EXECUTIVE SUMMARY

ANNUAL RAPPORT ON INTRA-OIC TRADE 2015-2016

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C O N T E N T

EXECUTIVE SUMMARY

I/ RECENT SITUATION OF THE WORLD ECONOMY:

The world economy will experience in 2016 a slowdown in the growth due to the weakness of the capital flows to emerging countries which impacts domestic investment linked to a high incidence of the debt crises of countries, easing of exchange rates (depreciation of certain national currencies).

In 2016 growth is expected to reach 3.4% with a slowdown of approximately 2.1% in UK, 2% in US, 1.4% in the Euro zone, 0.8% in Japan and - 4% in Brazil. The slowdown and the rebalancing of the Chinese economy, the drop of prices of commodities and tensions in some major emerging countries will continue to impact growth prospects in 2016-17.

The factors of the slowdown are usually the price fluctuations of commodities including oil and food products, the volatility of exchange markets and financial flows, the exchange rate of foreign currencies namely the fluctuations in exchange rates between the euro, the dollar, the yen and the yuan, the geopolitical instability in the Middle East, Africa, Central Asia (CIS) and Latin America are among the driving forces of the growth of the world economy, the decline in the volume of Foreign Direct Investments (FDIs) in some countries helped to give a new face of trade.

Indeed, the drop in the international price of oil has contributed to lower exports of oil exporting countries and has led these countries to reduce public expenditures but this should help increase oil imports, but other shocks have partially offset the effects thus preventing a generalized recovery in activities, which would have favored a rebalancing of the oil market. Political instability in some countries also lowers the entry of FDI inflows.

In addition, there is a gradual tightening of monetary policy in the United States in the context of a resilient recovery, while the central banks of several other major developed countries continue to ease monetary policy. In China, overall growth is developing roughly as expected, but imports and exports are declining faster than expected, in part because of the slowdown in the investment and manufacturing activity.

Besides, since June 2014, prices fell by about 65% (around USD 70), while in several countries the growth was slowing down gradually. If we take into account the 20% increase of the US dollar during this period (in nominal effective terms), oil prices have nevertheless dropped by more than USD 60 on average in the different local currencies.

Thus, in 2015, domestic demand of oil exporters was significantly lower due to weaker consumption and investment. The wealthy oil exporters used their reserves or sovereign wealth funds enabling them to reduce their public spending. The barrel reached in February 2016 approximately USD 33.

These factors contributed to the slowdown in the global economy and slowed the growth of foreign direct investment despite significant growth rates in some emerging and developing countries.

Thus, the volume of world trade decreased by 13% going from USD 19 trillion in 2014 to USD 16.5 trillion in 2015 mainly due to the high fluctuation of commodities price and exchange rates, caused by the slowdown of the economic growth in China, the sustained production of fuels in the United States and the divergence of monetary policies of major economies.

The volatility of financial markets has also affected businesses and consumers trusts and has contributed to the decrease of global demand for certain durable goods.

Global exports in 2015 reached approximately USD 16 trillion, equivalent to 13.5% of decline in comparison with 2014, due to the setback of export of some countries such as: North America (-8% with USA (-7.1%), Canada (-14%) and Mexico (-4.1%)), South and Central America (-21.2% with mainly Brazil (-15.1%), and others (-24.2%), Europe (-12.4%), and largely the EU "28" countries (-12.5%), Germany in particular (-11%), the United Kingdom (- 8.9%), France (-12.8%), the Netherlands (-15.7%) and Italy (-13.4%).

In addition, global imports also decreased by 12.5% compared with 2014 data, and amounting USD 16.34 trillion due to the decrease in imports of the following countries (North America (-4, 7%) especially in Canada (-9.1%), South and Central America (-15.9%) and particularly the Brazil (-25.2%)), Europe (-13.2%) and mainly EU 28 (- 13.4%)).

We notice that in 2015, South America has experienced a decline in its imports as a result of the recession in Brazil. Exports from developed countries increased by 2.6% and those of developing countries around by 3.3%. Exports have also increased substantially in the oil producing countries in Africa, the Middle East and the countries of the Commonwealth of Independent States (CIS), despite the drop in oil prices.

Moreover, this decline in trade is attributable to the decrease in trades of fuels and mining products by 50% of trade value of 2015, but was also strengthened by the slowdown in shipments of manufactured goods and products.

However, the imports of developed countries increased significantly reaching 4.5% and those of developing countries experienced a slight growth of 0.2%. Moreover, the decline in imports of oil-producing regions was mainly due to the fall in world oil prices, which reduced the export earnings of the concerned countries.

Indeed, amongst the manufactured goods that have experienced the most declines in world trade are: the office and telecom equipment, chemicals and other machinery (including capital and durable goods other than automobiles).

In 2015, world exports of commercial services decreased by 6.4% reaching about USD 4.7 trillion and this decline has also affected the trade in services related to goods, such as transportations, implying a very significant drop of 10.3% representing a value of 870 billion USD. The decline was focused in the European countries (-9.8%), Asia (-3.4%), South and Central America (-4.3%) and slightly in North America (-0.9 %).

Moreover, world exports of trade in services reached USD 4.6 trillion in 2015, representing a drop of 5.4% supported by a decrease of 8.7% in Europe and 12.9% in South and Central America.

This decline impacted the transport services, whose prices of maritime transport of dry bulk have fallen to their lowest levels in 2014, which represents a decline of 10% and 5.5% for other services such as travel and financial services.

II/ RECENT DEVELOPMENTS OF THE OIC FOREIGN TRADE:

Since the implementation of the Ten Year Programme of Action (TYPOA) 2005-2015 of the OIC, implemented by all the OIC Institutions in collaboration with international development partners reinforced by government trade policies, was successful and the trade of the OIC Member States continued to grow from USD 1.77 trillion in 2005 to USD 4.48 trillion in 2015, representing an increase of 152%.

This is explained among others, by price fluctuations of traded products including hydrocarbons but also of projects financed by the IDB Group (ITFC, ICIEC, ICD...), the promotional activities of trade and trade facilitation of ICDT, COMCEC, ICCIA and capacity building in the economic and commercial sector of SESRIC, ICDT, ICCIA and the IDB Group (Department of Cooperation and Integration and IRTI) in collaboration with the United Nations agencies (UNDP, ITC, UNCTAD, WTO, UNIDO, UNWTO, FAO, WIPO, …) and the private sector of Member States.

