

The 13th Council of Ministers

Report of Secretary General on ECO activities since the 12th Council of Ministers

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Annex-VI

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Preamble

1. The 13th meeting of the Regional Planning Council took place on April 20-22, 2003 and reviewed the ongoing programmes in all priority and non-priority areas. Also, the meeting came up with a new set of recommendations how to ensure further progress on projects and programmes still under consideration of the member states with a view to realizing ECO objectives and goals.

2. Since the 12 COM, we have instituted a follow-up mechanism to ensure steady implementation of programmes approved by COMs and contained in the declarations of ECO Summits. The follow-up reports thus prepared have been added as a permanent agenda items for the monthly sessions of the Council of Permanent Representatives. A consolidated report prepared in the light of developments as of May 25, 2003 has been included in the working documents of the 13 COM. Also, a similar report with regard to sectoral Ministerial meetings held so far has been prepared for the information of the Council of Ministers. In my view, these reports serve as a succinct description of the important actions undertaken by the Secretariat in collaboration with the member states for implementation of the directives of the honourable Ministers.

3. In line with the Rules of Procedure, the Secretary General submitted a detailed report vide document No.RPC/13th/2003/9 dated March 1, 2003 among the member states on ECO activities in all sectors. The report highlighted the need for specific measures needed to improve the prospects of implementing the ongoing projects. The report has been updated and restructured in the light of the recommendations of the 13th RPC. It is the most comprehensive update as the Secretary General would not be able to do the same in future as his tenure is coming to an end in August 2003. The report mentions the developments in the sectoral priorities as under:

Sectoral activities:

Trade and Investment

4. The process of evolving a comprehensive regional trading arrangement set into motion by the 1st Ministerial Meeting on Commerce/Foreign Trade held on March 6, 2000 in Tehran, Iran received further impetus by the 4th meeting of the High Level Experts Group on Tariff & Non-Tariff Barriers held on 9-10 September 2002 in Almaty, Kazakhstan. The said meeting considered the *First Draft* of the proposed ECO Trade Agreement (ECOTA) and gave directions for effecting further improvements. The text of the revised draft Agreement will be put before the 5th meeting of HLEG on Tariff & Non-Tariff Barriers scheduled to be held on 20-22, May 2003 in Tehran for its finalization.

5. The approved draft of the Agreement is expected to be signed during the 2nd Ministerial Meeting on Commerce/Foreign Trade to be held on 15-17 July 2003 in Islamabad, Pakistan. It is needless to mention here that this agreement will usher in a new era of trade cooperation among the ECO member states.

6. Perhaps one of the most significant developments since the 12th meeting of the Council of Ministers in the field of Trade & Investment was the holding of the 1st ECO Regional Investment Conference on Kish Island on 17-18 February, 2003. The said conference received a lot of support from the participating member states who expressed the desire to institutionalize this forum and organize such conferences on a regular basis in order to encourage the inflow of Foreign Direct Investment into the region. In view of the keen interest evinced by the member states I am pleased to report to you that the 2nd ECO Regional Investment Conference will be held in Kabul, Afghanistan on 27-28 July 2003. This would be the first ever ECO event held in Afghanistan.

7. In order to promote business to business contacts, the Joint ECO/ITC Project on Expanding Intra-Regional Trade was initiated in the year 2000. Since then the project has progressed satisfactorily and is approaching completion of its first phase in 2004. After the 2nd Buyers/Sellers Meeting on Food & Beverages scheduled to be held on 26-27 May, 2003 in Almaty, one more such meeting is expected to be held in the first half of next year. In view of its positive impact on developing business contacts, the business community of member states has expressed the desire to continue the project through a second phase. The initial response of the donor agencies has been quite positive in this regard. A preliminary project proposal is currently under consideration of the member states.

8. Responding to the long standing demand of the business community in the ECO region a Trade & Investment Information Network is being developed with the assistance of the United Nations Development Programme (UNDP). This is indeed a significant development which is expected to create the required awareness among the business community of the ECO region to exploit the trade & investment opportunities existing in the member countries.

9. Pending fulfillment of legal formalities regarding operationalization of ECO Trade & Development Bank and the ECO Reinsurance Company, Business Plans for both the institutions are in the process of being finalized with the help of a UNDP Consultant. The preparation of Business Plans would greatly facilitate in the establishment of the Bank as well as the Reinsurance Company.

10. In pursuance of the recommendations made during the 2nd meeting of Council of Heads of Customs Administration of the member states and the 1st ECO Business Forum held in Istanbul on October 11, 2002, the ECO Secretariat commissioned a study on identifying ways and means to simplify and harmonize the customs rules and procedures. The results of this study will be presented to the 3rd meeting of the Council of Heads of Customs Administration scheduled to be held in Pakistan later this year.

Transport and Communications

11. In this sector, the foremost objective has been to develop seamless movement of transport not only as a support to trade expansion but also as trade in services throughout the region with expanded links to outside markets. In this regard, ECO through multiple programmes and projects have tried to develop new and modern transport and communication infrastructure enabling trucks and rail wagons to travel from one end of the region to the other in accordance with internationally accepted standards. In this effort, collaboration with international agencies active in the region for development of infrastructure as well as harmonization of regulatory regime have been pursued actively. Active support from ECO members has helped ECO achieve considerable progress on many of its important programmes.

12. The Programme of Action for the ECO Decade of Transport and Communications (1998-2007) adopted by the 2nd Ministerial meeting on Transport and Communications on 14 March, 1998 in Ashgabat and endorsed by the 8th COM meeting held in Almaty on 9 May, 1998 is very exhaustive in nature and the resources of many countries do not match their aspirations. Therefore, more time may be needed to ensure its full implementation.

13. Nevertheless the 4th ECO Ministerial meeting, held on September 26-27, 2002 in Izmir expressed satisfaction over the achievements of the Organization in this sector, highlighting the important initiatives undertaken since the 3rd ECO Ministerial meeting. Similar views were expressed by the 13th RPC held on April 20-22, 2003 in Tehran with an emphasis on early completion of important missing links such as Kerman-Zahidan sector.

14. Regretfully, despite repeated follow ups, the ECO Permanent Commission on Transport and Communications (PCTC) could not be established despite the approval of its organizational structure and TORs by the 3rd ECO Ministerial meeting (Islamabad, April 27-28, 2000) adopted (with Turkmenistan abstaining). Due to lack of quorum, the Commission could not meet last year, though convened thrice.

15. In view of the declining support for PCTC, the 4th Ministerial meeting decided to set up an Experts' Working Group to look into the possibility of creating an alternate structure to serve as a coordinator for the overall implementation of the projects envisaged in the Programme of Action for ECO Decade of Transport and Communications. In addition, the meeting proposed the secondment of experts by member states at their own expense for shorter or longer duration to assist the ECO Secretariat in its efforts for developing and implementing various projects and action plans in the field of transport and communications. So far the expert working group could not be convened. Also, no member state has shown any interest to depute any additional staff at its own expense to the Secretariat. The 13th RPC urged the Secretariat to continue pursuing the implementation of the decisions of the 4th Ministerial meeting.

16. Realistic analysis of the situation prompts me to critically analyze the revalidation of the relevance of PCTC for implementation of the infrastructure projects through designing and technical support. Proliferation of institutions with lukewarm support from the member states would be counter productive.

17. On the positive side since January 20, 2002, a regular container train on Istanbul-Almaty route has been launched in accordance with the decisions of the 5th and 6th meetings of the Heads of ECO Railway Authorities held in Almaty on September 19-21, 2000 and in Baku on October 30-November 1, 2001 respectively. Unfortunately, there is no container traffic from Almaty to Istanbul due to non-competitive tariff on this route.

18. The 4th Ministerial meeting on Transport and Communications (Izmir, September 26-27, 2002) taking into account the important role of container trains in the development of transportation on Trans-Asian Railway route, decided to urge the concerned authorities of the member states to finalize all pending matters including determination of common tariffs. The 7th meeting of the Heads of ECO Railway Authorities held in Dushanbe on December 23-25, 2002 recommended application of US\$ 0.2 per one (20-foot) container-kilometer on Druzhba-Almaty-Tashkent-Turkmenabad-Tehran-Istanbul-Kapykule route with the aim to making this route more attractive for the shippers/consignees.

