



Economic Cooperation Organization

ECO

**Terms of Reference (ToR)
for hiring a Trade Specialist
to prepare a study for project:
*“ECO TRADE AGREEMENT”***

Directorate for Trade & Investment
ECO Secretariat
IRAN, TEHRAN
23 August, 2020

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Glossary

- MoU – Memorandum of Understanding
- FTA – Free Trade Agreement
- ECOTA – ECO Trade Agreement
- ECO – Economic Cooperation Organization
- ECO CCI – ECO Chamber of Commerce and Industry
- AIT – Agriculture, Industry and Trade
- WTO – World Trade Organization

BACKGROUND AND INTRODUCTION

The Regional Cooperation for Development (RCD) founder by Iran, Pakistan and Turkey was renamed as “Economic Cooperation Organization” (ECO) in 1985. In 1990 and 1991, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan Turkmenistan and Uzbekistan joined the Organization. The main objective of the Organization is Socio-economic Development of the ECO Region. To this end, the Member States endeavor to strengthen cooperation in different priority areas, including inter-alia Trade.

In 2004, the ECO Trade Agreement (ECOTA) was signed between Afghanistan, Iran, Pakistan, Turkey and Tajikistan. The main objective under ECOTA is reduction of tariff to the rate specified thereunder.

ECOTA entered into force in 2008, and irrespective of this, the Agreement has thus far not been fully operationalized. The States parties to ECOTA are at variance as to their approach towards implementation of ECOTA.

During the last meeting of the Cooperation Council of ECOTA held in 2019, several proposals have been put before the members of the Council. The proposals ranged from sectoral implementation of ECOTA and simultaneously revision of the ECOTA and even setting off a fresh round of negotiation aimed at conclusion of a new comprehensive agreement heading toward FTA.

The ECO Secretariat carried out a research study titled 'Leveraging the Potential of ECO Region' which may help the trade specialist in the research study.

As a way forward, the Secretariat intends to conduct a study on the subject matters that may guide the Member States in their adopting an appropriate policy for boosting the Intra-Region Trade. For this objective of the study, the services of a Trade Specialist will be hired based on the Terms of Reference defined hereunder. The Trade Specialist will target the study's end outcome, to include trade facilitation among other targets and creating a database of the NTBs maintained by the member countries with recommendations to remove these barriers to trade.

The study shall review the ECOTA Agreement, the current situation and the possible way forward, to remove the regulatory and economic hindrances. Furthermore, it may consider the ECO Agreement on Promotion and Protection of Investment, which has not yet come into force and the possibility of development of a new agreement on Trade Facilitation in the ECO region, incorporating elements of both of the aforesaid agreements. However, the scope of the work of Trade Specialist may not be limited to the said areas only. He/she, while deriving on the study's findings, may come up with the new ideas for building further on these agreements, upon sharing novice views and results of the study with the Secretariat.

AIMS AND OBJECTIVES

The Study to be conducted by the Trade Specialist shall contain a review and analysis of the impediments and barriers preventing implementation of ECOTA based on the regulatory environment to achieve the targets and the actual progress made in implementation of ECOTA. The Study is expected to review and analyze possible ways forward to the full implementation of ECOTA as proposed by the Member States as well as recommend practically workable solutions based on the analysis and evaluations to be fulfilled under the present ToRs.

2. The conclusions of the study should contain well-calculated feasible solutions and recommendations, based on economic capacities of the States Parties to ECOTA.
3. In concluding the study, the Trade Specialist will draft a new trade agreement titled: "ECO Trade Facilitation Agreement. The justification and expected outcomes of the possibility of incorporating the elements of the ECO Promotion and Protection of Investment and the recommendations of the contents in the body of the new draft of TFA may be part of the study.
4. Scope of the Study will be further delineated after holding an assignment review

meeting with the Trade Specialist. The study will be split in two or three phases. A timeline has also been defined for each phase, which aims at the development of draft text of the Trade Facilitation Agreement along with the commentary thereto.

5. Upon fulfillment of the study, the recruited Trade Specialist should present the following results:

- I) Analysis of ways and means for implementation of ECOTA ;
- II) Draft MoU for opening markets for specific items at minimum tariff rates;
- III) Draft Trade Facilitation Agreement containing clauses/provisions unaccounted in ECOTA, study of (NTBs)and their effects on ECO trade;
- IV) Draft Comprehensive ECO Trade Liberalization Agreement for Establishment of Free Trade Area in ECO Region;
- V) Concluding summary report on findings of the study.

