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SPECIAL ISSUE
PAKISTAN





Foreword



I am delighted to introduce this Special Edition of the ECO Chronicle on the Islamic Republic of Pakistan.

As a founding member of the Economic Cooperation Organization, Pakistan has made invaluable contributions towards the accomplishment of the strategic objectives and goals of the organization as enshrined in the Treaty of Izmir. Pakistan has always manifested its strong resolve to work with regional partners to advance socio-economic development and prosperity in the region.

Pakistan's unique geo-strategic location at the confluence of South, Central and West Asia offers immense opportunities for trans-regional development and cooperation. Geographical position of Pakistan also offers shortest access for the landlocked Central Asian States to the Arabian Sea as well as closest proximity to world's largest markets in China and India. At present China-Pakistan Economic Corridor (CPEC), driven by a larger vision of a trans-Eurasian economic belt along the Silk Route, entails greater connectivity and economic cooperation including establishment of special economic zones, industrial parks, trade centers, development of energy sector and technical cooperation through a network of road, rail, fiber optic cable and energy pipelines.

Pakistan actively participates in ECO programmes and activities. In order to enhance the economic activities in the region, Pakistan has played a lead role in establishing ECO's financial institutions including the ECO Trade Development Bank and the ECO Reinsurance Company. With its continuous support for increased connectivity and enhanced energy cooperation within the region, Pakistan acts as a vital proponent for the desires of ECO member countries for collaboration in economic development. Simultaneously I shall particularly count on the generous support of Pakistan as a leading participant in ECO's efforts for reconstruction of Afghanistan.

Pakistan also maintains its traditional support, rigorous efforts and enduring commitment in pursuit of regional cooperation among our member states. Pakistan strongly supports the reform process to make ECO a more broadly representative and effective regional body that will benefit the whole region. In this special issue we address some of the features of the Country's leadership profile in the realm of regional cooperation and hope that this compilation will be of benefit to diplomats, scholars, political analysts and general readers interested in Pakistan's role within the ECO.

I would like to express my gratitude to the Government and people of Pakistan for their continued support to this Organization in our effort towards realization of collective goals. Last but not the least the well deserved gratitude for the Permanent Representative of Pakistan at ECO, H.E. Ambassador Riffat Masood, for her kind guidance and full support in achieving the organization's tasks provided by the regional leadership.

*Dr. Hadi Soleimanpour
ECO Secretary General*



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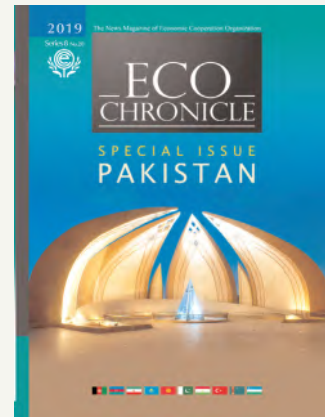


TRADE



In The Name Of God

Front Cover



Special Issue
Pakistan



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Dr. Soleimanpour
ECO Secretary General

Address

No.1, Golbou Alley,
Kamranieh St., Tehran-Iran
P.O.Box \ 14155- 6176
Tehran(I.R. Iran)

Tel \ (+98-21) 22831733-4
22292066

Fax \ (+98-21) 22831732
<http://www.eco.int>

Graphic Design

Kia Saadatmand
0912 321 0 716

The Pakistan Monument in Islamabad was completed in 2007 to symbolize the unity of the Pakistani people. It is dedicated to the people of Pakistan who sacrificed their "today" for a better "tomorrow".

Disclaimer:

The views expressed and data contained in this publication provided by writers/ authors are not necessarily those held or agreed by the ECO Secretariat.

ECO Secretary General Makes First Visit to Pakistan



eration among the member states. In 1985, the organization was renamed to the Economic Cooperation Organization and in the 1990's expanded to include seven new members; Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

Islamic Republic of Pakistan is Asia's seventh largest country, occupying the northwestern portion of South Asia. It covers an area of 796,095 square km. The Country extends for more than 1,600 km from south to north and for about 880 km from west to east. It is bounded to the west by Iran, to the north by Afghanistan, to the northeast by China, to the east and southeast by India, and to the south by the Arabian Sea.

Pakistan has important strategic endowments and development potential. The increasing proportion of Pakistan's youth provides the country with a potential demographic dividend and a challenge to provide adequate services and employment. Pakistan's population is a complex mixture of indigenous peoples. The population's ethnic composition has been affected by successive waves of Aryans, Persians, Greeks, Pashtuns (Pathans) and Mughals coming from the northwest. Each of Pakistan's languages has a strong regional focus, and no single language can be said to be common to the whole population. The predominant linguistic group in Pakistan is Punjabi (more than one-half of the population); others include Pashtu (one-eighth), Sindhi (one-eighth), Saraiki (one-tenth), Urdu, and Baluchi. In addition, Pakistan hosts more than 1.4 million registered Afghans who have been forced to flee their homes. Urdu is the lingua franca and is

ECO CHRONICLE The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has visited the Islamic Republic of Pakistan from 12-15 March 2019 on his first visit to the Islamic Republic of Pakistan since assuming office in August last year.

During his visit the Secretary General met with senior officials including President Arif Alvi and Prime Minister Imran Khan and also met Foreign Minister Shah Mehmood Qureshi to discuss cooperation, infrastructure development, regional connectivity and trade liberalization within the ten-member regional trade body.

He also met with Federal Ministers of Information, Finance, Planning, Development & Reforms and Communication.

The Economic Cooperation Organization (ECO) was established in 1964 as the Regional Cooperation for Development (RCD) by Iran, Pakistan, and Turkey to promote economic, technical, and cultural coop-

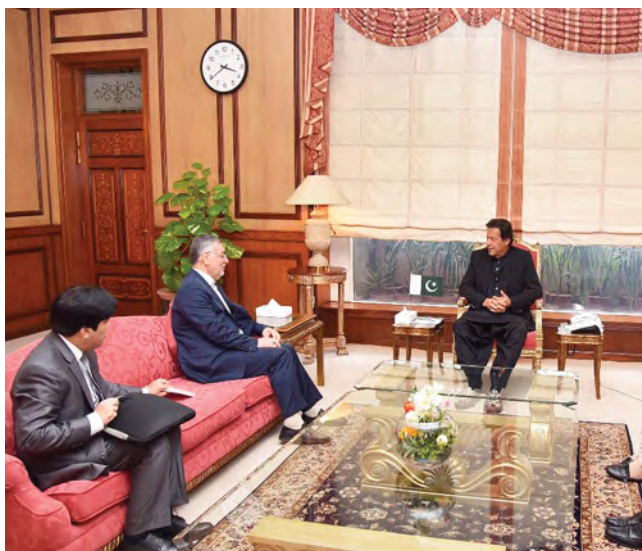
since Assuming Office

the national language of the Country. Almost 95% of the population is Muslim. Hindus and Christians and others make up the remaining 5% of the population.

The Country has a mixed economy based largely on agriculture, light industries, and services. The Government has placed special emphasis on the liberalization and privatization of the economy since 1990. The Gross National Product (GNP) is increasing more rapidly than the population, but the GNP per capita is among the lowest in Asia, albeit the highest in South Asia. Agriculture accounts for approximately one-fourth of the GDP and employs about 46 per cent of the labor force. Wheat is the chief staple, and sugarcane is widely grown. Cotton and rice are major

export crops. Manufacturing accounts for approximately one-fifth of the GDP and employs one-eighth of the labor force. Textiles, particularly cotton textiles, are the chief manufacture and are a leading export. Mining, which is largely controlled by the government, accounts for about 0.4 percent of the GDP. Coal and iron ore (both of which are mostly low-grade), some petroleum, and substantial quantities of natural gas are extracted. Limestone, chromite, and gypsum are widely mined. Pakistan has known deposits of coal, iron ore, chromites, gypsum, copper, rock salt, marble, and other mineral resources that remain largely unexploited. Natural gas is by far the most valuable resource.





ECO SG, Pakistan PM meet in Islamabad



The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with the Prime Minister of Pakistan, Imran Khan on March 13, 2019 in Islamabad.

The courtesy call saw the Secretary General congratulating the Prime Minister on his election and expressing his belief that his election would be proved as an asset for Pakistan and the region.

While praising the vision of the Prime Minister on regionalism and underlining the significance of the Organization as a geo-economic regional organization, Dr. Soleimanpour explained the historical importance of Silk Route which was the backbone of the economic integration of the region in the past.

He also briefed the Mr. Khan on the background and activities of the ECO and presented an overview of the main developments made in various fields of cooperation including Trade, Regional Connectivity, Energy, Tourism and External Relations.

The Secretary General also presented an update on the following key initiatives/proposals:

1. Latest developments on the implementation of ECO Trade Agreement (ECOTA)

2. ITI Corridor and up-gradation of Quetta-Taftan railway track and possibility of inviting interested countries including China to invest in corridors/projects for regional connectivity.

3. Proposal for enhancing the mandate of the ECO Bank (ECOTDB)

4. ECO Clearing Union as a significant regional framework for increasing trade growth of the member states

5. Enhancing the sense of ownership through ECO Reform process finalized by the Islamabad ECO Summit in 2017.

The Prime Minister underscored the importance of the Organization for its tremendous potential for regional cooperation in trade, communication and other sectors.

He also appreciated the plan of Secretary General on ECO Clearing Union, his reform agenda and regional connectivity and reiterated the full support of his Government.

ECO SG, Pakistan President meet in Islamabad

ECO CHRONICLE The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with the Pakistani President, Arif Alvi, to discuss increased regional integration and connectivity among Member States.

During the meeting of March 15, 2019, Dr. Alvi emphasized on the potential of the Region to function as a bridge between North and South and added that ECO Trade Agreements would be a step towards minimizing barriers to trade and ultimately establishing a Free Trade Area as enshrined in ECO Vision

2025.

He also stressed for further strengthening transport and communication infrastructure in the ECO region to facilitate trade and investment, adding that Pakistan is upgrading its rail and road infrastructure to facilitate smooth flow of goods to its neighbors and to promote trade opportunities within the region.

There is a need to further strengthen transport and communication infrastructure, facilitate trade and investment and identify important priorities of the ECO for development and growth in the region, he said.

The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour, while emphasizing on Pakistan's prominent role within the Organization, added that there is a huge potential of ecotourism in Pakistan which can be a huge attraction for the international tourists.



ECO SG, Pakistan FM meet in Islamabad



ECO
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The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with

meeting Pakistani Foreign Minister Shah Mehmood Qureshi at his office in Islamabad.

During the meeting of March 14, 2019, matters of mutual interests, economic progress, trade, development and other issues were discussed.

Talking to the foreign minister, ECO Secretary General Dr. Hadi Soleimanpour lauded the role of Pakistan for regional progress and development.

Apprising the foreign minister about the motto of the organization, he said that ECO help boost economic ties among different countries to increase economic activities in the region.

The ECO secretary general assured the foreign minister about the body's complete cooperation.

The Pakistani Foreign Minister said that Pakistan was the founding member of the body and added that Islamabad was acting upon an agenda of economic stability and progress.



ECO SG, Pakistan Planning, Development and Reform Minister _____meet in Islamabad_____

 The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with Pakistan's Minister for Planning, Development and Reform, Makhdum Khusro Bakhtyar in Islamabad on March 15, 2019.

During the meeting, the two sides discussed the relevant ECO trade agreements and emphasized on the need to overcome trade barriers to increase trade and commerce within the region.

The Minister while acknowledging the Organization's potential to enhance regional integration and connectivity as well as increase trade and commerce among Member States, underlined the need for creating a mechanism for enhancing regional trade and identify new areas for future cooperation.

That ECO Vision-2025 is an excellent framework and the impetus provided by Islamabad Declaration in 2017 will help translate and realizing the objectives of ECO, he added.

