

2013

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The News Magazine of Economic Cooperation Organization

# ECO CHRONICLE

## 23rd ECO Regional Planning Council







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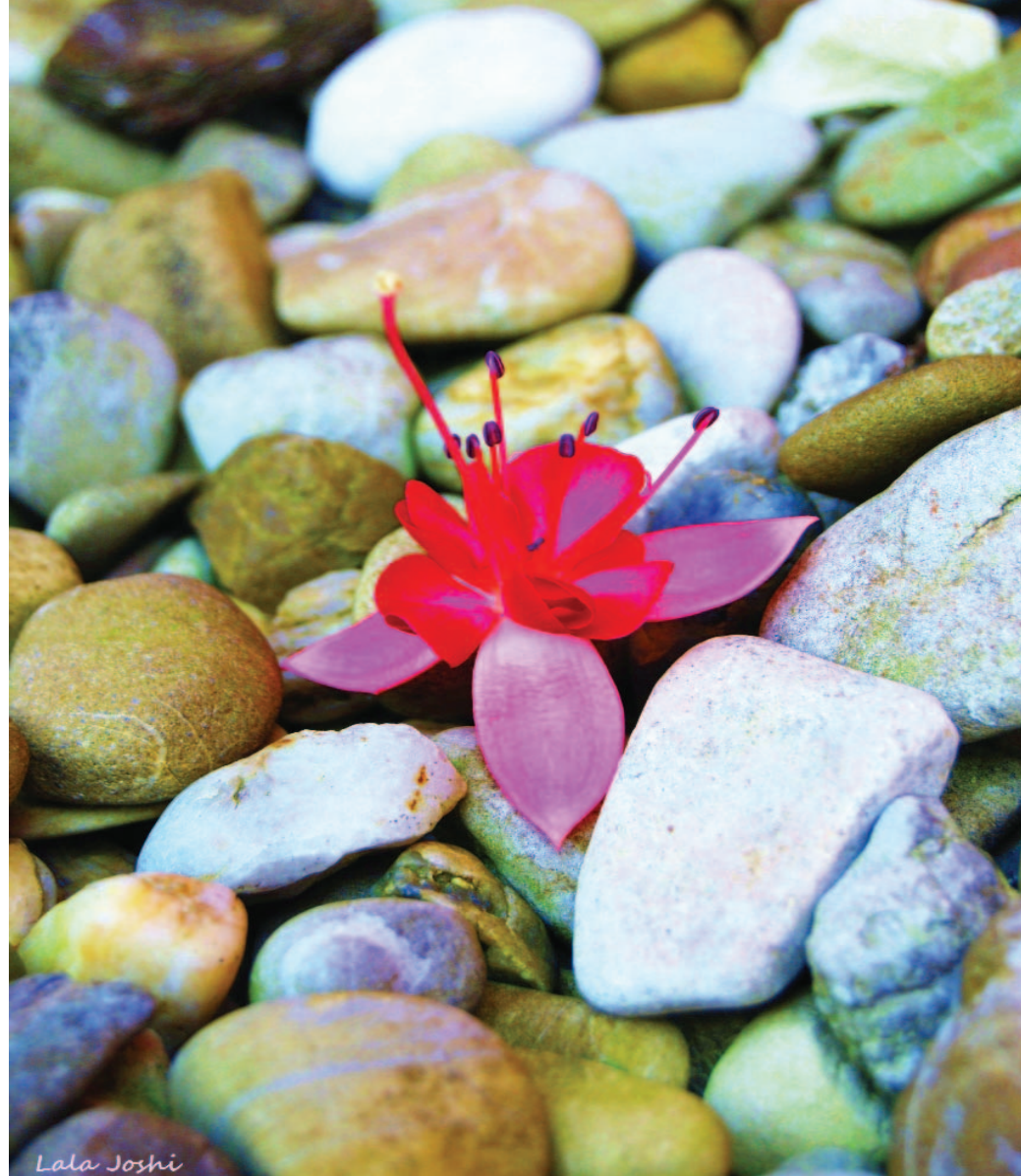




**Promoting Sustainable Economic  
Development & Integration  
of ECO Region**

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### Editor's Note:

*ECO Chronicle is a non-profit making news magazine. The views expressed and data contained in this publication are provided by writers/ authors from ECO member countries or from outside the ECO region, and are not necessarily those held or agreed by the ECO Secretariat or ECO Chronicle Editorial Board.*





## “ We Need to Work With Sharper Focus”

In today's globalized world, regionalism is gaining more significance. The regional approach offers collective solutions to collective challenges that transcend the boundaries of a single nation.

It is a matter of great pride for us that among many regional organizations, ECO has established itself as a successful model of regional cooperation; a prominent body that has a capacity to effectively contribute towards the socio-economic development of the region. In our region, ECO enjoys membership of countries that possess vast natural and human resources bound by strong historic and cultural ties.

ECO offers a platform for dialogue and venue for exchange on constructive and effective ways to promote regional growth and integration. As an Organization, it provides an important platform for concerned authorities and leaders in the region to meet on regular basis and exchange views on topics of mutual interests and has been instrumental in institutionalizing sectoral meetings, promoting coordination and advancement of cooperation on areas such as trade, transport, energy, agriculture and trafficking. Moreover, ECO region constitutes an energy and trade corridor of great importance, linking Europe to the Far East and trading partners in the North to the warm water ports of the Persian Gulf. It has also established important links with other regional, economic organizations and areas of cooperation with major international organizations. The agenda and activities of the organization hold the promise for a prosperous future for them. However, compared to its great potentials, some critiques believe that its achievements have been relatively modest. Some headway has been made in transport and communications, trade and transit agreements and the establishment of the ECO Trade and Development Bank can be regarded as a significant milestone but people of our region have high hopes for ECO. We must learn to empower each other and make maximum use of our resources. The fragility of the global economy, our environment and interdependency must be at the forefront of our endeavors in any strategic plans for the future. Any future long-term strategy or plans must have solid links between national and regional plans. They must have effective measurements for impact and established benchmarks as well as the necessary commitment by Member States to develop and monitor agreed programs and plans of action.

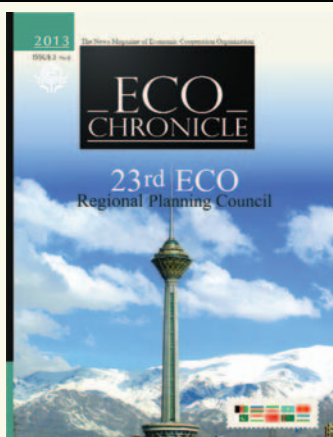
Only through committed and active participation of all Member States can ECO attain its objectives of sustainable development. While it is important to set long-term goals, it is essential that realistic intermediate targets be focused on in which Member countries have clearly shared interest and ownership of the process.

It is important that we do not lose sight of our common objectives and make serious effort to overcome impediments. There is a need to work with sharper focus, renewed commitment and greater vigor.

*S. Aleskerov*  
Dr. Shamil Aleskerov  
Secretary General



### Cover



### 23rd ECO Regional Planning Council

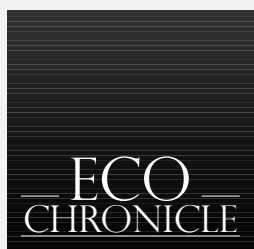
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## ECO Secretary General Congratulates Iran's President-Elect



ECO  
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"I am confident that ECO will enjoy the kind support of Your Excellency in fulfillment of its goals and the aspirations of the people of our region."

ECO Secretary General, Ambassador Shamil Aleskerov made the remarks in a message to Dr. Hasan Rohani, the President-Elect of the Islamic Republic of Iran, congratulating him on his victory in Iran's June 14 presidential election. Full text of SG's message is as follows:

*Excellency,*

*It is a great pleasure and honor in my capacity as the Secretary General of the Economic Cooperation Organization (ECO) to express my congratulations on the remarkable confidence invested in Your Excellency by the Iranian people and my heartfelt wishes of success for Your Excellency, as the President-elect of the Islamic Republic of Iran, the esteemed ECO founding member and the host of the ECO Secretariat. The solid relations among the ECO Member States are based on the will of our people, who historically have lived in an atmosphere of good neighborhood and friendship. Our people are bound together by shared spiritual values and traditions, as well as mutual trust and confidence, which have stood the test of time.*

*I am confident that ECO will enjoy the kind support of Your Excellency in fulfillment of its goals and the aspirations of the people of our region. I assure Your Excellency that the ECO Secretariat will spare no effort in this regard.*

*Please accept, Excellency, the assurances of my highest considerations. ■*

Ambassador Shamil Aleskerov  
Secretary General  
Economic Cooperation Organization

## Ambassador of Venezuela Called on ECO S.G.



ECO  
CHRONICLE

The Ambassador of the Bolivarian Republic of Venezuela to Iran, Amenotheop Zambrano Contreras, called on the ECO Secretary General, Ambassador Shamil Aleskerov, at the ECO Secretariat on 08 April, 2013. The Secretary General extended a warm welcome to the Ambassador of the Bolivarian Republic of Venezuela on visiting the ECO Secretariat.

During the meeting, the two sides exchanged views on regional cooperation in the context of ECO and Bolivarian Alliance for the Americas (ALBA). The Secretary General gave a concise introduction of the ECO including its structure, objectives and activities. The Ambassador of the Bolivarian Republic of Venezuela thanked the Secretary General for his comprehensive briefing on various activities of ECO and acknowledged that the organization is playing commendable role in promoting regional cooperation in various fields.



## ECO S.G. & D-8 S.G. Agree to Intensify Communication

**ECO CHRONICLE** On Thursday, 18 April 2013, Shamil Aleskerov, the Secretary General of the Economic Cooperation Organization (ECO) paid a courtesy visit to the D-8 Secretariat in Istanbul. He was graciously welcomed by D-8 Secretary-General, Seyed Ali Mohammad Mousavi, at the premise of the D-8 Secretariat, where the two heads of the organizations exchanged fruitful

views on the issue of implementation of the MoU between the two entities which was signed in 2011.

They underlined the advisability of studying possible collaboration, and seek to map out the action plan for the MoU to be implemented in visible activities.

The D-8 Secretary General proposed that a technical committee to study this issue in details, and the Director for External Relations shall soon be visiting the ECO Secretariat to discuss and study the implementation ideas in relevant fields. In this regard, both sides agreed to intensify communication and coordination through their Secretariats.

Both sides also emphasized the significance of D-8 and ECO collaboration as one of the appropriate mechanisms to promote regional economic cooperation aimed at sustainable development and improving the standards of living for the nations of both member states. ■

He informed the Secretary General that he had earlier held the position of the Secretary General of the Bolivarian Alliance for the Americas (ALBA), which is a regional cooperation organization focusing on social, political and economic integration of the countries of Latin America and the Caribbean. While briefing about ALBA, he said ALBA's main goals are to alleviate poverty and to promote socioeconomic reform through trade agreements that meet each country's needs.

In the end, the Secretary General stressed the advisability of studying possibilities of collaboration between the two organizations.

The Secretary General proposed that the exchange of experiences could be the initial step to find out the collaboration between the two organizations. The Ambassador of the Bolivarian Republic of Venezuela agreed with the view of the Secretary General to explore ways and means to establish cooperation between the two organizations in the relevant fields.

In this regard, both sides agreed to intensify communication and coordination through ambassadors of ALBA in Tehran and ECO Secretariat. ■

## S.G. Receives New Afghanistan Envoy



**ECO CHRONICLE** The newly appointed Ambassador of the Islamic Republic of Afghanistan to Iran, Nasir Ahmad Noor, paid a visit to the ECO Secretariat, on March 18, 2013.

He was welcomed by the Secretary General, Ambassador Shamil Aleskerov and the Deputy Secretary General, Hayri Maraslioglu. The Ambassador presented his credentials to the Secretary General as the Permanent Representative of the Islamic Republic of Afghanistan to ECO. The Secretary General congratulated the Ambassador on his new assignment and reaffirmed the support of ECO to the reconstruction process in Afghanistan. During the meeting, the two sides discussed a number of issues pertaining to Afghanistan within ECO and exchanged views on how to enhance the ECO's role in the near future. The meeting focused on the ECO Fund for Reconstruction of Afghanistan. The approval for the establishment of the Fund was given in 2002 and through the Fund, the Member States can contribute towards financial/technical assistance, goods and services to the projects to be implemented for the reconstruction of Afghanistan. Currently, the main contributors to the Fund include Azerbaijan, Iran, Pakistan and Turkey. The idea of including other Member States which can contribute to the Fund was also considered. The Afghan Ambassador expressed his gratitude to the Secretary General for attaching considerable importance to the issues pertaining to Afghanistan and the ongoing reconstruction process in the country. ■



On Sunday, 28th April 2013, the IEST organized a public gathering for the participants to hear Ambassador Shamil Aleskerov, ECO Secretary General speech on "ECO and Environment" in the Conference Hall of the University of Environment which was the host of the ECO-IEST. In his speech, ECO Secretary General highlighted the significant role that ECO can play in conserving the environment and promoting sustainable development in the region.

Asghar Mohammadi Fazel, President of the ECO-IEST and faculty member of the University of Environment, while welcoming ECO Secretary General and the participants comprising students, university lecturers and staff, presented a report on the history of the ECO-IEST and the process in which led to its establishment on 20th February 2011. He then went on briefing the participants on the perform-

## S.G. Briefs University of Environment Gathering



ance of the ECO-IEST during the last two years which amongst many other activities included the followings:

- Organizing an academic course and awarding the Postgraduate Certificate on Environmental Management, September-October, 2011 to the course participants.
- Hosting the Meeting on Trans-Boundary Movement of Biological Specimens and Species, March 2012
- Hosting the Regional meeting in preparation of the second session of a

plenary meeting on the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), March 2012

■ Hosting International Conference on Biodiversity in Zagros Region, May, 2012

■ Hosting the 1st Conference on Wetlands Management and Engineering, May, 2012

■ Hosting Workshop on Biodiversity, May, 2012

■ Hosting Workshop on Ecosystem Management of Wetlands, February 2013

■ Hosting Regional Meeting on Biodiversity and Ecosystem Services, February 2013 ECO

member countries consider cooperation in preserving the region's environment as one of the important goals of ECO. The activities of the ECO Secretariat and the Institute of Environmental Science and Technology (IEST) in Iran are of particular importance in this regard. The IEST provides the program and venue for the member states to advance sustainable development and environmental protection in the ECO region. ■

## IENT President Chaired a Session of on Biodiversity

The Seventh Trondheim Conference on Biodiversity was held from 27 to 31 May 2013, at Trondheim City in Norway, where Asghar Mohammadi Fazel, the ECO-IEST President, chaired the fourth day of the Conference on trajectories towards 2020.

The Conference focused on the strategic goal of the Convention on Biological Diversity (CBD), which addressed the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society. The goal of this Conference was part of the Strategic Plan



for Biodiversity 2011-2020, including the Aichi Biodiversity Targets, which has been endorsed by several conventions. The Conference explored how alignments and mixes of policies, trade-offs, incentives and business strategies can cut development pathways towards a sustainable society. It also considered what trajectories are required to follow to implement the goal and the associated Aichi targets 1-4 by 2020, by comparing

and contrasting concepts and experiences.

Hosted by the Norwegian Government in cooperation with the UN Environment Programme (UNEP), CBD, the UN Food and Agriculture Organization (FAO), the UN Development Programme and the World Bank, the Conference brought together some 450 experts from governments, organizations, academia and the non-governmental sector.

Since the first Trondheim Conference held in 1993, the world population has grown by 25 %, the total GDP by 75 % and world trade has tripled. Despite positive achievements, loss of biodiversity



## The Rural Development Institute Opened in Kabul

**ECO CHRONICLE** The Ministry of Rural Rehabilitation and Development (MRRD) of Afghanistan during May 2013 opened rural development institute in Kabul.

The minister of MRRD, Wais Barmak told a conference that the rural development institute would provide research programs as well as training for students in order to support development projects in rural areas. "A special curriculum would be provided to the institute in collaboration with the Higher Education Ministry and the students would receive 14th grade degree from the institute." He said. Employees of the MRRD, the Ministry of Agriculture as well as the Education Ministry would professionally

manage and monitor the institute.

"The ministry has implemented uplift projects with high quality but establishing the institute would help the ministry to support quality and standard of uplift projects." Minister added. The institute has four floors and 40 rooms including conference hall which was built at a total cost of \$700,000.

The Deputy Secretary General of Economic Cooperation Organization (ECO), Altaf Asghar, expressed his pleasure on opening of the institute, and said the ECO would remain committed with the Afghan government and would prioritize helping Afghanistan for further development in future. ■

*Source: Afghanistan Times, May 20, 2013*



## Workshop on Health Tourism

**ECO CHRONICLE** The Ministry of Tourism of the Republic of Turkey will host the "First Workshop and Study Visit on Health Tourism" on 23-25 October 2013 in Istanbul and Bursa, Turkey for public and private sectors of the ECO Member States.

During the Workshop, relevant regulations, planning, Joint Investment, Marketing Strategies and Best Practices on Health Tourism would be discussed.

