



CONCEPT NOTE

Workshop on Impact of Transportation Networks on Trade and Tourism

And

Expert Group Meeting on Transport Cooperation in the OIC Member Countries

7-9 June 2011, Izmir, Republic of Turkey

I. Introduction

Transport has always been an indispensable element in any economic activity. Without physical access to resources and markets, economic growth and development is not possible. An efficient multimodal transport system is, therefore, a fundamental element in enabling sustainable economic development. It facilitates fast transfer and movements of people, goods, services and resources and improves access to local and international markets. Development of modern and efficient multimodal transport infrastructure and services, along with modern laws and regulations governing smooth flows of goods and services within and across countries, are also crucial factors in strengthening regional economic cooperation and integration. It is for this reason that removal of physical and non-physical barriers to efficient transportation is a key factor in enhancing trade and economic development and has direct impacts on competitiveness and market integration of countries.

As a group, the current 57 OIC member countries cover a large and strategic geography, extending from Albania (Europe) in the north to Mozambique (Africa) in the south, and from Guyana (Latin America) in the west to Indonesia (Asia) in the east. The OIC countries account for one sixth of the world land area and enjoy a vast strategic trading region that lies on the crossroad between continents. In addition, they account for more than one fifth of world population and are well-endowed with potential economic resources in different fields and sectors, such as agriculture, energy and mining, tourism, and human capital. Utilising these inherent potentials requires, among others, the existence of an efficient multimodal transport system at the national, sub-regional, regional and global levels.

The role and importance of transportation in the economies of the OIC countries is threefold. First, it facilitates mass movement of goods, which is of special importance to the OIC countries in general since the majority of them are mainly suppliers of primary commodities, mainly fuel and other natural resources. Second, the diverse geographic characteristics of the OIC countries, that need to be considered as a natural constraint for enhanced cooperation activities, make it necessary to build on the already established mass transport facilities and develop them further. Third, an integrated multimodal transport system in the OIC countries would be in harmony with the Islamic free trade area and the Islamic common market strategies of the OIC. Yet, the present situation of the various transport networks in OIC countries in terms of both capacity and performance is far below the desired level.¹

II. OIC Cooperation in the Field of Transport: Background

Because of its crucial and strategic importance, the issue of cooperation in the field of transport has been taken up in various OIC fora beginning with the 6th Islamic Conference of Foreign Ministers in 1975, which recommended that Member States individually or in groups to create joint corporations in the fields of maritime and air transport, which could be implemented through bilateral or multilateral agreements in the light of their economic

¹ See SESRIC, "Transportation Sector in OIC Member Countries", OIC Outlook Series, <http://www.sesric.org/publications-detail.php?id=82>

interests and the existing technical capabilities for their implementation. Since then, many important activities and developments at the OIC level have been taking place in the area of cooperation in the field of transportation. These include, among others, the following:

- The establishment of the Organisation of the Islamic Ship-owners' Association (OISA) in 1982
- The Adoption of the Statute of the Islamic Civil Aviation Council by the 13th ICFM in August 1982
- The First Meeting of the Ministers of Transport of the OIC Member States held in Istanbul, Turkey in 1987
- The Expert group Meeting on Transport held in Cairo, Egypt, in January 2003
- The establishment in 2008 of the Committee for Implementing the OIC Dakar-Port Sudan Railway Line Project.

The Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Conference (COMCEC) gave utmost importance to cooperation in the area of transport since its establishment. The First Meeting of the Ministers of Transport of the OIC Member States held in Istanbul, Turkey in 1987 concurrently with the Third Session of the COMCEC. Furthermore, during the 19th Session of the COMCEC, "Trade and transport facilitation Among the OIC Member States" was decided as the theme of Ministerial Exchange of Views Session to be held during the 20th Session of the COMCEC. A preparatory workshop was organized and workshop recommendations were submitted to the 20th Session of the COMCEC.

Within the framework of the COMCEC cooperation project proposals, the OIC General Secretariat has introduced in 2009 two proposals in the area of cooperation in the field of transport: (1) The Establishment of the Federation of Islamic Road Transport Association; and (2) The Establishment of the Federation of Islamic Air Transport Association. The Republic of Turkey (Anadolu University, School of Civil Aviation) has also proposed undertaking a "Study on Air Transportation Infrastructure and Industry in OIC Member States".

It is also worth mentioning that "Transport and Communication" has been identified as one of the ten priority areas/sectors of cooperation in the Plan of Action to Strengthen Economic and Commercial Cooperation among the Member Countries of the OIC (OIC-POA), which was adopted at the 10th Session of the COMCEC in October 1994 and subsequently endorsed by the 7th Islamic Summit held in Casablanca in December 1994. Under this area of cooperation, the OIC-POA identified some shortcomings and problems which need to be overcome if transport in the OIC countries is to develop as a vigorous sector in the economy. It incorporates few general objectives on which attention of the Member States needs to be focussed such as strengthening the existing transport facilities and services and promote direct linkages among member countries through joint action at bilateral and multilateral levels. It also identifies few general and broad indicative actions such as facilitating and strengthening the maritime transport links among the member countries by creating the

necessary legal and institutional environment in the areas of registration, provision of facilities and other procedures.