The Secretary General of Economic



Cooperation Organization (ECO), Hadi Soleimanpour said that Pakistan is a vibrant member of the Organization and expressed optimism that the regional bloc will attain all its objectives through mutual cooperation among all member states.

ECO SG, Pakistan Railways Minister meet in Islamabad



 The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with Pakistan's Federal Minister for Railways, Sheikh Rasheed Ahmad



in Islamabad to discuss the enhancement of railroad connectivity within the region.

During the meeting of March 14, 2019 Dr. Soleimanpour hailed Pakistan for its important role in the development and prosperity of the region.

The Secretary General added that the countries of the region could benefit from the services of the ECO Trade and Development Bank to develop financial partnership among member countries.

Pakistan's Federal Minister for Railways said that Islamabad is giving priority to foreign investment in the country and sought the cooperation of Economic Cooperation Organization (ECO) in restoring rail network among Islamabad, Tehran, Istanbul and other central Asian countries.

He then briefed Soleimanpour on the ongoing mega railroad projects, including ML-2 and ML-3, as well as upgradation of Quetta-Taftan railway track.

ECO SG, ECOSF President meet in Islamabad

ECO
CHRONICLE

The Secretary
General of
Economic
Cooperation
Organization

(ECO), Hadi Soleimanpour has met the President ECOSF, Manzoor H. Soomro to discuss the

During the meeting of March 15, 2019, Dr. Soleimanpour after expressing great pleasure in visiting the important specialized agency of ECO based in Islamabad and said that ECO region has been a peaceful region unlike other regions of the world that have big rivalries and fighting with each other.

ECO region is also rich in natural resources and all the Member Countries can benefit from each other's special-

ized fields and for this purpose ECOSF can help for scientific collaboration, he added.

The President of ECOSF briefed the Secretary General of ECO about the emergence and development of the Foundation since 2011.

He shared the core initiatives of the Foundation for the promotion and implementation of Science, Technology and Innovation (STI) in the ECO region.

Prof. Soomro also apprised the Secretary General about the challenges faced by the Foundation. The two leaders agreed to hold the next meeting of the ECOSF Board of Trustees as soon as possible.



ECO SG: Pakistan can play vital role in revitalization of ECO Core Agreements



and integration of region," he said, adding that regional integration is need of the hour to promote trade among the regional countries, especially the member states of the ECO. He said that other member countries like Iran, Turkey, Azerbaijan and Uzbekistan are also looking for regional connectivity.

Dr Soleimanpour said there is a need to further expand trade and investment within the ECO region for mutual benefit of all member countries. He pointed out that despite road and rail development at national level, the member states are not properly linked at regional level. He said that connectivity between member states is the major issue and remains top priority of the ECO Secretariat. There is a need to design connectivity in a way that are commercially justifiable, he said.

Dr Soleimanpour said that Islamabad-Tehran-Istanbul train has importance in ECO and it may be considered as part of the China-Pakistan Economic Corridor (CPEC).

The Minister for Planning, Development and Reform, Makhdoom Khusro Bakhtiar, while addressing the seminar said that Pakistan can be a hub of connectivity for all ECO countries, through the China-Pakistan Economic Corridor (CPEC). He said that after the emergence of CPEC, Pakistan has become



ECO CHRONICLE

The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour says core ECO agreements such as the Free Trade Agreement (ECOTA) and Transit Transport Framework Agreement (TTFA) should be implemented in letter and spirit.

Speaking at a seminar on "ECO: Achievements and Challenges" in Islamabad on March

15, 2019, Dr. Soleimanpour said there is an essential need to understand the latest international developments as well as emerging issues at regional and global levels. "A balanced approach is necessary to understand the national interests and constrained of each member State", he added.

Identifying the Organization's main goal as the revitalization of ECOTA and its implementation, the Secretary General expressed confidence that Pakistan can play a leading and significant role in this regard, assisting ECO to continue to make accelerated pace of progress to achieve the aims and objectives envisaged in the Izmir treaty and the ECO Vision 2025.

"The idea of regional integration is growing these days and Prime Minister Imran Khan is also focusing on regional issues

a geo-strategic hub in the region, and can harness its true potential for all the countries involved.

ECO Countries should focus on connectivity projects in order to promote trade and investment relations, and Pakistan is fully committed to fulfillment of vision of Economic Cooperation Organization, he added.

The Minister added that Pakistan's geo-strategic position leverages itself for hub of regional connectivity and China Pakistan Economic Corridor gives an immense opportunity in this regard.

"We believe that development of transport and communication infrastructure, facilitation of trade and investment, and effective use of the region's vast energy reservoirs are important sectoral priorities of the ECO for development and growth in the region," he added. He pointed out that peace in Afghanistan will lead to harnessing the true potential of ECO, adding that one of the shared objectives of the regional bloc is political stability in Afghanistan.

Khusro Bakhtiyar said in order to undertake massive projects ECO Bank's mandate should also be to finance inter-regional projects. He said it also needs to enter into partnership with Asian Infrastructure Investment Bank and Asian Development Bank to finance such projects.



ECO SG meets Pakistan's Commerce and Industry's Advisor

ECO
CHRONICLE

The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with Pakistan's Chairman of the Board of Investment and Minister of State, Haroon Sharif on March 15, 2019 in Islamabad.



During the meeting the ECO Secretary General presented the investment promotion activities of the Organization and provided the latest situation of the Agreement on Promotion and Protection of Investment (APPI). He stated the APPI had been signed by five ECO Member States namely, Afghanistan, Azerbaijan, Iran, Pakistan and Turkey. He mentioned so far two ECO Member States namely Iran and Pakistan had ratified the Agreement along with the Amendment Protocol while entry into force of the Agreement requires ratification of four Member States. The Secretary General also proposed organizing an ECO Investment Conference where potential investors, manufacturers, exporters & importers could be invited for attracting investment by the Member States.

While highlighting the significance of measuring the Capital Flow for the modern economies, the Chairman focused on the importance of establishing network of central banks. He also appreciated the proposal of the Secretary General for the ECO Investment Conference and added that Pakistan would consider hosting such an event in the future.

ECO SG, Pakistan Foreign Secretary meet in Islamabad



ECO CHRONICLE The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met with the Foreign Secretary of Pakistan, Tehmina Janjua on March 13, 2019 in Islamabad.

During the meeting the ECO Secretary General outlined ongoing ECO activities as well as provided the updated report of ECO Reform Process aimed enhancing the sense of ownership among the member states. He informed the Foreign Secretary

about positions of ECO Member States on new scales of assessment and in order to reach on agreed formula he mentioned the outcome of his latest consultations with the relevant member states. In order to implement our new approach of transforming ECO as a project oriented organization, Secretariat was working on several project proposals in various fields for acquiring financial as well as technical assistance from international partners, he said.

The Secretary general added that the present form of mechanism is not adequate to meet the requirements of the business community and in order to facilitate trade activities in the region ECO is working on two schemes: i) expanding the mandate of ECO Trade and Development Bank (ETDB) to involve in commercial activities so that it could adequately play the role of a regional development and ii) establishment of ECO Clearing Union that would provide facility to settle payments related to import and export of goods and services.

The Foreign Secretary underlined the importance of relevant high levels meetings in enhancing regional trade and requested the Secretariat to provide a proposal on enhancing regional trade and significance to organize relevant meetings and assured the Secretary General to make necessary arrangements to materialize those events. She also appreciated the policy of Secretary General to make the organization as project oriented organization and requested the secretariat to make more efforts in this regard.

ECO SG, Pakistan Finance Minister meet in Islamabad

ECO CHRONICLE The Secretary General of Economic Cooperation Organization (ECO), Hadi Soleimanpour has met Pakistan's Finance Minister, Arif Ahmed Khan on March 14, 2019 in Islamabad.

During the meeting the Secretary General mentioned that adequate and efficient financial system was a prerequisite in enhancing intra-region trade and other activities of economic cooperation in the region and discussed the role of ECO Trade and Development Bank (ETDB) in providing financial resources for projects and programmes in member countries. In this context, he mentioned that 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. The Organization is working on the proposal to enhance the mandate of the Bank so that it could adequately play the role of a regional development bank by providing financial resources to regional projects along

ECO SG, Pakistan Investment Board Chairman meet in Islamabad



with national projects, he said adding that an enhanced mandate would assist the Bank to finance projects such as the possible upgrade of the Quetta-Taftan segment of ITI Corridor. In this regards, Secretary General requested the support of Pakistan's member in the upcoming meeting of Board of Trustees (BoT) of the Bank.

In addition, Dr. Soleimanpour said that the Organization is considering the establishment of an ECO Clearing Union that would provide facility to settle payments related to import and export of goods and services. This would act as a key trade facilitation measure to increase the intra-regional trade, he added.

The Minister, while acknowledging the significance of connectivity in the enhancement of intra-region and inter regional trade, highlighted the need for an early completion of Quetta-Taftan segment of ITI Corridor. He proposed that along with the ECO Trade and Development Bank (ETDB), the assistance of international financial institutions such as the Asian Development Bank (ADB) and Islamic Development Bank (IDB) can be utilized to complete the Corridor.



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The Secretary General also proposed organizing an ECO Investment Conference where potential investors, manufacturers, exporters & importers could be invited for attracting investment by the Member States.

While highlighting the significance of measuring the Capital Flow for the modern economies, the Chairman focused on the importance of establishing network of central banks. He also appreciated the proposal of the Secretary General for the ECO Investment Conference and added that Pakistan would consider hosting such an event in the future.



■ Hello Ambassador. Thank you so much for speaking with the ECO Chronicle. I've had the opportunity to read about your impressive background within Pakistan's Foreign Service, I also wanted to talk about your experience as an Ambassador and how your tenure in Iran been so far?

■ Thank you so much for giving me an opportunity to share my views with the ECO Chronicle. Iran is a brotherly country and one of the first that lent diplomatic recogni-

one never feels to be in an alien land as there are enormous commonalities ranging from language to culture and our shared history. Having said all this, may I also mention the importance of contemporary times when the focus of geopolitics has turned towards this region. Working under these circumstances is challenging and also professionally rewarding. The prospects of making any difference in the stream of contemporary international and regional geo-politics are a great incentive for any diplomat.

■ Excellency, since its inception in 1985 what has been, in your opinion, the main achievements of the Economic Cooperation Organization and what can be learnt from this 34 year experience?

■ ECO is an important multilateral forum. Its predecessor, the Regional Cooperation of Development (RCD), created in 1964 was an

Interview with Ambassador Pakistan's Permanent to the Economic Cooperation Organization (ECO)

tion to Pakistan. Historically, we have shared cordial relations. Of course there were sporadic intervals of dullness but they were brief and both the countries quickly overcame it. Iran is an important regional partner and plays a vital role in the region, whether that be economic, political or geo-strategic. Most importantly, as a Pakistani,

important step by Pakistan, Iran and Turkey to promote connectivity and cooperation. In 1985, the RCD was transformed into ECO with a renewed focus on economic progress through promotion of trade and infrastructural and institutional connectivity. Since 1985 the expansion of the Organization, namely the addition of the Central Asian Countries and Afghanistan, speaks itself of its success and potential. The member countries have covered a lot of grounds in the form of devising ECO Trade Agreement (ECOTA) and ECO Transit Transport Frame Work Agreement (TTFA). Besides these agreements, the specialized agencies of the ECO such as ECO Cultural Institute and ECO Trade Bank are



Riffat Masood, Representative

good performers to further the vision of the Treat of Izmir. However, in my opinion, an exercise of self-evaluation is required to be conducted by the Organization to identify its shortcomings and areas requiring further improvement. At the moment, a lot of diplomatic activity is happening at the ECO Secretariat and is also consuming already limited financial resources however, the outcome is minimal as compared to other economic groupings, for instance ASEAN. So far, the organization is not able to put into practice any key agreement whether that be on trade, connectivity or even common visa for all the member states. Even organization like SAARC has devised a common visa for all the member countries. I understand that one key reason of this lack of progress is the finan-

cial sanctions however, a lot can be done if all the member states synergize their efforts and enthusiastically share the collective responsibility for economic progress. If EU is too ambitious a model to follow, we can at least follow the footprints of ASEAN for a common future.

