

The 18th RPC Meeting

Statement by the Chief Guest

(Islamabad, March 3-6, 2008)

INAGURAL SPEECH BY
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ISLAMIC REPUBLIC OF PAKISTAN
AT THE
18TH REGIONAL PLANNING COUNCIL MEETING OF THE ECONOMIC
COOPERATION ORGANISATION

ISLAMABAD, 3 MARCH 2008

Honourable Secretary General of ECO Countries,
Mr. Khurshid Anwar
Secretary Planning, Mr. Ghiasuddin Ahmed
Distinguished delegates from ECO countries
Excellencies
Ladies and Gentlemen:

It gives me immense pleasure to welcome you all and to inaugurate the 18th Regional Planning Council meeting of the ECO Countries in the beautiful city of Islamabad, the capital of Pakistan with its pleasant temperatures and flowers, and promise of spring and rejuvenation. We appreciate and welcome our distinguished and eminent guests, just as we have done during the last several millennia. You are aware that people and ideas have moved across the region, enriching each other culturally, linguistically,and of course spiritually. *We pay tribute to the untiring traders, who have been the most powerful force in this process of assimilation, harmony and, if I may say so, even technology transfer!*

2. Excellencies, Ladies and Gentlemen:

The vast region which makes up the ECO has always had enormous potential, but ironically instead of the people of this region benefiting the others have exploited us to their advantage for centuries. It is heartening that the public at large and the leadership are now conscious and wish to be in the control of their destiny. It is precisely for this reason that in Pakistan we have just launched our Vision for the year 2030, when we expect Pakistan to transform itself in all respects into a developed, industrialised, just, and prosperous country, through rapid and sustainable growth. We will do so knowing full well that we are constrained by resources; we in Pakistan have, therefore, taken the considered decision to harness the power of knowledge and its enablers to reach the desired goals. The gathering of such an eminent group of planners, therefore, augurs well and offers us an opportunity to think about our collective future and undertake the preparation of some sort of strategic *vision for the whole region* – a vision of prosperity coupled with equity and human development reflected in the quality of life of all the present and future generations of ECO countries. We should try to achieve this vision

within one generation and I do hope that the deliberations of this Regional Planning Council would result in specific set of recommendations in this regard.

3. Excellencies, Ladies and Gentlemen:

We are meeting essentially to harmonise our individual planning processes and programmes to meet the objectives and spirit of the ECO Charter. I congratulate the organisers in their choice of the major topics and sectors for the working groups during the four days deliberations.

Let me now touch briefly upon the five critical sectors identified for these groups.

a. Trade and Investment: The ECO countries are emerging as one of the fastest growing group of economies in Asia and Pacific region with a robust and sustainable economic growth of above 6 percent, compared to 4 percent for all non-ECO developing countries. The environment for trade and investment is excellent, with energy, textiles and manufacturing sectors in the lead. All these developments in majority of ECO countries have impacted positively on poverty reduction, improvement in human development indicators and increase in per capita income.

However, there are four factors causing concern. First, the absolute value of global trade is low – roughly 2 percent each of exports and imports. Second, intra-regional trade is quite low at 7.5 percent, when compared with other regional blocks like European Union (62 percent), North American Free Trade Area (37 percent), the Association of South East Asian Countries (24 percent), and Mercosur (20 percent). Third, the share of manufactured exports in total exports is currently only around 25 percent (which is contributed by two or three countries only) compared to the world average of 75 percent. In total exports, the share of high technology goods is even more worrying, at less than 2 percent compared to 22 percent of the world average. Fourth, the inflow of FDI is also low at around 9 percent of the world FDI inflows and is concentrated on narrow sectors and in a few countries.

I am confident that the launching of ECO Trade Agreement (ECOTA) will reduce trade barriers and ultimately make the entire ECO a Free Trade Area by 2015. Its terms of commodity coverage and plans to reduce the tariff to a maximum of 15 percent on 80 percent of the goods traded will help in improving intra-regional trade.

b. Transport and Communications: An effective modern transportation and communication network is of utmost importance to enhance cooperation within the framework of ECO activities. This is particularly important because seven out of the ten ECO member states are land-locked and require facilitation of transit traffic. We in Pakistan will support and facilitate trade for all our partners.

Pakistan is spending considerable resources on strengthening and expanding the country's logistic chain. The National Trade Corridor encompassing all aspects of the logistic chain, targets the creation of new national, provincial and rural roads, together with expressways and modern distribution facilities and 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. We intend to use the instrument of Public Private Partnership to enhance efficiencies in these sectors.

c. Human Resources and Sustainable Development:

We in Pakistan are convinced that we will need to make the accumulation of knowledge and *collective competence* the major driver of our economic growth. This is our Vision 2030. We are humbled at the challenge before us, and we will not only welcome sharing *our* aspirations and policies with all our friends in ECO but actually look forward to learning from their collective wisdom and active collaboration. The game of commodity and low technology goods and services cannot continue any longer, whether for domestic commerce or exports.