In addition to the efforts to enhance transport networks, OIC countries have placed great importance on integration of trade policies, harmonization and simplification of trade related rules, and regulations reducing non-physical barriers to trade to improve smooth flows of goods and services and people through these transport networks. Therefore, OIC MCs have signed various framework and cooperation agreements on trade and transport facilitation to increase trade exchange and enhance trade cooperation at sub-regional level, such as Agadir Agreement, GAFTA, International Road Agreement of the Arab Mashreq and ECO Transit Transport Framework Agreement. However, despite continued efforts, implementations of these agreements are not at desired level therefore gains from preferential provisions have not been fully utilized. Since progress has been made in tariff reduction, non-tariff barriers have become major obstacles to trade.

Recently, the COMCEC Economic Summit, which was held in Istanbul in November 2009 on the occasion of the 25th Anniversary of the COMCEC, emphasized the importance of cooperation in the area of transportation to increase intra-OIC trade and requested COMCEC to work on the revitalization of cooperation in this sector. Accordingly, the Republic of Turkey offered to organize an Expert Group Meeting (EGM) on the subject in 2011 with a view to exploring the possible modalities for cooperation in this important area.

Moreover, the 26th Session of the COMCEC, which was held in Istanbul in October 2010, adopted “The Impact of Transportation Network on Trade and Tourism” as the theme for the Exchange of Views at its 27th Session, which will be held in October 2011, and requested the SESRIC, in collaboration with IDB, the OIC General Secretariat, relevant OIC institutions and other related international organizations to organize a workshop on this topic prior its 27th Session meeting and to submit a report to the said meeting.

Although the theme of the workshop is decided as “Impact of Transportation Networks on Trade and Tourism”, the common objective of both events is to identify common obstacles faced in the area of transport among the OIC Member States and to study possible ways of cooperation in this important field for enhancing intra-OIC trade and tourism.

In this connection, since the expected outcomes of these two events are linked to each other, it has been decided that: (1) The Workshop on “Impact of Transportation Networks on Trade and Tourism” and (2) The Experts Group Meeting (EGM) on Transport Cooperation in OIC Member Countries to be organized successively but separately by SESRIC, IDB and the Ministry of Transport (MoT) of Turkey in Izmir, Republic of Turkey, during the period 7-9 June 2011.

III. Methodology and Format of the Workshop

The importance of having better transportation linkages among the OIC member countries, with a view to improving and enhancing intra-OIC trade and investment, is highly

emphasized by the Islamic Development Bank (IDB) Group. Within this perspective, efforts have been made over the years by the Bank to support and encourage the development of appropriate transportation infrastructure in the member countries. Transportation infrastructure investment by the Bank accounts for 25% of its total project investment portfolio. Since its inception, the IDB invested US\$ 6.4 billion in 389 projects to improve the transport sector in its member countries. Moreover, facilitation of economic integration among the member countries and with the rest of the world has been always one of the key strategic thrust of the IDB Group, and thus the Bank has been supporting various related activities of the OIC institutions and member countries, which aim at promoting, developing and implementing various trade cooperation programmes at the OIC regional level.

In view of the above, the IDB is currently seeking to explore the possibility of identifying and developing specific cost-effective and reliable transportation corridors within the member countries. To this end, the Bank is undertaking a comprehensive study to review the prospects of identifying specific transport corridors for adoption by the concerned countries as high priority and formulate fast track development plans, including feasibility studies, engineering design and indicative financing plans through public, private and PPP structures. The study will examine current/potential trade movements among the member countries through main trade and transport corridors. It will identify physical and non-physical barriers to trade that impede the smooth flow of goods among them with a prospective to draw policy recommendations for removal of both physical and non-physical barriers. Accordingly, the workshop will be structured in four working sessions to deliberate on and discuss the main content and outcome of the above-mentioned study.