Tourism has received due attention by the ECO Member States as an important source of income contributing to the development of services industries in Member States, enhancing regional and global understanding. ■

## Trondheim Conference

along with global warming is undermining human wellbeing, especially that of the poor and vulnerable. The Trondheim Conference in 2013 explored how to cut development pathways towards a sustainable society by aligning policy, business, economy and ecology across borders, scales and systems. At this session Ines Verleye, Federal Public Service for the Environment, Belgium, presented on resource mobilization for the Aichi targets, highlighting the need for a structured, country-based approach to enable ministries of environment and other biodiversity actors to use nationally the information generated at the global level. Katia Karousakis, Organization for Economic Co-operation and Development (OECD), shared the results

from an OECD study on "Scaling-up Finance Mechanisms for Biodiversity." Claudia Ituarte-Lima, Resilience and



Development Programme (SwedBio) at Stockholm Resilience Centre, Sweden,

examined the state of safeguards for biodiversity. Brigitte Baptiste, Director General, Humboldt Institute, Colombia, presented on the ecological dimension in developing sustainable development goals, focusing on the understanding of "awareness." Lucy Mullenkey, Director, Indigenous Information Network, said that while the Strategic Plan is crucial for mainstreaming biodiversity in government policy, indigenous peoples and local communities already have a long history of mainstreaming biodiversity in their own lives. David Cooper, CBD Secretariat, underscored that the post-2015 agenda and the discussions on sustainable development goals are major opportunities to mainstream biodiversity into sustainable development. ■

# TIR SYSTEM to be implemented soon in Afghanistan



**ECO CHRONICLE** The Deputy Secretary General of Economic Organization (ECO), Altaf Asghar, during a visit to Kabul in May 2013 said the International Road Transport or Transports Internationaux Routiers (TIR) system would be implemented in Afghanistan by the end of 2013.

ECO DSG further said that integration of Afghanistan in TIR convention would pave the way Afghan's truck to reach up to Europe markets without any checking barriers, adding that according to the convention the trucks would be sealed in Afghanistan and would be opened in Europe.

"The new system would enable Afghans to send their products to Europe, Turkey and other countries without any barrier. ECO would let no stone unturned to connect Afghanistan with regional and international travel systems through implementing different railway and ring road projects." He said.

Development of Afghanistan is in priority of ECO governments and they have decided to establish a special fund for reconstruction of Afghanistan.

"The members' stay committed to contribute \$11.5 million to especial fund, as we have received \$2 million from Pakistan, \$1 million from Iran, \$0.399 million from Turkey, \$0.149 million from Azerbaijan." DSG Altaf Asghar said.

The ECO signed a project with Turkish International Cooperation and Development Agency (TIKA) to plan and monitor reconstruction project, where it promised to execute projects worth \$5 million in Afghanistan.

The Minister of Rural Rehabilitation and Development, WaisBarma, expressed his pleasure on ECO's projects and termed them vital for further economic improvement of the country. ■ Source: Afghanistan Times, May 20, 2013

# Meeting on Investment Opportunities & Trade of Energy/ Petroleum in the ECO Region



**ECO CHRONICLE** For the first time, the Ministry of Petroleum of the Islamic Republic of Iran allocated a stand for the ECO Secretariat and the organization's affiliated institutes at the 18th International Oil, Gas, Refining & Petrochemical Exhibition. Ms.Shakoorzadeh from the public relations department of Iran's Ministry of Petroleum was assigned to manage all required measures for ECO stand at the exhibition and the half day seminar which was organized by the ECO Chamber of Commerce and Industry (ECO-CCI) titled "Sustainable Energy for All & ECO region Private Sector Partnership."

In his opening speech, Mohammad Reza Karbasi, the Secretary General of ECO-CCI, highlighted the rich natural



resources of the ECO region including the oil and gas as the mainstay for the region's economic growth and said: "the ECO member states are capable of further expanding the collaborations in this area." He pointed out that the ECO-CCI target of raising the intra ECO trade and investment by 1% annually to pursue the implementation of the decision of the Council of Ministers Meeting in Baku, where the private sector was regarded as the moving engine for the region's economic growth and it was called upon to play its role in the development of the intra ECO economic transactions.

Ms. Bayan Adelbekova, Director Project, Economic Research & Statistic (PERS) of the ECO Secretariat, on behalf of the ECO Secretary General, addressed the meeting emphasizing on the importance of the energy/petroleum sector in the economies of the region and further evaluated the exhibition as having a significant role in improving the status of collaborations among the ECO member states in all petroleum related industry.

Further, Hassan Khosrowjerdi, Chairman of the Union of Oil/Gas and Petrochemical Exporters of Iran, gave a brief report on the status of the energy sector in the region and the pipelines and refineries under construction where the private sectors are the key players. He proposed the capabilities of ECO member countries' private sector to be utilized in upstream and downstream of oil and gas industry in order to boost the intra ECO trade and investment.

Elsewhere at the event, Dr. Mosafer, the Manager of the Extra Regional Research of the Petrochemical Trading Co. presented a report on the profile of the company as a success example of the private sector in petroleum related business and petrochemical products in particular and his company's readiness for partnership with its ECO region counter parts. ■



## D-8 Expedites Cooperation in the Field of Petrochemical Industry

**ECO CHRONICLE** D-8 Organization has successfully concluded the 3rd D-8 Petrochemical Task Force Meeting, which was held in Tehran - Iran, during 13-14 May 2013. The meeting was attended by participation from Egypt, Iran, Malaysia, Nigeria and Turkey and was a follow up event as agreed in the D8 previous task force meeting on petrochemical, held in Jakarta-Indonesia, in October 2012. The meeting witnessed the active exchange of views on the status of the capacity of D-8 Member States in petrochemical industry as well as the ways and means to enhance the joint of D-8 Member States in petrochemical production and trade.

The meeting agreed on the establishment of "D-8 Association of Petrochemical Industry" with the sole purpose of promoting petrochemicals production and trade among the D-8 member countries. The meeting decided to convene the first open-ended Ad Hoc meeting on D-8 Association of Petrochemical Industry simultaneously with the 4th Petrochemical Task Force Meeting within the first quarter of 2014 in Iran.

It was also agreed to conduct a study on the status and capacity of human, technical and the financial resources appropriate for the implementation of joint venture petrochemical projects as well as to establish a website on different aspects of the petrochemical industry in order to enhance the integration and networking among D-8 Member States. ■





The National Focal Points Meeting on Drug Control Matters was organized by the ECO Drug and Organized Crime Coordination Unit in Tehran on 8 - 9 May 2013 in cooperation with the Drug Control Headquarters of the Islamic Republic of Iran.

The meeting was attended by delegates of Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Tajikistan and Turkey, as well as the ECO Secretary General, along with the relevant staff of the ECO-DOCCU. The meeting was also attended by the officials of the German International Cooperation Agency, Berlin, the Drug Liaison Officer of the Embassy of Italian Republic and a representative from the German Embassy in Tehran, and also the Project Manager for the EU-funded Heroin Route II Programme. During the inaugural session, statements were delivered by Taha Taheri, Vice Secretary General of the Drug Control Headquarters of the Islamic Republic of Iran and Ambassador Shamil Aleskerov, Secretary General of the Economic Cooperation Organization. Holding of the NFP Meetings was a unique opportunity of bringing together all the heads of the relevant departments/agencies of the Member States to discuss the strategies of drug control in the ECO region, particularly the production, cultivation, demand and supply reduction. The NFPs Meeting also provided an opportunity for the heads of anti narcotics departments to know each other and discuss matters of mutual concern for enhancing regional cooperation. Country reports were delivered by the participating Member States describing trends of drug-trafficking and its production in their respective countries and measures to counter these crimes. The participants also discussed ways and means to further improve respective cooperation among the Member States. The meeting emphasized on the principle of common and shared responsibility to tackle this global menace through drug supply/demand reduction with a balanced approach, stressing the need for measures to be taken regionally and globally.

## National Focal Points (NFPs) Meeting on Drug Control Matters

Presentation was also delivered by the Officer In Charge of the ECO-DOCCU about the activities of DOCCU and its future plans. The I.T. Expert of the DOCCU made a presentation about the proposed secured communication network among the Member States. This secure network would be established in all the Member States with the support of European Union. The NFPs meeting agreed to the establishment of this network and directed the Drug Liaison Officers to place all necessary information on this network which would be a good source for exchange of information.

The Project Manager from the German International Cooperation Agency (GIZ), Berlin, gave a brief presentation about the activities undertaken so far by each of the four components of the EU-funded project titled "Fight Against Trafficking from/to Afghanistan with the ECO Member States". The NFPs appreciated the technical and financial support of the European Union within the framework of EU-project and requested for continuation of their assistance for the programmes and activities of the DOCCU.



At the end of the meeting, a set of 12-point recommendations were also agreed upon by the meeting for further follow up by the Member States and the DOCCU. Some of the important recommendations are as follows:

1. Drug and Organized Crime Coordination Unit of the Economic Cooperation Organization is a regional cooperative mechanism of member states. Under the coordination of ECO-DOCCU, all countries could enhance cooperation, collaboration and coordination to tackle all aspects of drug problem.
2. The NFPs of the ECO member states emphasized on the principle of common and shared responsibility in order to tackle this global problem in a balanced approach (supply and demand reduction) measures to be taken regionally and globally.
3. The NFPs committed to instruct the Drug Liaison Officers (DLOs) to strengthen cooperation in future with the ECO-DOCCU.
4. The NFPs of the ECO member states encouraged the Member States to share their respective annual reports on drug related aspects with the ECO-DOCCU at an appropriate time. These reports shall be compiled and published by ECO-DOCCU.
5. The NFPs encouraged the establishment of a secure communication network and cooperation among the Drug Liaison Officers (DLOs) via ECO-DOCCU website ([www.ecodoccu.org](http://www.ecodoccu.org)). NFPs agreed to use ECO-DOCCU website through secure login into the member area to access the information (report, note verbal, etc.)
6. The NFPs requested the European Union (EU) for continuation of its support for the project titled 'Fight Against Trafficking from/to Afghanistan with the ECO Member States'.
7. The NFPs requested the ECO-DOCCU to approach relevant international organizations or world community, in particular, the ECO Member States, to provide technical and financial assistance for eradication of poppy fields through the alternative livelihood programs in Afghanistan. ■



## Rep. Azerbaijan, EU to Sign New Visa Regime



### AZERBAIJAN

Azerbaijan and the European Union (EU) are preparing to sign an agreement on their visa regime in November, Azerbaijan's Deputy Foreign Minister, Mahmud Mamedgulyev told Trend.

He said that Azerbaijan and the EU intend to complete negotiations and sign

the agreement during the third summit of the "Eastern Partnership" in Vilnius on November 28-29. The last round of talks on the issue was held in Brussels on March 11-12.

"Perhaps, the next round of talks will not be held because the remaining issues can be resolved by modern technology," Mamedgulyev said adding "Basically, many issues have been resolved. One or two issues remain. We will resolve them in the near future. After some procedures are held, we plan to sign an agreement during the Vilnius summit in November."

He then went on to say that the simplified regime will take effect immediately after the agreement is signed. ■

## Iran designing new 150-seat passenger jet

### IRAN

Iranian aviation industry has started designing a 150-seat passenger jet for the first time in the country and the Middle East, reported ISNA News Agency.

The Head of Iran's Civil Aviation Organization was quoted by ISNA that the project would be implemented jointly by Iranian universities (Sharif, Amir Kabir, ElmoSannat and Isfahan), the Organization of Aerial Industries of

Armed Forces and Iran's Aircraft Manufacturing Organization.

"The above-mentioned aircraft is of heavy two-engine turbojet aircraft class and can compete with all of its similar aircrafts." The Head of Iran's Civil Aviation Organization said.

Iranian aviation industry experts have made noticeable progress in designing and developing various types of airplanes in recent years. ■



## \$3 Trillion in Mining Potential

### AFGHANISTAN

According to Wahidullah Shahrani, Afghanistan's Mines Minister, the country is estimated to be sitting on \$3 trillion worth of untapped mineral deposits, but poor infrastructure and investor caution are inhibiting development of its mining industry, its reports Afghanistan News Center.

"This estimate is based only on 30 percent of the country's area; there is still 70 percent we have no idea about," Afghan Mines Minister Shahrani told Reuters in an interview on the sidelines of an industry conference in Dubai.

Since the start of the year, the ministry has been making presentations in London and New York to drum up investor interest in the nascent mining sector. By July next year, the ministry hopes to award a tender to a foreign company for the development of the Hajigak iron ore deposit west of Kabul, said Shahrani.

"We estimate that there are 2 billion tons of reserves in Hajigak, with a 62 percent of iron concentration," he added. Afghanistan awarded a giant copper contract in 2007 to a Chinese consortium to develop a deposit in the Aynak region south of Kabul, and Shahrani said he expected there would be Chinese and Indian interest in the forthcoming iron ore tender. ■



## New Railroad to Connect Kazakhstan to Turkmenistan

### KAZAKHSTAN

The President of Kazakhstan, Nursultan Nazarbayev, and the President of Turkmenistan, Gurbanguly Berdimuhamedov, attended the opening ceremony of the Bolashak Railroad (Republic of Kazakhstan) - Serhet'yaka (Turkmenistan), Kazakhstan Today reports. On arrival at the Bolashak station, the Heads of State attended a presentation of the rail transit and transport potential of Kazakhstan and Turkmenistan, the Presidential press service informed.

Also, the launch of the Uzensite was conducted online - the state border with Turkmenistan, along with the first dispatch of the train with Kazakhstan grain from Kostanai region to the Bolashak station. After the completion of the presentation, the two leaders talked with the directors of the railway companies of Kazakhstan and Turkmenistan. ■

## Kyrgyzstan's Inflation Rate One of the Lowest in CIS

### KYRGYZSTAN

Results of four months of 2013 show Kyrgyzstan's inflation rate amounting to 1 percent, is one of the lowest among CIS countries, "CIS Interstate Statistical Committee" informed.

Belarus with its 5.9 percent inflation became the leader among the CIS countries. In Armenia, consumer prices rose by 2.8 percent in 2013,



in Russia-by 2.4 percent, in Kazakhstan-by 2.2 percent. Inflation rate in Estonia for January-April amounted to

1.9 percent, in Moldova 1.7 percent, in Tajikistan 1.4 percent. The lowest inflation rate was recorded in Lithuania and Turkmenistan 0.7 percent, in Georgia 0.3 percent, Latvia 0.2 percent and Ukraine 0.1 percent. ■

## Pakistan Approves Wheat for Iran to Pay for Power

### PAKISTAN

Islamabad has authorized the export of 100,000 tons of wheat to Iran to settle dues for electricity supplied to Pakistan's energy-deficit border areas, the 17 May 2013 Business Recorder of Pakistan reports. The shipment of 100,000 tones was to have been delivered to Iran in mid-February but was delayed by preparations for Pakistan's May 11 election.

"The wheat is being given to Iran against the outstanding payment of \$53 million for electricity supplied to Pakistani border areas from the Iranian grid," ministry spokesperson Mohammad Ashraf said. "The interim cabinet has approved the decision and exports will be initiated as early as possible."

"Pakistan is an energy-deficit country facing severe power cuts that are hampering industrial output," Ashraf said. "Connecting far-flung areas to

Pakistan's grid is a costly affair." Electricity from Iran is supplied to towns near the Iranian border, including the port city of Gawadar. Pakistan is building a \$7-billion gas pipeline with Iran. ■





## IDB to Help Construction of New Railroad



### TAJIKISTAN

The Islamic Development Bank (IDB) will assist with construction of a rail link connecting Tajikistan, Afghanistan and Turkmenistan. The President of IDB, Dr. Ahmad Mohamed Ali, stated this during a press conference in Dushanbe on May 22, 2013. "It is a very important regional project and we are interested in the implementation of the projects that are of benefit not just to one country," Dr. Ahmad Mohamed Ali said.

He noted that Turkmenistan had already begun construction of its section of that regional railway. "We will gather in the near future to discuss issues related to financing of construction of the Tajik section of the railway," said IDB President. "The chief issue is that the process of discussion of this issue has already been launched." ■

## Turkmenistan Delegation Celebrate Turkmen Poets

### TURKMENISTAN

A delegation of Turkmenistan composed of cultural figures, scientists, artists and representatives of public associations arrived in Golestan province in northern Iran on the eve of the Day of Revival, Unity and Poetry of Magtymguly celebrated on May 18, 2013. The Turkmen delegation also participated in



celebrations dedicated to the poetry of Magtymguly and Dovletmammed Azadi in the border region of Iran with Turkmenistan, where Turkmen poets were buried. By tradition, the Turkmen delegation performs pilgrimage to the resting place of two great poets and thinkers of the

Turkmen people - Magtymguly and his father Dovletmammed Azadi. ■

## Turkey Pays Off Its Last Installment to IMF

### TURKEY

Turkish Deputy Prime Minister, Ali Babacan, pushed the button for paying off the last installment of its debt to International Monetary Fund (IMF) and Turkey additionally committed IMF to extend USD 5 billion loan.

The last installment of Turkey's debt

to IMF was transferred by Babacan and the Undersecretary of Treasury Halil Canakci at the Turkish Central Bank in Ankara. Babacan emphasized that Turkey should be proud of paying off the debt to IMF, with whom Turkey made 19 Stand-By agreements. ■



## Power Uzbekistan-2013 Exhibition Opens in Tashkent

### UZBEKISTAN

The eighth international exhibition, Power Uzbekistan-2013, opened at the National exposition center (UzExpoCenter) in Tashkent, reports UZA. It was organized by the Ministry of Foreign Economic Relations, Investments and Trade of the Republic of Uzbekistan, UzbekEnergo State Joint Stock Company, Uzsuvenargo specialized company of the Ministry of Agriculture and Water



Resources, Tashkent city administration, the Chamber of Commerce of Uzbekistan jointly with ITE Uzbekistan international exhibition company. More than sixty companies from Uzbekistan, China, France, Belarus, Germany, India, Kazakhstan, Russia, Turkey, Ukraine, the Czech

Republic took part in the exhibition.