19. The 13th RPC highlighted the particular need for urgent nomination of railway representatives of the member states to the Steering Committee (Coordinating Unit) to monitor and ensure smooth running of container trains on the Trans-Asian railway main line with names and contact fax/phones. Also, the railway administrations of Kazakhstan and Turkey were requested to continue their activities to extend the ECO route from Istanbul to European countries and from Almaty to Lianiyungan sea port (China) and intimate progress on the above subject to the ECO Secretariat before the 8th meeting of the Heads of ECO Railway authorities.

20. MoU among the railway administrations of the Islamic Republic of Iran, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkish Republic, Turkmenistan

and Republic of Uzbekistan on the opening of international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route of Trans-Asian Railway main line prepared by the Task-Force was signed in Baku on 31 October, 2001 during the 6th meeting of the Heads of ECO Railway Authorities.

21. MoU envisaged that the international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route would be carried out by two trains, viz, Almaty-Tashkent-Turkmenabad-Tehran international passenger train No.19/20 and Tehran-Istanbul international passenger train, to be connected at Tehran railway station. The 1st pilot (technical) run of the international passenger train No.19/20 from Almaty to Tehran and back was inaugurated on March 14-17, 2002 with the participation of officials and experts from the relevant departments of the participating ECO railways and representatives of mass media. This hiatus, however, has been effectively used to smoothen technical problems blocking improvement of regular operations of the train.

22. The 7th meeting of the Heads of ECO Railway Authorities (Dushanbe, December 23-25, 2002) requested the Iranian, Kazakhstan and Turkmen railway authorities to arrange a meeting of the relevant experts at Mashhad to resolve all the pending issues and prepare jointly instructions for the train crew and the railway station personnel of the Iranian railways to ensure safety of the international passenger train No.19/20 Almaty-Tehran as well as a test run of 1BM standard passenger coach from Sarakhs station to Mashhad. The above meeting concluded that the experiment of launching a passenger train without facilitating visa issues including reduction of transit fee would not make it commercially viable.

23. Accordingly experts from Kazakhstan, Turkmenistan and Iran met at Mashhad on March 4-6, 2003 and sorted out the technical issues. The future of this project depends on the approval of the Republic of Uzbekistan to allow the transit of the train through its territory. The representative of Uzbekistan Government at the 13th RPC gave the assurance that the matter was under active consideration of his government. The Council expressed the hope that a favourable opinion would result from this.

24. An important measure has been ECO's occupation to study and formulate a flexible Tariff Policy for economical and efficient organization of railway transportation in the ECO region. The 7th meeting of the Heads of ECO Railway authorities (Dushanbe, December 23-25, 2002) discussed the matter and tasked the 5th Expert Group meeting later convened on April 28-30, 2003 in Almaty to further deliberate on the issue. The participating member states agreed on an MoU on ECO Railway Tariff Policy in International Freight Traffic which will be presented to the 8th meeting of the Heads of ECO Railway authorities scheduled to be held in September this year. The MoU stated that the common rail tariff policy would be based on SMJD.

25. The Use of the Road Transport Permits is envisaged in Articles 15 and 17 of the Transit Transport Framework Agreement (1998). At present, the member states (except Afghanistan, Pakistan and Turkmenistan) apply the Road Transport Permits among themselves, on bilateral basis.

26. The 11th RPC meeting (Tehran, March 1, 2001) decided to set up a Working Group to study the possibility of introduction of an ECO Multilateral Quota for Road Transport Permits and harmonization of bilateral road permit prices upon the proposal from the Turkish delegation at the 3rd ECO Ministerial meeting (Islamabad, April 27-28, 2000). A meeting was scheduled to be held in Turkey on September 18-20, 2001. However, it was postponed upon the request of the relevant authorities of the host country.

27. During the 4th Ministerial meeting on Transport and Communications (Izmir, 26-27 September 2002) some delegations expressed their views that there was an urgent need to remove the existing non-physical obstacles to the means of transport in the region. In view of the needs of a new idea and common efforts to facilitate road transport in the region, the said meeting decided to set up a working group to consider the comments/views of the member states on the Turkish proposals namely the ECO Multilateral Permits and Draft ECO MoU on the Facilitation and Harmonization of international Road Transport of Goods which should be conveyed to the ECO Secretariat by January 1, 2003. So far, no member state has sent its views on the Turkish proposals. The proposals are expected to be discussed at a meeting to be held in Turkey in June/July 2003.

28. Implementation of TTFA and TTA is still awaited. TTA was adopted in 1995. So far the member states excepting Afghanistan and Uzbekistan have signed and ratified the agreement. TTA remains un-operational due to some inherent problems relating to establishment of guaranteeing associations acceptable to respective Customs. Lately some progress has been made. The 5th meeting of the Transit Trade Committee and 2nd Sub-Committee on the implementation of TTA held in Tehran on August 31, 2002 discussed the implementation of TTA. The participants appreciated the decisions of the 12th RPC meeting (March 6, 2002) to set up an Experts' Level Group including representatives from Customs, Transport authorities and the private sector to reconcile the differences between TTFA and TTA and harmonize them for early operationalization. The meeting also agreed by a majority vote that the differences especially between Article-10 of TTA and Article-28 of TTFA may be looked into by the Custom authorities of the member states with the intention of revising the same to evolve a more harmonious relationship between the two ECO transit agreements.

29. The Secretariat feels that TTA should have been implemented by now. The countries which have not introduced their Guaranteeing Associations should do so without any further delay.

30. So far only Azerbaijan, Kyrgyzstan, Pakistan, Kazakhstan and Tajikistan have ratified TTFA, without indicating how many of them have actually amended their national laws on transportation to harmonize them to TTFA and its annexures. The remaining member states, namely I. S. of Afghanistan, I.R. of Iran and Turkmenistan are requested to complete the requisite formalities at national level to ratify TTFA and its Annexes at the earliest. The Government of the Republic of Uzbekistan has been

requested to put into effect its statement at the 11th RPC meeting that it was ready to accede to TTFA and its Annexes.

31. Unless, these two documents are implemented, the objective to establish land, rail and sea links of the ECO countries to the global markets would remain elusive. In view of this factor, Turkey has shown readiness to hold a meeting in June/July 2003 to reconcile the inconsistencies between TTA and TTFA.

32. Cognizant of the technological advances in information technology and its utility for transport the 4th Ministerial meeting welcomed the offer of Islamic Republic of Iran to hold the 1st Ministerial meeting of ICT in November 2003. The proposed Ministerial meeting would give a real support to wider and intensive application of ICT in transport sector and related industries.

33. Another new area considered for cooperation among the member states in this sector is the cooperation among management of the port and shipping authorities. A meeting to discuss issues related to maritime services, development of ports including exchange of facilities and information among member states would be organized in October 2003.

34. The second draft of the ECO Railway Network Map has been published and circulated among the member states for review. The final version would be produced in the light of the suggestions and proposals from member states. The work nevertheless, has to be started on a similar project with regard to ECO road network in the region. The transit transport through the region would be greatly facilitated at least for transport operators, truckers and frequent travelers using multimodal transport with the publication of these use documents.

35. The growing cooperation of the ECO Secretariat with international organizations and UN bodies in the fields of Transport and Telecommunications is essential to promote development of an efficient transit transport system. In this respect, the assistance provided by UNDP, IDB, UNCTAD, and UNESCAP is highly appreciated by member states.

36. The work of the Secretariat in connection with the implementation of ECO/IDB/ESCAP/UNCTAD joint project on Introduction of Multi-modal Transport Operations in the ECO region is progressing satisfactorily. The Secretariat remains appreciative of the support of IDB and UNCTAD in this respect.

ECO Shipping Company:

37. The ECO Shipping Company has failed to come up to the expectation of its participating share holders. The company has to resolve its legal, financial and operational matters in the light of local Iranian laws. Its next General Body meeting is likely to be held in Pakistan to resolve all the outstanding issues. The Secretariat would wish that more member states

may join the company in its operations as its current state of affairs may further mar its prospects of emerging as an effective shipping company.

Future course of action:

- Steady implementation of the Programme of Action for the ECO Decade of Transport and Communications (1998-2007).
- Promotion of the regular container traffic from Almaty to Istanbul on the Trans-Asian Railway main line and to extend this train route from Almaty to Lianiyngan sea port with Chinese railways and from Istanbul to European countries.
- Regular international passenger traffic on Almaty-Tashkent-Turkmenabad-Tehran-Istanbul route Almaty-Tehran and Tehran-Istanbul train.
- Early operationalization of TTFA and TTA.
- Facilitation and harmonization of international road transport in the region.
- Cooperation in the field of sea port and shipping facilities.
- Proposed draft ECO Framework Agreement on Cooperation in the field of Air Transport among civil aviation authorities of the member states.
- Expansion and improvement of the intra-regional telecommunication and postal services.
- Implementation of ECO/IDB/UNESCAP/UNCTAD joint project on introduction of multi-modal transport operations in the ECO region.