Between February 2009 and December 2015, the Consultative Group for enhancing intra-OIC trade generated approximately 1,125 projects and activities of which 75% were achieved in the fields of capacity building, trade facilitation, trade promotion, trade finance and export credit insurance and guarantee and development of strategic products.

Several Member States have also focused their efforts on the fields of trade facilitation matters in terms of road and airport infrastructure namely: Malaysia, the UAE, Saudi Arabia, Bahrain, Qatar, Oman, Tunisia, Turkey, Azerbaijan and Morocco. In addition, other countries also improved their maritime connectivity rate by over 50% between 2005 and 2015 according to the UNCTAD data, namely: Albania, Morocco, Bahrain, Somalia, Lebanon, Iraq, Djibouti, Nigeria, Yemen, Sudan, Côte d'Ivoire, Oman, Jordan, Togo, Turkey, Maldives, Bangladesh, UAE, Saudi Arabia, Benin, Malaysia, Mozambique and Pakistan. The average maritime connectivity rates of Member States improved by 76% between 2005 and 2015.

Thus, trade in the OIC Member States accounted for 11.2% of world trade in 2014. The players of the world trade of the OIC Member States are: the State of the **United Arab Emirates** (US$ 533.3 billion, i.e. 12.8% of the overall trade of the OIC countries), **Saudi Arabia** (US$ 503.2 billion; 12.1%), **Malaysia** (US$ 443 billion; 10.6%), **Turkey** (US$ 400 billion; 9.6%), **Indonesia** (US$ 354.2 billion, 8.5%), **Iran** (US$ 191.3 billion, 4.6%), **Qatar** (US$ 162 billion; 3.9%), **Nigeria** (US$ 161 billion; 3.9%), **Iraq** (US$ 131 billion; 3.2%) and **Kuwait** (US$ 125 billion, 3%). These ten countries accounted for about 72.2% of the world trade of the OIC Member States in 2014.

The World trade of the OIC countries in 2014 was structured as follows: miscellaneous manufactured goods (27%), mineral fuels (26%), machinery and transport equipment (19%), food products and non-edible raw materials (10% each), and chemicals (7%).

The World trade in trade in services of the OIC countries in 2014 was worth about USD 800 billion and for the last five years, the average share of services trade in the overall trade of the OIC countries was estimated at around 18%. This trade is composed of 33% of transport services followed by travels (32%), trade in services (14%), government services (7%), construction (3%), communication (3%), insurance (3%), financial (2%) and other IT services, personal, cultural, recreational, and audiovisual licenses (3%).

The main actors of these services are: Saudi Arabia, UAE, Malaysia, Turkey, Indonesia, Egypt, Lebanon, Kuwait and Nigeria which accounted for about 71% of total trade of the OIC countries in 2014.

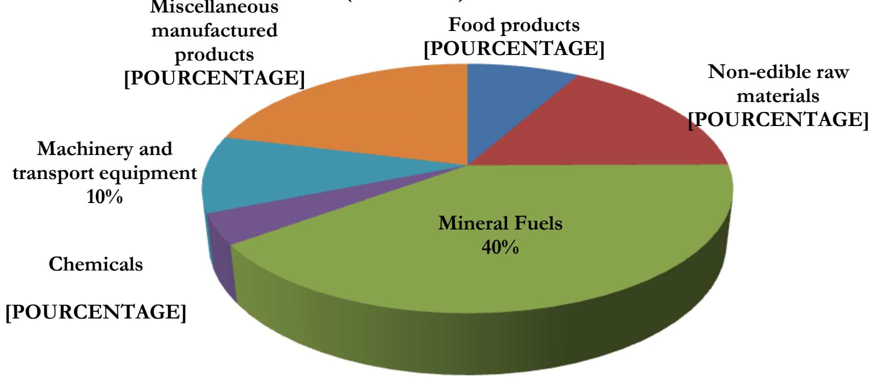
- **Exports**:

The world exports of the OIC Member States experienced a downward trend by 3% they diminished from US$ 2.22 trillion in 2013 to US$ 2.15 trillion in 2014, i.e. a reduction of about USD 66 billion. This decrease is due to the world exports' reduction resulting from fluctuating commodity prices such as fuel, food and mining products of some following countries at world level:

- **Bahrain** (US$ 18.15 billion, a 50.2% decline between 2013 and 2014 following the decrease in its exports of oil products (-USD 882 million i.e. (8.8%), aluminum bars (-USD 540.5 million, i.e. -36%), cars (-USD 408.5 million, -50%), jewelry (-USD 186 million; -28%), cruises boat, cargo and barges (-USD 155.5 million; -97%), and air conditioners (-117 million USD; -52.3%);
- **Libya** whose exports have experienced a decline by 46%, i.e. a USD 17 billion reduction due to a drop in their exports of crude fuels estimated at -USD 22 billion; i.e. - 53.2%, fertilizer (-USD 79 million; -58%) of organic chemicals (-USD 27.2 million; -24%), ships, cargo ships (-USD 2 million; -100%);
- The Exports of **Saudi Arabia** declined by 4.3%, corresponding to -US$ 15 billion due to the deterioration in exports among others of crude fuels by -USD 26 billion; - 9%, organic chemicals such the ether (-USD 3.2 billion; -58%), petroleum gas (-2.2 USD billion, -27%), tugs and pusher craft (-USD 1.1 billion; -100%) and passenger cars (-USD 767 million; -97%);
- **Egypt** recorded a backward trend in its exports of about 20.7%, i.e. -US$ 7 billion due among others to a reduction in it exports of petroleum gas by -USD 1.2 billion - 76% followed by fertilizers (-USD 432.4 million; -40%), gold (-USD 242 million; -27%); rice (-USD 169.3 million; -85%) and crude oil (-USD 112 million; -4.4%);
- **Indonesia**, which experienced a deterioration in exports by 3.6% with a value of -USD 6.5 billion related to a decrease in exports of certain products such as coal and briquettes of 18% equivalent to -USD 4.1 billion, of natural rubber (-USD 2.2 billion; -31.3%), nickel ores and concentrates (-USD 1.6 billion; -95%), copper ores and (-USD 1.3 billion ; -44%), aluminum ore and concentrates (-USD 1.3 billion; -97%), petroleum gas (-USD 949 million; -5.2%) and crude oil (-USD 933.5 million; -9.2%).

Despite this downward trend, some OIC countries recorded an increase in their global exports between 2013 and 2014, these are among others Kazakhstan (+USD 16 billion), Turkey (+USD 6 billion), of Malaysia (+5.6 billion USD), Bangladesh (+USD 4.3 billion), Burkina Faso (+USD 2.2 billion and Morocco (+1.4 billion USD).

