

The 15th RPC Meeting

Statement of H.E. Mr. Askhat Orazbay,
Secretary General of ECO Secretariat

(Tehran, 14-17 February, 2005)

Annex-III

*Excellencies,
Distinguished Delegates, Ladies and Gentlemen,*

It is a great pleasure to address the honorable heads of delegations and all participants. Our sincerest thanks go to His Excellency Vice-President of the Islamic Republic of Iran Hamid Riza Shoraka for gracing the occasion with his presence and a policy statement, which will, no doubt, guide our deliberations.

I wish to place on record our gratitude to the Government of the Islamic Republic of Iran particularly the Ministry of Foreign Affairs for facilitating the administrative arrangements made for this important meeting.

RPC as the planning arm of the Council of Ministers is going to discuss and decide on ECO's cooperative schemes. RPC is responsible for reviewing the past programs and evaluating their outcomes and achievements. It also considers and evolves new programs of action in line with the objective of the organization laid down in the Treaty of Izmir, as well as policy guidelines and directives. During these coming four days, six working sessions in priority sectors as well as the trilateral meeting for ECO Trade and Development Bank and Reinsurance Company are going to take place.

Since the last Regional Planning Council meeting held in Istanbul on 14th December 2003 organized with generous hospitality extended by the Turkish State Planning Organization, indeed tangible progress has been achieved towards the finalization of several projects. I am presenting a detailed report under Agenda Item Five. Therefore, I would keep this statement brief.

In 2004, five sectoral Ministerial Meetings have been held. These include the: First Ministerial Meeting on Industry in Tehran in January; First Ministerial Meeting on Finance/Economy in Islamabad in January; Fifth Ministerial Meeting in Transport and Communications, Cholpan-Ata, Kyrgyz Republic in August, Second Ministerial Meeting on Environment in Istanbul in October; Second Ministerial Meeting on Agriculture in Antalya in December.

I would like to report with satisfaction that the implementation level of ECO events has increased from 25% to % 46, since last RPC. In other words, in 2004 out of 78 ECO events approved by the 14th RPC, 36 events were realized. This represents a sharp increase in comparison with the previous year during which only 21 events out of 85 were realized. These figures being far away from the ideal indicate that there is still a need for better planning and adherence to work plans on the part of member states.

Among these events I should particularly mention ECO Kabul meetings, which I deem as turning points. The Second ECO Regional Trade and Investment Conference was held in Kabul, Afghanistan, in April 2004. The Conference assumed greater significance because it was a first-ever international conference held in Afghanistan in the last two decades and also first ever ECO event organized in Afghanistan. 7th General Assembly Meeting of ECO-Chambers of Commerce & Industry and Financial Experts Meeting for Establishment and Operation of ECO Special Fund for Reconstruction Projects in Afghanistan were also held in Kabul as well. The organization of three events in Afghanistan reflects abiding commitment of ECO with its member country. Afghanistan is becoming a backbone of the regional cooperation. It is coming out of post-conflict rehabilitation period and now reestablishing its regional links. In this regard, I am particularly pleased to see the attendance of a large Afghani delegation.

Ladies and Gentlemen,

The economic recovery in ECO region strengthened considerably in 2002 (7.3 percent) making it one of the dynamic regions in the world. The improved external environment, combined with high oil prices, strong domestic demand and intraregional trade, allowed the region to grow in 2003–2004 at annual rates similar to previous year.

Nevertheless, the ECO region faces some challenges such as eradicating poverty, eliminating barriers before trade, neutralize the negative effects of distance by developing globally competitive transport networks, identifying and exploiting the complementary strengths, developing mutual trust and marshal the necessary political will to respond to the concerning challenges.

The direction and rate of growth in the region are positive. The concentration of member states is no longer on how to generate growth but how to sustain and expand it and how to spread its benefits throughout the population.

ECO creates positive impacts on fostering a partnership mindset and opening dialogue in cooperative areas. Our success depends on how to involve main beneficiaries such as private sectors, civil society in our frameworks. The path ahead is clear. What is needed now is action wherever is possible.

Within ECO, we are constantly engaged in making the ECO Chamber of Commerce and Industry (ECO-CCI) realize that we want them as a partner to promote regional trade. No intra governmental organization can ensure genuine and effective regional cooperation without the participation of the private sector. Therefore, we seriously seek the support of the member states to activate ECO-CCI.

ECO is giving high priority to the implementation of the projects/agreements such as (i) ECO Trade Agreement (ECOTA), (ii) Transit Transport Framework Agreement (TTFA), (iii) Feasibility Study on Interconnection of ECO Countries Power Systems, (iv) Establishment of ECO Trade and Development Bank and Reinsurance Company, and (v) Operationalization of Trans-Asian Railway Line (Almaty-Tashkent-Turkmenabad-Tehran-Istanbul).

The signing of ECO Trade Agreement (ECOTA) is a major step towards realization of the objective of removal of trade barriers and establishment of Free Trade Area in the ECO region by 2015. The 1st Meeting of the High Level Expert Group adopted a resolution for a fast-track approach for early implementation of ECOTA. It envisages further reduction in tariff slabs from 15% to 10% within 5 years instead of 8 years.

It is hoped that the RPC might give its recommendations for the path to be followed concerning the fast-track approach. 2nd HLEG will finalize the annexes of ECOTA, including fast track approach. ECO Secretariat is of the opinion that progressive member states (Iran, Pakistan and Turkey) may adopt an optional protocol to be attached to ECOTA, open to the remaining member states for the early implementation of ECOTA.

We need to establish, as early as possible, the ECO Trade and Development Bank to help ECO to pursue a project-oriented development strategy. The Dushanbe Declaration of the 8th ECO Summit and the First Ministerial meeting on Finance/Economy acknowledge the importance of early operationalization of ECO Trade and Development Bank and ECO Reinsurance Company. A new consultancy of the Business Plan for the Bank is needed. The 89th CPR agreed on hiring of a consultancy firm to prepare the mentioned plan to be financed out of ECO Feasibility Fund. Draft modality for selection of the Consultant was circulated by the Secretariat to be revised during the coming trilateral meeting. On the other hand, the task of the trilateral meeting on Reinsurance Company is to remove the lacunas in the draft Articles of Agreement and Headquarters Agreement.

Distinguished delegates,

Expansion of trade could not be realized unless an effective modern transportation and communication network comes into existence. Transit Transport Framework Agreement (TTFA) and its 8 annexure is one of the most important and comprehensive document provided for enhancing transport cooperation among

the ECO member countries. Considerable efforts have been made by the ECO Secretariat for operationalization of this Agreement, which have been signed by nine member states and ratified by five while awaits one more ratification to become operationalized.

Full operationalization of Container and Passenger trains on Almaty-Istanbul route is one of the most significant transport projects within ECO regional cooperation framework. In this regard, the Dushanbe Declaration urged the political will of the member states to do their utmost for the early implementation of the project.

Dear delegates,

ECO countries are approaching a historic moment of opportunity as significant world energy suppliers. At the present the member countries produce about 6.8 percent of world crude oil supply and absorbs about 3.7 percent of world crude oil demand. The region now exports more than 45 percent of the oil it produces, up from 40 percent during the 1990s. These present that the ECO process has an important role to play for energy cooperation in the region. The Secretariat has recently exchanged the views with the World Bank representatives on the issue of possible cooperation in the field of regional energy trade (Gas and Power). Asian Development Bank (ADB) has also expressed its interest to cooperate in the energy sector and asked ECO to identify a specific project for joint undertaking. A draft project proposal for the promotion of Renewable Sources of Energy in the ECO region was submitted to ADB.

The matter of the feasibility study on interconnection of ECO countries power systems is progressing. The Secretariat upon the decision of the 83rd CPR meeting sent to the Islamic Development Bank all the bids received from the consulting firms/companies with a request to consider them and select a Consultant. The IDB has informed the Secretariat about the result of their selection. After receiving the decision of CPR in this respect, the Secretariat would start the next step for carrying out the subject study.

Agricultural development and food security initiatives, key means to contribute to economic growth and alleviation of poverty are of high importance in the regional cooperation in the ECO region. In order to provide a comprehensive long-term framework for the ECO cooperation in agriculture sector, the ECO Secretariat with the technical and financial support of FAO is preparing the regional strategy for agriculture development and food security. It is expected that the draft ECO Regional Strategy for Food Security and Agriculture Development will be finalized by early 2005.

Ladies and Gentlemen,

The organization of the 1st ECO Ministerial Meeting in the field of Industry in January 2004 in Tehran was a major development in ECO Activities in the field of industry. The Ministerial Meeting adopted the Plan of Action for Industrial Cooperation in the ECO region and has taken a number of important decisions for improvement of investment climate in the region, cooperation on industrial restructuring efforts privatization, private sector development, trade promotion, development of small & medium sized enterprises, technology transfer and management, intellectual property rights etc.

Under the directives of the First Ministerial Meeting on Industry, ECO is also preparing its Regional Strategy on Industry. The 1st Meeting of the Experts Group, established for this purpose, was held in Ankara in September 2004 and the 2nd Meeting of the Expert Group is scheduled to be held in Islamabad on 14-17 March 2005. Draft text of the strategy has already been prepared and circulated among the member countries and international organizations like UNIDO.

I would like here to mention our efforts to operationalize ECO Special Fund for reconstruction of Afghanistan. We need more understanding and cooperation from Afghan authorities. With the support of ECO-CEC, some projects are to be carried out on pre-feasibility studies to be funded by ECO Feasibility Study Fund.

Analytical studies and policy-oriented research with programmes such as ECO Annual Economic Reports, Progress of ECO decade, Macroeconomic and Foreign Direct Investment Overview of the ECO

region, Human Development Index performances of ECO countries and others are being made by the Secretariat.

Drug Control Coordination Unit (DCCU) established in July 1999 under the ECO-UNODC Project. The Unit interacted with the member states and other international drug control organizations and shared information on measures taken in combating illicit drug production and trafficking in the region. Its website is operative. It organized two meetings of National Focal Points and three workshops on Drug Demand Reduction and Drug Supply Reduction during the year 2003 and 2004. The computerized network has been established between DCCU and the National Focal Points, which is operational and provides fast and secure exchange of information in the member states. The Project has been expired on 31 December 2004 and the DCCU has been absorbed in the ECO Secretariat. The Secretariat is in contact with UNODC for another Project with UNODC and donors' organizations/agencies to support DCCU activities and to achieve the goals and objectives as mentioned in the ECO Plan of Action on Drug Control.

Now a few words about ECO's external relations: ECO has used its growing links with UN bodies and regional organizations as well as financial institutions to promote development projects and programmes in the region. Relevant agencies continue to play an active role in assuming substantive responsibilities in various ECO projects and programmes. IDB, UNDP, UNESCAP, UNCTAD, FAO, ITC, ADB and World Bank deserve particular mention in this connection. We have recently signed MOUs with UNEP and WMO. I would like to highlight the opportunities likely to unfold with regard to ECO-ASEAN cooperation after signing a MoU to be finalized after CPR gives its consent to do so.

ECO should continue its relations with regional and other international organizations to raise the necessary support and funding with view to implementing different ECO development projects in the region.

Dear participants and guests,

Before I conclude, I wish all of you happy and memorable stay in Tehran known for its beauty and long traditions of warm hospitality.

Thank you for your attention.

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