



CCO BRIEF ON TRADE

COMCEC COORDINATION OFFICE

May 2024

TRADE

BRIEF ON TRADE COOPERATION

1. Introduction

Enhancing international trade is vital for economic and social development and improves living standards, investments, and employment opportunities. The global trade volume stands at around 50 trillion USD, with OIC Member Countries contributing 11.2% as producers (exporters) and 9.7% as consumers (importers), according to the SESRIC OIC Economic Outlook-2023. This underscores the importance for OIC Member Countries to progressively enhance and fortify their capacities to bolster their competitiveness on the global stage.

Quality Infrastructure (QI) system serves as a key driver for enhancing the standards of products and services at a national level. QI system is one of the catalysts for improving the quality of products and services on a national scale. It, in general terms, refers to a country's legal and institutional framework that supports the quality of goods and services. A properly functioning national QI incorporates public- and private-sector cooperation across the pillars of quality: standards, conformity assessment, accreditation, and metrology.

As an important aspect of QI, metrology is the science of measurement, embracing both experimental and theoretical determinations at any level of uncertainty in any field of science and technology. The success of national economies depends upon the ability to manufacture and trade quality manufactured and tested products and components. It plays a crucial role in guaranteeing the precision, reliability, and consistency of measurements, which are essential for product development, manufacturing, and quality assurance. Beyond its technical aspects, metrology influences economic activities by enabling fair trade, ensuring regulatory compliance, and promoting innovation through precise and reliable data.

In international trade, QI and metrology are essential for ensuring adherence to global standards, crucial for market entry and success. They streamline compliance, reducing trade disputes and eliminating technical barriers, thus fostering smoother trade flows. Within this scope, these systems form the technical backbone of trade agreements, preserving the quality of globally exchanged goods.

Within this framework, the COMCEC Trade Working Group (TWG) has devoted its 22nd and 23rd Meetings to the topic of “Improving Quality Infrastructure in OIC Member Countries” with special focus on metrology field.

2. Trade Cooperation under the COMCEC

a) The 22nd and 23rd Meetings of the Trade Working Group

The 22nd Meeting of the COMCEC Trade Working Group was held on 6 May 2024 with the theme of “Improving Quality Infrastructure in OIC Member Countries”. During the Meeting, the first draft of the Guide on this subject that will contribute the Member Countries’ endeavors for enhancing improvement of QI, especially metrology field in their respective countries have been discussed.

Furthermore, during the Meeting, the experiences and perspectives of the Member Countries and International Organizations with regard to QI specific to metrology have been shared with the participants. The final version of the Guide will be submitted to the 23rd Meeting of the TWG to be held in September 2024.

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.

Within this framework, welcoming the effectuation of the System, the 38th and 39th COMCEC Ministerial Sessions 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.

The Gulf Cooperation Council (GCC) also submitted its most updated concession lists to the TNC Secretariat on behalf of its six member countries namely; Bahrain, Saudi Arabia, United Arab Emirates, Kuwait, Qatar, and Oman.

Underlining the significant role of the TNC in considering the issues experienced in the implementation of the TPS-OIC as well as discussing the road-map for the period ahead, the 39th Session of the COMCEC called upon the TPS-OIC Participating States to actively participate in the meetings of the TNC in the upcoming period and report the status of implementation in their respective countries to the TNC Secretariat regularly.

Furthermore, the 39th COMCEC Ministerial Session welcomed the convening of a Ministerial Breakfast Meeting on the margin of 39th COMCEC Session where Honorable Ministers and Heads of Delegations deliberated on issues regarding the OIC trade agenda, particularly TPS-OIC.

The Session also expressed its appreciation to the Republic of Türkiye for volunteering to host the Third Round of TNC at ministerial level in 2024 and requested all Member Countries to actively participate in this important event. In line with relevant resolution, a Ministerial Meeting for the third round of TNC will be held at Ministerial level on 10-11 June 2024 in İstanbul.

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 the 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 the Islamic Chamber of Commerce & Development (ICCD) and The Union of Chambers and Commodity Exchanges of Türkiye (TOBB) in November 2021, in İstanbul.

