

**34th Meeting of the**

**ECO Regional Planning Council (RPC)**

**Draft Working Paper on Trade & Investment**

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# Section-I

# EXECUTIVE SUMMARY

**GDP Growth rates of the ECO Countries, World Trade and ECO’s Contribution**

1. In the post Pandemic world, ‘regional cooperation’ has attained more significance and prominence for economic growth and socio-economic development across the globe. Regional cooperation is commonly perceived as a step closer to enhanced international cooperation. In the modern Multilateral Trading System (MTS) under the WTO, Regional Trade Agreements or RTAs have been included under Article XXIV of the GATT-1994 (General Agreement of Tariff and Trade) as an exception to MFN and non-discrimination principles. We see many regional economic blocs or RTAs ranging from less ambitious forms of Preferential Trade Agreements (PTAs) to more ambitions integrations in the form of Customs Union or Economic Union. These include the EU, ASEAN etc. One of the most important aspects of these economic blocs is their clear and detailed decision making procedures, and access to sustainable financial resources for several purposes, *inter alia*, development and cooperation projects.
2. The projected GDP growth rates of most of the countries remained in the negative trajectory during pandemic & projected overall regional growth rate in 2023 will be around 4% on average[[1]](#footnote-1). The economic growth in the *eight* economies of the ECO region has registered an average growth rate of 5.3 % during 2022.[[2]](#footnote-2) The detail is given in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Country Name** | **2020** | **2021** | **2022** |
| **Afghanistan** | **-2.3** | **-20.6** | **N.A** |
| **Azerbaijan** | **-4.3** | **5.6** | **4.6** |
| **Iran, Islamic Rep.** | **3.3** | **4.7** | **2.7** |
| **Kazakhstan** | **-2.5** | **4.3** | **3.2** |
| **Kyrgyz Republic** | **-8.3** | **6.1** | **7** |
| **Pakistan** | **-1.2** | **6.4** | **6.1** |
| **Tajikistan** | **4.4** | **9.4** | **8** |
| **Turkmenistan** | **-3.4** | **N.A** | **N.A** |
| **Türkiye** | **1.9** | **11.3** | **5.5** |
| **Uzbekistan** | **1.9** | **7.4** | **5.6** |

1. The GDP growth for the ECO region for the last three years is represented in the graph below:

GDP Growth Rate in the ECO Region Economic - Annual Percentage

Source :https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2022&locations=AF-AZ-IR-KZ-KG-PK-TJ-TR-TM-UZ & most\_recent\_year

1. In economic terms, we see that the global GDP with its size project at over US$ 100 trillion in 2023. The share of the major economics was projected at:
2. US reported at 23.8 per cent;
3. China at 18.4 per cent,
4. Japan 5.1 per cent, and
5. Germany 4.3 per cent[[3]](#footnote-3);
6. The collective share of the ten ECO economies was registered at **1.86 per cent** (in 2022) of the total world GDP (as a group of ten countries), which is not commensurate to their potential. Within the ECO region, the economies of Türkiye, Pakistan, Kazakhstan and Iran have dominated in terms of population and economic size. In terms of GDP growth rate Türkiye is leading with a growth rate of more than 11 per cent in 2021, followed by Tajikistan 9.2 per cent, Uzbekistan 7.4 per cent.



1. The ECO Vision 2025 has set out following strategic objective for trade sector:
2. To double intra-regional trade.
3. To increase ECO share in the global trade and specifically exports.
4. To increase share in global trade and tap regional trade potential for economic growth.
5. The world merchandise trade was recorded at US $ 19.66 trillion in 2018, which declined by 13 % to 17.7 trillion in 2020 due to adverse effects of the Pandemic. It registered a rebound of 31% in 2021 to US$ 22.43 trillion. It grew in 2022 by 11.6 % to US$25.371. The overall cumulative growth of the world trade in the last five years (from 2018 to 2022) has been around 28 %. The graphical representation is shown in below:

Source: Trade Map

1. Major contributor to global trade have been the US, China and Germany. In 2022, the cumulative share of the US and China accounted for one fourth of the world trade. The share of the ECO in the global trade increased from US$ 648 billion in 2016 to reach at US$ 797.8 billion in 2018. In 2019 it registered a declined by 6.1 % to US$ 748.7 billion on yearly basis from 2018. In 2020 it further registered a decline by 5.7 % to US $ 706 billion.
2. In 2021 the ECO’s share in world trade was recorded at US$ 930 billion showing an Increase of 31.7 % on year-on-year basis. In the year 2022 the share of the ECO region grew by 22.3%% to reach US$ 1 trillion 138 billion. The ECO region's contribution in world trade, at around 4.4%, clearly falls below its commensurate potential for a region that is strategically located on important trade routes with a share of more than 6% of world population and abundance of endowments in natural and human resource. Major Export destinations of the ECO region have been China, followed by the EU countries like Italy, Germany and the USA. The highest exports of the ECO countries within ECO region in 2022 have been recorded in Mineral Fuels, Mineral Oils and products thereof (HS -27) with a value of US$ 10.5 billion out of US $ 46 billion (22.8%), followed by Refrigerators, Machinery, Nuclear centrifuges etc (HS 84) with 5.4 %, Cereals (HS-10) with 5%, Plastics and products thereof (HS-39) 4.3%, Cotton (HS-52) 4.2 % etc.
3. Following are the top exports of the ECO region to the world:
4. Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral. (HS- 27) US$ 120 billion. (26 % of the total ECO exports).
5. Refrigerators, Machinery, Nuclear centrifuges etc, (HS 84) US$ 24.8 billion (5.4 % of the total ECO exports).
6. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television. (HS- 85) US$ 15.8 billion (3.4 % of the total ECO exports)
7. Aluminium & articles thereof (HS-76). US$ 9.1 billion ((2 % of total ECO exports)
8. Other made-up textile articles; sets; worn clothing and worn textile articles; rags (HS-63) US$ 8.6 billion, 8.6 billion (1.8 % of world imports in the Tariff line).
9. Products of milling industry; malt; starches; insulin; wheat gluten (HS-11) US $ 3.06 billion

1. The ranking of top exporting countries in the world including the ECO Member States are indicated in the table below:

**Top Exporting Countries in the World and Ranking of the ECO Region**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| World Rank  | Top Exporters | Export value 2018 | Export value 2019 | Export value 2020 | Export value 2021 | Export value 2022 | US$ billion |
|  | **World** | **19327.9** | **18748.6** | **17499.8** | **22138.7** | **24487.2** | **% World Exports** |
| 1. | China | 2494.2 | 2498.3 | 2588.4 | 3361.8 | 3593.6 | 14.67 |
| 2. | U.S A | 1665.6 | 1642.8 | 1424.9 | 1754.3 | 2062.9 | 8.42 |
| 3. | Germany | 1556.6 | 1486.8 | 1379.9 | 1631 | 1658.4 | 6.77 |
| 4. | Netherland | 587.8 | 576.7 | 551.3 | 696.8 | 770.3 | 3.14 |
| 5. | Japan | 738.1 | 705.8 | 640.9 | 757.4 | 752 | 3.07 |
| 6. | Italy | 549.9 | 537.7 | 498.8 | 615.9 | 700.3 | 2.85 |
| 40. | Türkiye | 167.9 | 180.8 | 169.6 | 225.2 | 254.1 | 1.03 |
| 56. | Kazakhstan | 60.9 | 57.7 | 46.9 | 60.3 | 84.3 | 0.34 |
| 76. | Azerbaijan | 19.4 | 19.6 | 13.7 | 22.2 | 38.1 | 0.155 |
| 78. | Pakistan | 23.7 | 23.8 | 22.2 | 28.8 | 31.1 | 0.127 |
| 93. | I.R of Iran | 96.6 | 48.6 | 41 | 75.1 | 15.5 | 0.063 |
| 96. | Uzbekistan | 10.9 | 14.3 | 13.1 | 14 | 15.2 | 0.062 |
| 99. | Turkmenistan | 10.1 | 3.1 | 2.5 | 3.1 | 14.2 | 0.057 |
| 149. | Tajikistan | 1.07 | 1.1 | 1.3 | 1.7 | 2.3 | 0.0093 |
| 151. | Kyrgyzstan | 1.76 | 1.9 | 1.9 | 1.6 | 2.1 | 0.0085 |
| 155. | Afghanistan | .0.87 | 0.86 | 1.8 | 1.9 | 1.5 | 0.0061 |
| Sources: ITC calculations based on UN COMTRADE and ITC statistics. The world aggregation represents the sum of reporting and non-reporting countries. |

**Country-wise Details of Exports of ECO Region to the World (2022)**

**US $ Billions**

Source Trade Map, ITC (Data and mirror data in orange colour.

**Trends in Intra-Regional Trade in the ECO**

1. The ECO region has registered an increase of 42.6 % in its Intra-Regional Trade during the last five years from 2018 till 2022 as shown in the table below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (US $ billions) | Intra Regional Value (2022) | Intra regional (% to the rest of world) | Balance/ Deficit with World | ECO’s share in (Value) | ECO Value as Share in World Value (%) |
| Exports | 51.05 | 9.7 |  | 524.5 | 2.1 (World Exports US$ 24.611 Trillion)  |
| Imports | 45.45 | 7.4 |  | 613.8 | 2.4 (World imports US$ 25371 billion) |
| Total | 96.5 | 8.4 | -89.3 billion | 1138.3  | 4.48 % of world trade |

1. In the year 2022, the imports of ECO countries sourced within the ECO region were recorded at US$ 45.45 billion out of their total world imports of US$ 613.8 billion in the same period. The intra-regional import constitutes only 7.4 % of their imports from the world. Likewise the Exports of ECO countries to destinations within the ECO region have been recorded at US $ 51.05 billion (against their total exports to the world US$ 524.5 billion). The intra-regional exports are only 9.7 % of the region’s exports to the world. intra-regional trade was recorded at US$ 96.5 billion in 2022, which is only 8.4% of the region's total trade with the world.

**on Imports**

|  |  |  |
| --- | --- | --- |
| S# | Name of Country | Share in world exports (%) |
|  | ECO Aggregation | 1.9 |
|  | Türkiye | 1 |
|  | Kazakhstan | 0.3 |
|  | Azerbaijan | 0.2 |
|  | Pakistan | 0.1 |
|  | Iran, Islamic Republic of | 0.1 |
|  | Uzbekistan | 0.1 |
|  | Turkmenistan | 0.1 |
|  | Tajikistan | No Data |
|  | Kyrgyzstan | No Data |
|  | Afghanistan | No Data |
| Source: ITC , Trade map Accessed by director trade on 23rd August 2023  |

**Intra-Regional Exports in the ECO on last Three Years with Top Ten Products**

**Unit: US $ Thousands**

Unit: US $ Thousands

Source: ICT web based tolls, Trade Map

 Source: trade map

1. In the year 2022, imports of the ECO region from the world were recorded at US$ 613.8 billion while exports to the world were recorded at US$ 524.5 billion. The ECO region has recorded a trade deficit of US $ 89.3 billion (7.8% of their total trade with the rest of world) which shows that the region’s exports are far below its true potential--- a target set in the ECO Vision 2025 to increase exports from ECO region to the world. This share is quite low, when seen the context of region’s share of 6.6 percent in the global population. The ranking of top exporting countries in the world including the ECO Member States are indicated in the table below:

**Top Importing Countries in the World and ranking of Importing Countries in the ECO Region**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Rank | Year | 2018 | 2019 | 2020 | 2021 | 2022 | US $ bn |
|  | **World** | **19665** | **19090** | **17707** | **22434** | **25050** | **%Share (2022)**  |
| 1. | USA | 2609 | 2563.5 | 2407 | 2935 | 3376 | 13.47 |
| 2. | China | 2135 | 2066.5 | 2057 | 2675.6 | 2716 | 10.84  |
|  | Germany | 1286 | 1236 | 1173 | 1422.8 | 1571 | 6.27  |
| 4. | Japan | 749 | 721 | 634.6 | 773.7 | 905 | 3.61  |
| 5. | United Kingdom | 671.6 | 692.4 | 630.8 | 695.5 | 816 | 3.25  |
| 6. | France | 666 | 644 | 569.3 | 704.7 | 811.6 | 3.23  |
| 7. | Italy | 503.5 | 475 | 426.4 | 568 | 743 | 2.96  |
| 32. | Türkiye | 223 | 210.3 | 219.5 | 271.4 | 363.7 | 1.45  |
| 64. | Pakistan | 60.3 | 50 | 45.8 | 73 | 71 | 0.28  |
| 73. | Kazakhstan | 32.5 | 38.3 | 38 | 41.4 | 50 | 0.199  |
| 84. | Uzbekistan | 17.3 | 21.8 | 20 | 23.7 | 28 | 0.111  |
| 88. | Iran, Islamic Republic of | 41 | 44 | 38.8 | 53 | 26.9 (mirror data) | 0.107 |
| 111. | Azerbaijan | 11.4 | 13.6 | 10.7 | 11.7 | 14 | 0.055 |
| 126. | Kyrgyzstan | 4.9 | 4.9 | 3.6 | 5.5 | 9.6 | 0.038 |
| 151. | Tajikistan | 3.1 | 3.3 | 3.1 | 4.2 | 5.1 | 0.0203 |
| 153. | Afghanistan | 7.4 | 6.7 | 8.7 | 7.3 | 4.6 | 0.0183 |
| 166. | Turkmenistan | 2.8 | 3.3 | 3.3 | 4.5 | 3.4 |  |

Source: trade map

**Trends in Investment in the ECO Region**

1. The inflow of Foreign Direct Investments (FDI) to the ECO countries is below its potential as we see a global trend of low FDI flows among developed world. The FDI inflows have shown 20% growth with figures of US$ 25.7 billion in 2022 against 21.4 billion USD in 2021[[4]](#footnote-4). During Pandemic the inflows were recorded at US$ 18 billion USD in 2020. The growth in regional FDI in last three years has been almost 30%. The table below shows the figures in Investment in the region:

**World Investment Report 2022- Trends in ECO Region**

 (Million US$)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **AFG** | **IRN** | **PAK** | **AZR** | **TUR** | **KAZ** | **KYZ** | **TAJ** | **TUR** | **UZK** |
| 2018 | 119.435 | 2373 | 1737 | 1403 | 12511 | 3897.759 | 144 | 359.617 | 1606.64 | 624.6865 |
| 2019 | 23.4045 | 1508 | 2234 | 1503.9 | 9543 | 3284.181 | 404 | 364.480 | 1853.632 | 2316.483 |
| 2020 | 12.9701 | 1342 | 2057 | 507 | 7686 | 3669.643 | -401.5 | 106.534 | 1436.242 | 1728.248 |
| 2021 | 20.6009 | 1425 | 2147 | -1707.7 | 11840 | 3336.795 | 226.2 | 84.0381 | 1287.335 | 2275.539 |
| 2022 | 0 | 150 | 1339 | -4474.4 | 12881 | 6108.413 | 290.9 | 174.022 | 936.0397 | 2531.343 |

*Source: ttps://www.google.com/search?q=world+investment+report+2022*

Decision Making in the ECO

1. In the ECO, decision making is by consensus and the ECO Summit is the apex body comprising the heads of the ECO Member States, which meets every two (2) years to review the progress on realization of the objectives i.e. greater regional cooperation and integration for economic development. The Council of Ministers (COM) comprising the Foreign Ministers of the ECO Member States is the most important decision making forum in the ECO and meets once every year. These forums pursue the objectives of the organization as set out in basic documents of the Organization such as the Treaty of Izmir, Summit Declarations, Council of Ministers Meetings, ECO Vision 2025, etc. The decisions at such forums determine the direction and scope of the ECO activities and help shore-up cooperation to increase intra-regional trade by developing and implementing preferential trade in the region and expand intra-regional trade. These forums also provide vision for increasing the ECO trade contribution in the world trade by reducing high costs involved in trade and business, high lead times, better transparency and predictability through trade liberalization, greater trade facilitation, trade promotion and regional payment systems etc.
2. In addition to these two fora, the decision making in the sector of trade and investment is entrusted to various High Level Forums as listed below:
3. In addition to the ECO Summit and Council of Ministers (COM), the decision making in the trade and investment sector is entrusted to various High Level Forums as listed below:
4. **Ministerial Meetings in the sector**
5. There are two Ministerial Level forums in Trade and Investment sector: the ECO Ministerial Meeting on Finance/Economy (ECO MMF/E) and the ECO Ministerial Meeting on Commerce and Foreign Trade (ECO MMCFT). So far, the ECO MMF/T has met five times, whilst four meetings of the ECO MMCFT have been held.
6. **Heads of Organizations Meetings**
7. There are fora at the heads of organization in trade and investment sector, as listed below:

Heads of the Tax Administration of the ECO Member States

Only one meeting has been held so far.

ECO Council of Heads of Customs Administration (CHCA)

Nine Meetings have been held so far.

Heads of Trade Promotion Organization (TPOs) of the ECO/ ECO TPO Forum

The forum was renamed as ECO TPOs forum to ensure holding of the meeting the recurrently. So far three ECO TPO’s forum has been held.

Heads of Sovereign Wealth/ National Development Funds (SW/NDFS) of the ECO Member States

So far one meeting of the forum has been held.

Heads of Special Economic Zones/ Free Trade Zones (SEZs/FTZs of the ECO Member States

 So far two meetings of the forum have been held.

Heads of Capital Markets’ Supervisory Authorities Meeting of the ECO Member States

One meeting of the forum has been held.

Heads of the ECO Commodity Exchange Meeting

So far, no meeting has been held.

1. **Other Forums**

ECO Trade Agreement Cooperation Council (ECOTA CC)

So far, 8 (eight) ECO CC meetings have been held to implement ECOTA.

Technical Committee on Electronic data Exchange (EDI)

Two meetings have been held, so far.

Working Group Meeting of the Experts on EDI

One meeting of the forum has been held. The second was scheduled for November 2023.

Experts Group on Banking, Financial Matters of ECO and Forming ECO Clearing Union

So far two meetings have been held.

Working Group of the Representatives/ Experts of Central Banks of the ECO Member States on ECU

First meeting of Working Meeting is awaited.

Joint Working Group for Trade Facilitation Strategy and draft ECO Trade Facilitation Agreement (ETFA)

 The first meeting was successfully held on 22 June 2023, in Ankara, Türkiye. The Secretariat has been working on organizing the second one.

Joint Working Group to finalize the Multidimensional Trade and Investment Strategy and to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area/ Trade Facilitation Strategy.

So far the first meeting is still awaited. The Secretariat recently scheduled the 1st meeting for August 29, 2023, however it was postponed due to lack of quorum as, no response or interest could have been received from Member States.[[5]](#footnote-5)

#

# Section-II

# Implementation status of the Calendar of Events -2023

1. Following is the detailed implementation status of the Calendar of Events -2023:

**II. Implementation Status Report of Calendar of Events-2023 - ECO Events**

|  |  |  |  |
| --- | --- | --- | --- |
| **S#** | **Event/Activity** | **Venue** | **Status** |
|  | 6th ECO Ministerial Meeting on Finance/ Economy preceded by the SOM | Azerbaijan(Physical) | Azerbaijan offered to host the 6th ECO Ministerial Meeting on Finance / Economy. The Meeting was scheduled on 5 September 2023, in Baku, in-person mode, preceded by the Senior Officials Meeting (SOM), on 4 September (Baku, in person). The meeting has been postponed due to lack of quorum. Confirmation of participation and nomination has been received only from Turkmenistan. The Secretariat is pursuing the matter. |
|  | 5th ECO Ministerial Meeting on Commerce & Foreign Trade (ECO MM C&FT) | Türkiye(Hybrid) | During the 33rd RPC Türkiye offered to host the 5th ECO MM C&FT in 2023 subject to realization of 9th ECOTA Cooperation Council Meeting, which could not be held in 2023.  |
|  | 9th Meeting of the ECOTA Cooperation Council *(As per rules, this meeting has to be held twice in a year)* | Pakistan (Preferably in Physical Mode) | Pakistan scheduled the meeting twice in 2022 (24-25 July (Physically) & 30November-1 December 2022 (virtually)), but postponed due to lack of quorum. During the 33rd RPC, Pakistan offered to host the said meeting. However, the schedule is awaited. Meanwhile, Secretariat offered to host it on 26th October 2023, hybrid mode but confirmation/nomination was received only from Republic of Türkiye. |
|  | 10th Meeting of the ECOTA Cooperation Council | TBD(Hybrid) | The Meeting will be held after 9th ECOTA Cooperation Council Meeting.  |
|  | 9th Meeting of ECO Council of Heads of Customs Administration (CHCA)  | Azerbaijan (Hybrid)  | During the 33rd RPC, Azerbaijan offered to host the said meeting. It was successfully organized on July 20th, 2023, in Baku, Azerbaijan in-person mode.  |
|  | 2nd Meeting of ECO Heads of Tax Administration | TBDSecretariat(in absence of volunteer) | A Preliminary Discussion Meeting as suggested by Pakistan was held on 1st Aug 2023 (virtual) and finalized ECOTAX charter and dropped the other two documents unanimously. The Meeting also approved draft Agenda of 2nd Meeting of ECO Heads of Tax Administartion. In line with the decision of the 33rd RPC 2023 concerning hosting of 2nd Meeting of the ECO Heads of Tax Administration, the Member States were offered to host but no offer has been made, the Secretariat will host on 6th December 2023 (hybrid mode). |
|  | 2nd Meeting of Heads of Capital Markets Supervisory Authorities  | Iran(Physical) | Iran offered for hosting 2nd Meeting on June 11-12, 2023 in Tehran (in person). Iran Vide Note Verbale No. 531/1591070 dated 9 May 2023 shared the Draft Agenda of the meeting and announced that the aforesaid meeting has been rescheduled by the host authorities (i.e. Securities & Exchange Organization) on 18 - 9 June 2023 instead of 11-12 June 2023. Only two Member States (Uzbekistan & Pakistan) have shared nominations. The said meeting has been postponed due to lack of quorum. |
|  | 2nd Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union | Iran (Physical) | The meeting was scheduled after the 1st Working Group Meeting to deliberate WGM outcomes, which is awaited. |
|  | 1st Working Group Meeting of the Representatives/ Experts of Central Banks of the ECO Member States to deliberate way forward on ECU | Iran (Physical) | The *1st Meeting of Working Group of the Central Banks on ECO Clearing Union (ECU)* was planned to be hosted by the Iran on 28th September 2023, in Tehran (in-person mode), nominations were received from four Member States in 2022, The Secretariat requested re-confirmation of participation of the nominees, only Pakistan and Türkiye conveyed re-confirmation of participation of their delegates.The Meetinghas been postponed due to lack of quorum. |
|  | 1st Meeting on the Joint Working Group for Preparation of the draft ECO Trade Facilitation Strategy and the draft ECO Trade Facilitation Agreement  | Türkiye(Hybrid) | During the 33rd RPC, Türkiye offered to host the said meeting. The 1st meeting was successfully organized on July 20th, 2023 in Ankara, Türkiye in-person mode. The Secretariat called for interest among Member States to be the host country for the second meeting of the JWG. The response is awaited, through official channels.  |
|  | 1st Meeting of Joint Working Group to finalize Multidimensional Trade and Investment Strategy and to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area | TBD(Hybrid) | The Member States were offered to host the meeting but no offer was received. Accordingly, the Secretariat scheduled the 1st JWG meeting on August 29, 2023 in virtual mode. The meeting was postponed as no response or interest has been indicated from Member States.[[6]](#footnote-6) |
|  | Trade Policy Review Session | TBD (Hybrid) | No request by Non WTO ECO Member States has been received in 2022. |
|  | 3rd Meeting of Technical Committee on Electronic data Exchange (EDI) | Iran(Hybrid) | Iran suggested organizing the meeting on August 8th, 2023. However, it could not be held since the 2nd Meeting of the relevant working group on EDI should have been organized first, which is awaited.  |
|  | 2nd Working Group Meeting of the Experts on EDI | TBD(Virtual) | The Secretariat scheduled to host the meeting on November 2nd, 2023. The meeting has been postponed as nominations were not received from Member States,  |
|  | 3rd Meeting of the Heads of SEZs of the ECO Member States.  | TBD | The Secretariat requested the Member States to offer hosting of the meeting in a preferred mode. There was no offer made by Member States, The Secretariat has scheduled the meeting in virtual format on 6th December 2023, |
|  | 2nd Meeting of the Heads of SW/NDFs of the ECO Member States  | Iran(Virtual) | Iran has announced to schedule the said meeting on 20th November, 2023, in virtual mode. Secretariat is pursuing to reach quorum.  |
|  | 1st Meeting of the Stakeholders for issuance of Business Visa Sticker Scheme to the Businessmen in the ECO Region | ECO Secretariat Virtual | Secretariat was mandated by 267th CPR Meeting to organize a virtual meeting to develop a consensus in the matter before moving forward. Accordingly, the Secretariat scheduled a virtual meeting on 12th July 2023 and requested the Member States for nominations. However, only three Member States namely Iran, Pakistan & Tajikistan shared nominations. The Republic of Azerbaijan indicated their inability to participate in the Meeting. Therefore, the meeting was postponed due to lack of quorum. The secretariat rescheduled it to be hosted by the Secretariat on 19th September, 2023. Again it has been postponed due to lack of quorum. |
|  | 5th ECO Business Forum  | Uzbekistan(Hybrid) | Uzbekistan has scheduled the 5th ECO Business Forum on 8th November 2023 in the framework of the 16th ECO Summit in Tashkent,  |
|  | First Meeting of the ECO Heads of Commodity Exchanges | TBD(Hybrid) | As no offer from Member States was received to host, Secretariat sought nominations to host in virtual format but nominations have not been received from Member States. The Secretariat is pursuing the matter. |
|  | 4th ECO Trade Promotion Organizations (ECO-TPOs) Forum |  (TBD) | Pakistan took the imitative to host in 2022. It could not be held, Nominations have been received from only Azerbaijan. The Member States have been requested to consider hosting the event but so far no offer has been received,  |
|  | 2nd Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum | TBD(Hybrid) | So far, only Azerbaijan has submitted its candidacy to participate in the event. Nominations from the remaining Member States are pursued along with the offer to host by a Member State, The Member States may offer to host in 2024. |
|  | 3rd ECO Trade Fair | TBD(Physical) | The secretariat offered the Member States to host the event but no offer has been received.  |
|  | 4th ECO Trade Fair  | TBD(Physical) | As no offer from Member States was received to host, the event could not be held.  |

**Conferences/Seminars/Workshops/Training Courses**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No** | **Event/activity** | **Venue** | **Date** |
|  | 5th Seminar on Trading Patterns in ECO Region and Accession of ECO to WTO. | TBD | Not held as no request has been received from the Non WTO, ECO Member States in 2023 |
|  | 4th ECO Investment Conference | TBD | 2023 |
|  | Seminar of Banking Associations of the ECO Member States | TBD | 2023 |
|  | ECO Trade Exhibition “ECO-RAF” | Iran  | 2023 |

**Meetings of the ECO Affiliated Bodies with ECO Secretariat Participation**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date/Status** |
|  | First Meeting of the G.A and BOG of the ECO Reinsurance Company | Pakistan | The Consultative Virtual Meeting was hosted by the Secretariat on 6th February 2023 in which the three parties to the ERC were requested to complete pending actions to schedule the 1st Meeting of the GA and BoD. The CPR approved hosting of the 1st GA and BoD by the Secretariat. The updates from Pakistan and Türkiye are awaited.  |
|  | Meetings of ECO Trade and Development Bank (ECO-TDB)/(22nd BOG Meeting) | Türkiye | Held on June 23, 2023  |
|  | Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI  | Virtually | The 30th Executive Committee, 20th General Assembly and Meetings of the Specialized Committees of the ECO Chambers of Commerce and Industries, was planned to be held on August 29-30, 2023 in Iran The meeting was postponed due to lack of quorum. It has been rescheduled on November 2023.  |
|  | Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI (held twice a year) | - | The invitation for participation from ECO CCI is awaited.  |

#

**Non-ECO Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Organizer** | **Venue/Date** | **Status** |
|  | COMCEC Ministerial Session preceded by SOM Session | OIC | Istanbul, Türkiye November 26-29, 2022. | Did not participate due to budgetary constraints. |
|  | WTO Geneva Week | WTO | Geneva, Switzerland(Virtually) | No schedule and invitation was received from the host. |
|  | Virtual Consultative Meeting with UNIDO on 4th Phase of ECO-UNIDO Project  | UNIDO | Virtual  | The meeting was hosted by the Secretariat on *April 26, 2023 in* virtual mode and the UNIDO initially requested the Secretariat to provide some seed funding for the 4th phase.  |
|  | Aid for Trade Global Review | ITC | Geneva(Virtually) | Schedule and invitation not received  |
|  | Asia-Pacific Business Forum (APBF) | UNESCAP |  (Virtually) | Not invited by UNESCAP. |

**Events in COE 2023**

# **Section-III**

# Trade Liberalization

**ECO VISION 2025 and the ECO Summit/ COM Targets for Trade Liberalization**

1. ECO Vision 2025 carries the two-faceted target to
	1. To double intra-regional trade and to increase
	2. To Increase ECO’s share in the global trade, specifically exports.

