



CCO BRIEF

ON

TRADE

COMCEC COORDINATION OFFICE
November 2023

TRADE

BRIEF ON TRADE COOPERATION

1. Introduction

International trade is an important catalyst for economic and social development. The evidence shows that enhancing international trade in countries contributes to the elevation of living standards, investments and employment. Almost all countries also perceive international trade as an important tool for strengthening their integration with other countries. In line with this perspective, they have taken important steps towards increasing trade and improving trading environment through multilateral, regional, or bilateral initiatives.

Along with the developing information and communication technologies in recent years, changes have been observed in the field of trade. 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. In this context, e-commerce is becoming a powerful driver of economic growth worldwide. Particularly in the context of the global pandemic, the increased reliance on the internet, social media, and mobile devices has further emphasized the significance of e-commerce for nations, businesses, and consumers.

E-commerce has emerged as a significant force in terms of driving economic growth, promoting inclusive trade, and creating jobs in developing countries. Many actors are collaboratively striving to harness the potential of the internet for economic development and although some developing countries have made substantial progress in the field of e-commerce, the most of them still find themselves lagging behind. Many developing countries, including those in the OIC region suffer from difficulties and challenges such as limited technological infrastructure and trust environment, high costs of internet and electricity access, low GDP per capita, and a lack of suitable financial, legal and regulatory frameworks, lack of human capacities and trained human resources related to e-commerce.

Considering the e-commerce's complex, dynamic, multi-faceted and rapidly evolving landscape, in particular, developing countries need to conduct a thorough examination of e-commerce dynamics in their country, to identify their most effective leverage points into the e-commerce system, to examine other countries' best practices and to formulate these into a national e-commerce strategy.

Within this framework, the COMCEC Trade Working Group (TWG) has devoted its 20th and 21st Meetings to the topic of "Improving E-Commerce Capacities of the OIC Member Countries"

2. Trade Cooperation under the COMCEC

a) The 20th and 21st Meetings of the Trade Working Group

Given the importance of the issue, the COMCEC Trade Working Group held its Meetings in 2023 to development of e-commerce capacities in the OIC Member Countries. In this regard, the 20th and 21st Meetings of the COMCEC Trade Working Group were held on 2 May 2023 and 16-17 October 2023, respectively, with the theme of "Improving E-Commerce Capacities of the OIC Member Countries".

During these both Meetings, the experiences and perspectives of the Member Countries, international organizations and the private sector with regard to improving E-Commerce capacities have been shared with the participants.

During these Meetings, the draft research report on this subject has been considered by the Member Countries' experts. The guide included in the research report, providing a roadmap for the Member Countries to develop their e-commerce capacities, was also elaborated in detail during the 21st Meeting. After fruitful discussions, 21st Meeting has come up with a set of concrete policy recommendations to be submitted to the respective Ministers at the 39th COMCEC Ministerial Session.

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

b) Important Projects and Programmes

I. 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 is 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.

Recalling the relevant decisions of the 37th Ministerial Session of the COMCEC and the Trade Negotiating Committee Meeting held in June 2021 on determination of July 1st, 2022 as the cut-off date for the effectuation of the System, the 38th Follow-up Committee requested the participating states to expedite the completion of their internal procedures and other preparations until that date.

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 1st, 2022.

The 38th COMCEC Ministerial Session and 39th COMCEC Follow-up Committee welcomed that the TPS-OIC has been effectuated as of July 1st, 2022 in line with relevant resolutions of the COMCEC Ministerial Sessions and the decisions of the TPS-OIC Trade Negotiating Committee (TNC). The Committee also requested the Participating States, which have not done so yet, to complete their internal procedures and called upon the Member Countries, which have not yet signed or ratified the TPS-OIC Agreements to do so at their earliest convenience and complete other procedures for joining the System.

Furthermore, 38th COMCEC Session requested the ICDT, COMCEC Coordination Office, IsDB and other relevant OIC Institutions to continue organizing awareness-raising and capacity-building activities with regards to the TPS-OIC and welcomed the convening of the Trade Negotiating Committee (TNC) on November 27 th, 2022, on the margins of the 38th COMCEC Session and takes note with appreciation of TNC's following decisions: (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 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.

Underlining the significant role of TNC in considering the issues experienced in the implementation of the TPS-OIC as well as discussing the road-map for the period ahead, In the 39th Follow-up Committee Meeting, the Committee commended the convening of the TNC Meeting virtually on 6-7 June 2023 and called upon the TPS-OIC Participating States to actively participate in this meeting and report the status of implementation in their respective countries thereon.

As the co-secretariat of the TNC, COMCEC Coordination Office (CCO), prepared the checklist in order to track the record of implementation and circulated to the countries, redistributed the concession lists through diplomatic channels and organized a virtual TNC Meeting on 6-7 June 2023.