The exhibition showcased the modern trends in power industry such as electric power, coal industry, construction, protection, automation, control and management of energy facilities. It presented a variety of electrical machinery and accessories, low-and high-voltage equipment, cables, wires, insulators, transformers, wiring equipment, lighting and photometers and maintenance. ■

## New ECI President Assumes Charges



**ECO CHRONICLE** Prof. Iftikhar Husain Arif, the prominent scholar, renowned poet and outstanding intellectual of Pakistan officially assumed the position of the President of the Cultural Institute of the Economic Cooperation Organization on April 12, 2013. Prof. Arif has headed the Pakistan Academy of Letters and National Language

Authority and has held several senior managerial positions at the National Book Foundation, Pakistan's Scholars and Writers Foundation and others. He has also taught as a visiting faculty in National University of Modern Languages (NUML).

He has received several awards including the high Hilal-e-Imtiaz (2005), Sitara-e-Imtiaz (1999), Pride of Performance (literature, 1989), Baba-e-Urdu Maulvi Abdul Haq Award (poetry, 1995), and Nuqush Award (1994) which are the highest literary awards granted by the Government of Pakistan.

He has undertaken researches in the fields of life and works and has had numerous publication records of books, translations and essays in prestigious journals.

Three of his collections, Mehr-i-Doneem, Harf-i-Baryab and Jahan-e-Maloom have been published in several editions.

An anthology of his translated poetry has been published by Oxford University Press under the title, Written in the Season of Fear. His poetry has been translated into a number of languages, including English, Russian, German, Persian, and Hindi. ■



## ECI Co-hosts Int'l Bismillah Festival ECO countries display their art works

**ECO CHRONICLE** The International calligraphy and graphic painting Festival "Bismillah" was inaugurated by ECO Cultural Institute (ECI) in cooperation with the Center for Development of Qur'anic Arts.

On Friday 12 July on invitation of ECI President, Iran's Minister of Culture and Islamic Guidance opened the Int'l Bismillah Exhibition. ECO Secretariat, ECO member states ambassadors and embassy representatives were among many participants during the inaugural ceremony of the exhibition that was also sponsored by EN Bank. Based on a Memorandum of Understanding with the Center for Development of Quranic Arts, ECO Cultural Institute (ECI) co-hosted this year' International Bismillah Festival which showcased various Qur'anic art works created by international artists, including some outstanding artists/calligraphers from ECO

Member States during the holy month of Ramadan in Tehran. 70 art pieces were selected from over 5000 works by Iranian artists, 1300 art pieces by the artists from other ECO Member States as well as non-member countries such as Bosnia, Jordan, China submitted to the secretariat of the event. Many graphic designs among them some outstanding posters, calligraphies

and logotype works, centered on the theme of Bismillah, were displayed at the event. Bismillah is the Arabic word which is used as the collective name of the phrase *Bismillahir- Rahmanir-Rahim* meaning 'In the Name of God, The Most Gracious, The Most Merciful.'

Dr. S. M. Hadi Ayazi, Deputy Mayor of Tehran for Social and Cultural Affairs addressing the ceremony expressed support for ECO region cultural activities and highlighted the role that ECO region plays in global economic growth. ■





"In the lands that lay between the west and the east",

## ECI to Revive ECO Anthem

**ECO CHRONICLE** Through the efforts of ECI President Ittikhar Arif and ECI Executive Director, Ambassador Mohammad Reza Jabbari, ECI is now poised to refine and revive the ECO Anthem.

The idea of ECO Anthem was first visualized when the ex- ECO Secretary General, Askhat Orazbay, had the opportunity to meet Seyyed Mohammad Khatami, the then President of the Islamic Republic of Iran in February 2005. Subsequently, the ECO Secretary General proposed to Mohammad Ali Shoaee, the then President of the ECO Cultural Institute, to consider taking up this matter, since it was more related to a cultural nature of the work.

### The Process

ECI President agreed to involve the Institute in this challenging task which meant turning a new page in the history of ECO. Since ECO Cultural Institute already had a Memorandum of Understanding with the Niavaran Artistic Creations Foundation (N.A.C.F.) of Tehran, its Director General requested to constitute a team of experts of the N.A.C.F. to examine and prepare a poetical version of an ECO Anthem, in English, thus launching an important mission for the ECO family. It can easily be understood that a work of this nature could not be performed well unless a suitable atmosphere for the arena of thought and culture with a provision for exchange of experiences was provided.

In the several meetings held, it was clearly emphasized by all concerned that the work had to be done with a missionary zeal. Subsequently, ECI assigned the job to a team of experts from the Music Department of the N.A.C.F. An all embracing study of the history of ECO development, along with the past cultural background and heritage of the Member States were started before arriving at the stage to develop the ECO Anthem.

A number of university professors and

academicians were also consulted. This whole coordination was being fully supervised at the ECO Cultural Institute by the Executive Director, Ali Arif, assisted by his Assistant in ECI and by the Deputy Secretary General, Dr. Sohrab Shahabi in the ECO Secretariat, while the ECO Secretary General, Askhat Orazbay, was constantly giving necessary guidance and advice at every stage of the whole process. When the English version of ECO Anthem was duly revised and amended, it was decided to bring it to the melody format also in alignment with the musical reverberation.

While the vocal version of the Anthem was finalized with consensus among ECO, ECI and N.A.C.F., much was yet to be done to bring about the musical part of the Anthem. In this process, three melodious compositions were heard and considered, but had to be supplemented by the fourth one, too.

Finally, to be more confident about the satisfactory standard maintained in completion of the errand, the fourth melody was performed superbly by the London Symphony Orchestra and was sent to a renowned, independent expert source; Dr. Hasan Riahi, an eminent composer of Music and the Head of the Music Research Center in Tehran, who did his Ph.D. in Music at Temple University, Pennsylvania, having the distinction of composing the revised National Anthem of Iran, to examine it from his professional point of view.

Thus, the final echo and vocal version of the ECO Anthem was accomplished and distributed in the form of CDs to the Member States, and the English text of the song (the official language of ECO) was sent to all Members to be translated into the National languages of each respective country.

Most of the ECO Member States were able to translate the ECO Anthem into their languages, which will make it possible in future to play the Anthem in the languages of the respective ECO Member



States. Finally, in the morning of September 14, 2005, in the presence of ECO Head of States, and applauded by the cheering participants, the ECO Anthem was proudly played at the 8th ECO Summit Meeting in Dushanbe, Tajikistan. ■

### The Draft of English text of the ECO Anthem

*In the lands that lay between the west  
and the east,  
Have come together ten countries for  
the cause of peace;  
Borders can't keep them apart*

*For the love they feel in their hearts;  
Hand in hand, head up high  
Gazing at the beautiful sky;  
Through all events in the past  
Come here they at last;*

*Flowing like a river through the lands  
They expand and embrace the sands;  
Sharing resources, cultural plans  
Destroy the poverty in their lands;  
Embraces them the ocean of ECO  
Easing them with their unity's echo;  
The warmth of their motherlands  
The strength of their united hands;  
Blossoms the bud of their union  
Lights the star of their brethren;  
May Lord Bless their unity  
With His Holy Love and Mercy*

# ECO Reviews Past Progress

## Chalks Out Future Course of Action

Report of the 23rd RPC Meeting-Tehran

**T**he Twenty third Meeting of the Regional Planning Council (RPC) of the Economic Cooperation Organization (ECO) was held on 6-8 May 2013 in Tehran, hosted by the Government of the Islamic Republic of Iran.

RPC meets early every year to review the cooperation performance of the year past and to chart its course for the year to come. The Council reviewed and concluded strategies/policies on consolidating cooperation in the main cooperation areas of ECO such as trade, transport, agriculture, energy etc.

The meeting was inaugurated by Mahdi Akhoundzadeh, Deputy Minister of Foreign Affairs of the



Islamic Republic of Iran. The delegation of ECO Secretariat was led by Secretary General, Shamil Aleskerov. Representatives of the ECO's Specialized Agencies and Regional Institutes such as ECO Cultural Institute, ECO Trade and Development Bank, ECO College of Insurance, ECO Consultancy and Engineering Company, ECO Chamber of Commerce and Industry, ECO Reinsurance Company who presented their respective statements. The Heads of Delegation from all the ten Member

States made their statements, outlining their countries' policies and views on the programs and activities of the Organization. The Representative of the Turkish Cypriot State also delivered his statement.





## Highlights of Statements

Inaugural Speech By:

**M. Mahdi Akhoundzadeh**  
Deputy Minister of Foreign Affairs,  
Islamic Republic of Iran

I recall that in the last RPC meeting, I shared with the membership our understanding as to what were needed to be addressed in order to make ECO keep pace with the requirements of a successful regional arrangement. I enumerated some shortcomings which had slowed down the rate of progress in our Organization.

First and foremost, I referred to the need for restoration of strong solidarity among ECO membership. I am very happy to acknowledge that since last time we met here, there has been promising developments indicating stronger sense of ownership within our Organization.

Wider participation in this RPC meeting as well as some other ECO activities in the past 12 months, including the expansion of the ECO Bank's membership to the Republic of Azerbaijan, allude to this promising development.

This will undoubtedly enhance the visibility of the Organization, as the second shortcoming. We are still suffering from lack of sufficient visi-

bility of ECO within and outside the Region. Addressing this shortcoming requires concrete measures at different levels and layers of the Organization. RPC, as the ECO central planning body, shall play a pivotal role in this respect. Moreover, a welcome development in this regard is before us, namely the relevant recommendations by Eminent Person Group (EPG) which await actions by the membership. We remain hopeful that the EPG process and processes as such would culminate in higher visibility of the Organization.

In addition, enhanced visibility of the Organization also requires further attempts to raise public awareness about ECO and its profile at the national, regional and global levels. I seize this opportunity to propose to the Honorable Secretary General to embark on, as a priority, a process of 'ECO Public Diplomacy' with an ultimate goal of ensuring the 'visibility' our Organization deserves.



The feasibility of the decisions and programs and the viability of our Organization as a whole are still matters of concern which deserve careful attention by the ECO family, both membership and the Secretariat machinery.

Planning exercise in the Organization, particularly those done through RPC should ensure feasibility of the decisions and projects. It goes without saying that this requires that all proposed programs and projects should be pre-assessed

against the feasibility benchmarks.

All in all, and having above mentioned shortcomings



been addressed properly, we can be hopeful that ECO would survive potential challenges ahead.

Amb. Shamil Aleskerov  
ECO Secretary General



### Trade & Investment

Trade is a priority area for promoting regional integration and it occupies high priority on ECO's agenda. Trade cooperation leading to economic integration in ECO has significance in terms of promoting socio-economic growth and help in poverty eradication, employment generation and effective utilization of production potential of Member States. Also, trade provides a basis for cooperation in other sectors. We therefore believe that effective cooperation in the region could only be achieved with liberalized trade under an open, free and fair trading system.

The ECO region's global trade amounted to US\$768 billion in 2011 indicating 12 percent increase from 2010. However, ECO Intra-regional trade over the period 2006-2011 stands merely at 7 percent of the world trade of the Member States. This is an unsatisfactory figure and must serve as an eye-opener for our policy makers to undertake urgent measures for giving a new direction to the Organization's trade policies.

In this context, the implementation of ECOTA and establishment of a Free Trade Area in the region assume the utmost importance. Regrettably, the contracting parties to ECOTA were unable to fulfill their commitments made in the 3rd Meeting of the ECOTA Cooperation Council held in October 2012 to begin implementing tariff reduction with effect from January, 2013 despite clear-cut directions and guidance from the leadership level. In the 4th Meeting of the Cooperation Council held earlier this month, the Contracting Parties agreed on a new deadline for completion of all legal and procedural requirements for implementation of ECOTA, which is September 1, 2013. The Secretariat urges the ECOTA signatories to strive for meeting this deadline. In this connection, we attach high importance to the 5th ECOTA Cooperation Council Meeting scheduled to be held in October 2013 in Pakistan.

The Secretariat has also provided a roadmap to the member states for establishing a free trade area in the region and which contains the contours of a regional multi-dimensional trade and investment strategy. The proposals presented will go a long way in bringing about economic integration of the region. We expect that the 5th Ministerial Meeting on Foreign Trade scheduled to be held this year in the Islamic Republic of Iran will reach a positive outcome in this regard.

Simplification and harmonization of customs system and streamlining of transit trade procedures are high priority areas requiring increased cooperation by regional countries. ECO is working on preparing the draft ECO Trade Facilitation Agreement, which will be finalized at the first meeting of the joint working group to be held in the Republic of Turkey soon.





Another direction of our work is promoting E-Trade, which has been spreading all over the world as an effective means of faster, more efficient and transparent trade transactions.

The Agreement on Promotion and Protection of Investment (APPI) envisages for common policy and common action for attracting investment in the ECO region and it would come into force upon signature/ratification of four ECO Member States. The APPI which has been signed by Afghanistan, Azerbaijan, Iran and Turkey remains open for signatures. There are positive signals from Pakistan expressing willingness to join APPI.

The operationalization of ECO Trade and Development Bank (ECOTDB) is one of the most important steps taken towards trade facilitation in the region. The Bank has recently expanded both its operations and membership base. We appreciate the Islamic Republic of Afghanistan for signing the Articles of Agreement of the Bank for membership and the Republic of Azerbaijan for signing and ratifying the Agreement.

We anticipate other member states will positively consider their joining the Bank in the near future, which will make it an important regional financial institution to the benefit of all member states.

The Secretariat is also aiming to start implementation of the 3rd Phase of the ECO-UNIDO Project on Trade Capacity Building for which, lately, UNIDO has committed to provide initial funding. The completion of the Project will further build up the capacity of standardization and quality control institutions of the Member States and may lead to a Mutual Recognition

Agreement. The Member States are strongly requested to consider providing financial assistance for the project.

Several important decisions were made in the first meeting of the Heads of Tax Administrations of the Member States held in Tehran last January. These decisions will form the basis of meaningful cooperation among the relevant authorities of the Member States.



### Transport

In Transport, tangible progress has been made in most of the activities recommended by the RPC. The Work Programme of the Transit Trade Framework Agreement (TTFA) Fund, approved by the 5th Meeting of the ECO Transit Transport Coordination Council (in Islamabad, April 2012), is being implemented smoothly. The activities of the Railway, Road and Insurance Components of the ECO/IDB Joint Project on the TTFA have been successfully completed. As the last component of this project, the study on customs transit is going to be started shortly with the assistance of UNCTAD.

I would like to mention a number of significant developments in the transport sector in the ECO region which took place recently:

-The draft ECO Road Network Development Plan has been prepared by the Secretariat, and once approved, it will form, together with the railway plan, a basis for organizing the regional partnership forum and donor conferences.

-The construction of the railway link between Kazakhstan-Turkmenistan-Iran has achieved significant



progress. The segments of Iran and Kazakhstan will be inaugurated shortly and the work is ongoing in Turkmenistan.

-The feasibility study on the Tajikistan segment of the Kyrgyz Republic-Tajikistan-Afghanistan-Iran Railway project has achieved significant progress.

-Following the Meeting of the enroute countries, held in February 2013, a concrete action plan is being implemented to develop the Islamabad-Tehran-Istanbul Road Corridor. The Action Plan signed by the enroute countries of Kyrgyzstan-Tajikistan-Afghanistan-Iran Road Corridor is also being actively followed up. The Secretariat and the enroute member states have initiated the process of establishing road corridors along a) Pakistan-Iran-Turkmenistan, b) Pakistan-Afghanistan-Tajikistan, and c) Pakistan -Afghanistan-Tajikistan-the Kyrgyz Republic.

-The Action Plan for activating the ECO White Card, approved by the 4th meeting of the Insurance Committee (Tehran, November 2012), is being implemented. The work on developing the ECO Visa Sticker for Drivers and its procedures is also ongoing.

-Joint efforts have been accelerated to introduce a common legal system for carriage of goods and passengers by rail, as envisaged in the TTFA.

-Implementation of the Action Plan for reactivation of the TIR Convention in Afghanistan, revised by the ECO/IRU Joint Meeting in February 2012 is near completion and it is expected that the TIR system will be resumed in Afghanistan in 2013.

-The establishment of the ECO Logistics Providers

Associations Federation (ECOLPAF) was approved by the 20th COM and the first General Assembly of the Federation is going to be held soon.

-The Standard Operating Procedure for ECO Online Money Order through the postal services has been finalized and will be signed by the member states. The 20th COM also established the ECO Postal Staff College in Islamabad.

-The 9th Meeting of the ECO Ministers of Transport will be held in September 2013 in, the Kyrgyz Republic and the 2nd Meeting of the ECO Ministers for Communications will take place in 2013 in Islamabad, after the successful 1st meeting held last autumn in Tehran.



### Energy

Enhanced cooperation in Energy and Petroleum remains a priority for this region. The future growth of our economies will require the continued supply of affordable energy. The 3rd Ministerial Meeting on Energy/Petroleum held on March 6, 2013 in Tehran reviewed the implementation of the ECO Plan of Action for Energy/Petroleum Cooperation (for 2011-2015), and adopted its Report and the Tehran Declaration. Several new mechanisms for enhancement of Energy Cooperation in the region were also considered.