Graph 1: Structure of the world exports of the OIC Countries (2009-2014) in%



The main products exported by Member States are: mineral fuels (40%), miscellaneous manufactured goods (21%), non-edible raw materials (17%), machinery and transport equipment (10%), food products (8%) and chemical products (4%).

- **Imports:**

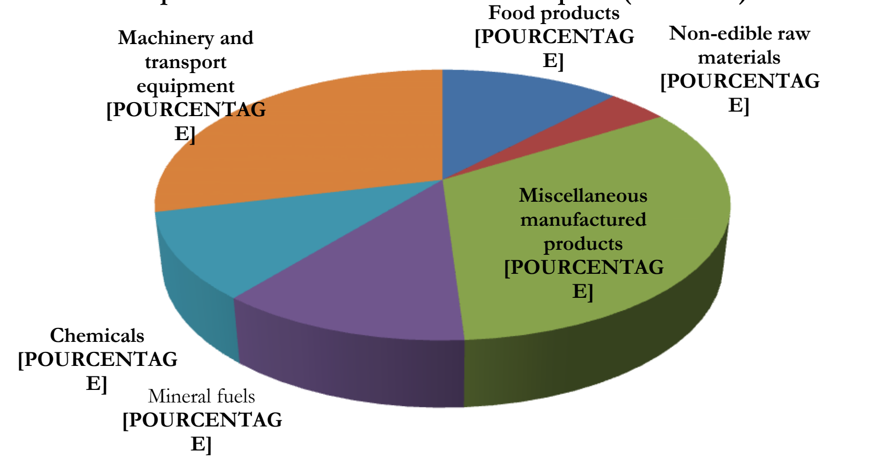
The world imports of the OIC Member States recorded in 2013 a value of US$ 1.97 trillion against US$ 2.01 trillion in 2014, i.e. an increase by 2.2% enhanced by the growth of the world imports of the following countries:

- **The United Arab Emirates** (+9.4% growth in imports corresponding to a value of US$ 23.4 billion, following the increase in its imports of cars, tractors and cycles by around +USD 1.2 billion, i.e. +11.4%, helicopters and airplanes (+USD 820.6 million; +13%), petroleum gas (+USD 690 million, +28.8%), yachts and other pleasure boats (+USD 687 million, +820%) and footwear (+USD 571.5 million; +415%);
- **Iran** (+25%, i.e. +USD 21 billion, 6.4% due to the increase in imports of pearls and jewels of +USD 826 million, wheat (wheat) (+USD 695 million; +53%), lighting equipment (+USD 677 million; +174%), electrical appliances (+USD 595 million; +101%) and passenger cars (+USD 453.4 million; +82%);
- **Saudi Arabia (**+US$ 9.7 billion i.e. a +6% growth following the increase in imports of mineral fuels (+USD9.2 billion), helicopters and aircraft (+USD 3 billion), tractors (+USD 831.6 million) and mechanical apparatus (+USD 571 million);
- **Bahrain** (+US$ 6.6 billion, i.e. +48.7% due to higher imports of crude oil (+USD 319.3 million), aluminum ores and concentrates (+USD 231 million), iron ores and concentrates (+USD 195 million), passenger cars (+USD 107 million) and gravel (+USD 96 million);
- **Togo** (US$ 5 billion; +241% due to the growth of imports of crude oil by 48%, i.e. approximately +USD 27.5 million followed by petroleum coke (+USD 16.4 million; +172), cotton cloth (+USD 16.3 billion, +45%), hydraulic cement (+USD 15.2 million; +93%) and drugs (+USD 10.7 million; +507%).

Besides, other OIC countries have also experienced a drop in their global import during this period these are: Kazakhstan, Turkey, Indonesia, Libya, Pakistan, Benin, Oman and Egypt.

The main products imported by Member States are: miscellaneous manufactured goods (33%), machinery and transport equipment (29%), mineral fuels (16%), food products (12%), chemicals (10%) and non-edible raw materials (4%).

Graph 2: Structure of OIC countries imports (2009-2014)



III. RECENT DEVELOPMENT OF INTRA-OIC TRADE:

As the global economy is struggling to regain momentum in recent years, the OIC countries are not left behind because they have been impacted by the same trends of the economies of certain countries such as the US, EU countries, the NAFTA and Asian countries with whom they are linked by bilateral and multilateral agreements.

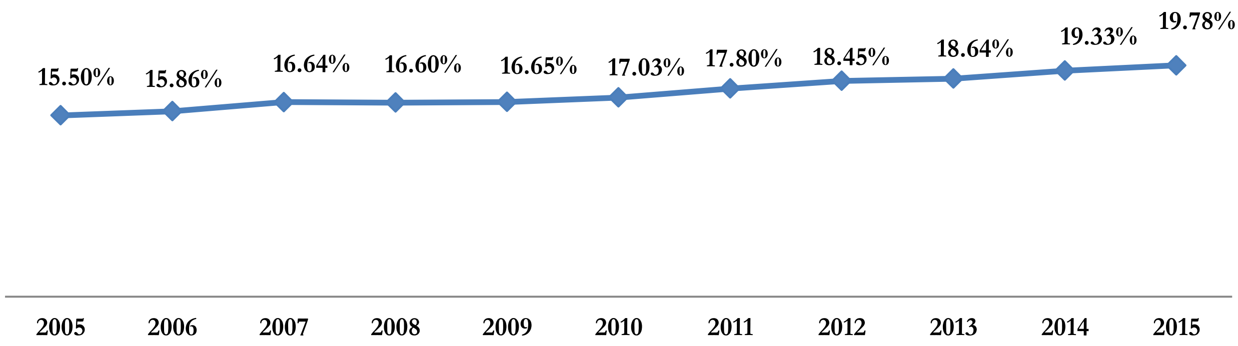
The economies of the OIC area also depend on fluctuating commodity prices and currency exchange rate during international commercial transactions but also on FDIs intra-zone flows (OIC and development partners).

The change in the growth rate of the OIC leading economies such as the united Arab Emirates, Saudi Arabia, Malaysia; Turkey, Indonesia, Iran, Qatar, Nigeria, Iraq and Kuwait directly impacts global and intra-Community trade of these members countries. Indeed, the volume of trade among the OIC Member States (intra-OIC exports +intra-OIC imports) recorded a considerable increase since the implementation of the OIC Ten-Year Programme of Action (2005-2015) (TYPOA) rising from USD 271.45 billion in 2005 to USD 878 billion in 2015 representing an increase of 223%.