**Under the Expected Outcome (III) of ECO Vision 2025 for trade Sector, following are targets for this section:**

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

**The 15th ECO Summit**, the apex decision making body of the organization, held on 28 November 2021 in Ashgabat, Turkmenistan, concluded with Ashgabat Consensus for Action incorporating a Para for Trade & Investment in the **Ashgabat Declaration,** incorporated in the following words wherein the esteemed leadership of the member states agreed to:

***Para-4*** *"*Ensure an accelerated implementation of the long-term sectoral priorities of ECO for development of transport and communication infrastructure; facilitation of trade and investment; effective use of the region's vast energy resources, economic integration and; Chalk out the ways and means to promote ECO's connectivity with other regions in these areas;"

**Ashgabat Consensus for Action**

***Para-6 “****Decide to increase the low intra-regional trade and increase our region’s contribution in overall global trade by harnessing trade potential of the ECO region to achieve sustainable economic growth as stipulated in the ECO Vision 2025 through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements and; Task hereby our relevant authorities to expedite removal of unnecessary technical and operational barriers, including due to the COVID-19 to effectuate these arrangements and to start trade negotiations with involvement of Member States in a position to do so for an ECO Free Trade Area”.*

**The emphasis was carried forward by the leaders during the 26th COM (Tashkent, Uzbekistan, January 24th, 2023) in the ‘Tashkent Declaration, and the immediate need of trade liberalization was expressed the following words:**

 ***‘Acknowledging the importance of trade liberalization in the ECO region, as a driving force, for extensive realization of its trade and development potential.’***

 **Para 3 ‘Request the ECO Ministers of Trade to expedite the implementation of ECO Summit mandate on FTA negotiations and ECOTA, as specified in paragraph 6 of Ashgabat Consensus for Action.’**

**Trade Liberalization under a Preferential Trade Agreement (PTA)**

## a.ECO Trade Agreement (ECOTA)

**Background:**

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

1. As per Article 39 of the Agreement, it entered into force on March 24, 2008 after ratification of the fifth signatory, Iran. Since the Agreement entered into force, the meeting of the ECOTA Cooperation Council as formed under the Agreement as the implementing body for ECOTA could be held eight **(8)** times so far. The 1st meeting of the ECOTA Cooperation Council was held on May 21-23, 2008 in Türkiye whereas the last, the 7th Meeting (extra-ordinary) was held in the ECO Secretariat on 23-24 January, 2017, on request of Pakistan.
2. ECOTA is aimed at promoting open trade and commerce in the region, consistent with WTO and other multilateral organizations and directly involving individual ECO Member States. It is comprehensive in terms of commodity coverage, and the concessions are to be effectuated/operationalized gradually over an eight-year period. It will scale down tariffs to a maximum of 15 percent on 80 percent of the goods traded. For Afghanistan the period is 15 years. ECOTA comprehensively covers a host of other vital issues such as Non-Tariff Barriers (NTBs), para-tariffs, transit trade, transport facilitation, WTO accession, Rules of Origin, intellectual property rights (IPR) and dispute settlement mechanism.
3. ECOTA was signed on 16th July 2003 by five ECO Member States as Contracting Parties namely: Afghanistan, Iran, Pakistan, Tajikistan Türkiye. It entered into Force on 25th April 2008 after ratification by the Contracting Parties. However, it is non-operational as the required post- ratification legal modalities have not been completed by two contracting parties. These are given in the following table:

|  |  |  |
| --- | --- | --- |
| **Contracting Party** | **Ratification Status** | **Exchange of Products Lists** |
| **ECOTA** **Agreement** | **ECOTA** **Annexes** | **Positive** **List** | **Negative** **List** | **Sensitive** **List** |
| **Afghanistan** | **Yes**  | **Yes**  | **Yes**  | **Yes**  | **Yes**  |
| **Iran** | **Yes**  | **Yes**  | **Yes/No\***  | **No**  | **No**  |
| **Pakistan** | **Yes**  | **Yes**  | **Yes**  | **Yes**  | **Yes**  |
| **Tajikistan** | **Yes**  | **No**  | **No**  | **No**  | **Yes**  |
| **Türkiye** | **Yes**  | **Yes**  | **Yes**  | **Yes**  | **Yes**  |

1. On the other hand, all product lists notified to the Secretariat seem to be obsolete since they were sent more than 10 years ago as noted in the table below. These product lists need to be reviewed, and if necessary, updated as soon as possible by all Signatories.

|  |  |
| --- | --- |
| **Afghanistan** | Notified positive, negative and sensitive lists as of February 2013.  |
| **Iran** | Notified only a positive confidential list for the 1st year of implementation. Date estimated between 2008 and 2013.  |
| **Pakistan** | Notified positive, negative and sensitive lists initially as of November 2008. Subsequently, updated lists were notified to the Secretariat as of April 2013. Pakistan reserves the right to amend/update their lists after receiving lists from other Member States. Note that Pakistan notified those updated lists as based on imports from ECOTA Members during 2006-2008. |
| **Tajikistan** | Notified only their sensitive list as of April 2013. |
| **Türkiye**  | Notified positive, negative and sensitive lists as of November 2008. |

**Further details on ECOTA can be seen at Annex I.**

**Current Status**

1. The 5th Ministerial Meeting on Finance and Economy, virtually hosted by **Tajikistan on May 25 2021**, considered an accelerated implementation of ECOTA, trade liberalization policies to attract FDI in the region. The Meeting also appreciated the studies conducted by the Secretariat on ‘Impediments in the ECO Trade Agreement and Measures to Resolve ‘and’ Feasibility Study on Regional Payment System in the ECO Region’. The Meeting invited the ECO Member States to consider the recommendations of the studies to implement them.
2. Moreover, in order to remove unnecessary technical and operational barriers a Brainstorming Session on reform process and prospects of cooperation in the ECO Region was convened on May 23-24, 2022 at the ECO Secretariat. The following recommendations were made by the Session:
* Iran to expedite provision of the pending Product Lists (Positive, Negative, Sensitive) to effectuate tariff reduction under the ECO Trade Agreement (ECOTA);
* Tajikistan to expedite ratification of the Annexure(s) to the ECOTA, and provide the pending Product Lists;
* The ECO Secretariat to pursue the Free Trade Agreement (FTA), following the full implementation of ECOTA, by enhancing its scope through transforming it from a PTA to an FTA, as mandated by the 4th ECO Ministerial Meeting on Commerce and Foreign Trade, ECO Vision-2025 and the Ashgabat Consensus for Action;
* A Trade Facilitation Strategy elaborated on thorough analyses of the intra-ECO trade flows, statistics and forecasts, should suggest the ways how to reach the untapped trade potential of the region;
* Pakistan to hold the 9th ECOTA Cooperation Council Meeting as soon as possible in 2022 in coordination with the Contracting Parties and the ECO Secretariat. The meeting may be preceded by relevant High-Level Experts Meeting to explore ways and means of developing consensus to operationalize the ECOTA. Non-ECOTA parties may be invited to participate as observers;
1. The 9th ECOTA Cooperation Council was scheduled on 27-28th July 2022 to be hosted by Pakistan, the coordinating country of ECOTA. But it could not be held due to lack of quorum, and Pakistan rescheduled the event to 31st October – 1st November, 2022 in virtual mode. However, despite efforts by the Secretariat, the nominations were not received from the ECOTA Parties and the meeting could not held due to lack of quorum either.
2. During the 33rd RPC meeting, Pakistan offered to host the said meeting in 2023 as well. Unfortunately, despite the Secretariat’s efforts, the schedule of the meeting could not be finalized. Accordingly, the Secretariat kindly asked the views of Pakistan as well as other Member States to consider the event to be hosted by the Secretariat on October 26th, 2023 in Tehran.The meeting could not be held due to lack of interest of the ECOTA parties,

**Area Conclusion:**

1. Although the promotion of intra-regional trade has been one of the constant and important goals of the ECO throughout its life, the achievements have been less than expected and achievable.
2. No substantial progress has been made since the adoption of ECO Vision 2025. ECO Vision-2025, the leadership has expected operationalization of ECOTA as an outcome and desired to build on ECOTA by expanding its coverage to a FTA. However, Operationalization of ECOTA has eluded the realization and in the wake of lukewarm response by the Member States, it seems that in 2025 the ECOTA will remain non-operational. Although the Member States have shown their resolve to implement ECOTA, during the RPC and the brainstorming session in 2022, yet the resolve needs to be translated into concrete actions. The first and foremost priority with the Secretariat has been to schedule the 9th ECOTA CC Meeting to provide an opportunity to the experts to negotiate a way forward. The proposals and action plan with different scenarios have been worked out by the Secretariat and shared with ECOTA Parties and included in the Agenda Items for 9th ECOTA CC Meeting. The ECOTA Parties need to immediately take interest in holding consultations for Operationalization of ECOTA.

## b. Trade Liberalization with an ECO Free Trade Agreement

**ECO Vision 2025 and ECO Summit/ COM Targets**

In the light of the ECO Vision 2025, expected outcome # (ii) the following target needs to be implemented by 2025:

*‘The scope of ECOTA will be enhanced from preferential trade to Free Trade Agreement’.*

Removal of barriers to trade under an ECO FTA has been set as an objective in the ***Ashgabat Consensus for Action in the following words:***

***Para-6 “****Decide to increase the low intra-regional trade and increase our region’s contribution in overall global trade by harnessing trade potential of the ECO region to achieve sustainable economic growth as stipulated in the ECO Vision 2025 through implementation of ECO Trade Agreement (ECOTA) and other ECO trade related arrangements and; Task hereby our relevant authorities to expedite removal of unnecessary technical and operational barriers, including due to the COVID-19 to effectuate these arrangements and to start trade negotiations with involvement of Member States in a position to do so for an ECO Free Trade Area”.*

1. On average, the coverage of a PTA is about 30% to 40% of all tariff lines, while the FTAs are considered to cover about 90% or above the tariff lines. Therefore, ECOTA as a Partial Scope Agreement or a Preferential Trade Agreement (PTA), seems to offer quite an ambitious target for a PTA requiring absolute tariff reductions for a positive list covering 80% of the tariff lines, traded among the Parties.Considering the current pace of progress on the implementation of ECOTA, and two expected outcomes reflected in ECO Vision 2025 for operationalization of ECOTA and enhancement of ECOTA to a free trade agreement in 2 years, ECO Members should make a sincere assessment about the following **two options**:

**Option 1**: Preserve the current ECOTA and implement it in its current form as soon as possible.

**Option 2**: Amend or re-draft the current ECOTA as soon as possible to expand its scope/ coverage and immediately start comprehensive negotiations for a ECO free trade Agreement.

1. In relation to option 1, the following obstacles should be mentioned as impediments to the full operationalization of ECOTA:
* A tacit, however, strong view that ECOTA will not be a win-win trade arrangement in its current form due to arguably unbalanced tariff reduction modalities,
* Inaction of some Signatory countries about the ratification or the sharing of product lists,
* Divergence of opinions on methodology for the preparation and exchange of product lists,
* Lack of enthusiasm for organizing regular ECOTA Cooperation Council Meetings, and therefore, the limited authority of the ECOTA Cooperation Council to take and enforce its decisions,
* Delayed responses received from the Member States on any ECOTA-related activities, and hence lack of quorum,
* Lack of clear understanding on costs and benefits of ECOTA.
1. Therefore, without agreeing on a common approach to resolving the issues mentioned above, Option 2 seems to deserve a much stronger determination for a higher level of trade liberalization in the region.
2. ECO Members should kindly consider that a free trade agreement would require not only tariff reductions but also regulatory product harmonization, common external customs tariffs, the removal of NTBs (e.g., import licenses, and permits, quality standards etc.), exchange of trade and customs data, etc. which would require a more technical and closer cooperation among bureaucrats, experts and businesses of Member States. Implementation of a free trade agreement would also require significant amount of additional funding from each Member State for capacity building projects.
3. A free trade agreement should also cover mutual concessions on trade in services, public procurement, state aid, investment, copyrights and intellectual property rights, etc.

**Secretariat Recommendations**:

1. To address the above-mentioned impediments for the implementation of ECOTA, the ECO Secretariat has shared with the Contracting Parties different scenarios for tariff reductions, developed in a small-scale research study[[7]](#footnote-7). The ECOTA Cooperation Council meetings/ECO Commerce Ministers meeting in 2024 are kindly requested to contemplate on these scenarios.
2. Currently the ECO Secretariat endeavors to further cooperation among ECO Member States through implementing regional development projects, trade capacity building projects, harmonization of standards, projects for electronic data interchange in customs, organizing regional trade fairs, business forums, buyer/seller meetings, and operationalizing the ECO Trade and Investment Network Web Portal ([www.eco.int/trade](http://www.eco.int/trade)).
3. Indeed, the draft Trade Facilitation Agreement, the Agreement on the Establishment and Operations of ECO Smuggling and Customs Offences Databank as well as the ECO Agreement on Mutual Administrative Assistance in Customs Matters provide a significant room for improving trade and customs cooperation in the ECO Area. In addition, any new projects on developing quality infrastructure (i.e. standardization, conformity assessment, accreditation and metrology) of the ECO Region would add invaluable support to reduce unnecessary barriers to trade and the cost of doing business in the region.
4. It is worth noting that these Agreements do not require concessions in terms of tariffs, quotas or any technical barriers to trade, however, ask for closer cooperation and harmonization in order to enhance the good governance of customs operations. Successful implementation of these Agreements would serve to increase predictability of trade operations, and eventually to decrease the costs in favor of promoting regional trade.
5. On the other hand, in order to move forward with respect to ECOTA, following are kindly expected from Member States:
	* 1. Member States are kindly requested to observe utmost attention to the timely organization of the 5th Ministerial Meeting on Commerce and Foreign Trade in 2024.
		2. Member States are kindly requested to re-consider the organization of the 9th ECOTA Cooperation Council meeting in 2023/2024, preferably in physical mode, as soon as possible.
		3. Iran may kindly inform the Secretariat regarding their decision on the notification of product lists.
		4. Tajikistan may kindly inform the Secretariat regarding their decision on the ratification of the Annexes of the ECOTA, and the notification of remaining product lists and elaborate their latest position in light of their latest comments.
		5. ECOTA Parties are kindly requested to share their comments on the Research Study, titled 'Impediments in ECO Trade Agreement and Measures to Resolve’.

