

The 5th Council of Ministers

Report

(Ashgabat, 21-23 January , 1995)

(Adopted)
No.COM-5/95/RPT

The fifth Meeting of the Council of Ministers of ECO was held in Ashgabat on 21-23 January, 1995. The Meeting was attended by:

- H.E. Dr. Najibullah Lafraie, Minister of State for Foreign Affairs of the Islamic State of Afghanistan
- H.E. Mr. Salamov, Deputy Minister of Foreign Affairs of the Republic of Azerbaijan
- H.E. Dr. Ali Akbar Velayati, Foreign Minister of the Islamic Republic of Iran
- H.E. Ms. Rosa Otunbaeva, Minister of Foreign Affairs of the Republic of Kyrgyzstan
- H.E. Mr. Sardar Aseff Ahmad Ali, Foreign Minister of the Islamic Republic of Pakistan
- H.E. Mr. Erkin Rakhmatullaev, First Deputy Minister of Foreign Affairs of the Republic of Tajikistan
- H.E. Mr. Aykon Dogan, Minister of State for Economy of the Republic of Turkey.
- H.E. Mr. Boris O. Shikhmuradov, Foreign Minister of Turkmenistan and Deputy Chairman of the Cabinet of Ministers.
- H.E. Mr. Shakasym Shaislamov, Deputy Minister of Foreign Affairs of the Republic of Uzbekistan and
- H.E. Mr. Shamshad Ahmad Secretary General of ECO.

The list of participants is at [Annex-I](#).

ITEM-1: INAUGURATION OF THE MEETING

2. On behalf of the President of Turkmenistan, the Meeting was inaugurated by His Excellency Mr. Boris O. Shikhmuradov, Deputy Head of the Cabinet of Ministers and Minister of Foreign Affairs of Turkmenistan who read out a message of the President, a copy of which is attached as [Annex-II](#). The message of the President was unanimously adopted as the official document of the Fifth Meeting of the Council of Ministers.

ITEM-2: ELECTION OF THE CHAIRMAN

3. His Excellency Mr. Boris O. Shikhmuradov, Minister of Foreign Affairs and Deputy Chairman of the Cabinet of Ministers of Turkmenistan, was unanimously elected as Chairman of the Meeting.

ITEM-3: ADOPTION OF THE AGENDA

4. The Council adopted the Agenda which is attached as [Annex-III](#).

ITEM-4: APPOINTMENT OF THE DRAFTING COMMITTEE

5. The Council decided to appoint an open-ended Drafting Committee to prepare a report of the Meeting.

ITEM-5: REPORT OF THE SECRETARY GENERAL ON ECO ACTIVITIES

6. The Secretary General presented a Report to the Council of Ministers on ECO's activities since the last annual meeting of the Council. Besides highlighting positive developments, especially those concerning the establishment of the four ECO institutions and other regional arrangements, the Secretary General reviewed progress achieved in the establishment of cooperative relationships with major regional and international organizations. He also reiterated his proposal for a comprehensive review and reappraisal of the Treaty of Izmir and the other basic documents of ECO, and the establishment of a Panel of Eminent Persons to carry out this exercise with a view to enhancing the effectiveness of ECO. A copy of the Secretary General's report is at Annex-IV.

7. The Council appreciated the efforts of the Secretary General to promote the objectives of ECO. The Council also expressed satisfaction over the progress made in establishing cooperative relationships with major regional and international organizations.

8. The Council also noted with satisfaction the outcome of the preliminary contacts between ECO and the European Union and also the ESCAP-sponsored process of cooperation among the sub-regional organizations of Asia and the Pacific. The Council welcomed the proposal of the Secretary General that the ECO Secretariat may host the third annual consultative meeting among the Executive Heads of Asia's sub-regional organizations in the first quarter of 1996. The details will be discussed by the Council of Deputies.

ITEM-6: OPENING STATEMENTS BY THE LEADERS OF THE DELEGATIONS

9. The Meeting was addressed by the leaders of the participating delegations. Statements provided to the Secretariat are attached as Annex-V. The Secretariat would identify actionable points in the statements and submit them to the Council of Deputies for further appropriate action.