Demand based skills development is a major thrust of Vision 2030. Pakistan has to embark emphatically on setting up the environment for technological and social congruence. This requires general increase in education and skill levels, and the rise in the share of resources devoted to public and private sector R&D, which are critical in allowing late-comers to catch up with the developed world. Creativity, innovation and out of box thinking would have to be the hallmark instead of the traditional sluggish and bureaucratic methods of working.

d. Energy, Minerals, and the Environment:

Ladies and Gentlemen, the ECO countries in addition to possessing excellent human capital have enormous energy and mineral resources, and we look forward to their collective contribution to the collective good. An important initiative of the ECO is the establishment of an interconnection and parallel functioning of electric power system in the region by 2015 to overcome the problem of energy shortages in the region. We expect that programmes for energy flows across the ECO countries will be enhanced and sustained under mutually beneficial arrangements. The Iran Pakistan gas pipeline agreement is nearly concluded and we look forward to other such arrangements.

I would like to share with the distinguished delegates that Pakistan too is blessed in this regard, and I can predict that Pakistan will be known as a 'Coal and Copper' country a few years down the line. We welcome your participation in their exploitation.

However, energy from fossil fuels is becoming less available and less affordable throughout the world. Similarly the desperate race for minerals cannot be sustained for long. We must, therefore, learn together to manage the current and looming intense competition for access and ownership of depleting resources and energy, which will increase the vulnerabilities of every member country in its transition towards a high level of sustained growth over the long term.

Sufficient quantum of clean water will also be in short supply. We have considerable degradation in some agricultural regions of Pakistan because of excessive exploitation, fertilisation, and pesticide use. The countries around the Caspian and Aral Sea have also suffered on this account. Conservation and respect for nature's diversity must therefore become a part of every child's education if we are to maintain inter-generational sustainability, other wise we will consume everything now and not leave anything for our future generations.

e. Agriculture, Industry and Tourism: With an FTA in place and peace in the region, industry and manufacturing must be encouraged to grow exponentially as the basic materials are available indigenously. However, a major global transformation is taking place. Manufacturing and services can be undertaken in any country if it has the requisite quality of human resources and infrastructure. This requires a high level of technical and managerial skills, which we must develop on top priority.

With prosperity and leisure, tourism too will increase. I look forward to the entire area being criss-crossed with highways and railways, and fast high bandwidth telecommunications as a result of The Transit Trade Agreement (TTA) and Transit Transport Framework Agreement (TTFA) which will facilitate trade, investment and tourism, in addition to citizens of one country routinely working in other member states.

4. Ladies and Gentlemen: We in the ECO are still operating much below our potential. With more than 6 percent of the world population (around 390 million), the combined GDP of the ECO countries is only 1.8 percent of the world GDP. Moreover, there are strong disparities in regional per capita incomes, ranging from US\$ 290 to US\$ 5400, as against the global average of per capita GDP of US\$ 7500.

However, there is reason for optimism. The educational enrolments are generally better than the world average, and there are rich natural resources. The quality of life in the ECO region, compares favourably with the world average. Life expectancy at birth is

closer to the world average for most countries and exceeded in some others; the adult literacy rate at 84 percent is higher than the world average of 82 percent.

5. Excellencies! I want to share with you some aspects of the progress Pakistan has made in the last six years when it has experienced the longest spell of its strong growth in years. Economic growth of 7.0 percent has been sustained for the last five years, and Pakistan has positioned itself as one of the fastest growing economies in the ECO region. The performance has resulted from a combination of sound macroeconomic policies, ongoing structural reforms and maintenance of consistency and continuity in policies which are likely to be reinforced in the wake of emerging scenario conducive to accelerated growth. This has resulted in a surge in foreign direct investment (FDI) and portfolio inflows by a factor of ten, reaching about \$ 6 billion in 2006-07. Liberalization, structural and regulatory reforms now permit the possibility of acquiring full ownership and repatriation of profits by foreign investors in almost all sectors of the economy. Administrative procedures have been streamlined and more flexibility has been introduced in working hours for improving the business environment.

Pakistan is the sixth largest country with a population of 160 millions of which, 100 millions are less than 25 years old. The country is currently witnessing a demographic transition with rising share of working age population. Going forward, our challenges include: utilizing the potential of youth for attaining sustainable economic boom; converting demographic transition into demographic dividend; managing domestic demand and expansion of domestic markets; improving competitiveness for exports growth; increasing savings and investment to support growth momentum to create job opportunities for the young generation.

6. Ladies and Gentlemen:

Global challenges are our shared responsibility and require global solutions, global resources and leadership. 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.

Experience shows that problems that afflict our region need to be jointly addressed and resolved with commitment. Let us work together to change the lives of our people and future of our nations in the 21st century. I am confident that we will succeed in our quest to achieve sustainable accelerated growth with equity. Only then can we alleviate poverty, achieve economic and social progress and prosperity in the true sense.

7. In the end, I wish you successful deliberations and look forward to professional recommendations to guide our collective effort aimed at cooperation to the mutual benefit of all participating states. I am sure that Islamabad's season of spring will turn these deliberations into a season of hope for all our peoples.

I thank you.