■ Excellency, how do you assess Pakistan-ECO relations during these three decades?

■ Pakistan, as one of the founding members, attaches great importance to ECO. Despite the fact that Pakistan is a developing country itself, it has always supported ECO vision as per the Treat of Izmir and the projects of ECO. ECO Secretariat is also home to Pakistani diplomats and diplomatic staff who are regularly appointed on secondment. Relations with ECO have always been warm and cordial. Pakistan has hosted various important events. Lately, the "ECO Vision 2025" that was finally adopted during the 22nd Meeting of the ECO Council of Ministers (COM) on 28th February 2017 in Islamabad is a comprehensive and more focused document, which also contains an Implementation Framework. Currently, Pakistan is vigorously supporting the Secretariat in the Reforms Process. For this, it has also given up its administrative positions at the Secretariat.

■ Excellency, being the founding member of the organization and taking into account ECO Secretary General's recent visit to Pakistan, what are the expectations of your country from ECO for regional development and prosperity.

■ Secretary General Mr. Hadi Soleimanpour visited Islamabad in March this year. During his

visit, he met with all the relevant authorities such as of Railways, Communications, Commerce, Industry & Production and Investment, Foreign Affairs and Finance etc. and discussed issues related to ECO. The visit enabled the SG to gain insight of the expectations of respective ministries in Pakistan. He was also able to put across the ECO's perspective on those issues. I believe, on some key issues like partial implementation of ECOTA including renegotiating its remaining part; organizing an Eminent and Expert Group Meeting



for formation of ECO Clearing Union and getting the feasibility reports of various projects such as improving the Quetta-Taftan Railway line evaluated by ECOTB to assess its bankability will see rapid progress. Having said this, it my utmost desire to witness ECO devising a way such as forming a Clearing Union on the pattern of Asian Clearing Union to facilitate the issue of payments which under the financial sanctions on Iran is severely hampering promotion of trade among the member states.

■ In your opinion, how can Member States, despite their economical disparity, move towards fulfilling the aims and objectives laid down within the Treaty of Izmir?

■ In my opinion, economic disparity is not a pressing issue. Like I said before, we have some very successful models of multilateral groupings such as ASEAN. It is up to the member states how they fuse and synergize their energies, resources and diplomatic efforts together to make this organization a similar success. For instance, during meetings like Council of Permanent Representatives (CPRs), Council of Ministers (COMs) and Regional Planning Conference (RPC) more and more focus should be laid on areas where practical progress could be achieved. All the members must ensure that they take collective decisions smoothly and timely to address the contemporary challenges. We are all developing countries. We cannot afford to turn this multilateral institution into a debating club where diplomats would meet regularly to do nothing but discussion. In order to achieve progress, we must promote an atmosphere of mutual trust so that difficult decisions are taken promptly and without prolonged discussions. I firmly believe that if we are able to follow the vision enshrined in the Treaty of Izmir, the time is not far when we will be able to start reaping the benefits of interconnectivity through enhanced trade including the transit trade; promotion of tourism; joint economic ventures under the rubric of ECO and a progressive regional bloc that could even forge closer political and diplomatic cooperation at International forums such as the UN etc.

■ Are you optimistic that the organization's far-reaching agreements on Free Trade, known as the ECOTA and ECO Transit Transport Framework Agreement (TTFA) restore trust in the multilateral system's ability to deliver solutions on pressing regional issues?

■ To be true, ECOTA has taken almost 2 decades since 2001 but it is yet to be implemented. If ECO is able to implement this agreement, this will definitely result in promotion of trade and investment in the member countries. If this happens, ECO will have a strong case for the

member states to attract more resources and attention for further progress. As far our region is concerned, we are all developing countries barring a few exceptions. Our revenues are dependent on trade. ECO is an important instrument through which this objective could be achieved.

■ Excellency, in conclusion, what would your advice be on promoting a higher level of economic cooperation in the region?

■ Well, my advice would be to make this organization lean, efficient and effective so that it is able to attract quality human resource from the member states and focus on the promotion of trade and connectivity in the region and among the member states. As a starting point towards achieving higher level of economic cooperation, the member states could consider implementing the part of ECOTA that is ready and does not involve any hectic bureaucratic activity. In the meanwhile, we can further brainstorm and negotiate it for further implementation. In addition to this, we need to focus on promoting trade including the transit trade through improvement of our infrastructure and easing the relevant rules/regulations.

Thank you





Pakistan:

Energy and Environment Cooperation

Driven by the fact that energy is among the priority areas for cooperation, Pakistan has always expressed its strong commitment and rendered its continuous support

to energy cooperation within the ECO Region.

As known well, ECO Region contains one third of the global hydrocarbon resources, and is an important supplier of oil and natural gas to the world market, contributing to the international energy security. Meanwhile, it is also a region where the energy

demand is high and will grow in pace with the socio-economic development of the Member States, thus requiring adequate, efficient and equitable provision of energy

services. Pakistan represents one of the key consumers of hydrocarbons in the ECO Region. Pakistan's economic development heavily depends on the sustainable growth of the energy sector for which a clear vision and long-term planning is of highest importance. During the last decade, Pakistan's energy demand has far



exceeded its local supply, therefore requiring increased fuel import. In 2017 Pakistan imported a total of \$55.6B, making it the 47th largest importer in the world. During the last five years the imports of Pakistan have increased at an annualized rate of 5.1%, from \$43.3B in 2012 to \$55.6B in 2017. The most recent imports are led by Refined Petroleum which represent 12.6% of the total imports of Pakistan, followed by Crude Petroleum, which account for 5.17%.

Pakistan's energy mix is highly dependent on oil and gas. At present, 81% of the total primary energy supplies of the country are oil and gas-based. Out of a total of 63 million tons of oil equivalent energy used by the country, 49% came from gas and 31% from oil. The remaining sources of energy supplies were 11% hydro-electricity, 7% coal, 1.2% nuclear and imported electricity and 0.6% LPG.

The country is committed to implementation of the "ECO Plan of Action for Energy/Petroleum Cooperation", extended till the next Ministerial Meeting on Energy, as well as could significantly contribute to the ongoing ECO flagship energy projects - establishment of the ECO Regional Electricity Market (ECO REM) and the joint ECO-UNIDO Project on establishment of the ECO Clean Energy Centre.

The ECO energy agenda is recently set to mainstream sustainable energy and seeks to utilize the Region's tremendous cooperation opportunities in field related to renewables and energy efficiency. In this rationale, and in pursuance of "ECO Vision 2025", the ECO Secretariat has been engaged with international organizations such UNIDO to establish the ECO Clean Energy Centre which has been stipulated within the "ECO Vision 2025". The potential Centre is sought to support transformation to clean and sustainable energy sources in our Region by creating an enabling environment for renewable energy and robust energy efficiency markets and investments. Once established, the Centre will contribute towards increased access to modern, affordable and reliable energy services, energy security and mitigation of negative externalities of the energy system (e.g. local pollution and GHG emis-

sions). In this vein, the project could be well accommodated in realization of Pakistan's priorities of transition to green economy and low carbon development, and thus serve its long-term interests.

Another promising ECO initiative in the field of energy is the establishment of ECO Regional Electricity Market (REM). The initiative aims at facilitating regional power, trade and interconnections with a view to enhancing energy security and sustainable development in the ECO Region. Currently, the preparation of the Feasibility Study on estab-



lishment of ECO REM is underway within the Secretariat.

Recent developments within the electricity trade in the ECO Region (as CASA-1000, TAP-500, etc.) provide an ample opportunity for the establishment of a single Electricity Market as ECO may act a powerful platform for harmonizing these fragmented efforts. Iran, Tajikistan, Turkmenistan, Kyrgyzstan and Uzbekistan have already been exporting electricity to Afghanistan and are exploring

ways of expanding the trade to other South Asian markets, particularly Pakistan. The mix of thermal-based power from Iran, Turkmenistan and Uzbekistan and hydro-based power from the Kyrgyz Republic and Tajikistan provides for an excellent combination within the supply chain in the region.

The pace and dynamics of cross-border trading patterns demonstrate that in the past few years Pakistan has been active in identifying and benefiting from the trade and investment opportunities on a bilateral level.

The total installed electricity capacity of Pakistan is around 25000 MW. It is mostly generated by fossil fuels (appx. 2/3) and partially hydro (appx. 1/3) and nuclear. Almost half of the electricity consumption is imported and it has the ever increasing pattern.



 ENVIRONMENT

Being one of the most active ECO Member States in the area of environmental cooperation, Pakistan contributed to almost all ECO activities and events in the relevant field over the past five years. Pakistan has always highlighted the importance of enhancing synergy and coherence among ECO Member States with a view to seriously cope with environmental challenges, as climate change, trans-boundary biodiversity threats, deforestation, land degradation and desertification, notably in the context of Paris Agreement on Climate Change and within the ECO policy frameworks.

The 6th ECO Working Group on Environment was hosted by Pakistan in collaboration with ECO

Science Foundation on 1-2 June 2016 in Islamabad. The Meeting generated key outcome decisions targeted on tackling with major environmental threats and challenges as well as the adverse impacts of climate change in the ECO Region. It consolidated the regional cooperation on environment in the light of new emerging environmental and climate change agenda at the global level. The Meeting further called upon implementation of ECO environmental projects in line with the global agenda and Resolution on "Dust and Sand Storm" adopted by the 2nd session of United Nations Environment Assembly (UNEA-2) in Nairobi, Kenya in May 2016.

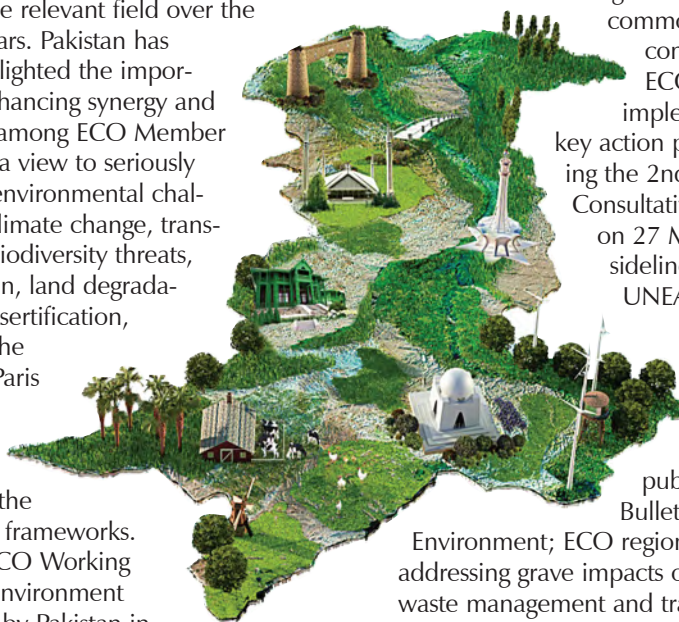
The Senior Environmental Representatives from ECO Member States also underscored their national environmental policies and strategies and best practices in the context of global agendas in order to deal seriously with major threats emanating from the adverse impacts of climate change and other environmental issues.