Despite the effects of the international economic crisis, Member States tend to increase their intra-OIC trade due to the geographical proximity, the existence of bilateral and regional agreements, the similarity of consumption patterns, complementarity and regional efforts made for trade promotion, trade finance and export credit insurance and guarantee and the facilitation activities of the Consultative Group but also the implementation of the COMCEC Strategy.

Thus, **the share of intra-OIC trade in total trade of Member States rose from 15.50% in 2005 to 19.78% in 2015, i.e. an increase by 28%.**

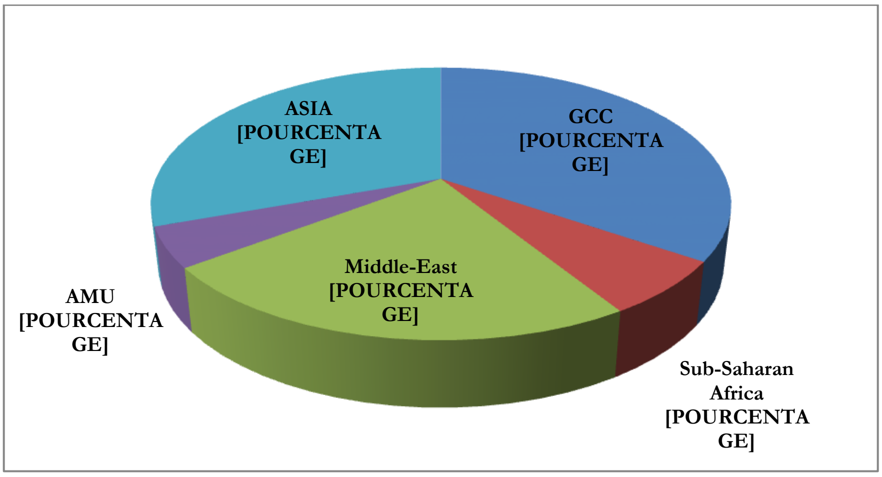
Graph 3: Evolution of the Intra-OIC Trade share between 2005 and 2015 in %



The main actors of intra-OIC trade in 2014 are: The **United Arab Emirates** (US$ 121.7 billion, i.e. 15.2% of intra-OIC trade), **Turkey** (US$ 77.8 billion; 9.7%) , **Saudi Arabia** (US$ 74.3 billion; 9.3%), **Iran** (US$ 65.4 billion; 8.2%), **Indonesia** (US$ 56.5 billion, 7%), **Malaysia** (US$ 46 billion; 5.7%), **Iraq** (US$ 29.2 billion; 3.7%), **Syria** (US$ 28 billion; 3.5), **Pakistan** (27.5 US$ billion; 3.4%), and **Egypt** (US$ 26.1 billion; 3.3%). These ten countries accounted for 69% of intra-OIC trade in 2014.

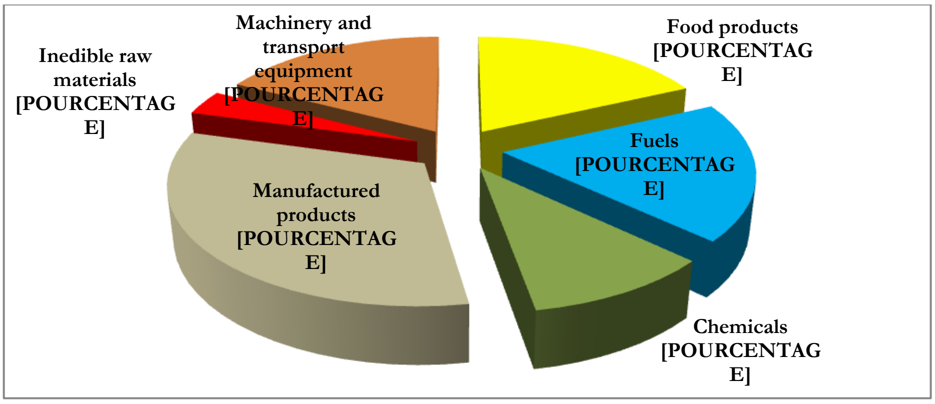
At regional level, 35% of intra-OIC trade is carried out by the Gulf countries followed by Asia (31%), the Middle East (24%), Sub-Sahara African countries (7%) and AMU countries (5%) in 2014.

Graph 4 : Geographical Distribution of Intra-OIC Trade in 2014



The main products traded between the OIC Member States are 32% composed of miscellaneous manufactured goods, mineral fuels (19%), food products (18%), machinery and transport equipment (17%), chemicals (10%) and non-edible raw materials (3%).

Graph 5: Structure of Intra-OIC Trade (2009-2014) in %



Between 2005 and 2014, about 33 countries have reached the target of the 20% threshold of intra-OIC trade advocated by the Ten Year Programme of Action (TYPOA), these are by decreasing order**: Syria** (88.17% of its trade is carried out with the OIC countries), **Somalia** (70.10%), **Djibouti** (64.86%),**The Gambia** (61.73%), **Tajikistan** (48.87%), **Kyrgyzstan** (47.07%), **Afghanistan** (46.65%), **Bahrain** (45.68%), **Sudan** (45.63%), **Jordan** (44.77%), **Lebanon** (41. 17%), **Benin** (37.93%), **Senegal** (37.05%), **Burkina Faso** (35.69%), **Pakistan** (35.57%), **Uzbekistan** (34.02%), **Togo** (33.70%), **Iran** (32.80%), **Chad** (32.28%), **Egypt** (31.90%), **Côte d'Ivoire** (31.49%), **Yemen** (29.86%), **Turkmenistan** (29.21%), **Oman** (29.21%), **Mali** (29.01%), **Niger** (27.29%), **Comoros** (27.33%), **Iraq** (27.22%), **Guinea-Bissau** (25.88%), the **UAE** (22.96%), **Turkey** (21.44%), **Kuwait** (21.38%) and **Uganda** (20.66%).

Thus, these countries and the rest of the Member States should invest more in the area of capacity building, participation in fairs, international trade fairs and business fora, including those organized by the ICDT but they should also reduce their foreign trade and intra-OIC investment procedures in order to boost trade among Member States. Furthermore, the diversification of the exportable supply is a necessity to develop foreign trade and intra-OIC investment. It is also important that the OIC Member States participate actively in the activities of the OIC Institutions aiming the Development of Intra-OIC Trade namely; those of ICDT, the IDB Group, and ICCIA and SMIIC the COMCEC Projects within the Project Cycles Management (PCM).

