrative measures.* After the completion of these measures, the System would become fully operational.

The TNC has taken important decisions regarding the Roadmap for the Implementation of TPS-OIC with the valuable contribution of participating states. The Committee agreed upon July 1, 2022 as the cut-off date for the effectuation of the system.

As the co-secretariat of the TNC, COMCEC Coordination Office (CCO), circulated relevant documents (the lists of authorized bodies, their sample of stamps and signs, and concession lists) of other participating states through diplomatic channels. Thus, with the completion of the aforementioned arrangements in accordance with the relevant provisions, full implementation of the preferential trade has been started and the System has become operational as of July 1, 2022.

With the suggestion of the host country, the Republic of Türkiye, a TNC Meeting at Senior Officials level was held on 27 November 2022, on the sidelines of 38th COMCEC Ministerial Session, for consideration of the status of implementation of TPS-OIC in Participating States and discussion on a future road map. During the Meeting several decisions have been taken regarding (i) preparation of a checklist in order to track record of implementation (ii) redistribution of concession lists through diplomatic channels, (iii) resolution of HS codes transposition issues with the technical assistance by TNC Secretariat, (iv) organization of a follow-up meeting at expert level, (v) clarification of modalities to apply on the preparation of GCC's concession list with its all technical and legal implications by the TNC Secretariat.

38th COMCEC Ministerial Session also welcomed the convening the TNC Meeting and took note with appreciation of TNC's above-mentioned decisions. In this respect, as the co-secretariat of the TNC, the CCO prepared a checklist in order to track the record of implementation and conveyed the checklist to TPC-OIC Participating States. The CCO also redistributed the concession lists, which have already conveyed to the Participating States 22 October 2020, through diplomatic channels to the TPS-OIC Implementing States at the end of the year 2022.

In line with the relevant decision of the last TNC Meeting and the resolution of 38th COMCEC Ministerial Session, a TNC Meeting will be organized virtually on 6-7 June 2023 at expert level under the chairmanship of host country, Türkiye.

Lastly, the 38th Session of the COMCEC also welcomed the convening of Ministers of Trade, Finance and Economy on 29th November 2022 on the margins of 38th COMCEC Session where the Honourable Ministers reiterated the importance of increasing intra-OIC trade particularly through full implementation of TPS-OIC and indicated their willingness to extend the scope of TPS-OIC.