The Meeting concurred on, among others, the Work Plan on Biodiversity in ECO Region (2016-2020); establishment of Ad Hoc Group/Task Force to formulate and develop "ECO Regional Adaptation

Programme"; reflection of common environmental concerns in the new ECO Vision 2025; implementation of the key action points agreed during the 2nd ECO

Consultative Meeting held on 27 May 2016 on the sidelines of the 2nd UNEA in Nairobi; timely submission of the National Progress Reports on Environment; publication of ECO Bulletin on

Environment; ECO regional policies on addressing grave impacts of air pollution and waste management and trans-boundary water issues; preparation of ECO State of Environment (SOE) Report; implementation



of the SDGs and access to funding from global environmental fund as GCF and GEF; organizing training workshops on capacity building for the optimal ECO regional approach to green economy; as well as hosting the International Green Film Festival (IGFF) tour in ECO Member States. Moreover, the Meeting also recommended organizing ECO Ministerial/Senior Officials Meetings on the sidelines of the UN global events. At the invitation of Minister of Climate Change of Pakistan, Zahid Hamid, on 1 June 2016, participants



also attended the commemoration of Bestowal of the Whitley Award- Green Oscar by Royal Geographical Society, conferred on Mr. Muhammad Ali Nawaz, Pakistani national for his efforts to protect endangered snow leopard in Pakistan.

Furthermore, Pakistan supported and contributed to the implementation of the ECO environmental projects, notably the Regional Project to Combat Desertification with a special emphasis on Dust Haze and Sand Storm

in the ECO Region, Feasibility Study on Development and Harmonization of Environmental Standards in the ECO Region, and the Regional Program for Implementation of the Framework Plan of Action on Environment Cooperation and Global Warming for ECO Member States (2016-2020). These endeavors were highly emphasized by the ECO Ministerial Meetings on Environment in tackling with environmental challenges in the ECO Region.

Land degradation is one of the gravest challenges affecting all aspects of life - peoples' health and well-being, livelihoods, economic activities, environment and biodiversity - in all ECO Member States, including Pakistan. With this in mind, among all projects/activities in the field of environment, "ECO Land Care Program: A Collaborative Programme by the ECO Member States to combat land degradation, sand and dust storms", elaborated as an outcome of the aforementioned "Regional Project to Combat Desertification with a special emphasis on Dust Haze and Sand Storms in the ECO Region" evidently deserves due attention in terms of its potential future impact. The overarching goal of the subject programme is to exert regional efforts to tackle with the shared challenges in the ECO Region, notably prevent, control and reverse desertification and land degradation, as well as mitigate effects of drought. Pakistan is also prone to these challenges and their magnitude in this country is ever increasing. The programme envisages the necessary assessment and survey of dryland conservation and solutions across the ECO Region.

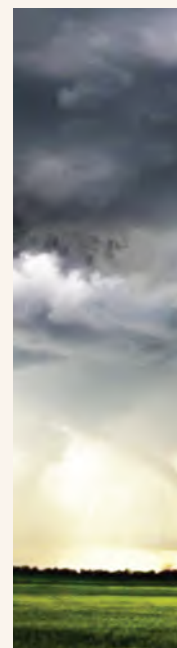
In pursuance of this Project Proposal, the ECO LandCare Program is planned in 2 phases: a 3-year Establishment Phase (2018-2020) focused on identification of issues and solutions, and putting in place the regional collaboration and exchange mechanism; and a 10-year Program of LandCare Actions (2021-2030), which will undertake replication and scaling-up of the most effective dry land conservation solutions in each of the participating ECO Member States, through a collaborative Decade of LandCare across the region.

Pakistan, a reliable member to enhance DRR in the ECO Region

Today the nature of the common challenges that ECO region faces is complex, multi-dimensional and transnational. The levels of losses in ECO region in major disasters demonstrate the economic importance of reducing vulnerability. ECO Member States clearly realized that Countries need to work together

to manage disaster risks and respond to disaster threats. Since ECO Ministerial Meeting in 2006, ECO has been committed to addressing the disaster risk management. The Region has recognized the imperative of a comprehensive regional strategy on disaster risk reduction (DRR) and determined to expand the activities and outreach in this regard.

The Islamic Republic of Pakistan has been an active member of the Task Group which organized the first Expert Group Meeting on 26-28



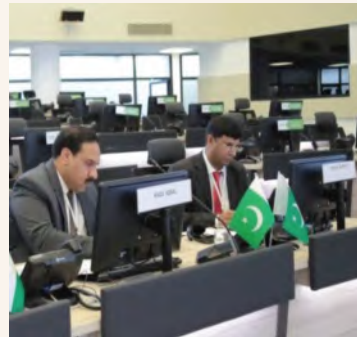
October 2016 at ECO Secretariat in Tehran and formulated a draft ECO Regional Framework for DRR with support from Member States, IDB and UNESCAP. The draft framework which had been finalized in the next Experts Group Meeting, held on 11-12th October, 2017, in Ankara, is now awaiting for approval at the upcoming Ministerial Meeting and Council of Ministers.

For further development of the draft ECO Regional Framework and its prospective implementation, the Islamic Republic of Pakistan highlighted its support to DRR in following fields:

- The electronic form of various disaster management products and good practices at local and national as well as regional level
- Wide ranging disaster management capacity development facilities and opportunities including on risk mapping, response planning, Search and Rescue (SAR), Early Warning System, particularly on hydrometeorology
- Best practices in flood management and reservoir SOPs
- Earthquake rehabilitation & reconstruction under Build Back Better
- Building codes, fire safety guidelines, Disaster Management (DM plans), sub divisional

DM Plan

- Multi-hazards Vulnerability and Risk Assessment (MHVRA) Guideline Provision of School Safety Framework
- Recent contributions for policy on; establishing the ECO disaster information system; Real-time Seismological Data Exchange; relationship with OCHA; NDMA



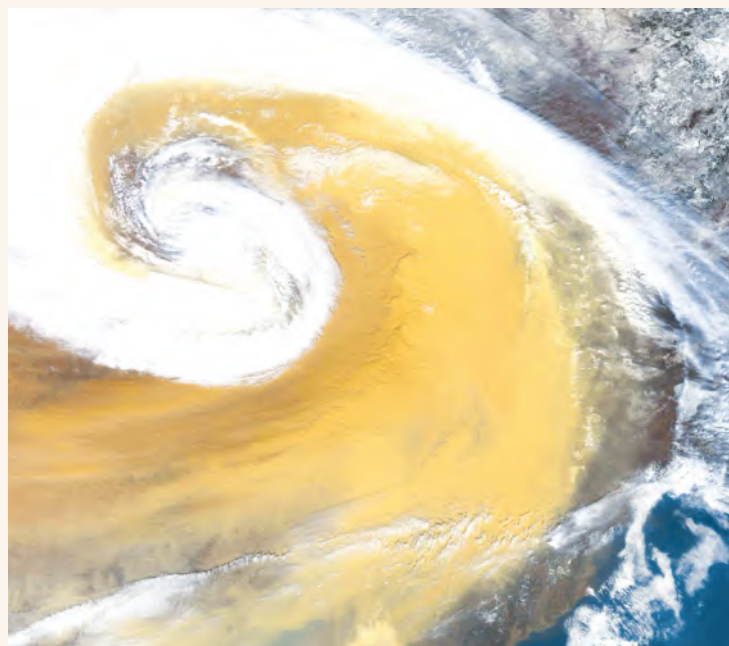
At the national level, concentration to risk prevention and identification for better planning and intervention have been at the core of priorities of the Islamic Republic of Pakistan in DRR. It has aligned its national priorities, plans and strategies with the global processes and frameworks such as Sustainable Development Goals, the Paris climate Agreement and the Sendai Framework of DRR. Realizing the nature of close linkage between disasters and development efforts, the Government of Pakistan through its Vision 2025, National Climate change policy-2012 and National DRR Policy 2013, has embarked upon developing and imple-

menting focused strategies to reduce vulnerabilities to disasters. Some other regulatory initiatives of Pakistan on Disasters have been:

- Framework for implementation of climate change policy (2014-2030)
- The Pakistan Climate Change Act
- The Pakistan School Safety Framework
- Ten years National Flood Protection Plan to mitigate the possible effects of hydro meteorological disasters
- National Disaster Response Plan (2019) & Pakistan Resilience Partnership

Pakistan organized an international conference from 20 to 22 June, 2018 in Islamabad with the theme of "Capitalizing on Pakistan's Experience in Handling Disasters, creating Synergies among Global Frameworks- Lesson learnt and the Way Forward for Region". It also hosted 6th Meeting of Regional Technical Group of DM-CBM of Heart of Asia, Istanbul process wherein delegates from ECO countries (Afghanistan, Iran, Kyrgyzstan, Kazakhstan and Turkey) , China and India actively participated.

Despite its challenge of recurring disasters,



Pakistan has made substantial progress to strengthen DRR.

The country has improved its indigenous response mechanism and now is progressively moving toward a proactive approach of Disaster Risk Management, capitalizing on its rich experiences as well as adoption of global best practices. Key achievements of Pakistan in Disaster Risk Management may be summarized as follows:

- Establishment of National Disaster Risk Management Fund with the seed money of USD 228.4 million with the assistance of Asian Development Bank.
- A comprehensive Disaster Risk Management Services Project at a total cost of USD 92 million with the financial assistance of the World Bank which is due to get approved.
- Bilateral MoUs in the field of disaster management with Cuba, Turkey, Sri Lanka, Korea, Kyrgyz Republic and Kazakhstan.

All these facts reinforce ECO Secretariat's view of Pakistan as a pillar of ECO Region to achieve the targets of ECO Vision 2025, namely:

- Regional framework and its flagship projects/programmes,
- Functional ECO disaster information system,
- Functional ECO disaster insurance system.

The policy environment of ECO Vision 2025 for the Social Welfare, is said to be "created through effective, active involvement of all Member Countries in ECO decision making processes, and feasible and meaningful ECO relationship with the global players and stakeholders within the context of SDGs". Pakistan has demonstrated a great example of partnership for ECO on social welfare.





Pakistan: Transport and Communication

During recent 2017-2018, Pakistan's bulk of goods were transported from: China (21%), UAE (16%) and Singapore (8%) while key export destinations of goods were: US (16%), UK (7%), China (7%) and Afghanistan (6%). Monetary value of goods and commodities that were transported to Pakistan reached US\$24.8 billion while US\$55.8 billion valued goods and commodities were transported to Pakistan's key export destinations. Major



commodities transported to export destinations were: textiles, leather, sporting goods, rice and chemicals and major goods transported from import sources were: petroleum and related products, machinery and transport equipment, agricultural and other chemicals and food. Thus, over 2014-2018, of the ten

ECO countries, Afghanistan came to be the country to which Pakistan transported at an average 6.6% of overall exported goods and commodities.



