



**Statement by Mr. Suhail Safdar,
Secretary, Planning & Development Division/
Leader of the Pakistan Delegation**

19th ECO Regional Planning Council (RPC) Meeting

Tehran, Iran 11-15 January 2009

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Honourable Chairman

Honourable Secretary General, Mr. Khurshid Anwar

Distinguished Delegates

Excellencies

Ladies and Gentlemen!

It gives me great pleasure to be in the beautiful city of Tehran to attend the 19th Meeting of Regional Planning Council (RPC) of the Economic Cooperation Organization (ECO). On my own behalf and on behalf of my delegation I would like to convey my sincere thanks and gratitude to the brotherly Government of Islamic Republic of Iran for their warm welcome and generous hospitality extended to us and excellent arrangements made for this meeting by the ECO Secretariat.

Mr. Chairman!

2. I congratulate you on your election as the Chairman of the meeting. I am confident that through your vast experience and wise counsel, the 19th RPC meeting will effectively deliberate on ways of employing our huge resources for the mutual benefit of our peoples.

Mr. Chairman!

3. The 19th Regional Planning Council meeting is being convened at a time when the global crisis has showed extraordinary impact on national economies due to fast pace of globalization. The major advanced economies are already in recession. The emerging and developing economies are also

slowing down, in many cases to rates well below the trend growth rates. Most of ECO countries are in the grip of high inflation, while many are experiencing severe balance of payments pressures and fiscal imbalance together with drop in foreign reserves. In some of the regional economies increased risk perception resulted in a downgrading of credit rating, a slide in capital inflows and declining access to international capital.

4. This meeting should take note of these developments and address the pressures on our economies arising from short term external crises. I am happy that the Ministerial Meeting on Finance and Economy held recently here, has decided to establish a Working Group to examine the impact of the global financial crisis on regional economy and suggest ways to overcome it.

5. With the establishment of the ECO Trade and Development Bank, and setting up of the ECO Reinsurance Company in Pakistan right around the corner, ECO now has the necessary financial tools available to cushion Member States against external shocks, and mitigate their effects. In the coming days and months, our efforts should be geared towards enhancing ECO's capacity to assist Member States on this score.

6. Free trade remains the lynchpin of our strategy to promote regional economic integration. As the coordinating country on ECO Trade Agreement (ECOTA), Pakistan continues to accord high priority to trade promotion and trade facilitation activities within this region. It was our pleasure to host last year in July, the Second ECO Trade Fair in Karachi, along with a series of meetings and forums bringing together the private sectors of Member States. Such initiatives need to be followed up and further institutionalized.

7. With regard to ECOTA, our endeavour is to seek early commencement of tariff liberalization under the Agreement. Pakistan calls upon all States party to the Agreement to act without further delay to realize this important

regional initiative. States party to the Optional Protocol on Fast Track Approach to ECOTA, are urged to re-launch negotiations once tariff reductions get underway. I also urge that other Members that have not signed the Agreement, to consider doing so at an early date.

8. Pakistan on its part has compiled the necessary lists, and is ready to extend full support to Member States to build capacity for implementation of the Agreement.

9. An effective modern transportation and communication network is important because majority of ECO member are land-locked and require facilitation of transit traffic. Pakistan is strengthening and expanding country's physical infrastructure. The National Trade Corridor (NTC) will create new expressways across the country, including warehousing, container ports, airports and railways. A broad range of support services are also being developed, such as shipping, freight management, trucking, insurance and banking. NTC will provide fast transportation and communication network to ECO member states.

10. We believe that full implementation of the Transit Transport Framework Agreement (TTFA) will facilitate establishment of viable region-wide corridors of trade and investment, transport and communications. Pakistan is gratified to note that ECO is according high priority to implementation of this important initiative. Pakistan feels that a lot more remains to be done on this score. During the course of the Working Group Sessions, we shall be sharing with Member States, some of our own ideas in the matter.

11. Human resource development should be given priority in our policies. Accumulation of knowledge and collective competence is the most important factor for our socio-economic progress. This requires general increases in

education and skill levels, and rise in the share of resources devoted for education and technical skills development. We fully support initiatives of the High Level Expert Group on Human Resource Development. Through this platform Pakistan would like to share its policies and priorities with friends in ECO and looks forward to learning from their experience.

12. To compete effectively in the global environment, ECO region must be transformed into a knowledge region. We can significantly increase share of our manufacturing and services in our exports, and address some of the most pressing social and environmental challenges confronting us by pooling together our considerable intellectual and scientific resources.

13. This is the idea behind the ECO Science Foundation. The Ad hoc Secretariat of the Foundation has done commendable work in proposing a budgetary formula for the establishment of the Institution, and preparing the necessary draft framework of rules of procedures, and financial regulations.