Energy, Minerals and Environment

Energy:

38. The 12th COM called for further progress on ECO-IDB project on Interconnection of power systems in the ECO region, as well as the implementation of the Plan of Action for Energy/Petroleum cooperation in the ECO region (2001-2005) and reiterated to further develop cooperation in this priority field.

39. The ECO Secretariat, acting as the Project Secretariat for the feasibility study on Interconnection of ECO Countries Power System, received concerning bids proposals from the six consulting companies/firms of ECO member states and evaluated them, in order to select the Consultant for implementing the said feasibility study.

40. Consequently, the Bids Evaluation Report prepared by the Secretariat has been submitted to the ECO countries relevant authorities for their consideration and comment(s). The 13th RPC meeting Council urged the concerned authorities in the member states to extend their utmost cooperation to the Secretariat in this regard and requested the process of selection and signing a contract with the selected consultant to be finalized before October 2003.

41. A progress report on implementation of the decisions of the First ECO Ministerial Meeting on Energy/Petroleum as well as the Plan of Action for Energy/Petroleum cooperation in the ECO Region (2001-2005) was prepared for consideration of ECO relevant authorities and has been updated on a regular basis. Besides, the status of implementation of the said Plan of Action is expected to be reviewed during the

upcoming 2nd ECO Ministerial Meeting on Energy/Petroleum to be held in the second half of the year 2003.

42. The 13th RPC meeting welcomed the proposal that prior to convening the 2nd Ministerial Meeting on Energy/Petroleum, the 4th High Level Experts Task Group (4th HLETG) meeting on ECO Oil and Gas pipeline routes as well as a joint workshop with the Organization of Petroleum Exporting Countries (OPEC) with the theme: "survey on international oil markets" to be organized, so that the outcomes of these two events may be included in the agenda of the said Ministerial Meeting.

43. Bearing in mind the future energy supply/demand and transit trends on global and regional basis and that international transactions would be concluded on the basis of common and internationally recognized rules, the Secretariat has continued its collaboration with the Energy Charter Secretariat (ECS).

44. ECS has recently confirmed their readiness to give positive consideration to a formalization of the relationship with ECO through granting observer status to ECO at the Energy Charter Conference and/or via the development of a Memorandum of Understanding (MOU) on cooperation between the two Secretariats. Besides, the ECS has expressed their keen interest in participating at the 2nd ECO Ministerial Meeting on Energy/Petroleum.

45. Regarding the possibility of organizing a joint seminar on the Energy Charter Process in Tehran for ECO member states during year 2003, it was agreed to continue the contacts between ECO and ECS at working level in order to establish possible dates and make necessary arrangements for such an event.

Minerals:

46. For the implementation of the Plan of Action for co-operation among the ECO countries in the field of Minerals developed by the First ECO Mineral Experts Meeting held in Tehran on 2001, ECO Mineral Experts Group was established for coordination of joint activities in the subject area. The meeting of that Mineral Experts Group will be held in Ankara on October 20-22, 2003.

47. So far, eight member states have nominated their National Focal Points on Minerals.

48. To date, three member states have submitted the information requested for the publishing of ECO Mineral Data Booklet, and this information has been conveyed to the Project Manager (Turkey).

49. With regard to creating environment conducive for attracting foreign investment in the mineral sector of ECO region, especially through enhanced transparency of mineral laws and regulations and outline new provision in this sector, the relevant Iranian authorities have proposed to establish a working group with participation of Iran

and Turkey to prepare jointly draft mineral laws and policies in ECO region and submit them to the 2nd ECO Mineral Experts Meeting.

50. Bearing in mind the importance of attracting the foreign investment in the mineral sector, the Secretariat has been working on convening a separate ECO Mineral Experts Group Meeting on Legal and Fiscal Regimes for promotion of Foreign Direct Investments (FDI) in mineral sector in June-July, 2003 with the financial assistance of IDB.

Environment:

51. The First ECO Ministerial Meeting on Environment held in Tehran on 15 December 2002 was one of the main ECO events of the year 2002. The high level delegations from all ECO member states participated in the Meeting. Representatives from regional organizations and UN system organizations, such as UNEP, ESCAP, UNDP and UNIDO were also present at the meeting. Their Excellencies President and Vice-President of the Islamic Republic of Iran inaugurated the Ministerial Meeting.

52. The 1st ECO Ministerial Meeting on Environment adopted a Plan of Action for cooperation among the ECO member states on Environment (2003-2007) as well as the "Tehran Declaration on cooperation among ECO member states on Environment".

53. The Plan of Action for Cooperation among ECO member states on Environment defined the means of its implementation and envisaged that a Working Group is to be established according to the ECO procedures which would prepare the implementation plans and suggestions for cooperation in the different fields of the Environment, mentioned in the adopted Plan of Action. To date, Turkey and Tajikistan have nominated their representatives for that Working Group.

54. It is expected, that the 1st Meeting of ECO Working Group on Environment will be convened in September of the year 2003 in Turkey.

55. The Report of the 1st ECO Ministerial Meeting on Environment was presented to the 22nd Meeting of the Board of Governors of the United Nations Environment Program and World Forum of the Environment Ministers held on 3-7 February 2003 in Nairobi, Kenya.

56. Having considered the report, UNEP Board adopted a decision which, underlining a great importance of the First ECO Ministerial Meeting on Environment, requested the Executive Director of UNEP to support the environment programmes of ECO and contribute to the Capacity Building and provide financial assistance to the environment centers of ECO region and facilitate the transfer of technology in the field of environment to the ECO member states, to establish and strengthen the relationship between ECO and other United Nations bodies as well as Development Banks and Bretton Woods Institutions and to encourage the regional offices of the ECO member states to conduct the working plans of UNEP in the ECO Region.

57. The Secretariat has been pursuing with the UNEP Secretariat the matter of signing MOU on cooperation between the two organizations.

58. Upon negotiation with the ECO Secretariat, the World Meteorological Organization has forwarded a draft text of MOU to the ECO Secretariat for consideration and signing by both organizations. The Secretariat has already requested the member states to provide the Secretariat with their comments and views on the subject MOU. Up to now Turkey, Tajikistan and Kyrgyzstan have provided their views to the Secretariat. The Secretariat will prepare an amended draft text of MOU for the consideration and approval by CPR.

Agriculture, Industry and Health

Agriculture:

59. As stipulated by the Treaty of Izmir, one of the objectives of the Economic Cooperation Organization is "to enhance efforts for effective utilization of the agricultural and industrial potentials of ECO region".

60. Several activities based on the proposals by member countries in various areas such as plant protection and production, prevention of animal diseases, food security, combating desertification, among others, were included in the work programme of the Organization.

61. However, not much progress has been realized until the year 2002. Financial constraints faced by some member states which prevented them to participate in the planned meetings; lack of institutional and human resource capacity to respond to the proposed activities; lack of clear vision as to opportunities and priorities for regional cooperation were the main reasons causing this low performance.

62. Notwithstanding these reasons, there are considerable potentials and opportunities for enhancing ECO cooperation in the field of agriculture. For realizing this potential, there is an urgent need to evolve well-framed and integrated approaches and to prioritize and streamline the present activities in line with the needs and problems of the member countries.

63. During the Regional Workshop on Food Security and Agricultural Cooperation was held on 29-30 May 2002 in Istanbul, Turkey, and the 1st ECO Ministerial Meeting on Agriculture held on 23-25 July 2002 on Islamabad- Pakistan, a number of critical issues for possible cooperation among ECO member countries were discussed taking into account their impact on food security and sustainable agricultural development in the member countries. These meetings also considered the outcomes of the Joint Identification Mission, initiated by the ECO Secretariat with the technical assistance of the Food and Agriculture Organization of the United Nations (FAO) and financial support from Islamic Development Bank (IDB).

64. The 1st ECO Ministerial Meeting on Agriculture provided an appropriate forum to ensure political commitment of the members and to guide the Secretariat in prioritizing ECO activities in the field of agriculture. During this meeting, the participants reviewed and analyzed the challenges and achievements of ECO countries in the agriculture sector. During the Meeting, some specific cooperation areas have been determined along with coordinator countries such as drought management (Iran), water management (Pakistan), trade promotion (Turkey), development of post harvesting and processing industry (Turkey), and conservation of genetic resources and exchange of information through networking. They also agreed to evolve an “ECO Strategy for Agricultural Development and Food Security” with the support of the Food and Agriculture Organization (FAO) of the UN.

65. In order to follow up the decisions of the Ministers, the Secretariat contacted with the coordinator countries in various areas of coordination to initiate some practical steps towards the realization of the objectives set forth by Ministerial meeting on Agriculture. In this regard, the Islamic Republic of Iran has offered to host an “International Training Course on Combating Desertification” and a “Workshop on Drought Management (August) in the year 2003. The Islamic Republic of Pakistan will host a “Workshop on Water Management” in 2003. And the Republic of Turkey has offered to host a “Training Course on WTO Agreement on Agriculture” in September 2003 and a “Workshop on Prevention of Crop Losses at the Post Harvest Stages” on 3-14 November 2003 in Ankara. The I.R. of Pakistan has offered to host the Second Workshop on WTO Agreement on Agriculture in early 2004.

66. In line with outcome of the First Ministerial Meeting on Agriculture, Establishment of a mission jointly with donor agencies/relevant international organizations to identify long-term areas of assistance in agriculture sector of Afghanistan is another issue that is under consideration by the Secretariat. In this regard, the Secretariat has approached the Islamic Development Bank (IDB) to finance this mission. IDB requested the ECO to provide them with the list of participants, terms of reference and estimated expenses of the mission. Through its notes No AIH/01.80/2002/394, dated December 31, 2002, and No AIH/01.80/2003/0722 dated May 10, 2003, the Secretariat requested the member states to convey their views in this regard. The 13th RPC Meeting requested the member states to nominate their representatives for this Mission and convey their views about the Terms of References and objectives of this Mission.

67. The “Senior Officials Meeting to follow up the decisions of the 1st ECO Ministerial Meeting on Agriculture” will be held in November 2003 in Iran. The Senior Officials, inter alia, may consider the proposals of I.R. of Iran on sustainable development of aquaculture; establishment of regional bio-technology network; pest management, and harmonization of quarantine rules and regulations (based on WTO regulations).

68. The ECO Secretariat also pays due importance to the regional cooperation on combating and controlling livestock diseases. In this regard, two task force meetings for the “Establishment of Buffer Zones in Border Areas of ECO” were held on 30 June–02 July 1996 in Tehran and on 07-08 December 1998 in Istanbul and the Workshop on

Diagnosis of Rinderpest was held on 08-12 December 2002 in Tehran, had formulated useful recommendations, including setting up an “ECO Commission for Prevention and Control of Animal Diseases” comprising of experts from the Member States, with objectives to assist ECO Secretariat in formulating a well coordinated regional plan of action for prevention of contagious diseases and organizing workshops and training courses. The issue was also raised in the First ECO Ministerial Meeting on Agriculture, held on 23-25 July 2002 in Islamabad, with a view to strengthening cooperation among the Member States for the establishment of buffer zones in border areas of ECO countries and sharing experiences among the Member States in diagnosis and control of livestock disease.

69. In this connection, the 1st Meeting of the Heads of Veterinary Organizations of the Member states is scheduled to be held in September 2003 in Tehran. This meeting will discuss diagnosis and control of animal diseases and establishment of buffer zones in border areas of the member states.

70. The Secretariat has institutional relationship with UN Food and Agriculture Organization (FAO) since the signing of the Memorandum of Understanding (MoU) in 1997. The Secretariat has benefited from FAO's active participation in the Joint Identification Mission to selected ECO countries. Moreover, Food and Agriculture Organization of UN (FAO) organized a side event for ECO, on the sidelines of the World Food Summit: *five years later* (WFS:fyI) held in June 2002 in Rome. In this side event the delegations from the member states, FAO officials and the ECO Secretariat had the opportunity to exchange views on how to better cooperate in developing agriculture from a regional perspective with particular emphasis on the formulation of a regional program for Agricultural Development and Food Security for ECO Member States. To this end, the Secretariat has approached FAO to prepare the above-mentioned program through a technical cooperation program, which will include bankable projects for donors' consideration.

71. The Technical Cooperation Programme (TCP) to support ECO for preparation of a Regional Programme for Food Security (RPFS) was prepared and eventually it was signed by the ECO Secretary General and the FAO representative in Tehran, on April 7, 2003. Within the Technical Cooperation Programme, FAO commits itself to contribute US\$ 327,000 through the different phases of the TCP, which envisages formulating Regional Programme for Food Security for the ECO region, based on the national strategies for agricultural development of the Member States. The major output of the TCP will be preparation of a Regional Programme for Food Security (RPFS) together with bankable projects for donors' consideration.

72. The Directorate of Agriculture, Industry and Health of the Secretariat is in close contact with the relevant departments of FAO. A FAO mission is expected to visit the Secretariat in late May 2003 to consider the issues regarding the implementation of the TCP. Consequently the FAO and ECO Secretariat will also undertake a mission to IDB to discuss funding of the selected bankable projects within the programme. The

Secretariat requested the member states to nominate their focal points for implementation of the above-mentioned programme.

73. The Secretariat also signed a MOU with the International Center for Agricultural Research in Dry Areas (ICARDA) in 1999. ICARDA works to promote sustainable agricultural development to alleviate poverty and hunger and achieve food security in developing countries. ICARDA has currently been undertaking joint research activities on different topics with some of ECO countries, particularly with Azerbaijan, Iran, Pakistan, Turkey and Uzbekistan and has recently set up a liaison office in Tashkent, Uzbekistan. The Secretariat will activate the cooperation with ICARDA on mutually beneficial and relevant agricultural issues.

74. In the light of the above, it can be said that the current year has proved to be a benchmark for ECO cooperation framework on Agriculture in the future. Under the guidelines provided by the Agriculture Ministers in Islamabad Meeting and laid down in the Islamabad Declaration, the Secretariat will pursue the decisions/issues agreed therein. In this regard, successful implementation of the FAO project is critically important. It should be once more reiterated that without efficient and strong cooperation of the ECO member states the objectives of agricultural development and food security in the ECO region cannot be achieved.

75. The Second Ministerial Meeting on Agriculture will be organized in Turkey in 2004.

Industry:

76. According to para (d), Article II of the Treaty of Izmir, the basic Charter of ECO, one of the main objectives of ECO is to provide for smooth integration of the economies of the member states into world economy to ensure their fuller participation in the globalization process. In line with this objective, the ECO Secretariat has also been streamlining activities in the field of industry, with special emphasis on the field of industrial restructuring policies. Accordingly, in order to enhance the role of private sector in the economic development process of the member states, the Secretariat has focused on two basic elements of the industrial restructuring policies; privatization and the development of small and medium sized enterprises, which are the most important concerns for both developing countries and transition economies of ECO states.

77. Within this perspective, the ECO Workshop on Privatization was held on 9-10 June 2002 in Istanbul, Turkey. This workshop provided the member states with a regional forum to exchange information and experience with each other where recent developments in privatization have also been discussed. During the seminar, participants have been acquainted with institutional underpinnings of the privatization process. It was emphasized that privatization is not an end itself, but a mean to end the

inefficiencies of central planning and irrational involvement of state in the economy. It was also emphasized that in the absence of well-functioning markets and enough sources of funds, mass and rapid privatization could cause negative impacts as well. In this regard, the need for handling privatization in the context of comprehensive structural reforms was reiterated.

78. The workshop agreed that the future policy alternatives for countries and regions have to be analysed in the context of global economy. In spite of significant differences among regions of the world there are convincing arguments that call each region to design its own strategy on how to cope with the challenges of globalization. Competitiveness of transition economies in the global era cannot be effectively established without dismantling the centrally-planned economic systems that had, over several decades of its existence proven to be economically inefficient and thus inferior to the market led type of economy.

79. Moreover, the ECO Workshop on the Development of Small and Medium Sized Enterprises was held from September 30 to October 02, 2002, in Tehran, Iran. The workshop provided a regional forum to share knowledge and expertise among the member states and to benefit from each other's experiences and contributed to the development of the skills of national SME institutions from the ECO member states.

80. The ECO Secretariat is well aware of the changing realities and the requirements of globalization as characterized by technological developments, networking of markets through interrelationship of trade, investment, and technology transfer. In this regard, it is critically important to establish a common understanding among ECO countries to catch up with the recent developments in the global era and to evolve a regional cooperation framework in the field of industry. For this reason, it is important to convene the First ECO Ministerial Meeting on Industry to provide the ECO Secretariat with the Ministerial guidelines for its industrial activities. In this regard the Islamic Republic of Iran has offered to host the 1st ECO Meeting on Industry in October 2003 in Tehran.

81. In line with the expansion of the ECO Secretariat's external relations, the United Nations Industrial development Organization (UNIDO) through its communications with the Secretariat extended its interest in developing a regional initiative targeting the agro-related metal working industries in the ECO region. In this regard, UNIDO proposed the organization of the regional "workshop on agro-related metal working industries in the region" by ECO. Such a workshop would provide the floor for; i) reviewing the current situation of the agro-related metal working industries in each country (policy, financing, R&D, Infrastructure, market, etc.), ii) identifying a number of common constraints that can be addressed at the regional level, ii) identifying a comprehensive list of technical assistance and investment projects concepts to be presented to a group of potential financing agencies.

82. In this connection, during the 13th RPC Meeting, The I.R. of Iran announced its readiness to host the "Workshop on Metal Working Industries in the ECO Region" in 2003.

Health:

83. Although the Consultative Meeting of ECO Health Ministers, convened on 23 January 1994 in Tehran, outlined a broad framework for further formulation and preparation of specific proposals, ECO cooperation in the field of Health has not been satisfactory so far. However, the cooperative activities in this sector have been based on collaboration with international organizations.

84. In this respect, the Secretariat has cooperative relationship with international organizations, UNFPA, UNICEF, and WHO in the health sector. This relationship resulted in eight joint activities from 1994 to 2000. Currently, the Secretariat is cooperating with UNFPA to organize a Round Table on HIV/AIDS and Young People to be held on 5-7 June 2003 in Kyrgyzstan. Taking into account that an estimated number of 11.8 million young people aged between 15 and 24 are living with HIV/AIDS in the world as of December 2002 and every day, 6000 more young people become infected with the disease, the HIV/AIDS certainly poses a major threat and challenge for the global community as well as for ECO region. The 13th Meeting of RPC requested the member states to encourage the active participation of their parliamentarians, NGOs and youth associations in above event.

85. Today, the need to enhance health and hygienic situation is one of the pivotal issues in developing countries, especially in terms of development. Far reaching impacts of dissemination of diseases are decimating the productive sector and straining on the budgets of many developing countries. Thus, the regional action and cooperation to prevent epidemic diseases are needed for the ECO member states to have healthy societies to bolster economic growth. In this connection, the 13th RPC Meeting took note of the proposal of the Islamic Republic of Iran to initiate cooperation among the member states on harmonizing the drugs registration in order to facilitate the export and import of medicines, herbal medicines as well as medical plants in accordance with international standards.

Tourism:

86. The Quetta Plan of Action (1993), recognizing the importance of tourism in advancing national economic development and promoting mutual understanding and in order to increase substantially the ECO region's share in the global tourism trade and the flow of the regional and international tourists, stressed the need to expand transport and telecommunication network, to take necessary measures for facilitation of visas issuance and to promote cooperation between the tourism organizations/ travel operators within the region.

87. On the other hand, the Istanbul Declaration (1993) called for the need to take early action on the basis of the recommendations already worked out at the first and second ECO Expert Group Meetings on Tourism, held on 27-28 February 1992 in Istanbul and on 27-28 April 1993 in Tehran, respectively.

88. Recently, the 13th Meeting of RPC emphasized the importance of the tourism in the economic development and promoting mutual understanding among the Member States, and requested the Member Countries to activate this sector at regional level and urged the Secretariat to work out the issue. In this regard, the RPC, considering the urgent need to promote tourism sector in the ECO region, requested the Member Countries to organize an “Expert Group Meeting on Tourism” with participation of tourism authorities of the Member States as well as the other stakeholders in the private sector to activate ECO cooperation on tourism. This workshop may also review the long-term perspectives, set forth by the above-mentioned basic ECO documents and provide a follow-up of the decisions of the first and second ECO Expert Group Meetings on Tourism and possibly to draft an ECO Plan of Action on Tourism.

Project Research

Reconstruction of Afghanistan:

89. The reconstruction of Afghanistan continued to enjoy top priority in the Work Plan of the ECO Secretariat in the period under review. Without break this subject engaged the Council of Permanent Representatives in their monthly meetings. They deliberated on the decisions and recommendations of the 12th COM in this respect and encouraged the Secretariat to take positive steps towards initiating the implementation process for the said recommendations.

90. In line with the COM decisions and subsequent recommendations emerging from CPRs meetings the Secretariat approached the member states to convene the meeting of the financial experts to plan the modality for establishment and subsequent operation of the Special ECO Fund for reconstruction projects in Afghanistan. In February 2003 the Secretary General undertook a visit to Kabul and held meetings with the President of Afghanistan and a number of Ministers to find out the priorities of the government for initiating ECO activities towards reconstruction process in Afghanistan. A comprehensive report on the visit was circulated among the member states vide document No.PR/AFG/2003/0272 dated February 26, 2003. Additionally a summary report with the recommendations and conclusions was also submitted to the member states vide document No.PR/AFG/2003/0427 dated March 25, 2003.

91. The 13th RPC meeting held on April 20-22, 2003, taking into account the directives of COM and Summit meeting held in Istanbul last year, recommended that (i) the member states should continue to enhance their bilateral assistance to Afghanistan (ii) devise a project oriented Plan of Action (iii) prepare more detailed information on a regular basis with to implementation of ECO decisions. (iv) expedite the work on the establishment of ECO Special Fund and organizing of an ECO seminar. (v) arrange the pre-feasibility/feasibility studies of Afghanistan priority projects by utilizing ECO Feasibility Fund and (vi) proposed that apart from utilization of ECO Feasibility Fund for pre-feasibility/feasibility studies, for priority projects, with the approval of COM may be set aside for implementation of projects including training of Afghan officials to be approved on case-by-case basis by CPR.

92. The Secretariat: (i) scheduled the meeting of the financial experts to work on the establishment of the ECO Special Fund for May 13-14, 2003, at Tehran. However, due to the lack of quorum, the meeting could not be held. A Plan of Action on ECO's participation in reconstruction of Afghanistan to the Council of Ministers is now under preparation. The necessary arrangements to utilize ECO Feasibility Fund for pre-feasibility/feasibility studies for the priority projects of Afghanistan and for training of Afghan officials as recommended by RPC are under way.

93. As would appear from the above paras no tangible action has so far been taken with regard to provide sucker. The member states need to give more concrete support to the establishment of ECO Special Fund. In this regard the meeting of the ECO Financial Experts must be convened to draw up financial package for operation and modality of the ECO Special Fund for Afghanistan. Also, the Government of Afghanistan, notably its diplomatic mission in Tehran needs to coordinate with closely to ensure forward move all ECO recommendations and programmes under consideration for reconstruction in Afghanistan.

Ministerial meeting:

Finance and Economy:

94. The 13th RPC meeting welcomed the decision of the Council of Permanent Representatives recommending the institutionalization of ECO Ministerial meetings of the Finance/Economy Ministers on the pattern of the ECO Ministerial meeting in other sectors, subject to the approval of the Council of Ministers and asked the Secretariat to seek the views of member states on priority subjects for these meetings. In pursuance of the aforesaid recommendation of the 13th RPC, the member states were asked to identify priority subjects for consideration at Ministerial meetings in the fields of Finance and Economy vide Secretariat's note No.PR/Fin.-Econ./2003/0678 dated May 5, 2003.

List of ECO Projects:

95. In consultation with the member states and their relevant authorities, a list of projects requiring feasibility studies was compiled for 2002. These projects were evaluated and, after some modification. The subjects list was updated quarterly and semi-annually within 2002. These projects ranged from large regional construction i.e. of highways, railways communication lines, oil and gas pipelines, studies on regional issues and problems, preparation and publication of books, guidebooks, rosters and maps. The Secretariat evaluated the projects in the light of ECO objectives with suggestive grading as high, medium and low and consults member states to know their national priorities. The 13th RPC meeting requested the member states to identify the future course of action to be taken in respect of each project and directed the Secretariat to circulate an updated list of projects for 2003. The Secretariat is working on the list as tasked by RPC.

