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ECO Regional Planning Council (RPC)**

Working Paper on Trade and Investment
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EXECUTIVE SUMMARY

In Trade and Investment sector, numerous High Level Fora including Ministerial Meeting on Commerce and Foreign Trade, Ministerial Meeting on Finance and Economy, the Meetings of organizations of the ECO Member States like Heads of the Tax Administration, Heads of the Central Banks, Heads of the Customs Administrations and Heads of Trade Promotion Organizations; make decisions in the light of the goals set out in the basic documents of the Organization such as Treaty of Izmir, Summit Declarations, Council of Ministers Meetings, ECO Vision 2025, etc. The decisions at such forums determine the direction and scope of the ECO for cooperation in the areas of trade and investment and also help shore-up cooperation for developing and implementing the multi-lateral trade regime, trade liberalization and facilitation & investment promotion, proposing and inking trade & investment related agreements, plans, projects, etc.

1. Trade and Investment sector gives a reflection of any economy and it occupies central place in the ECO region too, as core priority areas, which can play crucial role in improving the economies of the Member States through expansion in the intra-regional trade as well as creating greater trade flows to other regions and the rest on world. After the adverse effects of Covid-19 pandemic, the overall global GDP is projected to recover by 5.9% in 2021 and 4.9% in 2022. The projections for subsequent recovery with a positive growth of 3.2% for the 2023-2025 periods; are solely dependent upon the duration of the pandemic¹.

2. Trade has been a critical tool in combating the pandemic and the strong growth underscores how important trade will be in underpinning global economic recovery. The WTO is now predicting growth in global merchandise trade volume at 10.8% in 2021—up from 8.0% forecasted earlier, followed by a 4.7% rise projected in 2022.² The situation is more clear on a quarterly canvas as depicted in the following table:

¹ World Economic Outlook Oct2021, IMF Forecast available at the IMF website (accessed on 6th Dec 2021 <https://www.imf.org/en/Publications/WEO/Issues/2021/10/12/world-economic-outlook-october-2021>

² https://www.wto.org/english/news_e/pres21_e/pr889_e.htm



3. The world trade contracted on account of trade war between the US and China in 2019 and recorded a decline of 2.9% in 2019 over 2018 (year on year basis) by contracting from US \$ 38.016 trillion to US \$ 36.911 trillion. The world trade recorded a pandemic induced contraction of around 20% in 2020 over 2019, as the global trade fell from US \$ 36.911 trillion in 2019 to US \$ 29.393 trillion in 2020³. The situation in the first quarter (Q1) of 2020 was particularly worse which improved in the second and third quarter of 2020. However, the threats of second and third waves of Pandemic continue to shackle the economic growth to a great degree. The WTO forecast for a quick, 'V' shaped recovery was shadowed by the second and third waves of the Pandemic.

4. Like global economy, the economies in the Economic Cooperation Organization (ECO) are projected to face similar trends. The projected GDP growth rates of most of the countries are in the negative trajectory and projected overall regional growth rate in 2022, will be around 4% on average⁴. In the ECO region, the inflation rate is projected by IMF at 16% and 15.4% in the year 2022 and 2023, respectively.

5. Likewise, the trade volume in the ECO region has declined from US\$ 729 billion in 2019 to US \$ 661.5billion in 2020.⁵ The Data further reveals that exports in 2020

³ ITC database, .

⁴ Estimated based on IMF Data.

⁵ Trade map ITC Web based tools.

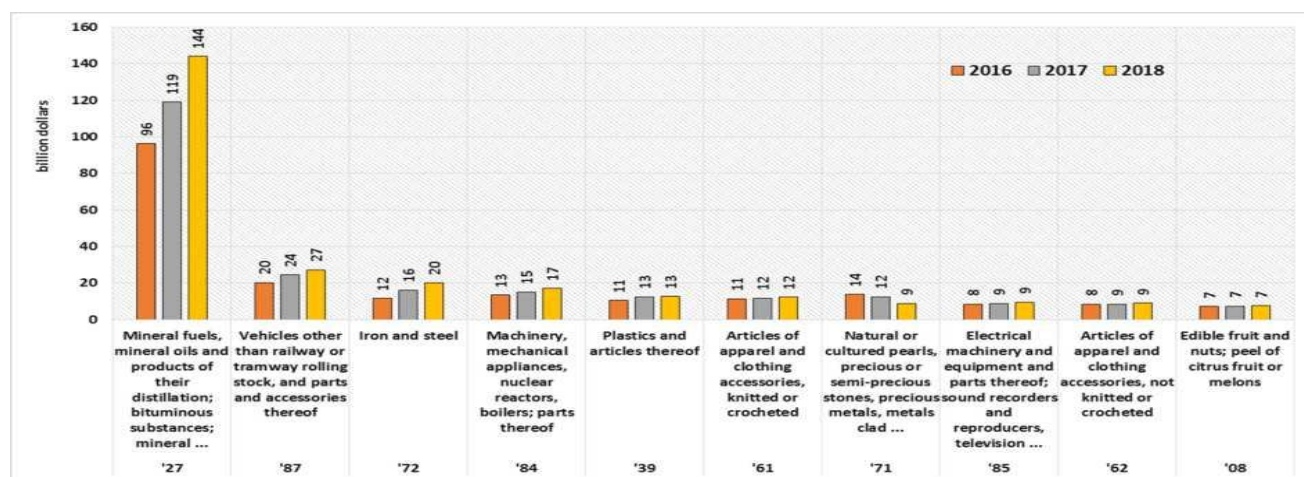
were composed of 49 per cent of total volume of merchandize trade whereas and imports make up 51 per cent of total volume of merchandize trade. Furthermore, the share of the ECO region's trade in the global trade is almost 2.1 per cent as against ECO region's population of 6.2% in the world population.

6. The Volume of intra-regional trade stood at US\$ 49.8 billion accounting for 7.5 % of the total trade of the ECO member states in 2020. It has decreased due to severe Covid-19 disruptions in supply chains, restrictions due to lockdowns, long travel bans and border closures etc, which resulted in unemployment at large scales in services sector leading to diminishing demand. Within the ECO, the top exporters in 2020 were Turkey, which accounted for over 55% of the total exports of the region followed by Kazakhstan and Pakistan according to the reported data of the ITC web based tools. (source: trade map)

7. Major Export destinations of the ECO region have been China (9.6 % share amounting to US \$ 28.05 billion), followed by the EU countries like Italy (6.8 %US \$19.8 billion), Germany (6.27 % amounting to US \$18.2 billion), USA (5.13% amounting to US \$ 14.9 billion) and the UK (5.1 % with US \$ 14.8 billion). The Major decline in ECO exports in percentage terms has been reported to two main export destinations of China and Italy in 2020.⁶

Major Exports of the ECO to the World

Table below shows a graphic presentation of the ECO region's major global exports:



(Source: Trade map, ITC tools)

8. Services sectors have been heavily affected by the COVID-19 pandemic both domestically and in relation to international trade. The ECO services exports to the world stood at US\$ 96.3 billion which declined to US \$ 55.48 billion, registering a

⁶ ITC Web based tools, Trade map

decline of 42.3 %. Republic of Turkey accounted for more than 60 % of the services exports in the ECO services exports in 2020 according to ITC reported data, followed by Islamic Republic of Pakistan. Likewise, Transport sector accounted for 38 % of the services exports with US \$ 21.2 billion, whilst Travel sector exports stood at US \$ 12 billion (with 21 % share in regional exports). Two major sectors i.e. tourism and transport services, have suffered adversely in 2020 as a result of restrictions on a range of activities like mobility, travel, tourism and hospitality sector. The lockdowns and social distancing measures imposed for public health reasons; resulted in disruptions in supply chains. Nevertheless, the crisis has spotlighted the importance of services that enable online supply (Mode.1 of GATS) such as telecommunications and computer services, as well as the broader infrastructural role of transport, financial, distribution and logistics services in facilitating trade and economic growth. The services sector is pivotal in providing inputs for other economic activities, including connecting supply chains, facilitating trade in goods through transpiration channels, mobility of men and material etc. . Any disruption in services supply has attested a broad economic and trade impact. The type and extent of effects on trade in services vary by sector and mode of service supply. The effects and recovery on different modes of service supply are explained below:

- a. Trade in services that involves proximity between suppliers and consumers has been severely impeded. GATS mode 2 consumption abroad (supply in the context of the movement of consumers abroad) and mode 4 natural persons (involving the temporary movement of natural persons) have been largely paralyzed in 2020 but restored, somewhat, in 2021.
 - b. The crisis is leading to a greater focus on online mode of supply in many new sectors such as retail, health, education, food and audiovisual services. The suppliers are accelerating efforts to expand their online operations and the consumers are expressing more interest in online shopping/ E-commerce, which has contributed to a long-term shift towards paperless cross-border trade and E-Commerce. In the future, increased supply of services through digital networks could increase trade through mode 1 (cross-border supply).
 - c. The increased use of online (mode-1) services during the COVID-19 pandemic has reflected pronounced disparities in technology and connectivity as access to digital platforms varies from country to country, based on their relative digital profile, technological advancement and status of development. The demand of companies for access with broadband connectivity increased manifold for business during the Pandemic and the Operators in developed and developing countries alike; have suspended data limits and boosted data capacity to meet the growing demand for grater band width.
9. Services sectors, and the creation of conditions conducive to trade in services; have been pivotal to economic recovery from the pandemic induced slump. Global trade in services registered a decline of (-) 7.3% in the first quarter (Q1) of 2020 and (-) 28.5% in

second quarter (Q2) on a year-on-year basis. The hardest hit sector remained the travel services, which registered a decline of (-) 26.2 % in Q1 and (-) 81.4 % in Q2 of 2020. In the ECO region, exports in services sector have reported a decline of 24.41 % in Q1 and Q2 of 2020 compared with corresponding period in 2019, in six reporting ECO Members.⁷

10. UNCTAD had reported projections of a 30% to 40% decrease in FDI flows in 2020 with flows to developing economies expected to stabilize. FDI remains the most important source of external finance for developing countries according to UNCTAD. The Global FDI stock stood at \$37 trillion at the end of 2020. Global foreign direct investment (FDI) flows fell 49% in the first half of 2020 compared to 2019, due to the economic fallout from COVID-19. In the wake of the pandemic, lockdowns around the world slowed existing investment projects and the prospects of a deep recession led multinational enterprises to reassess new projects. According to the report by UNCTAD, developed economies saw the biggest fall, with FDI reaching an estimated US \$ 98 billion in the six-month period – a decline of 75% compared to 2019. (Data for 2021 will be included on publication by ITC).

11. ECO countries received foreign direct investment (FDI) of about US\$ 32 billion in 2019, making up 1.95% of total global FDI in 2019 compared with 1.87% five years ago. However, this is still too low compared to the developmental needs of the countries and its potential trajectory of economic growth. The data for 2021 will be included when reported by the countries.

12. The activities⁸ in this Working Paper have been grouped as follows:

- I. Preferential and Free Trade Arrangement in the region.
- II. Finance, Taxation and Investment.
- III. Customs Cooperation and Trade Facilitation.
- IV. Trade Promotion, Capacity Building and ECO Chamber of Commerce & Industry (ECO-CCI).
- V. Membership of WTO.
- VI. ECO Trade & Development Bank and Trade Finance.
- VII. ECO Reinsurance Company.
- VIII. Visa Procedures in the ECO Region.

⁷ ITC Web based tools, Trade map.

⁸ *Area Conclusion in respect of each section and priority has been presented in the end of each section /priority.*

13. In the light of the Covid-19 related restrictions, the 31st RPC instructed the Secretariat to schedule the approved meetings in the Calendar of Events for 2021 in Hybrid mode. Moreover, that the Secretariat may host the meetings in virtual mode; where there is no Member State as host. The Mid-term Review of RPC carried out a stock of the progress made and the Member States were once again requested to finalize schedules to host the pending meetings, volunteered by them in the 31st RPC. The Member States were further requested to share the details with the Secretariat to schedule meetings to be hosted by the Secretariat.

14. Following is the detailed implementation status of the Calendar of Events - 2021:

ECO Events

No	Event/Activity	Venue	Date/Status
1	5 th Ministerial Meeting on Finance / Economy	Tajikistan (Hybrid Mode)	Held on 26 th May 2021, virtually
3	5 th ECO Ministerial Meeting on Commerce & Foreign Trade	Turkey (Hybrid Mode)	Could not be held by host. Volunteered by Turkey in 2 nd half of 2021
4	4 th ECO Business Forum and 3rd ECO Trade Fair	Turkmenistan (Hybrid Mode)	4 th ECO Business Forum held on 26 th November 2021, 3rd ECO Trade Fair has been postponed.
5	Trade Policy Review Session	Pakistan (need basis) (Hybrid Mode)	Last Quarter of 2021. No request received.
6	1 st Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union	Iran	Held Virtually on 11 th May 2021.
7	2 nd Meeting of ECO Heads of Tax Administration	Pakistan (Virtual Mode)	Volunteered in April, 2021 Details of schedule not received from host.
8	1 st Meeting of Heads of Capital Markets Supervisory Authorities	Pakistan (Hybrid Mode)	Initially scheduled on 4 th October, 2021. Postponed by host.
9	1 st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA)	Turkey (Hybrid Mode)	Second Quarter 2021. Schedule not received from host.

10	1 st Meeting of Joint Working Group to finalize Trade and Investment Strategy and to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area	TBD (Hybrid Mode)	The Member States were offered to host but no offer received. The Sectt. sought nominations from the Member States to host the event in virtually but awaited.
11	4 th ECO Trade Promotion Organizations (ECO-TPOs) Forum	Pakistan (Virtual Mode)	The meeting was scheduled for 15 th Dec 2021 but postponed due to lack of quorum
12	9 th Meeting of the ECOTA Cooperation Council (<i>As per rules, this meeting has to be held twice in a year</i>)	Pakistan (Virtual Mode)	Scheduled in Last Quarter of 2021. No final schedule received from the host.
13	10 th Meeting of the ECOTA Cooperation Council. (<i>As per rules, this meeting has to be held twice in a year</i>)	TBD (Hybrid Mode)	Delayed due to 9 th ECOTA CC Meeting 2021
14	9 th Meeting of ECO Council of Heads of Customs Administration (CHCA)	Turkey (Hybrid Mode)	Schedule not received from the host.
15	2 nd Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum	TBD (Hybrid Mode)	Member States were offered to host but no offer. Sectt. sought nominations from Member States to host virtually. Still awaited.
16	4 th ECO Trade Fair	Afghanistan (Hybrid Mode)	Schedule in last week of August 2021 but postponed by host
17	Second Meeting of Technical Committee on Electronic data Exchange (EDI)	Iran (Virtual Mode)	Held on 19 th October, 2021
18	2 nd Expert Group Meeting (EGM) on E-Trade Cooperation	Iran Virtual Mode (merged with 17)	Merged in the meeting at S. No. 17.
19	First Meeting of the ECO Heads of Commodity Exchanges	TBD (Hybrid)	Member States were offered to host but no offer. Sectt. sought nominations from

			Member States to host in virtual mode. Still awaited.
20	Expert Group Meeting (EGM) on SEZs of the ECO Member States.	Afghanistan (Hybrid Mode)	Merged with S. No. 22
21	First Meeting of the Heads of SEZs of the ECO Member States.	I.R of Iran	Held on 7 th January 2021 in virtual mode.
22	Second Meeting of the Heads of SEZs of the ECO Member States.	Afghanistan (Hybrid Mode)	Held on 2nd August 2021.
23	Expert Group Meeting (EGM) on NDFs of the ECO Member States.	TBD (Hybrid Mode)	Member States were offered to host but no offer. Sectt. sought nominations from Member States to host in virtually. Still awaited.
24	Second Meeting of the Heads of NDFs of the ECO Member States.	TBD (Hybrid Mode)	--ditto--

Conferences/Seminars/Workshops/Training Courses

No.	Event/Activity	Venue	Date/Status
1	5 th Seminar on Trading Patterns in ECO Region and Accession of ECO to WTO.	Pakistan (Hybrid Mode)	Request from the Non-WTO Member States are awaited
2	4 th ECO Investment Conference	TBD (Hybrid Mode)	No Volunteer. The Sectt sought nominations from Member States to host the event in virtual mode but awaited.

Meetings of the ECO Affiliated Bodies with ECO Secretariat Participation

No.	Event/Activity	Venue	Date/Status
1	ECO Reinsurance Company	Pakistan (Hybrid Mode)	Awaited from ERIC
2	Meetings of ECO Trade and Development Bank (ECO-TDB)/(19 th BOG Meeting)	Turkey (Hybrid Mode)	Held in virtual mode on September 30 th , 2020

3	Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI (held twice a year)	TBD (Hybrid Mode)	Held in virtual mode.
4	Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI (held twice a year)	TBD (Hybrid Mode)	As above

Non-ECO Events

No.	Event/Activity	Venue	Date/Status
1	COMCEC Ministerial Session to be organized by the OIC	TBD	Virtually Held in July 2021
2	WTO Geneva Week to be organized by the WTO	Geneva, Switzerland	Held in first Week of July 2021 in virtual mode.
3	Meeting with UNIDO to discuss the 4 th Phase of UNIDO-ECO Trade Capacity Building Project to be organized by the UNIDO	Vienna	Consultations held with UNIDO and a way forward has been suggested by UNIDO which is being pursued with the Member States.
	<i>Geneva Trade Week</i>	Geneva	Invitation Awaited
5	Asia-Pacific Business Forum (APBF) to be organized by the UNESCAP	TBD	Held virtually on 30 October 2020

Non-ECO Meetings/Events with ECO Participation

No	Event/ Activity	Venue	Date
1.	SPECA Event by UNESCAP	Virtual	Held 17-18 November, Uzbekistan
2.	36 th Ministerial Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC).	Virtual	Held virtually on November 25-26, 2020

3.	Policy of Neutrality and its role in ensuring international peace, security and sustainable development	Virtual	To be held on 12 December, 2020
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1 SECTION I

- 1.1. PRIORITY AREA NO.1: ECO VISION 2025 – TARGET FOR TRADE**
- 1.2. SECTION-A: TRADE LIBERALIZATION AND PREFERENTIAL TRADE UNDER ECOTA AND FREE TRADE AGREEMENT**
- 1.3. SECTION-B: TRADE FACILITATION AGREEMENT, TRADE FACILITATION STRATEGY**
- 1.4. SECTION-C TRADE AND INVESTMENT STRATEGY IN THE REGION**

1.5. Area Targets in ECO Vision Targets

15. The Strategic Objective of the ECO Vision 2025 carries the two-faceted target to double intra-regional trade and to increase ECO's share in the global trade, specifically exports. Under the **Expected Outcome (III) of ECO Vision 2025 for trade Sector**, following are targets for this section:

- The ECO Trade Agreement (ECOTA) will be operationalized and the membership of ECOTA will be increased.
- The scope of ECOTA will be enhanced from preferential trade to Free trade Agreement.

1.6. Introduction: Decisions Making Forum in the Section

1. Council of Ministers (COM) of the ECO Member States.
2. The Ministerial Meeting on Commerce/Foreign Trade of the ECO Member States.
3. ECOTA Cooperation Council Meetings of the ECOTA Contracting Parties.
4. ECO Investment Promotion Agencies (ECO-IPAs Forum).
5. Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA).

1.7. Background

16. The ECO Secretariat, during the 8th ECOTA Cooperation Council Meeting presented sectoral approach prepared by the Secretariat for views and comments of the Member States. The Member States were also requested to provide their considered views about ways and means for operationalization of ECOTA to be discussed in the 9th ECOTA Cooperation Council Meeting. While the comments on sectoral approach proposed by the Secretariat are still awaited, three Member countries namely, the Islamic Republic of Afghanistan, Islamic Republic of Iran, and Republic of Tajikistan have shared their views and comments to operationalize ECOTA. The Council requested the remaining Member States to share their comments so that the Secretariat

may circulate a Working Paper comprising comments of Contracting Parties and outcomes of the “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve” before the 9th ECOTA Cooperation Council Meeting. The Council agreed that the Islamic Republic of Pakistan may hold 9th Meeting of ECOTA Cooperation Council virtually in April, 2021, before the Ministerial Meeting on Commerce and Foreign Trade and all Contracting Parties should share their views in the first quarter of 2021. The Secretariat proposed to have nominations from the Contracting Parties, non-signatory members as well as observers for the meeting at an early date. The Council requested the Secretariat to follow up with the Member States for early nominations from the Contracting Parties.

Section-A

1.8. ECOTA at a Glance

17. ECO Trade Agreement (ECOTA), flagship preferential trade agreement of the organization, was signed by five Member States - Islamic Republic of Afghanistan, Islamic Republic of Iran, Islamic Republic of Pakistan, Republic of Tajikistan and Republic of Turkey - during the 2nd ECO Ministerial Meeting on Commerce and Foreign Trade held in Islamabad, July, 2003 and was ratified during 2004-2008 by these five member states.

18. As per Article 39 of the Agreement, it entered into force on March 24, 2008 after ratification of the fifth signatory, Islamic Republic of Iran. Since the Agreement entered into force, the meeting of the ECOTA Cooperation Council which is formed under the Agreement could now be held. The 1st meeting of the ECOTA Cooperation Council (the implementing body for ECOTA) was held on May 21-23, 2008 in Republic of Turkey whereas the last, the 7th Meeting (extra-ordinary) was held in the ECO Secretariat on 23-24 January, 2017, on request of the Islamic Republic of Pakistan, which also is the coordinating country for ECOTA.

19. ECOTA is aimed at promoting open trade and commerce in the region, consistent with WTO and other multilateral organizations and directly involving individual ECO Member States. It is comprehensive in terms of commodity coverage, and the concessions are to be effectuated/operationalized gradually over an eight-year period. It will scale down tariffs to a maximum of 15 percent on 80 percent of the goods traded. For the Islamic Republic of Afghanistan the period is 15 years. ECOTA comprehensively covers a host of other vital issues such as Non-Tariff Barriers (NTBs), para-tariffs, transit trade, transport facilitation, WTO accession, Rules of Origin, intellectual property rights (IPR) and dispute settlement mechanism.

20. ECOTA was signed on 16th July 2003 by five ECO Member States as Contracting Parties namely: Islamic Republic of Afghanistan, Islamic Republic of Iran, Islamic Republic of Pakistan, Republic of Tajikistan and Republic of Turkey. It entered into Force on 25th April 2008 after ratification by the Contracting Parties. However, it is

non operational as the required post- ratification legal modalities have not been completed by two contracting parties. These are given in the following table:

Contracting Party	Ratification Status		Exchange of Product Lists		
	ECOTA Agreement	ECOTA Annexes	Positive List	Negative List	Sensitive List
I.R of Afghanistan	Yes	Yes	Yes	Yes	Yes
I.R of Iran	Yes	Yes	No	No	No
I.R of Pakistan	Yes	Yes	Yes	Yes	Yes
Rep. of Tajikistan	Yes	No	No	No	Yes
Rep. of Turkey	Yes	Yes	Yes	Yes	Yes

1.9. Operationalization of ECOTA – a chronology of the efforts made and issues faced

21. In order to promote trade and investment in the ECO region especially through preferential and free trade regime/arrangements, Ministerial Meetings on Commerce/ Foreign Trade serve as one of the key and vital forum which, inter alia, decides about preferential or free trade regimes and ancillary matters. This forum provides directions for enhancing ECO trade cooperation, developing policy guidelines for future developments based on the review of ongoing programs, projects, etc.

22. It is significant to evoke the **4th Ministerial Meeting on Commerce and Foreign Trade, which was held on 11-13 July, 2011 in Kabul, Islamic Republic of Afghanistan.** The following main business and decisions, inter alia, were carried out:

- i) *Reviewed the ECO initiatives and activities with regard to trade, investment, finance, customs and visa simplification*
- ii) *Underlined the need to ensure expeditious implementation of the relevant Agreements to strengthen the base of cooperation in trade related initiatives among the Member States.*
- iii) *Recollecting the decisions of ECO Summits, COM Meetings and Ministerial Meetings and considering the recommendations of other ECO forums*

regarding ECOTA implementation, the Meeting took note of the delay in implementation of the tariff concession under ECOTA.

- iv) The Contracting Parties of ECOTA were also entreated to remove trade impediments for its accelerated implementation.*
- v) The meeting established a working group to prepare and finalize a Multi-Dimensional Regional Trade and Investment Strategy and Action Plan on the prospects of establishing Free Trade Area in the Region.*
- vi) Another working group was set up to finalize draft of ECO Trade Facilitation Agreement.*
- vii) The Meeting also appreciated the offer of the Republic of Turkey to prepare the draft of the "Regional Agreement on Organizing Joint Trade Promotional Activities".*

1.10. ECOTA and ECOTA Cooperation Council Meetings (Agreement and the mandated body on ECOTA)

23. **ECO Trade Agreement (ECOTA)**, preferential trade arrangement, is one of the major initiatives of the organization which broadly covers a host of vital issues including the 8 years trade liberalization programme, NTBs, para tariffs, transit trade, transport facilitation, WTO accession, Rules of Origin, intellectual property rights (IPR) and dispute settlement mechanism. For implementation of the agreement, the 1st Meeting of the ECOTA Cooperation Council (May 2008, Mersin, Turkey) decided to effectuate tariff concessions under the Agreement from 1st January, 2009. However, the decision could not be implemented.

24. To review the situation and define future course of action, the 2nd Meeting of the ECOTA Cooperation Council was organized by ECO Secretariat on April 21-22, 2011 in Tehran. The meeting, nevertheless, remained inconclusive due to disagreement over interpretation of some provisions of the Agreement relating to tariff reduction modality. Even so, the 2nd Meeting of the Cooperation Council proved useful from certain other angles/dimensions. The decision to establish ECOTA Implementation Fund to facilitate provision of technical assistance, coordination of Seminars, Fairs/ Exhibitions and similar promotional program is considered important for implementation of ECOTA.

25. The 3rd Meeting of the ECOTA Cooperation Council held on 2-3 October, 2012 in Ankara, Turkey, decided that ECOTA Contracting Parties would submit their Positive, Negative and Sensitive Lists to the ECO Secretariat by 15th November, 2012 and subsequently the implementation of Tariff Concessions among ECOTA Contracting Parties would commence on 1st January 2013. However, the Contracting Parties (except Turkey) could not submit their ECOTA Lists within the stipulated time.

26. In the same manner, the 4th and 5th Meeting of the ECOTA Cooperation Council were held in Tehran and Islamabad on April 23, 2013 and April 2-3, 2014 respectively. However, Iran and Tajikistan again could not fulfill their commitments on submission their ECOTA Lists made during these Meetings of ECOTA Cooperation Council. The ratification of Annexes by Tajikistan is also awaited.

27. It is imperative to underscore that progress remained stalled on tariff implementation of ECOTA. As core decisions of the 5th Meeting of the Cooperation Council could not be executed by the Contracting Parties, the 25th RPC in March 2015 again requested the Islamic Republic of Iran and the Republic of Tajikistan to complete all legal and procedural requirements including submission of Product Lists and ratification of the Annexes to ECOTA before the 6th Meeting of ECOTA Cooperation Council, in order to have fruitful deliberations and pave the way for the start of implementation of the Agreement. The 25th Meeting of RPC in 2015 also appreciated the offer of the Republic of Turkey to host the Workshop to facilitate the relevant authorities and technical experts of the ECOTA Contracting Parties in the execution of ECOTA in Ankara in 2015. Likewise, the 6th Meeting of the ECOTA Cooperation Council was held on 15-16 June, 2015 in Ankara so as to register a forward movement on exchange of ECOTA Lists and implementation of tariff concession, but no progress was made on this count.