- **Intra-OCI exports :**

Intra-OIC exports almost tripled between 2005 and 2014 from US$ 134.3 billion in 2005 to US$ 378.91milliards in 2014, i.e. an increase by 182%. Between 2013 and 2014, a slight decrease by 0.06% was recorded after fluctuating commodity prices and exchange rates of the currencies during the international commercial transactions as well as a diminution in the flows of intra-OIC FDIs. Nevertheless, some countries have contributed to the increase of intra-OIC between 2013 and 2014, these are:

- ✓ **United Arab Emirates** (+US$ 4 billion i.e. a 5.5% increase in intra-OIC exports between 2013 and 2014);
- ✓ **Bahrain** (+US$ 2.6 billion corresponding to an increase of 62.6% due to the increase in exports of ferrous products of USD 252.4 million, aluminum wires +USD 226.6 million, ores iron and concentrates +USD 112.7 million, automotive spare parts +USD 73.5 million and sugar cane and sugar beet +USD 58.4 million);
- ✓ **Saudi Arabia** (+USD 1.8 billion, i.e. 3.7%);
- ✓ **Indonesia** (US$ 1.6 billion equivalent to an improvement of 7.1% due to the increase in intra-OIC exports of palm oil by 1.6 billion USD, jewelry by +USD 367.8 million, passenger cars by +USD 267.5 million, petroleum gas by +USD 208.5 million, coconut oil, palm kernel by +USD 190.1 million and +USD 184.8 million boats);
- ✓ **Kuwait** (+US$ 1.6 billion, an increase by 12.8% due to the increase in its intra-OIC exports of cyclic hydrocarbons by USD 206 million, motor vehicles by +USD 101.6 million, milk by +USD 75.4 million, iron bars by +USD 53.6 million and machine parts by +USD 37.6 million).

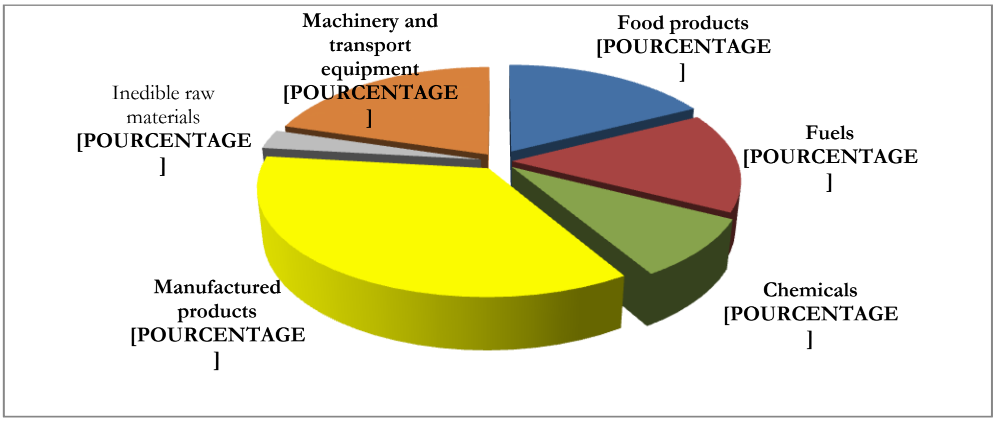
However, there was a significant decrease in intra-OIC exports between 2013 and 2014 varying between USD 200 million and USD 5.5 billion of the following countries: Oman, Malaysia, Pakistan, Turkey, Syria, Azerbaijan, Egypt, Libya, Lebanon, Tunisia, Iraq, Uganda and Tajikistan due to fluctuating prices of commodities, exchange rates and economic stability some of these countries.

Besides, **intra-OIC exports accounted for 17.63% of total exports of Member States in 2014, i.e. an increase by 3% compared to 2013**.

In 2014, the main exporters to the OIC Member States were: the **United Arab Emirates** (US$ 74.4 billion, i.e. 19.6% of intra-OIC exports) followed by **Saudi Arabia** (US$ 49.5 billion; 13.1%), **Turkey** (US$ 48.7 billion; 12.8%), **Indonesia** (US$ 24.7 billion; 6.5%), **Malaysia** (US$ 24.1 billion; 6.4%), **Iran** (US$ 16.1 billion; 4.2%), **Qatar** (US$ 14.4 billion; 3.8%), **Kuwait** (US$ 13.9 billion; 3 7%), **Syria** (US$ 12.5 billion; 3.3%) and **Egypt** (US$ 11.7 billion, 3.1%). In short, these ten countries accounted for 76.5% of total intra-OIC exports in 2014.

The main products exported between the OIC Member States in 2014 are: manufactured goods (35% of intra-OIC exports), machinery and transport equipment (20%), food products (18%), fuels (15%), chemicals (9%) and non-edible raw materials (3%).

Graph 6 : Structure of intra-OCI exports (2009-2014) in%



- **Intra-OIC imports:**

In the space of 10 years, intra-OIC imports more than tripled increasing from USD 137.1 billion in 2005 to about USD 423 billion in 2013. Between 2013 and 2014, they increased by 6.6% following an increase in intra-OIC imports of the following Member States:

- ✓ **United Arab Emirates** (+US$ 12.7 billion, i.e. a +37% rise in intra-OIC imports);
- ✓ **Iran** (US$ 9.5 billion, +24%);
- ✓ **Bahrain** (+US$ 5.7 billion, or +111.2% due to the considerable increase in intra-OIC imports of mineral fuels by +USD 318.6 million; pebbles, gravel and crushed stones by +USD 96 million, cotton by +USD 93 million, dolomite by 38 million USD fats, tar products by +USD 32 million;
- ✓ **Saudi Arabia** (US$ 3.7 billion; 17.7%);
- ✓ **Kuwait** (USD 2 billion or 28.7% resulting from the growth of intra-OIC imports of pebbles, gravel and crushed stone for USD 141 million, building materials (copper bars) USD 110 million, whey (milk component) of USD 95.6 million, jewelry USD 81.6 million and ferrous products USD 67.4 million).