# **Section-IV**

# Trade facilitation/ Removal of NTBs

**ECO VISION 2025, ECO Summit and COM Targets for Trade Facilitation**

**The following is an Expected Outcome (III) of ECO Vision 2025 for Trade,**

 i) Following pending trade related agreements will be operationalized:

* ECO Trade Facilitation Agreement.
1. Trade facilitation – minimizing the bureaucratic and procedural barriers to trade–is a key factor for raising the competitiveness and economic development of countries. Trade is diverted from high tariffs to lower tariffs and likewise from a high level of Non-Tariff Barriers (NTBs) to low or no NTBs. Following are the main forums in Trade Facilitation:
2. Ministerial Meeting on Commerce and Foreign Trade, of the ECO Member States. So far, 4 Ministerial Meetings have been held.
3. ECO Council of Heads of Customs Administration (CHCA). So far 9 Meetings of CHCA have been held.
4. and ECO Committee on Customs Cooperation (ECCC). So far 5 Meetings of ECCC have been held.
5. Heads of the Commodity Exchange of ECO Member States.
6. Working Group and Technical Committee on the Electronic Data Interchange (EDI). So far 3 meetings have been held.

The removal of tariffs and NTBs is a priority for the ECO Region. Trade facilitation is in the following forms:

## Trade Facilitation through Customs Cooperation/Electronic Data Interchange (EDI)/E-Commerce

**Expected Outcome ECO Vision 2025 for the Area**

* “ECO Agreement on Mutual Administrative Assistance in Customs Matters” will be operationalized.

**Customs Cooperation Activities:**

1. The Following Customs Cooperation Activities will be pursued:
2. The first meeting among Signatories of the ECO Smuggling and Customs Data Bank will be organized for beta-testing the operation of the database, (this event should also be added to the calendar of events among 1st priority events)
3. Pending information sharing among the six parties to the Agreement, will be expedited and Membership of “Agreement on the Establishment and Operation of ECO Smuggling and Customs Data Bank” will be increased.
4. Completion of internal procedures by remaining eight Member States for the “ECO Agreement on Mutual Administrative Assistance in Customs Matters.”
5. Amendment in the MoU with World Customs Organization (WCO).
6. First Meeting of the Heads of Commodity Exchange.
7. Further discussion, and if possible, the finalization of Data Elements for setting up Electronic Data Interchange (EDI) in the Region.
8. During the **24th Meeting of the Council of Foreign Ministers (COM)** (Antalya, 9 November, 2019) the Member States agreed to:

***Emphasize*** *the need for finalization of the draft ECO Agreement on Mutual Administrative Assistance in Custom Matters;*

***Appreciate*** *the establishment of the ECO Smuggling and Customs Offences Databank in Ankara, the Türkiye, under the Agreement on the Establishment and Operation of ECO Smuggling and Customs Offences Data Bank;* ***Call Upon*** *the Contracting Parties to actively cooperate for successful operation of the Data Bank; also* ***Encourage*** *remaining Member States to join this Agreement;*

**Background information on Customs Cooperation:**

1. Customs cooperation is the most effective tool for trade facilitation at the regional level and the primary factor in reducing trade related costs. Customs documentations and procedures can simplify cross border trade in the region. The Technical Barriers to Trade (TBTs) like Import Licensing, Quantitative Restrictions, Rules of Origin, Tariff Rate Quota (TRQs), and IPRs etc. are areas which needs closer customs cooperation.

**ECO Smuggling and Customs Offences Databank:**

1. The Agreement on Establishment and Operations of ECO Smuggling and Customs Offences Databank was concluded by the ECO Member States (Istanbul, 7th July 2005) and signed by six (6) Member States i.e. Afghanistan, Azerbaijan, Iran, Pakistan, Tajikistan and Türkiye. The aforementioned agreement came into force on 30th December 2017. The Agreement aims at increasing governmental revenues of the Member States by preventing customs smuggling and pilferages.
2. The 5th ECO Ministerial Meeting on Finance and Economy (26 May 2021) recommend the ECO Member States to sign and ratify the Agreement as a step towards greater trade facilitation and transparency.
3. Iran and Azerbaijan have provided the particulars of their focal points[[8]](#footnote-8) to connect to the databank in 2022 and 2023 respectively. In order to make it operational, the Member States, signatory to the agreement; have been requested the following actions:
4. The current Contracting Parties to the said agreement; namely, Azerbaijan, Iran, Pakistan and Türkiye have been requested to kindly register with the databank.
5. Afghanistan to kindly deposit the original version of the instrument of ratification with the ECO Secretariat.
6. Tajikistan, being the only remaining signatory of the Agreement awaiting ratification, to kindly share the instrument of ratification at the earliest.
7. Iran to kindly share the contact details of focal person from the relevant national authorities.
8. The non-signatory Member States namely, Kazakhstan, Kyrgyz Republic, Turkmenistan and Uzbekistan; to consider signing and ratifying the Agreement.

**ECO Agreement on Mutual Administrative Assistance in Customs Matters**

1. The 7th meetings of Council of Heads of Customs Administration (CHCA) and the 3rd Sub-Committee of Experts of Customs (SCOE) were held (Tehran, 17-19 October 2016) to explore ways and means for enhanced customs cooperation in the region. The 8th Meeting of the CHCA along with the 4th Meeting of the Sub-Committee of Customs Experts (SCOEs) (Islamabad, 14-15 November, 2017) discussed the importance of cooperation in the field of customs.
2. The draft text of the Agreement on Mutual Administrative Assistance in Customs Matters was finalized in the 8th Meeting of the CHCA. The adopted final draft text was circulated among the Member States for completion of formalities and internal governmental processes. Azerbaijan and Pakistan have completed their internal procedures. The draft Agreement is to be submitted to the decision-making organs of the ECO for approval to be open for signatures.

1. The 9th Meeting of the ECO Council of Heads of Customs Administration (CHCA) was held in Baku, on July 20, 2023, where the Council urged the Member States (except Azerbaijan and Pakistan) to complete their internal procedures at their earliest and share with the Secretariat.

**Amending Memorandum of Understanding (MoU) with World Customs Organization (WCO):**

1. In the light of the decisions of the 8th and the 9th Meetings of the (CHCA) the matter of amending the MoU between the ECO and WCO has been pursued with the WCO.
2. The Secretariat approached the WCO again in June 2023, reminding the draft MoU and requested any new ideas to be included, whilst paying attention to the changes in global trade and international customs practices. The Secretariat will continue to pursue Draft MoU with the WCO and share any responses received from WCO with the Member States for information and coordination purposes.

**Heads of the Commodity Exchange:**

**Background information:**

1. The First Meeting of the Heads of the Commodity Exchange of ECO Member States has been scheduled/postponed several times, due to lack of quorum.
2. During the Mid-Term Review of RPC (virtually, July 28, 2021) the following was agreed:
	1. The First Meeting of the Heads of the Commodity Exchange of ECO Member States would be held on virtual basis by the ECO Secretariat.
	2. Inclusion of the issue of the bartering mechanism among the Member States on the agenda of the said meeting in order to overcome the banking and money transfer issues in the region.
3. The meeting could not be held due to lack of confirmation of interest from Member States.

**Technical Committee on Electronic Data Exchange (EDI):**

1. The EDI imitative is aimed at enhancing cross border paperless trade and E-Commerce in the region to adjust to ‘new normal’ in post pandemic international trade. At the same time, the initiative will also contribute to swift connectivity among customs authorities of the Member States, reduce cost and time of trade transactions, impart transparency to the trade payment system etc.
2. Taking cognizance of this fact, the ECO organized 1st Expert Group Meeting (EGM) on E-Trade Cooperation (Kish Island, May 23-25, 2012). The EGM was jointly organized by the ECO Secretariat, the Ministry of Industry, Mines and Trade of Iran, and Asia Pacific Council for Trade Facilitation and E-Trade (AFACT). ECO-UNNext Technical Capacity Building Workshop on Cross Border Paperless Trade for ECO Countries and ECO-ESCAP Joint Trade Facilitation Forum on Paperless Trade and Single Window were also held on the sidelines of the meeting. The meeting acknowledged the introduction of Paperless trade has not only changed the way businesses interact with customs and other government authorities but also its clients, suppliers and partners.
3. It may be recalled that the 8th Meeting of the ECO CHCA decided to set up a Technical Committee on EDI. Accordingly, Iran's Customs Administration (IRICA) hosted the 1st Technical Committee on EDI (Tehran, 22 October, 2018) for devising an electronic data exchange system for Customs and trade facilitation with a view to enhance intra-regional trade in the ECO region.
4. In 31st RPC, the Council decided to merge this meeting with the 2nd Expert Group Meeting (EGM) on E-Trade Cooperation to be held in Iran in 2021 largely on the pretext of similar/common agenda.
5. The 2nd Meeting of the Technical Committee on the EDI (virtual, Iran, November 9, 2021) tasked the Secretariat to constitute a Working Group of the Experts of the Member States to finalize Data Elements for EDI to be deliberated in the 3rd Technical Committee Meeting on EDI. Accordingly, the ECO Secretariat virtually hosted the 1st Meeting of the Working Group of Expert on EDI (July 19, 2022) in which the following were decided:
6. The Secretariat to circulate a questionnaire among the Member States for their input on exchange of data elements in the EDI.
7. Azerbaijan was requested to provide the details on work flow of the existing system for circulation among the Member States.
8. The Secretariat prepared and circulated a questionnaire to solicit detailed responses from Member States to schedule the second working group meeting in virtual mode to finalize these data elements. However, no responses and nominations have been received yet.
9. Azerbaijan has also been requested to share the details of workflow of their existing systems as agreed in the meeting. Response is awaited.
10. Following the decisions taken at the 33rd RPC held on January 16-19, 2023 at the Secretariat, and the 9th Meeting of the ECO Council of Heads of Customs Administration held on July 20, 2023 in Baku, the Republic of Azerbaijan, the Secretariat proposed hosting the “2nd*Meeting of the Working Group of Expert on Electronic Data Interchange (EDI)”* virtually, on November 2nd, 2023. However, the meeting has been postponed due to lack of interest of the Member States and lack of quorum.

**Area Conclusion**

1. The 10th Meeting of the Council of Heads of Customs Administration should be regularly held, where the next one is expected in 2024. Active participation of Member States is essential in finalizing the following:
* Agreement on Mutual Administrative Assistance in Customs Matters,
* Amending MOU with WCO for deepening cooperation.
* Meetings such as Working Group on EDI.
* Smooth functioning of ECO Smuggling and Customs Databank.

**Secretariat’s recommendations:**

1. The Council may request:
2. The Member States to complete all the pending actions requested by the Secretariat with regard to ECO Smuggling and Data Bank and the remaining Member States may be requested to join/ratify the Data Bank.
3. The remaining Member States awaiting completion of internal procedures in relations to ECO Agreement on Mutual Administrative Assistance in Customs matters.
4. Azerbaijan to volunteer hosting the 9th Meeting of the ECO Council of Heads of Customs Administration (CHCA) and the 5th Meeting of the ECO Committee on Customs Cooperation (ECCC).
5. Review the necessity for the First Meeting of the Heads of the Commodity Exchange of ECO Member States.
6. Share nominations for the 2nd Working Group Meeting on EDI. Azerbaijan to kindly expedite sharing workflow on EDI for circulation

## b. Multi- Dimensional Trade and Investment Strategy and Prospects of a Free Trade Area

**Background**

1. In the 4th ECO Ministerial Meeting on Commerce and Foreign Trade (Kabul, 11-14 July 2011), Ministers instructed the establishment of a working group in order to prepare
* **Multi-Dimensional Regional Trade and Investment Strategy and Establishing a Free Trade Area in the Region`, and**
* **Trade Facilitation Agreement` for the ECO Region.**
1. In view of that, the Secretariat circulated a paper for consideration of the Member States on;
2. *The Contours of Proposed ECO Multi-Dimensional Trade and Investment Strategy; and*
3. *Prospects of Establishing a Free Trade Area in the Region.*
4. In 2018, the ECO Secretariat has revised/updated the “Draft Multi-Dimensional Regional Trade and Investment Strategy and Prospects of a Free Trade Agreement” and circulated it in 2018 and 2019 among Member States.
5. So far, six Member States namely Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan and Uzbekistan have provided their views/comments.
6. The Secretariat scheduled the 1st meeting for August 29th, 2023. However, there was a clear lack of interest on the subject since no responses have been received. Accordingly, the meeting was postponed.

## c. Trade Facilitation Strategy/Trade Facilitation Agreement (TFA)

1. Türkiye proposed to adopt a strategy paper on trade facilitation as a first step to start negotiations on an agreement and drafted a Trade Facilitation Strategy.
2. The Secretariat circulated the Strategy for views and comments of Member States. So far, Afghanistan, Azerbaijan and Uzbekistan have conveyed their views on the draft strategy drafted by Türkiye.
3. This trade facilitation strategy is yet to be adopted by ECO Member States. The strategy mainly aims to, *among others*, enhance regional cooperation on practical activities facilitating trade.
4. This strategy is essential since it aims:
5. Transparency and uniform application of trade related legislation and customs procedures;
6. Appropriate, transparent and predictable trade related fees and formalities;
7. The freedom of transit, and cooperation between border agencies;
8. The first meeting of the Joint Working Group for Trade Facilitation Strategy and draft ECO Trade Facilitation Agreement was successfully held in June 2023, in Ankara, Türkiye where the draft strafegy was discussed. The Secretariat has been planning to organize a number of working group meetings to finalize the strategy paper. Currently, the Secretariat is pursuing the organization of the second one, awaiting a volunteer host Member State.
9. The Secretariat circulated the draft ECO Trade Facilitation Agreement in July 2021 as an output through the “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to resolve”. So far, Uzbekistan and Iran have shared views/comments in this regard. The technical work on the draft ECO Trade Facilitation Agreement depends on the finalization of the draft trade facilitation strategy.