28. In November, 2016, the Islamic Republic of Iran submitted a proposal for implementation of the ECOTA, which was circulated among the Member States for their view/comments. In the 7th (Extra-Ordinary) Meeting of ECOTA Cooperation Council held on 23-24 January, 2017 at ECO Secretariat, all Contracting Parties (except the Republic of Tajikistan) attended and the Iranian Proposal on ECOTA, amongst others, was discussed under item No.7 titled "Review of the Iranian Proposal on ECOTA" which is reproduced below [from the Report of 7th (Extra-Ordinary) Meeting of ECOTA Cooperation Council for ready reference:

- *"The delegation from the Islamic Republic of Iran was requested to explain the Iranian proposal circulated in December 2015. The Iranian delegates explained in detail and clarified on queries that Iran's proposal is not to amend the text of ECOTA agreement. They elaborated that the Islamic Republic of Iran continues sticking to the constructive spirit and text of the existing agreement of ECOTA whereas reference to Article 38 in the note verbale/proposal regarding amendment and track 2 may be considered in the long-run after the effectuation of ECOTA. The Islamic Republic of Iran expressed its readiness to engage in discussions with other contracting parties to put own proposal forth and try to finalize own positive, negative and sensitive lists while evaluating the concessions which are to be made by other contracting parties.*
- *While explaining Afghanistan's position on this issue, the delegate underlined that unilaterally sharing the product lists will not be fair and levelling playing field*

to all the contracting parties of the agreement. The delegate from Afghanistan indicated that Afghanistan would be ready to share its product lists if Iran does the same. The delegate from Pakistan submitted that Pakistan is ready to share its tariff concession lists with the Islamic Republic of Iran provided Iran also submit its concession lists to the Secretariat and shared with Pakistan.

- *The Turkish delegate further stated that the lists already provided to the ECO secretariat are final and not negotiable. The delegate further stated that the lists may be shared when Iran also shares the final product/ concession lists. In short, the delegations from Afghanistan, Pakistan and Turkey took the stance that the product lists may be exchanged simultaneously but the lists thus provided would be non-negotiable. In the light of extensive deliberations, Iran was requested to provide the product concession lists as committed in the previous ECOTA Cooperation Council Meeting to move forward."*

29. The 13th ECO Summit held on 1st March 2017, in Islamabad, Islamic Republic of Pakistan adopted the Summit Declaration. The Operation Para-X related to ECOTA is reproduced below:

"Work to double the current level of intra-ECO trade within the next 3-5 years, including through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements; as well as identification and elimination of physical and non-physical barriers to this end."

30. The 22nd Meeting of the Council of Foreign Ministers (COM) on 28th February, 2017 followed by the Islamabad Declaration on the eve of 13th Summit Meeting on 1st March, 2017 incorporated trade regime/ECOTA as main theme/ driver of economic growth in the following words:

"Work to double the current level of intra-ECO trade within the next 3-5 years, including through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements; as well as identification and elimination of physical and non-physical barriers to this end."

31. ECO Vision 2025 was launched by the 22nd COM Meeting in which the following outcome was set for ECOTA:

- The ECO Trade Agreement (ECOTA) will be operationalized and the membership of ECOTA will be increased.

32. ECOTA was under intense discussion in the 23rd Meeting of the Council of Foreign Ministers (COM), held on 17 April, 2018 at Dushanbe Republic of Tajikistan.

The paragraphs 4 and 25 of the Dushanbe Communiqué are reproduced below for ready reference:

4. *"Give Priority to the need for achieving an increase in the intra-ECO trade by gradual liberalisation of trade flows, harmonization of standards, dissemination of market information, enhancing trade facilitation and elimination of all such measures which restrict trade flows."*

25. *"Recall commitment for implementation of the ECO Trade Agreement (ECOTA) and continue efforts to establish Regional Free Trade Area as envisaged in ECO Vision 2025, taking into account commitments of some ECO Member States in other international and regional organizations, as well as their financial capabilities, requests Contracting Parties to explore necessary mechanisms and solutions for early implementation of the ECOTA; also Call Upon the remaining Member States to join ECOTA."*

33. In July 2018, the Republic of Tajikistan conveyed that ECOTA remains non-functional despite the passage of seventeen (17) years and seven meetings of the ECOTA Cooperation Council. It proposed that ECOTA might be reconsidered to find ways to improve it in order to implement it efficiently and provide for maximal productivity for each signatory state.

34. This proposal was circulated to seek views and comments of the Contracting Parties. In response, in August, 2018, the Islamic Republic of Pakistan supported the proposal of the Republic of Tajikistan and informed that ECOTA in its current form cannot be implemented. The Islamic Republic of Pakistan has further requested that the following views and comments be taken into account while reconsidering/amending ECOTA:

- *"The ECO Countries' economies of different sizes which are at various stages of development. When ECOTA was signed, this fact was somehow ignored and special arrangements were formulated only for Afghanistan not for other smaller economies."*
- *"During the negotiations for concluding ECOTA, the standard Request-Offer Approach was not adopted. Every Contracting Party was free to choose the products for giving concessions and this exercise was shrouded in secrecy. This is against the spirit of fair negotiations and fifteen (15) years after the signing of ECOTA this issue has become one of the main points of contention."*
- *"The Tariff Liberalization Modality of ECOTA has proven to be flawed. It requires the tariffs of the Contracting Parties to be decreased to an absolute value of 15% (instead of reductions by percentages). In ECO's context, this is not practical"*

because some countries have very high tariffs while others have very low tariffs. So, if implemented in its current form, some countries will be required to reduce tariffs more while others will be reducing much less. In effect, this would result in provision of unilateral tariff concessions by the countries with higher tariffs to countries with lower tariffs.

- *Experience has shown that ECOTA Council is very weak. It would be better if the actual tariff reductions and timelines are decided in ECOTA Council with consensus and ECOTA Council is given the power to make amendments to trade liberalization modalities and agreement text without having to refer these every time for ratification by member countries."*

35. The above was circulated amongst the Contracting Parties.

36. The RPC during its 29th Meeting held on 17-20 December 2018, in the ECO Secretariat recommended that ECOTA Cooperation Council should convene a meeting and consider the technical and practical issues concerning the operationalization of ECOTA. The Council also recommended that other ECO Member States that are not party to the ECOTA; could be invited to ECOTA Cooperation Council Meetings as observers. The Council also took note of the concerns raised by the Member Countries regarding ECOTA and referred the matter to the ECOTA Cooperation Council.

37. It is pertinent to mention that ECO Secretary General visited the Republic of Uzbekistan, on 20-21 June 2018 and held meetings with the Honourable Prime Minister, and Foreign Minister. As a follow-up of the visit, the ECO Secretariat has requested the Republic of Uzbekistan, to consider joining of the Agreement and a "Non-Paper on Benefits for Uzbekistan on Signing ECO Trade Agreement (ECOTA)" was provided to high dignitaries.

38. In the same manner, in the light of the Dushanbe Communiqué (2018) referred above, other Member States have been requested to consider joining the referred Agreement. Later, the Republic of Kazakhstan has also been requested to join ECOTA and potential benefits for their economy have been identified in a "Non-Paper on Benefits for Kazakhstan on Signing ECO Trade Agreement (ECOTA)".

39. The **24th Meeting of the ECO Council of Foreign Ministers (COM)**, the apex decision making body of the organization, held on 9 November, 2019 in Antalya, the Republic of Turkey, concluded with Antalya Declaration incorporating trade regime/ECOTA as main theme/ driver of economic growth in the following words and therein the esteemed member states agreed to:

"3. Prioritize the need for increasing intra-ECO trade through gradual trade liberalization, implementing existing trade agreement, harmonization of standards, dissemination of market information, enhancing trade facilitation and removal of measures which hamper trade flows and make better use of instruments at hand on our priority areas of cooperation;

10. Reaffirm the commitment for implementation of the ECO Trade Agreement (ECOTA) for furtherance of the objective of regional integration through Free Trade Area as envisaged in ECO Vision 2025; **Call upon** the Contracting Parties to accelerate processes for its implementation; **Devise** mechanisms and solutions at the earliest convenience taking into account the concerns and views of the Contracting Parties for the maximal productivity of each of them; also **Invite** the remaining Member States to join ECOTA."

40. Like previous **ECO Council of Ministers (COM)** meetings, ECOTA stood high in the 24th COM Meeting on 8-9 November, 2019. Relevant excerpts of the Adopted Report of Senior Official Meeting (SOM) are presented as under for ready reference.

1.11. Implementation of ECO Trade Agreement (ECOTA)

1. *The Council appreciated the efforts of the ECOTA Cooperation Council for the implementation of ECOTA, especially the endeavors made at its 8th Meeting to find a way forward. In this context, the Council urged contracting parties to convene the meetings of the Cooperation Council as provided for in the agreement, at least two times per year and instruct the Secretariat to take necessary measures to this end.*
2. *The Council urged ECOTA Cooperation Council to evaluate and find ways and means available to them to operationalize ECOTA.*
3. *The Council attached importance on convening the 5th Ministerial Meeting of Economy/Development in 2020 provided for to be held in Tajikistan, which is expected to evaluate the economic status of the ECO region as well as operationalization of ECOTA by removing impediments coming in the way of its implementation.*
4. *The Council, while calling upon the non-signatory Member States to accede ECOTA, encouraged them to attend the meetings of ECOTA Cooperation Council.*
5. *The Council noted that some Member States including Iran, Tajikistan, Pakistan and Turkey considered that the operationalization of ECOTA could not still take place despite a lapse of considerable time. They also observed*

that only five Member States signed the agreement, seeking the remaining countries to also join ECOTA. It was also opined that in the aftermath of new developments, this agreement needs to be revisited for updating the contents in line with the emerging scenario.

- 6. The Council decided to convene a High-Level Expert Group Meeting to critically evaluate the ECO intra-trade situation and propose recommendations for a way forward.*
- 7. The Council mandated the ECO-CCI to make in-depth research and analysis regarding the role of private sector in operationalization of ECOTA."*

41. As stated in preceding Para the Republic of Tajikistan in July 2017 offered "to reconsider the Agreement and find ways of its improvement in order to implement it efficiently and provide maximum productivity for each signatory state." Pakistan supported this proposal in August, 2017. Secretariat requested the Contracting Parties to host meeting of the ECOTA Cooperation Council for discussion and finding a way forward. However, no response was received from the Member States. Therefore the Secretariat, announced to hold said meeting in May, 2019 which could not be held due to lack of quorum. Finally, **the 8th Meeting of ECOTA Cooperation Council was held on 18-19 August, 2019 at the Secretariat** to discuss Tajikistan's proposal to reconsider ECOTA and solicit views of other Contracting Parties on Tajikistan proposal. Some relevant paras (19-23) of the adopted report as reflected in Agenda item 8 is as follows:

- 19. "The Council agreed to consider the proposal of the ECO Secretariat by taking it up with their respective Governments."*

42. The Council further discussed the 'Way out for Implementation of ECOTA considering the proposals from the Contracting parties for its amendment and announcement of new date for the Effectuation of Tariff Concessions under ECOTA:

Agenda Item No. 8

- 8. The delegate of Republic of Turkey invited Contracting Parties to be in line with the spirit of the Agreement. The Turkish delegate further explained his country's position in detail and asserted its previous position for the implementation of ECOTA in its original form. After discussions, the delegate of the Republic of Turkey refused to make any amendments in the current form of the ECOTA. Nevertheless, in order to break the deadlock, accommodation of spirits and collective gains for the entire region, he expressed to consider amending ECOTA as a new Agreement. The Republic of Turkey offered to prepare the draft of the new Agreement on behalf of Signatory States. He also mentioned that the draft to be*

prepared for the new Agreement should be incorporating the views and proposals of the existing Contracting Parties. The delegate of Republic of Turkey also stressed that amending some modalities and principles of ECOTA can cause a new process which may be longer than establishing a new Agreement.

9. *The Islamic Republic of Iran considered that drafting a new Agreement is an early action and held the view that any decision regarding drafting a new Agreement shall depend on receiving relevant information, comments and views.*
 10. *The Council agreed to discuss the pending issues in the next meeting regarding the Member States views in this report. The Council requested the Member States to share their views and priorities regarding implementation of ECOTA with the ECO Secretariat in three months. The views and proposals of the Member States will be discussed in the 9th ECOTA Cooperation Meeting.*
 11. *The Secretariat opined that focal points for all of the economies may be appointed for speedy implementation of ECOTA to which Council agreed. The Council decided to hold meetings on more regular basis so as to remove the impediments coming in the way of implementation of ECOTA.*
43. The Contracting Parties in the meeting, as a way out, agreed to consider Secretariat's proposal of Sectoral approach on ECOTA and convey their comments for its updating in three months and discuss in the 9th ECOTA Cooperation Council Meeting. The Republic of Turkey offered to prepare a new agreement, incorporating views and concerns of the Contracting Parties, in case Sectoral approach is not acceded by the concerned governments; however, it was noted that it would take a long while to complete procedural formalities of the new agreement.
44. During the 30th RPC held on January 14-16, 2020 the Secretariat informed that the 8th ECOTA Cooperation Council agreed to consider the proposal of the ECO Secretariat by taking it up with the respective governments. It was further shared that the ECOTA Cooperation Council requested to share their views and priorities regarding implementation of ECOTA with the Secretariat in three months, which, however, were still awaited.
45. Recalling the relevant decision of the 24th COM, the 30th RPC, reaffirmed the commitment for implementation of the **ECO Trade Agreement (ECOTA)** for furtherance of the objective of regional integration through Free Trade Area as envisaged in ECO Vision 2025, and called upon the Contracting Parties to accelerate processes for its implementation as well as to devise mechanisms and solutions at the earliest convenience taking into account the concerns and views of the Contracting Parties for

the maximal productivity of each of them. The Council recommended that other ECO Member States that are not a party to the ECOTA, could be invited to ECOTA Cooperation Council Meetings as observers.

46. The Council further noted with concern that operationalization of ECOTA had taken considerable time without substantive results. Having considered views of the Contracting Parties, it was agreed that they would inform ECO Secretariat about their views within two month's time on operationalization of ECOTA along with problems and offered solutions. The Secretariat based on the views and observations received from the Contracting Parties would prepare a Working Paper for further deliberations to be made in the relevant upcoming meetings. The Council agreed to hold 9th Meeting of ECOTA Cooperation Council before the Ministerial Meeting on Commerce and Foreign Trade in 2020.

47. In accordance with the decision of the Council, the Secretariat, in order to make these two important meetings more productive and result-oriented, requested the Contracting Parties to convey their views/comments on operationalization of ECOTA along with problems and offered solutions for compiling and onward submission to the Member States within the timeline of two months which ended on 22 March, 2020.

48. The Secretariat has received the views/comments of the Islamic Republic of Afghanistan, Islamic Republic of Iran, Republic of Tajikistan and Republic of Turkey. The Same are given below:

Islamic Republic of Afghanistan

- *“Economic Cooperation Organization Trade Agreement (ECOTA) was reached on July 2003 with the aim to form a preferential trade area between the ECOTA member States and upon implementation of ECOTA, the Member States are required to reduce tariffs on at least 80% of the tariff lines to maximum 15% over 8 years with the exception of Afghanistan for which the implementation period is 15 years. The remaining 20% of the tariff lines includes goods that are listed in Negative list.*
- *By the time that Islamic Republic of Afghanistan signed the ECOTA, it was considered vital for the whole region to implement the agreement at the earliest time possible. Therefore, Islamic Republic of Afghanistan has taken necessary steps in the completion of all legal procedures and accordingly has submitted all the three lists namely Positive, Negative and Sensitive lists pursuant to the ECOTA provisions.*

- *Now, after spending almost 17 years advocating for the implementation of the Agreement, it seems not logical for Islamic Republic Afghanistan to revise the agreement, and spend another years on re-negotiation and revision of a new "ECOTA". Therefore, Islamic Republic of Afghanistan believes it is better to implement the Agreement. Upon implementation of the Agreement, the Member States will experience the flaws and accordingly can begin negotiations on finding solutions for the flaws and any possible amendments in the mentioned agreement, if necessary. In view of this, Islamic Republic of Afghanistan proposes to implement the ECOTA, before beginning any negotiation on its amendment."*

Islamic Republic of Iran

- *"As for tariff reduction approach under Article 4 of the Agreement:*

The Islamic Republic of Iran believes that the approach centered on the Across the Board Tariff Reduction is not consonant with the principle of balanced exchange of concessions, hence, instead of mentioned approach, the "positive list approach", that is reduction of tariffs through exchange of positive lists of goods is proposed.

- *Taking into account the existence of substantial differences in the current trade structures of the contracting parties particularly differences in applied tariff rates, and considering the passage of almost two decades as of the suggestion of the previous tariff, namely the 15 percent reflected in sub para.4 (d) of Article 4 of ECOTA, the Islamic Republic of Iran, under this condition, does not find it consistent with the principle of balanced exchange concessions. Accordingly, it is proposed that tariff rate reduction may take place in form of percentage point based on the current applied rates so that each contracting party could contribute to tariff reduction process and exchange its benefits reciprocally. It is also necessary to extend the period of tariff reduction for countries with higher rates.*
- *The contracting parties should have a uniform interpretation of the provision of a positive commodity list and this will prevent the creation of a positive commodity list based on a country-specific interpretation. Also the number of tariff lines in the Positive List and the preferential tariff margins shall be determined through bilateral and multilateral negotiations.*
- *Concerning Amendments to the Agreement:*

The Islamic Republic of Iran believes that the amendments to the Article four of this Agreement shall necessitate amendments to the other provisions of this Agreement.”

Republic of Tajikistan

- *“The Republic of Tajikistan attaches special importance to trade and economic cooperation within the ECO framework and believes that the development of foreign trade relations is a key tool for achieving economic growth.*
- *The important constitutive aspect of our current agreements is the need to achieve trade growth within the ECO region through progressive liberalization of legal and regulatory instruments, harmonization of standards, dissemination of market information, trade facilitation and all measures restricting trade.*
- *Tajikistan is a WTO member (the World Trade Organization) and conducting a comprehensive analysis of legal issues and their impact on the national economy is necessary to modify any agreements within the framework of regional organizations.*
- *Issues related to the implementation of the ECO Trade Agreement include the development of a list of goods for export and import of goods and the mechanism of its proposals, the approval of the ECO Trade agreement.*
- *According to the Order of the Government of the Republic of Tajikistan No. 399 of August 8, 2018 "About rates of import customs duties of the Republic of Tajikistan", the average customs duties' rate on import of goods and products is fixed at 8.1%, this is a low rate in comparison with other ECO member countries.*
- *As you may be aware, there are no restrictions on the export of goods and vehicles to our country - the Republic of Tajikistan or other equivalent export measures that corresponds to the provisions of Articles No.8 and No.9 of the Economic Cooperation Organization Trade Agreement.*
- *Consequently, the Ministry does not consider it necessary to develop a preferential list for the export and import of goods and its delivery mechanism in connection with the ECO Trade Agreement implementation and to propose individual preferences in foreign trade contrary to WTO commitments.”*

Republic of Turkey

- *"The current level of intra-ECO trade is still below its potential and there is an urgent need for close regional cooperation among ECO Member States with a view to enhancing economic integration and trade activities.*
- *ECOTA remains as a key instrument to give a momentum to economic integration of the ECO region and is the most effective way to achieve tangible results in the area of trade and investment.*
- *Turkey attaches great importance to early implementation of the ECOTA and prefers to achieve this during its Chairmanship.*
- *The fastest way to implement ECOTA is to implement it as it is. In other words, the maximum tariff on 80% of tariff lines should 15% after an 8-year transition period and each party should prepare its concession list accordingly.*
- *Any amendment including the enhancement of the scope of ECOTA from preferential trade to Free Trade Agreement as stated in ECO 2025 Vision should be a second step after its implementation.*
- *However, three parties have already expressed their discontent with the current modalities.*
- *Turkey is open to suggestions for amending ECOTA only if it enables an earlier implementation.*
- *For any suggestion to amend ECOTA to enable an earlier implementation, it should be as detailed as possible in order to provide a concrete ground for negotiations. Without a concrete ground, it will be difficult to conclude negotiations expeditiously.*
- *In this vein, the 9th meeting of ECOTA Cooperation Council should be held after parties which are discontent with the current modalities provide new modality suggestions including coverage, reduction rate, transition period and preferential treatment if it envisages any. Any suggestions should specify which articles are to be amended and provide exact wording."*

49. **The Islamic Republic of Pakistan** has not conveyed their fresh views in this regard and have informally informed that their views/comments had already been shared on 19.08.2018 which are enumerated as under:

- *".....has the honour to state that the Government of Pakistan supports the proposal of Republic of Tajikistan to reconsider the ECO Trade Agreement (ECOTA) by the Contracting Parties to find ways to improve its working and expedite its operationalization. A similar proposal was put forward by the Islamic*

Republic of Iran in November 2015, which Pakistan supported in the 28,h RPC meeting in 2017.

- As pointed out by the Republic of Tajikistan, time has indeed proved that ECOTA, in its current form cannot be implemented. It is therefore requested that the following views and comments of Pakistan be considered and taken into account while reconsidering / amending the Agreement:*
- The ECO Countries' economies of different sizes which are at various stages of development. When ECOTA was signed, this fact was somehow ignored and special arrangements were formulated only for Afghanistan not for other smaller economies.*
- During the negotiations for concluding ECOTA, the standard Request-Offer Approach was not adopted. Every Contracting Party was free to choose the products for giving concessions and this exercise was shrouded in secrecy. This is against the spirit of fair negotiations and fifteen (15) years after the signing of ECOTA this issue has become one of the main points of contention.*
- The Tariff Liberalization Modality of ECOTA has proven to be flawed. It requires the tariffs of the Contracting Parties to be decreased to an absolute value of 15% (instead of reductions by percentages). In ECO's context, this is not practical because some countries have very high tariffs while others have very low tariffs. So, if implemented in its current form, some countries will be required to reduce tariffs more while others will be reducing much less. In effect, this would result in provision of unilateral tariff concessions by the countries with higher tariffs to countries with lower tariffs.*
- Experience has shown that ECOTA Council is very weak. It would be better if the actual tariff reductions and timelines are decided in ECOTA Council with consensus and ECOTA Council is given the power to make amendments to trade liberalization modalities and agreement text without having to refer these every time for ratification by member countries.*

50. From above and in the light of discussion of the Contracting Parties, it is ascertainable that three Contracting Parties i.e. the Islamic Republic of Iran, the Islamic Republic of Pakistan and the Republic of Tajikistan; are manifestly interested in reconsidering ECOTA.

51. The Secretariat approached the focal point informally to hold the Working Group meeting on ECOTA to discuss comments/views of the Contracting Parties on Sectoral Approach before holding the 9th Meeting of the ECOTA Cooperation Council however, due to the COVID -19 outbreak, the meeting was not convened in 2020.

52. It is significant to underscore that as per rules holding two meetings of the ECOTA Cooperation Council in a year is mandatory. **While the sectoral approach was not tacitly supported by the Member States in their views/comments for operationalizing ECOTA,** the Secretariat launched a research study project entitled **“Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve”** to identify two or three scenarios for operationlization of ECOTA.

1.12. Stocktaking and progress made

53. While in the 31st RPC, the Secretariat informed the Council that during the 8th ECOTA Cooperation Council Meeting the ECO Secretariat presented sectoral approach prepared by the Secretariat for views and comments of the Member States. The Member States were also requested to provide their considered views about ways and means for operationalization of ECOTA to be discussed in the 9th ECOTA Cooperation Council Meeting. While the comments on sectoral approach proposed by the Secretariat are still awaited, three Member countries namely, the Islamic Republic of Afghanistan, Islamic Republic of Iran, and Republic of Tajikistan have shared their views and comments to operationalize ECOTA. The Council requested the remaining Member States to share their comments so that the Secretariat may circulate a Working Paper comprising comments of Contracting Parties and outcomes of the “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve” before the 9th ECOTA Cooperation Council Meeting.

54. The Islamic Republic of Pakistan volunteered to host the 9th ECOTA Cooperation Council Meeting in the second quarter of 2021 in virtual mode. The Council appreciated the Islamic Republic of Pakistan and requested to schedule the 9th ECOTA CC Meeting before the 5th Ministerial Meeting on Commerce and Foreign Trade and urged all the Contracting Parties of ECOTA to should share their views in the first quarter of 2021. The Secretariat has prepared and circulated draft agenda of the 9th ECOTA Cooperation Council Meeting and requested I.R of Pakistan for sharing the schedule of the meeting. The Contracting parties and the ECO Member States have been requested to share suitable nominations.

55. The Secretariat proposed to have nominations from the Contracting Parties, non-signatory members as well as observers for the meeting at an early date. The Council requested the Secretariat to follow up with the Member States for early nominations from the Contracting Parties.

56. The Council appreciated the research study project launched by the Secretariat entitled **“Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve”** for finding different scenarios for implementation of ECOTA. The study has recommended scenarios for tariff reduction under Article 4 after taking into consideration the concerns and views of the Contracting Parties. The invoking of

EOTA will be deliberated in the 9th ECOTA Cooperation Council Meeting after deliberating these scenarios for operationalization of ECOTA. The outcome of the study has been shared as a draft report with the ECO Member States and ECO-CCI.

57. After incorporating the available views/comments of the Contracting Parties and the scenarios recommended in the Research Study, the ECO Secretariat circulated the working paper to be discussed in the 9th ECOTA Cooperation Council Meeting and the Islamic Republic of Pakistan being host; were further requested to share the suitable dates (s) for the meeting.

58. As stated earlier, the report of the research study entitled “**Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve**’ to identify scenarios for operationlization of ECOTA; has been shared with the Member States vide N.V No TI/2021/29 dated April 13, 2021 for tabling it in the 9th ECOTA Cooperation Council Meeting. However, comments were received from Islamic Republic of Afghanistan only and the same were shared with Member States.

59. The Secretariat prepared a draft working paper, draft agenda and draft programme of the meeting and shared with the host and other contracting parties and the observers for nomination of relevant senior officers for the meeting, the host was requested to share schedule of the meeting. However, despite proactive pursuance by the Secretariat, the same was not finalized by the esteemed Member States. During the Mid-term review Meeting of RPC on 28th July 2021, the Islamic Republic of Iran appreciated the “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve” and The Islamic Republic of Pakistan assured to share the schedule of the 9th ECOTA Cooperation Council Meeting in the last quarter of 2021. However, It is pertinent to mention that the following are still awaited from the esteemed Member States:

- Suitable Nominations from all Member States for 9th ECOTA Cooperation Council Meeting.
- Exact Schedule of the 9th ECOTA Council Meeting and other arrangements from I.R of Pakistan.
- Views and Comments from all Member States on draft Agenda and draft Programme prepared and circulated by the Secretariat.

60. The 5th Ministerial Meeting on Finance and Economy, virtually hosted by the **Republic of Tajikistan on May 25 2021**, considered an accelerated implementation of ECO Trade Agreement (ECOTA), trade liberalization policies to attract FDI in the region. The Meeting also appreciated the studies conducted by the Secretariat on ‘Impediments in the ECO Trade Agreement and Measures to Resolve ‘and’ Feasibility Study on Regional Payment System in the ECO Region’. The Meeting invited the ECO Member States to consider the recommendations of the studies to implement them. The Meeting

also emphasized the follow up on the ECO Vision targets for trade sector. The high-level ministerial forum also mulled over the need to introduce a robust financial system for facilitating smooth intra-regional remittances of trade-related payments. The meeting also adopted 5th ministerial declaration on finance and economy that stresses for the continuity and enlargement of cooperative activities and engagements amongst the Member States to successfully attain the ECO Vision – 2025.

1.13. Area Conclusion

61. Although the promotion of intra-regional trade has been one of the constant and important goals of the ECO throughout its life, the achievements have been less than expected and achievable. In 2020, only 7.5 % out of \$ 661 billion foreign trade of 10 member States was traded among themselves.

62. On the basis of logics behind trade agreements among countries of a given region, there was a great optimism that implementation of ECO Trade Agreement (ECOTA) and its supplementary regulatory and institutional back-ups would boost intra-regional trade within the ECO. This optimism still exists, awaiting implementation of ECOTA and its expansion to embrace all ECO Member States. No substantial progress has been made since adoption of ECO Vision 2025. Rather, the global pandemic crisis has deteriorated the intra-regional trade profile in the last two years. The Secretariat, through a research study, circulated scenarios for implementation of ECOTA and the Member States' comments are awaited, (except I.R of Afghanistan). Holding of 9th ECOTA Cooperation Council Meeting and the 5th Ministerial Meeting on Commerce and Foreign Trade, needs to be pursued to make decision in this regard.

Section-B

1.14. Towards Free Trade-----Trade Liberalization under a ECO Free Trade Agreement

63. In the Light of the ECO Vision 2025, Expected Outcome No (ii) states that:

'The scope of ECOTA will be enhanced from preferential trade to Free trade Agreement'.

64. The ECOTA is a Partial Scope Agreement or a Preferential Trade Agreement (PTA) with level of ambition quite high for a PTA --- a positive list covering 80 per cent of the tariff lines. Normally the coverage under a PTA is 30 percent to 40 percent of the tariff lines. The FTA is considered to, normally, cover 90 percent or above tariff lines.