No	Item	2014		2015		2016		2017		2018	
1.	Pakistan's inputs to ECO-Pakistan cooperation (% of trading partner in Pakistan's total trade)	Transported from: China 23% UAE 15% Saudi Arabia 8% Kuwait 5% Indonesia 5% India 4% USA 4% Japan 4% Germany 2% Malaysia 2%	Transported to: USA 16% China 9% Afghanistan 8% UK 7% Germany 5% UAE 4% Bangladesh 3% Italy 3% Spain 3% France 2%	Transported from: China 27% UAE 12% Saudi Arabia 5% Kuwait 3% Indonesia 5% India 4% USA 4% Japan 4% Germany 2% Malaysia 2%	Transported to: USA 17% China 26.49% United Arab Emirates 8% Afghanistan 7% UK 8% Germany 5% UAE 4% Bangladesh 3% Italy 3% Spain 4% USA 4.25% France 2% Japan 4.30% India 4.53% 2.20 Thailand 2.26 Kuwait 2.23 South Africa 3.25 Lanka 1.81 Germany 1.32 France 2.02 Malaysia 1.81 India 2.10 United Kingdom 1.74 Turkey 1.58 Korea 1.56 Oman 1.34 Canada 1.38	Transported from: USA 16.94% China 26.49% United Kingdom 7.71% Arab Emirates 6.83% Saudi Arabia 6.05% Afghanistan 5.27% Qatar 4.51% Netherlands 3.76% Indonesia 4.51% United Arab Emirates 4.25% Japan 3.42% Spain 3.82% India 4.53% Bangladesh 3.07% Thailand 2.45% Italy 3.28% Kuwait 3.28% Belgium 3.25% Sri Lanka 2.04% Germany 1.32 France 2.02 Malaysia 1.81 India 1.90 United Kingdom 1.70 Turkey 1.58 Saudi Arabia 1.59 Oman 1.32 Canada 1.41	Transported to: USA 17.46% China 23.16% United Kingdom 7.66% Arab Emirates 15.55% Saudi Arabia 6.05% Afghanistan 5.27% Qatar 4.51% Indonesia 4.32% United Arab Emirates 4.25% Japan 3.82% India 2.67% Thailand 2.45% Kuwait 2.35% South Africa 3.25% Lanka 2.04% Germany 1.32 France 2.02 Malaysia 1.84 India 1.86 Turkey 1.27 Saudi Arabia 1.32 Canada 1.30	Transported from: USA 17.46% China 23.16% United Kingdom 7.66% Arab Emirates 15.55% Saudi Arabia 6.05% Afghanistan 5.27% Qatar 4.51% Indonesia 4.32% United Arab Emirates 4.25% Japan 3.82% India 2.67% Thailand 2.45% Kuwait 2.35% South Africa 3.25% Lanka 2.04% Germany 1.32 France 2.02 Malaysia 1.84 India 1.86 Turkey 1.27 Saudi Arabia 1.32 Canada 1.30	Shipped to/from: United States: US\$3.8 billion (16%) China: \$1.8 billion (7.7%) United Kingdom: \$1.7 billion (7.3%) Afghanistan: \$1.4 billion (5.7%) Germany: \$1.3 billion (5.5%) United Arab Emirates: \$996 million (4.2%) Netherlands: \$941.6 million (4%) Spain: \$922.8 million (3.9%) Bangladesh: \$787.6 million (3.3%) Italy: \$776.5 million (3.3%) Belgium: \$668 million (2.8%) France: \$447.1 million (1.9%) India: \$382.2 million (1.6%) Sri Lanka: \$357.3 million (1.5%) Saudi Arabia: \$316.9 million (1.3%)		

Over 2014-2018, Pakistan has made essential contributions to transit by ECO's ITI Container Train for transit purposes. It essentially renewed the rolling stock to enable effective transit of goods and commodities to/from ECO. It also reviewed the travel time of the container train from 15.5 to 8 days to transit goods to/from ECO. It also included Quetta-Taftan segment in

the 3rd phase of CPEC project and ensured financial/technical support by Russia in rehabilitating Quetta-Taftan segment. Moreover, travel time of the container train was reduced from 10 to 6 days. Special per kilometer concessions, i.e. € 0.27 for 40 foot container (FEUs) and € 0.22 for 20 foot container (TEUs) have been introduced by Pakistan in December 2018.

ECO-Pakistan cooperation on Transit					
	2014	2015	2016	2017	2018
ECO ITI Container Train	Pakistan contributed to the transit of goods to/from the ECO region by decreasing the travel time of ECO's ITI Container Train from 15.5 to 8 days.	Pakistan committed to dispatch the ITI container train for transit from Islamabad to Istanbul on 1st July 2015.	Pakistan contributed by increasing wagon capacity from 450 to 630t by procuring 4,500 horse-power-force-wagons.	Pakistan purchased 800 new wagons to service the ITI container train for transit.	The upgrading of Quetta-Taftan-Zahedan railway line falls in the 3rd phase of CPEC project at US\$1.5 billion cost. The matter is currently under consideration at Pakistan's Ministry of Railways.
Transit by means of ECO's ITI Container Train	MoU was signed between BALO and Pakistan Railway in December 2013 to make ECO Container Train fully operational by end 2014	Transits of Indian cargoes to Europe were to be moved via ITI.	Since its launch, 29 trains carrying humanitarian relief have been transported via ITI.	Imports of 9,175 tons and export of 33,436 tons and 12,026 tons of transit cargoes were transported from Zahedan to Pakistan.	Transit on ITI has been suspended due to ongoing rehabilitation of Quetta-Taftan railway.

The economy of Pakistan is the 23rd largest in the world in terms of purchasing power parity (PPP), and 38th largest in terms of nominal gross domestic product. Pakistan has a population of over 207 million (the world's 5th-largest), giving it a nominal GDP per capita of \$1,641 in 2018,[27] which ranks 147th in the world and giving it s PPP GDP per capita of 5,709 in 2018, which ranks 130th in the world for 2018. However, Pakistan's undocumented economy is estimated to be 36% of its overall economy, which is not taken into consideration when calculating per capita income. Pakistan is a developing country and having a

tiles, leather goods, sports goods, chemicals, carpets/rugs and medical instruments.

Pakistan is a founding member of ECO and government has since worked with ECO Secretariat to strengthen the country's key infrastructure, social services, and economic growth. ECO has approved following projects of the Islamic

received.

ii. "Analyzing Food Security Issues in the ECO region" - As the Project Coordinating Country, the Islamic Republic of Pakistan (209th CPR, Para 31) completed the project. Final report was received.

The "Economic Management Modeling in the ECO countries" sought to identify a new strategy of economic management in regional countries. The project is to provide informed recommendations to ECO decision making bodies, RCP, COM/Summit. The research project is expected to provide the ECO decision making bodies with the economic management strategy for the ECO



Pakistan: Projects, Economic

high potential of becoming, along with the BRICS countries, among the world's largest economies in the 21st century. The economy is semi-industrialized, with centers of growth along the Indus River. Primary export commodities include tex-

Republic of Pakistan under the framework of the ECO Joint Economic Research Programme (JERP) in 2017-2018:

i. "Economic Management Modeling in the ECO countries" - As the Project Coordinating Country (209th CPR, Para 35), the Islamic Republic of Pakistan completed the project. Final report was

region.

The "Analyzing Food Security Issues in the ECO region" project was initiated to assess the current situation with food insecurity in ECO region, suggest regional collaborative measures for mitigating food insecurity,

examine policies related to pricing, procurement, trade of major food items in member states and reflect those food security issues that have not

The final Reports of Research Projects and Outcomes of the abovementioned completed Projects received from Project Coordinating Country, the Islamic Republic of Pakistan were forwarded to all Member States and are available on ECO

Website. Through the Secretariat's Note, Member States were also requested to provide the Secretariat with their comments and views on



Research & Statistics

been covered by ECO-RPFS. The research project will conclude with suggestions for regional collaboration for mitigating food insecurity by identification of various factors influencing current food insecurity in the ECO region.



abovementioned Project Reports. Based on comments/views from Member States received by Secretariat prior to the deadline, the Contractor shall consider those comments for necessary amendments in the Reports.

Upon confirmation of the all Member States the final Reports of the Projects shall be adopted.

The ECO Research Centre is the one of the main bodies which may serve as the ECO Economic Think Tank to produce economic development strategies and policies at a regional level. Thus to support the economic research activities in the region and preparing the ground for effective functioning of the ECO Research Centre, two Forums of the ECO Economic Think Tank have been organized and hosted by the Republic of Azerbaijan on 5-6 October 2013 and 1-3 October 2014 in joint cooperation with ECO. The Islamic Republic of Pakistan took active participation in both Forums. Research Economist from Pakistan Institute of Development Economics (PIDE) made a presentation on strengthening trade and investment linkage in the ECO Region. She referred to the PIDE study on trading patterns in the ECO region and deliberated key issues of economic integration in the region with

regard to expansion of intra-regional trade among countries of the region.

Dr. Manzoor Soomro, President of the ECO Science Foundation (ECOSF) also made a presentation on the activities and work plan of the Foundation since its operating in December 2011. In his presentation, he also talked about innovative strategy for development and with referring to characteristics of innovation, reiterated role of science and technology in economic development of the region.



Secretariat has been in contact with ECO Research Centre (ERC) in Baku and all necessary relevant documents of the Center are under consideration of Cabinet of Ministers of the

Republic of Azerbaijan.

The 3rd ECO Economic Think-Tank Forum included into the ECO Calendar of Events for 2019, will address and consider the draft Strategy along with the relevant documents of ECO Research Centre as well as the status of operationlization of the Centre and any other ECO Economic Think-Tank related issues.

Secretariat highly appreciates the Islamic Republic of Pakistan

for timely provision of Economic Performance with updated Economic Data on regular publication of ECO Annual Economic Report which is a major economic report of the Organization that provides the picture of major macroeconomic trends in the economies of the countries of the region in the reference year.

On the Economic Journal, the Islamic Republic of Pakistan has conveyed its views/comments vide Note Verbale 7/21/2019/12 dated 28 February, 2019 that the Journal may have a separate section for advertisement with clear adver-



tising policy. The advertisements of tenders and exporting companies of Member States may be displaced for boosting intra-organizational trade. Author Fees that is requested for the manuscript processing or publishing the material may be stated on the website of the Journal.

In addition, the Secretariat received other proposals on Economic Journal to encourage the Higher Attestation Commissions or relevant equal bodies of Member States; the ECO Economic Journal may be included in their respective list of approved journals. The 4th Meeting of the ECO Economic Journal to be held in Tehran in 2019 will thoroughly discuss these proposals in detail.

As far as Statistics is concerned, the Islamic Republic of Pakistan timely submits the statistical data, taking into consideration that the statistics are summarized over the next year. Thereby the Islamic Republic of Pakistan nominated its focal point for coordination the work within the ECO Statistical Network

(ECOSTAT) and submitted its Statistical Data for 2014-2017 for compilation, enclosed herewith (see Annexes).

In general, the Islamic Republic of Pakistan is a very vigorous and active Member State that provides its views/comments/feedbacks on required Project proposals/Concept Papers/any other relevant Papers as well as inputs for Annual Economic Report in timely manner which is highly appreciated by the Secretariat.

The following projects were



implemented and completed under the framework of the ECO/PERS Directorate-Pakistan cooperation:

i. "Economic Management Modeling in the ECO countries"

- Project Coordinating Country (209th CPR, Para 35), the Islamic Republic of Pakistan completed the project. Final report was received.

ii. "Analyzing Food Security Issues in the ECO region" - Project Coordinating Country, the Islamic Republic of Pakistan (209th CPR, Para 31) completed the project. Final report was received.

With regard to Future Activities, the Directorate for Projects, Economic Research and Statistics (PERS) appreciates the Islamic Republic of Pakistan for readiness to host the 4th Meeting of the Heads of ECO National Statistical Offices (HNSO) and 6th ECO High Level Expert Group (HLEG) Meeting on Statistics in 2019 to discuss all outstanding issues, and humbly requests to communicate to the Secretariat the proposed dates, venue and the hospitality details to be extended for the participants as well as all other relevant materials for organizing the abovementioned meetings.





Pakistan: Cooperation on Combating Drugs and Organized Crime

1. Summary:

ECO is located in one of the most challenging parts of the world. The insecurity and instability existing here in certain forms including, illicit drug and human trafficking, terrorism as well as other illegitimate activities which is not only a threat to regional peace but also to the rest of the world. In the persisting environment, the ECO Member States are required to devise a col-

lective mechanism to address such common issues with a view to achieve sustainable economic development, peace and prosperity of the region under the perceived aims and objectives.

The devoted and determined efforts of the Islamic Republic of Pakistan to address these challenges have always been commendable including country's (i) offer to host ECOPOL's Secretariat; (ii) approving the statute of the Regional Center for Corruption' (iii) assuming responsibility for drafting the ECO Judicial Cooperation; (iv) volunteering capabilities in the field of counter-narcotics and organized crime as well as organizing training courses to

benefit other member countries, are among some of the kind gestures to play its role in the Member States' concerted efforts towards securing the desired goals.

2. Pakistan and ECO Vision 2025:

The ECO Vision-2025 lays emphasis on creating a secure environment in the region.