Second phase of ECO-UNDP programme:

96. UNDP Capacity Building Project was completed in 2001 and the new phase of UNDP ECO cooperation initiated in 2002. The Secretariat and UNDP finalized a project document which envisaged 10 projects to be implemented in the fields of Trade and Transportation. The said 10 projects are: (i) ECOTA Framework Document Covering Status of Non-tariff Barriers and Harmonization of Tariffs and Transit Fees in the ECO region; (ii) Finalize the Ongoing ITC Activities; (iii) Identification of Direct Investment Potential of ECO member states; (iv) Business Plan for ECO "Trade and Development Bank"; (v) Business Plan for ECO "Reinsurance Organization"; (vi) Enhance Implementation of the TTFA System; (vii) Simplification of ECO Customs Organization and Procedures; (viii) Transport Linkages Development; (ix) Border Points Constraints Identification; and (x) Trade Information System Development.

97. The Secretariat circulated an annual work plan and the status of implementation of the 2nd phase of UNDP-ECO Project (2002-2003) vide note No.PR/UNDP/2003/0436 dated March 26, 2003.

Cooperation with ECO-CEC:

98. A central resource pool was created in the shape of ECO Consultancy and Engineering Company (Pvt) Ltd., or ECO-CEC, to participate in the development projects to be sponsored by ECO member states and ECO Investment and Development Bank. The ECO founder states; Iran, Pakistan and Turkey hold an equal share in ECO-CEC: Turkey being represented by two companies and Iran and Pakistan by one each.

99. ECO-CEC is a joint venture between an Iranian company, PIDEK and TURKPEK, which itself is a joint enterprise between two Turkish companies, TUMAS, TUSTAS and one Pakistani company NESPAK. The Iranian company holds one-third equity shares of ECO-CEC, while the rest lie with TURKPAK. The equity holding of TURKPAK is divided equally between Turkey and Pakistan.

100. The Iranian and Turkish companies specialize mainly in oil and gas pipelines, refineries, petrochemical and industrial engineering, while the Pakistani partner in all other fields of development engineering, including communication, power, urban development, public health, telecommunications, water resources development and agriculture.

101. Since its inception ECO-CEC has tried to get a foothold in the ECO related development activities. So far, it has not been able to secure any consultancy, although member states are pursuing many projects in their areas. The company remains keen to promote and develop experts and for this is preparing to hold the 2nd conference on the role of the ECO-CEC in the member states.

102. The Secretariat organized a Conference on ECO-CEC's role in the development of member states in Lahore on March 27-29, 2002. The Conference attracted wide participation from private sector and a full session was devoted to presentation from

reputable firms in the field of reconstruction of road transportation projects, dams as well as power transmission and airports. Their presentations were relevant to the long term planning of the ECO member states. The Conference, inter-alia, discussed the ECO-CEC's possible role in the Inter-Connection and Parallel Functioning of Power Systems of ECO member states project. In this respect, reference was made to similar two projects titled "Inter-Connection Studies for Coal Fired CEPA Power Plant" and "Power Inter-Connection between Pakistan and India" and NESPAK's role in the development of the National Grid System in Pakistan. The participants strongly recommended to the ECO Secretariat to ensure the participation of ECO-CEC in ECO/IDB inter-connection and parallel functioning of power system of ECO member states project. Necessary action to this effect will be taken by the relevant Directorate in ECO Secretariat.

103. The 13th RPC meeting recommended that the Secretariat may give an opportunity to the ECO-CEC for preparation of pre-feasibility/feasibility studies of ECO priority projects i.e. inter-connection of power systems of the member states which are being supported by Islamic Development Bank (IDB) and other projects especially projects related to reconstruction of Afghanistan. The Council also recommended to the member states, to encourage the company to open its offices in other member states especially in Afghanistan.

ECO Feasibility Fund:

104. DPR is also responsible to make arrangements within the framework of the ECO Functional Methodology to use the ECO Feasibility fund for financing feasibility studies of ECO priority projects. In this respect, it coordinated action with other sectoral units and obtains CPR's approval. So far only \$ 50,000.- (fifty thousand Dollar) has been allocated for the ECO/ITC Promotion of intra-trade Project. The Directorate prepared a modality on utilization of ECO Feasibility Fund for the feasibility studies of priority ECO projects and submitted to CPR for consideration. CPR considered the modality and directed the Secretariat to utilize the Feasibility Fund within the framework of ECO Functional Methodology.

Publications:

105. DPR publishes a booklet titled ECO Projects. The information on each ECO Project includes background, name of the signed document with date, the objective, total cost and the financing sources, as well as status of the project. It is a routine publication which neither entails high costs nor too much labour. However, it comes handy when a request has to be made to a donor.

As a Coordinating Unit:

106. The Directorate has been functioning as a focal point for inter sectoral coordination among various departments of the ECO Secretariat to implement ECO decisions and policies. In this respect, the Directorate is preparing follow-up reports on

the decisions of Regional Planning Council (RPC), Council of Ministers (COM) and other Ministerial meetings and CPR. In the same manner, the Directorate is preparing a consolidated annual calendar of events and annual work programme of the Secretariat as stipulated in ECO Basic Documents and submit the same to CPR, RPC and COM meetings for approval. The Directorate also follows up on the implementation of events and the work programme and submits the status report to the Secretary General and the member states. Moreover, the Directorate prepares and submits a list of priority projects to be supported by Special Support Fund (SSF) to CPR for approval.

107. DPR made all necessary preparations including agendas, draft reports working papers etc. for meetings held during 2002 and 2003 in respect of Working Group to assist CPR, CPR meetings, (70th – 77th meetings of CPR), 12th and 13th RPC and 12th and 13th COM, 7th ECO Summit.

108. DPR prepared and submitted to CPR in 2002 and 2003 reports on the follow up; (a) the implementation of the decisions of 12th COM meeting, 7th Summit and Istanbul Declaration, (b) the Implementation other Ministerial meetings. These reports were prepared in consultation of the sectoral directorates.

Partnership and Dialogue Observer Status:

109. The Directorate prepared a status report on the draft Modalities for Granting Observer Status to third countries. The report would be submitted to CPR for a decision.

Economic Research and Statistics

Objectives:

110. The Directorate of Economic Research and Statistics (DERS) continued to improve the flow of statistics and economic information from the national organizations/institutes to the Secretariat and back. Its activities are planned to fulfill the need for exchange of statistical data and economic information at regional level and a way to channel/disseminate this information effectively through regional macro-economic analysis and sectoral research studies. Thus to provide the ECO region's policy-makers and analysts with a wide range of statistical indicators and analytical studies to support their work is of the essence.

111. However, despite poor cooperation in the concerned fields over the past years, it may be suffice to note that the Directorate has successfully carried out analytical studies and policy-oriented research on issues related to the region's socio-economic progress with a special focus on macroeconomic issues (ECO Annual Economic Reports, Progress of ECO decade, Preparation of ECO ministerial meeting booklet on transport and communication, ECO Guidebook, ECO Statistical Yearbook, ECO Guidebook on statistical methodologies, ECO website, Macroeconomic performance issues and policies in the ECO countries, ECO Business Guidebook)

112. In addition, the Directorate has set off to undertake indigenous research studies on the socio-economic situation, potential and development of the member states, at the country and sectoral levels with a view to bring forth existing possibilities of cooperation, as well as generate proposals for new ones. In this regard, it has endeavored to implement a Joint Economic Research Programme, which is designed to conduct research studies to strengthen cooperation and establish a common approach among the member states.

113. The Directorate has been coordinating various aspects of economic research and statistical activities including training workshops/seminars in the region. The Directorate had identified National Focal Points (NFPs) for effective performance of necessary cooperation.

National Focal Points (NFPs) on Economic Research and Statistics:

114. Sustainable contacts/cooperation network with National Focal Points/experts on economic research and statistics based in the member states is the main thrust of the Directorate's efforts. Along these lines in order to achieve necessary cooperation and effective implementation of Directorate's activities, the National Focal Points (NFPs) identified on economic research and statistics held four meetings so far. It should be underlined that NFPs set out important targets, i.e. improvement of rapid and continuous information network among member states and the Secretariat, accurate and reliable data/information collection and dissemination for economic and social policy formulation and decision-making, analyzing recent socio-economic trends and policy developments in the member states and the region, undertaking research in the development strategies, plans, and policies of member countries, etc. However, recently it has been observed that NFPs meetings are unlikely to be held regularly due to lack of offer of host from member states. In order to overcome these inconvenience the Directorate is making every effort to enhance the interest and support of NFPs and continue to schedule these meetings annually. Thereof, the fifth meeting of NFPs would be held at the ECO Secretariat during September-October 2003 on full hospitality basis.