65. The Secretariat included a Phase-II in the study entitled “Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve’ to carry out research on the feasibility of a progressive trade liberalization through reduction in customs tariffs by building on the ECOTA experience and platform, to reach a substantial coverage of tariff lines leading to setting up a Free Trade Area. As envisaged in the Vision, the implementation of ECOTA – a PTA will set the ground for progressive liberalization to a ECO FTA. However, the specialist could not complete the Phase-II of the study in 2021 and the Secretariat is initiating a separate research study on the drafting of a text of ECO Free Trade Agreement. The report of the study will be circulated among the Member States for their consideration.

1.15. Bottlenecks in operationalizing ECOTA and move to Preferential Trade in the region

66. The following obstacles are among those that impeded operationalization of the ECOTA and its expansion:

- Continued divergent interpretation on whether or not ECOTA has legally entered into force,
- A tacit, but strong, view that ECOTA will not be a win-win trade arrangement,
- Divergence of opinions on methodology of preparation and exchange of lists,
- Ineffective institutional support for implementation of ECOTA, including through “ECOTA Cooperation Council”, and delayed response by the Member States on ECOTA Operationalization,
- Ambiguity and uncertainty around the ECOTA and its legal status, among other reasons, has prevented the rest of the ECO membership to seriously consider joining the Agreement,
- Problems in scheduling the ECOTA Cooperation Council Meetings to make recommendations and give directions to the efforts of the Secretariat to invoke ECOTA.

1.16. Secretariat's recommendations - The Way Forward

67. To address the above mentioned impediments, the ECO Secretariat has shared with the Contracting Parties three scenarios for tariff reductions, developed in a small scale study⁹. The upcoming ECOTA Cooperation Council meetings/ECO Commerce Ministers meeting in 2021-22 are expected to contemplate on these scenarios. The scenarios have also been shared with non-ECOTA Contracting Parties to harness their interests.

⁹ “Impediments in ECO Trade Agreement and Measure to Resolve”

68. A parallel scenario, as mandated by the ECO Vision 2025, is to move to initiate negotiations for a completely new agreement, including a comprehensive trade liberalization agreement, or a free trade agreement.

14th ECO Summit: *ECO leaders emphasized on the need for further increase in intra-regional trade volume, early implementation of the ECOTA as well as the need for removal of tariff and non-tariff barriers, trade promotion measures, and free movement of funds, goods and services among Member States and within ECO Region.*

1.17. Stocktaking and progress made

69. Since adoption of the ECO Vision 2025, the Organization has been focusing on the operationalization of the ECOTA, thus there is no tangible move towards the target of free trade agreement. At the 8th ECOTA Cooperation Council meeting, the Republic of Turkey offered to prepare a draft of the FTA for consideration of the Member States.

70. The study on 'Impediments to ECO Trade Agreements and Measures to Resolve' also entails an idea of an "ECO Comprehensive Trade Liberalization Agreement" (ECTLA).

1.18. Bottlenecks / impediments

71. The intra-regional trade in ECO region has never been supported by any ECO contractual trade framework and the existing trade volume among ECO Member States are attributed to the bilateral OR 'outside the ECO' trade arrangements. This is why that ECO documents, including the ECO Vision 2025; have envisaged ECOTA as prelude to any ECO free trade arrangement. So, as far as the ECOTA is away from implementation, the realization of the imperative of an ECO free trade agreement seems a distant reality. In this regard, the decision to establish a Free Trade Area would lead to the following two options:

- a. Implement ECOTA, and progressive trade liberalization through negotiations on tariff reduction over and above ECOTA Article 4(tariff reduction modality) should be pursued to enhance its coverage on substantial trade beyond 90% with deeper commitments on tariff cuts.
- b. Negotiate a fresh Free Trade Agreement without any reference to ECOTA to cover substantial trade with gradual and deeper tariff reduction commitments with a higher level of ambition.

72. However, there is an emerging view that in case of no prospect for implementation of the ECOTA, and in case no agreement on revising the ECOTA is reached; the Organization may move directly to negotiations for a free trade agreement having all Member states on board.

1.19. Secretariat Recommendations- The Way Forward

73. Along with all efforts to operationalize ECOTA, the Secretariat will push for comments on the draft ECO 'Comprehensive Trade Liberalization Agreement OR Free Trade Agreement' which will be drafted through a research study and other measures with a view to preparing, finalizing and operationalizing of FTA/Trade Liberalization Agreement.

74. The Research Study 'Impediments in ECO Trade Agreement and Measures to Resolve' had also been tasked in, Phase-II, to prepare a draft text of ECO Comprehensive Trade Liberalization Agreement (ECLTA) to share with the Member States for their consideration. The Study could not complete Phase 2 and the Secretariat is launching a separate study on drafting a Free Trade Agreement. This engagement can only take place once the Member States agree to negotiate a Free Trade Agreement of CTLA, which is being drafted in the aforesaid study.

75. In order to move forward, following are expected in 2022:

- i. Amongst others, the 5th Ministerial Meeting on Commerce and Foreign Trade will be scheduled by the Member States in hybrid mode and it is expected to explore the way in the implementation of ECOTA.
- ii. In line with the expected outcome of ECO Vision 2025, the following may be ensured:
 - Republic of Tajikistan may inform the Secretariat regarding their position/decision on ratification of the Annexes of the ECO Trade Agreement (ECOTA).
 - The Islamic Republic of Iran may inform the Secretariat regarding their position/decision on the provision of Product Lists for early effectuation of the agreement.
- iii. The Member States may convey the readiness to host the 8th and 9th Meetings of ECOTA Cooperation Council in 2022 in person mode, and provide their comments on the draft report on the Research **Study on 'Impediments in Implementation of ECO's Trade Tools and Measures to Resolve,'** and the comments of I.R of Afghanistan, already circulated by the Secretariat.
- iv. In order to enable business communities to reap the benefits of the anticipated preferential market access, the non-signatory Member States may be invited to consider joining ECOTA at the earliest convenience.

- v. The Research Study 'Impediments in ECO Trade Agreement and Measures to Resolve' had also been tasked in Phase-II to prepare a draft text of ECO Comprehensive Trade liberalization Agreement (ECLTA) or FTA, which was to be shared with the Member States for their consideration. The specialist could not complete the Phase 2 and now the Secretariat has prepared TORs for a separate small scale study to draft a research based text of the FTA alongwith projections for its benefits for the region. The outcome will be shared with the Member States and it is expected that this engagement will attract the interest of all ECO Member States to initiate and later their continued participate in the negotiation for a ECO Free Trade Agreement.

1.20. Area Conclusion

76. Although the ECO Vision target of doubling intra-regional trade and contribution to global trade especially exports; have been eluding ECO due to non implementation of a preferential trading regime under ECOTA; the ECO Vision has mandated two-pronged follow up- to operationalize ECOTA as well as broaden the scope of ECOTA from preferential trade to Free trade Agreement. The drafting of a text of an ECO Free Trade Agreement was mandated to the specialist in the Small Scale Study Project titled 'Impediments in the ECO Trade Agreement and Measures to Resolve'. However, the same could not be completed by the Specialist. Now the Secretariat is launching a separate research on prospects of a Free Trade Area in the ECO region and draft a text of FTA to be shared with the Member States for their views and harnessing their interest. The negotiations for a Free Trade Agreement w, if initiated by the Member States; can harbinger better prospects for trade and consequently economic growth leading to socio-economic wealth of the people of the region.

Section-C

1.21. Trade Facilitation as a means for Trade Expansion in the ECO Region

77. Trade facilitation – cutting the bureaucratic, procedural barriers to trade - is a key factor for raising the competitiveness and economic development of countries. The flow of trade is like floe of a steam of water and the flow is directed from high tariffs to lower tariffs from high Non Tariff Barriers (NTBs) to low or no NTBs. The NTBs act like rocks and impede the progress of trade in the region. Therefore identification of NTBs and the conversion of NTBs into tariffs- a process called tarification and removal of NTBs; has been a priority with the ECO Secretariat.

78. ECO Member States lag behind, in terms of OECD and World Bank trade facilitation indicators. There is a considerable space for improvement in the

performance of the countries, especially through regional cooperation. A strategic approach, agreed among the countries, would make a significant contribution to facilitating trade in the region. Hence, the ECO Vision 2025 adopted to 'double intra-regional trade increase ECO share in the global trade and specifically exports, increase share in global trade and tap regional trade potential for economic growth as a Strategic Objective. Hence, operationalization of ECO Trade Facilitation Agreement is one of the expected outcomes to be realized.

1.22. Area Targets in ECO Vision Targets

79. The ECO Vision 2025 target to double intra-regional trade and to increase ECO's share in the global trade, specifically exports can be realized by a greater trade facilitation regime in the region to reap the benefit of preferential tariffs under ECOTA/FTA. Hence, under the **Expected Outcome (III) of ECO Vision 2025 for trade Sector**, following are targets for trade facilitation section:

iv) Following pending trade related agreements will be operationalized:

c. ECO Trade Facilitation Agreement.

1.23. Trade Facilitation Strategy – Background

80. In the 4th Meeting of the Trade Ministers of ECO held in Kabul on 11-14 July 2011, Trade Ministers instructed the establishment of a Working Group in order to prepare a Trade Facilitation Agreement for the ECO Region. As an ECO Trade Facilitation Agreement being the ultimate target, the Strategy aimed to identify concrete actions and measures to facilitate trade among ECO Member States.

81. The vision of the Strategy was set to increase intra-trade ratio of ECO member states through facilitating trade and customs procedures of the ECO Member States. The ECO Member States will adopt this trade facilitation strategy with the aim to:

- I. Promote trade facilitation reforms;
- II. Improve the performance of the ECO Member States on a list of trade performance indicators;
- III. Develop more extensive national trade facilitation strategies;
- IV. Enhance regional cooperation on practical activities facilitating trade;
- V. Support the implementation of trade facilitation measures stipulated in the

international agreements that ECO Member States are parties to;

- VI. Exchange recent achievements and experience in monitoring and evaluation in the field of trade facilitation,
- VII. Encourage the use of existing international trade facilitation instruments and standards, e.g. those developed by UNECE, UNCTAD, WCO, and others.

82. The ECO Member States intend to adopt this trade facilitation strategy with the aim to:

- a. Provide transparency and uniform application of trade related legislation;
- b. Realize appropriate, transparent and predictable trade related fees and formalities;
- c. Facilitate customs procedures;
- d. Ensure freedom of transit;
- e. Enhance cooperation between border agencies;

1.24. Chronological Progress on the Initiative

83. Pursuant to the decision of the 4th ECO Ministerial Meeting on Commerce and Foreign Trade regarding setting up of the '**Joint Working Group (JWG) to prepare and finalize a 'Multi Dimensional Regional Trade and Investment Strategy and Action Plan on the Prospects of Establishing Free Trade Area in the Region'**'; the Secretariat requested the Member States to volunteer hosting the said 1st Meeting of the Joint Working Group (JWG). However, none of the Member States conveyed its readiness to host the meeting. In view of this, the Secretariat prepared a paper containing the following for consideration of the Member States:

- i) The Contours of Proposed ECO Multi-Dimensional Trade and Investment Strategy; and*
- ii) Prospects of Establishing a Free Trade Area in the Region.*

84. The 25th RPC decided that the Draft paper may be discussed during the 5th Ministerial Meeting on Commerce and Trade scheduled to be held in Tehran in 2015. However, this Ministerial Meeting could not be held by Iran.

85. In this background, the 26th RPC Meeting decided to hold the 5th Ministerial Meeting on Commerce and Trade scheduled in 2015 at the ECO Secretariat but the same again was not held as the quorum could not be reached.

86. On the sidelines of the 13th Summit Meeting in Islamabad, the Islamic Republic of Pakistan expressed willingness to hold this meeting and later accordingly announced the 31st July and 1st August, 2017 for the 5th Ministerial Meeting. Nevertheless, due to prior engagement/ non-availability of a member state on the proposed dates, the host authorities were requested to reschedule these meetings.

87. During 27th RPC meeting, it was recalled that the 4th Ministerial Meeting on Commerce and Foreign Trade (MM-CFT) established the Joint Working Group (JWG) to prepare and finalize the ECO Multi-Dimensional Trade and Investment Strategy. The Secretariat informed the Council that the Joint Working Group will now hold a separate meeting. The Council requested that if no Member State volunteers to host the meeting, the Secretariat may hold the meeting along with hospitality support from its budget.

88. As indicated earlier, the 5th Ministerial Meeting on Commerce and Foreign Trade (MM-CFT) and the Senior Officials' Meeting (SOM) could not be held in 2016 and 2017 due to lack of quorum.

89. Accordingly, the 5th ECO Ministerial Meeting on Commerce and Foreign Trade (ECO-MMCFT) along with Senior Officials Meeting (SOM) was scheduled to be held on 23-24th January 2018 in Islamabad, Islamic Republic of Pakistan. Hence, just after the 28th RPC, Member States were requested to send the composition of their delegations for the 5th Ministerial Meeting on Commerce and Foreign Trade. However, the host authorities had to postpone the Meeting due to lack of adequate confirmations of the Member States. The Islamic Republic of Pakistan announced to hold it on 10th October, 2018 in Islamabad, preceded by the Senior Officials Meeting (SOM) on 9th October, 2018. The meeting was once again postponed due to lack of adequate confirmations of the Member States.

90. During 2019, member states were requested to volunteer for hosting of this meeting. The ECO Secretariat informed the 30th RPC that the Republic of Turkey announced to host the 1st Meeting on the Joint Working Group for preparation of the draft ECO Trade Facilitation Agreement (ETFA) in 2020. The 5th Ministerial Meeting on Commerce and Foreign Trade (MM-CFT) could not be held in 2019 due to lack of confirmation.

91. Republic of Turkey announced to host the 1st Meeting on the Joint Working Group for preparation of the draft ECO Trade Facilitation Agreement (ETFA) in 2020. However, the meeting was not held due to the outgoing global COVID-19 pandemic.

92. During the 30th RPC Meeting, the republic of Turkey announced its readiness to host the 5th Ministerial Meeting on Commerce and Foreign Trade in 2020. The Council

expressed its deep gratitude to the Republic of Turkey for announcing this important event in 2020 and accordingly requested to convey the schedule of the meeting at the earliest convenience. However, due to the exigencies of COVID 19 outbreak the meeting could not be held in Turkey, as planned.

93. In 31st RPC Meeting, the Republic of Turkey again announced to hold the 5th Ministerial Meeting on Commerce and Foreign Trade (MM-CFT) and 1st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA) in the last quarter of 2021 in hybrid mode. However, the schedule of these meetings has not been finalized by the host, so far. The Secretariat has requested the Republic of Turkey to share the details of schedule of the 1st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA) vide Note Verbale No. T&I/2021/624 dated June 10, 2021.

94. The Secretariat in July, 2021 also shared the draft text of ECO Trade Facilitation Agreement (ECO-TFA) drafted as an output through the **“Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve”**; to solicit the views/comments of the esteemed Member States. However, only the Republic of Uzbekistan has shared their views/comments in this regard. The other Member States have been requested to share their views/comments at their earliest convenience.

1.25. Stocktaking and progress made

95. As per Vision Implementation Framework, the final draft agreement was anticipated to be circulated among Member States in 2020. It has not been the case yet. Alternatively, a draft ECO Trade Facilitation Strategy (prepared by the Republic of Turkey) has been circulated among Member States for their views and comments.

96. In the meanwhile, the Secretariat conducted a research study titled “Impediments to ECO Trade Agreements and Measures to Resolve” in which a draft text of ‘ECO Trade Facilitation Agreement’ was prepared and shared in 2021 with all the ECO Member States for their comments. The comments from the Member States are awaited.

1.26. Bottlenecks / impediments

97. Only few Member States have shared their views on the draft Strategy. Until and unless views of all Member States are secured, a solid step towards identification of the components of ECO Trade Facilitation Agreement and the way to operationalize it, cannot be taken.

98. The provision of comments by the Member States will pave the way for further negotiations on the ECO Trade Facilitation Strategy in the Joint Working Group for the finalization of Draft ECO Trade Facilitation Agreement. It is pertinent to mention that the 4th Meeting of the Trade Ministers of ECO held in Kabul in 2011 instructed the establishment of a Working Group in order to prepare a Trade Facilitation Agreement for the ECO Region.

1.27. Secretariat Recommendations - The Way Forward

99. As soon as views and comments of all Member States are received, the draft Strategy and the comments will be brought to the table as agenda items in the first working group meeting to be convened to prepare the draft trade facilitation agreement in, as originally set by Vision for 2020.

100. The study on 'Impediments in the ECO Trade Agreements and Measures to resolve' will also assist the Secretariat and the Membership to that end, where the Non-Tariff Barriers (NTBs) employed by the ECO Member States in pre-Covid-19 and Post Pandemic have been identified. The WTO Trade Facilitation Agreement may also give some guidance in this regard.

101. The 5th ECO Ministerial Meeting on Commerce and Foreign Trade may be the first available occasion to approve the final "ECO Trade Facilitation Agreement".

1.28. Trade and Investment Strategy in the ECO Region

1.29. Background

102. The **4th Ministerial Meeting on Finance and Economy** was held on 22-23 May 2014 in Astana, Kazakhstan. The Meeting, taking into account the recent developments of the global economy and the economies of the ECO Member States; emphasized the need for strengthening intra ECO cooperation to respond to the emerging global and regional challenges. The meeting inter alia, called upon the Member States to hold the 'Meeting of ECO Heads of Capital Markets Supervisory Authorities' and the '2nd Meeting of ECO Heads of Central Banks', and reiterated the importance of setting up ECO-Investment Promotion Agencies (ECO-IPAs) Forum on the pattern of ECO Heads of Trade Promotion Organizations.

103. With the objective of increasing interaction among the Investment Promotion Organizations (IPOs) of the Member States and recalling the decision of the 3rd ECO Ministerial Meeting on Finance and Economy to set up an ECO Heads of Investment Promotion Agencies (ECO-IPA) forum, the Regional Planning Council, in its various previous Meetings; requested the Member States to volunteer holding the 1st Meeting of ECO-IPA.

104. The First Meeting of ECO Heads of Investment Promotion Agencies (ECO-IPA) was held on December 26, 2016 in Islamabad, the Islamic Republic of Pakistan. The 27th RPC decided to change the title of the Meeting to 'ECO Investment Promotion Agencies (ECO-IPAs) Forum' instead of 'Heads of ECO Investment Promotion Agencies' for greater flexibility for the future.

105. In 2018, the ECO Secretariat has revised/updated the "Draft Multi-Dimensional Regional Trade and Investment Strategy and Prospects of A Free Trade Agreement" and circulated it in 2018 and 2019 among the member states in the light of decisions of the 28th and 29th RPC, in 2018 and 2019, respectively with the request to provide their inputs/views so that these can be incorporated in the final draft.

1.30. Stocktaking and progress made

106. During the 30th RPC, the Secretariat informed that the Islamic Republic of Afghanistan and the Islamic Republic of Pakistan have conveyed their comments. So far the Islamic Republic of Afghanistan, the Republic of Azerbaijan, Republic of Kazakhstan, and the Islamic Republic of Pakistan have conveyed their consent to the said Strategy Comments from other Member States, however are still awaited in this regard. The 30th RPC requested the Member States to consider hosting the Second Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum in 2020 and inform the ECO Secretariat through diplomatic channels. However, the meeting was not held in 2020 due to Pandemic. The 31st RPC invited the Member States to volunteer hosting the meeting in hybrid mode but the meeting could not be held in 2021 due to non-confirmation of quorum and nominations.

107. Considering the importance of investment promotion by and among the Member States of ECO Region, the Islamic Republic of Iran proposed to the Secretariat, cooperating with UNCTAD in preparing and publishing "The Investment Policy Review of the Member States of ECO Region". The Council recommended to the Secretariat to update the Investment Policy details from all the Members before initiating work on the proposal. Once the ECO Secretariat compiles the details on investment policies of ECO Region, collaboration with UNCTAD could be initiated /finalized.

108. The Secretariat has been pursuing with the Member States to volunteer to host the event but no request to volunteer has been received. The Secretariat has also requested the Member States to share their Investment Policy details on a questionnaire, prepared and circulated by the Secretariat in April, 2021. However, response has been received from some Member States.

109. As indicated in preceding discussion, despite several attempts, the Meeting on formulation of the Trade and Investment Strategy could not be held due to lack of quorum during the past many years.

1.31. Bottlenecks / impediments

110. The comments of the Member States were requested on the “Draft Multi-Dimensional Regional Trade and Investment Strategy and Prospects of a Free Trade Agreement”, vide Secretariat's Note Verbale No. T&I/5th-MMCFT/RTS/745 dated December 21, 2020. The Islamic Republic of Afghanistan, the Republic of Azerbaijan, Republic of Kazakhstan and the Islamic Republic of Pakistan have conveyed their consent to the said Strategy. The comments from other Member States, namely Islamic Republic of Iran, Kyrgyz Republic, Republic of Tajikistan, Republic of Turkey, Turkmenistan, Republic of Uzbekistan are still awaited in this regard.

1.32. Secretariat Recommendations - The Way Forward

111. In order to move forward, following are expected in 2022:

- i. Amongst others, the decision of 5th Ministerial Meeting on Commerce and Foreign Trade is expected to finalize the draft Trade Facilitation Strategy and approve Draft Trade Facilitation Agreement. The Republic of Turkey may be requested to share the dates to hold the 5th Ministerial Meeting on Commerce and Foreign Trade in 2022 in hybrid mode depending upon the situation of pandemic.
- ii. The 1st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA) and 1st Meeting of Joint Working Group to finalize Trade and Investment Strategy and to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area may be merged and scheduled in 2022. The Member States, preferably I.R of Pakistan, may be requested to host to **prepare and finalize the draft ‘Trade Facilitation Strategy and the draft Trade Facilitation Agreement.’**
- iii. The Member States may be requested to provide their comments on the draft Trade Facilitation Strategy and the draft text of the Trade Facilitation Agreement (ECO-TFA).
- iv. The Member States may be requested to volunteer to host the next Meeting of ECO Investment Promotion Agencies (ECO-IPAs) in hybrid mode in 2022.

1.33. Area Conclusion

112. Trade facilitation is a priority area of the organization. Pursuant to 23rd COM Report and Dushanbe Communiqué, 2018, The Secretariat, shared the drafts Trade Facilitation Strategy, the draft Multi-Dimensional Trade and Investment Strategy with the Member States for their consideration and comments. Whilst the response was awaited, in the meanwhile, the Secretariat has circulated the draft report of the research study titled “Impediments to ECO Trade Agreement and Measures to Resolve’ One of the Output of the study was drafting a Trade Facilitation Agreement, which has been shared with the Member States for their comments. The study report also contains the detailed list of the NTBs employed by the ECO Member States, before and after Pandemic; with an aim to address them in the Trade Facilitation Strategy. The Draft Trade Facilitation Strategy and the Draft Trade Facilitation Agreement may be finalized by the 1st Meeting of the Working Group for further consideration by the 5th Ministerial Meeting of Commerce and Foreign Trade. The draft Multi-dimensional Trade and Investment Strategy is also expected to be finalized by the Joint Working Group for consideration by the higher forum.

113. The 5th Ministerial Meeting on Commerce and Foreign Trade is expected to held in 2022 to, inter alia, consider Trade and Investment Strategy, operationalization of ECOTA, the proposal for initiation of negotiations on ECO FTA and a decision on Trade Facilitation strategy as well as signing the Trade Facilitation Agreement.

1.34. Section I- Area Conclusion

114. Trade liberalization is first and foremost priority area of the organization. Pursuant to 23rd COM Report and Dushanbe Communiqué, 2018, the Secretariat held the 8th Meeting of the ECOTA Cooperation Council in August 2019 and presented a proposal prepared in consultation with some of the member states, suggesting a possible breakthrough solution, with the following formula: Sectoral Implementation of ECOTA and start parallel negotiations for its up-grading to address the concerns of all Contracting Parties, along with inviting other ECO member states to join it for maximal productivity of the Agreement. The Secretariat also invited the proposals from the Member States for operationalizing ECOTA. The Secretariat conducted research study and shared scenarios for tariff reduction under ECOTA, as a part of the study report for consideration by the Member States. The Secretariat has initiated a research study for drafting a text of ECO FTA for progressive Trade Liberalization under a suitable Tariff Reduction Modality and a research based rationale for an FTA with projections of expected benefits as well as risks for the Member States economies, for their consideration, the socio-economic welfare aspect will also be analysed in it.

115. Trade facilitation is the other important part of policy intervention to make trade flow smoothly, with low cost, higher transparency and without distortion. In this regard

the Secretariat has carried out a stock taking of the NTBs in the region through a research and shared with Member States for their consideration. A draft TFA has been shared with the Member States for consideration. The Draft Trade Facilitation Strategy and the draft Multi-dimensional Trade and Investment Strategy; have been shared with the Member States for their views.

2 SECTION II

2.1. PRIORITY AREA NO. 2 : REGIONAL FINANCIAL ARRANGEMENT, TAXATION AND INVESTMENT

2.2. INVESTMENT PROMOTION ACTIVITIES

2.3. ECO VISION 2025 - APPROACH AND TARGET / EXPECTED OUTCOME.

- “The Agreement on Promotion and Protection of Investment among ECO Member Countries (APPI) will be operationalized and its membership will be increased. Amendment Protocol will be signed and ratified.
- Legal regimes and mechanisms to enhance investor protection will be improved;
- Capacity Building Programmes for Investment Promotion Agencies of the Member Countries will be prepared and executed.”

“Following pending trade related agreements will be operationalized:

- a. Regional Agreement on Cooperation in Taxation Matters”

The following Agreements will be adopted for approval by higher Fora:

- The Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX),
- The ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters.
- The Agreement on Exchange of Information in Tax Matters among ECO Member States.

The following will be pursued:

- a. Setting up the ECO Clearing Union.
- b. Analysis of recommendations of the ERPS report.
- c. Follow up on establishment of Network of SW/NDFs of ECO Member States.

(Serial no. xvii & xix of Section 3E and Serial no. iv of Section 3A of ECO Vision 2025)

2.4. Expected Outcome III

- iv) Following pending trade related agreements will be operational zed:
 - a. Regional Agreement on Cooperation in Taxation Matters.
- x) A robust trade financing programme will be launched for enhancing regional trade.

2.5. Introduction: Decision making Forum in the Area

116. Following are the main Decision Making Fora in this area:

1. Ministerial Meeting on Finance/Economy of the ECO Member States.
2. Meeting of the Heads of Tax Administration of the ECO Member States.
3. Heads of Investment Promotion Agencies and Heads of Special Economic/Free Trade Zones of the ECO Member States.
4. Heads of Central Banks and Heads of Sovereign Wealth/National Development Funds of the ECO Member States.
5. Expert Group Meeting on Banking, Finance and ECO Clearing Union.

117. ECO Ministerial Meetings on Finance and Economy formulate policy guidelines for boosting cooperation among the Member States in the spheres of finance and economy. Five Ministerial Meetings have been hosted, so far, by I.R of Pakistan, Republic of Turkey, I.R of Iran, Republic of Kazakhstan, and Republic of Tajikistan. These Meeting have contributed towards creating understanding on issues affecting regional economies and establishing appropriate forums like the ECO Heads of Central Banks and ECO Heads of Tax Administrations. The Ministerial Meetings and the Meeting of the Heads of Central Banks and Tax Administration took important decisions, which can contribute a lot to boosting regional cooperation.

118. The Meetings of the Heads of Special Economic/Free Trade Zones and Sovereign Wealth/National Development Funds of the ECO Member States are the relevant forums to finalize issues concerning SEZ/FTZs as well as SW/NDF of the ECO Member States.