However, being one of the active members of the organization, Pakistan has always played a positive role to help implement the ECO program for ensuring regional peace, stability and security by all means. Following is the brief description of ECO's activities in which Pakistan has contributed significantly:

i. Establishment of ECO POL: ECO POL envisages a mechanism for police cooperation amongst Member States that includes, exchange of information, joint investigation, prevention and fighting against transnational organized crimes, drug smuggling, terrorism, collection and dissemination of relevant data, conduction of particular studies and research, awareness raising on crime preparation and detection methods etc. During the Second High Level Experts Group Meeting on Combating Drugs, Terrorism and Organized Crimes (1 - 2 November, 2010, Tehran), Pakistan receptively offered to host the Headquarters of the ECO POL in Islamabad where the Republic of Turkey and Islamic Republic of Iran also expressed their readiness to establish the intended Secretariat of the ECO POL in their respective capitals.

ii. The ECO Regional Center for Cooperation of Anti-corruption Organization and Ombudsmen (RCCACO): Establishment of ECO Regional Center for Cooperation of Anti-corruption Organization and Ombudsmen of the ECO Member States is another manifestation of ECO to help the Member States in improving the regional security, enhancing capacity against fighting corruption as well as lifting their ranking in anti-corruption index. In the given context, Pakistan has ratified the statute of the said regional center in 2017 alongside Iran.

iii. Effective Mechanism for Judicial Cooperation/Legal Assistance for the ECO Member States: During the "2nd Meeting of ECO Attorney/ Prosecutors General of the ECO Member States" (Antalya, 3-4 November 2015), it was decided to establish an effective mechanism for judicial cooperation/legal assistance.

The main objective behind the necessity of such cooperation was to streamline the arrangements for mutual legal assistance including through facilitation in evidence collection, service of judicial documents, executing searches and seizures, freezing of the assets, examining sites and objects, providing information, identifying and tracing proceeds of the crime and property as well as facilitating voluntary appearances of persons in the requesting states.

The 3rd Meeting of Attorneys/ Prosecutors General of the ECO Member States was held in the Islamic Republic of Pakistan on 30 - 31 January 2018. During the meeting, the Islamic Republic of Pakistan had been pleased to offer the sharing of draft framework agreement in this regard.

iv. Pakistan and ECO Capacity Building Programs: With a view to improving the capacities of the ECO Member States in the field of drug and transnational organized crimes, the ECO is in process of collecting relevant information from all Member States to compile a mutually beneficial data. Relevantly, the Islamic Republic of Pakistan is amongst the first to impart the desired information.

Considering the security situation of the ECO Region and emerging requirements, the collective efforts are needed to overcome such regional challenges. The ECO remains more than confident that Pakistan can play traditionally a significant role, giving an impetus to organization's collective moves to achieve sustainable peace and security for the welfare and wellbeing in of the region.

PAKISTAN

TRADE

Pakistan's International Trade and the ECO Region

■ Muhammad Safdar
Programme Officer in Charge of Trade

International trade plays dominant role in the process of economic growth and development and assumes significant share in developed as well as developing economies. It accounts for almost one fourth share in global production. Its framework, composition, concentration and growth pattern are critical determinant of economic growth trajectory of national economies through transforming its economic structure. Trade flows through regional organizations have benefitted the national as well as regional economies and have contributed to global trade. There is ample evidence of such correlation in ASEAN, EU, NAFTA, SAARC and other economic blocs and groupings which took substantial advantage of their physical proximities and devised trade and economic policies accordingly.

Recognizing its significance, trade, inter alia, has been assigned priority in ECO Vision 2025. In this backdrop, contextualizing Pakistan's trade and commerce structure, this article aims to present its relationship with the ECO region. Thus, this article has two segments; segment one presents brief analysis of Pakistan major trade aggregates while segment two delineates and analyses contribution of Pakistan's trade in



the ECO region.

■ Part One: Pakistan's Major Trade Aggregates (Exports and Imports) and the Economy

Macroeconomic picture for 2017 reveals that Pakistan's GDP stands at US\$ 305 billion whereas per capita Gross National Income (GNI) is US\$ 1,580. Pakistan's goods exports are USD 23.11 billion whereas goods imports amount to USD 53.17 billion making it a net importer with trade deficit of USD 30.06 billion; an unusual gap due to sharp rise in imports in 2017. It is imperative to mention that role of trade in Pakistan economy is substantial as the aggregated exports and imports assume 25.79 percent share in national GDP while services' share in GDP amounts

to 5.31 percent, aggregating 30.90 per cent of GDP in respect of trade in goods and services; well in line with global trend.

Disaggregated figures on composition of exports show that consumer goods dominated the exports with 60.76 per cent followed by intermediate goods with 25.95 percent and raw material with 9.24 percent. Capital goods with 4.05 percent have the least share in exports. Data further transpires that top five major partners/ designations of exports are USA (16.27 percent), UK (7.47 percent), China (6.89 percent), Afghanistan (6.35 percent) and Germany (5.88 percent), making combined share of 42.86 percent of the total exports.

In case of imports, the biggest category is consumer goods with 32.36 per cent followed by intermediate goods with 28.19 per cent and capital goods with 23.69 per cent while the least share is with raw material at 15.74 per cent of country's total exports. Major imports come from China (26.78 per cent), UAE (13.10 per cent), USA (4.95 per cent), Saudi Arabia (4.75 per cent), and Indonesia (4.50 percent), entailing 54.08 percent of Pakistan's imports come





from these five countries.

A holistic look at export and import structures reveal that consumer goods are almost double in exports compared with imports fetching less export earnings. Imports are overwhelmingly from intermediate goods followed by capital goods and raw material. Capital goods are almost 6 times more in imports than in exports. Thus, the composition of exports and imports largely explain the reason of country's burgeoning deficit in external sector of the economy, specifically in merchandize trade. Furthermore, in case of trade partners, top five import partners have large share in relation with export partners, 42.86 per cent and 54.08 per cent respectively.

Pakistan has made numerous bilateral and multilateral Agreements to realize its trade potential. It is an active member of the World Trade Organization (WTO) and also part of the South Asian Free Trade Area Agreement (SAFTA). It has signed Free Trade Agreements (FTAs) with China, Malaysia and Sri Lanka while Preferential Trade Agreements (PTAs) with Iran, Indonesia and Mauritius. Other major agreements include Transit Trade Agreement with Afghanistan and Trade and Investment Framework Agreement (TIFA) with US. Pakistan also signed ECO Trade Agreement (ECOTA), which, however, has not been effectuated limiting prospects of new markets of Pakistani products to other nine member states of Western, Central and South Asia which are members of ECO.

■ Exports and Imports Trend in 2014-2018

Time series data for 2014-2018 in respect of exports reveals mixed trend i.e. first fall in 2014 to 2016 followed by slow rise in 2017 to 2018, due to global and domestic factors (Table-1). Pakistan's volume of exports in 2014 was USD 24.72 billion while it has been registered at USD 23.63 billion in 2018, down by 4.04 percent in five years. Downturn and fluctuations in world demand in major economies especially the OECD and Chinese economies, inter alia, have adversely affected Pakistan's exports. Like some other developing countries domestic constraints such as energy shortages and structural/institutional issues i.e. low value addition, less diversification contribute to drop/sluggish movement in export sector. Fluctuations in agricultural production in some years partly



explain variability in Pakistan's exports. At international front, though the European Union (EU) granted GSP Plus status to Pakistan in 2013 helping rise in its exports, but it yielded results below its potential. It is encouraging to note that exports in 2017 and 2018 gradually started increasing due to government's export package, improvement in energy supply and recovery in commodity prices at global level.

During 2014-2018, imports, nevertheless, registered a persistent increase, except 2015, from USD 47.55 billion to USD 60.16 billion, up by 26.54 percent in five years (Table-2). Further to highlight that relatively inelastic imports with soaring oil prices also result in spikes in import bill of the country, leading to yawning gap in its balance of trade despite global trend of economic recovery.

Thus, imports grew at a much faster rate leading to the ballooning gap in the balance of trade of the country. However, one positive aspect emerging from the composition of imports is that sizeable imports of capital goods (equipments, machinery, metals etc) may enhance country's industrial capacity leading to rise in exports. Likewise, rupee depreciation vis-a-vis international currencies in 2018 and 2019 may drive exports up benefitting the external sector of the economy.

■ Pakistan's Exports Structure / Composition

A cursory look at Table-1 reveals that Pakistan's main exports belong to Textile Manufactures, Food, Other Manufacturers groups. Textile Manufactures mainly include knitwear, ready-made garments, bed ware, made-up articles, towels, articles of apparel and clothing accessories, etc. Food Group comprises of rice, fruits, cereal, sugar, fish, vegetables, meat, spices, etc whereas Other Manufacturers' group is composed of leather and leather articles, surgical and dentistry goods, sports goods, carpet, chemicals and pharmacy, cement, light engineering, etc.

Also Mineral Fuels, contain mineral oils and products of their distillation; bituminous substances, etc. It is pertinent to mention that tough competition with other neighboring countries, lack of R & D in new varieties and loss of our key customers like Iran resulted drop in exports. It is noteworthy that during 2014-2018, top 20 export product labels mentioned in Table-1 hover around 85 percent and this figure increased to 88.81 percent of total exports in year 2018 implying high concentration of export products.

Table-1: Pakistan's Top 20 Export⁵ Products to the World

(in million USD)

Code	Product label	2014	2015	2016	2017	2018
'TOTAL	All products	24,722	22,089	20,534	21,878	23,631
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3,906	3,760	3,804	3,956	4,052
'52	Cotton	4,731	4,040	3,497	3,498	3,499
'61	Articles of apparel and clothing accessories, knitted or crocheted	2,403	2,360	2,347	2,516	2,861
'62	Articles of apparel and clothing accessories, not knitted or crocheted	1,985	2,127	2,253	2,465	2,584
'10	Cereals	2,211	1,942	1,717	1,752	2,326
'42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles ...	742	688	645	632	660
'17	Sugars and sugar confectionery	439	358	251	512	501
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	648	265	155	259	499
'22	Beverages, spirits and vinegar	352	310	251	382	455
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	694	508	448	386	448
'03	Fish and crustaceans, molluscs and other aquatic invertebrates	356	329	336	407	430
'08	Edible fruit and nuts; peel of citrus fruit or melons	425	415	435	354	429
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	365	369	364	411	405
'55	Man-made staple fibres	418	302	220	256	317
'39	Plastics and articles thereof	361	284	267	272	308
'41	Raw hides and skins (other than furskins) and leather	548	425	349	335	297
'07	Edible vegetables and certain roots and tubers	170	234	176	173	245
'02	Meat and edible meat offal	216	264	240	212	227
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	258	163	169	199	226
'95	Toys, games and sports requisites; parts and accessories thereof	264	233	221	205	217
Total of 20 product groups		21,492	19,376	18,147	19,181	20,986
Share in Total		86.93	87.72	88.37	87.67	88.81

Source: UNCTAD/ITC/Trade map data

■ Pakistan's Import Structure/Composition

Major import product groups include petroleum, machinery, consumer durables, food, raw material, telecom, etc. Petroleum group includes mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral, etc. Machinery group make up machinery, mechanical appliances, boilers, electrical machinery and equipment and parts, televisions. Raw Material group composed of raw cotton, synthetic fiber, silk yarn, fertilizer, insecticides, iron and steel and its scrap and Food group includes edible oil, sugar, tea, spices, dry fruit, milk and milk products, etc. Consumer durables constitute road motor vehicles, electric machinery & appliances.