ITEM-7: REVIEW AND ADOPTION OF THE REPORTS OF THE COUNCIL OF DEPUTIES

10. The Council adopted the reports of the 21st to 27th Meetings of the Council of Deputies held during the year 1994-95.

11. The Council approved the texts of MOUs to be signed with UNDP and UNDCP as attached to the report of the 27th meeting of the Council of Deputies subject to the formal concurrence of the Iranian authorities. The Council further agreed that the two MOUs may be signed during the Third ECO Summit meeting in Islamabad.

ITEM-8: REVIEW AND ADOPTION OF THE REPORT OF RPC

12. The Council adopted the report of the Fifth Meeting of the Regional Planning Council held in Tehran from 7 to 11 January, 1995. The Council recalled that the Ministers vide para 20 of the Report of their third meeting had recognized that there may be projects of benefit to the region which may be of interest of some member states. It was decided then that for a project to be recognized as an ECO project to which all requisite services would be provided by all ECO bodies, the project must have active participation of more than three members. The Council made the following decisions:

- (i) The Council noted that the delegations of Republic of Azerbaijan, Islamic Republic of Iran, Republic of Kazakhstan, Republic of Kyrgyzstan, Republic of Turkey, Islamic Republic of Pakistan, Republic of Tajikistan and Turkmenistan approved the text of the draft ECO Transit Trade Agreement as recommended by the Fifth Meeting of the RPC and indicated their readiness to sign the Agreement on the eve of Third ECO Summit Meeting. Other delegations stated that they required more time to consider their joining/accession to the proposed Agreement and that they would convey their views to the Secretariat for consideration at appropriate ECO forums. Some minor amendments proposed by Turkmenistan will be sent to the Secretariat to be considered by the relevant bodies.
- (ii) The Council noted that the delegations of Republic of Azerbaijan, Islamic Republic of Iran, Republic of Kazakhstan, Islamic Republic of Pakistan, Republic of Turkey and Turkmenistan approved the text of the draft Agreement on Simplification of Visa Procedures for the Businessmen of ECO countries as recommended by the Fifth Meeting of the RPC and indicated their readiness to sign the Agreement on the eve of Third ECO Summit Meeting. Other delegations stated that they required more time to consider their joining/accession to the proposed Agreement and that they would convey their views on the subject to the ECO Secretariat for discussion among the member states at appropriate ECO forums. Some amendments proposed by Kazakhstan and Turkmenistan will be sent to the Secretariat for consideration by the relevant bodies.

The Republic of Uzbekistan does not join this Agreement as it does not comply with the national laws and regulations of Uzbekistan and its bilateral arrangements with the third countries.

- (iii) The Council welcomed the positive development regarding the establishment of the ECO Trade and Development Bank. Its headquarters will be located in Istanbul with branches to be opened in Iran and Pakistan within six months after the commencement of the Bank's operations. Further details in this regard have been elaborated under Agenda Item 9 on Four ECO projects. The delegation of Uzbekistan will inform about its joining the Agreement in the future ECO meetings.
- (iv) The Council noted that the delegations of Islamic State of Afghanistan, Islamic Republic of Iran, Republic of Kazakhstan, Islamic Republic of Pakistan, Turkmenistan and republic of Uzbekistan approved the text of the draft Agreement (Partnership Statement) and Articles of Association of ECO Shipping Company as adopted by the Fifth RPC and confirmed their readiness to sign the documents during the Third ECO Summit Meeting. The delegations of Azerbaijan, Kyrgyzstan and Turkey also approved the documents but stated that they were at this stage not ready to join the project.
- (v) The Council noted that the delegations of Islamic State of Afghanistan, Islamic Republic of Iran, Islamic Republic of Pakistan and Turkmenistan approved the text of the draft Agreement and Articles of Association of ECO Air as adopted by the Fifth RPC and confirmed their readiness to sign the documents during the Third ECO Summit Meeting. The Turkish delegation while approving the text of the documents stated that it maintained its position reflected in the 5th RPC meeting and made a proposal to amend Article 6.3 of the Agreement, the details of which are discussed under Agenda Item 9 of Four ECO projects. The delegations of Azerbaijan and Kyrgyzstan also approved the documents but stated that they were at this stage not ready to join the project. The delegation of Uzbekistan stated that they were not ready to join the project at this stage and to sign it during the Third ECO Summit Meeting.
- (vi) The Council directed the Council of Deputies to reconsider the proposal of the establishment of ECO Supreme Audit Institution at its next session in the light of the comments received from the member governments.
- (vii) The Council decided that the Headquarters of the ECO Cultural Institute be located in Tehran. The revised Constitution of the ECO Cultural Institute which has incorporated the amendments proposed by Turkey and Kazakhstan was also adopted and is attached as Annex VI.
- (viii) The Council noted that the delegations of Islamic State of Afghanistan, Republic of Azerbaijan, Islamic Republic of Iran, Islamic Republic of Pakistan, Republic of Turkey and Turkmenistan had approved the Charter of the ECO Science Foundation. The revised Charter with minor amendments is attached as Annex VII.