119. **The 24th Meeting of the ECO Council of Foreign Ministers (COM)**, the apex decision making body of the organization, held on 9th November, 2019 in Antalya, the Republic of Turkey; concluded with Antalya Declaration incorporated Finance, Taxation and Investment in the following words and therein the esteemed member states agreed to:

6. *“Recognize the established role of investment for enhancing trade and fostering economic growth in the region; **Emphasize** the Member States who have signed the Agreement on Promotion and Protection of Investment (APPI) to complete the ratification procedures for its early effectuation; and **Invite** other Member States, to sign and ratify the Agreement to benefit from this vital agreement for promotion of trade and investment in the region;*

38. ***Encourage** all Member States to participate in the upcoming Ministerial Meeting on Economy to be held in the Republic of Tajikistan in the first half of 2020 to discuss the regional economic challenges and opportunities, address financial and banking system in the region, and to consider the draft document on the ECO Clearing Union;”*

2.6. Ministerial Meeting on Finance and Economy

120. The **4th Ministerial Meeting on Finance and Economy** was held on 22-23 May 2014 in Astana, Kazakhstan. The Meeting, taking into account the recent developments of the global economy and the economies of the ECO Member States, emphasized the need for strengthening intra ECO cooperation to respond to the emerging global and regional challenges. The meeting inter alia, requested the other Member States to consider joining the ECO Trade and Development Bank, ratify and implement the Agreement on Promotion and Protection of Investment (APPI) and Agreement on Establishment and Operation of ECO Smuggling and Customs Offences Data Bank. The meeting also called upon the Member States to hold the 'Meeting of ECO Heads of Capital Markets Supervisory Authorities' and the '2nd Meeting of ECO Heads of Central Banks', and reiterated the importance of setting up ECO-Investment Promotion Agencies (ECO-IPAs) Forum on the pattern of ECO Heads of Trade Promotion Organizations.

121. In line with the deliberations made during the 4th Ministerial Meeting, the Islamic Republic of Iran through a Note Verbale No.651/2971911 dated January 03, 2015, proposed that the Asian Clearing Union (ACU) may be used as a model institution in the course of establishing an ECO Clearing System and conveyed structure of ACU for the views of the Member States. So far, only Pakistan has agreed to this proposal.

122. The 233rd CPR Meeting held on September 11, 2018 in the ECO Secretariat, asked the Secretariat to explore the possibilities of setting up an ECO Clearing Union among the Member States. In the light of the referred decisions, during 2019, the Secretariat requested the member states to volunteer hosting of '1st Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union'. A draft Agreement on Forming ECO Clearing Union was prepared and sent to the member states.

123. Taking into consideration of the deliberations made by the 233rd CPR Meeting, during the 30th RPC, the Secretariat has incorporated in its program a Working Paper to conduct a professional study on exploring the possibility of forming ECO Clearing Union. The study will give guidance, prepare the Term of References and formulate draft Agreement on forming an ECO Clearing Union to be signed and ratified by the Member States. In addition to the proposed study, the ECO Secretariat also included an ECO Experts Group Meeting on forming ECO Clearing Union in the draft Calendar of Events for 2019, which, however, could not be held due to lack of quorum. Also, Informal Meeting of Eminent Persons Group was scheduled in June 2019 but later was postponed due to lack of quorum. The said meeting, amongst others, also aimed to evaluate the possibility of Forming ECO Clearing Union. It is important to mention that the Islamic Republic of Iran announced to hold the 2nd Meeting of ECO Heads of Central Banks, scheduled on 28-29 August, 2019 in Tehran. The said meeting, amongst others,

aimed to discuss the draft agreement on forming ECO Clearing Union and evaluate the possibility of forming ECO Clearing Union but it had to postpone, as quorum was not achieved.

124. In the 30th Regional Planning Council held on 14-16 January 2020, the Member States were requested to volunteer to host this meeting in 2020. However, the Experts Group Meeting on Banking and Financial Matters and Forming of ECO Clearing Union was not held in 2020 due to Covid-19 pandemic. The Secretariat, as reiterated by the 30th RPC to explore the possibilities of establishing an ECO Clearing Union to clear payments for the trade among the Member States; got in touch with experts working in the area and signed a contract for a small size study project entitled “**ECO Regional Payment System Feasibility Study (ERPS)**” to explore the feasibility of setting up ECO Clearing Union. The main objectives of the 12-weeks’ study were:

- (i) Regional payment systems' benchmarking:
- (ii) ECO trade figures & payment arrangements: and
- (iii) Fulfilling the economic and financial feasibility of ECRPS.

125. The study was completed and the report of the study has been shared with the Member States for their consideration and comments. The study recommended setting up a payment system amongst the selected commercial banks of the ECO Member States to ensure transparency, predictability and uniformity in the trade related payment transactions with an aim to facilitate trade by reducing costs involved in these transactions and curtailing time of transactions. The study also recommended currency swap Agreements and Transactions through Clearing System to reduce pressure on the Foreign Exchange Reserves.

126. In the mean time, the Secretariat has received response from the Islamic Republic of Afghanistan regarding the draft Agreement on Forming ECO Clearing Union, which is detailed below and the response from other Member States are awaited:

“Considering Afghanistan’s current goods trade and economic activity, there are huge trade deficit with some of Member States; thus if the ECO Clearing System would be implemented, the Afghanistan's goods trade deficit will accumulate in the Member State ' accounts in Da Afghanistan Bank in AFN and consequently it is required to be settled in hard currencies (foreign currencies such as USD or Euro) but Da Afghanistan Bank is not able to deal with these transactions from its foreign currencies reserves and therefore fulfilling the national monetary policies will face tribulations and challenges.

Therefore taking the above-mentioned facts into consideration, the ECO Clearing System would be considered implementable and acceptable by Da

Afghanistan Bank, if only the bank accounts of the Member States would be non-convertible (to foreign currencies) and the remaining money would be spent on goods imports (to balance the trade deficit) or other expenses related to the diplomatic or consular missions of Member States residing in Afghanistan."

127. The First Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union was virtually hosted by the Islamic Republic of Iran on 11th May 2021. The Meeting was attended by the representatives from the Islamic Republic of Afghanistan, the Republic of Azerbaijan, , the Islamic Republic of Pakistan, Turkmenistan, the Republic of Uzbekistan and ECO-TDB. The ECO Secretariat was tasked to:

- *Coordinate with the esteemed Member States for holding the Meeting of the Expert's Working Group of Central banks to make a decision on the proposal of ECU;*
- *Designing/drafting a Road-Map and Action Plan for setting up the ECU in line with the agreed timelines by the Experts Working Group; and*
- *Convene the meeting of Banking Associations of the ECO Member States.*

128. The **5th Ministerial Meeting on Finance and Economy was virtually hosted by the Republic of Tajikistan on May 25, 2021** in coordination with the ECO Secretariat. The meeting featured various ways and means of multifaceted economic and financial cooperation to maximize the utilization of available regional potentials for shouldering the process of socioeconomic recovery in the region during the time of crisis. Among other central issues, the participants considered an accelerated implementation of ECO Trade Agreement (ECOTA), trade liberalization policies to attract FDI in the region, expansion of membership of the Agreement on Protection and Promotion of Investment (APPI) as well as ECO Reinsurance Company (ERI) to host a secure environment for investment in the region. The Meeting also appreciated the studies conducted by the Secretariat on 'Impediments in the ECO Trade Agreement and Measures to Resolve 'and' Feasibility Study on Regional Payment System in the ECO Region'. The Meeting invited the ECO Member States to consider the recommendations of the studies to implement them. The Meeting also emphasized the follow up on the ECO Vision targets for trade sector and the setting up of ECU. The high-level ministerial forum also mulled over an ECO Clearing Union to introduce a robust financial system for facilitating smooth intra-regional remittances of trade-related payments. Keeping in view the impacts of the pandemic on economies of the region, the discussions further touched upon the proposed networking of ECO Specialized Economic/Free Trade Zones as well as the National Sovereign Wealth/Development Funds of the Member States which are intended to fast-track the economic growth and development in the region. The meeting also adopted 5th ministerial declaration on finance and economy that stresses for the continuity and enlargement of cooperative activities and engagements amongst the Member States to successfully attain the ECO Vision – 2025.

129. In their comments on mid-term review of RPC, the Islamic Republic of Iran emphasized to hold the Expert's Working Group of Central banks on ECO Clearing Union (ECU) for drafting a Road-Map for setting up the ECU in line with the agreed timelines by the Experts Working.

130. The Secretariat has requested Member States to share their nominations from their respective Central Banks to formulate the Working Group and schedule its meeting. However, the reply from the Member States in this regard is still awaited.

131. The report of the Study entitled "ECO Regional Payment System Feasibility Study (ERPS)" has been shared with the ECO Member States in March, 2021.

132. After the 1st Meeting of ECO Heads of Central Banks held in Pakistan in 2007, the **2nd Meeting of ECO Heads of Central Banks** has not been held due to lack of quorum. The Islamic Republic of Iran agreed to host the meeting in 2016 but quorum was not achieved. The Islamic Republic of Iran informed the 28th RPC Meeting that it would like to host the meeting in 2018, subject to the condition that Governors or Heads of all ECO Central Banks could attend the Meeting. The Meeting would discuss and decide on the promotion of ECO cooperation in the fields of finance, money and banking. The meeting was rescheduled for August 2019 but not convened again due to lack of quorum. The Meeting could not be held in 2020 due to restrictions on international travel and lockdowns to contain Covid-19 Pandemic.

133. In the 31st RPC no Member States volunteer to host this meeting. The Secretariat in October, 2021 circulated the N.V to hold this important event in the last quarter of 2021. The confirmations in this regard from Member States are awaited.

134. The **First ECO Tax Experts Meeting** held on 26-28 May 2014 in Tehran, finalized three draft documents on tax cooperation i.e. i) the Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX), ii) the ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters and iii) the Agreement on the Exchange of Information in Tax Matters among ECO Member States. The three documents have been circulated to Member States.

135. The 28th RPC called upon the Member States to volunteer hosting the 2nd Meeting of the ECO Heads of Tax Administration in 2018 to endorse the aforesaid three documents to be submitted to decision making organs of ECO for approval.

136. It merits mentioning that in accordance with the deliberations of the 1st Meeting of ECO Heads of Tax Administration held on 14-15 January 2013 in Tehran, i) the

Republic of Azerbaijan, hosted a Seminar on Taxpayers Services on 6-7 November 2014 in Baku, ii) the Islamic Republic of Iran hosted a Seminar on Transfer Pricing on 6-8 October 2014 in Tehran and iii) the Republic of Turkey hosted the Seminar on "Risk Based Analysis Management System" for tax officials of the Member States on 24-26 May 2016 in Ankara. The recommendations made by the participants in each seminar have been circulated to Member States for consideration. The 28th RPC recalled that the First Meeting of the Experts of Tax Administration held on 26-28 May, 2014 in Tehran, had finalized three draft documents on ECO Tax Cooperation and accordingly called upon the Member States to volunteer hosting the 2nd Meeting of the ECO Heads of Tax Administration in 2018 to endorse the aforesaid three documents to be submitted to decision making organs of ECO for approval. The Member States were requested for the same. Response in this regard is awaited.

137. The 28th RPC requested the Member States to consider hosting the First Meeting of ECO Heads of Capital Markets Supervisory Authorities and inform the ECO Secretariat in this regard.

138. As stated earlier, the Islamic Republic of Iran offered to host the 5th Ministerial Meeting on Finance and Economy and the 2nd ECO Heads of Central Bank Meeting back to back in first half of the 2019 in Tehran. It was also decided that Meeting of the 5th Ministerial Meeting on Finance and Economy and the 2nd Meeting of the Board of Governors will be announced back-back by the Islamic Republic of Iran. Accordingly, the Secretariat requested the Islamic Republic of Iran to announce the date for the 5th Ministerial Meeting on Finance and Economy, which has not been announced in 2019.

139. In the meantime, during Secretary General's visit to the Republic of Tajikistan, the authorities informed that they are considering holding 5th Ministerial Meeting on Finance and Economy in April 2020.

2.7. Stocktaking and progress made

140. As discussed in Para 123, the **5th Ministerial Meeting on Finance and Economy was virtually hosted by the Republic of Tajikistan on May 25, 2021** mulled over various ways and means of multifaceted economic and financial cooperation to maximize the utilization of available regional potentials to shoulder and smoulder the process of socioeconomic recovery in the region during the Pandemic and beyond. Among other central issues, the participants considered an accelerated implementation of ECO Trade Agreement (ECOTA), trade liberalization policies to attract FDI in the region, expansion of membership of the Agreement on Protection and Promotion of Investment (APPI) as well as ECO Reinsurance Company (ERI) to host a secure environment for investment in the region. The Meeting also appreciated the studies conducted by the Secretariat on 'Impediments in the ECO Trade Agreement and

Measures to Resolve 'and' Feasibility Study on Regional Payment System in the ECO Region'. The Meeting invited the ECO Member States to consider the recommendations of the studies to implement them. The Meeting also emphasized the follow up on the ECO Vision targets for trade sector and the setting up of ECU. The high-level ministerial forum also deliberated on establishment of an ECO Clearing Union to introduce a robust financial system for facilitating smooth intra-regional remittances of trade-related payments. Keeping in view the impacts of the pandemic on economies of the region, the discussions further touched upon the proposed networking of ECO Specialized Economic/Free Trade Zones as well as the National Sovereign Wealth/Development Funds of the Member States which are intended to fast-track the economic growth and development in the region. The meeting also adopted 5th ministerial declaration on finance and economy that stresses for the continuity and enlargement of cooperative activities and engagements amongst the Member States to successfully attain the ECO Vision – 2025. The meeting, in its declaration; appreciated the study report in following words:

"Stress the need to augment trade facilitation by setting up Regional Payment System amongst selected commercial banks and financial institutions in the region."

141. The 31st RPC appreciated the Islamic Republic of Pakistan for volunteering to host the 2nd Meeting of the ECO Heads of Tax Administration in April, 2021 in virtual mode, and requested the Secretariat to circulate the three draft documents among Member States, so that the same could be endorsed in the Second meeting in the light of decisions of the First Meeting of the Experts of Tax Administration. The same are to be submitted to decision making organs of ECO for approval. The documents include;

- a) The Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX);
- b) ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters; and,
- c) Agreement on the Exchange of Information in Tax Matters among ECO Member States.

142. As requested by the Council the Secretariat has re-circulated the three documents, adopted in the 1st Meeting of the ECO Heads of Tax Administration and the Islamic Republic of Iran has conveyed their comments on these documents which have been shared with the Member States and the Secretariat has requested I.R of Pakistan for sharing the schedule of the meeting however the reply of the Islamic Republic of Pakistan is awaited. The 5th Ministerial Meeting on Economy/Finance encouraged the Member States to sign and implement the three documents on Cooperation in Taxation Matters in the region for transparency and improving ease of doing business in the region.

143. The Secretariat circulated the proposal of the Islamic Republic of Pakistan to the esteemed Member States. They were also requested to convey their convenience and confirmations for participation in the Preparatory Committee Meeting, along with particulars of their relevant delegates as well as focal points so as to finalize the details of the rescheduled ECO event at an early date.

144. Likewise, the 31 RPC also requested the Member States to consider hosting the first Meeting of ECO Heads of Capital Markets Supervisory Authorities as it could not be held in 2019 & 2020, it could not be held due to Covid-19.

145. The Council appreciated the Islamic Republic of Pakistan for volunteering to host the 1st Meeting of ECO Heads of Capital Markets Supervisory Authorities in last quarter of 2021. The deliberations and decisions of the meetings will be submitted to the next ECO Ministerial Meeting on Finance/Economy for decision/approval. As confirmed by the host in the 31st RPC, the 1st Meeting of ECO Heads of Capital Markets Supervisory Authorities; was scheduled to be held on 4th October, 2021 but the same could not be held due to lack of quorum. After that, the Islamic Republic of Pakistan requested that the Preparatory Committee meeting is required to be held before the First Meeting of ECO Heads of Capital Market Supervisory Authorities in order to discuss and finalize the agenda of the main meeting. The related details including the dates will also be finalized during Committee's meeting.

146. The drafts of “Charter for Establishment of ECO Tax Administration Cooperation Society”, “ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters” and “Agreement on the Exchange of Information in Tax Matters among ECO Member States were finalized in 2014 awaiting concrete actions. Regional cooperation on this important issue is still pending despite the fact that its importance is acknowledged by Member States. The impediment to be removed at early stage is inability to get as maximum as support needed to finalize and implement these instruments.

147. The Secretariat shared these documents, again, with the Member States for their views and comments. The Secretariat is planning to table these agreements in the 2nd Meeting of Heads of Tax Administration, for adoption; enabling their submission to higher fora for approval.

148. The latest development has been the consideration by the 5th ECO Ministerial Meeting on Finance and Economy (26th May 2021), where Member States were again encouraged to sign and implement the three documents for transparency and improving ease of doing business in the Region.

2.8. Secretariat's recommendations - The Way Forward

149. As envisaged by the Vision Implementation Framework, the regular meetings of the ECO Heads Tax Administration can assist in establishing regular consultations and decision making towards implementation of these instruments. The ECO Expert Group meetings on Taxation had already been scheduled in 2021 to be hosted by the I.R of Pakistan but the schedule is awaited. The secretariat is pursuing to facilitate this meeting and the ensuing process. The Council may request:

- a) The Islamic Republic of Pakistan to host the 2nd Meeting of Heads of ECO Tax Administration.*
- b) The Member States to offer hosting the 2nd Meeting of ECO Heads of Central Banks in 2022.*
- c) The Member States to share views on the recommendations of the study project on Regional Payment System; the Secretariat to follow it up.*
- d) The Member States to expedite nominations from their Central Banks for the Expert Group for decision on ECO Clearing Union and consider hosting the meeting.*

2.9. Area Conclusion

150. Other important forum such as Central Banks will also come under discussion. Other vital areas such as Taxation and Capital market may get fresh impetus by holding this meeting. ECO Trade and Development Bank and as a result, the Member States may benefit from the decisions of the Ministerial Meeting. It will explore some new avenues in the wake of new developments at global and regional level, for strengthening greater economic cooperation and sectors like finance, trade, investment etc. It will yield favourable outcomes for the region through more constructive approach and better understanding among the Member States.

2.10. Investment Promotion Activities

2.11. Background information

151. The Agreement on Promotion and Protection of Investment (APPI) among ECO Member States has been signed by five ECO Member States namely, Afghanistan, Azerbaijan, Iran, Pakistan and Turkey. So far two ECO Member States namely the Islamic Republic of Iran and the Islamic Republic of Pakistan have ratified the Agreement along with the Amendment Protocol and deposited the Instrument of Ratification. The Islamic Republic of Afghanistan has informed the Secretariat in

November 2019 about completion of its ratification process and submitted a copy of the ratification document; however, formality of depositing original Instrument of Ratification is yet to be completed.

152. Entry into force of the Agreement requires ratification/deposit of instrument of four Member States. The 29th RPC called upon the Member States, which have not already done so, to sign & ratify the APPI along with its Amendment Protocol.

153. As per Para 52 of the 29th RPC (December 2019), the 29th RPC recommended the Member States to use the Web Portal to the possible extent for their own benefit and member states were accordingly informed.

Para 53: *“The Secretariat also informed the Council that for the ECO Trade and Investment Network Web Portal, upon the request of the Secretariat the ECO Chambers of Commerce and Industry (ECO-CCI) had circulated among the National Chambers of Commerce and Industry to provide detailed information about importers and exporters in the ECO Region. So far the Republic of Azerbaijan and Islamic Republic of Pakistan have conveyed information to the Secretariat in this regard. The information received from the Member States have been placed in the page of the ECO-CCI and National Chambers of ECO Trade and Investment Network Web Portal. The Council requested other Member States to impress upon their respective National Chambers of Commerce and Industry to provide information to be included in the ECO Web Portal at the earliest.” Information received has been published on the website.*

Para 54: *“The Secretariat informed the Council that, the Islamic Republic of Afghanistan partly, the Islamic Republic of Pakistan, the Republic of Tajikistan and the Republic of Turkey have already provided list of focal points in the relevant fields and these focal points have been placed in the ECO Trade and Investment Network Web Portal. The Council called upon the remaining Member States to designate their Focal Points in the areas of Trade, Investment, Customs, Trade Facilitation, WTO, Tax, Banking, Capital Markets, E-Trade and Visa, and provide their contact details to be placed in section for trade and investment of the ECO-Website.”*

2.12. Stocktaking and progress made

154. The 30th & 31st RPC called upon the Member States, which have not already done so, to sign & ratify the APPI along with its Amendment Protocol. Accordingly, request was made to the member states. Response in this respect is awaited.

155. The Secretariat informed the Council that for the **ECO Trade and Investment Network Web Portal**, upon the request of the Secretariat the ECO Chambers of Commerce and Industry (ECO-CCI) had circulated among the National Chambers of Commerce and Industry to provide detailed information about importers and exporters in the ECO Region. So far the Republic of Azerbaijan and Islamic Republic of Pakistan have conveyed information to the Secretariat in this regard. The information received from the Member States has been placed in the page of the **ECO-CCI and National Chambers of ECO Trade and Investment Network Web Portal**. The Council requested other Member States to impress upon their respective National Chambers of Commerce and Industry to provide information to be included in the ECO Web Portal at the earliest convenience to promote trade in the region.

156. The Secretariat informed the Council that the **"ECO Trade and Investment Network Web Portal"** has been developed on the main ECO Web-Site and the new address is **"www.eco.int/trade"**. The Council while appreciating the Secretariat for this valuable work recommended the Member States to use the Web Portal to the possible extent for their own benefit.

157. ECO Trade and Investment Network Web Portal had been developed on the ECO main website. The address is www.eco.int/trade. It will serve the information needs of investors, business communities as well as trade and investment promotion organizations of the Member States.

158. The ECO Secretariat has shared the request to detailed information about importers and exporters in the ECO Region, but so far no response has been received except list of exporters from Kazakhstan. .

159. The Secretariat has shared the request to regularly update of the relevant information of focal points on the web portal, to designate their Focal Points in the areas of Trade, Investment, Customs, Trade Facilitation, WTO, Tax, Banking, Capital Markets, E-Trade and Visa, and provide updated contact details to be placed in section for trade & investment of the ECO-Website. However, no response has been received.

2.13. Secretariat's recommendations - The Way Forward

- a) *Turkey may be requested to ratify the Agreement on Promotion and Protection of Investment (APPI) along with the Amendment Protocol and deposit the Instrument of Ratification.*
- b) *The Islamic Republic of Afghanistan has informed in November 2019 that it has completed the ratification process to the APPI and shared a copy of instrument of*

ratification. Request may be made for depositing of the original Instrument of Ratification with the Secretariat.

- c) Azerbaijan may be requested to sign the Amendment Protocol and ratify the Agreement along with the Amendment Protocol and deposit the Instrument of Ratification.*
- d) The non-signatory Member States i.e. Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan may be requested to consider signing the Agreement during 32nd RPC Meeting.*
- e) Member States may be requested to provide requisite information to publish it on the web page and Member States may impress upon their respective National Chambers of Commerce and Industry to provide information to be included in the ECO Web Portal at the earliest convenience to promote trade in the region.*
- f) Member states may also be requested to convey/update regularly the names of the Focal Points to be placed in section for Trade and Investment in the ECO Web-site.*

2.14. ECO Investment Promotion Organizations Forum

2.15. Background information

160. With the objective of increasing interaction among the Investment Promotion Organizations (IPOs) of the Member States and recalling the decision of the 3rd ECO Ministerial Meeting on Finance and Economy to set up an ECO Heads of Investment Promotion Agencies (ECO-IPA) forum the RPC in its various previous Meetings requested the Member States to volunteer holding the 1st Meeting of ECO-IPA.

161. The First Meeting of ECO Heads of Investment Promotion Agencies (ECO-IPA) was held on December 26, 2016 in Islamabad, the Islamic Republic of Pakistan. The 27th RPC decided to change the title of the Meeting to ECO Investment Promotion Agencies (ECO-IPAs) Forum instead of Heads of ECO Investment Promotion Agencies for the future.

162. The 28th and 29th RPCs requested the Member States to consider hosting the Second Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum and inform the ECO Secretariat through diplomatic channels.

163. The 31st RPCs requested the Member States to consider hosting the Second Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum and inform the ECO Secretariat through diplomatic channels.

164. The Council requested the Member States to consider hosting the Second Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum in 2020 and inform the ECO Secretariat through diplomatic channels. However, the meeting was not held in 2021 due to Pandemic. Considering the importance of investment promotion by and among the Member States of ECO Region, the Islamic Republic of Iran proposed to the Secretariat, cooperating with UNCTAD in preparing and publishing "The Investment Policy Review of the Member States of ECO Region". The Council recommended to the Secretariat to update the Investment Policy details from all the Members before initiating work on the proposal. Once the ECO Secretariat compiles the details on investment policies of ECO Region, collaboration with UNCTAD could be initiated /finalized.

165. The Secretariat has been pursuing with the Member States to volunteer to host the event but no request to volunteer has been received. The Secretariat has also requested the Member States to share their Investment Policy details on a questionnaire, prepared and circulated by the Secretariat in April, 2021. However, response has been received from some Member States.

2.16. ECO Investment Conference

2.17. Background information

166. ECO Investment Conferences for potential investors, manufacturers, exporters and importers are organized for attracting investment by the Member States. Promoting trade and investment among the ECO Member States was the focus of the 3rd Investment Conference held in Kabul in 2004. These activities were major steps to promote trade and investment among the ECO member states especially in Afghanistan and provide business-to-business interaction and networking opportunities for the private sectors of the region. It offered an ideal opportunity for the countries to contribute to the economic progress of Afghanistan.

2.18. Stocktaking and progress made

167. In accordance with the decisions of the 3rd Ministerial Meeting on Finance and Economy held on 21-23 December, 2008 in Tehran, Tajikistan was designated as the coordinating country for ECO initiatives on investment. Tajikistan offered to host the 4th ECO Investment Conference but could not convey the schedule so far. The 28th and 29th RPC requested the Republic of Tajikistan to convey the dates and other details for the Conference at their convenience. The Republic of Tajikistan informed the Council that it would convey its position to the ECO Secretariat via diplomatic channels.

168. The ECO Secretariat recalled the Council that during the 3rd Ministerial Meeting on Finance and Economy in Tehran, the Republic of Tajikistan was designated as the coordinating country for ECO initiatives on investment. The Council requested the

Member States to volunteer hosting of the **4th ECO Investment Conference** and accordingly convey the date, venue and other details at the earliest convenience.

169. The Secretariat has shared the request to volunteer to host 4th ECO Investment Conference, but so far no response has been received.

2.19. Meetings of the Heads of Special Economic /Free Trade Zones of the ECO Member States

2.20. Meeting of the Heads of the National Development Funds of the ECO Member States

170. The ECO Secretariat recalled that during 30th RPC, the Council appreciated the idea/forum of “First Meeting of heads of Economic Zone of Member States.” Initiated by the Islamic Republic of Iran. The Islamic Republic of Iran has volunteered to host the meeting in December, 2020 virtually. Accordingly the Secretariat initiated coordination with concerned host authorities from the SEZs of Iran for holding the “First Meeting of the Heads of Special Economic Zones Free Trade Zones of ECO Member States”. The Member States were also requested to share detail information on their Special Economic Zones and Free Economic Zones. The Meeting was hosted by Islamic Republic of Iran on 7th January, 2020 in virtual mode.

171. The 2nd Meeting of the Heads of Free Trade / Special Economic Zones of ECO Member States was virtually hosted by Islamic Republic of Afghanistan on August 2, 2021 in virtual mode. During the meeting the Islamic Republic of Iran, reiterated their earlier request for the establishment of the permanent standing committee and urged the Member States to expedite their nominations in forming this committee as soon as possible. The comments of the Member States on the request are still awaited.

172. During 31st RPC, the Council appreciated Islamic Republic of Iran for virtually hosting “First Meeting of the Heads of Special Economic Zones/Free Trade Zones of ECO Member States” on 7 January, 2021 and appreciated the project titled *‘Study on preparation of the guidelines and Joint Action Plan for the establishment of ECO Regional Network of Special Economic Zones/Free Trade Zones (SEZs/FTZs) in the ECO Member States’* and requested the Secretariat to follow-up for conducting the study and share the outcome of the study with the Member States for their views and comments. The Council requested the Member States to implement the decisions of the 1st Meeting of the Heads of SEZs/FTZs of the ECO Member States.

173. The Secretariat informed the Council that the 1st Meeting of the Heads of the National Development Funds of the ECO Member States were held on 16th December, 2020. Before the meeting a virtual preparatory meeting was also held on November 23, 2020 under the Chairmanship of the Islamic Republic of Iran, to discuss the agenda

items, background information and framework for future networking of National Development Funds of the ECO Member States.