**Secretariat Recommendations:**

1. The Secretariat suggests Member States to review the study on ‘Impediments in the ECO Trade Agreements and Measures to resolve’ as it provides information on the Non-Tariff Barriers (NTBs) in the region, and provide their invaluable feedback about actions that can be taken for the removal and/or reduction of NTBs.
2. Member States should continue providing their support to organize the second meeting of the Joint Working Group for Trade Facilitation Strategy and draft ECO Trade Facilitation Agreement.
3. The Member States are always welcome to provide their comments on these documents

**Area Conclusion:**

1. Trade facilitation turns out to be a priority area to realize ECO Vision outcomes, especially considering the slow pace of actions regarding the implementation of the ECOTA as well as the organization of the next ECOTA Cooperation Council meeting.
2. Member States should continue providing their support to organize the second meeting of the Joint Working Group for Trade Facilitation Strategy and draft ECO Trade Facilitation Agreement.

## d. Trade Facilitation Through Finance, Taxation and Investment

**In the ECO Vision 2025, the ‘Expected Outcome III’ the area targets are set as follows:**

1. Following pending trade related agreements will be operationalized:
2. **Regional Agreement on Cooperation in Taxation Matters.**
3. **A robust trade financing program will be launched for enhancing regional trade.**

**Investment Promotion Activities:**

* “The Agreement on Promotion and Protection of Investment among ECO Member Countries (APPI) will be operationalized and its membership will be increased. Amendment Protocol will be signed and ratified.
* Setting up the ECO Clearing Union and ECO Regional Payment System.
* “Following pending trade related agreements will be operationalized:
1. The ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters.
2. The Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX),
3. The Agreement on Exchange of Information in Tax Matters among ECO Member States.
* The following will be pursued:
1. **ECO Heads of Capital Markets Supervisory Authorities**
2. **ECO Investment Promotion Agencies (IPA's) Forum.**
3. **2nd Meeting of the ECO Heads of Central Banks.**
* Follow up on establishment of Network of Sovereign Wealth/National Development Funds (SW/NDFs) of the ECO Member States.
* Follow up on establishment of Special Economic Zones/Free Trade Zones (SEZs/FTZs) in the ECO region.

**Decision making Forum in the Area:**

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

Ministerial Meeting on Finance/Economy of the ECO Member States.

Meeting of the Heads of Tax Administration of the ECO Member States.

Heads of Investment Promotion Agencies and Heads of Special Economic/Free Trade Zones ofthe ECO Member States.

Heads of Central Banks and Heads of Sovereign Wealth/National Development Funds of the ECO Member States.

Expert Group Meeting on Banking, Finance and ECO Clearing Union.

**Background information:**

1. The **4th Ministerial Meeting on Finance and Economy** was held on 22-23 May 2014 in Astana, Kazakhstan. The Meeting, considering the recent developments of the global economy and the economies of ECO Member States; emphasized the need for strengthening intra ECO cooperation to respond to emerging global and regional challenges. The meeting inter alia, called upon the Member States to hold the 'Meeting of ECO Heads of Capital Markets Supervisory Authorities' and the '2nd Meeting of ECO Heads of Central Banks', and reiterated the importance of setting up ECO-Investment Promotion Agencies (ECO-IPAs) Forum on the pattern of ECO Heads of Trade Promotion Organizations.
2. The **5th Ministerial Meeting on Finance and Economy was virtually hosted by the Tajikistan on May 25, 2021** in coordination with the ECO Secretariat. The meeting featured various ways and means of multifaceted economic and financial cooperation to maximize the utilization of available regional potentials for shouldering the process of socioeconomic recovery in the region during the time of crisis. Among other central issues, the participants considered the following:
* Expansion of membership of the Agreement on Protection and Promotion of Investment (APPI).
* The Meeting also emphasized the follow up on the ECO Vision targets for trade sector and the setting up of ECU.
* The Ministerial Forum also mulled over an ECO Clearing Union to introduce a robust financial system for facilitating smooth intra-regional remittances of trade-related payments.
* Follow up on the networking of SW/NDFs as well as SEZs/FTZs of the Member States.
1. The meeting also adopted 5th ministerial declaration on finance and economy that stresses for the continuity and enlargement of cooperative activities and engagements amongst the Member States to successfully attain the ECO Vision – 2025. The 6th Ministerial Meeting on Finance/Economy was offered by Azerbaijan in physical mode in 2022. The meeting was scheduled on 12-13 Oct 2022 but postponed at the request of Türkiye. The meeting was rescheduled on 24-25th Oct 2022. However, the meeting could not be held due to lack of quorum.
2. Azerbaijan, proposed to hold the 6th ECO Ministerial Meeting on Finance / Economy on 5 September 2023, in Baku, in-person mode, preceded by the Senior Officials Meeting (SOM), on 4 September (Baku, in person). The meeting has been postponed due to lack of quorum. Confirmation of participation/nomination has been received only from Turkmenistan. The Secretariat is pursuing the matter.
* **Agreement on Protection and Promotion of Investment (APPI)**
1. The Agreement on Promotion and Protection of Investment (APPI) among ECO Member States has been signed by five ECO Member States namely, Afghanistan, Azerbaijan, Iran, Pakistan and Türkiye. So far, four ECO Member States namely Afghanistan, Iran, Pakistan and Türkiye have ratified the Agreement. The agreement has come into force in 2022, with ratification of Türkiye. Azerbaijan is the only signatory awaiting ratification. The 33rd RPC requested Azerbaijan to share the latest progress on the ratification status of the APPI. The Secretariat has also been pursuing with Azerbaijan for the ratification during 2032 and other Member States to join the Agreement.
2. It is pertinent to allude to the 24th Meeting of the COM(Antalya, 9th November 2019) agreed to:
3. “Recognize the established role of investment for enhancing trade and fostering economic growth in the region; Emphasize the Member States who have signed the Agreement on Promotion and Protection of Investment (APPI) to complete the ratification procedures for its early effectuation; and Invite Other Member States, to sign and ratify the Agreement to benefit from this vital agreement for promotion of trade and investment in the region;
* **ECO Investment Promotion Agencies (ECO-IPAs) Forum**
1. With the objective of increasing interaction among the Investment Promotion Organizations (IPOs) of the Member States and recalling the decision of the *3rd ECO Ministerial Meeting on Finance and Economy* to set up an ECO Heads of Investment Promotion Agencies (ECO-IPA) Forum, the *First Meeting of ECO Heads of Investment Promotion Agencies (ECO-IPA)* was held on December 26, 2016 in Islamabad. The 27th RPC decided to change the title of the meeting to ECO Investment Promotion Agencies (ECO-IPAs) Forum instead of Heads of ECO Investment Promotion Agencies for the future.
2. The 31st RPC requested Member States to consider hosting the *Second Meeting of ECO Investment Promotion Agencies (ECO-IPAs)* Forum and inform the ECO Secretariat through diplomatic channels. However, the meeting was not held in 2021,2022 and 2023 due to the lack of confirmation/ interest to host the meeting by the Member States, .
3. The Secretariat has been kindly offering Member States to volunteer to host the event. No request to volunteer has been received yet.
4. Iran proposed the Secretariat to initiate some cooperation with UNCTAD regarding ''The Investment Policy Review of the Member States of ECO Region''. Accordingly, the Council recommended the Secretariat to update the investment policy details from all Members before initiating such cooperation work with UNCTAD. Once the ECO Secretariat compiles the details on investment policies of ECO Region, collaboration with UNCTAD could be initiated and pursued. In April 2021, the Secretariat requested Member States to share their investment policy details through a questionnaire, prepared and circulated by the Secretariat. Response has been received from five Member States, namely, Azerbaijan, Iran, Kyrgyz Republic, Pakistan and Turkmenistan. Accordingly, the UNCTAD has been approached to conduct the Investment Policy Review (IPR) of the ECO region in line with the decisions of 31st RPC and 32nd RPC. H.E the S.G ECO has approached H.E the S.G UNCTA and both sides have started collaboration in this regard. A draft Concept Paper and a draft Project were prepared by both sides and exchanged views through a series of meetings to this effect. However, the project entails substantial funds amounting to US 500,000/- , as estimated by UNCTAD and the funding of the project has been the main impediment which is under consideration by both sides.

## e Visa Facilitation in the ECO Region

**ECO Vision 2025 Expected Outcome:**

* ECO Visa Sticker Scheme for businessmen will be operationalized.

**Background Information:**

1. The **Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States** was finalized on 15th March 1995 at Islamabad, Pakistan. The Agreement has been signed by seven (7) countries namely, Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Türkiye and Turkmenistan. The Agreement came into force in 2002. The Agreement has been ratified by five (5) countries. Azerbaijan and Turkmenistan have not ratified the Agreement. It provides for issuance of visa within 72 hours to businessmen upon request accompanied with a letter from concerned Ministry and endorsed by the Ministry of Foreign Affairs.
2. The **Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers of the ECO Member States** was approved by the 18th ECO Council of Ministers (COM) meeting (Tehran, 9th March 2009). The Additional Protocol has been signed by three (3) countries namely, Afghanistan, Iran and Pakistan. It has only been ratified by Pakistan. It will enter into force on ratification by at least five ECO Member States.
3. Moreover, the updated status on ratification of the aforesaid two Agreements has been again requested from the Member States.
4. A draft project document titled ‘Study to Impediment Issuance of 'ECO Business Visa Stickers to the Businessmen of the ECO Region' for greater collaboration between the Business communities in the ECO Region’ was prepared and shared with the Member States in 2017. The Secretariat solicited comments from the Member States on these Agreements, but comments received only from Azerbaijan and Tajikistan. Tajikistan has conveyed that they have visa-free regime for five ECO Member States and from January 25th, 2017 has started simplified procedure for the rest 3 out of total 9 ECO Member States. Azerbaijan has informed that the existing system of visa issuance and facilitation is sufficient to cater the needs of visa facilitation and there is no need for Visa Stickers Scheme.
5. The 31st & 32nd RPC, instructed the Secretariat to pursue the matter to initiate the study on *'Impediments in Issuance of ECO Business Visa Stickers to the Businessmen of the ECO Region for greater collaboration between the Business community in the ECO Region*' on the lines of such schemes in other regions like SAARC etc. The study project was again circulated among the Member States in July 2022 for soliciting their views/comments with special consideration to the demand of business communities in the region, and the need for a legal framework to regulate the scheme. The project needs some input from the Member States on the legal framework, willingness and procedural details to pursue further.
6. During 267th CPR, based on the proposal of Iran the Council tasked the Secretariat may devise a questionnaire on Business Visa Sticker Scheme for Businessmen of the ECO Region and circulate among the Member States to get their input as pursuing the study project will take substantial time. Further, the Secretariat was requested to subsequently host a meeting of the stakeholders, in virtual mode, to discuss the input in the matter. The Secretariat vide NV T&I/Visa Procedures/1344 dated October 2, 2022 requested the ECO-CCI, the original proponent and the end user of the project, to prepare a detailed account of the problems and bottle-necks being faced by the business community in visa issuance and facilitation amid the existing regional collaboration on visa facilitation, with a view to plug the loopholes. The Secretariat vide N.V No. T&I/Visa Procedures/2022/1570 dated November 15, 2022 has also prepared and shared the draft questionnaire with Member States, requesting the Member States and ECO-CCI to share their comments on the questionnaire, status of agreements and provide nominations for the virtual meeting. The reply of Member States and ECO-CCI is awaited. The *1st Meeting of the Stakeholders for issuance of Business Visa Sticker Scheme to the Businessmen in the ECO Region* was scheduled by Secretariat in 12 July 2023 virtually. The nominations were received from Iran and Pakistan. Azerbaijan informed the Secretariat that the country will not participate due to technical issue. The said meeting was postponed due to lack of quorum. The secretariat has rescheduled it to be hosted by the Secretariat on 19th September, 2023. The meeting again was postponed due to lack of quorum. The meeting has been mandated by the CPR to analyze the feasibility of implementation of the Visa Stickers' scheme.
7. Moreover, the Republic of Azerbaijan has informed that the existing system of visa issuance and facilitation is sufficient to cater the needs of visa facilitation and there is no need for Visa Stickers Scheme.
8. The non-signatory Member States have also invited to sign/ratify the said Agreements. The signing/ratification rate of the Agreement and Additional Protocol constitute an impediment against implementation of this expected outcome with the participation of all Member States.

**Secretariat's Recommendations:**

1. Given the importance of these instruments for overall intra-regional trade within ECO, and along with efforts to give impacts to the ECOTA (or any other ECO-wide trade arrangement), the ECO Secretariat and Member States, at least those ratified the Agreement, should adopt necessary steps to operationalize visa sticker scheme. ECO Chamber of Commerce should also play its role. The Council may request:
2. The non-signatory Member States to sign and ratify the *Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States* as well as the *Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers of the ECO Member States*. The signatory parties awaiting ratification may expedite ratification.
3. The Member States (except Azerbaijan, Iran and Tajikistan) and ECO-CCI to share their views/comments on the draft project titled *'Impediments in Issuance of ECO Business Visa Stickers to the Businessmen of the ECO Region for greater collaboration between the Business community in the ECO Region*' and questionnaire shared by the Secretariat.
4. The Member States to share nominations for the stakeholders meeting, in virtual mode, to discuss the input of the Member States on the project.

**Area Conclusion:**

1. The two Agreements i.e. *‘Agreement on Simplification of Visa Procedures for Businessmen in the ECO region’* and the *‘Additional Protocol on Simplification of Visa Procedures for Transit Drivers’* are vital documents of the organization requiring more attention of the esteemed member states.