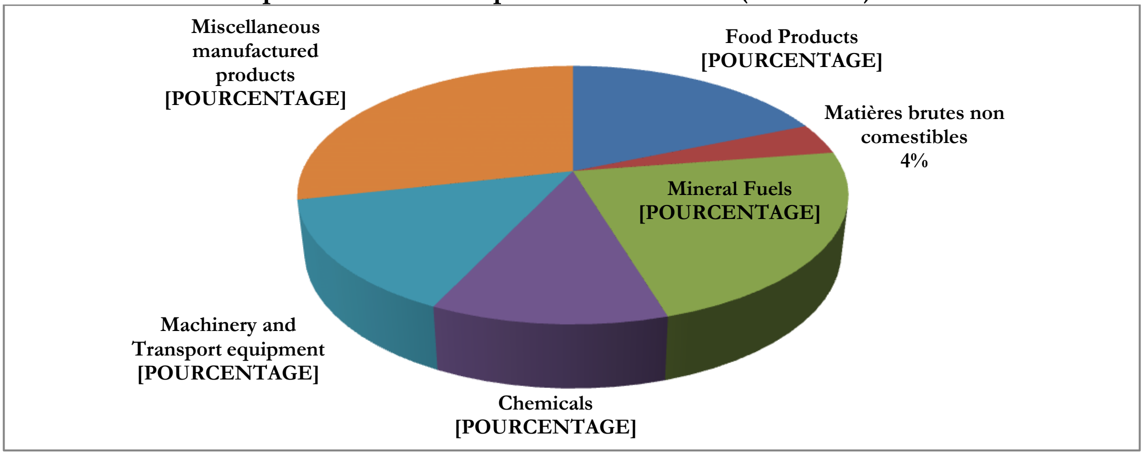
Other OIC countries have also experienced a considerable reduction in their intra-OIC by (from USD 500 million to USD 3 billion) between 2013 and 2014, notably: Turkey, Oman, Pakistan, Indonesia, Libya, Tunisia, Algeria, Benin and Egypt.

It can be noted that Intra-OIC imports have accounted for 21.04% of total imports from Member States in 2014 against 20.17% in 2013, i.e. an increase by 4.3%.

In 2014, the main importing countries of the OIC area were**: Iran** (US$ 49.4 billion, i.e. 11.7% of intra-OIC imports), followed by the **United Arab Emirates** (US$ 47.3 billion; 11.2%), **Indonesia** (US$ 31.8 billion; 7.5%), **Turkey** (US$ 29.1 billion; 6.9%), **Iraq** (US$ 25.8 billion; 6.1%), **Saudi Arabia** (US$ 24.8 billion; 5.9%), **Malaysia** (21.9 billion US$, 5.2%), **Pakistan** (US$ 20.8 billion, 4.9%), **Syria** (US$ 15.5 billion, 3.7%) and **Egypt** (US$ 14.4 billion; 3.4%). Thus, these 10 countries accounted for 66.3% of intra-OIC imports in 2014.

The main imported products between the OIC Member States are: miscellaneous manufactured products with 28% of intra-OIC imports followed by mineral fuels with 23%, food products (19%), machinery and transport equipment (14%), chemicals (12%) and non-edible raw materials (4%).

Graph 7 : intra-OCI importations structure (2009-2014) in%



IV/ OBSTACLES TO INTRA-OCI TRADE:

Despite the considerable efforts made at the OIC level and by Member States to promote intra-OIC trade and eliminate bottlenecks, many obstacles remain including:

- ✓ Market access problems: tariff barriers, para-tariff and non-tariff and often include: the complexity of establishment of rules of origin; difficulties for enterprises in complying with international standards and lack of mutual recognition of standards; the lack of approval for national and regional procedures; red tape for cross-border positions especially, during customs clearance operations; the existence of illegitimate checks of cargo truck drivers; the visa granting problem to businessmen; the existence of licenses and the export ban; quantity products control; lack of implementation of the commitments of regional economic cooperation texts and information on the regulatory framework on trade facilitation; the mismatch of working days and working hours at border crossings; and lack of intra-regional trade of regulatory instruments. Thus, between December 2008 and December 2014, the most affected countries by these measures are Turkey, Indonesia, Malaysia, the UAE, Pakistan, Egypt, Saudi Arabia, Iran, Morocco and Bangladesh.
- ✓ Obstacles in terms of logistics: infrastructures, transports, support services to international trade, which are weak or unsuitable;
- ✓ Existence of a non-diversified exportable supply and not adapted to the norms and international market standards;
- ✓ Lack of information on markets and business opportunities, despite efforts in this area by ICDT and concerned OIC institutions;
- ✓ Limit of networking opportunities and promotion of national products on the other OIC countries' markets;
- ✓ Complexity of administrative procedures related to foreign trade at customs level, banking, port, etc. ...;
- ✓ Lack of managers and technicians specialized in international trade;
- ✓ Inadequacy and lack of specific funding instruments for the benefit of SMEs-SMIs.

*** Barriers to export:**

The main obstacles to the development of intra-OIC exports according to a survey conducted by ICDT at the level of exporters are: the cost of developing new markets, exchange rate risks, the cost or supply of labor, regulations, obtaining information on the markets of Member States, obtaining licenses or guarantees and local partners.

*** Barriers to import:**

The main reported barriers are: the risk of not getting the authorization of foreign exchange department and obtaining bank guarantees to make imports in addition to political and commercial risks, sanitary and phytosanitary quality standards; the customs valuation and customs procedures, obtaining import licenses and the safeguards and rules of origin.

Despite these obstacles, some OIC countries have provided a lot of efforts to facilitate cross-border trade:

- ✓ **The electronic submission and processing of business transactions**: Albania, Bahrain, Bangladesh, Benin, Brunei, Egypt, The Gambia, Guyana, Indonesia, Jordan, Kazakhstan, Kyrgyzstan, Malaysia, Mali, Mauritania, Niger, Pakistan, Qatar, Sierra Leone, Sudan, Suriname, Tajikistan, Tunisia, Turkey, Togo, Uganda, United Arab Emirates, Uzbekistan, Yemen;
- ✓ **The establishment of National Single Windows**: Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei, Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Gabon, The Gambia, Guyana, Indonesia, Iran, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Libya, Malaysia, Maldives, Mali (ongoing), Mozambique, Nigeria, Niger, Oman, Pakistan, Qatar, Saudi Arabia, Senegal, Sierra Leone, Sudan, Suriname (ongoing), Tajikistan, Togo, Tunisia, Turkey, UAE;
- ✓ **The use or improvement of inspections based on risk management**: Albania, Bahrain, Cameroon, Côte d'Ivoire, Guyana, Iran, Jordan, Kazakhstan, Kyrgyzstan, Mauritania, Morocco, Nigeria, Suriname, Sudan, Tunisia, UAE, Yemen,;
- ✓ **Existence of bilateral and Multilateral cooperation at the borders**: ASEAN countries, COMESA, Burkina Faso, Ghana, Mali, Senegal, Uganda, African Alliance of Electronic Commerce (AAEC), Pan Asian e-Commerce Alliance (PAA), Cameroon-CEMAC, WAEMU;
- ✓ **Improving the logistics performance index of more than 10% between 2010 and 2014**: Algeria, Burkina Faso, Egypt, Guinea Bissau, Indonesia, Maldives, Mali, Morocco, Pakistan and Qatar;
- ✓ **Improvement of customs performance by over 20% between 2010 and 2015**: Albania, Azerbaijan, Bangladesh, Benin, Brunei, Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, The Gambia, Guinea, Guyana, Indonesia, Iran, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Mali, Mozambique, Niger, Palestine, Sierra Leone, Tunisia, Qatar and Uganda;
- ✓ **Improvement of national infrastructure by more than 10% between 2010 and 2014**: Algeria, Azerbaijan, Burkina Faso, Chad, Comoros, Egypt, Guinea-Bissau, Guyana, Indonesia, Iraq, Maldives, Mali, Pakistan, Qatar, Tajikistan, Togo and Turkey;
- ✓ **Reduced distance from the border by over 10% between 2010 and 2014**: Benin, Burkina Faso, Chad, Côte d'Ivoire, Djibouti, The Gambia, Guinea, Guinea Bissau, Mali, Niger, Nigeria, Senegal, Sierra Leone, Suriname, Togo and Uzbekistan;
- ✓ **Improvement of port procedures**: Algeria, Bahrain, Bangladesh, Benin, Cameroon, Côte d'Ivoire, Djibouti, Guinea, Guyana, Jordan, Kazakhstan, Morocco, Nigeria, Oman, Pakistan, Saudi Arabia, Senegal, Sudan, Tunisia, United Arab Emirates;
- ✓ **Improvement of maritime connectivity rates for countries with coastline by over 50% between 2005 and 2015**: Albania, Bahrain, Bangladesh, Benin, Côte d'Ivoire, Djibouti, Iraq, Jordan, Lebanon, Malaysia, Maldives, Morocco, Mozambique, Nigeria, Oman, Pakistan, Saudi Arabia, Somalia, Sudan, Togo, Turkey, UAE and Yemen.

Indeed, these achievements have enabled some countries to experience a reduction in business costs according to *Doing Business* between 2010 and 2015 including:

- ✓ **Drop of documents required for export and import**: Afghanistan, Azerbaijan, Benin, Burkina Faso, Cote d'Ivoire, Egypt, Gambia, Indonesia, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Malaysia, Mali, Mauritania, Morocco, Oman, Tunisia, Uganda, UAE, Uzbekistan;
- ✓ **Reducing the time of export and import operations**: Azerbaijan, Benin, Brunei, Burkina Faso, Côte d'Ivoire, The Gambia, Guyana, Indonesia, Iran, Jordan, Kazakhstan, Lebanon, Malaysia, Mali, Mauritania, Morocco, Mozambique, Niger, Oman, Pakistan, Qatar, Saudi Arabia, Sierra Leone, Sudan, Tunisia, U.A.E, Yemen;
- ✓ **Decrease in the cost of container on Export and Import**: Afghanistan, Algeria, Azerbaijan, Bangladesh, Benin, Côte d'Ivoire, The Gambia, Guinea Bissau, Indonesia, Malaysia, Morocco, Oman, Senegal.

Furthermore, the implementation of the PRETAS and the interoperability project of commercial single windows of the OIC Member States initiated by the Consultative Group and follow up by the Subcommittee of ACMOI on Trade and Investment and an observatory of non-tariff barriers at the ICDT, will reduce barriers to intra-OCI Trade. It would be also appropriate that the OIC Member States actively participate in the implementation of the TPS-OIC Agreement and its Protocols and the activities of the OIC organs in charge of Economic and commercial matters, in particular those of the ICDT, the IDB Group, the ICCIA and SMIIC and Working Groups of the COMCEC in a bid to strengthen the intra-OIC trade and thus achieve the goals of the OIC Ten-Year Programme of Action so as to increase the share of intra-OIC trade in the overall trade to 25% by 2025.

ICDT organized several awareness-raising seminars on the importance of the TPS-OIC Agreement and its Protocols in the Gulf countries and North Africa including Burkina Faso, Kuwait, Libya, Morocco, Oman, Saudi Arabia, with WAEMU in Istanbul for ECO countries in collaboration with the COMCEC and the Department of Cooperation and Integration of the IDB and recently in Suriname with the participation of Guyana in June 2015, in Casablanca in March 2016 for the benefit of African countries in collaboration with the Department of Cooperation and Integration of the IDB and recently in Amman, Jordan for executives of the State of Palestine and the Hashemite Kingdom of Jordan in April 2016.

It would also be appropriate to further improve maritime connectivity among the OIC Member States through the creation of maritime lines between the African, Asian and Gulf Countries and raising awareness of Member States to implement commercial single windows and their interoperability in order to better promote intra-OIC trade.

V/ THE WORLD ECONOMIC PROSPECTS (2016-2017):

We may note that the economic difficulties of the developed countries also affect developing countries and economies in transition through weaker exports and increased volatility in capital flows and commodity prices. The major developing economies, however, are also facing domestic problems, and some countries including China are facing a decline in investments, resulting from funding constraints in sectors of the economy and excess production capacity.

According to the data from the IMF of April 2016, global growth is expected to reach 3.4% in 2016 and 3.6% in 2017.

In the advanced economies, growth is expected to increase by 0.2% points in 2016 to reach 2.1%, and to remain stable in 2017. The overall activity remains resilient in the US, driven by financial conditions which remain accommodative and a strengthening of the housing and labor markets, but the strong US dollar weighs on manufacturing activity, and the decline in oil prices reduced investment in facilities and mining equipment.

In the Eurozone, the increase in private consumption, due to the oil price drop and accommodative financial conditions which offset widely the decline in net exports. In Japan, the growth should be sustained in 2016, through budget support, the decline in oil prices, the accommodative financial conditions and rising incomes.

In the emerging and developing countries, growth is expected to rise from 4% in 2015 (its lowest rate since the financial crisis of 2008-09) to 4.3% and 4.7% in 2016 and 2017, respectively.