174. In December 2021, the National Development Fund of Iran (NDFI) has conveyed its readiness to host the 2nd Meeting of the National Development Funds preceded by First Expert Group Meeting (EGM) on NDFs of the ECO Member States in May, 2022.

175. The Secretariat informed the Council that the detailed TORs for 'Study on preparation of the guidelines and Joint Action Plan for the establishment of ECO Regional Network of Special Economic Zones/Free Trade Zones (SEZs/FTZs) in the ECO Member States' have been prepared and the Project Management Section has been tasked to hire the services of a Specialist as per rules.

2.21. Secretariat's Recommendations - The Way Forward

176. The Council may request:

- a) The Islamic Republic of Pakistan for announcing the schedule to host the 4th ECO Investment Conference in 2022 or the Council may decide the new venue of the meeting.
- b) The Member States to convey their willingness to host 3rd Meeting of the Heads of SEZs/FTZs of ECO Member States preceded by Expert Group Meeting on SEZs of the ECO Member States.
- c) The Member States may be requested to share their nominations to establish the Permanent Standing Committee on SEZs/FTZs of ECO Member States and may urge to expedite formation of this committee as soon as possible.

2.22. Area Conclusion

177. ECO Investment Promotion Organizations Forum and ECO Investment Conference may be held in 2022 yielding considerable impact and will consider the vital issues related to investment in the region. These fora will also deliberate how investment can impact on economic growth in national as well as regional economy and may bring about expansion of trade in the region. The Agreement on Promotion and Protection of Investment (APPI) among ECO Member States. APPI may be ratified at least by one more Member State leading to the effectuation of this vital agreement, bringing positive results on international trade of the ECO region as well as the intra-regional trade.

178. The Meetings of the Heads of Special Economic/Free Trade Zones of the ECO Member States” have been held to create a network of the SEZs in the region under ECO Zones. These SEZs have the potential of being used as a component of a regional industrial policy to facilitate regional production chains and to integrate and promote Regional Value Chains (RVCs). Through cooperation, the SEZs in the ECO region may be used as tools for industrial development in the region attracting investment form within ECO and outside ECO that could enhance regional production and exports which may lead to enhancing the intraregional trade. Likewise, the networking of the SW/NDFs as the potential to promoter the infrastructure in the region by financing the regional projects and creating conditions, conducive for investment to create RVCs.

3 SECTION III

3.1. PRIORITY AREA No. 3: CUSTOMS COOPERATION AND TRADE FACILITATION

3.2. ECO Vision approach and target

“Following pending trade related agreements will be operationalized:

- a. ECO Agreement on Mutual Administrative Assistance in Customs Matters***
- b. ECO Agreement on Joint Promotional Activities.***
- c. ECO Trade Facilitation Agreement.”***

(Expected Outcome outlined at Serial no. iv (a,b,c) of Section 3A of ECO Vision 2025)

3.3. Expected Outcome III

- iv) Following pending trade related agreements will be operational zed:
 - a. ECO Agreement on Mutual Administrative Assistance in Customs Matters.
 - b. ECO Agreement on Joint Promotional Activities

3.4. Decision making Forum in the Section:

- i. Ministerial Meetings on Finance/Economy and Ministerial Meeting on Commerce and Foreign Trade, of the ECO Member States.
- ii. ECO Council of Heads of Customs Administration (CHCA) , Heads of Financial Markets Supervisory Authorities, Heads of Trade Promotion Organizations and Heads of the Commodity Exchange of ECO Member States.
- iii. Technical Committee on the Electronic Data Interchange (EDI).

179. Antalya Declaration issued at the conclusion of the **24th Meeting of the Council of Foreign Ministers (COM)** held on 9 November, 2019 mentions above areas in the following words and the Member States agreed to:

- 3. ***Prioritize the need for increasing intra-ECO trade through gradual trade liberalization, implementing existing trade agreement, harmonization of standards, dissemination of market information, enhancing trade facilitation and removal of measures which hamper trade flows and make better use of instruments at hand on our priority areas of cooperation;***

4. **Endorse** efforts for preparation of ECO Trade Facilitation Agreement and **Urge** Member States to actively participate in and contribute to relevant meetings;
5. **Emphasize** the need for finalization of the draft ECO Agreement on Mutual Administrative Assistance in Custom Matters;
7. **Appreciate** the establishment of the ECO Smuggling and Customs Offences Databank in Ankara, the Republic of Turkey, under the Agreement on the Establishment and Operation of ECO Smuggling and Customs Offences Data Bank; **Call Upon** the Contracting Parties to actively cooperate for successful operation of the Data Bank; also **Encourage** remaining Member States to join this Agreement;

3.5. Background information on Customs Cooperation

3.6. Customs Meetings and Agreements

180. Cumbersome and complex customs laws and administrative procedures are a form of Non-Tariff Barrier and are one of the major impediments in boosting intra and inter regional trade. On the other hand, facilitation of trade plays an important and conducive role in enhancing volume of regional as well as international trade.

181. The 7th meetings of Council of Heads of Customs Administration (CHCA) and the 3rd Sub-Committee of Experts of Customs (SCOE) were held from 17-19 October 2016 at Tehran. The 27th RPC on 5-8 December, 2016 in Tehran appreciated the Islamic Republic of Iran for successful holding of the 7th Meeting of the ECO Council of Heads of Customs Administration (CHCA) along with the 3rd Meeting of the Sub-Committee of Customs Experts (SCOEs) in 2016 after 8 years, also well attended by Member States and International partners like WCO and IRU.

182. The 8th Meeting of the ECO Council of Heads of Customs Administration (CHCA) along with the 4th Meeting of the Sub-Committee of Customs Experts (SCOEs) was held on 14-15 November, 2017 in Islamabad.

183. Recognizing the importance of cooperation in the field of Customs, ECO has finalized few agreements. The **Agreement on Establishment and Operations of ECO Smuggling and Customs Offences Data Bank** was concluded by the ECO Member States at Istanbul on 7th July 2005 and was signed by six Member States i.e. the Islamic Republic of Afghanistan, the Republic of Azerbaijan, the Islamic Republic of Iran, the Islamic Republic of Pakistan, the Republic of Tajikistan and the Republic of Turkey. The aforementioned agreement came into force on 30th December 2017. It is pertinent to highlight that as per said Agreement, four member states are required to implement this agreement.

3.7. Capacity Building Activities in Customs Matters

184. On the basis of the Adopted Report of " 8th Meeting of the ECO Council of Heads of Customs Administrations (CHCA)" which was held in Islamabad in November 2017, the 28th RPC noted that the Islamic Republic of Pakistan during the 8th CHCA Meeting offered to support the **capacity building activities of the Member States in Customs matters** through a set of different trainings at the Customs Training Academy at Karachi. It was also suggested that the Member States may share their best practices in different thematic areas and may communicate the proposed set of trainings with the ECO Secretariat. These training proposals can then be circulated among the Member States for the interest and confirmation of their participation.

3.8. Amending MoU with WCO

185. In the light of the decision of the 8th Meeting of the ECO Council of Heads of Customs Administration (CHCA) held on 13-14 November, 2017, the matter of amending the **Memorandum of Understanding (MoU) between the ECO and the WCO** has been taken up with the WCO.

3.9. Secretariat's recommendations - The Way Forward

186. The 9th Meeting of the ECO Council of Heads of Customs Administration (CHCA) along with the 5th Meeting of the ECO Customs Cooperation Committee (ECCC), previously called 'the Sub-Committee of Customs Experts' (SCOEs), was scheduled on 4-5 November, 2018 in Ankara which, nevertheless, could not be held due to lack of quorum. During 2019 and 2020, the Republic of Turkey was requested to announce the date and venue of the said meetings. The Meeting could not take place in 2020 due to the exigencies of the pandemic.

187. The Republic of Turkey held a meeting of the Working Group for the establishment of **ECO Smuggling and the Customs Offences Data Bank** on 20 February 2018, at Ankara. The Data Bank is now functional. The Turkish Customs Administration (Ministry of Customs and Trade) of the Republic of Turkey has organized a Training Programme (Training of Trainers) for the Administrators and Users of the Data Bank on 24 October 2018 in Ankara. During 2019, other member states have been requested to sign/ ratify the agreement. In 2020, the Republic of Turkey has informed the Secretariat that Islamic Republic of Iran is awaited to nominate a focal point for the **ECO Smuggling and Customs Offences Data Bank**. The Secretariat has requested the Islamic Republic of Iran to share the details of Focal Persons.

188. The 30th RPC requested the remaining signatories to the "**Agreement on the Establishment and Operations of the ECO Smuggling and the Customs Offences Data Bank**" to expedite ratification of the Agreement. The Council also requested the

non-signatory Member States to consider signing and ratifying the Agreement. The Secretariat has also requested the non-signatory Member States to consider signing and ratification of the Agreement.

189. The ECO Secretariat informed the Council that the draft text of the **Agreement on Mutual Administrative Assistance in Customs Matters** was finalized in the 8th Meeting of the CHCA held on 13-14 November, 2017 at Islamabad, the Islamic Republic of Pakistan and was circulated among the Member States. This adopted final draft text was circulated among the Member States for completion of formalities and internal governmental processes. The Republic of Azerbaijan and the Islamic Republic of Pakistan have completed their internal procedures. The Council requested the Member States for early completion of their formalities and internal governmental processes. After this, the draft Agreement will be submitted to the decision-making organs of the ECO for approval to be open for signatures. The Secretariat has also requested the non-signatory Member States to consider signing of the Agreement.

3.10. Capacity Building Activities in Customs Matters

190. In the 30th RPC, the Secretariat while recalling the **8th Meeting of the ECO Council of Heads of Customs Administration (CHCA)** in Islamabad in November 2017 informed the Council that the Islamic Republic of Pakistan offered to support the capacity building activities of the Member States in Customs matters through a set of different trainings at the Customs Training Academy at Karachi. The Council also welcomed the willingness and readiness of the Republic of Turkey to share its experiences on the themes such as Implementation of Common Transit Convention, e-TIR System, Simplified Procedures on Expedited Shipments, Customs Enforcement measures as well as Single Window System. Further, it was also suggested that the Member States may share their best practices in different thematic areas, and may communicate the proposed set of trainings with the ECO Secretariat. The Council requested the Member States, which have not provided yet the set of trainings to inform the Secretariat so as to conduct trainings on need basis.

3.11. Amending MoU with WCO

191. In the light of the decision of the 8th Meeting of the ECO Council of Heads of Customs Administration (CHCA) and reply from WCO, the matter of amending the **MoU between the ECO and the WCO** will be taken up in the 9th Meeting of ECO Heads of Customs Administration.

192. The 30th RPC appreciated the Islamic Republic of Iran to announce the **2nd Meeting of the Technical Committee on the Electronic Data Interchange (EDI)** in 2020, and hoped to continue its great work for developing the EDI system for the region. The Council requested the Member States to actively participate in the 2nd Meeting of

EDI for development of the system as per its mandate. The Council decided to merge this meeting with the 2nd **Meeting of the Technical Committee on the Electronic Data Interchange (EDI)** to be held in Islamic Republic of Iran in 2020 largely on the pretext of similar/common agenda. Islamic Republic of Iran may announce the date and venue of the meeting. The 2nd Meeting of the Technical Committee on the Electronic Data Interchange (EDI) has been held with Islamic Republic of Iran as host on 9th Nov 2021.

3.12. Stocktaking and progress made

193. The draft text of the Agreement on Mutual Administrative Assistance in Customs Matters has been finalized and circulated among the Member States for completion of formalities and internal procedures.

194. The Republic of Azerbaijan and the Islamic Republic of Pakistan have since completed their internal procedures. The 5th ECO Ministerial Meeting on Finance and Economy (26 May 2021) recommend the ECO Member States to sign and ratify the Agreement as a step towards greater trade facilitation and transparency.

3.13. Bottlenecks / impediments

195. This draft agreement Mutual Administrative Assistance in Customs Matters suffers from similar impediments facing other ECO draft agreement that is delayed signature and ratification by Member States leading to its delayed entering into force.

3.14. Secretariat's Recommendations - The Way Forward

196. The remaining Member States shall be encouraged to sign and ratify this important agreement. The ECO summit meetings, relevant ministerial meetings as well as the meetings of ECO Council of Heads of Customs Administration (CHCA), including its 9th Meeting in 2022, constitute opportunities to this end.

3.15. ECO Agreement on Joint Promotional Activities

3.16. Stocktaking and progress made

197. The drafting of the “ECO Agreement on Joint Promotional Activities (ECO-AJPA)” is yet delayed.

3.17. Bottlenecks / impediments

198. The next meeting of the ECO Trade Promotion Organizations Forum is scheduled for 15th Dec' 2021 where the main task is to discuss and agree on the draft Agreement.

3.18. Secretariat's Recommendations - The Way Forward

199. The Secretariat may be tasked to consult with the Member States and ECO Chamber of Commerce on the components of the envisaged agreement with a view to presenting the zero draft of the Agreement and its Protocol.

3.19. ECO Programme on Paperless/ E-Trade Cooperation

3.20. Background information

200. Paperless/E-Trade is progressively gaining significance especially in international trade due new trends in international trade. Taking cognizance of this fact, the ECO organized 1st Expert Group Meeting (EGM) on E-Trade Cooperation on May 23-25, 2012 in Kish Island, I.R. Iran. The EGM was jointly organized by the ECO Secretariat, the Ministry of Industry, Mines and Trade of the Islamic Republic of Iran, and Asia Pacific Council for Trade Facilitation and E-Trade (AFACT). Apart from the 1st EGM on Electronic Trade, ECO-UNNext Technical Capacity Building Workshop on Cross Border paperless Trade for ECO Countries and ECO-ESCAP Joint Trade Facilitation Forum on Paperless Trade and Single Window were also held on the sidelines of the meeting. The meeting acknowledged that the introduction of Paperless trade has not only changed the way businesses interact with customs and other government authorities but also its clients, suppliers and partners.

201. The delegates agreed that launching Single Window and implementing a harmonized data system in the ECO region would result in improved communication between the entities and actors involved in trade processes, greater speed and efficiency in the trade procedures and enhanced transparency in commercial transaction. The meeting, therefore, decided to introduce cross-border exchange of E-certificate of origin, recognition of E-signature and ECO Cataloguing Service in the first stage in the ECO Member Countries, where the required infrastructure is ready. The meeting decided to establish product cataloguing system for ECO Member States as a part of enhancement program of ECO Web Portal. The meeting also recommended regularizing the awareness raising and capacity building activities on paperless trade for the benefits of its member states. The Islamic Republic of Pakistan volunteered hosting the 2nd EGM on E-Trade Cooperation. However, so far Pakistan could not convey the schedule of the event. The 2nd Regional event of Trade Facilitation and e-Business (REFACT) was hosted by the Islamic Republic of Iran in October 2013 to accelerate the process of paperless trade and regional Single Window activities.

202. In December 2016, another Capacity Building Workshop on Paperless Trade for Regional Connectivity in Tehran was held in Tehran, the Islamic Republic of Iran, in collaboration with United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and Iran Centre for E-Commerce (ICeCD) of the Ministry Industry, Mine and Trade, Islamic Republic of Iran with the support of United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific (UNNExT). ECO Secretariat is exploring the avenues with regional and international partners to continue such workshops to cater the exigencies on social distancing unfolded by the Covid-19 pandemic and sustainability of the benefits for the Member States.

3.21. Stocktaking and progress made

203. In 31st RPC the Council appreciated the fresh offer of the Republic of Turkey to host the 9th Meeting of the ECO Council of Heads of Customs Administration (CHCA) and the 5th Meeting of the ECO Committee on Customs Cooperation (ECCC) in 2021, and requested the Republic of Turkey to convey the mode, date and venue of the meetings. The Council also requested the Member States to actively participate in these meetings for sustainability of the benefits of previous meetings and realization of the related goals stipulated in the ECO Vision 2025, however, confirmation from the Republic of Turkey for the meeting is awaited.

204. The Council also appreciated the Republic of Turkey for setting up the ECO Smuggling and the Customs Offences Data Bank under the Agreement on Establishment and Operation of ECO Smuggling and Customs Offences Data Bank. The Council requested the Member States to fully cooperate with the Republic of Turkey for full operationalization of this institutional mechanism aiming to increase the governmental revenues and requested the Member States to provide the details of the focal points to the relevant authorities of the Republic of Turkey for early operationalization of the data bank. The Islamic Republic of Iran has informed that it has provided the details of their focal points and will share the same with the Secretariat.

205. The Secretariat informed the Council that the Data Bank has entered into force on December, 2017 to increase governmental revenues of the Member States by preventing pilferages. In order to make it operational, the Member States, signatory to the agreement; have been requested the following actions:

- a. The current Contracting Parties to the said agreement; namely, the Republic of Azerbaijan, the Islamic Republic of Iran, the Islamic Republic of Pakistan and the Republic of Turkey; have been requested to kindly register with the data bank.*
- b. The Islamic Republic of Iran has been requested to kindly provide the particulars of their focal points to connect to the data bank.*

- c. *The Islamic Republic of Afghanistan has been requested to kindly deposit the original version of the instrument of ratification with the ECO Secretariat.*
- d. *The Republic of Tajikistan, being the only remaining signatory of the Agreement awaiting ratification, has been requested to kindly share the instrument of ratification at the earliest.*
- e. *Moreover, the non-signatory Member States namely, the Republic of Kazakhstan, the Kyrgyz Republic, Turkmenistan and the Republic of Uzbekistan; have been also requested to consider signing and ratifying the Agreement at their earliest convenience.*

3.22. Technical Committee on Electronic Data Exchange (EDI)

206. The 8th Meeting of the ECO Council of Heads of Customs Administration (CHCA), which was held at Islamabad, on 14th November 2017, set up a Technical Committee on Electronic Data Exchange (EDI). Accordingly, the Islamic Republic of Iran's Customs Administration (IRICA) offered to host this meeting for devising an electronic data exchange system for Customs and trade facilitation with a view to enhance intra-regional trade in the ECO region as outlined in the ECO Vision-2025.

207. The Islamic Republic of Iran scheduled the First Meeting of the 1st Technical Committee on Electronic data Exchange (EDI) on the 22 October, 2018 at Tehran. The 28th RPC Meeting held on 11-14 December, 2017 at Islamabad, called upon the Member States to designate Focal Points in the areas of Trade, Investment, Customs, Trade Facilitation, WTO, Tax, Banking, Capital Markets, E-Trade and Visa for better coordination especially for holding of the events.

208. It may be recalled that during 31st RPC, the Council appreciated the Islamic Republic of Iran for volunteering to host the 2nd Meeting of the Technical Committee on the Electronic Data Interchange (EDI) in second quarter of 2021, and hoped to continue its great work for developing the EDI system for the region. The Council requested the Islamic Republic of Iran to share the mode, date, venue and other hospitality details of the meeting at the earliest and requested the Member States to actively participate in the 2nd Meeting of EDI for development of the system as per its mandate. The Council decided to merge this meeting with the 2nd Expert Group Meeting (EGM) on E-Trade Cooperation to be held in Islamic Republic of Iran in 2021 largely on the pretext of similar/common agenda.

209. The 2nd Meeting of the Technical Committee on the Electronic Data Interchange (EDI) was virtually hosted by the Islamic Republic of Iran on November 9, 2021. The esteemed Member States have been requested to share the details of their nominations for the Working Group Meeting of the Experts on EDI enabling the Secretariat to schedule the said meeting at the earliest to finalize technical aspects of Data elements

and other details, for consideration by the next meeting of the Technical Committee on EDI. However, the views/comments of the Member States are awaited in this regard.

3.23. Secretariat's Recommendations - The Way Forward

210. The Council may request:

- a) *The non-signatory Member States to sign the Agreement on the Establishment and Operation of ECO Smuggling and Customs Offences Data Bank, which is open for signatures at the Secretariat.*
- b) *The signatory states to expedite ratification of the Agreement and deposit the instruments of ratification with the Secretariat.*
- c) *The Republic of Turkey to share the schedule of 9th Meeting of ECO Heads of Customs Administration and encourage Member States to actively participate in it.*
- d) *The Member States to finalize the Agreement on Mutual Administrative Assistance in Customs Matters agreed the 9th CHCA Meeting in Islamabad.*
- e) *The Member States to hold Working Group Meeting on Trade Facilitation Strategy/Agreement to proceed further in the subject agreement.*
- f) *The Member States may volunteer to announce the new date for the First Meeting of the Heads of the Commodity Exchange of ECO Member States. Member States may also be requested to actively participate in this Meeting once the meeting is finalized.*

3.24. Area Conclusion

211. The 9th Meeting of the Council of Heads of Customs Administration offered by the Republic of Turkey is expected to be held in Ankara in 2022 and active participation of the Member States will help in finalizing the Agreement on Mutual Administrative Assistance in Customs Matters, finalizing amending MOU with WCO for deepening cooperation and adoption of Trade Facilitation Strategy. Other meetings such as Electronic Data Interchange (EDI) and holding of capacity building of customs officials will facilitate trade in the region.

3.25. First Meeting of the Heads of the Commodity Exchange

3.26. Background information

212. The Council took note of the postponement of the **First Meeting of the Heads of the Commodity Exchange of ECO Member States** which has been

scheduled/postponed several times, the last one on 12th May, 2018 in Tehran, the Islamic Republic of Iran, due to lack of quorum.

3.27. Stocktaking and progress made

213. The Secretariat recalled that the Islamic Republic of Iran announced the **First Meeting of the Heads of the Commodity Exchange of ECO Member States** number of times, latest on 12th May, 2018 in Tehran, however, it could not be held due to inadequate participation. While appreciating its commitment, the Council requested the Member States to announce holding of this meeting in 2021 and also requested the Member States to actively participate in the Meeting once it is announced. The meeting couldn't be held for Covid-19 restrictions.

214. The Secretariat informed that it has shared the request to volunteer to host First Meeting of the Heads of the Commodity Exchange of ECO Member States, but so far no response has been received. The Islamic Republic of Iran has shared the following views/comments during the Mid-Term Review of RPC held virtually on July 28, 2021:

- a. The First Meeting of the Heads of the Commodity Exchange of ECO Member States, would be held on virtual basis by the ECO Secretariat.*
- b. Inclusion of the issue of the bartering mechanism among the Member States on the agenda of the said meeting in order to overcome the banking and money transfer issues in the region.*

3.28. Secretariat's Recommendations - The Way Forward

- a) The Member States may be requested to host the First Meeting of the Heads of the Commodity Exchange of ECO Member States virtually in the first quarter of 2022.*

3.29. Area Conclusion

215. The 9th Meeting of the Council of Heads of Customs Administration offered by the Republic of Turkey is expected to be held in Ankara in-2022 and active participation of the Member States will help in finalizing the Agreement on Mutual Administrative Assistance in Customs Matters, finalizing amending MOU with WCO for deepening cooperation. Member States may also approve Trade Facilitation Strategy in the meeting of the Working Group on Trade Facilitation. Other meetings such as Electronic Data Interchange (EDI) and holding of capacity building of customs officials will facilitate trade in the region and move to higher level of cooperation.

4 SECTION IV

4.1. PRIORITY AREA No.4: TRADE PROMOTION, CAPACITY BUILDING, TRADE FAIRS AND ECO CHAMBER OF COMMERCE & INDUSTRY (ECO-CCI)

4.2. ECO Vision 2025 - Approach and Target

“Capacity Building Programmes for Trade Promotion Organizations of the Member Countries will be prepared and executed”

“Regional trade exhibitions and fairs will be organized”

(Serial no. viii & ix of Section 3A of ECO Vision 2025)

4.3. Expected Outcome III

- iv) Following pending trade related agreements will be operationalized:
 - b. ECO Agreement on Joint Promotional Activities
- viii) Capacity Building Programmes for Trade Promotion Organizations of the Member Countries will be prepared and executed.
- ix. Regional trade exhibitions and fairs will be organized.

4.4. Decision making Forum in the Section:

- i. Heads of Trade Promotion Organizations and Heads of the Commodity Exchange of ECO Member States.
- ii. ECO TPOs Forum.
- iii. Regional Planning Council.

216. The **24th Meeting of the ECO Council of Foreign Ministers (COM)**, the apex decision making body of the organization, held on 9 November, 2019 in Antalya, the Republic of Turkey, concluded with Antalya Declaration incorporating Trade Promotion, Capacity Building, Trade Fairs and ECO Chamber Of Commerce & Industry (ECO-CCI) in the following words and therein the esteemed member states agreed to:

- "3. Prioritize the need for increasing intra-ECO trade through gradual trade liberalization, implementing existing trade agreement, harmonization of standards, dissemination of market information, enhancing trade facilitation and removal of measures which hamper trade flows and make better use of instruments at hand on our priority areas of cooperation;**

14. ***Emphasize*** on the significance of the role of private sector in regional development and the need for increased interaction among the businessmen of the region and to this end, ***Instruct*** ECO Secretariat to include ECO CCI in its work impacting the business community, ***Encourage*** the Member States to strengthen and support ECO-CCI to enhance its activities for strengthening of private sector activities in the Region."

4.5. **ECO Trade Promotion Organizations Forum**

4.6. **Background information**

217. The outward-looking strategy of trade through the export-led growth has been substantially effective and result yielding in enhancing trade volume of the developing countries. Nevertheless, trade promotional activities, modernization and expansion of export-oriented industries, up-gradation of product standards /quality, value addition and diversification of exports remain formidable/great challenges for the ECO countries. One of the effective options to achieve desired progress or the set targets on the export front is to create linkages or strengthen the existing relations between the Member States' relevant organizations so that their promotional activities and campaigns are effectively coordinated at the regional level leading to produce desired results.

218. For this to achieve, new forum titled Trade Promotion Organizations (TPOs) was established in 2009 for enhancement of trade promotion measures through increased interaction among the member states. The first meeting of the ECO Heads of Trade Promotion Organizations (ECO-TPOs) was hosted by the Trade Promotion Organization of Iran in December 2009 in Tehran. This event provided an opportunity to the member states for exchange of information on their respective organizations, functions and activities and scope for cooperation in promotional activities including training of officials, linkages between research institutions, and facilities for trade-fair participation, holding of seminars/ symposia and sharing of technical expertise.

219. It is pertinent to mention that the Republic of Azerbaijan hosted the 2nd Meeting of the ECO-TPOs on 2-3 May, 2012 in Baku. The Meeting acknowledged the efforts of ECO in establishing important forums, **launching projects** and organizing events in order to promote regional trade. The Meeting also deliberated on the need to accelerate the process of trade liberalization by taking special measures to achieve objectives of integrating the ECO region in the world trading system. Furthermore, the meeting highlighted the importance of trade financing and implementation of an integrated regional trade promotion program for accomplishment of the objectives.

220. Furthermore, the 2nd Meeting of the ECO-TPOs suggested several initiative and supportive measures for expanding and utilization of potential of intra-regional trade.

These include organizing specialized trade fairs, buyer/seller meetings on regular basis with specified and focused themes, early implementation of the ECO Trade Agreement (ECOTA), technical assistance and export coaching program for the countries in need, exchange of information of the trade related events including fairs, seminars, exhibitions, road shows, business forums, etc.

221. The Meeting also decided to meet at least once a year on a regular basis for timely implementation of the decisions as well as for enhanced coordination in trade related activities at the regional level. In this regard, Republic of Turkey expressed its interest for hosting the 3rd Meeting of Heads of ECO Trade Promotion Organizations (TPOs). The Meeting could not be held a number of times due to lack of quorum.

222. The Republic of Turkey rescheduled the Meeting on May 11, 2016 in Ankara, Turkey. Two main, inter alia, decisions were made in the subject Meeting. Firstly, **draft Regional Protocol on Organizing Joint Trade Promotional Activities** has been examined/ amended by the participating Member States. Secondly, the name of this forum has been changed from the meeting of Heads of ECO Trade Promotion Organizations (TPOs) to Meeting of ECO Trade Promotion Organizations (TPOs) as meeting had to be rescheduled a number of times as the Heads of TPOs were not available. Now the senior officials can regularly meet for speeding up trade promotional activities in the ECO region. It was decided that the name of the meeting would be changed to *"ECO Trade Promotion Forum"* in order to provide more flexibility to the Member States for the level of nominations.

223. The Islamic Republic of Pakistan announced to hold the meeting of the "4th ECO Trade Promotion Organizations (ECO-TPOs) Forum" on 19th March 2018, but this had to be postponed it due to lack of quorum. After this, the Islamic Republic of Pakistan also informed that the Secretariat may invite other Member States to host the forum.