The 2nd High Level Experts Group (HLEG) Meeting on Energy was held in September (24-25), 2012 in Ankara. The meeting followed up on the implementation of the ECO Plan of Action for Energy/Petroleum Cooperation (2011-2015). Additionally, the Organization remains active in organizing seminars and workshops for sharing knowledge and building capacity





of the Member States in this sector. The work on development of regional electricity trade/market in the region is on the agenda and needs to be enhanced.

Simultaneously, we are trying hard to develop potentials in the field of Minerals, for which a number of activities have been planned. Active participation in these activities of our Member States will facilitate achieving the desired objectives.



### Agriculture

In order to feed our increasing populations in the coming decades, this region needs concerted efforts in the field of agriculture which must succeed in ensuring food security. This will require producing more food with less resources while reinvigorating rural economies. It can be achieved through collaboration, investment and innovation among all stakeholders.

We have a number of important developments in the agricultural field related to the implementation of ECO Regional Programme for Food Security (ECO-RPFS). Important decisions were taken at the 5th Ministerial Meeting on Agriculture held in November 2012 which also witnessed the establishment of the Regional Coordination Center (RCC) in Ankara. The implementation of the Seed Sector Development Project in the region within the scope of FAO-Turkey Partnership Programme (FTPP) is also expected to start.



### Industry

Industrial development has a great potential to support trade and economic cooperation in the region. Greater focus is being given to promoting

cooperation in areas like SME development and technology transfer amongst the ECO Member States. Enhancing the productivity and competitiveness of our regional markets remains the main challenge, and as such we believe a lot needs to be done. A significant development is the establishment of ECO Regional Institute for Standardization, Conformity Assessment and Metrology (RISCAM), which can serve as a facilitator for harmonizing the region's industrial standards. Availing this opportunity, I would request the concerned member states to become part of this initiative by signing its statute and actively participating in its activities.



### Tourism

Tourism holds immense potential to benefit the economies of our member states. The captivating natural beauty and the rich cultural and historical heritage of this region are testimony to this prospect. ECO views it as an important and promising area of cooperation and greater focus is being given to promotion of tourism in this region. We need to hold the 3rd meeting of the Ministers of Tourism the next year to advance in this field.



### Statistics & Economic Research

The role of statistics and economic research is indispensable for adequately assessing the ongoing regional development. Accurate and science based analyses and economic data are central to evaluating our current economic progress as well as forecasting the future trends in the economic development of countries.

The ECO Plan of Action on Economic Research serves as the roadmap for the development of eco-





economic policy guidelines, strategies and research activities in the region.

The Joint Economic Research Programme of ECO, developed and approved by the 19th COM, has helped in generating economic analyses output to lay down the foundation for long term economic strategy of the Organization. New proposals from member states continue to be implemented through this framework. ECO Statistical Network (ECOSTAT) is the main mechanism for the development of statistical cooperation in the region and provides updated statistical data and information related to the Member States.



### Health

In the health sector, there is a great potential to expand cooperation among the Member States, ultimately benefiting the people of our countries. The 1st ECO Health Ministers Meeting held in Baku laid out the action plan for achieving joint cooperation in the health sector, particularly in the fields of health related Millennium Development Goals (MDGs), Blood Transfusion and Pharmaceutical affairs. In line with this action plan, ECO Blood Safety and Drug Regulatory Networks remain our priorities. I am hopeful that the 2nd Ministerial Meeting scheduled to be held in Kazakhstan in the coming period would further strengthen our cooperation in health sector.



### Human Resources

The real asset of any country is the quality of its human resource, which ultimately results in economic and social growth. ECO remains committed to developing the human resource of its member states. The First ECO Ministerial Meeting on this issue would be held in 2013, giving greater impulse to the

development of human resource in ECO.



### Natural Disaster

Vulnerability of this region to natural and man-made disasters has added a new dimension to the activities of ECO, which calls for greater cooperation and coordination for reducing the risk of such disasters. Consequently, ECO, through a number of workshops, conferences and seminars is actively engaged in bringing the member states together to manage the disaster risks.



### Environment

The cost of environmental degradation is adversely affecting the economic gains of our countries. As such, we at ECO believe in the conservation and protection of environment and investing in such initiatives.

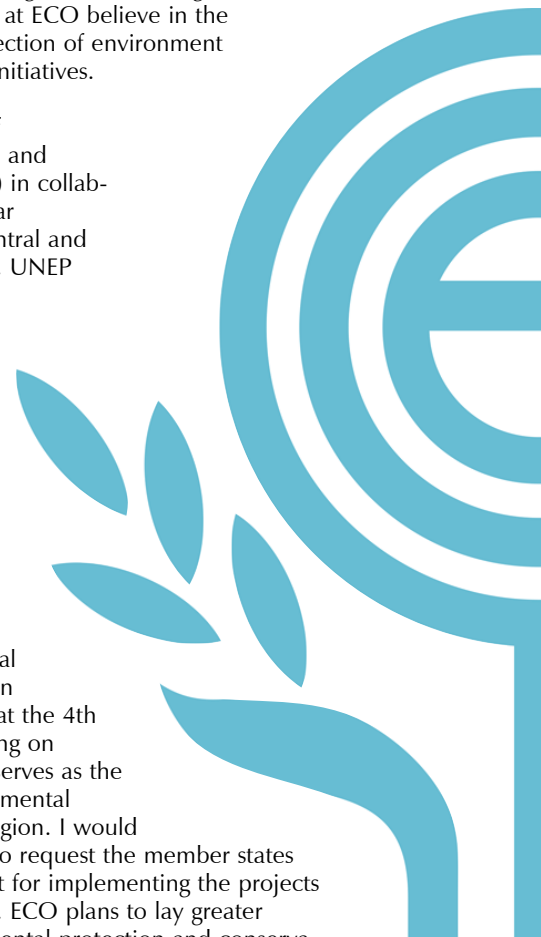
The ECO Institute of Environmental Science and Technology (ECO IEST) in collaboration with the Ramsar Regional Center in Central and West Asia (RRC-CWA), UNEP World Conservation Monitoring Center (UNEP-WCMC) organized a number of events on ecosystems and biodiversity management earlier this year.

The Framework Plan of Action on Environmental Cooperation and Global Warming in ECO region (2011-2015) adopted at the 4th ECO Ministerial Meeting on Environment in 2011 serves as the foundation for environmental cooperation in ECO region. I would avail this opportunity to request the member states to extend their support for implementing the projects under this Action Plan. ECO plans to lay greater emphasis on environmental protection and conservation of biodiversity in the coming period through a number of regional initiatives.



### International Relations

During the period under consideration, sustained efforts have been made to pursue close cooperative relations with the United Nations and





other regional and international organizations as well as relevant non-ECO states. This has helped in enhancing the image of ECO in the international arena. Within the framework of such cooperation, ECO has benefitted from technical and financial assistance from its external partners. The United Nations General Assembly at its 67th session adopted a biennial resolution highlighting the cooperation between ECO and UN. The ECO Contact Groups at Vienna and New York have been active in supporting the work of this Organization. The cooperation with ASEAN and D-8 is being actively pursued. Contacts with organizations like UNIDO, OFID and UNESACP have been maintained for the purpose of securing their support.



### Parliamentary Assembly

The recent period also witnessed an important development in the form of establishment of the Parliamentary Assembly of the ECO Countries (PAECO). The Parliamentary Assembly will enable the parliamentarians of the Member States to come together and work closely for the promotion of the socio-economic development of the region.



### Organized Crimes & Terrorism

The campaign against drugs, terrorism and trans-national organized crime is among ECO's priority, especially since during the recent years, we have witnessed an alarming increase in the number and frequency of crimes associated with illegal drug trafficking. Therefore, there is a strong need for regional cooperation among the Member States.

We are working closely with the European Commission (EC) within the framework of ECO-EC Memorandum of Understanding (MOU) to implement the project titled "Fight Against Trafficking from/to Afghanistan" with the ECO Member States. Efforts are also underway to establish the ECOPOL to coordinate against transnational crime through intelligence sharing and harmonization of policies.



The statute of "Regional Center for Cooperation among the Anti-Corruption Agencies and Ombudsmen (RCCACO) has also been signed by Afghanistan, Iran and Tajikistan, and other countries are expected to join the Statute after completion of their respective national procedures. Taking the opportunity we would request the Member States to expedite the process so that ECOPOL and RCCACO could be operationalized during the current year.



### Council Reviews Progress Report

"With this overview of our performance since the last RPC, let me acknowledge that we have not been completely successful in exploiting our true potential in various sectors. This can be attributed to a number of constraints and issues. However, there is a realization that we have achieved certain milestones and are moving towards our goals slowly but surely. What is needed is the willingness and determination to march ahead for the betterment of this region we call ours, the region we call ECO.

And to strengthen ECO, make it more effective and efficient, Eminent Persons Group (EPG) was established, with financial support of Turkey, which prepared recommendations to this effect. We believe that as a first step on the road of their implementation a respective review and discussion by the delegates of the RPC would be desirable and useful. Therefore we have included in the Program of this RPC meeting a retreat session, to be held in the morning of the 8th May, and look forward to productive discussions during the session. ■

## Iran

The Bank's operations in Iran are progressing across following means i.e. lending through financial intermediaries, project and corporate finance loans. Since the beginning of operations in 2008, the total disbursements of the Bank to various operations in Iran have reached to USD 171.6 million by the end of 2012. In addition, the disbursement of USD 42 million commitments to two infrastructure projects is continuing according to their progress. The Bank's total outstanding portfolio in Iran stands at USD 88.5 million as of end-December 2012.

The financial sector has undergone major transformations in Iran during the last decade. Major public banks were pri-

porate governance have been improving, the Bank expects to get desired feedback and concurrence on the proposals. For instance, the recent decisions of the EU authorities in lifting restrictions on some Iranian banks would also provide prospective business cooperation.

The Bank would continue its efforts to engage more deeply with the emerging private banks in Iran particularly those which are financially sound and have sizeable SME portfolio.

The Bank would also improve and streamline its internal working procedures to reduce processing time at its end. The Money and Credit Council (MCC) in Iran permits banks to borrow abroad for the financing of private sector and municipalities. The MCC sets for each bank a ceiling on the ratio of its foreign liabilities and commitments to total assets.

However, domestic credit market dynamics, the government stabilization

through focused credit lines to sound local financial institutions. The cash and non-cash (guarantees) credit limits envelope approved to ten partner FIs in Iran amounted to USD 490 million as of December 2012. The Bank is providing medium term loans to public and private financial institutions which in turn pass on (on-lend) to SMEs. Similarly through these partner institutions trade finance operations are conducted with a targeted strategy to support the development of intra-regional trade.

The Bank would also enhance its guarantee facilities as one of the most complementary instruments to its credit operations in order to stimulate trade finance and investment in Iran. Intensifying these operations would serve to the twin objec-

# ECO Bank

## Review of Operations

vated and listed on the Tehran Stock Exchange (TSE), making private banks the largest segment in the market. Within the intermediated operations, the Bank is making efforts to improve the utilization level of credit lines and extend its partner network with relevant financial institutions (FIs) in Iran.

However, unfavorable international environment limit the relations of the banks with international markets. Operations of international development institutions are also limited in Iran as it is restricted to those of only Islamic Development Bank and the World Bank. This has constrained the exposure of Iranian banks to documentation and other pre-conditions required by multilateral development banks for business relationships. As the banking practices and standards of information disclosure and cor-



policy measures, limitation of banks' loans, high overdraft of banks from the Central Bank, large amount of arrears and fluctuation in the value of Rial over the last one year increased the cost of business and limited the appetite of the banks to absorb external credits. Nevertheless, the Bank has been working with selected local financial intermediaries in Iran where such delegation of responsibility assists the Bank in serving a targeted market segment more efficiently and effectively than the Bank might be able to do directly.

The Bank pursues a dedicated selective guarantee mechanism, trade finance facility and SME development program in Iran. The operations are conducted

tives of the Bank to contribute sustainable financing of real economy, trade transactions and development of local financial institutions which are the key players of inclusive economic development. The Bank is paying utmost attention in selecting trusted and experienced partners for such operations.

At least once each year during implementation, the Bank conducts a formal review of the condition and performance of participating institutions, including a review of their audited financial statements, to determine their continued performance and compliance with objectives of the related facility/program.

In order to improve its disbursement positions vis-à-vis banks in Iran, in the ensuing period the Bank would focus more on specialized and private banks



and evaluate financially sound institutions in order to add them to its list of approved FIs. As a result of appropriate business environment, the role of leasing companies in Iran has been increasing rapidly. Therefore, the Bank would also look into the opportunities to cooperate with leasing companies as integral part of its strategy to address the financing needs of SMEs. The Bank would ultimately aim to support development of leasing indus-

### SMEs Development Facility

Under this facility the Bank provides loans to local partner banks and other financial intermediaries which subsequently on-lend to the SMEs. The Bank is seeking co-funding from the participating financial institution in each on-lending, in order to strengthen the relationship between the intermediary and its clients, and to increase the intermediaries' interest in the good performance of the credit line.

of funding for SMEs, underpinning job creation and growth. The total disbursements amounted to USD 52.1 million by the end of December 2012. In the coming years, through intermediated financing the Bank will continue to increase the availability of long term funding to SMEs and look for opportunities for further cooperating with banks which are active in SME financing.

try and expansion of a sustainable private sector in Iran.

In the forthcoming period, the Bank would also give due consideration to identification of bankable projects and increasing its operations in Iran. Broadly defined, operations would be further directed towards supporting the development of financial sector, SMEs, trade, corporates and development projects in manufacturing and infrastructure. The Bank will also continue to seek opportunities for co-operation with a variety of other lenders including multilateral development banks, bilateral financial institutions, export-credit agencies, official lenders or guarantors, commercial banks, and other financial intermediaries.

The main goal of these intermediated loans is to support growth, export and employment potentials of the SMEs.

Promoting the knowledge economy /skills and innovation capacity of vibrant SMEs in Iran remains a priority for the Bank. By the end of 2012 a total of USD 110 million credit limits have been activated for the use of five partner FIs in Iran. So far, the operations of the Bank supported the availability and lengthen the maturity

Short Term Trade Finance Program Trade finance is a distinct core business of the Bank. The program has been designed to strengthen the ability of local banks to provide trade financing to entrepreneurs throughout the country to expand their import and export trade. Within the STTF facility, the FIs participating in the program have been using these facilities which helped a number of businessmen in their

trade transactions within and outside of the ECO region. The Bank approved credit limits amounting to USD 190 million to eight banks in Iran as of December 2012. Under this facility, the total disbursements amounted to USD 58.2 million by the end of 2012. The Bank will continue to seek new opportunities to provide short and medium term trade financing to eligible partner banks for trade finance purpose and to the companies for trade transactions under its Trade Finance program.

### Corporate & Project Finance

In line with its overall objective of fostering economic development and social progress, the Bank provides medium to long term finance to development projects. The process of selecting projects is based on the assessment of additional and development impact. Contribution to national priorities and promoting complementarities among member states, in particular, tends to preclude a preferential factor in allocating funds towards projects with the optimum risk/return ratio. The corporate loans are provided to firms and public sector entities in order to cover their needs such as acquisition of equipment, modernization of plant and structures, trade transactions and other related expenditures. Since 2008, the total disbursement under corporate and project finance operations have been intensified and amounted to USD 61.2 billion as of December 2012. The disbursement of commitments amounting to USD 42 million continues according to performance of the projects.

In order to improve the performance of the irrigation systems and the relevant institutions to support agricultural producers in Iran, the Bank has committed a financing amounting to USD 22.2 million to the Siazakh irrigation project. It would provide agricultural water requirement for a land of about 7,680 hectares. The loan

agreement was signed in December 2010 with tenure of 8 years including 3 years grace period.

The main challenge ahead for this project is gradual implementation performance and disbursement rate.

The Bank has been working in close cooperation with project management consultant, relevant authorities and the obligor to accelerate the implementation of the project. The overall impact of the project would significantly improve the natural resource planning and affect the output of the irrigated area in terms of yield and unit cost. Another infrastructure project in the portfolio of the Bank in Iran is the Shahriar Waste Water Management Project which was signed in September



2011. The development objective of this project is to improve the efficiency and effectiveness of water and wastewater network and infrastructure, reduce pollution discharges and improve water quality. An 8 year term (including 3 years grace period) loan amounting to USD 23.7 million was committed for the construction of a wastewater treatment plant besides the collection networks and the main transmission line for the benefit of more than 180,000 population in the Shahriar, a city located in south west of Tehran Province. In close cooperation with the Tehran Province Water and Wastewater Company, the Bank is focused to improve the implementation performance and disbursement rate in this project.

The Bank has also been able to contribute business requirements of major industrial conglomerates in Iran that are active in manufacturing sector and intend to expand their business to export markets. The trade finance facility amounting to USD 27.5 million has been provided to Iran Power Plant Projects Management Company (MAPNA) in September 2011 which enabled the company to increase its exports. On the other hand, the Bank has extended trade finance facility of USD 28.6 million in November 2011 to Esfahan Steel Company (ESCO) for import of raw material from ECO member countries.

On the basis of its experience in the country, the Bank is putting efforts to identify and build up its project pipeline for further operations. In this respect, efforts are intensified to seize mid-size projects that contribute to urban infrastructure development and water management systems seeking to increase the coverage and effectiveness in terms of development of essential urban services and relevant sectors. The Bank would be also looking forward to work with medium size enterprises directly to increase their performances and access to finance.