Table-1: Pakistan's Top 20 Import Products to the World

(in million USD)

Code	Product label	2014	2015	2016	2017	2018
'TOTAL	All products	47,545	43,990	46,998	57,440	60,163
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	14,822	10,031	9,529	13,712	17,153
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	3,927	4,069	5,832	6,863	6,243
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	3,346	3,802	4,431	4,745	4,296
'72	Iron and steel	2,302	2,552	2,756	3,419	3,673
'29	Organic chemicals	1,964	1,864	1,944	2,372	2,759
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1,314	1,745	2,101	2,666	2,599
'39	Plastics and articles thereof	1,952	1,933	1,938	2,296	2,489
'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	2,150	1,853	1,928	2,370	2,124
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	781	785	1,048	1,399	1,467
'52	Cotton	742	663	719	975	1,244
'31	Fertilisers	813	1,009	543	749	992
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	569	673	684	833	893
'30	Pharmaceutical products	746	678	715	787	878
'89	Ships, boats and floating structures	595	480	673	591	820
'38	Miscellaneous chemical products	715	751	719	800	801
'73	Articles of iron or steel	567	625	731	805	791
'09	Coffee, tea, maté and spices	435	589	634	703	735
'54	Man-made filaments; strip and the like of man-made textile materials	677	720	722	744	724
'55	Man-made staple fibres	766	783	687	743	714
'07	Edible vegetables and certain roots and tubers	666	674	936	981	652
Percentage share in total		83.81	82.47	83.56	84.53	86.51

Source: UNCTAD/ITC/Trade map data

Telecom mainly include mobile phones is another group which assumes large share in imports. During 2014-2018, top 20 imports product labels mentioned in table 2 are at least 80 percent and is 86.51 percent of total imports in the year

2018, less than the corresponding figure of 88.81 percent in case of exports of Pakistan implying that there is higher concentration in exports compared with imports. Pakistan needs diversification in products as well as in product groups/categories.

■ Pakistan's Export Partners/Destinations

As regards the trade partners, during 2014-2017 major five markets (countries importing Pakistani products) are US, UK, China, Afghanistan and Germany. In 2018 China graduated from no. 3 to no 2 market. Top five markets makeup 42.3 percent of total exports of Pakistan whereas top 20 markets constitute 76.35 percent (three-fourths of total exports) while the remaining 23.65 percent goes to the rest of the world. In view of high concentration, Pakistan has intensified efforts for exploring new trade partners and deepen economic ties with the existing major partners to improve its trade gap position for fostering its economic growth and usher prosperity in the region.

Table-3: Pakistan's Top 20 Export Partners in the World

(in million USD)

Importers of Pakistani Products	2014	2015	2016	2017	2018
World	24,722	22,089	20,534	21,878	23,631
United States of America	3,647	3,662	3,430	3,560	3,803
China	2,253	1,935	1,591	1,508	1,818
United Kingdom	1,655	1,573	1,558	1,635	1,729
Afghanistan	1,879	1,722	1,370	1,390	1,348
Germany	1,215	1,146	1,186	1,286	1,310
United Arab Emirates	1,324	899	785	869	984
Netherlands	685	667	651	758	943
Spain	790	782	837	905	923
Bangladesh	688	701	656	646	784
Italy	767	618	667	703	772
Belgium	658	592	651	701	666
France	431	361	373	400	447
India	392	312	348	335	383
Sri Lanka	266	260	237	269	355
Saudi Arabia	510	431	380	335	316
Indonesia	138	141	128	166	303
Turkey	391	235	237	327	303
Korea, Republic of	378	295	250	463	297
Viet Nam	261	277	244	281	282
Kenya	333	279	266	319	277
Total of Top 20 importing Countries	18,660	16,888	15,844	16,857	18,041
Share in Total Exports	75.48	76.45	77.16	77.05	76.35

Source: UNCTAD/ITC/Trade map data

■ Pakistan's Import Partners

During 2014-2018, major five import partners (countries exporting their products to Pakistan) are China, UAE, Saudi Arabia, US and Indonesia. Top five imports constitute 53.03 percent of total imports of Pakistan whereas top 20 markets make up 83.85 percent indicating that more trade partners in terms of Pakistani imports can be looked for. It implies that Pakistan needs to intensify efforts for new trade partners and more deepen economic ties to the existing major partners.

Table-4: Pakistan's Top 20 Import Partners in the World

(in million USD)

Exporters to Pakistan	2014	2015	2016	2017	2018
World	47,545	43,990	46,998	57,440	60,163
China	9,588	11,019	13,680	15,383	14,545
United Arab Emirates	7,077	5,735	6,202	7,524	8,669
Saudi Arabia	4,417	3,007	1,843	2,730	3,242
United States of America	1,800	1,917	2,007	2,843	2,947
Indonesia	2,107	2,042	2,089	2,583	2,502
Qatar	181	319	774	1,608	2,386
Japan	1,753	1,726	1,961	2,294	2,273
India	2,105	1,669	1,644	1,696	1,928
Thailand	730	853	920	1,279	1,431
Kuwait	2,955	1,713	1,272	1,468	1,408
Germany	1,070	972	996	1,111	1,299
South Africa	440	483	505	1,044	1,238
Malaysia	1,280	911	945	1,101	1,160
Korea, Republic of	658	702	739	873	962
United Kingdom	600	611	623	766	865
Singapore	1,149	875	618	865	865
Oman	1,133	614	256	656	785
Europe Othr. Nes	484	520	636	727	734
Italy	470	444	528	607	624
Canada	358	441	771	639	593
Sum of top 20	40,354	36,571	39,011	47,798	50,456
Share of top 20	84.88	83.14	83.00	83.21	83.87

Source: UNCTAD/ITC/Trade map data

■ Part 2: Pakistan Trade with the ECO Region

In 2017, region GDP at current USD is USD 1,936,007 billion whereas region's total trade (exports and imports) stands at USD 782,801 million which is 40.43 percent of the regional GDP. A look at trade data shows that ECO region's total trade

substantially dropped in 2015 compared with preceding year, down by 20.75 percent; was marginally low in 2016 while in 2017 it edged up by 18.37 percent and in 2018 posted decrease in 2018 with 3.92 percent. After updating of all figures, total trade may close to that of 2017. Chart-1 demonstrates that the region is net importer as volume of imports exceeds volume of exports. The trend of exports as well as imports are in line with global trend except in 2018 where exports have slightly declined.

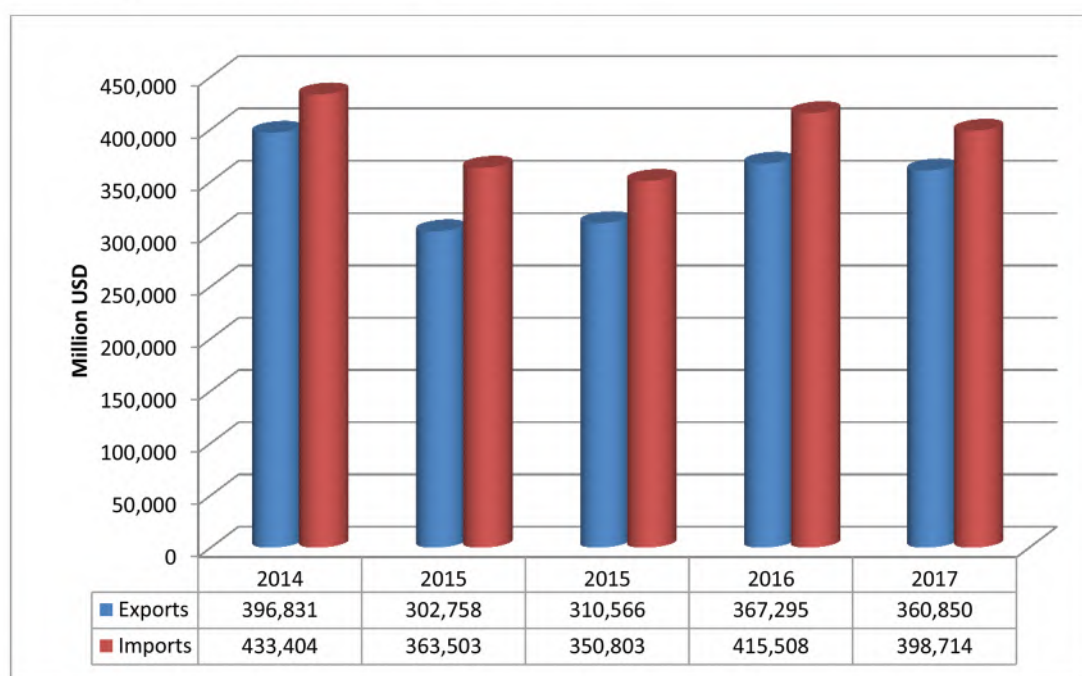
Table- 5: ECO and Pakistan's Total Trade (Exports and Imports), 2014-2018

(in million USD)

Year	2014	2015	2016	2017	2018
ECO Region	830,335	666,261	661,369	782,803	759,564
Pakistan	72,267	66,079	67,532	79,328	83,793

Source: UNCTAD/ITC/Trade map data

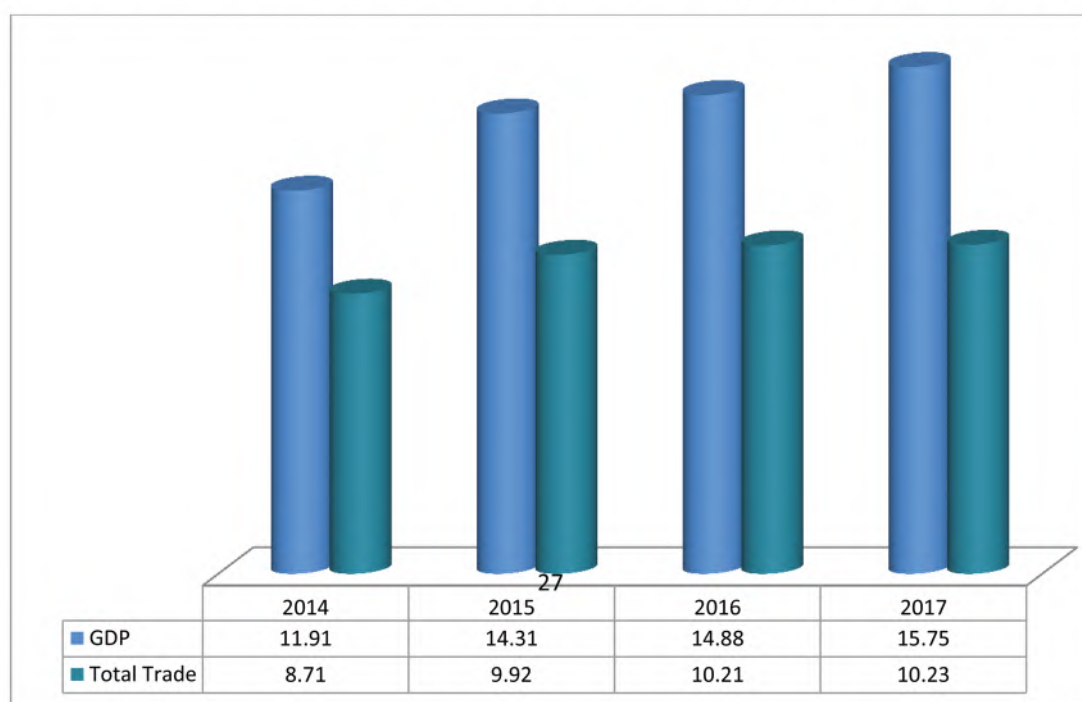
Graph-1: ECO Exports and Imports, 2014-2018



Source: UNCTAD/ITC/Trade map data

Pakistan, being one of the three founding members of the ECO and erstwhile Regional Cooperation for Development since 1964, is an active member of the organization and endeavoring to play its role in regional integration.

Pakistan share in the ECO economy and its share in total trade is given as under:

Graph-2**Pakistan's share in GDP and total trade (exports and imports) of ECO Region, 2014-2017**

Source: Based on World Bank Data for GDP (<https://databank.worldbank.org/data/source/world-development-indicators#>) and UNCTAD/ITC data https://www.trademap.org/Country_SelProduct_TS.aspx?nvpm for trade figures.

