

Senior Officials Meeting (SOM)
(Preceding the 24th Meeting of the Council of Ministers)
(8 November, 2019- Antalya, Turkey)

The Secretary General's Statement

Ambassador Faruk KAYMAKCI, Deputy Minister of Foreign Affairs of the Republic of Turkey and distinguished Chairman of SOM
Excellencies, Deputies Minister, Ambassadors, Heads of delegations, Distinguished Delegates,

It is a pleasure to join the host authorities in welcoming the distinguished delegates to this Senior Official Meeting Preceding the 24th Meeting of the ECO Council of Ministers. Availing myself of this occasion, I would like also to express my sincere gratitude and appreciation to the people and the Government of the Republic of Turkey, especially Ministry of Foreign Affairs, for the impeccable organization of the meeting and warm welcome and hospitality accorded to us.

Excellencies,

We have an ambitious agenda before us which contains both regular and fresh issues covering all aspects of ECO's activities, especially regarding the transformation of the ECO to a project-oriented organization. My detailed report to the meeting presents a comprehensive assessment of ECO's progress since the last meeting of SOM in Dushanbe, last year. I would like to share briefly some important highlights with you.

A recent study conducted by the Secretariat, presents a snapshot of the economy of our region which provides significant insight for the coming period for how to achieve the sustainable development of the region, the primary objective of the organization. Accordingly, the population in the ECO region reached to 496 million with a rate of 12.3 percent increase between 2000-2018. Whereas its share in global GDP increased from 2 percent to 3 percent in the same period. Remarkably, the FDI share of the region in the global FDI flows increased tenfold, from 0.2 to 2 percent in the last 18 years. The total trade of the region reflects a 50 percent increase in the global trade, since the beginning of 2000s, which has reached to US\$ 804 billion in 2018. This included exports of US\$ 393 billion and imports of US\$ 411 billion. On the other hand, we do not see the same increase in intra regional trade which stagnated around 8 percent. Interestingly however, findings of the said study reflects that intra regional trade amongst the Central Asian Republics is substantially high which edged up to 28.01 percent in 2018 from 26.19 percent in 2014, implying an inner circle within the region, which is much more integrated than the outer circle.

However, the current level of intra-ECO trade is still below its potential and the study reflects a significant point worth highlighting that our region has a potential to increase its intra regional trade tenfold. In this regard, Secretariat has three concurrent actions to increase intra regional trade, over the past year, addressing ECOTA, enhancing collaboration among ECO private sectors by institutionalizing the activities of ECO Chamber of Commerce and attending to the region's financial-banking system.

Firstly, the most effective way to pick up a momentum and the fruitful results in the area of trade and investment is to start operationalisation of the ECOTA (ECO Trade Agreement), which also remains the key to economic integration of the ECO region. In this regard, it is heartening to mention that with the holding of the 8th ECOTA Cooperation Meeting in Tehran, in August of this year, we have achieved a significant breakthrough to overcome the bottleneck. The Council deliberated on how to implement ECOTA or upgrade its mechanisms in the light of the views of the contracting parties. In the meeting, the Parties agreed to consider the proposal of the Secretariat, the sectoral implementation of ECOTA and start parallel negotiations for its up-grading, along with inviting other ECO MSs to join it so that a comprehensive and fully-fledged economic bond, which covers the whole region rather than only five members would be established. The Republic of Turkey, also offered to prepare a new agreement, incorporating views and concerns of the Contracting parties, in case the Sectoral approach is not acceded by the concerned government.

Secondly, The Secretary General attended the meetings of the ECO Chambers of Commerce in Turkey, and in consultation with the Head of the Chambers of Commerce of the MSs, including Mr. Rifat Hisarcıklioğlu, proposed a solution to end the two-decade-old issue over the Secretariat's headquarters and the appointment of the Secretary General and his deputy. With a permanent headquarters of the Secretariat, election of the Secretary General and his Deputy, the activities of the private sector will be particularly effective in the area of trade and investment in the region. The proposal was well received

and it will be considered in their meetings later in this month. They also agreed to have an ECO Business Forum as sideline event in the next ECO Summit.