4.7. Stocktaking and Progress made

224. The Vision Implementation Framework has given the task to the Trade Promotion Organizations Forums (TPOF) to define and elaborate ECO calendar of trainings and capacity building programmes. Since adoption of the Vision, TPOF has not been convened regularly.

225. The 29th RPC appreciated the Islamic Republic of Pakistan for the efforts for organizing on 19 March, 2018 in Islamabad for the 4th ECO Trade Promotion Organizations (ECO-TPOs) Forum. However, the event could not be held due to lack of quorum. The Islamic Republic of Pakistan also informed that the Secretariat may invite other Member States to host the forum. The Council requested other member states to announce the dates and venue for the 4th "ECO Trade Promotion Organizations

Forum". Accordingly, Member States have been requested in 2019 to volunteer hosting this important forum for promotion of trade in the region.

226. The 31st RPC expressed its gratitude to the ECO-CCI on announcing the 4th ECO Business Forum in April 2020 in Turkmenistan for extended benefits and expansion of intra-regional trade in the region. The Council requested the Member States to encourage their National Chambers to actively participate, and make it successful and result-oriented. The Council also congratulated and profoundly appreciated Turkmenistan and ECO-CCI for announcing to hold the meetings of the 28th Executive Committee of the ECO-CCI along with the Six Specialized Committees Meetings, for the first time in Ashgabad, Turkmenistan, in April 2020 along with the 4th ECO Business Forum and 3rd ECO Trade Fair. It was highlighted that in December 2018, the meetings of the ECO-CCI Executive Committee and the Six Specialized Committees, were held in Tashkent, the Republic of Uzbekistan, for the first time in Central Asia. The Council noted that these events will create good impact and encourage other member countries especially the Central Asian States to hold such events in other parts of Central Asia. The Council also deeply appreciated and encouraged the Member States' national chambers for more participation in such events. The Council also requested the Republic of Turkey and the ECO-CCI/TOBB to explore the possibility of holding the 5th ECO Business Forum.

227. The 31st RPC further appreciated the proposal of the Islamic Republic of Pakistan to volunteer hosting of the 4th ECO Trade Promotion Organizations (ECO-TPOs) Forum in 2021 in virtual mode. The Council requested the other Member States to ensure participation of their Trade Promotion Organizations once the Forum is announced. The Secretariat has requested the Islamic Republic of Pakistan to share the schedule; venue and mode of the '4th ECO Trade Promotion Organization (ECO-TPOs) Forum in 2021'. The representative of the I.R of Pakistan informed the RPC's Mid-Term Review Meeting that they will schedule this forum in the last quarter of 2021.'

228. The 4th ECO Trade Promotion Organizations (ECO-TPOs) meeting which has been scheduled on 15th Dec 2021 in virtual mode by I.R of Pakistan has been postponed due to lack of forum. It is expected that the said meeting will be held in 2022 and in the coming years, on regular basis and will carry out its business and will lead to adoption of Regional Protocol on Organizing Joint Trade Promotional Activities and other ancillary activities.

4.8. Bottlenecks / impediments

229. As mentioned before, the TPOs Forum needs to be organized and give serious care to this important pending part of the Vision. Moreover, and as per 31st RPC recommendation, the Secretariat is still awaiting the Member States to share their needs for training and capacity building.

4.9. Secretariat's Recommendations - The Way Forward

230. The Secretariat is pursuing with UNIDO to implement the fourth phase of the trade-related joint capacity building project. Member States, including the ECO business community, will assist the Secretariat in identifying the needs and priorities of the target groups and end-users of these trainings and programmes. The ECO TPOs should meet regularly and take over their tasks as per Vision Implementation Framework.

4.10. ECO Business Forum

4.11. Background information

231. For strengthening Trade promotion activities in the region, Business Forums are organized under the ECO Project on “Expanding Intra-Regional Trade”. The ECO Business Forum was institutionalized as a mechanism for improving interaction among the private sectors of the Member States. These forums serve as a useful platform for the private sector representative bodies to explore avenues of expansion of regional and international trade among the Member States.

232. Three Business Forums have been held so far. The National Chambers of Commerce and Industry of Pakistan and Turkey have hosted these important private sector activities of the ECO. Besides, Buyers and Sellers meetings on specialized sectors are also organized as sideline events of the ECO Business Forums.

233. During the 24th RPC, the Republic of Azerbaijan offered to host the event in 2015 in Baku in view of the fact that the 4th ECO Business Forum could not be hosted in Kabul for four years. The 25th RPC therefore welcomed the decision of the Republic of Azerbaijan to host the event in 2015 in Baku. The Event was scheduled on 16 December, 2015 in Baku, Azerbaijan but due the Member States’ engagement in the RPC on those days, the Republic of Azerbaijan was requested to reschedule it.

234. Later, 23rd November 2016 was announced as a new date for the 4th ECO Business Forum. The delegate from the Republic of Azerbaijan informed during 27th Meeting of the RPC held on 5-8 December, 2016 in Tehran that it was postponed because of lack of adequate participation from private sector. While deliberating the reasons for non-participation, the representative of the ECO-CCI informed the Council that the last ECO Business Forums were funded by ECO Secretariat’s project worth US\$ 50,000, which was especially envisaged to hold such events. He informed that if such activities are to be held in future, the ECO Secretariat may earmark US\$ 50,000/- as in the past.

235. Such forums are important to increase participation and interaction amongst Private Sectors and Regional Trade Promotion Organizations and are especially important to increase these activities in the Central Asian States of the ECO. The Council decided that for future Business Forums, such support will be provided from a special project, which will be developed for this purpose. The Council requested the ECO Secretariat to initiate a two year renewable project worth US\$ 50,000/-, to be provided by the ECO Secretariat from its budget (as was done in the past for the project titled “expanding intra-regional trade”). This project will be called “Project on Trade Promotion and Strengthening Cooperation amongst the Private Sectors in ECO”. Project Management Group (PMG) meeting in November, 2019 decided to make a project for holding Business Forum on the sideline of the ECO Summit Meeting expectedly in 2020.

236. The Proposal in this regard was prepared by the ECO Secretariat on the basis of the input from the ECO-CCI. Comments from the member states are awaited. It is worth mentioning that the 24th Executive Committee and the 16th General Assembly Meetings were held along with the Sectoral Committee Meetings of ECO-CCI in Tehran on 3-5 March 2018. ECO Secretariat was informed that Business Forum would be held once the funds issue for the ECO Business Forum is resolved after comments are provided on the referred project.

237. In July 2018, the Republic of Tajikistan informed the ECO Secretariat that it was considering hosting it in Dushanbe. However, at a later stage it informed that it was not possible for it to hold this meeting that year due to other engagements.

238. The ECO Secretariat informed that based on the decision of the 26th and 27th Meetings of the RPC, a proposal for two-year project on **ECO Business Forum** worth US\$ 50,000/- was prepared and circulated among the Member States to furnish their views/comments, but response in this respect is awaited. The Project Monitoring Group (PMG) meeting held in November, 2019 at the Secretariat recommended holding this meeting in 2020 on the sidelines of the 14th ECO Summit Meeting, in coordination with the host authorities and ECO-CCI by rationalizing its cost/budget to US\$ 10,000.

239. The Council expressed their gratitude to the ECO-CCI on announcing the 4th ECO Business Forum in 2020. The meeting proposed to hold Buyers/Sellers meeting along with this event for extended benefits and expansion of intra-regional trade in the region. The Council requested the member states to encourage their National Chambers to actively participate and make it successful.

240. In 31st RPC the Council recommended that the ECO Special Business Forum may be held physically after improvements in the pandemic situation. The Secretariat will communicate with the Member States for hosting this Forum through diplomatic channels.

241. The Council expressed its gratitude to the ECO-CCI for announcing to hold the 4th ECO Business Forum in 2021 in Turkmenistan, which could not be held in 2020 due to pandemic. The Council requested the Member States to encourage their National Chambers to actively participate, and make it successful, once the event is announced.

242. The Islamic Republic of Afghanistan volunteered to host the 4th ECO Trade Fair in 2020 but the same could not be held due to pandemic. Accordingly, the Council requested the Member States to volunteer hosting this important event in 2021 with participation of their National Chambers of Commerce and Industries. The Council requested the Islamic Republic of Afghanistan to provide exact date of the meeting.

243. The Council also appreciated the offer of the Islamic Republic of Iran to host ECO Trade Exhibition namely “ECO-RAF” in 2021 in Yazd. The Council also requested the Member States and their National Chambers of Commerce to actively participate in this event for promotion of trade and regional integration. The Council requested the Islamic Republic of Iran to provide exact date of the meeting.

244. Due to the exigencies of the COVID-19 pandemic, the 28th Executive Committee of the ECO-CCI along with the 18th General Assembly of ECO-CCI was held virtually. On 21 September 2021, the Embassy of the Republic of Uzbekistan, in Tehran, requested the Secretariat to postpone the 4th Business Forum and the 3rd Trade Fair of the ECO member countries to the 1st half of 2022.

4.12. Stocktaking and Progress made

245. The 4th Business Forum of the ECO Member States was held in hybrid format on 26th November 2021 in Asghabat, Turkmenistan on the sidelines of 15th ECO Summit Meeting and was successfully jointly organized by the Chamber of Commerce and Industry of Turkmenistan, ECO Secretariat, and ECO-Chamber of Commerce and Industry (ECO-CCI). The Business forum was attended by the delegates from the ECO countries including Chambers of Commerce and Industry, high level representatives of different Ministries of Turkmenistan as well as representatives from the International Organizations and International Financial Institutions namely UNESCAP, UNECE, UNIDO, ADB, IDB, and ETDB etc. The 3rd ECO Trade Fair was not held due to Covid-19 restrictions.

246. The Islamic Republic of Afghanistan scheduled the 4th ECO Trade Fair in August 2021 by the same was postponed by the host.

4.13. Secretariat's recommendations - The Way Forward

247. The Council may request:

- a) Member States to offer views on the Project on Trade Promotion and Strengthening Cooperation amongst the Private Sectors in ECO.
- b) The ECO-CCI to coordinate with Uzbekistan to schedule the 30th Executive Committee of the ECO-CCI along with the Six Specialized Committees Meetings, in 2022. Member States' National Chambers may be requested to confirm their participation.
- c) The Member States may be requested to volunteer to host the 4th ECO Trade Fair.

4.14. ECO Trade Fairs/Exhibitions and Specialized Fairs/ Exhibition

4.15. Background information

248. Exhibitions and Trade Fairs are one of the most useful tool of marketing, projection of trade, industrial and investment potential of the region. It is instructive to highlight that the Secretariat was on track to gear up the promotional activity after the successful hosting of the 2nd ECO Trade Fair held in Karachi, Pakistan (July 2008). The Republic of Kazakhstan offered to host the 3rd ECO Trade Fair in 2009 and it was an encouraging signal for the region to effectively promote intra-regional trade on a sustained basis and regular basis.

249. However, the Republic of Kazakhstan could not convey the schedule of the Trade Fair till 2012. Subsequently, the remaining Member States were requested to offer hosting the 3rd ECO Trade Fair in 2012. The I.R. Iran agreed during the 22nd RPC to host the event in 2012 but the member state could not send schedule of hosting of the trade fair. The 25th and 26th RPC meetings requested the Islamic Republic of Iran to announce the schedule of the 3rd ECO Trade Fair. During 2016, the Islamic Republic of Iran announced the schedule along with the Ministerial Meetings and ECOTA Cooperation Council Meetings. The same could not be held due to lack of quorum and shortage of time allocated for preparation of Trade Fairs.

250. During 27th RPC Meeting in Tehran, the Islamic Republic of Pakistan also offered to host 3rd ECO Trade Fair in Pakistan. The 3rd ECO Trade Fair could not be held in 2016, so the Council requested the ECO Chamber of Commerce and Industry (ECO-CCI) to hold the 3rd ECO Trade Fair in 2017. The ECO-CCI offered to provide

dedicated booths on discounted rates along with other concessions for the ECO member states but no national chambers participated.

251. The I.R of Afghanistan volunteered to host the 3rd ECO Trade.

4.16. Bottlenecks /Impediments

252. Lack of quorum and Covid-19 have been among the reasons delaying fairs and exhibitions. Meanwhile, virtual fairs and exhibitions are getting attention.

4.17. Secretariat's recommendations - The Way Forward

253. ECO TPOs in coordination with ECO-CCI will push for early organization of the trade fairs and exhibitions. As mandated by Vision, programmes for Media will be crafted and implemented by individual Member States and ECO-CCI to utilize their role for promotion of regional trade and economic activities.

4.18. Stocktaking and Progress made

254. The Vision Implementation framework has envisaged ECO Trade Fairs/Exhibitions to be developed and organized by TPOs and ECO Chamber of Commerce and Industry. These events have ever since been on the annual ECO calendars, including in the Calendar of Events 2021.

255. With regard to the ECO Trade Fair, the ECO Secretariat recalled that ECO-CCI tried to organize the 3rd ECO Trade Fair in October 2017 in Karachi, but it was postponed because of lukewarm interest of the member states. However, no date for holding it was announced in 2018. The Islamic Republic of Pakistan was to consider holding this event after consultation with FPCCI and will inform the Secretariat accordingly. The Council requested the member states and the ECO-CCI to call upon their constituents to actively participate in this event for promotion of trade in the region.

256. With regard to the ECO-ASEAN Joint Business Forum and ECO-SAARC Joint Business Forum, the ECO-CCI informed that this forum will be considered in 2020 after holding of 4th ECO-Business Forum in Turkey in 2019 and strengthening the events within the region. However, in the meantime ECO-CCI will explore the possibility of expanding trade relations with these economic blocs.

257. With respect to **ECO-ASEAN Joint Business Forum**, the 27th RPC requested the ECO-CCI to host the ECO-ASEAN Joint Business Forum in first half of 2017 in coordination with the ASEAN Secretariat. The ASEAN Secretariat requested for the Master List of traders doing business with ASEAN member states. The response of ECO-CCI is awaited. Likewise, the **ECO-SAARC Joint Business Forum** was to be held by the ECO-CCI, which has not been held so far.

258. In the 30th RPC meeting the ECO-CCI informed that **ECO-ASEAN Joint Business Forum and ECO-SAARC Joint Business Forum** will be considered in 2020/2021 after holding of 4th ECO-Business Forum in 2020 with the aim to strengthen inter-regional trade. It was announced that in the meantime ECO-CCI would explore the possibility of expanding trade relations with these economic blocs. The 4th ECO-Business Forum could not be held in 2020 & 2021.

259. During the 30th RPC meeting Chamber of Commerce and Industries/Mines of the Islamic Republic of Afghanistan announced to host ECO Trade Fair in 2020. The fair was not held in 2020 & 2021 due to COVID-19.

260. The Council also appreciated the offer of the Islamic Republic of Iran to host ECO Trade Exhibition namely "ECO-RAF" from 13-26 July, 2020 in Yazd, Iran. Accordingly, the Council also requested the Member States and its National Chambers of Commerce and Industries to actively participate in this event for promotion of trade and regional integration. The Secretariat requested Islamic Republic of Iran to share the details of the venue, mode of the meeting. However, the meeting was not held due to Covid-19 pandemic in 2020 & 2021.

4.19. Secretariat's recommendations - The Way Forward

261. The Council may request:

- a) *The Member States to host the ECO Trade Fair in 2022.*
- b) *Islamic Republic of Iran may host ECO Trade Exhibition in Yazd, Iran titled as "ECO-RAF" in 2022.*
- c) *The ECO-CCI to provide an update regarding the ECO-ASEAN Joint Business Forum and the ECO-SAARC 'Joint Business Forum'*

4.20. ECO-UNIDO Project for Trade Capacity Building (TCB) of Member States

4.21. Background information

262. The ECO-UNIDO Project on Trade Capacity-Building of ECO Member States in the areas of Standardization, Metrology, Testing and Quality (SMTQ) was launched in 2007. The Project activities have been designed to assist ECO Member Countries in elimination of Non-Tariff Barriers (NTBs) to trade. Three phases of the Project were completed during 2007 and 2009 respectively. Implementation of the third phase started in 2014 and was completed in the 1st quarter of 2017. Technical assistance envisaged in first two Phases of the Project aimed at capacity building in trade-related policy-making, strengthening private sector by improving competitiveness, establishing/strengthening institutions/infrastructure and promoting consumer, environmental and health protection. Within the framework of the implementation of the 3rd phase of the project, lead master trainers from the Member States in the field SMTQ have been trained and ECO Regional Quality Policy and Guideline for National Quality Policy have been formulated.

263. Now to promote ECO Quality Program at the country level and follow up the implementation of the two formulated policies implementation of next phase of the project, i.e 4th Phase is required. In the light of the recommendations of the 30th RPC reproduced below:

'The Council noted that elimination of non-tariff barriers is imperative for increasing intra regional trade. With regard to this, it was further observed that promoting ECO Quality Infrastructure and Implementation of the Regional Quality Policy is essentially required. Hence, the Council requested the Secretariat to invite UNIDO, ECO Trade and Development Bank and IDB to provide financial and technical support in 2020 for the implementation of the next phase of the Project. The Council also requested all the Member States to give their full support to the Secretariat in its endeavors for the implementation of the next phase of ECO-UNIDO Trade Capacity Building Project.'

4.22. Stocktaking and Progress made

264. The 28th RPC Meeting appreciated that the implementation of the 3rd Phase of the ECO-UNIDO Trade Capacity Building Project (TCBP) has been completed in 2017 and ECO Regional Quality Policy and Guideline for National Quality Policy have been formulated and submitted to good use of the ECO Member States. The Council agreed that for promoting the ECO Quality Infrastructure and to implement the ECO Regional Quality Policy, the next phase of the Project is required. In this respect the Council invited UNIDO, ETDB and IDB to provide financial and technical support for the implementation of the next phase of the Project. The Council also requested all the Member States to give their full support to initiate the implementation of the next phase of ECO-UNIDO Trade Capacity Building Project. The Secretariat has carried out consultations with UNIDO to make some progress in the areas like funding, monitoring etc. UNIDO has informally requested to source some seed funding from the ECO

Member States and international donors enabling the UNIDO to source funding for the project.

265. The 29th and 30th RPC agreed that promoting ECO Quality Infrastructure and Implementation of the Regional Quality Policy are required for elimination of non-tariff barriers to increase the intra-regional trade. Therefore, the Council requested the Secretariat to again invite UNIDO, ECO Trade and Development Bank and IDB to provide financial and technical support in 2019 and 2020 for the implementation of the next phase of the Project. The Council also requested all the Member States to give their full support to the Secretariat for its endeavors for the implementation of the next phase of ECO-UNIDO Trade Capacity Building Project.

266. During 31st RPC, the Council noted that elimination of non-tariff barriers is imperative for increasing intra regional trade. With regard to this, it was further observed that promoting ECO Quality Infrastructure and Implementation of the Regional Quality Policy is essentially required. Hence, the Council requested the Secretariat to invite UNIDO, ECO Trade and Development Bank and IDB to provide financial and technical support in 2021 for the implementation of the fourth phase of the ECO-UNIDO Trade Capacity Building Project. The Council also requested all the Member States to give their full support to the Secretariat in its endeavors for the implementation of the fourth phase of Project. The Secretariat informed the Council that the Secretariat is pursuing with UNIDO to implement the fourth phase of the project. However, response from the UNIDO is awaited regarding financial and administrative matters. The Council requested to follow-up the matter with the UNIDO.

267. The Secretariat informed the Council that UNIDO due to financial constraints in 2017-2018 could not continue to provide financial assistance for the next 4th phase of the ECO-UNIDO TCBP to promote the ECO Quality Infrastructure and implement the ECO Regional Quality Policy in Standardization, Metrology, Testing and Quality. The Secretariat has carried out consultation, in line with the instructions of the 32st RPC and the UNIDO has informally, informed that the UNIDO is ready to implement the fourth phase of the project provided that the seed money is provided by the ECO Member States. The matter is being discussed in the Project Management Group Meeting.

4.23. Secretariat's recommendations - The Way Forward

- a. The Council may request the Member States to provide their comments on the regional quality policy, as only Islamic Republic of Pakistan has provided the comment. Moreover, the Member States may be requested ensure full support for implementation of the next phase of the project by making national standardization decisions/policies through their National Standardization Institutions.

- b. The Council may mandate the Secretariat to follow-up the issue with UNIDO with a close consultation with the Member States for seed funding to kick start the fourth phase of the project.

4.24. ECO Chambers of Commerce and Industry (ECO-CCI)

4.25. Background Information

268. Private sector has been a key driver in fostering national and regional economic growth and also has played a vibrant and critical role in realizing the potential of regionalism. For this reason, ECO Chamber of Commerce and Industry having been reactivated in 2004 has been encouraging cooperation among ECO private sectors of the Member States. It may be recalled that the 19th COM requested all Member States to actively involve their private sector representative bodies in the ECO-CCI's program for enhancing the role of private sector and women entrepreneurs in ECO cooperation for realization of the objectives set out by the leadership of the organization.

269. Similarly, the 20th COM requested the ECO Chamber of Commerce and Industry to hold regular trade promotion activities, including business forums, trade fairs and to conduct market research. The Council encouraged the national Chambers of Commerce and Industry of the Member States to assist the ECO-CCI in organizing such events. The 21st COM called upon the ECO-CCI to accelerate its efforts for enhanced collaboration among the private sectors of the Member States.

270. In September 2014, the 13th General Assembly and 19th Executive Committee Meeting of ECO-CCI along with all the Specialized Committees were hosted by the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) in Karachi, Pakistan. In accordance with the agreed formula, the Chairmanship of ECO-CCI has been handed over by the Iranian apex Chamber (Iran Chamber of Commerce, Industries, Mines and Agriculture) to the FPCCI for a period of three years. Accordingly, ECO-CCI headquarters will be hosted by FPCCI for the next three years. The ECO Chambers of Commerce and Industries (ECO-CCI) headquarters were hosted by Iran for last three years. During this period, the Chamber was successful in maintaining regularity in organizing its General Assembly, Executive Council and specialized committees meetings. The ECO-CCI also established good progress in improving interaction among the regional private sectors under the chairmanship of Iran. During 19th Executive Committee Meeting of ECO-CCI, FPCCI offered to host Joint ECO-ASEAN Business Forum in 2015.

271. The Islamic Republic of Iran also successfully hosted a workshop on Arbitration among ECO Member States in December 2014 in collaboration with ECO-CCI and ECO Secretariat.

272. In the same vein, the 25th RPC Meeting in 2015 called upon the ECO-CCI to enhance its role for strengthening private sector cooperation in the region. The Council further requested the Member States to ensure active participation of National Chambers in the events organized by the ECO-CCI. The Council appreciated the offer of the Islamic Republic of Pakistan to host the ECO-ASEAN Joint Business Forum in 2015 and suggested that the exact dates be finalized in coordination with the ASEAN Secretariat. It is highlighted that two events are in different stages of preparation: ECO-CCI 14th General Assembly and 20 Executive Committee Meeting of ECO-CCI along with all the Specialized Committees are to be hosted by the Federation of Pakistan Chambers of Commerce & Industry and ECO-ASEAN Business Forum in Karachi, Pakistan in early 2017.

273. After the 26th RPC Meeting, ECO-CCI 15th General Assembly and 21st Executive Committee Meeting of ECO-CCI along with six Specialized Committees Meetings were held on 21-23 December, 2015 in Ankara, the Republic of Turkey leading to acceleration of the implementation of the decisions. It is quite encouraging that in eight months period and between two RPC meetings, two ECO-CCI meetings have been successfully held. It is highlighted that ECO-CCI 16th General Assembly and 22st Executive Committee Meeting of ECO-CCI along with six Specialized Committees Meetings have been held on 14-17 August, 2016 in Tehran, the Islamic Republic of Iran.

274. The 27th RPC appreciated the Republic of Turkey for holding the 14th General Assembly and 20th Executive Committee meetings of ECO-CCI along with the 6 Specialized Committees, in Ankara on 21-23 December, 2015, in association with the Union of Chambers and Commodity Exchanges (TOBB) of the Republic of Turkey. In the same manner, the Council thanked the Islamic Republic of Iran for holding the 21st Executive Committee meetings of ECO-CCI along with the 6 Specialized Committees, in Tehran on 14-17 August, 2016, in association with the ICCIMA.

275. Besides, the ECO-CCI's Specialized Committees, 22nd Executive and 15th General Assembly meeting were scheduled on 20-23 December, 2016 in Islamabad, the Islamic Republic of Pakistan but were rescheduled on 1-3 March, 2017 in Islamabad. The meetings were well attended by the member states and Secretary General ECO attended these events appreciating the private sector role in enhancing trade volume among the ECO member states.

4.26. Stocktaking and Progress made

276. It is added that ECO-CCI's Specialized Committees, 23rd Executive meetings were held on 15-17 November, 2017 in Ankara, the Republic of Turkey where delegation of the ECO Secretariat headed by the Secretary General attended these meetings to update and support the ECO-CCI activities. Later, ECO-CCI's 24th Executive Committee and 16th General Assembly meetings were held along with the

Specialized Committees Meetings on 3-5 March, 2018 in Tehran, the Islamic Republic of Iran where delegation of the ECO Secretariat headed by the Secretary General participated in the referred meetings to update and support the ECO-CCI activities. During these meeting the Presidentship of the ECO-CCI was transferred to the Islamic Republic of Afghanistan. The ECO Secretariat was informed that the ECO-CCI Secretariat will be based in Ankara at the Republic of Turkey's national chamber i.e. the Union of Chambers and Commodity Exchanges of Turkey (TOBB) Secretariat.

277. In 29th RPC (Paras 21-22) the Council also congratulated and profoundly appreciated the Republic of Uzbekistan for holding the meetings of the 25th Executive Committee of the ECO-CCI along with the Six Specialized Committees Meetings, for the first time in Central Asia/Tashkent on 12-14 December, 2018. It was highlighted that these events will create good impact and encourages other member countries especially the Central Asian States to hold such events in the Central Asia. The Council also deeply appreciated and encouraged for more participation in such events.

278. The Council requested the Member States to urge their respective National Chambers to confirm their participation in the forthcoming meetings of the 17th General Assembly, 26th ECO-CCI's Executive Committee and the Specialized Committees, which will be held by April, 2019 in Istanbul, Republic of Turkey.

279. During 2019, there have been two events held by ECO-CCI. One event was held in Istanbul and the other in Karachi Pakistan. All member states attended the meetings which is a good signs exhibiting the interests of the member states and its private sector in such activities.

280. 30th RPC was informed that in view of the ECO-CCI's request, the observer status in the ECOTA Cooperation Council has been granted after completion of the stipulated procedure. The Council congratulated ECO-CCI on this milestone and expressed its hope to play positive and dynamic role in the Council as a major stakeholder in the region.

281. ECO-CCI convened an extraordinary meeting on 5 May 2020 via video-conference.

282. A Virtual Meeting on Trade Facilitation activities was organized by ECO-CCI on July 3, 2020. The representatives of Afghanistan, Iran, Pakistan, the Republic of Uzbekistan, Turkey and ECO attended the meeting.

283. The 28th Meeting of the Executive Committee (EC) and 18th General Assembly of the Economic Cooperation Organization of Chamber of Commerce and Industry (ECO-CCI) was held on 19th October 2020 via videoconference format.

284. The 31st RPC thanked the Republic of Turkey for holding the ECO CCI Extra Ordinary Meeting virtually on May 5, 2020 and the 28th Executive Committee and 18th General Assembly of the ECO-CCI along with the six Specialized Committees and the ECO CCI Extra Ordinary Meeting in virtual mode on October 19, 2020. In 2021, upcoming 19th General Assembly of the ECO-CCI, Iran Chamber of Commerce, Industries, Mines and Agriculture will undertake the ECO CCI Secretariat from the Union of the Chambers and Commodity Exchanges of Turkey (TOBB). The Council suggested that the Member Chambers start negotiating to establish the Permanent Secretariat of ECO-CCI. It was highlighted that regular holding of these events will produce conducive impact on trade in the region especially through active participation and vibrant role of national chambers.