## f. Trade Facilitation through ECO Clearing Union (ECU)/Regional Payment System

1. The *4th Ministerial Meeting on Finance and Economy* agreed to set up ECO Clearing Union on the lines of the Asian Clearing Union (ACU). It is worth mentioning that the ECO Ministerial Meetings on Finance and Economy formulate policy guidelines for boosting cooperation among the Member States in the areas of finance and economy. Five Ministerial Meetings have been hosted, so far, by Iran, Kazakhstan, Pakistan, Tajikistan and Türkiye. These Meeting have contributed towards creating understanding on issues affecting regional economies and establishing forums like the ECO Heads of Central Banks and ECO, Heads of Tax Administrations. ECO Clearing Union is also one of these initiatives taken by the said Ministerial Meeting. The draft document was circulated among the Member States and so far, only Pakistan and Afghanistan have responded with comments.
2. In line with mandate provided by the 30th RPC, the Secretariat prepared draft ToRs for a study to recommend regulatory framework and road map for setting up the ECU. Accordingly, the Secretariat conducted a feasibility study titled “ECO Regional Payment System Feasibility Study (ERPS)”as a pilot project to explore the feasibility of setting up an ECO Clearing Union. The study recommended setting up a payment system amongst the selected commercial banks of the ECO Member States to ensure transparency, predictability and uniformity in the trade related payment transactions to facilitate trade and reduce costs and time of trade transactions. The study also recommended currency swap Agreements and Transactions through Clearing System to reduce pressure on the Foreign Exchange Reserves. The study report was circulated among the Member States so far only Afghanistan has provided it comments.
3. The Secretariat requested the member states to volunteer hosting of ‘*1st Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union’*. However, the meeting could not be held in 2019 and 2020. The First ‘Experts Group Meeting was virtually hosted by Iran on 11th May 2021. The ECO Secretariat was tasked to:
* Coordinate with the esteemed Member States for holding the Meeting of the Experts Working Group of Central banks to make a decision on the proposal of ECU;
* Designing/drafting a Roadmap and Action Plan for setting up the ECU in line with the agreed timelines by the Experts Working Group; and
* Convene the meeting of Banking Associations of the ECO Member States.
1. The Secretariat has requested Member States to share their nominations from their respective Central Banks to formulate the Working Group and schedule its meeting virtually. In line with the offer during 33rd RPC, the *1st Meeting of Working Group of the Central Banks on ECO Clearing Union (ECU)* was planned to be hosted by the Islamic Republic of Iran on 28 September 2023, in Tehran (in-person mode). However, nominations were received from four Member States in 2022, namely Azerbaijan, Iran, Pakistan and Türkiye. The Secretariat requested re-confirmation of participation of the nominees, however only Pakistan and Türkiye conveyed re-confirmation of participation of their delegates. The Meeting has been postponed due to lack of quorum. In this regard, the Islamic Republic of Iran as the host has been requested to propose fresh dates for the meeting.
	* 1. **Collaboration among the Financial and Regulatory Institutions of the ECO Member States**
2. After the *1st Meeting of ECO Heads of Central Banks* held in Pakistan in 2007, the *2nd Meeting of ECO Heads of Central Banks* has not been held so far. In 31st & 32nd RPCs, no Member States volunteer to host this meeting. The meeting is essential to give direction to initiatives in financial sector or the region,
3. Pakistan offered to host the ‘*1st Meeting of ECO Heads of Capital Markets Supervisory Authorities*’ in 2021 and requested to hold a Preparatory Committee Meeting, virtually to finalize draft agenda for the main event. The *1st Meeting of ECO Heads of Capital Markets Supervisory Authorities*’ was virtually hosted by Pakistan on 29th  August 2022, in line with their offer in the 32nd RPC. The meeting ended with demonstration of readiness of ECO Member States to vehemently follow the required process towards formation of the *Capital Market Supervisory Authorities' Forum* of the *ECO Members*. The meeting decided upon various aspects of collaborations to ensure ease of doing business in the region and attract and promote investment to create trade flows in the region through diversification. Iran volunteered to host the *2nd  Meeting of Capital Market Supervisory Authorities.*
4. In line with the offer Iran offered for hosting *2nd Meeting of ECO Heads of Capital Markets Supervisory Authorities* on June 11-12, 2023 in Tehran in person mode. Iran Vide Note Verbale No. 531/1591070 dated 9 May 2023 shared the Draft Agenda of the meeting and announced that the aforesaid meeting has been rescheduled by the host authorities (Securities & Exchange Organization) on 18-19 June 2023 instead of 11-12 June 2023. Only two Member States shared nominations for the meeting via diplomatic channels i.e. Uzbekistan and Pakistan. So the meeting was postponed due to lack of quorum. In this regard, Iran as the host has been requested to propose fresh dates for the meeting.
	* 1. **Collaboration among Tax Authorities of the ECO Member States**
5. Cooperation in taxation is very important to build traders and investors confidence and appropriate regulations to avoid double taxation are essential to boost trade and investment. In wake of the significance of the area, the First ECO Tax Experts Meeting held on 26-28 May 2014 in Tehran, finalized following three draft documents on tax cooperation:

Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX),

ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters and

Agreement on the Exchange of Information in Tax Matters among ECO Member States.

1. The documents were circulated among the ECO Membership in 2018.The Secretariat re-circulated the three documents in 2021 as the 5th Ministerial Meeting on Economy/Finance encouraged the Member States to sign and implement the three documents on Cooperation in Taxation Matters in the region for transparency and improving ease of doing business in the region.
2. Pakistan offered to host the *‘2nd Meeting of ECO Heads of Tax Administration’* in 2022. The concerned authorities of Pakistan requested to schedule a preliminary consensus on the draft agreements by holding a virtual meeting. The Member States have been requested to confirm their participations. Meanwhile, the views/comments Azerbaijan, Iran, Kazakhstan and Pakistan have been received and Kazakhstan have not expressed their interest in joining the agreements in line with the mandate of the 33rd RPC, the Secretariat hosted the Preliminary Discussion Meeting on August 1, 2023, virtually, under the chairmanship of the Republic of Azerbaijan to review/develop Consensus on Drafts of Three Tax Related Cooperation Agreements. The meeting was attended by the delegations from Azerbaijan (Chair), Iran, Pakistan, Tajikistan, Türkiye, Turkmenistan and Uzbekistan.
3. The Meeting unanimously decided to drop the two documents i.e. ‘Draft ECO Memorandum of Understanding on Cooperation in Taxation and Related Matters’ and ‘Draft Agreement on the Exchange of Information in Tax Matters among ECO Member States’, and accepted to move forward on the only one document titled ‘*Draft Charter of the ECO Tax Administration Cooperation Society (ECOTAX)’.* The Meeting reviewed the text of ‘Draft Charter of the ECO Tax Administration Cooperation Society (ECOTAX)’ Article by Article and also deliberated on the comments of the Member States on the text of the charter in each Article. The Meeting added a new Article # 10 with the title ’Entry into Force’. The Meeting deliberated the draft Agenda prepared by the Secretariat and finalized the Agenda for the ‘2nd Meeting of ECO Heads of Tax Administration’ scheduled to be held in 2023.
4. The Secretariat, requested the Member States to offer for hosting the *2nd Meeting of the ECO Heads of Tax Administration* in a preferred mode but no offer has been made, hence the Secretariat will host it on 6 December 2023 in hybrid mode.
	* 1. **Networking of the Special Economic /Free Trade Zones (SEZs/ FTZs) of the ECO Member States**
5. ECO is a region of half a billion people with abundant resource endowments, Setting-up supply chains and value chains to exploit these latent resources on the basis of comparative advantage and creating Regional Value Chains (RVCs) can ensure socio-economic development o the region and contribute in global development. To tap the potential in this area, during the 30th RPC, Iran offered to host the “*First Meeting of heads of Special Economic/ Free Trade Zone of Member States*’ and the Meeting was hosted by Iran on 7th January 2020 in virtual mode. The *2nd Meeting of the Heads of Free Trade / Special Economic Zones of ECO Member States* was virtually hosted by Afghanistan on August 2, 2021 in virtual mode. These meetings agreed to pursue the establishment of the *Permanent Standing Committee* as well as *Joint Commission* and urged the Member States to expedite their nominations in forming this committee as soon as possible. The comments of the Member States on the request are still awaited..
6. During 31st RPC, and referring to the project titled *'Study on preparation of the guidelines and Joint Action Plan for the establishment of ECO Regional Network of Special Economic Zones/Free Trade Zones (SEZs/FTZs) in the ECO Member States'* the councilrequested the Secretariat to follow-up for conducting the study and share the outcome of the study with the Member States. The Secretariat prepared the ToRs of the study and sought expression of interest from specialist to sign a contract for conducting the study but could not find a suitable specialist. Lately, due to paucity of funds in the relevant head, the study has been delayed for 2024. The secretariat requested the Member States to share the list of experts to conduct the study and Azerbaijan has shred the sad list.
7. Concerning the *3rd Meeting of the Heads of the Free Trade/Special Economic Zones (FT/SEZs) of the ECO Member States*, the Secretariat requested vide N.V No. T&I/COE/2023/458 dated 6.4.2023, to the Member States to offer hosting of the aforesaid meeting in a preferred mode. The following is update on decisions of *1st Meeting of the Heads of SEZs/FTZs:*
8. Nominations for the 'Standing Committee and Joint Commission of the FT/SEZs of the ECO Member States' have been received from Azerbaijan, Iran, Pakistan, Tajikistan and Turkiye. Uzbekistan shared nomination for Standing Committee, only.
9. The views/comments and proposals on the draft TORs to conduct the study on 'Preparation of the guidelines and Action Plan for 'Joint Investment Schemes' and 'Road Map' for the establishment of ECO Regional Network of SEZs/FTZs in the ECO Member States, are still waited.
	* 1. **Networking of the National Development Funds of the ECO Member States**
10. Development of infrastructure is pivotal to attract investment in the region, in order to develop the investment and business conducive infrastructure by financing regional projects the *1st Meeting of the Heads of the National Development Funds of the ECO Member States* was hosted by Iran in virtual mode on 16th December 2020. In the light of decision of the meeting, the Secretariat and the National Development Fund of Iran (NDFI) prepared a draft concept paper and the secretariat circulated among the Member States. While the views/comments are awaited from the Member States, the Secretariat has conducted a small scale study titled, ‘Study on Preparation of the Road Map to Institutionalize a Comprehensive Joint Action Plan among the Sovereign Wealth and National Development Funds (SW/NDFs) of the Member States. Regarding circulation of the draft report of study on "Preparation of the Road Map to Institutionalize a Comprehensive Joint Action Plan among the Sovereign Wealth and National Development Funds (SW/NDFs) of the ECO Member States" and hosting of *2nd Meeting of the Heads of SW/NDFs*, the Secretariat, vide Note Verbale No. &I/NDF/2023/ 776 dated June 8, 2023, circulated the draft report of study (except Output No.4,) among the Member States for soliciting their views/comments to finalize the study. Accordingly, only Iran shared views/comments. The remaining Member States were requested to kindly share their views/comments on the study report. The report will be submitted to the 2nd Meeting of the Heads of SW/NDFs for its decision on the way forward.
11. During 33rd RPC, Iran offered to host the *2nd Meeting of the Heads of Sovereign Wealth/National Development Funds (SW/NDFs)* of the ECO Member States'. Accordingly, Iran has announced to schedule the said meeting on 20 November, 2023, in virtual mode.

## k. ECO Web Portal

1. ECO Trade and Investment Network Web Portal had been developed on the ECO main website. The address is [www.eco.int/trade](http://www.eco.int/trade). It will serve the information needs of investors, business communities as well as trade and investment promotion organizations of the Member States.
2. The ECO Secretariat has shared the request to detailed information about importers and exporters in the ECO Region; So far, the Azerbaijan, Iran, Kazakhstan, Pakistan and Uzbekistan have conveyed the said information to the Secretariat. The information received from the Member States has been placed on the web page ECO Network portal as well as the ECO-CCI and National Chambers of ECO Member States. The Council requested other Member States to impress upon their respective National Chambers of Commerce and Industry to ensure provision of regular information to be included on the ECO Web Portal to promote regional trade through exchange of information. For the ECO Trade and Investment Network Web Portal, the ECO Chambers of Commerce and Industry (ECO-CCI) has a very important role to collate the information from the National Chambers of Commerce and Industry and coordinate with the Secretariat.
3. Moreover, the Secretariat has shared the request with Member States to regularly share updated information about their designated Focal Points in the areas of Trade, Investment, Customs, Trade Facilitation, WTO, Tax, Banking, Capital Markets, E-Trade, Visa focal points, for the ECO web portal. The updated contact details are placed in the section for trade & investment of the ECO-Website for facilitation of traders.
4. The "ECO Trade and Investment Network Web Portal" has been developed on the main ECO Web-Site and the new address is "www.eco.int/trade".
	1. **ECO Investment Conference**
* ECO Investment Conferences for potential investors, manufacturers, exporters and importers are organized for attracting investment in the region. Promoting trade and investment among the ECO Member States was the focus of the 3rd Investment Conference held in Kabul in 2004. These activities have been major steps to promote trade and investment among the ECO member states providing business-to-business interaction and networking opportunities for the private sectors of the region.
* In accordance with the decisions of the 3rd Ministerial Meeting on Finance and Economy held on 21-23 December 2008 in Tehran, Tajikistan was designated as the coordinating country for ECO initiatives on investment. Tajikistan offered to host the 4th ECO Investment Conference but it could not be held.

**Current Status**:

* Pakistan volunteered to host *4th ECO Investment Conference* on 29th September 2022 but it could not be held in 2022. During 33rd RPC the secretariat offered he Member States to host the event but no offer has been received.

**Secretariat’s Recommendations:**

* The Council may request:
1. Azerbaijan/ Member States to share schedule of ‘*6th ECO Ministerial Meeting on Finance /Economy* to be held in 2024 in physical mode (if not held in 2023).
2. Iran to host the ‘2nd Meeting of Heads of Capital Market Supervisory Authorities’ in 2024.
3. Member States to host the ‘2nd Meeting of Heads of ECO Tax Administration.’
4. Member States to volunteer hosting the ‘4th ECO Investment Conference’ in 2023.
5. The Member States to offer hosting the 2nd Meeting of ECO Heads of Central Banks in 2023.
6. The Member States to share views on the recommendations of the study project on ‘Regional Payment System’.
7. The remaining six Member States to expedite nominations from their Central Banks for the Expert Group for decision on ECO Clearing Union and consider hosting the meeting.
8. Iran to host the 2nd Meeting of ECO Heads of Capital Markets Supervisory Authorities in 2024.(if not held in 2022)
9. Member States to volunteer hosting *3rd Meeting of the Heads of SEZs/FTZs of the ECO Member States*.(if not held in 2022)
10. The remaining Member States to share their nominations for the ‘Permanent Standing Committee’ and ‘Joint Commission’ on SEZs/FTZs
11. Member States to provide regular information for the web portal to promote regional trade by exchange of information.
12. Member states may also be requested to convey / update regularly the names of the Focal Points to be placed in section for Trade and Investment in the ECO Web-site.