## Pakistan

The Bank's operations have been growing in Pakistan across following means i.e. lending through financial intermediaries, project and corporate finance loans. From the beginning of operations in 2008, the total disbursement of the Bank to various operations in Pakistan amounted to USD 190.7 million by the end of 2012. In addition, undisbursed commitments of USD 6.7 million will be released according to performance of a project related to renewable energy. The Bank's total outstanding portfolio in Pakistan was USD



59.3 million as of end December 2012.

The Bank has been working with selected local financial intermediaries in Pakistan where such delegation of responsibility assists the Bank in serving a targeted market segment more efficiently and effectively than the Bank might be able to do directly. The liberalized financial institutional and formation of privately held banks provide a conducive environment for a thriving intermediary business. In Pakistan, supporting expansion of the financial sector and improving financial inclusion is important in enhancing credit flow to development of real sector and alleviate poverty as well. Efforts are made to encourage financial institutions to provide support to real sector investments and development of SMEs, micro-enterprises, rural areas. The Bank is making efforts to extend its partner network with relevant FIs in Pakistan and will be exploring possibilities to cooperate with leasing companies and microfinance institutions. Particular, microfinance has huge potential in the country for generating employment opportunities and reducing poverty. Pakistan is one of the few countries in the world that has a separate legal and regulatory framework for microfinance banks and enjoys the number three position in the world in terms of microfinance business environment. The SBP has been taking significant steps to promote the growth of the microfinance sector. The gross loan portfolio of the microfinance institutions increased from Rs. 2.3 billion in 2004 to Rs. 37.97 billion by the end of September 2012 on the back of increasing loan sizes. There were about 2.3 million active microfinance beneficiaries as of September 2012, which increased from a low base of 240,000 in 2003. The penetration rate remains at around 7.6 percent, which shows a considerable room for business development. Therefore, through micro-finance institutions, the Bank will focus on

expanding access to finance, particularly among lower-income groups and micro-enterprises.

In line with the Pakistan's poverty reduction strategy, the Bank would also cooperate and provide support to relevant programs that focus on community empowerment. While introducing new products, the key financial sector strategies would also include providing development finance to targeted markets, SMEs and trade through Islamic banking and microfinance institutions. The Bank would also enhance its guarantee facilities as one of the most complementary instruments to its credit operations in order to stimulate trade finance and investment in Pakistan. The Bank has a



dedicated guarantee, trade finance and SME development programs conducted through credit lines to local financial institutions. The cash and non-cash (guarantees) credit limits approved to ten FIs in Pakistan amounted to USD 415 million as of December 2012. However, certain factors resulted in sub-optimal uptake of Banks funds by these financial institutions. Firstly, tough economic conditions, energy shortages and security situation in Pakistan took its toll on businesses which led to increasing ratios of non-performing loans in the portfolio of large banks making them scale back their SME operations. Secondly, the large deposit base of some financial institutions gave them

access to sizeable amounts of liquidity at very low prices.

Thirdly, the continued depreciation of Pakistani rupee against US dollar discouraged them to increase their foreign currency liabilities. Moreover, banks are financing the fiscal deficit, which is crowding out the private sector and affecting the credit growth. And finally, the availability of alternative and concessional financing window available to them from the State Bank of Pakistan for export financing also dampened their eagerness for ETDB funds.

The Bank is paying utmost attention in selecting trusted and experienced partners for its intermediated operations. At least once each year during implementation, the Bank conducts a formal review of the condition and performance of participating FIs, including a review of their audited financial statements, to determine their continued performance and compliance with objectives of such lending.

In order to improve its disbursement positions vis-à-vis Pakistani banks, in the ensuing period the Bank would focus more on mid-tier banks, microfinance banks and evaluate financially sound institutions in order to add them to its list of approved FIs.

Furthermore, the economic situation is now showing signs of stabilization and it's expected that private sector credit from the larger banks would also increase in near future making them more receptive towards ETDB's financing facilities. In the forthcoming period, the Bank will give due consideration to identification of bankable projects and increasing its operations in Pakistan. Broadly defined, operations would be directed towards supporting the financial sector, SMEs, trade finance, corporate sector and development of energy infrastructure.

#### SMEs Development Facility

Under this program the Bank make

loans to local banks and other financial intermediaries which subsequently on lend to the SMEs. The Bank is seeking co-funding from the participating financial institution in each on-lending, in order to strengthen the relationship between the intermediary and its clients, and to increase the intermediaries interest in the good performance of the credit line. The main goal of these intermediated loans is to support growth and employment potential of the SMEs.

The SMEs comprise 85 percent of entrepreneurial businesses in Pakistan, employ approximately 78 percent of the non-agricultural labor force and contribute over 25 percent of the country's exports of manufactured goods. Therefore, promoting the production and innovation capacity of vibrant SMEs in Pakistan remains a priority for the Bank.

By the end of 2012, the total credit limits approved for the use of nine partner FIs in Pakistan amounted to USD 115 million. The operations of the Bank supported the availability and lengthen the maturity of funding for SMEs. The total disbursements amounted to USD 30 million by the end of December 2012. The SMEs that benefitted from these funds were mainly active in the manufacturing, trade and services sectors, thereby contributing to the economic development of the country and job creation. In the coming years, the Bank will continue to cooperate with local financial institution for the benefit of the flourishing entrepreneurial activities in Pakistan. In this respect, the operation with partner institutions in support of SMEs will improve the conditions offered to the end beneficiaries.

### Short Term Trade Finance Program

Trade finance is a distinct core business of the Bank. The program has been designed to strengthen the ability of local banks to provide trade financing to entre-

preneurs throughout the country to expand their import and export trade. The FIs participating in the program have been making use of relevant products offered under the STTF and have helped a number of businessmen in their trade transactions within and outside of the region.

The Bank approved credit limits amounting to USD 140 million to seven banks in Pakistan as of December 2012. Under this facility, the total disbursements amounted to USD 33 million by the end of 2012. The Bank will continue to seek new opportunities to provide short and medium term trade financing to eligible partner banks for trade finance purpose and to the companies for trade transactions under its Trade Finance Program.



### Corporate & Project Finance

In line with its overall objective of fostering economic development and social progress, the Bank provides medium to long term finance to development projects. The process of selecting projects is based on the assessment of additionality and development impact. Contribution to national priorities and promoting complementarities among member states, in particular, tends to preclude a preferential factor in allocating funds towards projects with the optimum risk/return ratio. The corporate loans are provided to firms and public sector entities in order to cover their needs such as acquisition of equipment, modernization of plant and structures, trade transactions and other related

expenditures. Since 2008, the total disbursement under corporate and project finance operations in Pakistan have been intensified and amounted to USD 127.7 million as of December 2012. A USD 20 million loan has been provided to Zorlu Enerji to support the construction of a landmark wind-power (56.4 MW) project in Sindh Province. The loan agreement was signed in November 2011 and having the tenure of 12 years including 2 years grace period. It is designed to increase Pakistan's renewable-energy generation capacity and is one of the first commercial

wind-power projects in the country. This project would help to alleviate a severe power shortfall in Pakistan and reduce the country's reliance on imported fuel for power generation. It is the first co-financing deal of the Bank with other MDBs namely International Finance Corporation (IFC) and Asian Development Bank (ADB). The project has received the "Middle East Renewable Deal of the Year" for 2011. The remaining disbursement of this project amounting to USD 6.7 million is under process according to the performance of the project.

In response to the devastating floods that displaced millions of people in Pakistan, a soft loan agreement amounting to USD 10 million and having tenure of 10 years (including 3 years grace period) was signed in June 2011 with the Government of Pakistan. The Bank supported the recovery and rehabilitation efforts of Pakistan in the areas which were severely impacted by the floods. The project is expected to generate wider economic benefits by supporting people and their livelihoods from the impacts of floods. The project will also contribute to Pakistan's adaptation to the effects of climate change. A corporate loan amounting to USD 20.9 million having the tenure of 5 years (including 1 year grace period) was signed on November 2011 with one of the biggest cement producer in Pakistan,



DG Khan Cement. The Bank supported the company to establish a waste heat recovery and refuse derived fuel plant in order to provide cost and energy efficiency. The project is first of its kind and would add to the alternate energy supply to the economy and would bring in new technology for other players in the industry to follow. The project is also environment friendly and suitable to carbon credits.

The Bank also extended one year corporate loan amounting to USD 35 million to Pakistan Refinery Limited in May 2010 for facilitating import of raw materials from ECO countries. This loan was repaid and the facility had contributed to development of intra-regional trade. On the basis of the experience being gained in the country, the Bank is putting efforts to identify projects that would have maximum impact. In this respect, efforts are intensified to such projects that contribute to development of renewable energy resources and water management systems, seeking to increase the coverage and effectiveness of such projects to sustain energy supply and development of real sectors. The Bank is also looking forward to work with medium size enterprises directly in increasing and improving their access to finance and economic performance.

## Turkey

The Bank continued to participate in the sustainable development efforts of Turkey through its well established programs which have been implemented through project and corporate finance operations and credit lines to financial institutions (FIs). From the beginning of operations in 2008, the total disbursement of the Bank to various operations in Turkey amounted to USD 285.2 million by the end of 2012. Bank's total outstanding portfolio in Turkey was USD 95.3 million at the end of December 2012.

In intermediated loans, as an integral part of its lending and non-cash (guarantee) services, the Bank is cooperating with an increasing number of financial institutions in Turkey in order support a targeted market segment more efficiently and effectively. In this respect, the Bank has a dedicated guarantee and trade finance program and continues to provide SME focused credit lines to financial institutions. The cash and non-cash (guarantees) credit limits approved to 11 FIs amounted to USD 475 million as of December 2012. The Bank is disbursing loans to public and private financial institutions which in turn pass on (or on-lend) to SMEs. Similarly through these intermediaries trade finance operations are conducted with an aim to



support the intraregional trade. The use of financial intermediaries is part of the policy of the Bank in transforming development finance that is oriented towards supporting the real sector and financial institutions as key drivers for sustainable economic development. The Bank is paying utmost attention in selecting trusted and experienced partners for such operations. At least once each year during implementation, the Bank conducts a formal review of the condition and performance of participating FIs, including a review of their audited financial statements, to determine their continued performance and compliance with objectives of such lending. The financial sector in Turkey is attracting a significant interest from international

investors due to strong recovery in the economy and solid performance of banks particularly in view of global financial crisis. Meanwhile, in November 2012, the Fitch Ratings handed Turkey its first investment-grade ranking since 1994, citing a sound banking system and favorable growth prospects.

The borrowing costs of top Turkish banks are expected to come down even more, especially with expectations of an investment-grade ranking from a second rating agency. Within this perspective, Turkish banks would find borrowing abroad at more attractive rates while taking advantage of falling yields. Although the Bank's FI operations in Turkey have been the most successful within its portfolio, however, the rates have come to such a level that the Bank's pricing could become unattractive to leading financial institutions. Therefore, the strategy within the coming years would be extending the partner FIs network in Turkey through cooperating with mid-tier commercial and participation banks which have effective distribution services and channels for SMEs loans and trade finance portfolio, particularly in cross-country operations. The Bank would also enhance its guarantee facilities as one of the most complementary instruments to its credit

operations in order to stimulate trade finance and investment in Turkey. Most of the SMEs use external financing sources like debt and equity capital to finance their activities. Bank loans and overdrafts are the most widespread debt financing methods for SMEs, but alternative sources like leasing and factoring have also a high relevance. In view of this fact, the Bank has started to cooperate with leasing companies as integral part of its SME finance strategy. Accordingly, there are four leasing companies in Turkey which have been included in the SMEs development facility network. ■



An Exclusive Interview  
with Ambassador  
Jens-Petter Kjemprud  
of Norway to Tehran

## "Norway, a strong Supporter of Regional Organizations"

**T**he ECO Secretary General, Dr. Shamil Aleskerov, recently visited Norway with a view to compare regional cooperation among Nordic countries. The Royal Norway Ambassador to the Islamic Republic of Iran, Jens-Petter Kjemprud, emphasizes that since 1990s, the Norwegian government, amongst other matters of bilateral interests, has enhanced its diplomatic, trade, energy and cultural relationship with ECO Member countries.

Earlier, he had attended the opening ceremony of the 3rd ECO Ministerial Meeting on Energy /Petroleum in Tehran on 6th March 2013 as a guest. At the request of ECO Chronicle, Ambassador Kjemprud kindly agreed for an exclusive interview with ECO Chronicle in his office in Farmanieh, Tehran. Born in 1955, Ambassador Kjemprud was admitted at Examenartium, Drammen gymnasium in 1976. He then studied in Ex. Philosophicum in 1977 at the University of Oslo and graduated in Law in 1983. Ambassador Kjemprud has served Norwegian government in his capacity as a career diplomat and held key positions prior to his appointment to Tehran amongst which include: Ambassador to Sudan; accredited also to Central African Republic and Chad; Ambassador to Ethiopia and African Union; accredited also to Djibouti; Counselor and Deputy Head of Mission, Royal Norwegian Embassy; Addis Ababa, Ethiopia; NATO liaison ambassador to the African Union; Deputy Director General; Head of Section for East and Central African Affairs; Assistant Director General; Deputy Head of Section for African Affairs; Advisor Bilateral Department at the Ministry of Foreign Affairs of Norway; He was also Board member of Nordic-Africa Institute during 2001-2006. Ambassador Kjemprud is fluent in English and has knowledge of French language. He is married with four children.

■ You have attended several cultural functions organized by ECO Cultural Institute (ECI) here in Tehran. What role do you think culture could play for the enhancement of social and economic relations among various societies?

I have thoroughly enjoyed attending a number of cultural events at ECI as they have attracted top notch musicians and painters from the member countries.

I believe it is the communality of art and culture between the nations and peoples throughout the world and making it wide-



ly available to the populations that is important. In that way, art can work as a "bridge" between differences and enhance joint understanding, respect and cooperation.

■ The current global economic and financial crises around the world indicate that such problems with such magnitude cannot be solved single-handedly by any country alone.

How do you see the future of regional organizations such as ECO to deal with such global predicaments?

The government of Norway strongly supports international organizations like the UN and their role in promoting cooperation, peace and development. The same goes for Norway's attitude for regional and sub-regional organizations.

The cooperation among Sweden, Finland, Denmark, Iceland and Norway in the Nordic Council is a testimony to that (see <http://www.norden.org/en/nordic-council>).

The trust and interdependence created through this cooperation we find to be unique and rewarding for its citizens. It includes i.e. art and culture, energy, labor and employment including freedom of movement, taxation and justice cooperation. The Nordic countries are trading extensively with each other. Although much bigger, I believe the ECO countries have strong common interests in enhancing trade and cooperation to utilize the vast potential of the member states.

Regional power trade has been very successful in the Nordic countries and the vast resources available in many ECO countries could be utilized in trade with the region's power deficient countries (and beyond) in arrangements like the Nordic Power Pool. This Power Pool is based on interdependence and pricing based on current market prices.

Having been posted to Addis Ababa and the African Union HQs, I have also witnessed how the development from the Organization of African Unity to the more collaborative African Union has helped strengthening cooperation on that continent to secure peace and enhance economic development, despite less resources than in the ECO region.

■ In February 2013, ECO held its 1st Conference of the Parliamentary Assembly of the ECO countries (PAECO). Considering the growing importance of regional organizations in the integration of various groupings, do you think such setting could enhance and foster inter-regional peace and stability?

As the Nordic example proves, Inter Parliamentary Cooperation is the foundation for the strong Nordic cooperation. Although the ECO region is more diverse, I believe it would be even more important for peace and stability to have such institutions to create a deeper understanding and respect for each other's particularities and political and historical positions.

■ When Norway's oil and gas is exhausted, what is Norway's energy strategy? Does Norway have plans for nuclear power, like Finland, and if not, why not? What Norway may advise ECO petroleum producing and exporting nations in this regard?

First of all, Norway strives to be a climate conscious energy producer. The world needs energy and the world needs to focus on developing and using low carbon energy while at the same time, ensuring that energy is an affordable commodity. Further, the world must produce and use energy as efficiently as possible. Fossil fuels will, under any scenario, continue to be part of the energy-mix globally for many years to come.

The International Energy Agency, in its World Energy Outlook, predicts an increase in the use of gas, even as we work to limit the rise in the average global temperature to 2 degrees Celsius.

The carbon footprint of natural gas is certainly smaller than of other fossil fuels. In power production, natural gas emits up to 70% less CO<sub>2</sub> than coal. In fact, Europe can achieve almost the 2020 target of 20% reduction of CO<sub>2</sub> emissions by replacing all use of coal with gas in electricity production, without any subsidies. Gas power is also an excellent partner for intermittent renewable power production.

Why do I bring this up? To put things in perspective, Norwegian natural gas production has grown to a level of one hundred billion cubic meters a year.

And yet, only 28 percent of the total recoverable gas resources have been produced. Thus, Norway has the resources and the infrastructure to be a significant gas exporter for a long time. As other industrialized nations, Norway has a high consumption of energy. But the use of energy is, more than most countries, mostly based on electricity.

The main reason is that Norway has a large energy production based on hydropower. Norway has the world's largest per capita hydropower production, and is the sixth largest hydropower producer in the world. In a year with normal precipitation, hydropower generation is around 120 TWh, corresponding to approximately 99 percent of Norway's total power production. Hence, the use of nuclear energy has not been part of our policy.