4.27. Secretariat's recommendations - The Way Forward

- a) The Council may request the Member States to urge their National Chambers to ensure participation in the ECO-CCI meetings in 2022.*
- b) The Council may recommend Member States to consider the possibility of attendance of ECO-CCI in all sessions of the ECOTA Cooperation Council Meetings.*
- c) The Council may strongly recommend to the ECO-CCI to consider the formulation of the establishment a permanent Secretariat as suggested by the Secretary General of ECO ?*

4.28. ECO Project on Expanding Intra-regional Trade

4.29. Background information

285. The Republic of Azerbaijan announced 23rd November, 2016 for ECO 4th ECO Business Forum which could not be held due to lack of quorum of the member states.

286. While deliberating the reasons for non-participation, the representative of the ECO-CCI informed the Council that the last ECO Business Forum held in the Islamic Republic of Pakistan was funded by ECO Secretariat. He informed that it was done from the project worth US\$ 50,000, which was especially envisaged to hold such events. He informed that if such activities are to be held in future, the ECO Secretariat may earmark US\$ 50,000/- like before.

4.30. Stocktaking and Progress made

287. It was decided that for future Business Forums, such support will be provided from a special project, which will be developed for this purpose. The Council requested the ECO Secretariat to initiate a two year renewable project worth US\$ 50,000/-, to be provided by the ECO Secretariat from its budget (as was done in the past for the project titled “expanding intra-regional trade”). This project will be called “Project on Trade Promotion and Strengthening Cooperation amongst the Private Sectors in ECO”. Based on the ECO-CCI’s input, the Proposal on the subject was prepared by the ECO Secretariat and circulated in 2017 and 2018 for comments/views, which, however, are awaited from the member states.

288. Regarding ECO Business Forum, the ECO Secretariat informed that based on the decision of the 26th and 27th Meetings of the RPC, a proposal for two-year project on ECO Business Forum worth US\$ 50,000/- was prepared and circulated among the Member States to furnish their views/comments but response in this respect is awaited. The Council requested to send their comments at the earliest in this regard.

289. During the 30th RPC, ECO Secretariat informed that based on the decision of the 26th and 27th Meetings of the RPC, a proposal for two-year project on **ECO Business Forum** worth US\$ 50,000/- was prepared and circulated among the Member States to furnish their views/comments, but response in this respect was awaited. The Project Monitoring Group (PMG) meeting held in November 2019 at the Secretariat recommended holding this meeting in 2020 on the sidelines of the 14th ECO Summit Meeting, in coordination with the host authorities and ECO-CCI by rationalizing its cost/budget to US\$ 10,000.

290. The Council expressed its gratitude to the ECO-CCI for announcing to hold the 4th ECO Business Forum in 2021 in Turkmenistan, which could not be held in 2020 due to pandemic. The Council requested the Member States to encourage their National Chambers to actively participate, and make it successful, once the event is announced.

291. Due to the exigencies of the COVID-19 pandemic, the 28th Executive Committee of the ECO-CCI along with the 18th General Assembly of ECO-CCI was held virtually. 14th ECO Summit Meeting, 4th ECO Business Forum and 3rd ECO Trade Fair were not held in 2020 due to Covid-19 restrictions.

292. On 21 September 2021, the Embassy of the Republic of Uzbekistan, in Tehran, requested the Secretariat to postpone the 4th Business Forum and the 3rd Trade Fair of the ECO member countries to the 1st half of 2022. The 4th ECO Business Forum was successfully held by Turkmenistan in hybrid mode, on 26th November 2021 on the sidelines of the 25th COM and 15th ECO Summit.

293. The 1st Study on Trading Patterns in the ECO Region was completed by the subcontractor, Pakistan Institute of Development Economics (PIDE), in April 2011. The publication of the Study has been circulated to Member States and also placed in the ECO Web-site.

294. The 221st meeting of CPR has approved the allocation of 50.000 Dollar from the General Feasibility and General Purpose Fund (FGPF) for the 2nd Phase of Study on "Trading Pattern in the ECO Region" to be conducted by Pakistan Institute of Development Economics (PIDE). A contract has been signed with PIDE on September 10, 2017 and PIDE started the implementation of the study.

295. The PIDE has completed the study and submitted its report which has been shared with the Member States.

296. The Secretariat informed the Council that the Second Phase of the Study on Trading Patterns in the ECO Region carried out by Pakistan Institute of Development Economics (PIDE) has been completed.

297. The Council urged the ECO Secretariat to ensure that the Study is completed as soon as possible so the Member States can use the result of the study at the earliest convenience.

4.31. Secretariat's recommendations - The Way Forward

- a) The Council may request the Member States to provide comments/views on the proposal circulated and may be requested to support this initiative involving business communities in expansion of intra-regional trade.
- b) *The Council may request the Member States to give their views/comments on the report of the study.*

4.32. Area Conclusion

298. Organizing meetings of trade promotion fora namely, ECO Trade Promotion Organizations Forum, ECO Business Forum, ECO Trade Fairs/Exhibitions and active participation in the ECO Chambers of Commerce and Industry (ECO-CCI) in 2021 and beyond will yield great dividends for the region and member states and will certainly help in enhancing trade in the region and fostering much-needed economic growth. Projects such as ECO-UNIDO Project for Trade Capacity Building (TCB) of Member States aiming to reducing Non-Tariff measures among member states and will complement ECOTA as it is finalized. In the same manner, ECO Project on Expanding

Intra-regional Trade Project and holding of Business Forum will enhance understanding among the leadership of the region and thereby help in better results for the prosperity in the region.

5 SECTION V

5.1. PRIORITY AREA No. 5: MEMBERSHIP OF WTO

5.2. ECO Vision approach and target

“Non-WTO Member Countries will be assisted in their accession to WTO”

(Serial no. iii of Section 3A of ECO Vision 2025)

5.3. Expected Outcome III

iii) Non-WTO Member Countries will be assisted in their accession to WTO

5.4. Background

299. The 24th Meeting of the ECO Council of Foreign Ministers (COM), the apex decision making body of the organization, held on 9 November, 2019 in Antalya, the Republic of Turkey, concluded with Antalya Declaration incorporating commitment of the member states for assisting remaining fellow members in accession of and in this regard the esteemed member states agreed to:

9. *"Reaffirm our support to the accession of all ECO Member States to WTO, and in this context, we denounce any effort for restricting accession of the remaining ECO Member States to the WTO."*

5.5. Decision making Forum:

- Council of Ministers (COM)
- Regional Planning Council (RPC)

5.6. Trade Policy Review Sessions (TPRS)/WTO Seminars

5.7. Background information

300. Pursuant to the deliberations/decisions of COM and RPC meetings held earlier, ECO initiated activities for identifying the specific needs, coordinating with key organizations of the Member States, soliciting support of the regional and international specialized agencies and creating institutional mechanisms for supporting efforts on a sustained basis. Hosting of Trade Policy Review Sessions as a regular activity of ECO was planned to assist Member States in their accession to WTO. The activities have so far been hosted by Afghanistan, Iran and Turkey. During the interactive sessions, a

number of trade and investment issues were flagged by the participants and useful recommendations formulated for enhanced regional trade relations. The Islamic Republic of Pakistan during the 24th Meeting of RPC informed to host a Trade Policy Review Session.

301. The 28th Meeting of RPC while recalling that the Islamic Republic of Pakistan during the 26th RPC meeting offered to hold the **Trade Policy Review Session** requested Pakistan to convey to the Secretariat dates and venue for hosting such event in 2018. The Islamic Republic of Pakistan informed the Council that, it will only hold the TPRS if requested by a non-WTO ECO Member State provided that financial support is provided by the ECO-TDB. The Council requested the non-WTO ECO Member States to inform Islamic Republic of Pakistan via ECO Secretariat in this regard if they are interested.

302. The 27th RPC agreed that seminars to support and encourage the remaining ECO Member States on **Trading Patterns in ECO Region and accession to WTO** should be organized on regular basis. In this respect, the Council requested the WTO Members of ECO to volunteer hosting/organizing such seminars and the ECO Trade and Development Bank (ETDB) to continue provide financial and technical assistance for organizing the seminars.

303. The Islamic Republic of Pakistan has organized the 3rd Seminar on Trading Patterns in the ECO Region and Accession of ECO Member States to WTO on 02-03 May 2016 two Seminars on Trade Patterns in the ECO Region and Accession of ECO Member States to WTO on 25-26 October 2017, and the 4th Seminar on Trading Patterns in the ECO Region and WTO Issues in Islamabad with the financial and technical support of ETDB.

304. The 28th RPC Meeting thanked the Islamic Republic of Pakistan for hosting these Seminars and the ETDB for providing financial support to organize the Seminar. The Council agreed that seminars to support and encourage the remaining ECO Member States on Trading Patterns in ECO Region and accession to WTO should be organized on regular basis. In this respect, the Council requested the WTO Members of ECO to volunteer hosting and organizing such Seminars and the ETDB to continue provide financial assistance for organizing the seminars.

305. The Council also decided that the Fifth Seminar on Trading Patterns in ECO Region would be held in 2018 in one of the ECO Member States who may volunteer to host. ETDB has confirmed its approval to provide financial and technical support for the next seminar on Trade Patterns in the ECO Region and Accession of ECO Member States to WTO to be organized by any volunteer ECO Member State in 2018/2019.

306. **29th RPC Para 28** *"The Secretariat informed the Council that as per the deliberation made during the 28th Meeting RPC so far no non-WTO ECO Member State requested the Islamic Republic of Pakistan to hold the Trade Policy Review Session with financial support of the ECO of Trade and Development Bank. The Council requested the non-WTO ECO Member States to inform Islamic Republic of Pakistan via ECO Secretariat in this regard if they are interested."*
307. **29th RPC Para 29** *"The Council while underlining that so far six ECO Member States are the members of the WTO, requested a full ECO support for the remaining four ECO Member States to become members of the WTO through capacity building to align the trade policies and laws for regulatory reforms as per WTO requirements."*
308. **Para 30** *"In this respect, the Council thanked the Islamic Republic of Pakistan for hosting the 3rd and 4th Seminars on Trading Patterns in the ECO Region and WTO Issues in 2016 and 2017 respectively and the ECO Trade and Development Bank (ETDB) for providing financial support to organize these seminars. The Council agreed that to support and encourage the remaining ECO Member States for their accession to WTO, seminars on Trading Patterns in ECO Region and accession to WTO should be organized on regular basis. Therefore, the Council requested the WTO Members of ECO to volunteer hosting and organizing such Seminars and the ETDB to continue provide financial assistance for organizing such seminars in 2019." During 2019, none of the non-WTO member state has requested for training/seminar.*
309. **30th RPC Para 32** *"The Council while highlighting that so far six ECO Member States are the members of the WTO, requested a full ECO support for the remaining four ECO Member States to become members of the WTO through capacity building to align the trade policies and laws for regulatory reforms as per WTO requirements."*
310. **30th RPC Para 33** *"The Council requested the non-WTO ECO Member States to inform the ECO Secretariat if they are interested in any training workshop/seminar related to their accession to WTO, to explore possibility of holding it. The Council requested the WTO Members of ECO to volunteer hosting and organizing such Seminars and the ETDB to continue provide financial assistance for organizing such seminars in 2020."*
311. **31st RPC Para 23** *"The Council, while highlighting that so far six ECO Member States are the members of the WTO, requested a full ECO support for the remaining four ECO Member States to become members of the WTO through capacity building to align the trade policies and laws for regulatory reforms as per WTO requirements."*

312. 31st RPC Para 24 "The Council requested the non-WTO ECO Member States to inform the ECO Secretariat if they are interested in any training workshop/seminar related to their accession to WTO, to explore possibility of holding it. The Council appreciated the offer of Islamic Republic of Pakistan for volunteering to host and organize the 5th Seminar on Trading patterns in ECO Region and Accession of ECO to WTO in 2021 and requested the ETDB to provide financial assistance for organizing the seminars in 2021. The Secretariat will follow up through diplomatic channels."

313. The Secretariat informed the Council that it has requested the WTO Members to extend full support to non WTO Members through capacity building to align the trade policies and laws for regulatory reforms as per WTO requirements. The ECO Secretariat has requested the Member States to share their request in this regard.

314. During the RPC's Mid-Term Review Meeting the representative of the Islamic Republic of Pakistan informed that Pakistan will schedule the 'Trade Policy Review Session' in the last quarter of 2021.

5.8. Stocktaking and Progress Made

315. The Secretariat has requested the non-WTO Members to share their interest for any training workshop/seminar related to their accession to WTO, to explore possibility of holding it. The Secretariat has not received any request from the Non-WTO Member States.

316. The ECO support for WTO accession processes of its 4 Member States has continued to be of political and training nature. Activities like trade policy review, seminars on trading patterns in ECO region and accession to the WTO have been hosted by Afghanistan, Iran, Turkey and Pakistan.

317. The most recent development was the call by 30th RPC meeting where the Council requested the four non-WTO ECO Member States to inform the ECO Secretariat if they are interested in any training workshop/seminar related to their accession to WTO.

5.9. Bottlenecks / impediments

318. There seems to be no real impediments given the fact that this kind of cooperation within ECO mainly focuses on experience sharing among ECO-WTO Member States and Non-WTO Member States. Covid-19 has affected this kind of cooperation as affected other areas of cooperation across the globe.

5.10. Secretariat's Recommendations - The Way Forward

- a) The Council may request the Member States, having expertise in WTO matters, to volunteer for organizing the next seminar on Trade Patterns in the ECO Region and Accession of ECO Member States to WTO.*
- b) The Council may apprise the non-WTO ECO Member States to inform the ECO Secretariat, if they are interested, for any assistance in WTO accession, capacity building and Trade Policy Review Sessions.*
- c) As envisaged in the Vision Implementation Framework, there should be regular consultations and exchange of ideas on how to assist Non-Member States. The Secretariat may also be mandated to approach WTO Secretariat and other relevant organizations such as UNCTAD and ITC as well as some WTO members to cooperate with ECO in assisting its Non-WTO Member States.*

5.11. Area Conclusion

319. Organizing Trade Policy Review Sessions for the non-WTO, ECO Member States will yield positive results for increasing trade in the region and these will be immensely useful in multiple ways, especially in process of accession and capacity building of non-WTO ECO member countries.

6 SECTION VI

6.1. PRIORITY AREA NO. 6: ECO TRADE & DEVELOPMENT BANK AND TRADE FINANCE

6.2. ECO Vision approach and target

ECO TRADE & DEVELOPMENT BANK AND TRADE FINANCE

“The role of the ECO Bank will be strengthened in the development of ECO economies. The membership of the Bank will be expanded”

“A robust trade financing programme will be launched for enhancing regional trade.”

[Serial no. vii & x of Section 3A of ECO Vision 2025]

6.3. Expected Outcomes (III)

- viii) The role of the ECO Bank will be strengthened in the development of ECO economies. The membership of the Bank will be expanded.

320. **The 24th Meeting of the ECO Council of Foreign Ministers (COM)**, the apex decision making body of the organization, held on 9 November, 2019 in Antalya, the Republic of Turkey, concluded with Antalya Declaration incorporated **ECO Trade & Development Bank and Trade Finance** and in this regard the esteemed member states agreed to:

7. “Encourage the ECO Trade and Development Bank as the regional institution of ECO to continue to develop appropriate modalities, to finance and support the implementation of regional projects; **Emphasize** the need to further support the Bank through strengthening its role and expanding its Membership;

11. Encourage the Member States and the Secretariat to consider ways for establishing a system of clearing payments through means such as developing cooperation with the Asian Clearing Union (ACU) or, where appropriate, by establishing an ECO Clearing Union, taking into consideration the existing models, experiences and challenges;

38. Encourage all Member States to participate in the upcoming Ministerial Meeting on Economy to be held in the Republic of Tajikistan in the first half of 2020 to discuss the regional economic challenges and opportunities, address financial and banking system in the region, and to consider the draft document on the ECO Clearing Union.”

6.4. Background information

321. The ECO Trade and Development Bank (ECO-TDB) was established on 3 August 2005 with its headquarters located in Istanbul. The Bank started its operations in 2008. The representative offices of the Bank in Tehran (Iran) and Karachi (Pakistan) are fully functional. The current shareholders are now six members of ECO, namely Afghanistan, Azerbaijan, Iran, Kyrgyz Republic, Pakistan and Turkey. The authorized capital of the Bank is 1.089 billion SDR and total paid-in capital is 326.75 million SDR. Iran, Pakistan and Turkey have equal share with 100 million SDR for each in the paid-in-capital. The Republic of Azerbaijan with SDR 9.75 million paid-in-capital contribution, the Islamic Republic of Afghanistan with SDR 15 million paid-in-capital contribution and Kyrgyz Republic with SDR 2 million contribution became new members of the Bank.

322. Since the Bank started its operations in 2008 the total amount of loans disbursed by the Bank had increased to about US\$ 1.697 billion by the end of the September, 2019.

6.5. Main products of the bank

323. The primary objective of the Bank is to provide financial resources for projects and programmes in member countries. The Bank offers a range of medium-to-long term products i.e. project finance, corporate finance, trade finance and loans to support small and medium-sized enterprises directly or through financial intermediaries to private and state owned entities. In this context, sectors such as infrastructure, manufacturing, agriculture, energy, transport and communications, which have potential impact on the development of the member states, are given special attention.

324. Trade Finance and SMEs Development Programme: Through this network the Bank is offering short and medium-term loans to finance trade transactions and support the financing needs of the Small and Medium Sized Enterprises (SMEs). The total amount disbursed under SMEs finance programme reached US\$ 364.2 million at the end of September 2019. On the other hand, trade finance is a distinct core business of this Bank. Under this facility, the Bank provides finance for exports to all destinations, but import finance is limited to those goods produced by the ECO Member States. The total amount disbursed through this programme amounted to US\$ 726 million at the end of September, 2019.

325. Corporate and Project Finance: The other operations of the Bank are focused on corporate and project financing. The investment needs of corporate firms and public sector entities are catered to by direct lending from the Bank. In corporate finance and project finance, the total amount of disbursements has reached US\$ 422 million and US\$185 million respectively, making a total of US\$ 607 million by the end of September, 2019.

6.6. Regional Partnership Forum (RPF)

326. The ECO Trade and Development Bank (ECO-TDB) during the 22nd Meeting of ECO Regional Planning Council held on 9-11 July 2012 in Tehran proposed to establish an ECO Regional Partnership Forum (ERPF) with the aim to support the advancement of partnering process among the relevant stakeholders for sustainable development of ECO Member States and mobilize resources and locate attractive investment and commercial opportunities with the help of all institutional stake holders. The ECO Council of Ministers in its 20th Meeting held on 15 October 2012 in Baku, asked the ECO-TDB to set up the subject Regional Partnership Forum. The Terms of Reference (TOR) for establishing an ECO Regional Partnership Forum (ERPF) has been finalized by the ECO Trade and Development Bank, the ECO Secretariat and ECO Member States. The final version of the aforesaid TORs has been conveyed to Member States on October 24, 2016.

6.7. Technical Cooperation Fund (TCF)

327. In accordance with the directions of the Council of Ministers (COM), meeting was held on March 19, 2009 in Tehran and the Bank in cooperation with the Secretariat is working on establishment of Technical Cooperation Fund (TCF) to assist development projects in the region.

6.8. Expanding the Mandate of the ETDB

328. The 233rd CPR Meeting held on September 11, 2018 in Tehran at ECO Secretariat, directed the Secretariat to explore the possibilities of Expanding the mandate of the ECO Trade and Development Bank (ETDB) to strengthen and develop trade among Member States.

329. Taking into consideration of the deliberations made by the 233rd CPR Meeting, the Secretariat has incorporated an ECO Experts Group Meeting (EGM) on ECO Banking and Financial Matters in the Calendar of Events of the coming year. The 29th RPC considered the proposal and made recommendations in this regard. It is expected that the respective EGM will be attended by the experts who are in charge of ETDB of the Member States. An appropriate agenda has been prepared by the Secretariat with the support of the Member States for the Experts to discuss, analyze and make result oriented recommendations on banking and financial issues of ECO, including the possibility of expanding mandate of ETDB. Afterwards the deliberations/recommendations of the EGM will be submitted to decision making bodies of ECO for approval.

330. The Council appreciated that the ETDB expressed its readiness to launch a **Regional Partnership Forum (RPF)**. The Council requested that ETDB with the coordination of the Secretariat may initiate to arrange the first RPF and urged the Member States to encourage their relevant national institutions and organizations to actively participate in the subject Forum.

331. The Council referring to the earlier decisions of the ECO Council of Ministers requested the ETDB to give a priority to the establishment of a Fund to assist ECO Secretariat in undertaking feasibility studies and implementing capacity building projects in priority areas including the projects contained by the ECO Vision-2025.

332. Recalling the relevant decision of the 24th COM, the 30th Council encouraged the ECO Trade and Development Bank (ETDB) as the regional institution of ECO to continue to develop appropriate modalities, to finance and support the implementation of regional projects, and emphasized the need to further support the Bank through strengthening its role and expanding its Membership.

6.9. Stocktaking and progress made

333. The Vision Implementation Framework has envisaged four new accessions to the Bank by 2022. No enlargement of the Bank membership happened since inception of the ECO Vision 2025.

334. The recent 5th ECO Ministerial Meeting on Finance and Economy while reiterating the call to the remaining Member States to join the Bank encouraged the Bank to operate more strongly in the areas of common interests within ECO, including through mobilizing more financial resources to increase its lending capacities.

335. The current membership base of the ECO Trade and Development Bank (ETDB) includes six ECO Member States, the Council called upon again the remaining four ECO Member States to start the membership process of the Bank at their earliest convenience to get benefit from its resources.

336. TORs were prepared for setting up ECO Vision Fund, by the Secretariat and conveyed to the ECO Trade and Development Bank (ETDB) in 2020 to consider providing necessary support through its technical assistance to avail the services of a Consultant to study on the establishment of the ECO Vision Fund and to develop its structure and modalities. ECO Trade and Development Bank (ETDB) is in the process of hiring a consultant for these objectives in 2021 to increase its mandate to leverage the funding of the implementation of regional projects.

337. As already detailed in another section, the 31st RPC requested the Member States to announce hosting of the Experts Group Meeting on Banking and Financial Matters and Forming of ECO Clearing Union at an early date. The Council requested that once the meeting is announced, the Member States may actively participate in the meeting to make it a success.

338. The 'First Expert Group Meeting on Banking, Financial Matters and Forming ECU' was held on 11th May 2021; hosted by the I.R of Iran virtually. The Meeting was attended by the representatives from the Islamic Republic of Afghanistan, the Republic of Azerbaijan, , the Islamic Republic of Pakistan, Turkmenistan, the Republic of Uzbekistan and ECO TDB. The ECO Secretariat was tasked to:

- Coordinate with the esteemed Member States for holding the Meeting of the Expert's Working Group of Central banks on ECU;
- Designing/drafting a Road-Map and Action Plan for setting up the ECU in line with the agreed timelines by the Experts Working Group; and
- Convene the meeting of Banking Associations of the ECO Member States.

339. The Report of the Meeting has been shared with the Member States. In their comments on Mid-Term Review of RPC, the Islamic Republic of Iran emphasized to hold the Expert's Working Group of Central banks on ECO Clearing Union (ECU) for drafting a Road-Map for setting up the ECU in line with the agreed timelines by the Experts Working.

340. The Secretariat has requested Member States to share their nominations from their respective Central Banks to formulate the Working Group and schedule its meeting. The reply of the Member States are awaited in this regard.

341. The Council requested ETDB to initiate to arrange the first Regional Partnership Forum (RPF) in 2021 in coordination with ECO Secretariat, and called upon the Member States to encourage their relevant national institutions and organizations to actively participate in the subject Forum, once it is announced.

342. The Vision 2025 has envisaged close consultation between Secretariat and the ECO Bank to ensure timely realization of a trade financing programme for the Region. By 2020, it was expected to launch a feasibility report on an electronic trading platform to be assessed by the Member States. This is not yet the case.

343. As a new initiative, the Secretariat recently circulated a draft text of the framework agreement for setting up and ECO Clearing Union (ECU). In parallel, the

ECO Heads of Sovereign Wealth (SW)/National Development Funds (NDFs) started discussions on possible regional networking for financing regional bankable projects and the required regional infrastructure to support it.

344. As already discussed in previous sections, the Secretariat has also conducted a small scale study project on a possible Regional Payment System which is aimed to simplify the process for clearance of trade-related payments implying predictability, uniformity.

6.10. Bottlenecks / impediments

345. The legal instrument of the Bank arguably prevents it from functioning as a trade supporting Bank. This deficiency should be rectified either through necessary amendments or alternative interpretation of the instrument.

346. The Bank is still far from implying impression for the whole ECO Membership as an important and effective trade promoter in the Region.

347. As regards the Vision mandate on a robust regional financing programme, it seems that the ECO Secretariat and ECO Bank have not yet materialized the necessary coordination and collaboration.

348. As mentioned above and as alternative measure, the Secretariat has taken the initiative of networking among SW/NDF of the ECO Member States, to set up a regional financing programme for regional projects to meet the targets of the ECO Vision 2025.

349. As regards the initiatives on ECU and regional payment system, prospect seems promising provided that all Member States become actively engaged with the scheduling of the Expert Group Meeting of Experts from Central Banks from ECO Countries in the light of the 1st Expert Group Meeting on Banking, Finance and ECU.

6.11. Secretariat's Recommendations - The Way Forward

350. As foreseen in the Vision Implementation Framework, there should be continued regular consultations among decision makers within ECO on how to strengthen the role of ECO Trade and Development Bank as well as to expand its membership. This may require amendments to the founding documents of the Bank.

351. The Secretariat will conduct pending consultations and coordination with the ECO Bank to revisit the Vision mandate on designing a regional trade financing programme.

352. The Secretariat will continue its follow-up with the central banks of the Member States to activate the Working Group on Establishing ECU.

353. The Secretariat will share the result of the study to prepare a roadmap and an action plan for establishing the ECO Clearing Union (ECU) to be finalized along with the framework agreement for setting up the ECU.

354. The Secretariat will also conduct a small scale study project on preparation of a roadmap and action plan on establishment of a network of the selected special economic zones (SEZs) in the ECO Member States as per recommendation by the 31st RPC. The Council may request:

- a) Member States to consider starting the process of joining ECO-TDB in 2022.
- b) The ECO Trade and Development Bank (ETDB) to initiate to organize the first Regional Partnership Forum (RPF) in 2022 in coordination with ECO Secretariat.
- c) The Member States to encourage their relevant national institutions and organizations to actively participate in the subject Forum, once it is announced.
- d) The ECO Trade and Development Bank to initiate to organize activities within the framework of the TORs of the Regional Partnership Forum (RPF) in 2022.
- e) ECO Trade and Development Bank (ETDB) to assist the secretariat in conducting the research studies like ECO Clearing Union etc.
- f) The member states and encourages ECOTDB to focus on the implementation of the regional projects as enshrined in the constituting document of the bank.
- g) Member States to share their nominations from their respective Central Banks and schedule its meeting to formulate the Working Group to hold the Expert's Working Group Meeting of Central banks on ECO Clearing Union (ECU) for drafting a Road-Map for setting up the ECU in line with the agreed timelines by the Experts Working.

6.12. Area Conclusion

355. Expansion of membership by non-ECO ECO-TDB and augmenting capital of the ECO-TDB are essential for trade and development of the region. In the same manner, the 1st Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union will benefit in discussing a draft Agreement on Forming ECO Clearing Union, which was prepared and sent to the member states and comments are awaited. The same will be helpful to build on the work and further deliberation 2nd Meeting of ECO Heads of Central Banks to facilitate trade in the region, which is the one of the core reasons of setting up this organization.

7 SECTION VII

7.1. PRIORITY AREA NO. 7: ECO REINSURANCE COMPANY

7.2. ECO Vision approach and target

“ECO Reinsurance Company will be operationalized.”

(Serial no. vi of Section 3A of ECO Vision 2025)

7.3. Expected Outcomes (III)

- vi) ECO Reinsurance Company will be operationalized.

7.4. Decision making Forum:

- Council of Ministers.
- Ministerial Meetings on Finance/Economy, Commerce and Foreign Trade of the ECO Member States.
- Regional Planning Council.
- The General Assembly of the ERIC.

7.5. Background Information

356. Reinsurance Companies serve as a major mean to growth of national underwriting capacities and thereby promoting trade growth. Pursuant to this aim, the Articles of Agreement of ECO Reinsurance Company (ERC) were signed by three Member States on February 10, 2010.