Note: Trade data for 2018 is available. Data on GDP for 2018 is not finalized, so share for 2018 has not been worked out.

Graph-2 indicates that share of Pakistan GDP (current US\$) in the ECO region's GDP is consistently increasing from 11.91 percent in 2014 to 15.75 in 2017. As regards the share of Pakistan's total trade (exports and imports) in total regional trade, it, too, has posted appreciable rise from 8.71 percent in 2014 to 10.23 percent in 2017. Both trends are encouraging for Pakistan, nevertheless there is gap in the share of Pakistan's economy in GDP and total trade which needs to be narrowed or eliminated at least for more vibrant role and crystallizing the process of regional integration.

Table-6 shows that Pakistan's volume of export to the world has marginally declined in 2018 from US\$ 24.72 billion to US\$ 23.63 billion in 2014 and the decline is largely in line with the international growth and trade trends noted in the period 2014-2018 which has strong positive correlation with GDP and economic activity. It is pertinent to underline that Pakistan's share in the ECO's regional GDP has reached 15.75 while in international trade (exports and imports) it touched 10.23 percent in 2017. Also, share of combined exports and imports from Pakistan to the region has declined from 4.37 percent in 2014 to 3.67 percent in 2018, possibly because of the international, regional and national factors including non-economic factors such as security scenario, sanctions on Iran, non-implementation of the ECO's Preferential Trade Agreement such as ECOTA and other trade liberalization regimes at bilateral or multilateral levels.

Table-6: Pakistan's Exports to ECO member states

(in thousand USD)

Importers	2014	2015	2016	2017	2018
World	24,722,182	22,089,018	20,533,793	21,877,787	23,630,893
ECO Aggregation	2,366,987	2,059,969	1,740,941	1,838,035	1,803,404
Afghanistan	1,879,143	1,722,216	1,369,768	1,390,081	1,347,934
Turkey	391,075	235,444	236,873	327,346	302,756
Kazakhstan	6,652	12,844	24,529	70,441	86,899
Iran, Islamic Republic of	43,049	32,293	35,562	26,534	22,774
Uzbekistan	2,347	1,975	3,376	3,934	17,282
Azerbaijan	27,656	42,199	61,268	12,591	14,044
Tajikistan	9,126	3,977	4,371	2,949	9,406
Kyrgyzstan	986	850	1,192	929	1,511
Turkmenistan	6,953	8,171	4,002	3,230	798

Source: UNCTAD/ITC/Trade map data

Table-7: Pakistan's Imports from ECO member states

(in thousand USD)

Exports to Pakistan	2014	2015	2016	2017	2018
World	47,544,889	43,989,645	46,998,269	57,440,013	60,162,862
ECO Aggregation	791,741	876,279	1,003,183	1,048,721	1,269,179
Afghanistan	392,166	390,401	369,898	414,872	508,361
Iran, Islamic Republic of	185,731	260,894	323,086	327,180	373,972
Turkey	192,860	205,234	260,078	268,733	357,864
Turkmenistan	15,780	14,707	24,956	16,806	17,996
Tajikistan	52	97	18,965	8,699	3,345
Uzbekistan	685	1,122	3,224	2,939	3,331
Kazakhstan	4,206	3,717	2,702	7,627	3,311
Azerbaijan	113	43	155	1,747	878
Kyrgyzstan	148	64	119	118	121

Source: UNCTAD/ITC/Trade map data

A quick look at Table-6 reveals that in line with the Pakistan's overall exports, Pakistan's exports to the region dropped from USD 2,366 million in 2014 to USD 1,803 million in 2018, decrease by 23.81 per cent. Among all the ECO member

states, Afghanistan is the biggest importer of trade merchandise with US\$ 1,348 million in 2018 in the aggregated Pakistan's exports to the ECO region followed by Turkey with US\$ 303 million. Kazakhstan, Iran, Uzbekistan and Azerbaijan have imported Pakistani products amounting to US\$ 87 million, US\$ 23 million, US\$18 million and US\$14 million respectively. In percentage terms, exports to five member states i.e. Afghanistan, Turkey, Kazakhstan, Iran, and Uzbekistan decreased in 2018 in comparison with 2014 by 23.45 percent. Certainly, Pakistan's exports can be enhanced at much more scale with initiatives and measures such as trade preferential and trade liberalization regimes and with better connectivity among the member states.

Disaggregated figures reported in Table -8 transpire that main export products to the ECO member states include sugars and sugar confectionery, cereals, cotton, mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ..., products of the milling industry; malt; starches; wheat gluten, edible vegetables and certain roots and tubers, etc. Last column of Table 8 shows the indicative potential but utilization of indicative potential for Pakistan, like other countries, depends upon many other factors such as changes in the government policies, improved institutional structure, infrastructure development, utilization of technology, human and natural resources, attracting investments, etc. Such products are indeed imported by the ECO countries from the rest of the world which can be imported from the neighbouring countries with low transportation cost and more favorable conditions. It is pertinent to highlight that seven member states are landlocked countries, the cost of transportation may be another reason of low exports to the region and low imports from the regional economies.

Table-8: Pakistan Export Products to ECO and its Export Potential in 2018

(in thousand USD)

Product label	Pakistan's Exports to ECO	ECO's imports from world	Pakistan's exports to world	Indicative Potential for Export to ECO
All products	1,803,404	398,713,877	23,630,893	-
Sugars and sugar confectionery	227,788	1,139,019	500,788	911,231
Cereals	217,128	6,564,960	2,325,637	6,347,832
Cotton	192,397	3,997,506	3,498,997	3,805,109
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	164,726	65,029,616	499,354	64,864,890
Products of the milling industry; malt; starches; inulin; wheat gluten	124,849	795,821	141,640	670,972
Edible vegetables and certain roots and tubers	112,260	1,482,232	245,358	1,369,972
Edible fruit and nuts; peel of citrus fruit or melons	94,182	1,790,130	428,715	1,695,948
Salt; sulphur; earths and stone; plastering materials, lime and cement	74,820	1,201,337	448,492	1,126,517

Product label	Pakistan's Exports to ECO	ECO's imports from world	Pakistan's exports to world	Indicative Potential for Export to ECO
Pharmaceutical products	72,911	9,036,172	197,622	8,963,261
Plastics and articles thereof	52,717	19,316,550	307,811	19,263,833
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	38,004	4,932,549	39,505	4,894,545
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	35,229	923,079	50,600	887,850
Wood and articles of wood; wood charcoal	33,855	2,810,957	36,196	2,777,102
Preparations of cereals, flour, starch or milk; pastrycooks' products	29,357	1,014,716	62,356	985,359
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	25,093	31,165,595	90,801	31,140,502
Paper and paperboard; articles of paper pulp, of paper or of paperboard	24,185	5,116,841	89,792	5,092,656
Other made-up textile articles; sets; worn clothing and worn textile articles; rags	23,496	870,858	4,051,510	847,362
Beverages, spirits and vinegar	23,496	747,197	455,266	723,701
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	22,155	3,400,873	47,191	3,378,718
Coffee, tea, maté and spices	18,081	1,439,795	106,741	1,421,714

Source: UNCTAD/ITC/Trade map data

In the same vein, ECO member states are exporting a number of products such as Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral, Edible fruit and nuts; peel of citrus fruit or melons, Edible vegetables and certain roots and tubers, Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof, Iron and steel, cotton, stone; plastering materials, lime and cement, ceramic products, ships, boats and floating structures, plastic and its articles, etc, Raw hides and skins (other than fur skins) and leather, etc to the world.

The other products are miscellaneous chemical products, Dairy produce, Carpets and other textile floor coverings, Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings. Pakistan can indeed benefit from this market at the door step and import petroleum products and other merchandize of its demand for value added exports to the region as well as to the rest of the world. By this regionalism will be promoted and the bond among ECO economies will note improvement based on the mutual benefits.

Table-9: ECO Potential to Import from Pakistan

(in thousand USD)

Code	Products	Pakistan Imports from ECO	ECO's exports to world	Pakistan's Imports from World	ECO's Potential Export to Pakistan
'TOTAL	All products	1,269,179	360,849,552	60,162,862	359,580,373
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	340,966	129,918,219	17,153,086	129,577,253
'08	Edible fruit and nuts; peel of citrus fruit or melons	180,559	6,723,027	218,044	6,542,468
'07	Edible vegetables and certain roots and tubers	152,350	2,290,789	651,596	2,138,439
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	95,214	16,540,095	6,243,032	16,444,881
'72	Iron and steel	61,585	17,187,998	3,673,490	17,126,413
'52	Cotton	60,084	7,055,890	1,243,765	6,995,806
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement	53,468	4,471,295	132,644	4,417,827
'69	Ceramic products	34,390	1,196,547	211,391	1,162,157
'89	Ships, boats and floating structures	29,473	1,009,757	820,441	980,284
'39	Plastics and articles thereof	23,050	10,392,304	2,488,578	10,369,254
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	18,205	9,148,899	4,295,941	9,130,694
'73	Articles of iron or steel	14,604	7,028,597	790,580	7,013,993
'41	Raw hides and skins (other than furskins) and leather	13,003	616,984	56,644	603,981
'38	Miscellaneous chemical products	11,396	802,797	801,489	791,401
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	11,154	912,694	158,143	901,540
'57	Carpets and other textile floor coverings	10,833	2,547,589	22,499	2,536,756
'96	Miscellaneous manufactured articles	10,725	939,088	222,830	928,363
'28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	10,246	4,516,808	529,283	4,506,562
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	9,874	3,256,614	205,147	3,246,740

Source: UNCTAD/ITC/Trade map data

Note: Incomplete (includes mirror data where direct data is not available) data for 2018.



The upshot of the foregoing analysis is that Pakistan's and ECO's exports posted decrease in 2014-2016 emanating from sluggish global economic activity, weak commodity and product prices, and domestic structural and institutional factors. Subdued economic growth in the OECD countries contributed to the slowdown in China and accordingly impacted world trade and GDP. Exports at global level witnessed a turnaround since 2017; so is Pakistan's exports and regional trade. Likewise, imports though decreased in 2014 to 2016, Pakistan remained a net importer country. In 2017 and 2018, trade grew at global level; ECO region and Pakistan followed suit.

During 2014-2018, Pakistan's GDP and trade shares in ECO's GDP and total trade have consistently increased from 11.91 percent to 15.75 per cent and 8.71 to 10.23 percent respectively. The gap, nonetheless, needs to be bridged to tap its share. Pakistan can even capture more share in the region in GDP as well as in trade. Share of total trade from Pakistan to the region has declined from 4.37 percent in 2014 to 3.67 percent in 2018 requiring considerable attention. Effectuation of trade agreement(s), stability in the region, better connectivity, trade facilitation and trade promotional initiatives in a more coordinated manner can strengthen the regional integration process. Besides, strong external demand from major trade partners through effective trade promotional measures, supportive commercial and monetary policies, exports will grow at more respectable pace in coming years. It will get a fresh impetus with positive business climate leading to enhanced exports eliminating the trade gap and offset adverse effects of tariff protectionist policies beset in some major world economies.

Furthermore, brief appraisal of trade aggregates made hitherto vividly suggest that enormous potential exists for Pakistan to export products of textile, food, other manufacturing groups to the economies of the ECO region and import petroleum, chemicals, etc. to meet its energy needs from the neighborhood and take advantage of the proximity of the hydro-carbon resources and huge complementarities which have also been identified in various studies conducted for the region. Trade creation and Foreign Direct Investment (FDI) are other nexus which can help in growth in trade as well as trade in services. Pakistan has considerable potential/space to increase its share in regional trade and intra-regional trade and vice versa for regional integration for ultimate benefits of the people of the region blessed with abundant natural, social, physical and human capital.



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