

**Statement of His Excellency Mohammed Yahya Maroofi
Secretary-General
4th ECO Ministerial Meeting on Commerce and Foreign Trade**

(Kabul, July 11-13, 2011)

**Honourable Mr. Anwarulhaq Ahadi,
Minister of Commerce and Industry,**

**Excellencies,
Distinguished Delegates,**

It is my distinct privilege to welcome you to the 4th ECO Ministerial Meeting on Commerce and Foreign Trade held in this historic city of Kabul in the heart of Asia. I am sure you will allow me at the outset to express my sincere condolences to H.E. Mr. Hamid Karzai, the Honourable President of Afghanistan and his family on the tragic death of his brother on the eve of our gathering here today. It is yet another manifestation of act of terror and violence that haunts our region and which we must fight collectively to overcome. I am particularly grateful to the President for having suggested to hold this meeting in Kabul when we met at the last ECO summit in Istanbul.

The President's message address underlined the importance of the tasks before us. We appreciate the President's personal commitment to the Organization and his abiding support to the cause of regional cooperation. The Secretariat has noted the President's concern on the adverse effects of the global financial crisis on the economies of Member States such as Afghanistan and I am confident that your deliberations would pay particular attention to their special needs.

Afghanistan represents an important land-bridge within the ECO region and plays an important role in regional integration through efforts aimed at intensifying trade, investment and economic development. Your presence, Mr. President reflects the degree of your abiding commitment and personal support to the cause of regional cooperation and the keen support of the Government of Afghanistan as a pro-active partner in the regional grouping and its activities.

I wish to seize this opportunity to express my sincere appreciations to you, Mr. Minister for hosting our meeting and to praise the Ministry of Commerce and Industry for its significant contributions in support of the process of trade liberalizations - the core objective of ECO and its Member-States. ECO appreciates your full support in establishing institutional mechanisms and facilitating development projects for enhancing economic and commercial ties among the ECO family.

Excellencies and Distinguished Delegates,

In pursuit of ECO's over-arching goal of regional economic integration – integration of the economies of the ECO countries with each other, and their integration with the international market, ECO aims at intensifying cooperation for increased trade and investment, closer transport and energy linkages, sustainable supply of energy resources.

In this perspective, Trade holds the key for economic growth and development. Accordingly, enhanced trade cooperation occupies a central place in ECO's endeavors. With an aggregate GDP exceeding US\$ 1 trillion and the global trade of US\$ 585 billion in 2009-10, our intra-regional trade was in excess of US\$ 40 billion. Moreover, with huge human and natural resources, mineral deposits, agricultural and industrial produce, our region is well placed to emerge as a significant regional block and assume its rightful place in international arena. We are determined to establish Free Trade Area in the region by 2015. This can effectively be gained through trade expansion mechanisms and doing away with the trade restrictive regimes.

Our potential and desires to achieve economic integration, notwithstanding, the ECO region remains one of the least integrated in the world. We have yet to take bold steps to translate our commitments and pledges into practical actions for enhancing industrial production, modernization of infrastructure, diversification, value addition and human capital formation. Our endeavors to enhance intra ECO trade have to date made minimal impact on the health of our economies.

Whereas several regions of the world are reaping benefits of economic integration through trade liberalization, enhanced market access, industrial growth, increased investments and job creation, the ECO region, despite its rich resources, has not been able to achieve the necessary breakthrough for regional trade and is still characterized by high tariff walls coupled with Non Tariff Barriers (NTBs) and excessive measures under protectionist policies of most Member States.

The findings of the recently published ECO-PIDE Study on "Trading Patterns in the ECO Region" point to the fact that we are far from harnessing regional trade potential. The Study reveals that if fully capitalized, the region actually offers a potential of US\$ 320 billions of intra-regional trade. This implies that economies of the ECO region annually suffer to the tune of over US \$ 280 billion on account of untapped trade potential. It is a staggering figure - an eye opener for our policy makers which merits urgent attention of this Meeting for appropriate measures to be agreed upon with and new direction to the content and scope of regional trade and investment.

Excellencies

We have to shift the balance from protection-against-imports centered approach in favor of a regional export promotion. Such an approach constitutes a pre-requisite for achieving the target of increased intra ECO trade to 20% by 2015 from its present level of 6% as envisioned in ECO Vision 2015. Realization of this objective would certainly require determined efforts guided by strategic choices. Our strategy must focus on accelerating timetable of implementation of existing agreements especially the ECO Trade Agreement (ECOTA). At the same time, we must embark on negotiating ECO Free Trade Agreement (ECOFTA) for establishing a Free Trade Area in the region by 2015. I consider it my responsibility to inform you that ECO Summits and Council of Ministers have time and again stressed on expediting the ECOTA implementation process to pave the way for establishing Free Trade Area. To realize the collective vision and desire of our leadership, we are obliged to work out a comprehensive approach to guide us in our mission. Against this background, we have pinned high hope to this Ministerial Meeting.

Excellencies

The stalled progress on ECOTA in last three years has brought the regional trade cooperation to the brink of uncertainty. Disregarding commitments at the highest political level, the Contracting Parties continue to revisit and reopen the settled provisions of ECOTA causing inordinate delays in the implementation of ECOTA. This trend not only casts negative shadow on all other ECO agreements, projects and activities but also raises a question mark on the future of economic integration - the *raison d'être* of our organization. This Meeting, therefore, provides us a fitting occasion to evaluate our performance, identify impediments and infuse fresh dynamism in our initiatives to fulfill the commitments made at the highest level and implement decisions in letter and spirit.

