

The 3th RPC Meeting

ISLAMABAD PLAN OF ACITON FOR ECO

(Tehran, 17-19 January, 1993)

Annex-XI

The Council of Ministers of the Economic Cooperation Organization met in Islamabad on February 6-7, 1993. The Meeting was attended by the Foreign Ministers of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, Turkey and Uzbekistan.

In reviewing the progress achieved in the development of regional cooperation, the Ministers commended the Regional Planning Council and the Technical Committees for their important contributions which had resulted in the initiation of important projects amongst the ECO Member States. The Ministers also expressed satisfaction on the position results of the various experts group seminars, meetings and training programmes held under the auspices of the ECO.

TRADE

The Council of Ministers are agreed that with a view to promoting the economic integration which is the objective of ECO, the Members shall endeavour to make trade within the region a major component of their total trade. The Council of Ministers directed the Economic & Commercial Committee in the light of Articles II and III to work towards the elimination of all barriers to trade (both tariff and non-tariff) within the ECO region and to examine immediately the feasibility of replacing the present Preferential Tariff System on selected items by an across the board cut of 25% on all items originating within the ECO region.

The Committee should examine the possibility of specifying for each Member State the percentage of its foreign trade to be conducted within the ECO region with a provision for specific annual increases. They should also conduct a study of the exports (present & potential) of each of the ECO countries and determine the extent to which these can meet the important needs (present & potential) of other ECO countries.

The Council directed the Committee to devise uniform system of custom procedures at all borders within the region with the objective of ensuring that goods in transit are cleared for onward movement expeditiously.

They also noted that economic activity was increasingly being directed in all the ECO countries towards the private sector and appreciated that lack of awareness of trading opportunities was a major factor inhibiting trade within the region. They directed, that the ECO Chamber of Commerce should hold at least twice a year seminars to acquaint businessmen of the ECO countries with the trade potential that existed within the region.

To facilitate the growth of trade they further directed that the proposed Trade and Development Bank should in its trade financing activities focus on intra regional trade.

The Council directed that necessary measures be taken by national authorities to ensure that businessmen could travel within ECO region without delay and that visas where required are granted expeditiously.

TRANSPORTATION AND COMMUNICATIONS

The Ministers emphasized that modern communications were a pre-requisite for the development of economic trade and other cooperation. The Ministers indicated on behalf of their governments their determination to allocate national resources and mobilize separately and collectively economic resources for this purpose. Towards that end they directed that efficient transport and telecommunication facilities throughout the ECO region had to be created before the goal of ECO integration could be realized.

Given the vital and technical nature of this sector they proposed that a meeting of the ECO Transport & Communications Ministers be held within next two months to consider a mandate for the Transport & Communications Committee along with following lines:-

- (a) Transport and Communications Committee should prepare for consideration by the Council of Ministers a comprehensive plan by December 1993 that would have as its objectives:
 - (i) enabling trucks to travel from one end of the region to the other at internationally acceptable standards by the year 2000;
 - (ii) expanding and integrating national railway networks to permit transportation by rail from one end of the region to the other;
 - (iii) the expansion of air connections so that there is a direct air connection between the capitals/major cities in each of the ECO countries at least once a week;
 - (iv) expansion of Port facilities to handle the sea-borne trade of the region.
- (b) The plan may include an examination of the national transportation networks of the ECO countries, the current plans for extension/modernization and propose such modifications in these plans as would facilitate intra-ECO transportation.
- (c) Pending the creation of an integrated regional network; examine the feasibility of a joint venture Container Company which would enable goods to travel within the region by a combination of rail, road, and sea transport, and in this context to propose the concessions that should be offered by state-owned railways/shipping companies to make such a Container Company economically feasible.
- (d) Examine the possibility of an ECO Airline jointly owned by the national airlines and enjoying concessional facilities at the airports of the ECO

countries and, pending the formation of an ECO Airline, encouraging the national airlines to enter into Pool Arrangements. The possibility of the private sector initiating air services and the incentives from the national governments that would be needed to encourage such private sector investments should also be identified.

- (e) In the field of telecommunications the mandate of the Committee should cover:
 - (i) Ensure that by 1995 at least 40 telephone channels exist between of the ECO country either directly or through another ECO country;
 - (ii) Explore the possibility of expanding currently planned domestic satellites in ECO countries to serve as links between all ECO countries for telecommunications, television and radio broadcasts. Alternatively, the prospects of an ECO satellite may be explored, the goal being to achieve satellite connections between the ECO countries by the year 2000;
 - (iii) Effect improvements in the Postal System so that mail from one ECO country is delivered to other ECO country within one week's time. To facilitate postal traffic the feasibility of applying domestic rates for intra regional mail should be considered. Additionally the possibility of a special plane for mail service may be explored.
- (f) Given the envisaged rapid expansion of national telecommunication networks to serve the 300 million people of the region, a vast potential for a telecommunication industry exists. The possibility of cooperation including the manufacture of different components by different regional member countries should be explored including the essential, pre-requisite of harmonizing standard and requirements.
- (g) To keep abreast of the latest developments in this rapidly changing field, and to generate innovations, a Research Centre financed jointly by the Regional Telecommunication Industries and the Governments should be set up.

INDUSTRY

The Ministers recognized that the development of industry will be largely in the private sector and that businessmen will be encouraged to establish industrial units to cater to the entire regional market by the tariff measures already proposed and by the economies of scale that a large market makes possible. They felt, however, that some further measures would be required.

The Ministers directed the Industrial Committee to make proposals in this regard and also asked for the examination of the possibility of offering such units special concessions on local taxation and on availability of other facilities and permitting,

throughout the region, national treatment, in terms of tariffs, and local taxation, to the products of such units.

The industrialization policies to the extent that they can be influenced by national Governments should be directed towards an equitable allocation of production facilities between the ECO countries bearing in mind optimal size and availability of raw material and ancillary facilities.

TOURISM

The Ministers expressed the hope that expansion of transport and telecommunication network would increase the flow of intra and extra regional tourists. To facilitate such tourism further, they directed to national authorities to examine the possibility of facilitating grant of visas, and of promoting cooperation between the tourism organizations/travel operators within the region. The objective should be to increase substantially the ECO region's share of the global tourism trade.

ENERGY

The Ministers noted the region's rich energy potential both hydro and fossil and directed the preparation of a well considered plan for a network of pipelines and the integration of power grids to meet the entire region's requirement and to provide export outlets through regional ports for the landlocked energy producers.

HUMAN RESOURCE DEVELOPMENT

The Ministers noted that many ECO countries had technical programme to provide training facilities to foreign nationals. They directed that 20% of all such technical programmes must be placed at the disposal of other ECO countries.

They further directed the Educational, Scientific and Cultural Committee to:

- a) undertake a study of all vocational training facilities available within the region and to propose such expansion/modification as would help these institutions to serve the need of the region as a whole keeping in view the requirement as spelled out by each of the member country for vocational training;
- b) examine the possibility of the expansion of existing facilities within the region for language training to cater to the enlarged need of the region;
- c) take immediate measures to set up by 1995 the ECO Science Foundation visualized in Article XIV.

ECO FUND FOR FEASIBILITY STUDIES

To achieve the objectives of this Plan of Action and to supplement the efforts of the Technical Committees, the Ministers decided to set up a Special Fund to undertake feasibility studies in various sectors of economic activity within the region. This Fund which would have an initial contribution of US\$300,000 would be placed at the disposal of the ECO Secretariat which, with the approval of the Regional Planning Council, would commission feasibility studies by Consultants of international repute (preferably from within the region).

This Fund could be supplemented, with the approval of the Council of Deputies, by assistance from International Organizations.