115. Furthermore, to enrich the deliberations of NFPs meetings the scope of its agenda will be enlarged; more informative in terms of the current issues in the areas of economic, statistical analysis, and challenges faced by the region in the age of globalization. The NFPs would be encouraged to contribute technical papers/studies relevant to the agenda of these meetings. The Directorate is working out to make the NFPs meeting as a strong regional platform for member countries in discussing and interchanging solutions/practices for challenges confronted in the area of economic research and statistics. Therefore, the member states should give higher priority on contribution and attendance of designated NFPs at the annual meetings of NFPs.

ECO Annual Economic Reports:

116. Despite lack of human resources, the Directorate endeavors to prepare the ECO Annual Economic Reports. So far, four issues of the ECO Annual Economic Reports for

the years 1997, 1998, 1999, and 2000 had been published. This publication receives considerable interest from regional and international institutions/users. In this respect, publication of ECO Annual Economic Report is important. The member states should ensure a systematic flow of updated information to the Secretariat for a more timely publication.

117. The Directorate is working on the subsequent issue of the said Report. The Directorate will improve the intraregional macroeconomic performance of the ECO region analyzed under the relevant chapter of the report and consider including statistical indicators such as human development index, intraregional investment depending on their availability.

ECO Statistical Yearbook:

118. Preparation and publication of an ECO Statistical Yearbook is a substantial programme that has strategic thrust of obtaining, processing and disseminating officially authorized statistics on the member countries. Preparing a regional statistics yearbook covering more than 100 indicators considering the technical capacity of the Directorate and difficulties confronted in collection of required data and composing comparable cross-country tables may be noted. Therefore, the member states are urged to make their best efforts in providing the required statistical indicators to the Secretariat. Otherwise, according to the recommendations of the 13th RPC, the Secretariat will publish the said Yearbook with maximum available data set. Through this publication, the Directorate is maintaining sectoral databases with an extensive list of socio-economic indicators.

119. Adoption of a common approach on methodology/calculation and collection/dissemination relevant statistical data in the ECO region is one of the objectives of the Directorate, which is a long-term process. However, at the initial stage, the Directorate continues to compile meta-data information along with index definitions used in member states for preparation of a Guidebook on Methodological issues. The Directorate secured UNDP consultancy for statistical publications and circulated the observations of the said consultancy.

Economic Research Programme:

120. The Directorate has designed an ECO Joint Economic Research Programme to conduct joint research studies in areas of ECO interest and expertise by establishing a common research approach among the member states. The Directorate is acting as coordinator in activities determined for three research projects proposals identified under the reference programme. The Directorate coordinated a UNDP consultancy for research studies with a view to bring forth contents of draft project proposals including possible project finance resources, modalities of cooperation with other research institutes in member states. Revision of projects proposals by leading research institutes from member states (except Turkey) are underway. In this connection, the

Directorate is coordinating with the concerned research institutes to finalize the revision process.

121. Nevertheless, research activities are ambitious and non-availability of fund for their implementation within the sources of ECO Secretariat is a major impediment. The 13th RPC suggested to the Secretariat to continue the implementation of this programme and actively approach the appropriate international financial donors, especially UNDP, IDB, World Bank and ADB to secure funding for the research proposals. In this connection, the Secretariat and the leading coordinators were also requested to organize the planned initial meetings on these research topics. Meanwhile, the member states are kindly requested to devote the necessary financial and technical support to this programme as well. However, the Directorate is ready to undertake specific research studies other than those included in the ECO joint economic research programme as and when proposed by any member states.

Regional Human Development Report:

122. The Directorate will take necessary measures, in consultation with UNDP to prepare a Human Development Report for the ECO region

Dissemination of statistical data in the ECO Region and harmonization of the ECO countries' System of National Accounts-SNA:

123. The Directorate is also working to harmonize the statistical indicators to monitor comparable social and economic progress in the member states. Most notable issue is the limitations/weaknesses that endanger implementation of international recommendations/practices by the member states. Implementation of the 1993 System of National Accounts (SNA) has been one of the major thrusts in the ECO region. To support member states on the methodological practices, the initiation of the Secretariat was materialized by UNESCAP financed subregional training workshops first on environment statistics held in Bangkok from 1-12 October 2001 and second on implementation of 1993-SNA in ECO countries in collaboration with UNSD and State Institute of Statistics (SIS) of Turkey, in Ankara from 21 to 25 October 2002. These workshops nevertheless contributed to the technical human development of member states. It has brought to fore the emerging training needs in the member states on issues such as non-observed economy. The Directorate is planning to organize a subregional training workshop in this regard in 2003.

ECO Business Guidebook:

124. Preparation and publication process of the ECO Business Guidebook has continued. The Directorate is continuing its efforts to paste the prepared information on ECO Website. The member states need to cooperate in providing any required or update information when requested by the Secretariat.

Dissemination of economic news/information on ECO countries:

125. The Directorate prepared and circulated the contents of this electronic publication that aim at providing regular news/information concerning important macroeconomic and sectoral performance of the ECO region. The member states are requested to provide the relevant news/articles on quarterly basis for this electronic publication.

ECO recommendations regarding improvement of cooperation and proper implementation of tasks of Directorate should be included:

126. The member states are requested to effectively participate in the activities of the Directorate and promote the objectives and plans of the ECO Secretariat in the area of research and statistics.

127. In view of the importance of the 5th meeting of NFPs, the member states are requested to advise their respective NFPs to fully cooperate with the ECO Secretariat in this regard.

Activities with regard to international agencies:

128. The Directorate endeavored to fostered partnership with other regional/international agencies and institutions in the area of economic research and statistics during 2002. Exchanging experience, publications, and technical information relevant to its endeavors to develop interregional cooperative mechanism are continued to be in priority. However, the Directorate should attend regional and international meetings/workshops in its fields to familiar itself with their programmes/projects and support country delegates from the region, particularly in promoting awareness of the training needs of the region.

129. The Directorate, in collaboration with regional and international organizations i.e UNESCAP and OECD is planning to co-organize training workshops on the non-observed economy and the 1993 System of National Accounts (SNA)" in 2003. However, the member states are requested to cooperate and consider offering host facilities for the abovementioned workshops to ensure their realization.

International Activities

130. Because of global recession and economic uncertainties technical assistance or procurement of Fund is hard to get by these days. Many donor countries have cut down their assistance to international organizations. In this competitive environment ECO's success in procuring funds and technical support for its projects is very reasonable.

131. According to the guidance provided by successive Council of Ministers meetings, the Secretariat has been endeavoring to provide ECO greater international visibility as well as help procure funds and technical expertise from donors and international organizations.

132. The 13th RPC appreciated the efforts of the ECO Secretary General to further promote relations with international, regional organizations and UN bodies and expressed the hope that the momentum would be maintained in the coming years. The Council further took note of the view of the Secretary General that such contacts would serve the twin purposes of creating international awareness of the work and achievements of ECO as well as ensure the possibility of seeking technical and financial assistance from international donor agencies.

133. As it is known, each year a resolution on ECO-UN Cooperation is passed by the General Assembly. ECO receives a lot of international support on the basis of this UN Resolution. The Secretary General of UN also submits a report to the General Assembly highlighting achievements as a result of this resolution. The 13 RPC noted with interest the relevant sections of the Secretary General Mr. Kofi Annan's report to the UN General Assembly in June 2002, recommending various specialized agencies and other organizations and programmes of the UN system and relevant international financial institutions to join in their efforts towards implementation of economic programmes and projects of ECO. A similar resolution has been passed by the 57th session of the General Assembly.

134. ECO's major benefactors that supply not only technical expertise but also support with funds include UNDP, Islamic Development Bank, UNODC and ITC. Food and Agriculture Organization has been a recent addition to this list. United Nations Social Commission for Asia and Pacific (ESCAP) and United Nations Conference on Trade and Development (UNCTAD) provide technical support to ECO. ECO is also trying to develop its relations with United Nations Economic Commission for Europe (UNECE), World Customs Organization, Colombo Plan Secretariat and ASEAN.

135. The 13th RPC requested the Secretary General that ECO's cooperative ties with regional organizations such as ASEAN may be further developed within the framework of cooperation agreements and the decision of the 7th ECO-ASEAN Ministerial meeting held in September 2002 at New York. The Council appreciated that ASEAN and ECO had agreed to cooperate in ten fields covering all priority areas of ECO. Because of change of the Secretary General of ASEAN early this year, a study on finding ways and means of concretizing ECO's relationship with ASEAN approved by the 7th ECO ASEAN Joint Ministerial Meeting could not be carried out. However the Secretariat is in contact with ASEAN in this regard.