Thirdly, regarding the region's financial-banking system, it is a matter of satisfaction that ECO Trade and Development Bank (ECOTDB) is functioning progressively and professionally. Further to this, the Bank is endeavoring to expand its operations. As per the CPR mandate, the proposal to extend the Bank's mandate to provide assistance for implementing regional projects has been presented to the Board of Governors. Taking this opportunity, I would also like to request the remaining MSs to join the bank to expand its membership and current MSs to increase its resource base to enable the bank to play a greater role in regional projects.

Our efforts, in region's financial-banking system, however, is not limited with the activities of the ECOTDB. Based on the CPR mandate, the Secretariat is also endeavoring to start another initiative addressing the costly financial and banking transactions in the region, the "ECO Clearing Union". The draft has been distributed among the members, and I hope it will be approved by the Working Group on Banking Issues at ECO Ministerial Meeting on Economy in Dushanbe, and strengthen the regional financial and banking system in ECO. Moreover, the project to establish a Vision Fund is also on the agenda of the Secretariat and the ECO Bank for submission to the Summit with the view of creating more appropriate conditions for better implementation of the Vision.

Here, it is also worth reminding that the early operationalisation of other agreements are also being awaited to achieve further progress in regional integration. The Agreement on Promotion and Protection of Investment (APPI) was done in 2005, and only the ratification of two more MSs signatory to the agreement is needed for its entrance in to force. Similarly, Statute of the ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM) done in 2009, needs only one more instrument of ratification by Afghanistan in order to come into force. This is also the case for the Statute of ECO Regional Center of Anti-Corruption Agencies and Ombudsmen (RCCACO), which was done in 2012, in case of deposition of one more instrument of ratification, it will enter into force.

In the area of Transportation, the implementation of the Transit Transport Framework Agreement (TTFA) is in progress. In this regard, Secretariat concentrated its efforts to the realization of the recommendations of the Turkmenbashi Declaration that has been adopted in the 9th Meeting of the Transport Ministers in May 2018. There were twelve important decisions adopted in this meeting, whose report will be provided to you, under agenda item Number 5, including commercializing the existing rail networks in seven corridors of ECO region, improving railways infrastructure and commercializing a segment of ITI Corridor, focusing on the unfinished segments of railways in ECO Corridor such as Mazar Sharif - Herat segment in KTAI corridors, and Rasht - Astara segment on the Qazvin-Rasht-Astara railway, and linking dry ports to seaports, establishing logistic centers at borders in ECO region,

establishing ECO Zone in seaports, and extending facilities to all ECO Member States in these zones. High-Level Expert Group Meeting of Heads of Marine and Railway Organizations have pushed these decisions forward into projects. Some of these projects (at least 4) are included in the Agenda No. 4 (d).

Roads account to nearly 65 percent of ECO's overall transport. In this regard, It is worth highlighting that the field studies on KTAI (Kyrgyz-Tajikistan-Afghanistan-Iran) and ITI (Islamabad-Tehran-Istanbul) have been completed which provided a clear picture of the existing routes and opened new perspectives on how to make them functioning. The final report of the study will be discussed and endorsed along with the Action Plan in the upcoming 5th High Level Working group Meeting to be held on 25-26 November 2019.

The Secretariat perceives Complementary Networking as the core task in the area of maritime transport, accounting to 72% of overall general cargo handling. This is a supportive amalgam of gains and benefits to be reaped by ECO countries from the integrated transport logistic systems. Secretariat developed ECO Gateway Project, to this end. In it, the core pillars are seaports, air terminals, land border terminals and logistics areas of the ECO countries. The MSs will be able to benefit from this project in terms of reduction of the aggregate transport costs, effective linkages to multimodal transport, and multiple connections to all-mode transport. The project has been endorsed for implementation in the Meetings of heads of reference Maritime organizations of the ECO Countries held in March 2019 in Tehran.

We have also made progress in the energy sector. Your Excellencies are aware of the fact that energy, in our region, is managed as a national sovereignty concern. It is difficult for regional organizations such as ECO to enter this area because of its complexities. Nevertheless, the Secretariat has begun implementing the energy sector relevant plans and objectives of the Vision by focusing on non-fossil fuels. Over the past year, two projects, to create ECO Joint Electricity Market (ECO-REM) and the establishment of the ECO Clean Energy Center have been in the works. ECO-REM project, in coordination with the RPC, and in collaboration with Energy Charter, will soon be implemented by hiring an international consultant once its ToR is finalized so that the unique Cast-1000 business can expand in the region.