In line with the relevant decisions of aforementioned meeting, GCC Secretariat organized a technical meeting on the preparation of concession lists with the CCO and ICDT in November 1st, 2023. Furthermore, a TNC Meeting will be held on 20 November 2023 for considering the status of implementation of the System in their respective countries.

II. OIC Arbitration Centre

Arbitration Centers are the main mechanisms for the settlement of disputes in international trade. Due to their positive impact on enhancing international trade, a number of regional and international arbitration centers have been established, with significant caseloads and a wide reach. Considering its importance. H.E. Recep Tayyip ERDOĞAN, the President of the Republic of Türkiye and the Chairman of the COMCEC, proposed the establishment of the OIC Arbitration Centre in İstanbul for the benefit of the OIC Member Countries during the 13th Islamic Summit held in 10-15 April 2016 in İstanbul, Türkiye.

The Agreement regarding establishment of the OIC Arbitration Centre was ratified by the Turkish Parliament and signed by the H.E. ERDOĞAN on 18 January 2020. The OIC-Arbitration Centre (OIC-AC) was established with the efforts of OIC's Affiliate Islamic Chamber of Commerce, Industry and Agriculture (ICCIA) and The Union of Chambers and Commodity Exchanges of Türkiye (TOBB) in November 2021, in İstanbul.

The objective of the Centre is to facilitate the settlement of commercial and investment disputes involving natural or legal persons among the OIC Member Countries, between the OIC Member Countries and non-OIC Countries or Private Sector Institutions by recognizing traditional arbitration rules, rules of Shariah Law and alternative dispute resolution mechanisms. In this respect, The Centre is dedicated to promoting economic development within the OIC Region by providing a platform for effective dispute resolution to countries, companies, and individuals not only within the Membership but also worldwide.

III. COMCEC SME Programme

Considering the vital role of SMEs for the OIC economies in terms of production, investment, employment and growth, the 38th Ministerial Session of the COMCEC requested the COMCEC Coordination Office in cooperation with the interested Member States and the relevant OIC Institutions to initiate technical studies on developing a well-designed SME Programme and to report the progress thereon to the 39th Follow-up Committee and the 39th COMCEC Session.

Furthermore, recalling the relevant resolution of the 38th COMCEC Ministerial Session on developing a well-designed SME Program, the Follow-up Committee of the COMCEC requested the CCO, in collaboration with the interested Member Countries and relevant OIC Institutions, to finalize the technical preparations through, among others, conducting a survey to get insights about the needs and expectations of the Member Countries and organizing technical meetings with a view to launch the Programme during the 39th COMCEC Ministerial Session.

The Concept Paper, the Draft Programme for the COMCEC SME Programme were prepared and submitted to the related Member Countries' for their approval. Technical infrastructure for the Programme are established during the technical meetings conducted in 2023. The Survey Study was also prepared and conveyed to the interested Member Countries in order to understand their needs and expectations regarding the Programme.

The First Technical Meeting of the COMCEC SME Programme was held on 11 October 2023 virtually and The Second Technical Meeting will be held on 15 November 2023. The technical studies on this special programme are expected to finalize in advance of the 39th COMCEC Ministerial Session.

3. COMCEC Financial Support Instruments

A. 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 countries 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 and Türkiye. 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 Jordan as partner country. 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, 5 projects were selected to be implemented in 2023. These projects are as follows:

Bangladesh implemented the project called “Developing Export Competitiveness of Potential Halal Products of Bangladesh” with the partnership of Türkiye. The project aimed 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 paid a visit to Türkiye. After that, a training was conducted with the participation of the relevant institutions of Bangladesh as well as partners, Türkiye and SMIIC.

Moreover, the project called “Capacity-building and Institutional Strengthening for Rules of Origin in OIC Member States” has been implemented by Trade Promotion Organization of the Republic of Iran with the partnership of Türkiye. Within the framework of this project, a training activity has been organized for 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” aimed at enhancing the capacity of trainers at the Ministry of Economic Affairs to guide SMEs during crisis, such as pandemics etc. The project has been implemented with the partnership of Guyana and Türkiye. A training activity has been 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 also implemented 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 have been 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. Moreover, an international conference on the same topic will be organized on the sidelines of the World Halal Summit.

B. COMCEC COVID Response

The COMCEC COVID Response (CCR) Program aimed at alleviating the negative impacts of the pandemic on member country economies. Within the framework of the 2nd Call for Project Proposals of the COMCEC COVID Response, Senegal implemented a direct grant project on “Resilience Program against Covid-19 for the Digital Management of Agricultural Markets”. Through the project, a national digital platform was established for ensuring efficient and sustainable management of agricultural storage infrastructures.