- (ix) With regard to the proposal to hold EGM on scholarships and students exchange programme by the Turkish Muslim Community of Cyprus, the Council directed that the Council of Deputies in its next session may discuss the matter.
- (x) The Council approved the Statute of the ECO College of Insurance as recommended by the Fifth Meeting of RPC.
- (xi) The Council approved the ECO Plan on Drug Control as recommended by the Fifth Meeting of RPC. As regards the question of establishment of a Coordination Unit in the Secretariat to implement the Plan, the Council directed the Council of Deputies to consider the matter in its next session.
- (xii) The Council adopted the Report of the First Meeting of the Heads of Red Crescent Societies of ECO countries and agreed with the recommendation of the RPC that this subject be dealt with by the Committee for Cooperation in Health and Environment (CCEH).
- (xiii) The Council approved the draft Calendar of Events recommended by RPC with minor amendments. A copy of the approved Calendar of ECO Events for the year 1995-96 is at Annex VIII.
- (xiv) The Council requested all ECO member states to render all possible assistance to Azerbaijan in resolving its current economic problems.

ITEM-9: FOUR ECO PROJECTS

13. Recalling their decision taken in their Special Meeting held in Istanbul on 5th and 7th July, 1993, the Ministers reviewed the progress made for the establishment of the four ECO Institutions namely, ECO Trade & Development Bank, ECO Reinsurance Company, ECO Shipping Company and ECO Airlines and observed as follows:

ECO Trade and Development Bank and ECO Reinsurance Company

14. The Council welcomed the progress made regarding the establishment of the ECO Trade and Development Bank. Its headquarters will be in Istanbul with branches to be opened in Iran and Pakistan within six months after the commencement of the Bank's operation.

15. The Council proposed to be founding members of ECO to conclude the necessary procedures for the signing of the relevant Articles of Agreement in the Third ECO Summit to be held in Islamabad and to finalize the ratification formalities thereafter within the timeframe stipulated in the said Agreement keeping in view para 12(iv).

16. For a speedy conclusion of the preparatory work for the establishment of the Bank the Council also decided to form an Interim Committee, which will start to operate after the signing of the Agreement by the three founding members.

17. The terms of reference of the Interim Committee will be decided among the three founding members as soon as the Agreement is signed by the related parties.

18. The delegation of the Islamic Republic Iran recalled that the Fourth Meeting of the ECO Council of Ministers had decided that a techno-economic study on the Bank be conducted by 31 July 1994. However, this study was not carried out and in the Fourth Meeting of CECC it was agreed that the Bank be established without a prior techno-economic study. The Islamic Republic of Iran is of the view that she is entitled to be given enough time to seek the views of its authorities on the need for the techno-economic study before making a decision for Iran's participation in this project.

19. As regards the ECO Reinsurance Company, the Council emphasized the need for early establishment of the ECO Reinsurance Company in Karachi in accordance with the decision of the Special Meeting of the Council of Ministers held in July 1993. The Pakistan delegation reiterated its suggestion to the Turkish side to try and find a mechanism to implement the pertinent provisions of the Treaty of Izmir. The Turkish side stated that the concerned Turkish authorities were currently examining the possibilities of establishment of the ECO Reinsurance Company in the light of the on-going privatization process in Turkey. The Council of Ministers directed the Council of Deputies to pursue this matter as of its next meeting.