14. The ECO countries' enormous energy resources can be shared with member countries particularly those deficient in energy. Programmes for energy flows across ECO will be beneficial for the entire region. We are therefore disappointed that the Feasibility Study on Interconnection of ECO Power Systems was terminated before completion. Failure by some Member States to furnish the required data within the stipulated timeframe, despite repeated requests, hampered our efforts to complete the study in time. Nonetheless, the data that is available to date can be productively utilized to examine interconnectivity options among the founder Member States. We shall be discussing the matter more during the Working Group Sessions.

Mr. Chairman, Ladies & Gentlemen!

15. The world is on a fast path of integration. Regions are organizing into collective groupings to maximize gains. The regions, which integrate better

from within, also do much better with the rest of the world. Our trade with each other is a mere 7.6 percent of our total trade, which itself is a small fraction of the world trade compared to our regional population. It should come as no surprise that our combined share in world trade is around 2 percent of the total. The corresponding figures for East Asia/Pacific are 40 percent and 9 percent. It is important that the ECO member states should integrate strategically to seize the opportunities created by the global environment and create a niche for themselves for the mutual benefit of their people.

Mr. Chairman, Ladies & Gentlemen!

16. We need to accelerate the pace of economic development and intensify our efforts to meet the challenges of expanding world trade and competitiveness. Pakistan on its part is making concerted efforts to promote bilateral and regional cooperation among the Member States. I am happy to share with you that Pakistan has made significant progress in areas recommended by the 18th RPC meeting. A paper providing details is given to the Secretariat for circulation.

17. I want to share with you the progress Pakistan has made in the last few years. Pakistan's economy growing over 6 percent for the last five years in a row could not sustain its growth spurt. During the 2002-2007 period, the country was running an unsustainable current account of the balance of payments and fiscal deficit. The surge in consumption led imports was not matched with a commensurate increase in export. Increase in overall fiscal deficit, mainly due to low tax-GDP ratio, resulted in unprecedented increase in monetary expansion which led to high inflation. The consumption led growth instead of investment led was vulnerable to external shocks. The economy between 2007 and March 2008 came under pressure due to turbulent financial markets, and unprecedented increase in global oil and food prices

resulting in slowing down growth, high fiscal and trade deficits, rising unemployment, high inflation and increase in poverty.

18. The new government which assumed power in late March 2008 was confronted with issues of unprecedented levels of high inflation, a precarious balance of payments position, and rising unemployment and poverty, adopted macroeconomic stabilization programme. Due to timely actions the economy is witnessing a significant improvement in foreign exchange reserves, export growth and improvement in fiscal accounts.

19. The government has taken a holistic view to achieve rapid socio-economic progress. The nine point social reform agenda has been adopted to achieve macroeconomic stability; establish social safety net to protect poor and vulnerable segments of the society, develop human resources, expand agricultural production and galvanize agribusiness potential and achieve industrial competitiveness, develop infrastructure through public-private partnership, deepen and diversify domestic capital markets, develop trade development strategy and strengthen administrative reforms. These initiatives would impact positively in strengthening the economy and fostering greater confidence in overall investment climate.

Excellencies, Ladies and Gentlemen!

20. The ECO must emerge as a dynamic, egalitarian and prosperous region in the twenty-first century. The challenge before us to devise and implement strategies that unleash the creative potential of one-quarter of humanity. We must sustain the momentum of cooperation developed in recent years. We must evolve a cohesive and sound agenda reinforce the individual efforts of each member country. ECO should move ahead to achieve its mandate for good of humanity.

21. Pakistan fully supports the action and reforms initiatives of ECO and its Vision for an inclusive and sustainable globalization. Pakistan welcomes the ECO Trade Agreement and other initiatives to bring synergy within ECO and enhance closer cooperation so that the comparative strengths of one country can complement the strength of its partners. Measures towards progressive removal of trade barriers and expansion of intra and inter-regional trade would we believe promote trade activities in the region.

Mr. Chairman!

22. I am of the firm belief that under your able guidance the meeting will achieve the desired objectives of accelerating the pace of economic cooperation between the Member States. The technical sessions, I am sure, will draft ECO's agenda for the year, keeping the imperatives I have just mentioned, in mind. In the coming days we will examine closely the progress achieved thus far, and examines fresh proposals to promote conditions for sustainable economic development and to raise the standard of living and quality of life of our people.

23 In the end I would once again like to place on record our profound thanks to our hosts, the ECO Secretariat for their generous welcome and excellent arrangements made for the meeting, and to the Government of Iran for making special provisions for the guests.

I thank you very much.