



CCO BRIEF

ON

TRADE

COMCEC COORDINATION OFFICE
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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 as a science of measurement embraces 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 theme 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

Given the importance of the issue, the COMCEC TWG held its two consecutive Meetings in 2024. In this regard, 22nd and 23rd Meetings of the COMCEC TWG were held on 6 May 2024 and 19-20 September 2024, respectively, with the theme of “Improving Quality Infrastructure in OIC Member Countries”.

The 22nd Meeting of the COMCEC TWG was held on 6 May 2024 and preliminary findings of policy guide have been discussed. As a sequel of the 22nd Meeting, the 23th Meeting of the COMCEC TWG was held on 19-20 September 2024 with the same theme. The final draft of the guidance has been discussed during the meeting. In both Meetings, the experiences and perspectives of the Member Countries, international organizations with regard to improvement of QI by focusing on metrology field were shared with the participants.

The guideline providing a roadmap for the Member Countries to develop their QI system was also elaborated in detail during the 23rd Meeting. After fruitful discussions, 23rd Meeting has come up with the following policy recommendations:

- Improving intra-OIC collaboration of National Quality Infrastructure (NQI) Institutions particularly specialized on Metrology field with a view to aligning with global standards and benefitting best practices internationally, taking into account the work of relevant OIC Institutions such as SMIIC.
- Encouraging harmonization of standards and regulations in alignment with international standards, such as ISO, IEC, Codex Alimentarius, and relevant SMIIC standards, in order to facilitate working towards Mutual Recognition Agreements (MRAs) and Multilateral Recognition Agreements (MLAs).
- Strengthening NQI Institutions by investing in capacity building to enhance their technical and operational capabilities, while fostering Public-Private Partnership (PPPs) to leverage private sector expertise and resources.
- Enhancing the capacity of NQI Institutions through modernization of metrology infrastructure by upgrading laboratories to meet existing international primary standards.
- Encouraging active participation in international forums on, among others, metrology and standardization to improve knowledge and practices in these areas.
- Conducting metrological studies such as research projects, joint projects, capacity building activities and feasibility of excellence centres at the OIC level, particularly for trade of Halal products, to meet the diverse needs of all OIC Member Countries and enhance their global competitiveness.
- Providing technical assistance, training, financial support, and awareness campaigns to encourage SMEs in OIC Member Countries to comply with internationally recognized certification schemes.
- Integrating quality and safety principles in standards into educational curricula at all levels, strengthening consumer protection legislation, and enhancing consumer awareness of the importance of quality and safety.
- Initiating and implementing a periodic assessment system to evaluate the alignment of standards, MRAs and MLRAs, and related initiatives, and to give feedback to businesses and stakeholders to report compliance challenges and issues with regional quality infrastructure.

- Utilizing digitization and artificial intelligence technologies and techniques to raise the efficiency and effectiveness of quality infrastructure activities.

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. In order to join the System, member states need to fulfil 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 TNC Secretariat. On the other hand, for the effective 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 Trade Negotiating Committee (TNC) Secretariat and completing the necessary internal legislative and administrative measures.

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, Türkiye, Bahrain, Saudi Arabia, United Arab Emirates, Kuwait, Qatar and Oman.

In accordance with the relevant decisions of the 37th Ministerial Session of the COMCEC and the Trade Negotiating Committee (TNC) Meeting held in June 2021, the System has been effectuated as of July 1st 2022. The 37th COMCEC Ministerial Session welcomed the effectuation of the System and 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.

Furthermore, after the operationalization of the System, a series of TNC Meetings were conveyed in 2022 and 2023 for considering the status of implementation of the System in their respective countries.

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.

39th COMCEC Ministerial Session also welcomed the convening of Honourable Ministers and Heads of Delegations on 4 December 2023 on the margin of 38th COMCEC Ministerial Session where Honourable Ministers and Heads of Delegations deliberated on issues regarding the OIC trade agenda, particularly TPS-OIC. The said Session also expressed its appreciation to the Republic of Türkiye for volunteering to host the Third Session of TNC on TPS-OIC at Ministerial level in 2024 and requested all Member Countries to actively participate in this important event.