**Area Conclusion:**

* The 6th Ministerial Meeting on Finance and Economy will discuss, among others, scheduling the forums such as *2nd Meeting of Heads of Central Banks of the ECO* countries, 2nd Experts Group Meeting on Taxation in the ECO Region, ‘2nd Meeting of Capital Market Supervisory Authorities’, 2nd Meeting of Experts of ECO Tax Administration’, ‘4th ECO Investment Conference’ and 2nd Meeting of ECO Heads of Central Banks in 2023 etc. The mandate of the Ministerial Meeting will encourage the Member States to contribute to these initiatives.
* ECO Investment Promotion Organizations Forum and ECO Investment Conference may be held in 2023. These forums may analyse the impact of the ongoing regional initiatives on economic growth at national as well as regional level. The Agreement on Promotion and Protection of Investment (APPI) among ECO Member States has been operationalized. It is expected that it will increase the confidence of the investors, both from within the region and across the globe, with an appropriate regulatory framework for investment in the region.
* The Meetings of the Heads of Special Economic/Free Trade Zones of the ECO Member States” have been held to create a networking of the SEZs/FTZs. The network of SEZs/FTZs in the ECO region may be used as tools to promote value chains for industrial development and attracting investment into the region.
* Likewise, the networking of the Sovereign Wealth/National Development Funds can promote the infrastructure in the region by financing the cross- border projects for creating conditions conducive for investment to create Regional Value Chains (RVCs).

Section-V

Trade Promotion

**Main Topics in this section:**

1. **ECO Trade Promotion Organizations Forum (TPOs Forum)**
2. **ECO Business Forum**
3. **Trade Fairs & Exhibitions**
4. **Private Sectors Participation: ECO Chamber of Commerce & Industry (ECO-CCI).**

**ECO Vision 2025 expected outcome:**

i) ECO Agreement on Joint Promotional Activities will be operationalized:

ii) Regional trade exhibitions and fairs will be organized.

* In the **24thCOM Meeting** (Antalya, 9 November, 2019) (the Antalya Declaration), Member States agreed:

*`… on the significance of the role of private sector in regional development and the need for increased interaction among the businessmen of the region and to this end,*

*[to] instruct ECO Secretariat to include ECO CCI in its work impacting the business community,*

*Encourage Member States to strengthen and support ECO-CCI to enhance its activities for strengthening of private sector activities in the Region."*

## a) ECO Trade Promotion Organizations Forum

**Background:**

* Trade promotional activities, modernization and expansion of export-oriented industries, upgrading product standards /quality, value addition and diversification of exports remain great challenges for ECO countries. One of the effective options to achieve desired targets on exports is to create linkages or strengthen the existing relations between Member States' relevant organizations so that their promotional activities and campaigns are effectively coordinated at the regional level.
* To this end, a new forum titled “Trade Promotion Organizations Forum (TPOF)” was established in 2009 for enhancing trade promotion activities through increased cooperation among Member States.
* The *first meeting of the ECO Heads of Trade Promotion Organizations (ECO-TPOs)* was hosted by the Trade Promotion Organization of Iran (December 2009, Tehran). Subsequently, Azerbaijan hosted the 2nd Heads of ECO-TPOs Meeting (2-3 May 2012, Baku).
* The *2nd Heads of the ECO-TPOs Meeting* suggested several initiatives like organizing specialized trade fairs, buyer/seller meetings on a regular basis with specified and focused the Member States suggested implementing technical assistance and exporting coaching programs for the countries in need, and exchange of information on trade related events, incl. fairs, seminars, exhibitions, road shows, and business forums, etc. The Meeting also decided to meet at least once a year on a regular basis for enhanced coordination.
* The *3rd Meeting of the Heads of Trade Promotion Organizations (ECO-TPOs)* was held in Ankara on 11th May 2016 and the meeting approved, at the expert level, the *‘Protocol of Cooperation on Joint Trade Promotional Activities among the ECO Member States.’* The draft of the agreement was prepared and shared by Türkiye. The ECO Secretariat was mandated to circulate the updated draft amongst the Member States so that they can complete the administrative formalities in their Capitals. The ECO Secretariat circulated the finalized version vide N.V T&I/3rd-ECO-TPOs/ 2016/1340 dated 6-11-2016 for completion of their administrative formalities in the capitals before it was to be placed in the agenda of next COM for approval and opening for signatures. No reponse has been received from the membership, so far.
* Moreover, during 3rd ECO-TPOs meeting, the name of this forum was changed to “ECO Trade Promotion Organizations Forum”. Since then, senior officials from respective Member States can meet regularly and more frequently for organizing any joint trade promotional activities in the ECO region.
* Pakistan offered to organize the next meeting i.e. *4th ECO-TPOs Forum* in March 2018. However, it could not be held due to lack of quorum. Meeting could not be realized since then, and recently, during the 32nd RPC, Pakistan offered hosting 4th ECO-TPOs Forum in 2022. Trade Promotion Organizations Forums (TPOF) could not been held regularly. However, nominations have been received from only Azerbaijan. Nominations from the remaining Member States are pursued.

**Secretariat's Recommendations:**

* The Council may request:

 a) The Member States to share their offer to host 4th ECO-TPOs Forum in 2024;

 b) The Member States to share their updated status of internal administrative formalities on the *Protocol of Cooperation on Joint Trade Promotional Activities among the ECO Member States*.

## b. ECO Business Forums

* ECO Business Forum was proposed as a mechanism for improving interaction among private sectors of Member States. This Forum serves as a useful business platform to explore new venues of expansion of trade among Member States So far four ECO Business Forums have been held. The National Chambers of Commerce and Industry of Pakistan, Türkiye and Turkmenistan hosted three of these important forums.
* It is worth noting that **buyers &sellers meetings** on specialized sectors (*among others, automotive spare parts, and construction materials, etc.*) were also organized as side-line events of these ECO Business Forums.

**4thECO Business Forum:**

* The 4th ECO Business Forum was scheduled for May 2nd, 2011 on the sidelines of 4th ECO Ministerial Meeting of Commerce and Foreign Trade. In order to assist the participation of the business community of the ECO Region, the Secretariat on the request of Afghanistan allocated $50,000 (167th CPR, FGPF). However, the 4th ECO Business Forum was not held in Afghanistan. The Event was scheduled on 16 December, 2015 in Baku, Azerbaijan. Later, the event was rescheduled on 23rd November 2016 but postponed due to lack of participation from private sector. While deliberating the reasons for non-participation, the representative of the ECO-CCI informed the Council that the last ECO Business Forums were funded by ECO Secretariat’s project worth US$ 50,000, which was especially envisaged to hold such events. He informed that if such activities are to be held in future, the ECO Secretariat may earmark US$ 50,000/- as in the past. The Proposal in this regard was prepared by the ECO Secretariat on the basis of the input from the ECO-CCI since 2017 the views/comments from the member states are awaited. The Member States, during the 27th RPC underscored the importance of support of the Secretariat to rope-in the interest of the Business communities in such events and decided that to provide assistance through a special project.
* One the recommendations of the Council, the Secretariat initiated a two-year renewable project titled “Project on Trade Promotion and Strengthening Cooperation amongst the Private Sectors in ECO” worth US$ 50,000/- to be provided by the ECO Secretariat from its own budget. Later, the Project Management Group (PMG) meeting (ECO Secretariat, November, 2019) decided to realize the project for holding Business Forum on the sideline of the 14th ECO Summit, however, the 4th Business Forum could not be held as the host organized the 14th ECO Summit virtually (Türkiye, March 4, 2021).

**Current Status:**

* The 4th Business Forum of the ECO Member States was held in hybrid format (Ashgabat, 26th November 2021) on the sidelines of 15th ECO Summit Meeting. During 32nd RPC, it was considered that Uzbekistan could host the 5th Business Forum and 3rd Trade Fair in 2022. Uzbekistan has scheduled the 5th ECO Business Forum on 8th November 2023 in Tashkent in the framework of the 16th ECO Summit.

**Secretariat’s Recommendations:**

 **The Council may request:**

1. The ECO Member States to share their comments on the project document i.e. *“Trade Promotion and Strengthening Cooperation amongst Public and Private Sectors in the ECO Region”* to take a decision at the CPR for reallocation of US$ 50.000 (as per its status of renewable projects) to implement during 2023. Later in 2017 and 2018 Pakistan announced to schedule it but it could not be held.
2. The Member States to share their offers to host 6th ECO Business Forum in 2024.

## **c. ECO Trade Fair& Exhibitions:**

* Exhibitions and Trade Fairs are one of the most useful tool of marketing, projection of trade, industrial and investment potential of the region. It is instructive to highlight that the Secretariat was on track to gear up the promotional activity after the successful hosting of the *2nd ECO Trade Fair* held in Karachi, Pakistan (July 2008). The Republic of Kazakhstan offered to host the *3rd ECO Trade Fair* in 2009 but it could not be held. Iran to announce the schedule of the 3rd ECO Trade Fair in 2012 and later in 2016 but it could not be held. Afghanistan scheduled the *4th ECO Trade Fair* in August 2021 but it was postponed by the host. Likewise, Iran offered to host the ECO Trade Exhibition namely *“ECO-RAF”* both in 2021 and 2022 but the exact date is yet to be set.

**Secretariat’s Recommendations:**

* The Council may request:
	+ - * 1. The ECO Member States to share their comments on the project document i.e. *“Trade Promotion and Strengthening Cooperation amongst Public and Private Sectors in the ECO Region”* to take a decision at the CPR for reallocation of US$ 50.000 (as per its status of renewable projects) to implement during 2023.
				2. The ECO Member States to offer hosting 3rd ECO Trade.
				3. Iran to consider hosting ECO Trade Exhibition namely *“ECO-RAF”*

## **d) Private Sectors Participation: ECO Chamber of Commerce & Industry(ECO-CCI)**

**ECO Chamber of Commerce & Industry (ECO-CCI):**

* The ECO-CCI is the representative body of the private sector in the ECO region, promoting cooperation among ECO private sectors of the Member States. Private sector has been a key driver in fostering national and regional economic growth and also has played a vibrant and critical role in realizing the potential of regionalism. The business community in the region is represented through their National Chambers, which constitute the Membership of the ECO-CCI. The Presidency of ECO-CCI is rotated for a term of three years. Presently, the Chairmanship of ECO-CCI rests with Iran since March, 2021. The ECO-CCI is headed by the President of ECO-CCI and assisted by the Secretary General ECO-CCI. At present the ECO-CCI does not have any permanent headquarters and its head office is rotated with the rotation of Presidency. The principal forum for ECO-CCI is the Executive Committee and the General Assembly.
* The ECO Secretariat attaches utmost importance to the participation and inputs of ECO-CCI in business, trade and investment in the region. ECO-CCI has been awarded as Observer Status in many of the decisions making forum of the ECO. The Secretariat is pursuing trade facilitations like cooperation in customs and taxation matters, visa facilitations, participation of ECO-CCI in Trade Promotion Organizations etc. to rope-in the business community in all its initiatives.
* It is worth mentioning that the 29th Executive Committee and the 19th General Assembly Meetings were held along with the Sectoral Committee Meetings of ECO-CCI (virtually, Tehran, 7 March 2022).
* The 30th Executive Committee, 20th General Assembly and Meetings of the Specialized Committees of the ECO Chambers of Commerce and Industries, was planned to be held on August 29- 30, 2023 in Iran, the Draft Agenda of the meetings was circulated. The meeting was postponed due to lack of quorum. The meeting has been rescheduled by the ECO CCI on 19-20 November 2023
* The Secretariat facilitated participation of the ECO-CCI in 4th ECO Business Forum in 2021 and involved participation of ECO CCI in the 5th ECO Business Forum on 8th November 2023 in Tashkent. The ECO-CCI has been provided with an opportunity to organize ECO-ASEAN Joint Business Forum and ECO-SAARC Joint Business Forum. The ECO-CCI pursued the ASEAN Secretariat to organize the **ECO-ASEAN Joint Business Forum** in 2017 at Karachi but the event could not be held. In 2017 the ASEAN Secretariat requested for the Master List of traders doing business with ASEAN member states but later there was no headway. Likewise, the ECO-SAARC Joint Business Forum was to be held by the ECO-CCI which has not been held so far. Both the forums are included in the Calendar of Events for the last three years but could not be realized. The 33rd RPC requested ECO CCI to share updates on hosting these forums. The ECO CCI has to share their updates.
* The Secretariat has encouraged to participation of the ECO-CCI in various trade related initiatives for the benefit of getting business community input in all areas for trade liberalization, trade facilitation and trade promotion. In this context, the following inputs has been solicited from the ECO-CCI:
1. Role of Private Sector in implementation of ECOTA;
2. Identification of priority sectors as well as Secretariat’s assistance in facilitating participation of ECO-CCI in trade promotion event;
3. Proposals and views/comments in realizing ECO Business Visa Scheme and visa facilitations.
4. Updates on ECO-ASEAN & ECO-SAARC Joints Business Forums.

**Secretariat's recommendations:**

* The Council may request:
1. Member States to provide their views on the Project on Trade Promotion and Strengthening Cooperation amongst the Private Sectors in ECO.
2. The ECO-CCI to provide inputs requested by the Secretariat on the following:
3. Role of Private Sector in implementation of ECOTA;
4. Identification of priority sectors as well as Secretariat’s assistance in facilitating participation of ECO-CCI in trade promotion event;
5. Proposals and views/comments in realizing ECO Business Visa Scheme and visa facilitations;
6. Update regarding the ECO-ASEAN Joint Business Forum and the ECO-SAARC ‘Joint Business Forum**.’**
* Business Forums, Exhibitions and Trade Fairs are the most important tools of marketing through B2B, B2C Meetings, growth of trade flows, and increased intra-regional trade. An active participation of the ECO-CCI in organizing these activities will help in promoting trade among the business community in the region and foster much-needed regional economic growth. Organizing the 4thECO TPOs Forum during 2023 is expected to contribute in finalization of schedules and others modalities for holding these important events.