ASSIGNMENTS:

- Assess ECO's existing Trade Agreements to recommend justified modifications/adjustments in line with best international practices/procedures, upon consulting with ECO Member States.
- Develop a strategy to be flexible, scalable, adjusted under the progressive framework of ECO for trade and investment .
- Justify the selection of priority-based activities excerpted from ECO's existing Agreements for immediate implementation thereupon.
- Develop an effective coordination mechanism for accelerating and improving the implementation of the Agreements.
- Generate and present novice concept and ideas for projects on trade and investments with consultation to achieve tangible results as envisioned under the Agreements.
- Develop a Methodology supported by a complete set of justification documents to improve trade and investment among ECO Member States.
- Prepare an implementation plan and a schedule, containing timelines, for implementation of recommended changes/modifications.
- Carry out risk assessment and recommend risk mitigations strategy in trade and investment with a study on insurance sector collaboration in ECO.
- Develop a roadmap for greater regional trade in ECO with a focus on tariff and Non Tariff Barriers(NTBs); Technical Barriers to Trade (TBTs) and Covid 19 trade restrictive measures employed by the member states to ensure removal of unnecessary barriers to trade. A data set will be prepared on the NTBs maintained by the member states of the ECO with recommendations to remove these barriers to trade.
- Prepare and present five key documents as reflected in paragraph 5 of the present ToRs.

REPORTING

- The Trade Specialist will report to Deputy Secretary General (AIT). Progress on the report will be shared on fortnight basis, describing all activities undertaken and detailed plan for the subsequent month.
- All six main outcome reports underlined in paras-3, 4 and 5.
- Final Report (end of assignment), which describes all activities undertaken and presents different scenarios for tangible and result-oriented actions with timelines.

In sum, the Trade Specialist will report on progress on workloads six times during 90 days in the course of fulfillment of the study. Phasing of workloads has been suggested in 2 or 3 parts, as indicated at para-4 of this document. The first phase is most labor intensive as it embraces 18 activities (Table 1). The remaining phases have evenly been distributed.

CONSULTANCY SERVICE DELIVERABLES

Note for the Trade Specialist: Regional trade agreements have reasserted their critical role in trade governance and regulation amid hyper-globalization trends resulting in trade disputes between global traders and uncertainties in the flow of international trade and investment caused by COVID19. At present, over 250 regional and bilateral trade agreements govern more than 30% of world's trade. The key advantage of regional trade agreements is that they can include provisions aimed at trade liberalization that go beyond the non-discrimination provisions of the WTO under Article XXIV of GATT and Enabling Clause 1979.

Some ECO countries are WTO members like Afghanistan, Turkey, Tajikistan, Kyrgyz Republic, Kazakhstan and Pakistan whereas others are observers. Therefore, the Trade Facilitation Agreement (TFA) acquires a special value for the ECO. Note should be made that in world trade, some regions prefer TFA's precedence over Regional Free Trade Agreement (FTA) as the pace of implementation of the latter is varied from region- to-region, as seen in the ECO region where ECOTA came into force in 2008. To that effect, one of the prime tasks of the Trade Specialist shall be; to prepare and submit all-facet justified contents of the TFA.

For the ease of the Trade Specialist in his/her delivery of milestone Outputs of the Study, the following clarifications/specifications have been reflected in Table 1:

S#	Outputs	
	Output 1.	Analysis of ways & means of practical implementation of ECOTA, to be based on a step-by-step Roadmap.
1.		Output 1.1: Review of <u>physical/non-physical barriers</u> that prevented ECOTA from implementation;
2.		Output 1.1.1: Review the NTBs and trade effecting measures employed by the ECO countries in general and after Covid-19 in particular.