■ Norway is perhaps the global leader in carbon capture and storage (CCS) technology which sequesters carbon but at a considerable cost in energy. Has Norway considered greater reductions in carbon fuel use instead?

Carbon capture and storage (CCS) is a central part of the Norwegian government's policy on energy and climate change. A cornerstone of this target area is the construction of a full-scale CO<sub>2</sub> capture plant at the Mongstad refinery on the western coast of Norway.

CCS may be a key to reducing the global emissions of greenhouse gases. Broad and persistent international efforts are essential to make us able to exploit the potential of CCS technology. Norway is dedicating a lot of effort and resources into this important task. This work on technology qualification has demonstrated a need for more effort and knowledge than anticipated to make sure that there will not be undesirable effects on health and the environment.

Norway is in the forefront on CO<sub>2</sub>-storage in geological formations. We believe it is important to make the most out of this experience to develop the expertise further for future

CO2-storage, while at the same time, work for greater reductions in carbon fuel use.

■ Norway cooperated with ECO-IEST and was among the funding agencies for a Regional Workshop on Biodiversity and Ecosystem Services. Has Norway any fresh plan to promote more environmental preservation cooperation program in the ECO-Caspian Sea region?

Norway was proud to co-fund the Regional Workshop in Ramsar earlier this year. Saving the environment, biodiversity and the ecosystems is of paramount priority for Norway nationally and internationally. Substantial political efforts and comprehensive development cooperation underpins Norwegian environmental policies. The sheer size of the ECO region and some of the environmental threats to the region and the different member states makes the region crucially important for global efforts to save the environment. Norway mainly channels our support through UN agencies like UNEP and international organizations to contribute to environmental protection in the ECO region. In particular, Norway will be working through the 'Intergovernmental Platform on Biodiversity and Ecosystem Services' (IPBES).

■ Norway aims to be at the forefront of knowledge development on the petroleum industry particularly in offshore section. ECO-Caspian Sea member states have partnership/cooperation with Norwegian companies both upstream and downstream. Might Norway have new plans to cooperate with ECO member states petroleum research institutes for sharing experiences particularly in the drilling for oil and gas industry?

Norway has good relations with all Caspian Sea ECO member states and Norwegian oil companies and our supply industry are active in the region.

We are represented by Embassies in Tehran, Baku and Astana and are continuously looking for cooperation possibilities which could bring common benefits.

Some cooperation activities in research are ongoing in the Republic of Azerbaijan and Kazakhstan and are being negotiated in Turkmenistan.

The Norwegian oil capacity building institution PETRAD offer courses to oil officials in the ECO member states, while INTSOK (see <http://www.intsok.no>) offer cooperation and courses in all oil related field of business in ECO countries.

■ How would you assess ECO Chronicle and do you have any comment or suggestion for its improvement?

I find the Chronicle extremely useful to keep our Embassy updated on the ECO organizational activities and topical issues for the region which makes us better able to report to HQs. I find the quality of reports and its presentation of high quality and as "teasers to dig deeper" on certain issues, and the presentation of different aspects and issues in member countries very interesting. Keep up the good work! ■

The Islamic Republic of Iran is endowed with a key geographical position as relates ECO core transport and transit projects. Iran's existing transport and transit routes as well as those under construction represent critical mass of transport value for the regional projects. "ECO Railway Network Development Plan" is the most ECO comprehensive action plan in the area of rail network development, approved by the 11th Meeting of the ECO Heads of Railway Authorities in Ankara. The 20th ECO Council of Ministers meeting in October 2012 in Baku called for active participation of all stakeholders in implementation and financing of the projects envisaged in the "Development Plan". In response to this call, the Islamic Republic of Iran has recently accelerated the construction pace of two important railway routes of the "Development Plan".

### **I.Iran-Turkmenistan Railway Connection**

An 88 km-long railway section is now completed by Iran linking the city of Gorgan in Northern Iran to city of Incheboroonat at the Turkmenistan border.

This is part of 900 km-long Kazakhstan-Turkmenistan-Iran Railway Corridor, an important ECO transport project, connecting Central Asia through ECO territory to Persian Gulf ports (via Iran's rail network) and to Europe (via Iran's and Turkey's rail networks).

The Corridor has also transit potential for goods from South and Southeast Asia to the Northern and Eastern Europe through Indian Ocean, Persian Gulf, Iran, Turkmenistan, Kazakhstan and Russia.

The Corridor has three sections. The Kazakhstan-Turkmenistan rail connection has



Transport Looming Again in ECO  
Region with the Implementation of

# "ECO Railway Network Development Plan"

also been constructed. The 148 km long segment of this railway section connecting Bolashak in Kazakhstan to Serhetyaka in Turkmenistan has recently been inaugurated in the presence of the Presidents of both countries. The section in the Turkmenistan territory is now under construction. A trilateral coordinating body (Iran, Turkmenistan and Kazakhstan) will meet in Iran later this year to make necessary arrangements to ensure early operationalization of the whole Corridor. The Iranian President recently visited the Gorgan-Incheboroon railway and attended a provincial inauguration ceremony. According to an Iran's Foreign Ministry official, there will be formal inauguration of this railway section and other completed sections of the Corridor with the participation of the officials of the enroute and other ECO countries as well as ECO Secretariat, as envisaged in the recent meeting of the ECO Regional Planning Council (RPC).

## II. Iran-Azerbaijan Rail Connection

Qazvin-Rasht-Astara (Iran)-Astara (Republic of Azerbaijan) railway Corridor got new momentum when an ECO delegation visited the construction sites within the territory of the Islamic Republic of Iran.

On 21 May 2013, officials from the Islamic Republic of Iran, Republic of



Azerbaijan and ECO Secretariat made a field visit to Qazvin-Rasht section of the Corridor. The 164 km- long rail segment includes 62 bridges and 53

tunnels, with total lengths of 9 km and 22 km respectively. The magnitude of work done thus far was formally praised by an ECO High-level Working Group Meeting in Baku on 22 May 2013.

The Meeting was also briefed on the current situation of the other two rail segments of the whole project; namely Rasht-Astara (Iran) and Astara-Astara (Republic of Azerbaijan).

The 163 km- long Rasht-Astara (Iran) railway and the 8.3 km long-Astara-Astara (Republic of Azerbaijan) railway are yet to be constructed by the Islamic Republic of Iran and Republic of Azerbaijan respectively.

The Meeting also considered the possible funding for the project from external resources. Islamic Development Bank (IDB) is among the international development financiers involved in ECO transport activities. The ECO Trade and Development Bank (ECOTDB) has been recently mandated by ECO Member States to explore possible project-funding facilities from outside Region for ECO rail projects through forging partnership with interested regional and international financiers.

With all three railway sections of Qazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) in place, the Azeri rail network will connect Caucasus to Persian Gulf and Europe through Iran's rail network.

**M**any major exporters of goods and services as well as importers of oil and gas are looking forward to enhance their trade with land locked ECO member states through Chabahar facilities just outside of the Strait of Hormuz in the Sea of Oman. In fact during 2009 a dialogue was initiated between ECO Secretariat and the concerned Iranian authorities for a piece of land to be allocated within the Chabahar

Five Seas (Caspian Sea, Persian Gulf, Sea of Oman, Black Sea and Mediterranean Sea).

#### **Special Geographical Location:**

Chabahar FTZ has a special geographical location. It can play an important role in promoting trade, transport, communication and energy business. It has enormous facilities which can be an asset for all ECO Member States, especially those in Caucuses, Afghanistan and Central Asia. The Chabahar International

University could provide opportunity for education and cultural exchange between ECO member states through ECO Cultural Institute (ECI).

The ECO Bank of Trade and Development may also open a branch in the Chabahar FTZ.

#### **Geography & History**

The scenic city of Chabahar, originally called "Char-bahar", meaning four springs, is part of the Sistan &

# Chabahar Free Trade Zone Cross Road for ECO Trade, Transport and Energy Cooperation

Free Trade Zone for ECO region for establishing the ECO Special Trade Zone.

The matter was considered by the ECO Council of Permanent Representatives (CPR) and it was recommended that a committee comprising of the representatives of the ECO

Secretariat, ECO Affairs Bureau of the Iranian Foreign Ministry and the Chabahar FTZ Authority is established to pursue the matter which still is continuing to achieve a fruitful outcome.

With recent agreement in the ECO region for pursuing the construction of railway connection between Persian Gulf and ECO member countries in the Central Asia, Caucuses and Afghanistan the ECO Special Zone in the Chabahar FTZ area, will play a major role in enhancing the trade and energy cooperation between the



*The groundbreaking ceremony of allocating free trade zone in Chabahar to ECO member countries*





Balouchestan Province in the south east corner of the Islamic Republic of Iran, by the azure waters of the Oman Sea. To the west are Kerman and Hormozgan Provinces, to the south is the Oman Sea, and to the east rests Pakistan. Chabahar port is the largest oceanic port of Iran, which leads out to the Persian Gulf. Modern transport facilities (by air, sea and land) have allowed the Chabahar Free Zone to be linked from the north to the Middle Eastern countries and Afghanistan, from the east to Pakistan, from the south to the waters of the Indian Ocean and the Suez Canal, and from the west, via the Gulf of Aden, to the Mediterranean Sea. The population of Chabahar is almost 65,000+, and there is a 25-year development macro plan ending up with 300,000+ people in this area. Persian (Farsi) is the official language, although the native people of Chabahar speak mainly "Baluchi" derived from "Hindi" languages. Chabahar has the same geographical latitude of Miami port in the peninsula of Florida of U.S.A., and also has an identical climate. The temperature here fluctuates between 34°C to 10.5°C during the year. Therefore, this port is

considered to have one of the most pleasant climatic conditions of the southern parts of the Islamic Republic of Iran. It is worth mentioning that the temperature in summer is lower than that of Tehran, and in winter, it is as pleasant as its spring. The economy of this region is based on fishery and agriculture. In the recent decade, flow of tourists to this port has caused a significant contribution to the region's thriving tourism industry, commerce and service industry. Chabahar has two thousand historical monuments.

The famous port of Tis used to be an important platform in trade and marine affairs during the Achaemenian dynasty (559-330 BC). The commercial goods used to be imported to the Middle East markets from China, India and south-east of Asia via this port during the that period.

## North-South Corridor

According to the global studies, the port of Chabahar is the most significant North-South corridor, and is the only

oceanic port of Iran where oceanic vessels can easily berth. Moreover, this port could be changed into an international and a regional mega port. It plays an important role in the economy and trade of the Islamic Republic of Iran. Chabahar port enjoys a strategic position in the universal transit routes as a point amongst three main routes of south and north, and is regarded even more important than the Suez Canal. Through a well-developed road network, Chabahar Trade & Industrial Free Zone has access to other neighbouring countries as well as to the ECO region, Central Asian, Caucasus, Afghanistan and ECO-Caspian Sea littoral countries. The existence of a transport terminal, with a capacity for approximately 1,000 trucks and lorries daily, facilitates transportation of different types of locally produced, imported or transited goods possible through the land roads. Facilities and capabilities available in Chabahar Free Trade and Industrial Zone would

transform this area into a platform for broader co-operation of ECO Member States within the region and its neighbours. ■





# The good That Ramadan does to Economy

For Muslims, Ramadan means a break from the everyday. Along with the fasting, prayer and devotion, "the pace of life changes significantly during this month," says Nader Hashemi, professor of Middle East and Islamic Politics at the University of Denver's Josef Korbel School of International Studies. "The time for entertainment and traveling is severely limited, you spend time with immediate family. They're celebrating, gathering. Mosque attendance goes up. It's a month of charity, of more giving to the downtrodden," Bruce Kennedy of the Daily Finance reports.

In countries where Islam is the majority religion,

daily work schedules are often turned upside down during Ramadan. "And what happens, by and large, is most government offices and most national businesses tend to slow down or almost shut down, so that people can basically rest during the hot daylight hours," says Riz Khan, a broadcast journalist who has worked with BBC, CNN and most

recently Al Jazeera English in Washington DC. "Everything comes to life in the evening after sunset."

On some stock markets, there is reportedly a "Ramadan Effect," a month-long rally. "During the Holy Month, we find that on average, stock returns are almost nine times higher in predominantly Muslim countries than during other times of the year," finance professor Ahman Etebari





recently told the Voice of America. But Riz Khan notes that Ramadan does not necessarily mean traders can take a holiday, especially during the current global economic downturn. "Talking to my friends in the financial world in places such as Dubai...they are aware of the fact that they need to keep up with the West," he says. "The Arab markets cannot lag behind so far that they end up being adversely affected."

**RISING PURCHASING POWER:** The holiday also means special foods. "Based on the example of the Prophet Mohammed (pbuh), Muslims are encouraged to break their (daily) fast with dates," said Hashemi. "Probably these people don't eat a lot of dates during the year, but date consumption skyrockets (during Ramadan), as do certain special sweets eaten during the Eid festivals."

In the US, the market for *halal*-certified foods has soared in the past decade. The Islamic Food and Nutrition Council of America (IFNCA) recently estimated an 80 percent growth in the market for *halal*-certified ingredients and food products since 2005. "This increased interest for US *halal* market ingredients and products," according to the IFNCA statement, "may reflect the overall estimated \$170 billion US dollar purchasing power of American Muslims."

In the Muslim world, Ramadan also brings with it new clothing and special entertainment. "Television scheduling is very much geared around that," says Khan. "Programming for the Ramadan month is specifically made for the huge audiences that watch it. Soap operas (and other) types of programming are very, very popular."

But like Christians who bemoan the commercialisation of Christmas, many within the Muslim community are concerned that Ramadan may be losing its meaning and becoming a commodity. "Many people fear the original reasons of the fast may have been lost," says Khan. "These things have given away to, in some cases, overindulgence in the evening and overnight. People are inverting their days and finding an easy way out and then overdoing it."

**A TIME TO BUY:** Ramadan ends with Eid-ul-Fitr, a celebration of feasts and gift-giving. Like Hanukkah or

Christmas, Eid and other Muslim holidays have become major sales opportunities for retailers. In fact, Best Buy (BBY) came under criticism from some organisations last year for a line on one of its ad circulars wishing Muslims a "Happy Eid al Adha." A spokesman for the Council on American-Islamic Relations (CAIR) said the Best Buy ad "makes perfect business sense to acknowledge and celebrate a holiday that one out of four people celebrate."

Muslims parents in the US, says Hashemi, often see Eid-ul-Fitr as a way of compensating for their children celebrating a holiday other than Christmas. "They will use that as a way of reminding young Muslim-American kids that they will be able to exchange gifts. They'll buy their young children the equivalent of what a Christian American family would buy their young children on Christmas Day. So they won't have a tree, but they'll use that day to go buy significant gifts to make their children happy."

"You can think of it as parallel to Christmas," says Khan, "in the sense that it is definitely families coming together, people hosting each other, the exchange of gifts. Kids love it because they get their presents, and they get a lot of attention." ■



The article has been researched and summarized by Hassaan Bin Altaf, student of Roots College International, Islamabad-Pakistan.



# Azerbaijan-Iran Economic Relations Latest Status & Prospective Opportunities

— By: Sabir Shakhtakhti (Hajiyev) —

*The Islamic Republic of Iran is one of the first countries to recognize the independence of the Republic of Azerbaijan.*

*Diplomatic relations between two countries were established in 12 March, 1992.*

*The Embassy and the General Consulate of the Republic of Azerbaijan in the Islamic Republic of Iran as well as the Embassy and the General Consulate of the Islamic Republic of Iran in the Republic of Azerbaijan are currently functioning. The Uninational Leader Heydar Aliyev made immense historical contributions into the development of Azerbaijan-Iran relations. During the past 22 years (1991 - 2013) state officials paid more than 50 reciprocal official and business visits. Azerbaijan-Iran relations are mainly covering mutually beneficial cooperation within*

*international organizations, joint activities on different international projects and humanitarian fields.*

*Implementation of a number of regional and bilateral projects brought about the enhancement of economic relations.*

*The establishment of "North-South" international transport corridor is one of the main progresses achieved in this regard. Besides, interconnection of railway networks between two countries will become historical as a regionally important project.*

*Among the economic projects it is worthy to mention continuation of road connection between the Nakhchivan Autonomous Republic of the Republic of Azerbaijan and other districts of the country by means of Iran, interchange in the field of gas and energy, air and road transportation between Azerbaijan and Iran.*

**T**he 8th Meeting of Intergovernmental Joint Commission on economic, trade and humanitarian cooperation between the Republic of Azerbaijan and the Islamic Republic of Iran, held on 7 March, 2011 in Tehran, emphasized the significance of proper realization of prospective opportunities of enhancing relations between the two countries.

Both Foreign Ministers, in their statements, noted the importance of speedy development of relations between Azerbaijan and Iran. While highly appreciating all-round development of ties between the countries, the parties mentioned that "efforts in this regard should be followed-up".

In order to see the essence of the abovementioned aspects, let us have a glance at the latest status and prospective opportunities of relations between Azerbaijan and Iran .

## ■ Current Situation

There are three border-crossing points between Azerbaijan and Iran. Besides this, there are daily Tehran - Baku - Tehran and Tebriz-Baku-Tebriz passenger flights. Julfa (Azerbaijan) - Julfa (Iran) border-crossing point is working 24/7. There is non-visa regime between the population of Nakhchivan Autonomous Republic and the nationals of Iran. During the last years, trade volume



between Azerbaijan and Iran rapidly increased and economic relations expanded. Good and friendly neighborhood policy implemented by the states covered all fields of cooperation between Azerbaijan and Iran. Proper ground for rational energy exchange was established which helped Nakhchivan Autonomous Republic to raise energy blockade in which it had lived since the start of the Armenia - Azerbaijan, Dagliq Qarabagh conflict. Ilham Aliyev, President of Azerbaijan, while participating at a ceremony on this occasion, said that the commencement of gas supply to Nakhchivan after 15 years of lapse is a historical event. Mahmoud Ahmadinejad, President of Iran, at the same ceremony, shared the sentiments of local population and characterized this as a clear example of sincerity of relations between Iran and Azerbaijan.