The ECO-CEC project is also being implemented in partnership with international partners, UNIDO and the Austrian Government and with the employment of a Canadian consultant and will come to fruition in February 2020. Then, with the establishment of the Center at one of the member states as the second phase of the project, the work will begin on the creation of ECO Clean Energy Corridors. The Ministers of Power of ECO will review and decide on the achieved results in 2020. Alongside these actions, the ECO Energy Plan of Action (POA) is being revised for approval at the 2021 ECO Ministerial Meeting of Energy in Baku. Creating a gas pipeline ring between members to facilitate gas trade and transit in the region is part of this POA. Progress in this field and the enhancement of cooperation in the energy sector more than any other area require the support of Your Excellencies. The Secretariat is also ready to cooperate with members in conducting market

studies and establishing mechanisms for cooperation in trilateral or multilateral energy projects among some members.

There have also been significant developments in the implementation of other areas of the Vision, including the completion of Land Care Project studies, and Regional Framework on Disaster Risk Reduction developed in collaboration with MSs, UNESCAP, IDB, UNDRR and other development partners, which will be submitted to the ECO Ministerial meeting in Turkey for approval.

Last year, the Secretariat has also focused on the tourism sector for the realization of the objectives set forth in the Vision in the area of tourism, and following the views of Mr. Minister Qureshi and Mr. Minister Mammadyarov, and with the support and guidance of President Rahmon.

Developing Sustainable Tourism Principles for ECO Region as a basic document for tourism development was one of the results of the focus, which was adopted at the 3rd ECO Ministerial Meeting on Tourism in Khujand in October this year. Obtaining an agreement on formulating a tourism action plan, implementing a single ECO visa system for foreign tourists, designating special ECO tourism zones and providing tax and investment facilities, establishing an economically justifiable air link between the main tourism destinations in the ECO region and establishing a tour operators chain network among major tour operating companies of member states were among the achievements of the recent ECO Ministerial Meeting on Tourism. They are determined to transform the tourism industry in the region

into one of the fastest-growing and most profitable economic sectors and have agreed to come together in Uzbekistan in 2020 and in Iran in 2021. They have requested Your Excellencies to authorize the allocation of a part of the Secretariat's savings in 2019 to the Tourism Development Fund set up by the Second Ministerial Meeting of Tourism for the implementation of these projects. The Secretariat is also supporting this request.

We must support and facilitate the social and economic development of Afghanistan, deeply suffering from violent conflict. I appreciate the donation of Republic of Turkey for the project on reconstruction of Dr. Rafiqi Kamil Urga Sanatorium Hospital of Kabul Medical University and encourage other Member States and stakeholders to utilize ECO Advocacy Programme for Afghanistan as a platform to develop projects, including enhancing vulnerable people's access to basic services, food, water and shelter.

Excellencies,

While we are making steady progress, there still remain significant challenges to overcome. I am confident that the spirit of cooperation will guide us to reach common understanding on all issues on the agenda. In this regard, as you are well aware we have focused a great deal of our efforts during the last few years to take necessary and effective measures to bring about necessary Reforms in the Organization. The new "Scale of Assessment" and "ECO Reform" documents have been prepared which are on the agenda of the today meeting. Regarding the Scale of assessment, it is worth mentioning that the Secretariat

proposed alternative scales of assessments for the years 2020-2025, in view of the positions of the different member states as to their share of contributions. Regarding the ECO reform, in line with the mandates of the 23rd COM regarding finalization of the reform process, during last year we have focused our efforts to this issue. The current state of affairs on this issue is presented in the report for the consideration of the COM. I hope that a consensus will be reached soon on these issues as the early resolution on them will have significant impact on the functioning and efficiency of the organization.

I would like to complete my remarks by wishing all the success to the participants of the present meeting in the achievement of their objectives and also wish them a very comfortable and enjoyable stay in Antalya during the next two days.

Thank you.