

**The 3<sup>rd</sup> Ministerial Meeting on Commerce/Foreign Trade**  
**Statement of the Secretary General of ECO, H.E. Mr. Askhat Orazbay**  
*( Istanbul, 07 July, 2005 )*

*Annex-II*

*Your Excellency,  
 The honourable Prime Minister of Turkey,  
 Honourable Ministers,  
 Excellencies,  
 Distinguished Guests,  
 Ladies and Gentlemen:*

It is indeed a great honour and privilege for me to address the Third ECO Ministerial Meeting on Commerce/Foreign Trade being held in this beautiful city of Istanbul. I would like to take this opportunity to express my profound gratitude to the Government of the Republic of Turkey in particular His Excellency Mr. Kursat Tuzmen, the Minister of State for Foreign Trade Affairs and his Ministry for hosting this important meeting. I would also like to express my thanks to the honourable ECO Ministers and distinguished delegates whose participation has made the holding of this meeting possible.

ECO as an organization representing 370 million people spread over an area of square kilometer striving its hard to promote closer economic cooperation among its member states and also with other regions to improve the quality of life of its people. After expansion of ECO into ten member states in 1992, ECO is now working to adopt a broad vision taking into account the opportunities and challenges of the globalization process, the rapid social, economic, political and technological development in the world and the prospects in the decades ahead which need to be addressed adequately through a common and collective approach.

*Excellencies, Ladies and Gentlemen:*

The ECO Vision 2015 envisages to gradually reduce tariffs to the extent already agreed in ECO Trade Agreement (ECOTA) and remove para-tariffs and non-tariff barriers in trade among the ECO member states by the year 2015 so as to increase intra-regional trade from the present level of 6% to 20% and are determined to move towards establishment of a Free Trade Area in the region as a priority task. Therefore, we accord the highest priority to the ratification and early implementation of ECOTA and to the active participation of member states in liberalization of trade policies, harmonization of customs laws and regulations and simplification of visa procedures for the businessmen.

Signing of ECO Trade Agreement (ECOTA) in July 2003 by five ECO member states during the Second Ministerial Meeting on Commerce/Foreign Trade in Islamabad was a great step forward towards trade liberalization and removal of tariff and non-tariff barriers in the ECO region. This Agreement is comprehensive in terms of commodity coverage and is to be implemented gradually over a period of eight years, lowering the tariffs to a maximum of 15% on 80% of the goods traded. The HLEG, formed for the facilitation of implementation of ECOTA, in its 1<sup>st</sup> meeting, in Turkey in January, 2004 decided to adopt Fast Track Approach for its early implementation and to lower the tariffs to a maximum of 10% over a period of five years. The 2<sup>nd</sup> HLEG, held in Islamabad on March 17-19, 2005 finalized the Optional Protocol to adopt Fast Track Approach for the early implementation of ECOTA. The said protocol is now to be approved by today's meeting and will be opened for signature by signatory countries. There are some other important agreements/documents to say final o.k./signature by the respective Trade Ministers by the signing and approval of these agreements ECO will enter into a new stage of implementation. ECO will move towards realization of its goals and objectives envisaged in various Summits.

*Distinguished delegates:*

Promotion of investment in the ECO region is another important area of our cooperation. In this regard ECO has embarked upon a number of activities aimed at encouraging investment in the region. The First ECO Regional Investment Conference was held on Kish Island (Iran) in 2003 and the Second Trade and Investment Conference, held in Kabul, Afghanistan on 18-19 April 2004 and 3<sup>rd</sup> Investment Conference is going to be held again in Kabul, Afghanistan this year. These conferences are proving ample opportunity to the Member States, private and public stakeholders and also from multilateral and international organizations to set priorities areas for investment. As these conferences provide an effective forum for addressing investment issues and for formulating modalities, aimed at improving investment climate in the ECO region. In addition to the above activities, Draft Agreement on Promotion and Protection of Investment has been finalized by the High Level Experts Group is expected to be approved/signed in the present meeting.

The honourable Ministers of Commerce/Trade will appreciate to know that ECO has undertaken a project on the promotion of trade in the ECO region with the assistance of ITC, UNDP, IDB. This project has been successful in establishing contacts with the business communities of the region. The first phase of the project was completed by holding 3<sup>rd</sup> meeting of Buyers/Sellers of the member states in Istanbul in December 2004. The 2<sup>nd</sup> phase of the project with the integration of the capacity building of ECO-CCI in the scope of the project is under our planning stage.

Private sector involvement in economic activities is now an emerging fact; ECO-CCI has now been reactivated. ECO-CCI Secretariat and Chairmanship are now with Afghan CCI. The long awaited ECO Trade Fair, 10<sup>th</sup> Executive Committee meeting ECO-CCI and 3<sup>rd</sup> ECO Trade and Investment Conference are scheduled to be held in Afghanistan in the last week of September this year. By doing so private sector role in the promotion of business/economic activities in the ECO region can further be strengthened. A joint ECO-ITC project (2<sup>nd</sup> phase of the project) alongwith the ECO-CCI capacity building by utilizing the ECO Feasibility Study Fund, is at ECO's active planning stage.

*Excellencies, Ladies and Gentlemen:*

Customs cooperation plays an important role in trade facilitation between ECO countries. Customs cooperation has now been institutionalized by holding regular meeting. The last meeting of Heads of Customs Administration was held in Baku, Azerbaijan, on May 16-18, 2005 finalized Agreement on ECO Smuggling and Customs Offences Data Bank and the Protocol on ECO Rules of Origin, which will be approved/signed in the today's meeting.

We need to establish as early as possible the ECO Trade and Development Bank to help ECO to pursue a project oriented development strategy. The 8<sup>th</sup> ECO Summit and the First Ministerial Meeting on Finance/Economy acknowledges the importance of early operationalization of ECO Trade and Development Bank and ECO Reinsurance Company. Hiring of a Consultant for preparation of ECO Bank business plan is under process. Here, I would urge respective member states i.e. Islamic Republic of Iran to remove the condition on their side in this regard and all the three founding member states to appoint Board members/Directors/Governors and allocate subscriptions for early operationalization of the Bank. On the other hand any of the member states to announce dates to host the Trilateral meeting of Reinsurance Company to finalize the draft Articles of Agreement for further approval/signature of the respective member states.

*Excellencies:*

All of you know that trade potential ratio in ECO region is estimated at around 10 to 12%, however, actual intra trade in the ECO region, which has been hovering around 4 to 6%, is quite low. For the boosting of intraregional trade, the export base of ECO countries has to be diversified and expanded, which will require massive doses of Foreign Direct Investment (FDI). ECO Trade Agreement, after its implementation, removal of tariff and non-tariff barriers would bring ECO member states more close to each others and an easy access to each other's markets, will lead to market their products at cheaper prices affordable by the common man of the region. ECO is mandated with the preparation of a Regional Trade and Investment Strategy which the SOM has considered will help to boost trade and investment in the region. Keeping in view the vast opportunities available to the member states to benefit. I would urge upon the non-signatory member states become Trade partner by signing the ECOTA and ratify the agreement.

*Distinguished guests:*

While concluding, I would like to thank once again the host government for excellent arrangements and traditional hospitality extended to us since our arrival in Istanbul. I am grateful fro your kind attention and wish our meeting a successful outcome.

*Thank you all.*