Mr. Chairman

Despite many challenges, the Secretariat, on its part, has never succumbed to the expediencies. To ensure that the trade liberalization was not derailed, efforts for implementation on various activities were redoubled. These comprise of identification of non-tariff barriers (NTBs), support for the standardization institutions in collaboration with UNIDO, assistance to non-WTO Member States in their accession to WTO, promotion of transit trade, capacity building, encouragement of the private sector and setting up of new forums of Trade and Investment Promotion Organizations. In addition, the Secretariat launched a Web Portal to facilitate exchange of information. Besides, Agreement on Simplification of Visa Procedures for Businessmen and Transit Drivers, signed by three Member States is also a step to sustain our efforts. We look to Ministries of Commerce/ Foreign Trade to lend their strong support to measures undertaken towards the ECOTA implementation process.

Excellencies and Distinguished Delegates,

With respect to institutional mechanisms, I am pleased to report that ECO has covered good ground in the recent past. The membership of ECO Trade and Development Bank has expanded with the addition of Afghanistan and Azerbaijan would be joining soon. We have also received positive signals from the Kyrgyz Republic to join the Bank.

The ECO Reinsurance Company is another institution being established for boosting commercial cooperation. The Company would soon become functional as completion of ratification procedures by Iran and Turkey is awaited. Preliminary steps towards the institutional mechanisms on Technical Assistance and Capacity Building have already been initiated by Pakistan. Our thanks are again due to Afghanistan for patronizing ECO in setting up a new forum of the Heads of Investment Promotion Agencies.

Despite all odds, the interest of regional business communities has been successfully sustained. The ECO Chamber of Commerce and Industry has been revitalized. A number of Trade Fairs, Buyer-Sellers' meetings and Business Forums were organized in Afghanistan, Iran, Pakistan and Turkey. We have lately taken a few fresh initiatives for Joint Trade Promotional Activities and Trade Facilitation primarily to cater to the needs of business communities. We are setting up a separate forum for each Sector Specific Associations, ECO Women Entrepreneurs, and Young Businessmen. In order to deliver and meaningfully contribute to regional trade and investment, these promotional plans and institutional links essentially require active backing by the Ministries of Commerce and their affiliated trade bodies.

For the first time ECO decision making organs have given directions for special focus to the needs of the ECO smaller economies namely, Afghanistan, Kyrgyz Republic and Tajikistan. ECO has proposed special plans on Integrated Market Promotion, Commodity Forums, developing appropriate Projects for trainings, Seminars and strengthening capacities of Trade and Investment Promotion organizations of the smaller economies of ECO. We hope that by creating synergies we would be in a better position to implement our plans in trade and investment promotion, harmonize procedures particularly, the banking and customs regulations, improve standardization infrastructure and set up information networks.

Excellencies,

The 4th ECO Ministerial Meeting on Commerce/Foreign Trade is being hosted after an extraordinary lapse of six years. I am confident that the present session would take far-reaching decisions to give much needed boost to our endeavors for expansion in regional trade and to put into actions our commitments and pledges made on several occasions in the past. One of our foremost priorities must be to ensure that the Ministerial Meeting is held on regular basis on the pattern of the Meeting of ECO Finance Ministers. In addition, we solicit decisions of the Ministers on initiating negotiations on ECOFTA and a Plan of Action to establish Free Trade Area by 2015, expediting ECOTA implementation, developing a pragmatic Multi-dimensional Regional Trade and Investment Strategy, , understanding on taking concrete steps for the removal of tariff and Non-Tariff Barriers (NTBs), establishment of a Permanent Working Group to streamline actions on such pending proposals as Agreement on Joint Trade Promotional Activities and Agreement on Trade Facilitation and in time feasibility of an ECO Comprehensive Economic Partnership Treaty.

Further, guidelines are required on developing action plans to harness potential of services sector, establishment of ECO Trade Development Centers and Central Electronic Commercial Registries in each ECO Member State. We would also recommend a Working Group to evolve plans for improving sectoral export performances on Engineering and Machinery, Textiles, Minerals, Fruit Processing, Fashion industry and selected service sectors.

In keeping with our aims and ambitions, a clear direction detailing defined roles of Member States has to be provided with regard to ECO initiatives, projects and activities for notable progress in achieving sustainable economic cooperation.

Before concluding, I deem it necessary to place on record my profound appreciation to the Senior Officials for their arduous work during the last two days. I am certain that their contributions would make a tremendous impact in our endeavors to attain our objectives. The following decisions reached in the span of last two days would certainly energize our efforts and yield tangible results in the future:

- i. Establishment of Joint Working Groups to prepare drafts of the ECO Trade Facilitation agreement and another for the Joint Trade Promotion Activities.
- ii. The Senior Officials have agreed to meet for finalizing the Multi-Dimensional Strategy on Regional Trade and Investment.

- iii. Besides, the Afghanistan designated as the Coordinating Country on the Study on ECO Transit Trade Procedures.
- iv. The initiation of activities for strengthening private sector cooperation and increased promotional activities agreed by the Member States.

Excellencies,

We have gathered here today with high expectations and hope that this meeting will generate the desired momentum and determination to the expansion of trade and deepening of cooperation in all sectors of trade, investment and economy. I wish you all success in your deliberations and a positive outcome of this Meeting charged with renewed impetus and determination to meet the challenges before us. For my part, I assure you that the ECO Secretariat will spare no effort to follow-up on your decisions and effectively carry forward our shared agenda.

Thank you.