3.		Output 1.2: Developing <u>scenarios</u> for ECOTA's practical implementation.
4.		Output 1.3: Devising a step-by-step Roadmap of Implementation of ECOTA.
	Output 2.	Draft an amendment to ECOTA in line with Article 38 of ECOTA.
5.		Output 2.1: proposal for amending Article 4 of ECOTA.
6.		Output 2.2: Proposal for amending other articles of ECOTA
7.		Output 2.3: Other Proposals for encouraging MSs to join ECOTA for its implementation.
	Output 3.	Preparing a draft MoU for <u>immediate implementation and parallel amendment in ECOTA</u>
8.		Output: 3.1: Draft an MoU for selected items for trading among ECO Member States with an ambitious proposal for reduction in tariffs on such items based on content and spirit of ECOTA.
9.		Output 3.2: Sort out the <u>recommended Tariff Lines of commodities to have minimum tariff (preferably on the basis of Revealed Comparative Advantage to cover substantial trade)</u> as specified in output 1 and 2.
10.		Output 3.3: Liaise with Technical Committee for Customs/Trade (of which the first meeting was held in 2018) for output 1.3 and 3.2 and get verified commodity lists with <u>latest</u> bound and applied tariffs on the specified commodities, recorded at customs border crossings points of ECO countries.
11.		Output 3.4: Based on output 1.3, 2.1 to 2.3 and 3.1 to 3.3 prepare and submit a verified draft of MoU to the supervisor as specified in the TORs.
	Output 4.	Draft Trade Facilitation Agreement (TFA).
12.		Output 4.1: Based on the results of Outputs 1.1, draft an ECO Trade Facilitation Agreement.
13.		Output 4.2: Carry out comparative analysis of Framework of drafted Trade Facilitation Agreement with such Agreements of major regional organizations for international harmonization purposes.
14.		Output 4.3: Based on Outputs 1.1 to 1.1.1 and 3.1 to 3.2 prepare and submit the verified text of Trade Facilitation Agreement to the supervisor as specified in TORs.
	Output 5. (Phase-2)	<i>Drafting the "ECO Comprehensive Trade Liberalization Agreement (ECTLA)".</i>
15.		Output 5.1: Drafting the adjusted text of ECO <u>Comprehensive Trade Liberalization</u> Agreement to contain the clauses/provisions that were unaccounted in ECOTA;

16.		Output 5.2: Liaising with ECO Trade Development Bank and ECO Chamber of Commerce and Industry – for the possibility of providing by them a Technical Assistance for the project;
17.		Output 5.3: Exploring major regional development institutions to get their support in research for implementation of ECOTA.
18.		Output 5.4: Submitting the concluding summary report on findings of the study.

Table 1: Study's output matrix

PROJECT BUDGET AND OBLIGATIONS OF PARTIES

The total budget of the contract of Trade Specialist for fulfilling the Study is US\$ 8,000 (Eight Thousand US Dollars) for Part-1(containing Output No 1 to Output No.4)-and US \$ 2000 (Two Thousand US Dollars) for Phase-2 (containing Output No.5), which will be funded from ECO General Reserve Fund (GRF). DSA and Transportation shall not be provided by the ECO Secretariat. Any tax arising due to Consultancy shall be borne by the Trade Specialist and there will be no liability on the part of ECO Secretariat in this regard. The amount funded from GRF will be released in three installments based on the submission of reports of the Study in line with the specifications of the present ToR as below.

Currency United States Dollar

Total amount in figures:

US Dollars 8,000/- (Part-I)

Total amount in words:

Eight Thousand US Dollars

Total amount in figures:

**US Dollars 2,000/- (Part-II)
(Two Thousand Dollars)**

- 25% after submitting first report for Part-I.
- 25% after submitting second report for Part-I.
- 50% after submitting final report for Part-I.

For Part-II, the request to start work on Phase-II research ((Output No. 5) alongwith finalization of Phase-II payment schedule will be decided after successful and timely completion of Part-I.

NONDISCLOSURE OF CONFIDENTIAL INFORMATION

The Trade Specialist shall ensure that all the data/information collected under this study is kept confidential and will be sole and exclusive property of ECO. The Trade Specialist shall not, acquire any right, title, interest in regard of any confidential information collected for this consultancy.

SUPERVISION

The main point of contact for this exercise will be:

Director (Trade & Investment), Economic Cooperation Organization and, in his absence, the concerned DSG.

Address: No. 1, Golbou Alley, Kamranieh St., Tehran, Iran

Phone: +98(21) 22831733-4 & 22292066. Email: altafkhan@eco.int, Website: www.eco.int

TERM OF ASSIGNMENT

The duration of the assignment will be 3 months from the date of signing the contract.
The working language will be English.

PROCUREMENT OF SERVICES

Specialist will be selected in accordance with the ECO guidelines for procurement of goods & services.

Signature

The present document is done on .. **October 2020** and signed by:

On the part of Specialist: _____

On Part of ECO _____

Name :

Name: Syed Yahya Akhlaqi

Designation:

Designation: Deputy Secretary General

Organization:

Organization: ECO, Secretariat Tehran

Date:

Date: