

**Statement of H.E. Mr. Khusrav Noziri,
ECO Secretary General at the Senior Officials Meeting
*Baku, October 9, 2023***

**Honourable Deputy Foreign Minister of Azerbaijan,
Excellencies, Deputies Minister, Permanent Representatives,
Heads of Delegations, Distinguishes Delegates,**

It is, indeed, a great privilege to join you in this important meeting preceding the 27th Meeting of the ECO Council of Ministers. I extend my deep gratitude and appreciation to the Government of Azerbaijan for the excellent organization of the event and providing warm hospitality to the delegations in the beautiful city of Baku.

I take this opportunity to thank the Republic of Azerbaijan for the spirit of renewed cooperation in ECO imbued under their current chairmanship and luminous concept that declared 2023 as the "Year of Green Transition and Interconnectivity", introducing some new ideas and initiatives. I am confident that such a progressive trend will continue in ECO during the upcoming chairmanship of the Islamic Republic of Iran, in a bid to support the joint economic development of our Member States.

Excellencies,

Due to the post-pandemic macroeconomic turbulence and some recent geopolitical developments, our economies continued to experience difficult conditions also in 2023. Yet with renewed spirit of cooperation, we have been making devoted efforts to move forward in the pursuit of our regional development targets. My detailed Report, provided for your consideration, comprehensively reflects on our current activities.

Today's deliberation includes the finalization of Agenda, Report and contents of the Draft Shusha Declaration to be considered and adopted by 27th COM Meeting, tomorrow. However, I would like to briefly underline some of our important sector-wise activities.

Keeping in view the significance of the concept of "**Green Transition and Interconnectivity**", the Organization has focused on regional connectivity through digital modes of intra-regional transportation. To this end, the 3rd ECO Ministerial Meeting on ICT held in July this year in Tehran has supported our efforts for digital connectivity in the region.

Another important aspect of our approach towards enhancing connectivity is to support our landlocked countries, by facilitating their improved access to intra-regional and inter-regional linkages.

To materialize the objective of enhanced connectivity, we maintain collaboration with our global partners, including the relevant UN Agencies working on several important concepts and programs particularly for establishing an ECO Air Hub in region's eastern part, development and expansion of various corridors, including Trans-Caspian and Almaty-Tehran-Istanbul Corridors, as well as the extension of ITI Rail Corridor to Bulgaria which is the ECO's debut initiative to link South Asia with Europe through railway connection.

Our progress towards increased connectivity is very kindly backed up by relevant authorities of the ECO countries during their numerous ministerial and expert group interactions. We believe that with the continued support of Member States, the Organization will achieve its envisioned targets in transport and connectivity sector.

Excellencies,

Trade is the most desired area of cooperation in ECO. The region's share in global trade reached US\$ 1 trillion 36 billion in 2022, higher than the figure of 2021 which stood at US\$ 935 billion¹. The region's contribution to world trade registered around 30% growth in the last 5 years². The region's share to total world trade in goods during 2022 increased to 4.13% from 4.05% in 2018. This shows that the growth in regional trade has been almost symmetrical to growth on world trade, with corresponding negative trajectories during pandemic.

On the other hand, intra-regional trade in 2022 was recorded at US\$ 85.6 billion, which is only 8.2% of the region's total trade with rest of the world. The ECO region has registered an increase of 42.6% in its intra-regional trade during the last five years from 2018 till 2022³ while ECO Vision 2025 aims to double it.

The inflow of Foreign Direct Investments (FDI) to the ECO countries is below its potential despite some increase in recent years. The FDI inflows have shown 20% growth with figures of US\$ 25.7 billion in 2022 against 21.4 billion USD in 2021⁴. During pandemic the inflows were recorded at US\$ 18 billion in 2020. The growth in regional FDI in last three years has been almost 30%.

The primary reasons for the low shares in world trade, intra-regional trade and low FDI inflows include, inter alia, absence of preferential and low trade facilitation profile resulting in high trade costs (both tariff and non-tariff) in the ECO's regional and international trade. This appears to oblige high costs of doing business and lack of complementarities among economies of the Member States.

¹ <https://www.trademap.org/Index.aspx?nvpm>

² Mirror data and calculations based on data of ITC accessed at <https://www.trademap.org/Index.aspx?nvpm> on 31st August 2023. US\$ 648 billion (2016), US\$ 797.8 billion (2018), US\$ 748.7 billion (2019), US \$ 706 billion (2020), US \$ 930 billion (2021), US\$ 1036 billion (2022)

³ Mirror data and calculations based on data of ITC accessed at <https://www.trademap.org/Index.aspx?nvpm> on 31st August 2023. US\$ 60 billion (2018), US\$ 62.6 billion (2019), US\$ 56.8 billion (2020), US\$ 79.4 billion (2021), US\$ 85.6 billion (2022).

⁴ <https://unctad.org/publication/world-investment-report-2023>

Bearing all the relevancies in mind and given the importance of trade liberalization to meet our economic targets, we have been making persistent efforts to ensure the over-awaited implementation of ECO Trade Agreement (ECOTA). However, the low-paced progress is due to lack of signatory countries as only five members have joined ECOTA so far, as well as an inordinate delay in holding of the 9th ECOTA Cooperation Council Meeting since 2019 as the Contracting Parties to ECOTA have yet to express serious interest in this regard. In order to realize ECOTA's goals and expansion of its coverage to an envisioned Free Trade Agreement (FTA), the Contracting Parties are unavoidably required to come together to implement the agreed modalities of trade liberalization.

In the absence of a way forward, we focus on trade expansion through the trade facilitation and customs cooperation rather than Customs Tariff Reductions. Efforts are also being made for trade facilitation through finalization of Draft Trade Facilitation Strategy for the ECO Region and the Draft ECO Trade Facilitation Agreement. We consider these initiatives would be quite effective to secure desired outcomes.

For achieving our trade facilitation target, we also aim at enhancing customs cooperation in the region by starting operations of the Customs Offences Data Bank, Mutual Administrative Assistance in Customs Matters, and Digital Trade and Capacity-Building in priority areas. The 9th Meeting of ECO Council of Heads of Customs Administrations (CHCA), held in July this year in Baku, has achieved encouraging results. I believe that regular interactions amongst the ECO customs authorities will be more effective for stronger cooperation in customs affairs.

Among our other important trade & economic development activities are (i) the study on roadmap to institutionalize a Comprehensive Joint Action Plan among the Sovereign Wealth and National Development Funds (SW/NDFs) of the Member States; (ii) sequel ECO-UNIDO Trade Capacity-Building project; (iii) ECO Clearing Union in the region and implementation of the Regional Payment System; (iv) roadmap for creating Network of Specialized Economic/Free Trade Zones; (v) Agreement of Protection and Promotion of Investment; and (vi) efforts to strengthen the ECO Trade and Development Bank through expansion of its membership. While an appreciable progress is noted on these ends, we look forward to our Member States' continued support for materializing them all.

Distinguished Delegates,

Energy cooperation is also one of the most important constituents of our regional development agenda. The Organization has been making notable advancements towards maximum utilization of sustainable and efficient energy resources. Establishment of the ECO Clean Energy Center in Baku is a significant step on our way to smooth energy transition. An early operationalization of this Center will promote regional energy cooperation at a greater level. While it is under

inaugural process, we encourage all Member States to expedite their internal processes for signing/ratifying the Charter of the Center.

In energy, another flagship project is the establishment of the ECO Regional Electricity Market (ECO-REM). It is aimed at mobilizing energy resources, making a regional umbrella for an associated power trade, leading to enhanced investments, advanced and integrated electricity market and infrastructure in the region. We are collaborating with the Energy Charter and UNESCAP for its early launching.

In **environment**, we adhere to the global principles, policies and commitment. The proclamation of 2023 as the year of “Green Transition and Interconnectivity” by Azerbaijan reflects ECO’s devotion to maximizing environmental cooperation. Moreover, this year in January, the ECO Council of Ministers has approved the establishment of a High-Level Dialogue Platform on Environmental Cooperation in the ECO with the participation of international scientists and experts. With such initiatives and activities, we are focused on accelerating our region’s smooth transition to green, low-emission and climate-resilient economies.

ECO further maintains its strong commitment for enhanced **agricultural and food security** cooperation in region. Food insecurity is increasing across the globe due to several adverse and inapt conditions, most notably, growing population, climate-change, environmental degradation, food waste, lack of relevant public policies, political and military conflicts as well as the COVID-inflicted disruptions in supply chains. An updated ECO Regional Program for Food Security (ECO-RPFS) was adopted during the 7th ECO Ministerial Meeting on Agriculture in 2022 in Tashkent. This Regional Program, as the flagship project of agriculture will ensure food security and agricultural development in the region and is on the implementation process according to the discussions of Steering Committee Meetings of the ECO Regional Coordination Center for Food Security (ECO-RCCFS).

Moreover, transformation of ECO Regional Coordination Center for Food security (ECO-RCCFS) from a program-based organization into a self-sustainable institution is also underway. Aimed at enhancing capacity of ECO-RCCFS, the project will provide systematic and useful support to the Member States for improving their food security and nutrition policies and programs.

Excellencies,

Tourism cooperation also holds very important place on our agenda. The post-pandemic recovery of the sector is now on stable feet, witnessing considerable revival of tourism activities in the region.

Let me further recall the significant concept of ECO Tourism Capitals which is gaining momentum, displaying the cultural and tourism potentials of the Member States, promotion of their tourism destinations, and enhancing the involvement of

local communities and private sector in tourism activities. Last week on October 5, the 5th Ministerial Meeting on Tourism was held in the beautiful Ardabil city of Iran, which is the ECO Tourism Capital for 2023. The meeting provided guidance for the expansion of tourism cooperation in the region, outlining some fresh means to attract attention of the international tourists to ECO Region.

In addition, the ECO Tour Operators' Network, composed of major tour operators from Member States, has been established to develop joint tourism packages, share experiences in attracting tourists, and promote lesser-known destinations in the region.

ECO is also focused on **Human Resources and Sustainable Development (HRSD)** in collaboration with its regional and global partners, most significantly the relevant UN Agencies. Continued efforts are being made to align our activities with the Sustainable Development Goals for achieving our joint aspirations and targets.

The 5th Ministerial Meeting on Health was held on May 24, 2023 on the sidelines of the World Health Assembly in Geneva. The meeting stressed the need for enhancing collaboration and adapting to new developments/outbreaks, and discussed the implementation of the ECO Action Plan of Health which aims at finding solutions to public health matters and identifying the critical measures during the emergency health situations.

Moreover, ECO is considering the organization of 1st Forum on Sustainable Development. We believe that the newly developed modern city of Arkadag in Turkmenistan could be a very meaningful venue for this important event.

Distinguished Participants,

Regarding **ECO projects**, we have an increased focus on our project-based approach. Total number of our projects currently stands at 33, while 26 are ongoing and under different stages of implementation. The number of proposed/new projects is 7. As compared to 2022, the number of ongoing projects has increased around 15% in 2023. However, smooth implementation of our projects is more or less dependent on timely receipt of annual contributions from member countries.

In **research**, the Organization remained involved in certain activities, including an Economic Journal as part of ECO Research Center, issuance of ECO Annual Report 2021 containing overall economic situation in trade, as well as the release of ECO Annual Report 2022 on overall economic situation in Agriculture Sector(s) of the region. In order to support research-based ECO activities, an ECO Research Center has been established in Baku. So far, the Charter of the Center was signed by Azerbaijan, Türkiye and Pakistan. Given the enhanced interest of other member countries, the number of signatories is expected to increase soon.

ECO is also working for the expansion of **statistical cooperation** in the region. The Heads of Statistical offices of the Member States held their 7th Meeting in September 2023. Reviewing the existing level of their cooperation and exchanging views on annual economic reports, they emphasized the need for improving statistical cooperation in the region.

Further, convening on September 22 in Baku, the 6th Meeting of ECO Board of Directors of National Libraries reaffirmed the resolve to further enhance cooperation among the National Libraries of Member States through frequent exchange of human and technical expertise.

Excellencies,

International relations remain major component of ECO policy of expanded collaboration and partnership, as well as enhancing visibility of the Organization. Today, we enjoy cooperative relationships with several regional and international organizations, including the United Nations system as well as number of financial institutions.

I would like to emphasize the importance of the biennial resolution adopted on August 25, 2023 by the United Nations General Assembly in its 77th session on UN-ECO cooperation. The revised document encourages an increased nexus and coordination between the ECO and UN Agencies for the acceleration of development process in various regional sectors.

Moreover, the 15th ECO-ASEAN Joint Ministerial Meeting was organized on the sidelines of the 78th UNGA session in New York on September 21. Reviewing the current status of ECO-ASEAN collaboration, the meeting agreed for enhancing cooperation in all areas of mutual interest and adopted the Framework of Cooperation between the two organizations.

In addition, I also held some productive bilateral meetings on the sidelines of this UNGA session, including with the UN High Representative for Landlocked Developing Countries (UN-OHRLLS) and the Director of UN Office for South-South Cooperation, exploring possible areas of cooperation. In this regard, we agreed with UN-OHRLLS to prepare and sign a Memorandum of Understanding which will outline the framework of cooperation between ECO and UN-OHRLLS.

Regarding situation in **Afghanistan**, the Organization is monitoring the global response with regard to the conditions developed in the country during the last one and half year. Given the importance of the country as a very valued member of the ECO, our commitment to supporting socioeconomic development of Afghanistan is intact. However, we also look forward to receiving some fresh proposals from our member countries for the implementation of our projects and activities in line with the ECO Advocacy Program for Afghanistan.

Excellencies,

In view of the aggressive tendencies and the emerging global issues, the ECO requires maximum support of the member countries for maintaining smooth progress on its regional economic development agenda. To this end, a more participatory approach is required from all line ministries and other relevant institutions of the Member States to achieve our joint targets.

As you are kindly aware, the role of **parliamentary diplomacy** in international relations is growing every day. We attach great importance to the Parliamentary Assembly of the ECO Member States (PEACO) given the fact that PAECO would be very much effective for consolidating our joint efforts to promoting greater regional connectivity and integration.

Additionally, this year the Republic of Azerbaijan hosted the 4th Meeting of the Attorneys/Prosecutors General of the ECO Member States in Baku. The meeting mulled over ways forward for ensuring maximum operational collaboration amongst member countries with a view to intensifying their fight against any unlawful practices, including human and drug trafficking.

Concluding my remarks, I would like to reiterate that the Organization maintains and manages all its activities within restricted budget condition due to non-receipt of its pending financial contributions. I may recall that smooth and efficient functioning of the Organization depends on stable financial conditions of the Secretariat that is subject to receipt of timely contributions from all our esteemed Member States.

I am confident that this meeting will ensure our common understanding on all issues to be considered for facilitating the 27th COM Meeting scheduled for tomorrow in Shusha. Wish you all the best.

Thank you.