The 37th Session of the COMCEC welcomed the operationalization of the OIC Arbitration Centre in İstanbul. Accordingly, the Centre started its activities in late 2022, right after the assignment of the Secretary General and Assistant Secretary General, experts, and relevant staff.

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.

Furthermore, the 38th and 39th Sessions of the COMCEC called upon the Member Countries to encourage their relevant institutions to actively participate in the activities of the OIC Arbitration Centre with a view to making use of services provided by the Centre.

Additionally, within the margin of the 39th Ministerial Session of the COMCEC the panel on Global Alternative Dispute Resolution Mechanisms was organized on December 5th, 2023 by OIC Arbitration Centre.

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 Program 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, the 39th 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 Program during the 39th COMCEC Ministerial Session.

In accordance with the aforementioned resolutions, a survey along with a comprehensive research was conducted with the contribution of the interested Member Countries and the relevant OIC Institutions.

The First Technical Meeting of the COMCEC SME Program was held virtually on 11 October 2023, and the Second Technical Meeting was held virtually on 15 November 2023. In this meeting, relevant documents of the COMCEC SME Program were finalized with the contributions of interested Member Countries and relevant OIC Institutions.

Within the program's scope, potential thematic areas are identified as institutional capacity building, strengthening intra-OIC trade, and the SME Network Mechanism. In this respect, possible implementation tools of the Program are identified as thematic experience sharing, developing the use of business-to-business mechanisms (B2Bs), and exploring digital tools.

Moreover, the High-Level Technical Meeting was held during the 39th COMCEC Ministerial Session with the participation of the heads of SME related public institutions of the Member Countries.

Within the context of this Meeting, several recommendations regarding the COMCEC SME Program were formulated. The 39th Ministerial Session of COMCEC took note with appreciation the recommendations of the High-Level Meeting and invited interested Member Countries and relevant OIC Institutions to actively participate in the activities to be conducted under the Program.

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 the realization of the policy recommendations formulated by the member countries during the TWG meetings.

In 2024, five following projects have been selected to be supported:

Bangladesh will implement the project titled “Strengthening Cross-Border E-Commerce Sector in Bangladesh through Enhancing Capacity of SMEs and Professionals.” The Project will be implemented by the Ministry of Commerce and Foreign Trade Institute of Bangladesh in partnership with Malaysia.

The main purpose of this Project is to expand the international trade of Bangladesh by integrating SMEs into global market through cross-border e-commerce. Within the scope of the project, a study visit will be conducted to Malaysia in order to exchange knowledge and experience on cross-border e-commerce sector. After that, a training activity will be organized in Bangladesh.

The Project on “Developing Product Information and Determining Halal Critical Points” will be implemented by the Ministry of Trade of Indonesia with four partner countries, Malaysia, Brunei Darussalam, Türkiye, UAE and the relevant OIC Institution, SMIIC. The Project aimed at improving the comprehension and application of Halal principles and practices in the food industry. Under this project, a study visit will be conducted to Türkiye and a training activity will be organized.

Suriname will implement the Project on “Increasing Internationalization of SMEs in Suriname and Guyana” with the partnership of Guyana and Türkiye. The Project contains providing a training for the officials of the Ministry of Economic Affairs of Suriname. It aims at ensuring market expansions by supporting entrepreneurs in Suriname and Guyana.

Türkiye will implement the Project on “Free Zone Training Program for Internationalization of SMEs”. This project will be implemented with five partner countries namely Indonesia, UAE, Saudi Arabia, Qatar and Malaysia. Under this Project, two study visits will be conducted to Indonesia and UAE and a training activity will be organized with the partner countries. The main aim of this Project is to enhance the global competitiveness of SMEs through the utilization of free zone advantages.

Lastly, Uganda will implement a Project on “Enhancing Good Governance and Technical Capacity of SMEs to Eliminate Informalities in the Sector”. The project will be implemented by the Ministry of Trade, Industry and Cooperatives of Uganda. Two trainings will be conducted in different cities of Uganda to ensure the formalization of SMEs through enhancing the skills of relevant personnel from cooperatives, business associations and relevant public institutions.