In line with the relevant resolution of 39th COMCEC Ministerial Session, Third Ministerial Meeting of TPS-OIC TNC was held on 9-10 June 2024 in İstanbul, Türkiye for widening the scope of the System under the chairmanship of Ministry of Trade of the Republic of Türkiye. İstanbul Ministerial Declaration adopted at this Meeting took note the initial discussions on a draft “Negotiation Strategy and Work Plan for Potential Expansion of TPS-OIC” and tasked the relevant authorities to continue the engagement under TNC.

II. OIC Arbitration Centre

Arbitration Centres 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 centres 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.

OIC Arbitration Centre became operational and has started the relevant activities in late 2022. Administrative staff were appointed of the Centre. Arbitration Rules of the Centre have been completed and approved by the Board of Directors. The Centre has engage in promotional activities and signed Memoranda of Understanding with various stakeholders.

The objective of the Centre is that facilitate the settlement of commercial and investment disputes involving natural or legal persons among the OIC Member Countries and private sector institutions by recognizing traditional arbitration rules, rules of Shariah Law and alternative dispute resolution mechanisms.

The 37th Ministerial Session of the COMCEC welcomed the operationalization of the OIC Arbitration Centre in Istanbul. Furthermore, the 38th and 39th Ministerial Sessions of the COMCEC and 40th Follow-up Committee 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.

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.

Moreover, the panel under the theme “OIC Arbitration Centre: Global Alternative Dispute Resolution” was organized on June 10th, 2024 in İstanbul by OIC Arbitration Centre on the sidelines of the “3rd Ministerial Meeting of the Trade Preferential System among the Member States of the OIC (TPS-OIC) Trade Negotiating Committee”

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 resolution, a comprehensive research including a detailed survey was conducted with the contribution of the interested Member Countries and the relevant OIC Institutions. Furthermore, a series of technical meetings with the attendance of the interested Member Countries and the relevant OIC Institutions were held with a view to elaborate on the outcomes of the research, current state of the Member Countries on the subject as well as the possible thematic cooperation areas.

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

The Program was welcomed by 39th Ministerial Session of the COMCEC. Additionally, a High-Level Technical Meeting was held on the sidelines of the 39th COMCEC Ministerial Session with the participation of the heads of SME related institutions of the interested Member Countries and the representatives of the relevant OIC Institutions. The 39th COMCEC Ministerial welcomed the recommendations of the High-Level Meeting on COMCEC SME Program and the High-Level Meeting on COMCEC SME Program was hosted by Small and Medium Enterprises Development Organization (KOSGEB) of the Republic of Türkiye on 3 December 2023, in İstanbul.

The 39th COMCEC Ministerial Session and 40th COMCEC Follow-up Committee invited Member Countries and relevant OIC Institutions to actively participate in the activities to be conducted under the Program.

Moreover, the meeting on “B2B Tools and Financial Support Instruments for SMEs” was held virtually on July 31st, 2024 with the participation of interested Member Countries and relevant OIC Institutions with a view to elaborate on forthcoming activities regarding 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 should be designed in accordance with the objectives and the expected outcomes defined by the Strategy. Projects also play important roles in 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 in trade domain:

Bangladesh is implementing the project titled “Strengthening Cross-Border E-Commerce Sector in Bangladesh through Enhancing Capacity of SMEs and Professionals.” The Project is being 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” is being implemented by the Ministry of Trade of Indonesia with four partner countries, Malaysia, Brunei Darussalam, Türkiye, UAE and the relevant OIC Institution, SMIC. 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 is implementing 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 is implementing 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 have been 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 has implemented a Project on “Enhancing Good Governance and Technical Capacity of SMEs to Eliminate Informalities in the Sector”. The project has been implemented by the Ministry of Trade, Industry and Cooperatives of Uganda. Two trainings have been 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.