The presentation of a week of Azerbaijani culture held in 2010 in Iran and the anticipated staging of a week of Iranian culture planned to be held in Azerbaijan this autumn are indicators of benevolent cooperation.

By officially disclaiming false parliamentary elections of separatist regime existing in Dagliq Qarabagh of the Republic of Azerbaijan in 2010, Iran once again stated that it definitely respects the territorial integrity of the Republic of Azerbaijan.

In September 2011, during his visit to Ardabil province, President Mahmoud Ahmadinejad stated that Iran is a brotherly country supporting the independence of the Republic of Azerbaijan and friendly relations between the two countries are strengthening day by day.

The Chairman of the Supreme National Security Council of the Islamic Republic of Iran, Saeed Jalili, stated that the Iranian side attaches as much importance to the issue of security of the Republic of Azerbaijan as it does to that of the Islamic Republic of Iran. Elsewhere, the Iranian Minister of Defense, General Vahidi, said that cultural, religious and historical commonalities create more opportunities for broadening relations between the Republic of Azerbaijan and the Islamic Republic of Iran.

## ■ Prospective Opportunities

Establishing a railway network within

the North-South transport corridor, shifting border crossing points between Azerbaijan and Iran to non-stop working regime, establishing new border crossing points, increasing the exchange volume and expanding geography in power industry, exchange of hydrocarbon products, preserving environmental cleanliness of the Caspian Sea, cooperation with the international organizations and other issues are among the prospective opportunities of relations between the Republic of Azerbaijan and the Islamic Republic of Iran. Let's overview each opportunity:

-Signing of the Memorandum of Understanding on the construction of railway network within the North-South transport corridor on 8 February, 2011 in Tehran by the Heads of State Railways of Azerbaijan, Iran and Russia is a significant step towards the realization of this project. According to the experts, this railway will create vast transportation opportunities for each of the three sides.

Moreover, through this railway, Iran will gain direct access to the most countries of Asia. On the other hand, Azerbaijan will have the chances to conduct more efficient import-export operations with Iran besides increasing its transit transport opportunities. For Azerbaijan, this corridor will open new horizons of access to the markets of near and far countries through Iran. It should also be mentioned that during the post USSR, Julfa-Julfa railway terminal was the most efficient freight terminal between the Soviet Union and Iran through which a daily amount of around 350-400 wagons of goods were transported. It should be noted that being a closed country, the USSR had a conservative approach towards expanding economic and trade relations with the neighboring states. But with the construction of the Astara (Iran) - Astara (Azerbaijan) railway within the North-South transport corridor, a daily volume of around 1000 goods of wagons may be forwarded in the future.

-Ancient historical, religious and cultural ties unite Azerbaijan and Iran. These ties are among the reasons of speedy increase of population movement between these two countries. From this point, shifting border crossing points between Azerbaijan and Iran to non-stop working regime and establishing new border crossing points should be considered.

-By increasing its power production, Iran will satisfy its local demands and could also export power energy to its neighbors in the near future. A serious task to define new geographic location for power exchange was put forward. Iran is creating a new economic zone for cooperation in this field since the country has the opportunity to connect to power network of Russian Federation through the Republic of Azerbaijan.

-The Republic of Azerbaijan is using every opportunity to manufacture hydrocarbon products for export to many destinations. Besides, it attaches great importance to the export of hydrocarbon products directly to Iran and increase its exchange volume in this field.

-On 16 April 2010, the Foreign Ministers of Azerbaijan, Iran and Turkey met in Urmia city of Iran. The issues of neighborly relations, current processes in the region, enhancement of cooperation among the three countries in different fields were discussed at the meeting. It was agreed to hold the next meeting, slated to open by October this year, at the Ministerial level in Nakhchivan city of Azerbaijan with a view to exchange views on the issues of mutual interest.

-Cooperation with international organizations, such as UN, OIC, ECO, is speeding up with Azerbaijan and Iran's cooperation being more efficiently developed within ECO's framework. For example, the ECO Truck Caravan, comprising of 8 high-capacity trucks left Tehran to Baku on 22 September 2010. By passing Astara (Azerbaijan) - Astara (Iran) border crossing point towards Baku - Alat - Bilasuvar road and once again entering the territory of Iran through Tabriz - Nakhchivan road, the caravan passed Julfa (Iran) - Julfa (Azerbaijan) - Nakhchivan-Sadarak road and entered the territory of Turkey through Sadarak border crossing point. The distance passed on the territory of Azerbaijan is 428 km (6). The Caravan was allowed to only move along the roads that meet international standards. It should be noted that Iran supported the movement trajectory of ECO Caravan in the Republic of Azerbaijan. ■

**M**any of those present at the 20th Caspian Oil and Gas Conference in Baku remarked on the difference in atmosphere from the 2012 conference. Last year's sense of confidence had evaporated to be replaced by a widespread sense of uncertainty.

### Competition

The centrepiece of the conference was once again the competing proposals of the Nabucco West Gas Pipeline and the Trans Adriatic Pipeline (TAP) as to which of them will carry Caspian gas from the Turkish border to European consumers.

Last year's uncertainty as to exactly what gas will fill these pipes remains a live issue. Turkmenistan's Deputy Minister of Petroleum and Natural Resources Annageldy Mammetyazov made clear that exporting to Europe is one of the priorities of Turkmenistan's foreign policy. But there was no speaker from Gazprom to set out Russia's view of the necessary Trans-Caspian pipeline.

In the intervening year, new uncertainties have risen. Firstly, the flood of shale gas in the US has displaced US coal to Europe, which in turn has drastically reduced

# End of an Era?

European demand for gas. Secondly, in Mediterranean Sea Tamar gas field has now commenced production, with their massive Leviathan field to follow, and there are very significant prospective gas fields off Lebanon and Cyprus. Clearly any such fields will

compete for the reducing European demand both with existing Russian gas and with any gas flowing through the Southern Gas Corridor. But these uncertainties did not affect the view of EU Energy Commissioner Guenther Oettinger via the EU Ambassador in Baku Roland Kobia that "This will be just the beginning, not the end." of a new era of EU energy security.

For his part, US Deputy Assistant Secretary of State for Energy Diplomacy Amos Hochstein said that the U.S. strongly supports the implementation of the Southern Gas Corridor. This is not unnatural bearing in mind that the gas supplied through the corridor would compete with that of two of the historic antagonists of the US: Iran and Russia.

Iranian representative in the Conference, the General Director of Europe, America and Caspian Sea Neighbouring Countries Department of the Ministry of Petroleum Hossein Esmaili, briefed the conference participants about Iran's energy policy, including those aimed at provid-



## CASPIAN OIL & GAS CONFERENCE



ing Europe with the cheapest and most efficient gas import from the sources within the ECO/Caspian Region. He further referred to the recent ECO Ministerial Meeting on Energy/Petroleum in Tehran (March 2013) where top energy/petroleum officials of the ECO Region, including ECO Caspian littoral states, agreed on the ways to re-invigorate energy cooperation at the regional level, including partnership on energy/gas supply to the neighbouring regions and beyond. Esmaili's presentation gave rise to the need for the next Caspian oil & gas conference to be hosted by ECO where representatives from public and private sectors from within and outside the Region can discuss the potential that ECO/Caspian region can offer to help develop the best gas pipeline scenarios.

All in all there were signs in the conference that perhaps the era of energy/petroleum competition may be coming to an end.

### Co-operation

The Secretary General of the Energy Charter organisation, Urban Rusniak, had little to say in relation to how development of the vast Caspian Oil and Gas resources could be financed, and the operation of the new infrastructure could be funded, at a time when there is a systemic shortage of bank capital. But it was significant that his final remarks concerned the need for the Energy Charter agreement to be extended to include energy efficiency.

This was a theme taken up by Chris Cook, of Wimpole International, who suggested that economic co-operation in pursuit of 'least energy cost' production, distribution and use of valuable Caspian energy makes far more sense than 'least dollar cost' exploitation and wasteful distribution and use of this finite resource.

Moreover, Cook suggested that whether or not Caspian and other nations compete in selling oil and gas, there are benefits to co-operation in relation to creating efficien-

cies through both physical infrastructure, and through legal and financial infrastructure of regional energy markets and market instruments, particularly in respect of power generation and transmission.

The superiority of energy co-operation over energy competition was brought home by the announcement prior to the Conference by Statoil and Socar of an MoU in respect of the deep-water Zafar-Mashal field.

Exxon and Conoco had failed to develop this field in seven years and Statoil's Nick Maden made clear that it would require at least two years for new rig production facilities to be built before the necessary new semi-submersible rigs could even begin to be constructed, with a further two year construction

cycle. Meanwhile, Iran's North Drilling Company has a semi-submersible drilling rig which stands ready to be used as a shared Caspian resource, while construction of further rigs at the Neka facility could begin within a very short time horizon.

As Cook also pointed out, an extension of the neutral legal framework developed by the UK North Sea LOGIC oil and gas co-operation organisation could even enable Caspian littoral states to cooperate in relation to the promising offshore oil and gas fields.

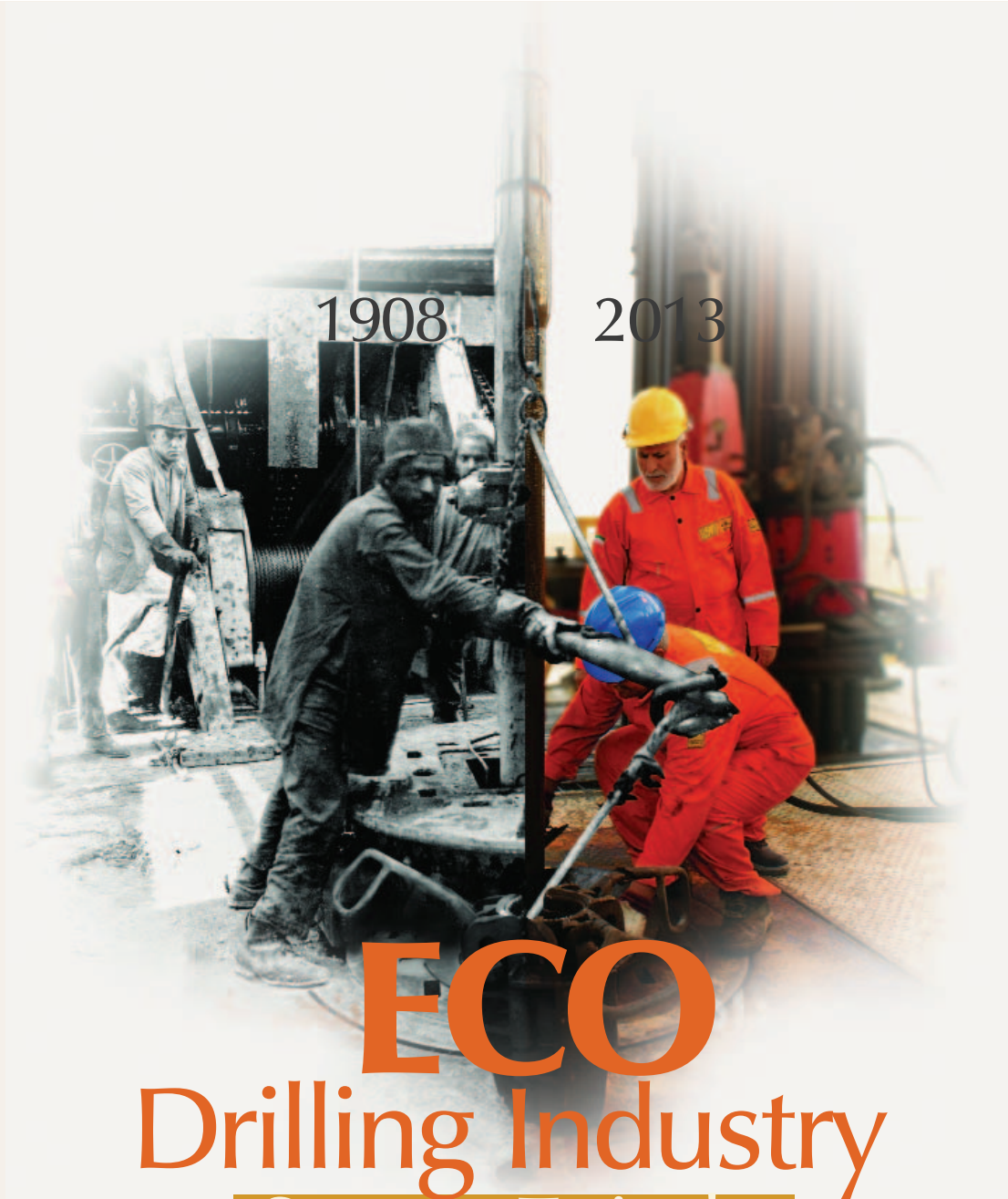
Many energy experts hearing Mr. Cook's presentation in the conference agreed that a policy of energy co-operation in pursuit of least energy cost oil and gas production, distribution and use creates a 'win/win' outcome.

Perhaps the result of the Nabucco West / TAP, as well as others alternative options on the ground, competition will represent the end of an era of Caspian energy competition and the beginning of a new era of Caspian energy co-operation?

Only time - and further Caspian Oil and Gas conferences - will tell.

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The authors: Olexander Hryb,  
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# ECO

## Drilling Industry

### Steps to Train the Right People

By ECO Chronicle Energy Desk

**N**orth Drilling Company (NDCO) pioneered the idea of organizing ECO Drilling Industry Training Programs which was included in the ECO 2nd Energy / Petroleum Ministerial Meeting report (1st October 2010-Tajikistan) and subsequently it was included in the ECO Regional Planning Council's reports and Calendar of Events (RPC's meetings since 2010).

The 3rd ECO Ministerial Meeting on Energy/Petroleum held on 6th March 2013 in Tehran also supported defining

new frameworks for enhancing the role of private sector in the field of energy/petroleum industry.

H. Khademi Managing Director of NDCO which regards the NDCO as the first and so far only Iranian private drilling company operating in deep waters of the ECO-Caspian Sea and the Persian Gulf is of the opinion that the training course held in Tehran during 28-29 May 2013 with the participation of ECO Secretariat and five ECO member countries is a great step for upgrading the ECO drilling industry cooperation and





harmonizing the operation standards.

### Knowing the Industry

A. Abassian, Head of National Iranian Oil Company (NIOC) Training Center told Shana News Agency that the course which was organized and held at the Iranian Center, for Oil and Gas Training was in line with the plan that the said center would play a role in training experts from ECO and OPEC member states.

The course titled;

"An Introduction to Drilling Engineering/Operation" was taught by experts from NIOC's Exploration Directorate and intended to familiarize participants from the ECO countries on the importance of cooperation amongst the ECO region oil and gas drilling industry.

During the event, Ms. Bayan Adilbekova, Director Project, Economic Research & Statistic (PERS) of ECO Secretariat welcomed the participants on behalf of ECO Secretariat and gave some details on Oil and Gas Resources in ECO region as one of ECO's major competitive advantage. She also emphasized on the importance of energy cooperation among ECO Member States while expressing hope that this Training Course would provide a platform for exchanging information as well as experience in field of energy with focus on Oil and Gas Drilling Engineering /Operations.

### Managing a Drilling Rig

Khademi Managing Director of NDCO, told ECO Chronicle that: "Manning an oil and gas drilling rig is not as just a person to be employed to fill a position on the rig. Working on a drilling rig involves physically challenging and needs someone who is competent to do the job while being devoted in the team effort and in performing the everyday jobs in the safest and most efficient manner."

As the petroleum drilling industry in the ECO region looks forward to a year of full activities during 2013, hundreds of new work-

forces who are employed by the industry are without any operational experience. Therefore, companies such as NDCO and others in the ECO region and Persian Gulf are facing the difficulties of educating and keeping the new employees - a continuing challenge that is often reflected in high revenue rates.

NDCO was supportive of the aforementioned course and the participants that attended the course went through oil and gas drilling rig familiarization in the region.

Reza Alizadeh, Senior Drilling Engineer/Instructor, Exploration Directorate of the National Iranian Oil Company (NIOC) presented the participants with up-to-date information on:

- Introduction to Oil Well Rigs and Equipment;
- Main Process of Oil Drilling;
- Oil Drilling Ring Types;
- The Main Part of a Ring;
- Drilling Rig Crew;
- Drilling Operations;
- Drilling Mud;
- Circulation System;
- Rotating System;
- Hoisting System and etc.

K. Tajik, Senior Drilling Engineer / Instructor, Exploration Directorate of the National Iranian Oil Company (NIOC) briefed the participants thoroughly

about the functions and the components of the drilling string and drill bit technology which included theme/topics such as: Drilling String; Drilling Bits; Casing and Liner; Cementing; Logging and Testing; Loss Circulation; Stuck Pipe; Fishing; Well Control equipment; Drill Pipe;

Heavy Weight Drill Pipe; Jar; Drill collar; Stabilizer; Bit Sub and BHA components.

