

The 1st Council of Ministers

Report of ECO Secretary General

(Tehran, 22-23 May , 1991)

Annex-VIII

IN THE NAME OF ALLAH

*Mr. Chairman,
Excellencies,
Dear Brothers and Sisters.,*

It is indeed a great pleasure and unique honour for me to present before this august Council the Report of the Secretariat on ECO activities.

I shall not take much of your valuable time, Excellencies, in recounting all the activities since the last meeting of the High Council, because that is circulated as part of the Report of the Regional Planning Council. The paper clearly illustrates that our organization was far from being inactive during the past three years. . While in the previous years the Organization could implement only a limited percentage of the planned activities [for instance only 54%of the activities were implemented during 1937-88), in 1988-90 it over-reached its target by implementing %120 (36 activities against-31 originally planned). I do, however, seek your indulgence, even at the cost of repetition, for highlighting some of the 4-ssues which in my opinion are of paramount importance for a real reactivation of the organization.

First and foremost, in having the Treaty of Izmir amended and ratified by the three partners. After a long period the organization now has a legal basis and %'he necessary documents have already been submitted to the United Nations Organization for registration under the U.N. Charter.

It is also with pride that we can today report to Your Excellencies that on some of the Articles of the Treaty the essential ground work has been completed for the first time since the inception of RCD. The three countries have always laid stress on the expansion of regional trade but until recently this all remained confined to public statements. It is now, however, that ECO Protocol on Preferential Tariffs has been finalised and is ready for signing. Despite the fact, Excellencies, that there is a tremendous trade potential in the region [over 70 billion dollars annually) and a huge regional market the actual intra-regional trade, on an average has never exceeded 2% of the total. It is, therefore, all the more imperative that the said Protocol may be signed and Dut into effect without any further delay.

Another equally important and parallel achievement for the Organization was the establishment of the ECO Chamber of Commerce and Industry, last year, which is expected to play its due role in promotion of private sector cooperation.

It is also a matter for satisfaction to report that all these three institutions (namely:

1. ECO CHAMBER OF COMMERCE AND INDUSTRY.
2. ECO INSURANCE CENTER, 1<.,IRPCHI.
3. ECO INTEGRATED REINSURANCE POOL.

as stipulated in Article XXX of the Treaty) have already been set up and are in operation.

Regarding the Reinsurance Pool it may be mentioned that it has become a profitable concern. The gross premium earned by the Pool rose from \$2.467 million in 1975 to an estimated \$11.687 million in 1990, out which every year about \$2 million 4-s the net profit.

Besides, the ECO International School of Insurance will also be reopening in Tehran in September which will be a valuable addition to our cultural and educational cooperation.

The Treaty also enjoins the member states to set up a Joint Reinsurance Company and for implementation of this provision the three countries at the experts level and at the committee level endorsed the establishment of such a Company. However, now we learn that such a Company is not feasible or desirable even though it is against the findings of the experts. This subject so, "deserv6s special instructions of our honourable ministers.

In the field of postal communications South-West Asia Postal Union (SWAPU) composed of ECO states has been set up. This union is expected to facilitate postal traffic within the region by way of reduction of postal tariffs and providing other facilities.

The Treaty of Izmir among other things also stipulated the establishment of an ECO Investment and Development Bank. On this important project I am happy to report that the Draft Articles of Agreement have been prepared and the experts of the three countries recommended that in order to establish this bank only the Council of Ministers may decide on the location of the Head Office. The Technical Committee concerned has already endorsed these proposals.

Incidentally this project again is one of those which were conceived since the very inception of RCD, but time and again the proposal was pushed back and forth between the expert groups, committees and the Councils on one pretext or the other. In my sincere view any more delay in referring this-issue to further examinations and meetings will negate the very spirit of our cooperation.

To conclude this part of the report, I would request Your Excellencies to seriously consider and lay down specific guidelines not only for the Technical Committees but also for national focal points to pay due and prompt attention to the projects of mutual benefit in the various areas of social and economic life. Since frequent postponements or cancellations of approved events have been a very usual phenomenon in the past, an explicit instruction by this council to put an end to it would be of great importance and value. Under the ECO, certain areas like tourism, education, culture,

etc. have so far remained rather neglected even compared to what was happening under RCD. We should not forget the importance of exchange and inter-action at the human level which is essential and infrastructural even for furthering economic ties. In this direction mass media cooperation (as stipulated in Izmir Treaty) can play an important role for which inspite of repeated proposals and discussions and follow-ups by the Secretariat no positive response has so far been achieved. Other than that the promotion of intra-regional tourism, exchange of students, artists etc. will be of great value.

Industrial cooperation is another important area which demands tangible steps to be taken as early as possible. So far, under the ECO not a single industrial joint venture has been established and the activities up to now have remained confined to the meetings of the Technical Committee, Experts Group, and preparation of one feasibility report related to TUMOSAN. In my view all these activities have been inadequate and there is a need on the part of the national focal points to seriously consider in the next meeting of the Technical Committee concrete proposals for the establishment of industrial joint ventures.

In what regards the cooperation in the field of agriculture, since other than seminars and training programs no tangible activity has been started, the Secretariat proposes that setting up of a joint venture in livestock production in Pakistan or Turkey which possess rich pastures be studied attentively. Since Iran is importing millions of dollars of such products each year, this project if implemented would take the region a big step towards self sufficiency.

Let me also add here that a flow of traffic in men and materials is a prerequisite for the rapid economic and social development of the region and no amount of understanding, and agreements in economic and commercial fields would be of any consequence in the absence of a well-integrated multi-modal transport net-work. ECO Highway could play a vital role in linking three countries together with integration of Railways, Shipping and Airlines. Despite the fact that establishment of a joint shipping company is provided in the Treaty, it is yet to be formed. Similarly, the survey report of ECO Highway is under consideration of the member countries since last about two years but nothing tangible seems to have been done to implement the recommendations of the report.

Regarding the relations of ECO and other organizations, It may be reported that at the session of heads of Economic Integration Organizations in Geneva which was sponsored by UNCTAD, this speaker participated. While S.G. of ECO was elected as vice president, there was a good chance of deliberations with heads of many other Economic Integrations. Perhaps it should be a source of pride that in comparing our organization with the similar ones I came to the analysis that ECO while having the least expenditure and staff was considered among the most active and with the best chances of a prosperous future.

Also in what regards the Secretariat itself, pursuant to a repeated decision of the High Council, I am happy to report, that a modern sophisticated computer system has already been installed in the Secretariat and each officer and secretary has been provided with a terminal in his office. Apart from this the building itself has been refurbished and made more attractive for people who work there. It may be noted that both the computerization and the refurbishment of the building has been done without any additional financial burden on the member states and inspite of the fact that the Secretariat during all these years has not been receiving budgetary contributions on time.

It might be appropriate in this connection to attract the attention of respected members over the necessity of setting up of a research nucleus in the Secretariat to deal with fundamental research on different aspects. Unfortunately so far subsequent proposals of the Secretariat have been pending. inspite of our meagre means and with the existence of many other problems in communications with member countries, etc. we have the honour to inform this high Council that many proposals and projects have been presented by the Secretariat and that if they had been considered favourably and on time, the Organization would be in a much better phase.

To end my report, I would request Your Excellencies, to consider celebrating the First Anniversary of the deposit of the last Document of Amendments to the Treaty of Izmir in all the three member countries. In this way our people would have the chance to acquaint themselves with the aims and objectives of this organization and the effort member states to achieve these objectives.