In fact, China growth should slowdown to 6.3% in 2016 and 6.0% in 2017, mainly due to the weakening of growth of investment that go with the rebalancing of the economy.

In India and the other emerging Asian economies, growth should mostly remain strong, although some countries may face headwinds from the rebalancing of the Chinese economy and the weakness of the global manufacturing activity.

In Latin America and the Caribbean, despite positive growth in most countries, it is now expected that the overall GDP also contract in 2016, albeit to a lesser extent than in 2015. This decline is explained by the recession in Brazil and the other countries facing economic difficulties.

In the Middle East, higher growth is expected, but the downwards of oil prices and in some cases geopolitical tensions and internal conflicts, continue to weigh heavily on the outlook.

In emerging European economies, growth is expected to remain more or less stable, although with some deceleration in 2016. Russia, which continues to adjust to low oil prices and Western sanctions, should remain in recession in 2016.

Other countries of the Commonwealth of Independent States are suffering from the recession in Russia and geopolitical tensions, and in some cases, internal structural weaknesses and lower oil price level; their growth is expected to be modest in 2016, but will expand in 2017.

In most sub-Saharan countries, growth will gradually pick up, but, due to falling prices of commodities, it will reach lower levels than those observed in the past decade.

This is mainly explained by the continued downward adjustment in the prices of commodities and rising borrowing costs, which weighs heavily on some of the largest economies in the region (South Africa, Angola and Nigeria) and several smaller countries exporting commodities.

Currently, futures markets are suggesting only modest increases in prices in 2016 and 2017. The prices of other commodities, especially metals, have also declined.

Based on WTO's data of April 2016, the global trade growth volume is expected to remain low in 2016, at the same level in 2015 equal to about 2.8%. In fact, imports of developed countries should decrease in 2016 while the import demand is expected to resume in developing Asian countries. According to the same source, the global trade growth is expected to accelerate and reaching 3.6% in 2017.

In fact, exports of developed countries should grow in 2016 by 2.9% and those in developing countries by 2.8% and imports developed economies are expected to grow by 3.8% and those of developing countries 1.8 %.

This situation should benefit to Asia where the export growth will be the strongest and expected to reach 3.4%, followed by North America and Europe with 3.1% each. South and Central America and other regions will experience slower growth, 1.9% and 0.4% respectively. North America is expected to see their imports growing by 4.1% this year, while imports from Asia and Europe are expected to grow 3.2%. Finally, imports from South and Central America and other regions are expected to decline if oil prices and other commodities continue to decline in 2016.

Moreover, we note that the global trade has increased in volume but decreased in value due to the fluctuation of exchange rate and the fall in prices of commodities. This situation is also explained by the upsurge of protectionism in some states that continue to apply restrictions to trade.

In order to counter this situation and enhancing growth of world trade, the WTO Member States must continue to eliminate gradually the restrictive measures to trade, especially tariff and non-tariff on agricultural and manufactured goods and to implement the WTO agreement on trade facilitation that will generate growth of around 1 trillion per year.

As the global economy is struggling to regain momentum in recent years, the OIC countries are not left behind because trends because they are also affected by the impacts of the economies of certain countries such as the US, EU countries, the NAFTA and Asian countries with whom they are linked by bilateral and multilateral agreements.

The economies of the OIC area also depend on fluctuating commodity prices and currency exchange rate during international commercial transactions but also on the FDIs flows of intra-euro area (OIC and development partners).

The variation of the growth rate of the OIC leading economies such as the United Arab Emirates, Saudi Arabia, Malaysia, Turkey, Indonesia, Iran, Qatar, Nigeria, Iraq and Kuwait directly impacts the world trade and intra-OIC Trade of these member countries.

In view of this situation, the economies of the OIC countries may experience a growth thanks to the probable increase in the prices of petroleum products and certain food products in so far as some countries are endowed with considerable potential in these products, which could positively, impact other economic sectors such as services, but also by the convergence of cooperation, inter-agency of the OIC Institutions, under the leadership of the OIC General Secretariat within the framework of the implementation of the ACMOI and the new Ten Year Programme of Action (TYPOA) 2016-2025.

Table n° 1: Evolution of the OIC Member States' trade between 2005 and 2015 ($US billion and in %)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*	Evolution 2014/2015	Evolution 2014/2015
World exports	980.73	1,190.46	1,395.31	1,891.14	1,329.35	1,680.77	2,122.48	2,261.77	2,215.79	2,149.80	2 297.88	6.89%	134.30%
Intra-OIC exports	134.34	162.45	200.2	265.38	207.93	257.71	325.41	362.1	379.15	378.91	427.23	12.75%	218.02%
Share	13.70%	13.65%	14.35%	14.03%	15.64%	15.33%	15.33%	16.01%	17.11%	17.63%	18.59%	5.49%	35.73%
World imports	795.38	948.86	1,164.98	1,489.6	1,329.7	1,501.35	1,757.68	1,864.24	1,968.29	2,012.45	2 184.16	8.53%	174.61%
Intra-OIC Imports	137.11	170.91	220.4	285.65	218.83	281.29	356.17	389.58	396.98	423.34	451.17	6.57%	229.06%
Share	17.24%	18.01%	18.92%	19.18%	16.46%	18.74%	20.26%	20.90%	20.17%	21.04%	20.66%	-1.80%	19.83%
Volume of overall trade	**1.776.11**	**2,139.32**	**2,560.29**	**3,380.74**	**2,659.05**	**3,182.12**	**3,880.16**	**4,126.01**	**4,184.08**	**4,162.25**	**4 482.04**	**7.68%**	**152.35%**
Net Intra-OIC Trade	**271.45**	**333.36**	**420.6**	**551.03**	**426.76**	**539**	**681.58**	**751.68**	**776.13**	**802.25**	**878.40**	**9.49%**	**223.60%**
Net Intra-OIC Trade	**135.73**	**166.68**	**210.3**	**275.52**	**213.38**	**269.5**	**340.79**	**375.84**	**388.07**	**401.13**	**439.20**	**9.49%**	**223.60%**
Share of intra-OIC trade	**15.47%**	**15.83%**	**16.63%**	**16.60%**	**16.05%**	**17.03%**	**17.80%**	**18.45%**	**18.64%**	**19.33%**	**19.78%**	**2.32%**	**27.88%**

Source: DOTS IMF September 2015 and ITC, UNCTAD, WITS October 2015, 2015*: ICDT's Projections, April 2016