Managing Director of NDCO further added:

"We've tried hard to train our employees, which means experienced workforce to employ inexperienced young personnel and training them in our company's Caspian Sea and Persian Gulf training centers for success in our business."

The NDCO newly delivered offshore drilling rig "SAHAR 2" has started its operation in South Pars gas field and Khademi, while highlighting the importance of ECO drilling industry cooperation,



expressed NDCO's readiness to participate at the similar training programs that will be held in the ECO member countries, and said his company's Human Resources Management has a program, briefly outlined below, for training newly inexperienced employees.

### Employing the Right Workforce

Young and qualified personnel who don't have operational experience are identified on the basis to be the "right" person for the job.

"When we studied the facts that why an employee was not successful to perform his duties, we understood that the reason was due to the employee behavior rather than his lack of skill. Therefore, we employ candidates with behaviors that are right for NDCO," Khademi explained.

### Role of Site Managements in Employing Process

"Having selected qualified and inexperienced candidates for employment by NDCO's Human Resources Management, drilling rigs managers will also become involved. Then a behavioral-based interview will be conducted. Training programs involve electronic-learning which focuses on the systems of the drilling rigs to teach foundations that are followed by the particular job training."

NDCO human resources manager said.

### Train the employees

"According to NDCO's policy, an inexperienced employee will work on a rig when NDCO's management are convinced that the newly employed personnel has been provided with an educational foundation that is effectively transferred to performance on his job," Khademi said

"For example, in a training program about the hoisting system, the employee learns the process on computer which will be followed by an instructor's lesson on site. Since that will be involving heights, the inexperienced employee will learn about fall protection," Khademi added.

### Prepare the New Employee

When the newly employed personnel are considered ready to start work on a rig, then his training on the job will begin. That means the new employee will have to learn from others.

"Prior to starting his job on a rig, our company's training department has taught the new employee the basics and now the new inexperienced employee is going to

face the real life of working on a drilling rig and perform his duties alongside of experienced employees," Khademi added.

### Training Program Continues

According to NDCO's Human Resources Management, the newly employed personnel are regularly monitored while they are performing their allocated job on a drilling rig and their progress and any potential problems are well thought-out at early stages to prevent any undesirable outcome both for the employee and the company.

"It is important for me as Managing Director of NDCO to communicate with our employees either directly or through the concerned departments whenever possible, as the nature of work may provide a situation for our employees and in particular the young and newly employed to feel they need attention. Therefore, I do my best to make them understand and to realize that they are

an important part of our company operations in the future. NDCO Human Resources Management plays its role and establishes effective relationships with employees, and lets them know they have supporters who are there to help them perform their job and resolve issues that may occur," Khademi said.

### Opportunities for Upgrading Employment Position On A Rig

"On a drilling rig it is not that easy to upgrade the position of any employee, as a chance of a promotion depends on somebody in the team getting promoted

or retired. Therefore, NDCO Human Resources Management is looking into ways and means by which promotional opportunities for helping talented employees are facilitated," Khademi said.

"For example, an Assistant Driller on a rig stays on the position until one of the drillers on the same rig is promoted or retired. But, in NDCO if on one rig, let's say Rig number 113 has an Assistant Driller who is considered competent to be transferred to Rig number 117 and on that Rig there is a higher position available, then he will be transferred to that position. We pursue such policies and provide our employees with opportunities for promotion as we have invested on them to gain experience and qualification for the job," Khademi said.

### Authorize & Look Ahead for Training Qualified Managers

Good management of a drilling rig provides a situation





that team work helps for increasing incentives among the employees working on the rig.

"In my capacity as Managing Director of NDCO, I set expectations and authorize NDCO rig managers to show their talent and leadership. We all in the ECO region need to learn every day in oil & gas drilling industry." Khademi added.

In conclusion, Khademi told ECO Chronicle that: "The reason that NDCO initiated the ECO Oil and Gas Drilling Training Program and supported the aforementioned training course in Tehran during 28-29 May 2013 is the fact that the process of training the right personnel for the drilling industry is a continuous program. In the ECO region particularly offshore Caspian Sea oil and gas drilling industry activities are developing and constantly growing. NDCO is ready to cooperate with the concerned authorities in the Republic of Azerbaijan for the upcoming ECO Oil and Gas Drilling Industry Training workshop in Baku and we hope together we can define 21st century partnership and standards of operations".

Finally, the course participants underlining the potential of the ECO Member State's exploration and production activities in the field of Oil and Gas Drilling recommended to boost the cooperation regionally and internationally to meet the challenges faced by the ECO region Oil and Gas Drilling industry. ■



## Iran Preparing Roadmap for Deep-Water Technologies



ECO  
CHRONICLE

Mohammad Saeed Seif, Head of Marine Engineering Research Center of Sharif University of Technology in Tehran said the country is preparing a roadmap for deep-water technologies, ISNA reported.

"Development of gas and oil fields in waters such as Caspian Sea, which is 700 meters deep, is totally different from Persian Gulf and such waters need their own technology and equipment," he said.

Seif further noted that the roadmap includes exploitation, diggings, structures and floating platforms whose technology is totally different from the fixed ones and said: "The roadmap also investigates technologies for the transfer of gas and oil in deep water and land through using robots and specific technologies. The technologies are not similar to the ones used in the Persian Gulf". He also expressed hope that the country would acquire self-sufficiency in deep-water technologies. ■

#### Editor's Note:

*On the sideline of 23rd RPC, DSG Hayri Maraslioglu talked to ECO Chronicle about ECO's future horizon in global economy, a summary of which is presented below:*

#### ■ How do you assess ECO's performance in the past 20 years?

Presence of social, economic and development challenges being faced by the Members and the region as a whole are always acting as inhibitors to regional progress and growth. A good number of the ECO Member States are still not fully developed and industrialized and at times face tremendous difficulties in contributing to regional cooperation within the framework of ECO. The disparity among the Members in terms of their national incomes, level of developments



ence, technology and education which are working to promote the advancement of ECO's aims and objectives.

Moreover, ECO has continued to work successfully in collaboration with the Member States and other regional and international organizations in the fields of trade, industry, transport, agriculture, narcotics control, and human resource development. Over the period, ECO has managed to enhance its collaborative relationship with the UN system and agencies and various other regional/international organizations. Collaboration between ECO and other organizations and agencies places us in a better position to achieve the socio-economic goals envisioned by the leadership of this region. During the coming years, as the ideals of regional cooperation are more strengthened, ECO will be contributing even more to the growth and prosperity of the Member States.

■ The share of intra-regional trade among ECO Member States is not to the optimal level. How would this situation be rectified?

## ECO's Preformance? “Assortment of Successes Non-Accomplishments”

and industrial growth further complicates the matter. Despite the presence of such immense challenges in various fields, ECO has steadily made significant progress. All in all, with two decades since its establishment, the performance of ECO can be described as an assortment of successes and non-accomplishments. Compared with many other regional organizations around the globe, in my opinion ECO has done fairly well and the prospects for the future looks very promising.

#### ■ Can you be more specific about ECO's success and accomplishments?

If we want to appraise ECO's accomplishments, ECO Trade Agreement (ECOTA), Transit Trade Framework Agreement (TTFA), the ECO/IRU Silk Road Caravan, and ECO's implementation of the project to tackle drug trafficking initiated with the EU are some of ECO's major accomplishments during the past years. ECO has also successfully created a number of specialized agencies and regional bodies in the fields of culture, sci-

Trade is the basis for a meaningful and sustainable economic cooperation. It is a determining factor in bilateral, regional and global relations. Being the highest priority area, it occupies a central place in our endeavors to achieve the organizational goals of regional economic integration. Boosting of intra-regional trade has manifold benefits of developing the socio-economic health of the region particularly, in the context of improved living standards of the populace, investment opportunities, job creation, industrial growth and technological advancement.

In order to increase the level of intra-ECO trade and investment as well as increase the share of ECO in global trade and investment inflows, it is essential that the Member countries adopt liberal trade and investment policies and put in place the right institutional mechanism.

This requires a strategy providing a framework for Member States to achieve that end. There is also a need for creating greater awareness among the stakeholders in the region about the need for trade and investment liberalization and specify



benchmarks and timeframe to measure progress for tangible results.

**■What are some of the measures needed to improve the current inter-regional trade development and what is ECO Secretariat's role in this regard?**

The potential for greater intra-regional trade cannot be realized unless supportive measures are adopted to put in place trade regimes that are open and responsive to the needs of intra-regional trade. First and foremost, there is a need to further liberalize trade through reduction in tariff and non-tariff barriers. Whereas many countries have already carried out trade policy reforms to liberalize their trade regimes, some ECO Members continue to impose high tariffs and non-tariff barriers. Trade facilitation is universally accepted as a means of improving the efficiency of international trade and economic development. Trade facilitation is an issue that is linked to a number of critical areas with far reaching implications for competitiveness and economic efficiency. Besides a liberal tariff regime, there is a need to improve trade facilitation mechanisms in many ECO Member countries. In this context, ECO Secretariat is working on the Draft ECO Trade Facilitation Agreement which is expected to be finalized in 2013.

**■Most ECO Member States consider trade as the top priority of the Organization, what are ECO's strategy for enhanced intra and inter-regional trade and investment?**

ECO's strategy for enhanced intra and inter-regional trade and investment rests mainly on the following pillars:

"Removal of tariff and non-tariff barriers in the region, thus providing an enabling environment for trade and developing favorable conditions for optimal use of economic resources.

"Facilitating trade and movement of goods among the Member countries.

"Providing assistance and support to the Member States in trade promotion activities and support them in their accession process to WTO.

"Strengthening private sector cooperation.

"Setting up required transport infrastructure for regional connectivity,

"Providing finance for regional trade through operations of ECO Bank.

**■The establishment of ECO Trade and Development Bank was a forward looking measure taken by ECO Member States. But the need for strengthening its current financial capacity to meet the growing demand for economic exchange and expansion of the scope of the Bank's activities is obvi-**

**ous. What measures should be taken to overcome this shortcoming?**

The ECO Trade and Development Bank (ECO-TDB) was established on August 3, 2005 with its headquarters located in Istanbul. The Bank started its operations in 2008. The representative offices of the Bank in Tehran (Iran) and Karachi (Pakistan) are fully functional. The current shareholders are the three founding members of Economic Cooperation Organization (ECO) namely Turkey, Pakistan and Iran with having equal shares in the capital of the Bank. The authorized capital of the Bank is 1 billion SDR (US \$1.53 billion) and paid-in capital is 300 million SDR (US\$ 460 million). The Islamic Republic of Afghanistan and the Republic of Azerbaijan signed the Articles of Agreement to join the Bank, in 2012. Both countries are expected to finalize their national procedures for ratification of the Articles of Agreement and pay their shares and formally become member of the Bank as soon as possible. When Afghanistan and Azerbaijan become member, the paid in capital of the Bank will increase and these countries will start utilize the facilities of the Bank. Thus the scope of the activities of the Bank will automatically expand and this will add to the development of the ECO Region. Joining of the remaining of ECO Member states will have the same effect on the activities of the Bank and the economies of the Region. Within this framework we are calling the remaining other 5 ECO Member States namely Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan to join the Bank.

**■Any other mechanism to enhance intra-regional trade and cooperation beside the ECOT-DB?**

Various institutional mechanisms have been established to contribute to regional cooperation and integration.

In addition to ECO Trade and Development Bank, we have the ECO Chamber of Commerce and Industry which after its reactivation in 2007 is now well placed to represent the private sectors and strengthen cooperation among the National Chambers. The establishment of the ECO Reinsurance Company will be another milestone which the organization tries to achieve in 2013.

ECO Trade Agreement (ECOTA) which envisages an 8 years trade liberalization programme is now in the implementation phase. Its full scale implementation would help enhancing intra regional trade, reaching economies of scale and improving competition in the region and constitute a major step forward towards establishing a Free Trade Area in the region by the year 2015 as envisaged by ECO Vision 2015.

A more active role by the Member States in implementation of ECOTA and other initiatives in the fields of investment promotion, cooperation in customs, visa facilitation, banking and strengthening private sector cooperation would certainly help in

Whereas many countries have already carried out trade policy reforms to liberalize their trade regimes, some ECO Members continue to impose high tariffs and non-tariff barriers.

advancing ECO objectives. The ECO Trade Agreement (ECOTA) enforced since April 2008 is yet to implement tariff concessions provided therein. As per Council decisions, Contracting Parties would submit their positive, negative and sensitive lists to the ECO Secretariat to start implementation. However, the agreed tariff concessions under the Agreement could not be effected for the reason that by the due date, despite the various Council decisions some of the Contracting Parties could not finalize their respective lists. The lastly, the 4th ECOTA Cooperation Council held on April 23, 2013, requested the contracting parties to complete all legal and procedural requirements for implementation of ECOTA by September 01, 2013.

■ Many ECO countries have been governed by centrally controlled economy for decades. The share of private sector in ECO activities has not been very significant. Some critiques believe that until and unless ECO involves its private sector into its overall activities, achieving its aims and objectives are not realistic. What measures have to be taken to overcome this obstacle?

In my view, the lesser share of private sector in an economy is one of the clear signals of its less development. This is one of the hindrance that needs to be overcome in the economies of the region. In order to encourage the cooperation among ECO private sectors and enhancing the role of private sector and women entrepreneurs in ECO economic cooperation, ECO Chamber of Commerce and Industry (ECO-CCCI) have been operationalized a decade ago. The ECO Chamber of Commerce and Industry is actively involved to hold regular trade promotion activities, including business forums, trade fairs and to conduct market research.

The ECO Business Forum has been institutionalized as a mechanism for improving relations among the private sectors of the Member States. These forums provide useful platform for the private sector representative bodies to explore avenues of expansion in the regional trade and strengthen multilateral cooperation. Apart from the forums, trade fairs and exhibitions provide a unique opportunity to manufacturers and exporters to expand their businesses. These are considered to be the most effective tool of marketing and projection of trade, industrial and investment potential. The Secretariat in accordance with the guidelines provided by its decision making bodies has been trying to hold these events as a regular annual ECO activity.

■ ECO region has great potentials for agricultural development. What have been ECO's achievements in this sector?

There is no doubt that ECO region has a great opportunity for agriculture. However it needs to be developed. The region is very rich in variety of soil, environmental and climatic conditions and has a wide range of agro-ecological zones, suitable for crop and livestock diversification.

Unfortunately, we are cultivating barely half of the arable land - some 24 percent out of the potential cultivable area of 49 percent. However, this also indicates that, with some rehabilitation,

there is a big potential for further growth in the region. If the region's potential can be stimulated properly, agriculture can play an important role as source of employment for vast rural population, required raw material for industry, and agro-products for export. It already makes roughly 19 percent of region's gross domestic product, provides job for more than 40 percent of economically active population of the region.

ECO, as a regional organization, has accorded top priority to food security and agricultural development in the region and formulated, in cooperation with FAO, ECO Regional Programme for Food Security (ECO-RPFS) comprising 9 Regional Programmes along with various National Projects. The total budget of program components estimated as US\$ 64 million. The ECO Regional Coordination Centre (RCC) for implementation of the said program has already inaugurated in Ankara, Turkey. The seed development component of the ECO RPFS has been completed by 2010 with the establishment of ECO Seed Association (ECOSA), as concrete outcome. The establishments and operationalizations of ECO Permanent Veterinary Commission (ECO-VECO) in Tehran,; the ECO Centre for Efficient Utilization of Water for Agriculture (ECO-CEUW) in Islamabad; ECO Regional Center for Risk Management of Natural Disasters (ECO-RCRM) in Mahhsad; ECO Meteorological Calibration Center (ECO-MCC) in Ankara and ECO Agricultural Bio-technology Network (ECO-ABN) are the other results of implementations of the ECO-RPFS

■ Tourism plays a crucial role for strengthening cultural affinities, enhancing trade and the spirit of solidarity in the region. To realize this object, what measures could be taken to facilitate the movement of tourists and what kind of programs could be planned for the promotion of tourism in the ECO region?

We consider tourism as one of the areas, which has a potential that should be explored for development. Tourism Cooperation as a strong link with the industry and cultural-social aspects of tourism amongst the people of the Region has been under serious consideration by the Organization from 2006. We have held 4 High Level Experts Group Meetings and 2 Ministerial Meetings on Tourism during the recent years. The "ECO Tourism Promotion Fund" was established and the first "ECO Tourist Guidebook" was published in recent years. Moreover, we have extended our activities to Health/Medical Tourism as well as Ecological Tourism with some specific meetings even to the private sector. We have also an eye on "Sport Games" and "Youth Ministerial meetings" as the other areas that we may explore to assist the Tourism and cultural cooperation in ECO Region. To this end, we consider the potentials of ECO Cultural Institute which we have close relation with them.

Our main objective is to revive the "Silk Road" as an ancient route to strengthen the relations of the peoples in Member States. I have to reiterate here that "Visa Facilitation" is an important key for any intra-regional cooperation on Tourism. In the meantime, support of the Tour Operators and holding the exclusive Tour Exhibitions are in our list of activities. ■



# ECO Countries Display Art Works in Int'l *Bismillah* Festival



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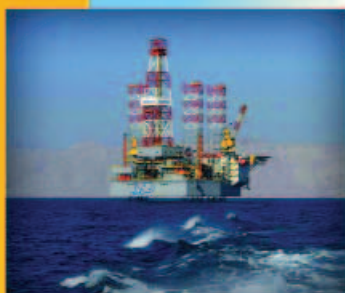


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