357. The ERC would supplement the existing reinsurance services in the region, promote growth of the national underwriting and retention capacities, and minimize the outflow of foreign exchange from the region and to support economic development in the region. The company will serve as a regional centre for collection of insurance and reinsurance information and the development of expertise in the field of insurance and reinsurance. It would facilitate regional trade, increase commercial activities, improve contacts with international institutions and strengthen the insurance sectors particularly, through capacity building and technical assistance of the insurance organizations, ultimately leading to trade and economic growth of the region.

7.6. Stocktaking and progress made

358. The Republic of Turkey ratified the “Articles of Agreement of ECO Reinsurance Company” and deposited the Instrument of ratification with the ECO Secretariat on 3rd

December 2017. Subsequently, upon receipt of this by the Secretariat, the **Articles of Agreement of ECO Reinsurance Company** entered into force on 5th December 2017.

359. All the Parties have submitted their nominations for the Board of Directors (BOD) of ERC, while for the General Assembly (GA), the nomination from Iran is awaited.

360. On 26th February 2018, the Islamic Republic of Pakistan hosted the first meeting to discuss establishment and operationalization of the ERC.

361. It is worth-mentioning that the 29th RPC appreciated that after ratifying of the Republic of Turkey **the Articles of Agreement of ECO Reinsurance Company (ERC)**, it has come into force in December 2017, with its headquarters in Karachi, the Islamic Republic of Pakistan. Accordingly, the 29th RPC requested the Islamic Republic of Pakistan for announcing the 2nd Meeting on the ECO Reinsurance Company in Karachi, Pakistan, May 2018. However, it could not be held.

362. Also, after nominations of the Islamic Republic of Iran for the General Assembly in September, 2018, the nominations for the General Assembly stands completed as the Islamic Republic of Pakistan and the Republic of Turkey have already completed their nominations. The Council appreciated the Islamic Republic of Pakistan/ ERC for announcing meeting of the Board of Directors (BOD) and the General Assembly (GA) in January/February 2019 in Karachi, Pakistan. The Council requested the Islamic Republic of Pakistan to announce the date and the hospitality details for the meeting (s). The Council also requested the Contracting Parties to:

- a) *Complete their formalities including the release/transfer of paid-up capital of the ERC for its early operationalization and actively participate in the forthcoming meeting (s).*
- b) *Actively participate in the forthcoming meeting (s)*

363. The Council invited the remaining Member States to consider joining this important ECO institutional arrangement, namely, the ECO Reinsurance Company in order to utilize its immense potential and role in furtherance of businesses and economic activities in the region.

364. The Secretariat requested the Islamic Republic of Pakistan to announce the date and venue of the Second Meeting on ECO Reinsurance Company and also requested the Contracting Parties to complete their formalities including the release/transfer of paid-up capital of the ERC for its early operationalization of the company. The Islamic Republic of Pakistan informed that prior to holding the said meeting, required ground work and completion of formalities including release/ transfer of capital of ECO-ERC is imperative and required to be done.

365. **In 30th RPC (Para 45)** “The Secretariat informed that the nominations for the General Assembly of the **ECO Reinsurance Company (ERC)** stands completed. The Secretariat further shared that the Islamic Republic of Pakistan had informed that prior to holding the meeting of Board of Directors and General Assembly of ERC, it is imperative that the required ground work and completion of formalities, including release/transfer of capital of ECO-ERC is required, to make it more successful and result-oriented. It was further shared that response from the Contracting Parties regarding release of paid-in capital or decision thereon is awaited. The Council requested the Contracting Parties to decide on release on paid-in capital to proceed on operationalization of the ECO Reinsurance Company.”

366. **In 30th RPC 30th RPC (Para 46)** “The Council also invited the remaining Member States to consider joining this important ECO institutional arrangement i.e. the ECO Reinsurance Company in order to utilize its immense potential and role in furtherance of businesses and economic activities in the region.”

7.7. Stocktaking and progress made

367. The Articles of Agreement of ECO Reinsurance Company (ERC) entered into force in December 2017 with three ratification instruments. The nominations for the General Assembly is now complete (one Contracting Party is to re-nominate its representatives). The Contracting Parties are expected to release/transfer their paid-up capital of the Company.

368. The 31st RPC followed up on the matter and requested the Contracting Parties to operationalize the Company. In 2021, the Islamic Republic of Iran conveyed its readiness to transfer its share. The information was shared by the Secretariat with the other two Contracting Parties for taking further operationalization process.

369. It is pertinent to mention that the 5th Ministerial Meeting on Finance/Economy emphasized the Contracting Parties to ECO Re-Insurance Company (ERC) to operationalize ERC to compliment the investment conducive environment by building confidence of the traders and investors on the prospects of secure trade in the region and encourage other Member States to join ERC.

7.8. Bottlenecks / impediments

370. Legally, the Company will be operational when its General Assembly and Board of Governors convene their meetings. The release/transfer of the capital share of all three Contracting Parties seems to be required before the Company Headquarters in Karachi becomes operational.

7.9. Secretariat's recommendations - The Way Forward

- a) *The Council may request the signatory member states to release 100% paid up capital for early operationalization of the ERIC to benefit the secure trade and investment in the region.*
- b) *The Council may request the Islamic Republic of Pakistan to announce to hold the second Meeting on ECO Reinsurance Company.*
- c) *The remaining Member States may also consider joining this important ECO institutional arrangement to tap its immense potential/benefits for risk free trade and investment in the region.*

7.10. Area Conclusion

371. ECO Reinsurance Company when operationalized, upon payment of capital will yield significant positive results for risk free trade and investment as well as facilitate trade in the region. Contracting Parties may consider this important aspect of trade expansion in the region in the light of ECO Vision 2025.

8. SECTION VIII

8.1. PRIORITY AREA NO. 8: VISA PROCEDURES

8.2. ECO Vision approach and target

“ECO Visa Sticker Scheme for businessmen will be operationalized”

(Serial no. v of Section 3A of ECO Vision 2025)

8.3. Expected Outcomes (III)

- v) ECO Visa Sticker Scheme for businessmen will be operationalized..

8.4. Background Information

372. The **Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States** was finalized on 15th March 1995 at Islamabad, Islamic Republic of Pakistan. The Agreement has been signed by seven (7) countries namely, the Islamic Republic of Afghanistan, the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Islamic Republic of Pakistan, the Republic of Turkey and Turkmenistan. The Agreement has been ratified by five (5) countries namely, the Islamic Republic of Afghanistan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Islamic Republic of Pakistan and the Republic of Turkey. The Republic of Azerbaijan and Turkmenistan did not ratify the Agreement. The Agreement came into force in 2002 on ratification by three States. It provides for issuance of visa within 72 hours to businessmen upon request accompanied with a letter from concerned Ministry and endorsed by Ministry of Foreign Affairs.

373. The **Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers of the ECO Member States** was approved by the 18th ECO Council of Ministers (COM) meeting on 9th March, 2009 at Tehran, Islamic Republic of Iran. The Additional Protocol has been signed by three (3) countries namely, the Islamic Republic of Afghanistan, the Islamic Republic of Iran and the Islamic Republic of Pakistan. It has only been ratified by the Islamic Republic of Pakistan. It will enter into force on ratification by at least five ECO Member States.

374. In the 29th RPC, the Member States which have not so far ratified were requested to ratify the Agreement whereas the non-signatory member states were requested to sign the Agreement/Additional Protocol to facilitate travel of businessmen, investors and transit drivers.

375. Regarding **Agreement on Simplification of Visa Procedures for Businessmen and the Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers**, the Council requested the Member States, which

have not signed or ratified to sign / ratify these legal texts for trade facilitation in the region through early implementation of the Agreement. However, no response was received from Member States.

376. Accordingly, the 30th RPC requested the Member States, which have not signed or ratified these legal texts, to sign/ratify for early implementation of the Agreement and complementing trade facilitation measures in the region. Nevertheless, none of the remaining member states has signed or ratified it during 2019 and 2020.

377. In the 31st RPC the ECO Secretariat informed the Council that Agreement on Simplification of Visa Procedures for Businessmen and the Additional Protocol to the Agreement on Simplification of Visa Procedures for Businessmen and Transit Drivers of ECO Member States has been signed by three Member States namely, the Islamic Republic of Afghanistan, the Islamic Republic of Iran, and the Islamic Republic of Pakistan, however, the Islamic Republic of Pakistan, has also ratified the Agreement. The Council requested the Member States, which have not signed or ratified these legal texts, to sign/ratify for early implementation of the Agreement and complementing trade facilitation measures in the region.

378.

8.5. Stocktaking and progress made

379. The Vision Implementation Framework had foreseen that by 2020 the “Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States” would be signed and ratified simplifying and harmonizing visa procedures across the ECO Region. The Agreement has been signed by seven and ratified by five Member States. The Agreement came into force in 2002. The “Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers of the ECO Member States” has been signed by three and ratified by one Member States. Accordingly, the ECO visa sticker scheme has not been operationalized.

380. The Secretariat has been pursuing the Member States for their signing/ratifying/implementing these documents. A small scale study project has also been pursued on ECO Visa Stickers by Tourism and Transport Directorates.

8.6. Bottlenecks / impediments

381. The signing/ratification rate of the Agreement and Additional Protocol constitute an impediment against implementation of this expected outcome with the participation of all Member States.

382. Apparently, no interest has been shown so far from non-signatory Member States.

8.7. Secretariat's Recommendations - The Way Forward

383. The 31st RPC requested the Member States to sign and ratify the Agreement and the Additional Protocol at the earliest. Given the importance of these instruments for overall intra-regional trade within ECO, and along with efforts to give impacts to the ECOTA (or any other ECO-wide trade arrangement), the ECO Secretariat and Member States, at least those ratified the Agreement, should adopt necessary steps to operationalize visa sticker scheme. ECO Chamber of Commerce should also play its role. The Council may request:

- a) The non-signatory Member States may be requested to join the Agreement/Additional Protocol to facilitate travel of businessmen, investors and transit drivers. The signatory Members may be requested to ratify the respective Agreements.*

8.8. Area Conclusion

384. Agreement on Simplification of Visa Procedures for Businessmen and the Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers are vital documents of the organization requiring more attention of the esteemed member states. This step along with other trade facilitation and Trade promotional measures will augment the regional capacity of trade in the region.

Annex-1

I. ONGOING PROJECTS

385. Directorate of Trade and Investment submits the following projects for the kind consideration of the 32nd RPC:

1. Strengthening Cooperation amongst Public and Private Sectors in the ECO Region"

Project Title	Strengthening Cooperation amongst Public and Private Sectors in the ECO Region
Project Objectives	Main goal is to strengthen cooperation amongst Public and Private Sectors in ECO region in form of organization of an event/meeting in collaboration with the host government and ECO-CCI on the sidelines of 14 th Summit Meeting, providing an opportunity to business people to discuss trade issues among themselves and convey it to the leadership of the region.
Project Budget (US\$)	10,000/- (Ten Thousand US Dollars)
Project Funding Source	An amount of US\$ 10,000 from ECO Secretariat to be allocated for the activities. ECO-CCI may be involved for partially supporting the event/meeting on the sideline of the ECO Summit meeting.
Project Coordinator	ECO Secretariat
Regional Partner	ECO Bank and Regional Partnership Forum which will be managed by the Bank
Duration of Project	One event
Project Starting Time	TBD
Project Progress	Achievement may be reviewed later
Project Completion Time	One time. If successful, may be reconsidered
<u>Necessary Actions and Assistance Needed</u>	
The Member States are also requested to cooperate in the holding of the event/meeting, as gains of the event can have impact on the removal of impediments in furtherance of ECO objectives through various tools and can benefit the member States. The Secretariat would try to hold in coordination with the relevant stakeholders. For the Meeting/Business Forum, return tickets for one businessman from each member state from the Secretariat and for local hospitality possibility will be explored with the host of the ECO Summit meeting.	

<u>Expected Outcomes of the Project</u>
a) Strengthening greater understanding and cooperation among the leaders of the region in an attempt to increase trade in the region.
b) Strengthening private sector cooperation and businesses to increase trade in the region.
<u>Current Status</u>
The 4th ECO Business Forum, which was to be organized on the sidelines of the summit, has been held on 26th November 2021 in Ashgabat on the sidelines of 25th COM and 15th ECO Summit. .

2. Study is to explore the possibility of forming ECO Clearing Union ”

Project Title	Study is to explore the possibility of forming ECO Clearing Union
Project Objectives	<p>The objective of the study is to explore the possibility of forming ECO Clearing Union, prepare Terms and References (TORs) for the Union and draft the required document to be approved by decision making organs of ECO.</p> <p>Forming ECO Clearing Union will i)-facilitate settlement, on a multilateral basis, of payments for current international transactions; ii)-promote the use of participants' currencies in current transactions; iii)-promote monetary co-operation among the participants and closer relations among the banking systems so as to expand trade and economic activity among the countries of the ECO Region; iv)-provide for currency swap arrangement among the participants.</p>
Project Budget (US\$)	30,000/-
Project Funding Source	An amount of US\$ 30,000 from ECO Secretariat to be allocated for the Study
Project Coordinator	ECO Secretariat
Regional Partner	ECO Trade and Development Bank or any other Regional or International Bank/Organization may be explored for full or partial financing of the project.
Duration of Project	Six months
Project Starting Time	After decision by the Joint Working Group comprising Central Bank Representatives of the Member States
Project Progress	Quarterly
Project Completion Time	Six months
<u>Necessary Actions and Assistance Needed</u>	
<p>a) Professional consultancy service will be provided.</p> <p>b) Visits of the Coordinator/Team experts to consult the relevant authorities of the ECO Member States and, among other things, ascertain their viewpoint</p> <p>c) ECO Experts Meeting on the issue will be held.</p>	
<u>Expected Outcomes of the Project</u>	

- a) Possibility of forming ECO Clearing Union will be explored.
- b) Terms of References of forming the Union will be prepared.
- c) Draft Agreement for the Union will be formulated.

Current Status

The ECO Secretariat has prepared a contract and TORs for a Small Scale Study Project on Regional Payment Systems as Phase-I of the study on forming the ECO Clearing Union. However, during the First Meeting of the Banking, Finance and ECU , held on 11th May 2021, hosted by the I.R of Oran in virtual mode; the meeting decided to formulate a working group of the representatives of the Central Banks of the ECO Member States to deliberate on the proposal of Setting up an ECU, before going ahead with study.

3. PROPOSED NEW PROJECTS

1. Study on preparation of the guidelines for the establishment of ECO Regional Network of SEZs/ FTZs in the ECO Member States'

Project Title	'Study on preparation of the guidelines for the establishment of ECO Regional Network of SEZs in the ECO Member States.
Project Objectives	<p>In order to promote ECO Regional Value Chains (RVCs) and augment investment climate within ECO Region for the investors from within the ECO region as well as other regions of the world, Member Countries agreed in the 30th RPC Meeting to hold 'First Meeting of the Heads of Special / Free Economic Zones of the ECO Member States'. The Meeting has been scheduled/held on 17 December, 2020 to be held via virtual mode.</p> <p>For setting up a network of Special Economic Zones in the ECO region, there is a need to develop guidelines for a formulation of networks of the selected SEZs in prioritized sectors in the ECO Region based on comparative advantage, as envisaged in ECO Vision 2025, which may have symmetric investment policies and procedures, and incentives for investors from the region in particular with preference in customs tariff and removal of NTBs, reforms in rules of origin and other measures. These SEZs would aim at creating trade flows for RVCs and integrate them with the Global Value Chains (GVCS).</p> <p>It is proposed that the Member States may kindly approve a Small Scale Project on 'Study on preparation of the guidelines for the establishment of ECO Regional Network of SEZs in the ECO Member States'</p> <p>The recommendations of the study will be shared with the Member States for their consideration and implementation.</p>
Project Budget (US\$)	10,000/-
Project Funding Source	An amount of US\$ 10,000 from ECO Secretariat to be allocated for the activities.
Project Coordinator	ECO Secretariat
Regional Partner	Regulatory Authorities of the Special Economic Zones of the ECO Member States
Duration of Project	3 months
Project Starting Time	2022

Project Progress	Achievement may be reviewed later
Project Completion Time	3 months
<p><u>Necessary Actions and Assistance Needed</u></p> <p>Para-56, Sector-A (Trade & Investment) of ECO Work Program adopted by the 30th Meeting of the ECO Regional Planning Council (January 14-16, 2020) mandates holding the First Meeting of Heads of Special Economic Zones of Member States.</p> <p>In order to promote ECO Regional Value Chains (RVCs) and augment investment climate within ECO Region for the investors from within the ECO region as well as other regions of the world, Member Countries agreed in the 30th RPC Meeting to hold 'First Meeting of the Heads of Special / Free Economic Zones of the ECO Member States'. The Meeting has been held on 17 December, 2020 in virtual mode.</p> <p>For a network of Special Economic Zones in the ECO region there is a need to develop some standard guidelines for a synergy in investment policies and procedures of the ECO Member States. Guidelines should include how to Identify selected sectors and zones, what incentives may be offered for investor's confidence etc, for creation of regional value chains and connect the region with Global Value Chains. So it is proposed that the Secretariat may initiate a research study for the purposes of setting up the 'Study on preparation of the guidelines for the establishment of ECO Regional Network of SEZs in the ECO Member States'</p>	
<p><u>Expected Outcomes of the Project</u></p> <p>Development of the regional guidelines for the establishment of ECO Regional Network of SEZs to strengthen among ECO Member States will:</p> <ul style="list-style-type: none"> a) Create a synergy in investment policies and procedure of the Member States b) Identify selected sectors and zones on the basis of their comparative advantage and incentives for investors from the region and outside. c) Strengthening private sector cooperation and businesses to increase trade in the region. d) With greater investment, the region may achieve the much needed diversification to contribute to the global economy in a more productive manner and ensure socio-economic development in the region. 	
<p><u>Current Status</u></p> <p>The TORs have been finalized by T&I Directorate and shared with PSM for further action in the matter.</p>	

2. Study on preparation of the Road Map for Formulating a Comprehensive Plan among the Sovereign and National Development Funds of the Member States'

Project Title	Study on preparation of the Road Map for formulating a Comprehensive Action Plan among the Sovereign Wealth and National Development Funds (SW/NDF of the Member States'
Project Objectives	<p>In order to promote Regional Value Chains and create business friendly environment for investment within the ECO for expansion of Trade and Investment, The Member States agreed in the 30th RPC Meeting to hold 'First Meeting of the Heads of National Development and Wealth Funds of the ECO member States' in 2020. The Meeting was held on 16th December, 2020, hosted by I.R of Iran in virtual mode.</p> <p>The main objective of the meeting has been to discuss the ways and means to utilize the resources of the Sovereign Wealth/ National Development Funds (SW/NDF) of the Member States for establishing a Regional Development Fund and mobilizing resources as well as financial facilities to implement ECO regional projects through this fund in priority sectors as envisaged in ECO Vision 2025.</p> <p>In order to set up a "Road Map" to institutionalize a comprehensive joint action plan among the SW/NDFs of the Member States for implementing regional development projects prioritized by the Member States, the Member States may kindly approve a small scale project for research 'Study on preparation of the Road Map for Formulating a Comprehensive Plan among the Sovereign and National Development Funds of the Member States'.</p>
Project Budget (US\$)	8,000/-
Project Funding Source	An amount of US\$ 8,000 from ECO Secretariat to be allocated for the activities.
Project Coordinator	ECO Secretariat
Regional Partner	Sovereign and National Development funds of the ECO Member States
Duration of Project	3 months
Project Starting Time	2022
Project Progress	Achievement may be reviewed later

Project Completion Time	3 months
<p><u>Necessary Actions and Assistance Needed</u></p> <p>During the 30th Regional Planning Council which was held in Tehran, January 14-16, 2020, the Islamic Republic of Iran proposed to host the 'First meeting of the Heads of National Development Funds of the Member States' in 2020.</p> <p>In order to create a network of the SW/NDFs of the ECO Member States, the 'First Meeting of the Heads of NDFs of the ECO Member States' was held on 16th Dec'2020, chaired by the host I.R of Iran.'</p> <p>The main objective of the meeting was to explore the possibility of setting up a Regional Development Fund with contributions from the SW/NDF of the participating Member States to finance regional projects to enhance, infrastructure, trade, connectivity, harmonization of standards7 certification and other related procedures/processes to attract investment in the region and create Regional Value Chains (RVCs) by identifying areas of interest of the Member State/ Contracting Parties.</p> <p>The overarching goal is to meet the targets set in the ECO Vision 2025 for economic growth leading to regional development.</p> <p>As with the above background, it is expected that the resources of the SW/NDFs of the Member States may be utilized for establishing the Regional Fund and mobilizing resources as well as financial facilities to implement ECO regional projects.</p> <p>In order to set up a Regional Development Fund, there is a need to prepare a “Road Map” to institutionalize a comprehensive joint action plan among the Sovereign and National Development Funds of the Member States for implementing regional development projects prioritized by the Member States; the Member States may kindly approve a Small Scale Project for research 'Study on preparation of the Road Map for Formulating a Comprehensive Plan among the Sovereign and National Development Funds of the Member States'.</p>	
<p><u>Expected Outcomes of the Project</u></p> <p>The Joint Action Plan among the Sovereign and National Development Funds of the Member States for implementing regional development projects out of 'Regional Development Fund' for sustainable economic development will:</p> <ul style="list-style-type: none"> a) Help develop infrastructure in the region for efficient utilization of resources to expand business activities in the ECO Region. b) Help create of RVCs and integrating them with the GVCs. c) Strengthening private sector cooperation and businesses to increase economic prosperity in the region. 	
<p><u>Current Status</u></p> <p>In the light of para 15 of the adopted report of the 1st Meeting of the Heads of the SW/NDFs of the ECO Member States held on 16th Dec 2021; the I.R of Iran was requested to prepare a 'Concept Paper' on the proposed networking of SW.NDF for sharing with the Member States to solicit their comments. After the same, TORs were to be prepared and finalized by T&I Directorate. The Draft Concept was shared by the office of Iran NDF, to solicit comments from the ECO Secretariat. The comment were provided and the final version of Concept Paper is awaited from I.R of Iran to kick start the process. The National Development Fund of Iran (NDFI) has informed that the final version of the</p>	

'Concept Paper' will be communicated in due course of time.

3. Study on Impediments in Issuance of Visa Stickers to the Businessmen of the ECO Region'

Project Title	Study on Impediments in Issuance of 'ECO Business Visa Stickers to the Businessmen of the ECO Region' for greater collaboration between the Business community in the ECO Region
Project Objectives	<p>The Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States was signed by seven (7) countries namely, the Islamic Republic of Afghanistan, the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Islamic Republic of Pakistan, the Republic of Turkey and Turkmenistan. The Agreement has been ratified by five (5) countries namely, the Islamic Republic of Afghanistan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Islamic Republic of Pakistan and the Republic of Turkey. The Republic of Azerbaijan and Turkmenistan did not ratify the Agreement.</p> <p>The Agreement came into force in 2002 on ratification by three States. It provides for issuance of visa within 72 hours to businessmen upon request accompanied with a letter from concerned Ministry and endorsed by Ministry of Foreign Affairs.</p> <p>Accordingly, the 30th RPC requested the Member States, which have not signed or ratified these legal texts, to sign/ratify for early implementation of the Agreement and complementing trade facilitation measures in the region. Nevertheless, none of the remaining member states has signed or ratified it during 2019 and 2020.</p> <p>We see that the regional organization like ASEAN and SAARC as well as EU have implemented the SAARC or Schengen visa to their businessmen to increase business activity. In the absence of an active and operative preferential tariff arrangement in the region, trade facilitation and trade promotion are the only areas left for increasing trade in the region. Invoking the facility of ECO Business Visa Sticker will boost the business activity and help meet the targets of economic development set in ECO Vision 2025.</p>
Project Budget (US\$)	US \$ 10,000/-
Project Funding Source	An amount of US\$ 10,000 from ECO Secretariat to be allocated for

	the activities.
Project Coordinator	ECO Secretariat
Regional Partner	ECO-CCI of the ECO Member States
Duration of Project	3 months
Project Starting Time	2021
Project Progress	Achievement may be reviewed later
Project Completion Time	2022

Necessary Actions and Assistance Needed

Regional organization like ASEAN and SAARC and EU have successfully implemented their Regional Visa Schemes like SAARC or Schengen visa to their businessmen to facilitate, increase in business activity. In the absence of an active and operative ECOTA preferential tariffs in the ECO, trade facilitation and trade promotion are the only tools that can be utilized for increasing trade and investment in the region. Setting up a facility of ECO Business Visa Sticker for the business communities of the region, will boost business activity, confidence and will lead to expansion in trade and investment help meet the targets of economic development set in ECO Vision 2025

Expected Outcomes of the Project

The study on Impediments in Issuance of Visa Stickers to the Businessmen of the ECO Region' will:

- a) Identify the issues impeding the issuance of visa stickers to businessmen.
- b) Facilitate implementation of the agreement which will ensure bolster the business activity in the region.
- c) Develop entrepreneurship in the region for greater trade and investment.
- d) Strengthen private sector cooperation and businesses to increase economic prosperity in the region.

Annex-II
Draft Calendar of Events for 2022
(Subject to revision and approval by the 32nd RPC)

No.	Event/Activity	Venue	Date	Mode
1.	2 nd Meeting of ECO Heads of Central Banks	TBD	2022	Hybrid
2.	5 th ECO Ministerial Meeting on Commerce & Foreign Trade	Turkey	2022	
3.	5 th ECO Business Forum	Uzbekistan	2022	
4.	Trade Policy Review Session	Pakistan	2022	
5.	2 nd Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union	Azerbaijan	2022	
6.	2 nd Meeting of ECO Heads of Tax Administration	Pakistan	2022	
7.	1 st Meeting of Heads of Capital Markets Supervisory Authorities	Pakistan	2022	
8.	1 st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement (ETFA)	Turkey	2022	
9.	1 st Meeting of Joint Working Group to finalize Trade and Investment Strategy and to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area)	Pakistan	2022	
10.	4 th ECO Trade Promotion Organizations (ECO-TPOs) Forum	Pakistan	2022	In person
11.	9 th Meeting of the ECOTA Cooperation Council <i>(As per rules, this meeting has to be held twice in a year)</i>	Pakistan	2022	
12.	10 th Meeting of the ECOTA Cooperation Council <i>(As per rules, this meeting has to be held twice in a year)</i>	Iran	2022	
13.	9 th Meeting of ECO Council of Heads of Customs Administration (CHCA)	Turkey	2022	

14.	2 nd Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum	TBD	2022	
15.	3 rd ECO Trade Fair	Uzbekistan	2022	
16.	Third Meeting of Technical Committee on Electronic data Exchange (EDI)	Iran	2022	
17.	First Meeting of the ECO Heads of Commodity Exchanges	TBD	2022	
18.	First Expert Group Meeting (EGM) on SEZs of the ECO Member States.	Afghanistan	2022	
19.	Third Meeting of the Heads of SEZs of the ECO Member States.	Afghanistan	2022	
20.	First Expert Group Meeting (EGM) on NDFs of the ECO Member States.	Iran	May, 2022	
21.	Second Meeting of the Heads of NDF of the ECO Member States.	Iran	May, 2022	

ECO Events

Conferences/Seminars/Workshops/Training Courses

No.	Event/Activity	Venue	Date
22.	5 th Seminar on Trading Patterns in ECO Region and Accession of ECO to WTO.	TBD	2022
23.	4 th ECO Investment Conference	TBD	2022

Meetings of the ECO Affiliated Bodies with ECO Secretariat Participation

No.	Event/Activity	Venue	Date
24.	ECO Reinsurance Company	Pakistan	2022
25.	Meetings of ECO Trade and Development Bank (ECO-TDB)/(19 th BOG Meeting)	Turkey	2022
26.	Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI (held twice a year)	TBD	2022
27.	Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI (held twice a year)	TBD	2022

Non-ECO Events

No.	Event/Activity	Organizer	Venue	Date
28.	COMCEC Ministerial Session	OIC	-	2022
29.	WTO Geneva Week	WTO	Geneva, Switzerland	2022
30.	Meeting with UNIDO to discuss the 4 th Phase of UNIDO-ECO Trade Capacity Building Project	UNIDO	Vienna	2022
31.	Aid for Trade Global Review	ITC	Geneva	2022
32.	Asia-Pacific Business Forum (APBF)	UNESCAP	TBD	2022