ECO Shipping Company and ECO Air

20. The Council noted with satisfaction that the text of the related documents in respect of the ECO Shipping Company and the ECO Air had been finalized and were now ready for signing by the countries willing to participate in the projects as mentioned in paras 12(iv) and (v).

21. The Turkish delegation made a proposal to amend Article 6.3 of the Agreement relating to the establishment of ECO Air to read as follows:

“Each ECO member state shall have the right to transfer all or any part of its shares to the national flag carrier and/or commercial Airlines registered in the member countries”.

The Council noted the proposal and agreed for further consideration by the next Council of Deputies meeting. The recommendation of the Council of Deputies will be taken up by the Special Meeting of the Council of Ministers on the eve of Third ECO Summit. The Turkish delegation approved the Agreement subject to the outcome of the deliberations of this amendment.

ITEM-10: ADOPTION OF THE ECO BUDGET

22. The Council approved the annual ECO budget for 1995-96 amounting to US\$ 742905 as recommended by the Council of Deputies at its 27th Meeting. A copy of the approved budget is at Annex IX.

23. Regarding contributions from the new members, it was decided that they should be exempted from the payment of contributions to the ECO budget for the year 1995-96. However, it was further decided that in case any of the new members wishes to make any contributions to the said budget, such contribution shall be transferred to the General Reserve Fund at the end of the financial year.

24. The Council directed the Council of Deputies to discuss in its next sessions the possible formulae to determine the share of each member country and invited the member governments to send their proposals through their Representative in the Council of Deputies.

ITEM-11: ADOPTION OF THE AUDIT REPORT

25. The Council approved the Audit Report for the year 1993-94 together with the recommendations made by the Council of Deputies in its 27th Meeting.

26. As regards para 6 of the Audit Report regarding "Revaluation of Assets", the Council directed the Council of Deputies to discuss the matter further in its next session.

27. The Council agreed to increase the number of days required for the annual audit of the ECO accounts from three to six days.

ITEM-12: THIRD ECO SUMMIT

28. The Council noted that all member Governments had now confirmed their participation in the Third ECO Summit Meeting on the scheduled dates. The Government of Pakistan confirmed that arrangements for the holding of the meeting were underway.

29. The Council of Ministers considered the draft agenda for the Third ECO Summit prepared by the Council of Deputies and proposed a revised draft which is at Annex X.

30. In view of the World Summit for Social Development to be held in Copenhagen on 6-12 March, 1995, the Council agreed with the following programme proposed for the Summit Meeting

11-12 March, 1995 – Meeting of Senior Officials

13 March, 1995 – Special Meeting of ECO Council of Ministers

14-15 March, 1995 – Summit Meeting

31. The Council directed the Council of Deputies to prepare the draft Islamabad Declaration after receiving inputs and proposals from the member governments.

32. The Council noted the proposal of the Turkish delegation that the participating delegations may include the Ministers for Economic Affairs for an exchange of views during the Summit meeting.

ITEM-13: ANY OTHER BUSINESS

Enhancing the Effectiveness of ECO

33. The Council once again reiterated the need for Enhancing the Effectiveness of ECO and decided to establish a Panel of eminent and competent persons. This group will consider the issue of reappraisal of the Treaty of Izmir and restructuring of ECO taking into account among other things the exchange of views at the Seminar held in Tehran under the same title, including the statements made by the delegations of the member states and the representatives of the international organizations.

ITEM-14: DATE AND VENUE OF THE NEXT MEETING

34. The Council decided that in future the Annual Meeting of the Council of Ministers would also serve as preparatory meeting for the Annual Summit Meeting and that the two Meetings should be held consecutively. In alphabetical order, Uzbekistan Government confirmed their readiness to host the Sixth meeting of the Council of Ministers as well as the Fourth ECO Summit Meeting in January 1996.

ITEM-15: ADOPTION OF THE REPORT OF THE COUNCIL OF MINISTERS

35. The Council unanimously adopted the Report of the Meeting.

ITEM-16: VOTE OF THANKS TO THE CHAIR

36. The Meeting ended with a Vote of Thanks to the Chair expressing profound thanks of the participating delegations for the warm hospitality extended to them and excellent arrangements made for the meeting.

ITEM-17: CLOSING OF THE MEETING

37. The Chairman announced the closing of the meeting.