IV. Objectives, Structure and Expected Outcome of the Workshop

A. The main objectives of the workshop:

- Mapping the picture of transport networks in OIC member countries by identifying the development needs for transport corridors
- Raising the awareness in OIC member countries on the importance of Trade and Transport Facilitation (TTF) for national development, regional integration and enhancing competitiveness in the increasingly globalized world economy
- Providing a better understanding of the concept and measures of TTF at both the individual country and OIC regional levels
- Exploring means and ways of increasing intra-OIC tourism through identifying strategies for enhancing transportation facilities in OIC member countries (exploring the concept of “Tourism Corridors”)
- Discussing the formulation of an OIC Framework for Trade and Transport Facilitation Program (OIC TTFP)

B. The structure of the workshop:

1-Trade and Transport Corridors in the OIC Member Countries: Under this theme, the following issues will be discussed:

- Transport Corridors Review
- Overview of Trade in OIC Member Countries: Regional Trade Analysis
- Trade Flows in Transport Corridors
- Physical and Non-Physical Barriers
- Freight Costs and Freight Tariffs
- Road Pricing and Congestion

2-International Transport Corridors: Under this theme, the following issues will be discussed:

- Analyzing and benchmarking of the identified corridors with international corridors in terms of their comparative advantage, transit time, reliability, etc.
- Review of global best practices in development and operation of transport/trade corridors

3-Trade and Transport Facilitation Policies: Under this theme, the following issues will be discussed:

- Broader Concept and Components of Trade and Transport Facilitation
- Bilateral and Regional Trade Agreements
- Obstacles to implementation of international standards and norms
- Customs and cargo clearance procedures, insurance, etc.
- How to achieve efficient collaboration at national, regional and international level for the development of collaborative trade and transport facilitation programs

4-Prioritization of Transport Corridors and Policy Recommendations for Enhancing Cooperation: Under this theme, the following issues will be discussed:

- Initial prioritization
- Rational for the priority corridors
- Policy recommendations for enhancing cooperation in transport among the OIC countries

C. The main expected outcomes of the workshop:

- Identifying and analyzing physical and non-physical obstacles and bottlenecks on the selected high priority transport corridors in OIC member countries (e.g., up to six-eight corridors covering the various regional/sub-regional clusters of member countries)
- Providing inputs, in terms of policy recommendations and modalities for cooperation among the member countries, for developing a “Framework for OIC Cooperation in the field of Transport” with a specific focus on the development needs of the high priority of selected corridors, to be submitted to the EGM discussions.

V. Methodology and Format of the Expert Group Meeting (EGM)

Following the Workshop, the EGM will provide the member countries with the opportunity to discuss their common problems, challenges and cooperation opportunities in an

intergovernmental environment. During the EGM where the outcomes of the workshop will be summarized, the representatives from the member countries will have the possibility to express their specific country perspectives considering the overall evaluations and analysis of the Workshop. The EGM will comprise two working sessions as follows:

- 1- Identification of Common Problems, Challenges and Cooperation Opportunities**
- 2- A Possible Framework for the OIC Cooperation in the Field of Transport**

VI. Objectives, Structure and Expected Outcome of the EGM

The main objectives of the EGM is to identify the common problems and challenges facing the member countries in the field of Transport and the viable cooperation areas in this important area with a view to enhancing OIC economic cooperation and integration at both the regional and international level.

The EGM is expected to be participated by the representatives of member countries and relevant OIC institutions. In **Session 1: “Identification of Common Problems, Challenges and Cooperation Opportunities”**, the participants are expected to discuss the outcomes of the workshop and brief the meeting about their country views and perspectives on intra-regional problems, experiences and cooperation needs in the field of transport.

The main expected outcome of the EGM is to formulate a set of recommendations and submit them for adoption by the COMCEC during its 27th Session. During **Session 2: “A Possible Framework for the OIC Cooperation in the Field of Transport”**, expert group will conduct a discussion on most viable areas and appropriate instruments for prospective cooperation in the field of transport in the OIC region; and may conclude a set of recommendations for this purpose with the active contribution of the member countries’ representatives. Expert Group may adopt the recommendations in the closing session.

VII. Agenda and Work Programme of the Workshop and the EGM

The Agenda and Work Programme of both the Workshop and EGM are attached to this document.

VIII. Participants

The participants include representatives at senior level of the following bodies

- 1- National trade/transport facilitation agencies in the member countries, such as:
 - Ministry of Trade and Industry/Ministry of Foreign Trade
 - Ministry of Transportation/Ministry of Public Works
 - Custom Administration
 - National Trade and Transport Facilitation Body

- Logistic Industry Association
 - Chambers of Commerce and Industry
- 2- Relevant OIC institutions: IDB, COMCEC, OIC General Secretariat, SESRIC, ICDT, OISA, ICCI.
- 3- Relevant regional and international institutions.
- Multinational Development Banks (WB, AsDB, AfDB, EIB)
 - National and Regional financing institutions (Coordination Group, JICA, AFD, etc.)
 - UN Regional Economic Commissions (ECE, ESCAP, ESCWA, ECA)
 - UNCTAD, WCO
 - LAS, ECO, UAEC, GCC, AMU, ECOWAS, IRU, FIATA, UIC
- 4- Private sector: TOBB, Member Country private sector organizations
- 5- Individual global experts in transport and trade facilitation to contribute to and facilitate discussion and help in drafting recommendations.....

IX. General Information

Logistics, organisational and other related information are available at the following special website of the two events at: <http://www.sesric.org/transportation.php> and <http://www.sesric.org/event-detail.php?id=535>