136. UNDP is an important partner of ECO. ECO is involved with it in a million dollar project on the Capacity Building of ECO Secretariat. Various consultancies are being undertaken under this project; and several, at least ten, are going on, at the moment. The Secretary General of ECO called on its Regional Director in New York in September last year. The new Regional Representative of UNDP called on the Secretary General on May 19, 2003 and both sides agreed to discuss the project in greater detail. The next three year program is being discussed in all such meetings. A new program on Trade and Investment Networking under discussion with UNDP was

mentioned in Trade and Investment Section. Similarly our relations with International Trade Centre were also been explained there.

137. The ECO Secretariat is in constant touch with the Islamic Development Bank as it has already concluded two grant agreements amounting to the tune of \$ 672,000. A \$ 400,000 grant agreement to carry out the feasibility study for connecting power systems of ECO countries was signed in September 2001; while a \$ 272,000 technical assistance grant agreement was signed earlier for carrying out feasibility study on introduction of Multi-Modal Transport Operations in the ECO region.

138. ECO is pleased to report that it has been able to start the 2nd Phase of our Drug Control Coordination Unit Project with UNODC. This nearly \$ 800,000 project would be instrumental in synchronizing all the Anti-Narcotics activity in ECO region. A training Workshop is due in the middle of this year and efforts are underway to establish a dedicated network for the unit connecting all Anti-Narcotics Departments of ECO Member States amongst themselves and with the Unit.

139. The 13th RPC lauded the launching of the second phase of the Joint ECO/UNODC Project in December 2002. The Council requested all the member states to continue communicating drug-related information to DCCU in the ECO Secretariat and suggested that member states may invite the ECO Secretariat, in relevant international or regional meetings on drug control matters. The Council recommended to the ECO Secretariat to interact with the other international drug control organizations and share information on measures taken in combating illicit drug production and trafficking in the ECO member states.

140. The United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) is another important organization with which ECO is involved. This UN body covers a large stretch of countries from East to West Asia. ECO is involved with it in Multi-Modal Transport Project. It also provides ECO with technical assistance in a variety of sectors and sends its experts in ECO seminars and workshops.

141. With UNCTAD, ECO is involved in multimodal transport study project, in collaboration with IDB and UNESCAP.

142. Another important activity carried out with UNESCAP is under the rubric of "Annual Meeting of Heads of Regional Organizations and ESCAP". The strength of membership of five regional organizations that participate in this meeting is 43. ECO, SAARC, ASEAN, Pacific Forum and ESCAP participate in its deliberations. All sorts of economic and social issues are discussed and decided.

143. The Secretary General participated in its 7th meeting in Bali in September 2002 and saw enormous opportunities to increase cooperation with the regional organizations involved. He agreed to the proposal that now it was the turn of ECO to host the 8th meeting. The 13 RPC taking note of the growing international stature of ECO appreciated the ECO's initiative to hold the 8th Consultative meeting between the

Executive Heads of four regional organizations at the ECO Secretariat this year. As a result ECO has taken the initiative and written to all concerned organizations in this regard. The meeting will symbolize the high water mark in ECO's effort to expand its international relations.

144. Food and Agriculture Organization ECO is involved in several ways. After supporting the World Food Summit resolution in Rome in June 2002 and attending a side event arranged exclusively for ECO, on the sidelines of the Summit, the occasion was used to understand each other's point of view.

145. With the help of these interactions ECO has signed a technical assistance program for agriculture development and Food Security for ECO member states amounting to US\$ 327,000 in April this year with FAO. This program will go a long way in meeting ECO's objectives regarding Food Security.

146. The Secretary General participated in the 5th Asian and Pacific Population Conference in Bangkok on 11-17 December, 2002. ECO presented a report on Population and Development and eradication of poverty issues in the ECO.

147. The Secretary General also participated in OSCE's 10th Ministerial meeting which was held in Porto, Portugal from 6-7 December, 2002. He presented a paper on policy issues regarding drugs. The meeting was attended by 33 Ministers and 17 Heads of International Organizations. Participants greatly appreciated the approach taken by ECO regarding anti-narcotics issue. The Secretary General was also received by the Chairman of the Meeting H.E. Antonio Martins da Cruz, Minister for Foreign Affairs of the Republic of Portugal. OSCE had recently been shifting its focus to economic and drug issues also. Secretary General was also invited by OSCE to participate in a conference on drug and its economic impact, in Tashkent in March this year. A paper was read in Tashkent Conference on behalf of the Secretary General.

148. The Secretary General also participated in the Ministerial meeting of 55 countries affected by drugs in Paris on May 22, 2003. The meeting was organized by the Government of the Republic of France. The meeting issued an agreement called 'Paris Pact'. Secretary General's contribution was widely hailed and his suggestions were included in the Pact which was also presented to G-8 meeting held on the next day. Secretary General also called on the Foreign Ministers of France and Canada.

149. The Secretary General also participated in the Ministerial Conference on the occasion of the 3rd World water Forum at Kyoto (Japan) in March this year. Fresh Water Resource is a very important issue for the ECO as there is large scale scarcity. Secretary General presented the point of view of ECO in an effective manner.

150. Most recently, ECO have signed a Memorandum of Understanding with the World Custom Organization and another with Colombo Plan Secretariat. In his discussions with the Colombo Plan Secretary General, he emphasized the implementation of the provisions of the MOU and both sides agreed that Regional

Organizations have important role to play in the international arena and their organizations should collaborate more to act in a concerted manner internationally in the interest of their member states.

ECO Specialized Agencies

ECO Trade & Development Bank (ETDB) and ECO Reinsurance Company (ERC):

151. On the issue of ECO Trade & Development Bank (ETDB) it may be noted that both ECO Trade & Development Bank and ECO Re-insurance Company would be established simultaneously. Keeping in view the present implementation status of these two institutions, a business plan is being finalized with the help of a UNDP consultant. The consultant will conduct his mission in the 1st quarter of 2003 and submit his report along with the 'business plan' shortly.

ECO Air:

152. As we know that the 1st meeting of ECO Civil Aviation Authorities and Heads of National Airlines of February, 2001 concluded that further development of this project was not feasible. Therefore it should be abandoned. The 4th Ministerial meeting endorsed this decision. Therefore, this project would be struck out from the Secretary General's report to future COMs.

ECO Shipping Company:

153. This issue has been dealt in Transport section.

ECO Cultural Institute:

154. The Charter of the ECO Cultural Institute was signed by Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan, Turkey and Turkmenistan. However, only Afghanistan, Iran, Pakistan and Tajikistan have so far ratified the Charter of the Institute.

155. The first meeting of the Board of Trustees of the ECO Cultural Institute was held in Tehran on October 22-23, 1996. The second meeting of BOT was held on 25-26 January 2000. The ECO Culture Institute is in the process of organizing its third meeting and is in contact with the government of Iran. The 13th RPC advised the institute to encourage participation of all the member states in its activities and the Institute is taking steps to implement its mandate. The institute also got its President in April this year and we hope the activities of the institute would receive necessary fillip as a result.

ECO Science Foundation:

156. The Charter of ECO Science Foundation was signed during the Third ECO Summit held in Islamabad on March 15, 1995. All the ten member states have signed the Charter. However, so far, only Azerbaijan, Iran, Pakistan, Tajikistan and

Turkmenistan have ratified the Charter of Foundation. We have been informed that the Government of Pakistan is taking necessary steps to call first meeting of it's Board of Trustees.

ECO Educational Institute:

157. Except Uzbekistan, all the ECO Member States had signed the Charter of the Institute on the occasion of the 8th COM Meeting and the Fifth ECO Summit Meeting held in Almaty on May 11, 1998. So far, Islamic Republic of Iran, Kazakhstan, Kyrgyz Republic and Tajikistan (four member states) have ratified its charter. As it required only three deposition of Instrument of Ratification with the Government of Republic of Turkey, therefore, a response from Republic of Turkey, as a host country for the Institute, is awaited, in this regard.

ECO Regional Institutions

ECO College of Insurance:

158. The ECO College of Insurance, formerly RCD College of Insurance was reopened in 1991. The College located in Tehran is affiliated with the Allamah Tabatabai University. The College is at the moment catering the Insurance training needs of the ECO member states. The subjects of study include economics, law, management, applied sciences, accounting, finance, and insurance leading to a Bachelor of Science degree in Insurance Management. Students from the ECO Member States except Iran are exempt from entrance test for admission in the College. The college is presently involved with the Council of Permanent Representatives to find out ways and means as to how give it a greater ECO flavor.