# **Section-VI**

# **Regional Institutions/Affiliated Bodies in T&I Sector**

1. **ECO Trade & Development Bank (ETDB) and Trade Finance**
2. **ECO Reinsurance Company**

**ECO Vision 2025 Expected Outcomes:**

* “The role of the ECO Bank will be strengthened in the development of ECO economies. The membership of the Bank will be expanded”;
* “A robust trade financing programme will be launched for enhancing regional trade.”
* **The 15th ECO Summit,** held on 28 November, 2021 in Ashgabat, Turkmenistan, concluded with Ashgabat Consensus for Action incorporated **ECO Trade & Development Bank and Trade Finance** as:

***''Commending*** *the growing interest of Member States to join ECO Trade and Development Bank and;* ***Emphasizing*** *the need for enhanced role of the Bank in supporting and financing ECO projects and programs, including by forging cooperative ties with international development partners'';*

## **ECO TDB**

* The ECO Trade and Development Bank (ECO-TDB) was established on 3 August 2005 with its headquarters located in Istanbul. The Bank started its operations in 2008. The representative offices of the Bank in Tehran (Iran) and Karachi (Pakistan) are fully functional. The current shareholders are now six members of ECO, namely Afghanistan, Azerbaijan, Iran, Kyrgyz Republic, Pakistan and Türkiye.

**Main products of the bank:**

* The primary objective of the Bank is to provide financial resources for projects and programmes in member countries. The Bank offers a range of medium-to-long term products i.e. project finance, corporate finance, trade finance and loans to support small and medium-sized enterprises directly or through financial intermediaries to private and state owned entities. In this context, sectors such as infrastructure, manufacturing, agriculture, energy, transport and communications, which have potential impact on the development of the member states, are given special attention.
* Trade Finance and SMEs Development Programme: Through this network the Bank is offering short and medium-term loans to finance trade transactions and support the financing needs of the Small and Medium Sized Enterprises (SMEs).

**Corporate and Project Finance:**

* The other operations of the Bank are focused on corporate and project financing. The investment needs of corporate firms and public sector entities are catered to by direct lending from the Bank.

**Regional Partnership Forum (RPF):**

* The ECO Trade and Development Bank (ECO-TDB) during the 22nd Meeting of ECO Regional Planning Council held on 9-11 July 2012 in Tehran proposed to establish an ECO Regional Partnership Forum (ERPF) with the aim to support the advancement of partnering process among the relevant stakeholders for sustainable development of ECO Member States and mobilize resources and locate attractive investment and commercial opportunities with the help of all institutional stake holders. The ECO Council of Ministers in its 20th Meeting held on 15 October 2012 in Baku, asked the ECO-TDB to set up the subject Regional Partnership Forum. The Terms of Reference (TOR) for establishing an ECO Regional Partnership Forum (ERPF) has been finalized by the ECO Trade and Development Bank, the ECO Secretariat and ECO Member States. The final version of the aforesaid TORs was conveyed to Member States on October 24, 2016.
* The 31st& 32nd RPC requested ETDB to organize the first ERPF with active coordination of the Secretariat. However, it could not be held and the ETDB has assured its readiness to hold the event once **any ECO Member State offers to host in physical mode.** The Secretariat is pursuing with the Member States to offer to host the event at the earliest.

**Latest Status:**

* On June 23, 2023 the Secretary General ECO, participated in the Annual BOG Meeting of the ETDB and discussed the project financing by the bank. He appreciated the Bank and its management for financing the prioritized Projects to support the monetary needs of the Member States. He shared the initiative taken by the Secretariat to pursue the mandate of 15th ECO Summit for expansion of the membership of the Bank and increase paid-in-capital contribution of the parties. He further encouraged the Bank to contribute in the projects pursued by the Secretariat to meet the targets set in ECO Vision 2025 with participation of international partners like ADB, IsDB, UNIDO etc.
* The President of the Bank acknowledged the significance of cooperation between the organizations with a focus on financing bankable projects for infrastructure development in the ECO region. He highlighted that the ECO region has transited through a difficult time of a severe pandemic and is still whacking to tackle its repercussion

## ECO Reinsurance Company

**ECO Vision 2025 Targets:**

* ECO Reinsurance Company will be operationalized.

**Background:**

* Reinsurance Companies serve as a major mean to growth of national underwriting capacities and thereby promoting trade growth. Pursuant to this aim, the **the Articles of Agreement of ECO Reinsurance Company (ERC)** were signed by three Member States i.e. Iran, Pakistan and Türkiye, on February 10, 2010 and ratified in 2017.
* The company will serve as a regional centre for collection of insurance /reinsurance information and the development of expertise in the field. It would facilitate regional trade, increase commercial activities, improve contacts with international institutions and strengthen the insurance sectors particularly, through capacity building and technical assistance of the insurance organizations.
* All the Contracting Parties have submitted their nominations for the Board of Directors (BOD) and the General Assembly (GA) of ERC. After receiving updated nominations, the ECO Secretariat had circulated the same in January 2023.
* A Consultative Meeting on ERC held on February 6, 2023 in hybrid mode, by the Secretariat. According to the Report of the Consultative Meeting on ERC held on February 6, 2023 in hybrid mode, the Parties accepted the following obligations:
1. The I.R of Pakistan will prepare initial drafts of the regulations for G.A & BoD, the recruitment policy, the financial & service rules etc, and share with relevant stakeholders for input and finalization. Response is awaited.
2. The Secretariat sought approval of the 273rd Council of Permanent Representatives, held on February 27, 2023, which mandated the Secretariat to organize 1st Meeting of the G.A preceded by 1st BoD Meeting of the ERC.
3. The I.R of Pakistan will finalize consultation of State Bank of Pakistan with Central bank of Iran and share details of the modality for transfer of Capital Contribution by parties. The I.R of Iran and Republic of Türkiye, have already expressed their readiness to share Capital Contributions, awaiting modality to transfer their capital contributions. Response is awaited.
4. Republic of Türkiye will share formal request for updating the information to replace the name of the Turkish Catastrophe Insurance Pool, in place of T.C Ziraat Bankasi, as the relevant authority to deal with matters relating to ERC. The Secretariat will circulate the updated information. Response is awaited.
* It is pertinent to mention that the 5th Ministerial Meeting on Finance/Economy emphasized the Contracting Parties to ECO Re-Insurance Company (ERC) to operationalize ERC to compliment the investment conducive environment by building confidence of the traders and investors on the prospects of secure trade in the region and encourage other Member States to join ERC.

**Secretariat's recommendations:**

* The Council may request:
1. ETDB to allocate resources to hold RPF in 2023 once the host is finalized by the 33rd RPC.
2. The Member States to volunteer to host the 1st RPF in physical mode.
3. Remaining Member States to join the Bank.
4. The I.R of Pakistan may be requested to prepare initial drafts of the regulations for G.A & BoD and share with relevant stakeholders for input and finalization.
5. The I.R of Pakistan and Secretariat will coordinate and announce the dates for 1st Meeting of GA & BoD at an early date.
6. Iran and Türkiye to release 100% paid up capital contribution of ERC.
7. Republic of Türkiye may be requested to share the name of relevant authority to deal with matters relating to ERC.
8. Remaining Member States to consider joining ERC to benefit risk free trade and investment in the region.

**Area Conclusion:**

* Expansion of membership of ECO-TDB and augmenting capital of the bank are essential for trade and development of the region. The ERC is expected to multiply the confidence of the investors and traders in the insurance/re-insurance related regulatory frame-work for risk free trade and investment in the region. Contracting Parties may consider this important aspect of trade expansion in the region in the light of ECO Vision 2025.

# Section-VII

# Capacity Building

1. Trade Policy Reviews and Assistance to non-WTO Members for their Accession to WTO.
2. Capacity Building Programs for Trade Facilitation.

## Trade Policy Reviews and Assistance to non-WTO Members for their Accession to WTO

**ECO Vision 2025 Expected Outcome:**

* Non-WTO Member Countries will be assisted in their accession to WTO.

**Background:**

* The 24th Meeting of COM (9 November, 2019 Antalya) agreed to:

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

* The Secretariat initiated activities for identifying the specific needs, coordinated with key organizations of the Member States and solicited support of the regional and international specialized agencies. Regular Trade Policy Review Sessions were planned to assist Member States in their accession to WTO. The activities have so far been hosted by Afghanistan, Iran, Pakistan and Türkiye. So far, six ECO Member States are WTO Members at the same time.
* The 5thSeminar on Trading Patterns in ECO Region was planned to be held in 2018 but the same could not be held so far. The ETDB agreed to allocate resources to hold the event. The ECO Member States, who are members of WTO, have been requested to offer to host these events during 2020, 2021, 2022 and 2023. These Member States, especially Pakistan, agreed to host the events if the Non WTO Members, among ECO countries will specify their needs. The Non WTO Member, ECO countries have been encouraged by the Secretariat to share their capacity building needs in the area. The details for the capacity building needs are awaited from Member States, showing their lack of interest in the seminars.

**Secretariat's Recommendations:**

* The Council may request:
1. The non-WTO ECO Member States to inform the ECO Secretariat, if they are interested, for any assistance in WTO accession, capacity building and Trade Policy Review Sessions.
2. WTO ECO Member States to offer organizing events of which content could be prioritized by non-WTO ECO Members.
3. The esteemed Member States, having ample expertise in the area of Trade Policy Review Mechanism (TPRM) as Members of WTO; are requested to kindly volunteer organize these sessions.
4. The non-WTO Member States are also invited to kindly indicate their training needs for training courses in these areas for further follow-up by the Secretariat.

## b. Capacity Building Programs for Trade Facilitation

**Capacity Building Activities in Customs Matters:**

* The Heads of Customs Administrations the ECO Region recommended to initiate Capacity Building Activities, during 8th Meeting Heads of Customs Administrations (CHCA)(Islamabad, November 2017). Pakistan offered to support the **capacity building activities of Member States on customs** through a set of different trainings at the Customs Training Academy at Karachi which were held.
* In 2018, Türkiye expressed its readiness to share its experiences on the themes such as implementation of common transit convention, e-TIR system, simplified procedures on expedited shipments, customs enforcement measures as well as single window system. Further, Member States were requested to share their training needs and best practices in different thematic areas, and may communicate the proposed set of trainings with the ECO Secretariat which are awaited.
* During the 33rd RPC meeting in January 2023, Türkiye reminded its readiness to organize training courses during on the following subjects:
1. Authorized Economic Operator;
2. Single Window;
3. Implementation of TIR system;
4. Simplified Procedures on Expedited Shipments, and
5. Implementation of Customs Enforcement Matters
* Türkiye's proposals were shared with Member States but no response or interest could have been collected. Subsequently, the Secretariat kindly invited Member States to provide any other project or training needs on April 5th, 2023.
* In response, Iran Customs Administration (IRICA) proposed on April 10th 2023 for Türkiye’s consideration for the organization of following customs training courses:

i. **AUTHORIZED ECONOMIC OPERATORS**:

Defining and compiling the bases of legislation in the field of commerce and customs in the fields of import, export and transit.

* + 1. **RISK MANAGEMENT**:

Defining indicators and increasing the power of analysis in customs decisions.

* + 1. **COMMERCIAL DOCUMENTS**:

Recognition, reading and analysis of commercial documents; such as, buying documents, transport documents, etc.

iv. **PROFESSIONAL PRINCIPLES IN TRANSPORTATION**:

* + 1. Transport covered by TIR and CMR,
		2. Recognizing the rail bill of lading (SMGS and etc),
		3. Inspection of containers and trucks.

v- **SINGLE WINDOW**

vi - **CUSTOMS ENFORCEMENT AND OFFENCES**

* Besides, on May 31st, 2023, Azerbaijan supported Türkiye's training proposals, and suggested additional training topics that could be useful as follows:
1. Turkey's experience on the New Computerized Transit System procedure;
2. Customs control and clearance process for goods transported through Turkey's seaports;
3. Registration of containers during transportation, customs clearance and organization of customs control of containers;
4. Operator courses on the analysis of X-ray images related to cargo vehicles on stationary inspection systems,
5. Customs clearance of goods brought to the free zones,
6. Customs clearance of goods placed under a special customs procedure of internal processing;
7. Procedures & operations on customs control measures at border crossing points, applied to persons crossing the customs border, and their goods & transport means;
8. Customs control and clearance of international mailings, learning the experience regarding e-commerce;
9. Application of info systems in the operation of customs border checkpoints (e.g. e-queue, one window, etc.),
10. Customs control in railway transportation,
11. Transition to digital economy,
12. Opportunities to realize export potential,
13. Türkiye's experience in support measures for R&D, technological production and localization,
14. Monitoring mechanisms of investment projects,
15. Single window and optimization of the number of required authorization documents and issuing procedures;
16. Measures to improve business environment regarding the digital economy.
* Furthermore, during the 9th Meeting of the ECO Council of Heads of Customs Administration (CHCA), (Baku, Azerbaijan, July 20, 2023), Türkiye proposed to organize a workshop, on virtual format, covering the topics of EDI, paperless trade and digital trade, e-commerce and other electronic system in relation to foreign trade and customs procedures, for the purpose of raising awareness within the ECO region. The workshop could be held between the dates of *2nd*and *3rd Meetings of the Working Group of Experts on EDI*.
* The Secretariat notes that common areas clearly exist between training subjects proposed by Türkiye and those supported/proposed by Iran and/or Azerbaijan. The Secretariat wishes to kindly invite Türkiye to provide the Secretariat with a tentative schedule and content of a training program for hosting a relevant event in 2024.
* The Secretariat has been coordinating with the development partners to schedule capacity building activities in priority sectors to meet the targets set in ECO Vision 2025. In this regard the Secretariat has initiated consultations and collaborations with UNIDO, UNCTAD, IsDB, ADB, ETDB, etc. Capacity Building activities are being pursued in the following areas:
1. ECO-UNIDO Trade Capacity Building Project, Phase-IV.
2. ECO-UNCTAD project on Investment Policy Review.
3. Standardization, Metallurgy and
* The details of these projects are included in the project sections.
	1. **Awareness Building-Studies on Trading Patterns in the ECO Region**

**Background:**

* The 1st Study on Trading Patterns in the ECO Region was completed by Pakistan Institute of Development Economics (PIDE), in April 2011. The publication of the Study has been circulated to Member States and also placed in the ECO Web-site.
* The approved allocation of US$50,000 by the Secretariat for the 2nd Phase of Study on "Trading Pattern in the ECO Region" was signed on September 10, 2017 with PIDE. The 1st & 2nd Milestone study report on Trading Pattern in the ECO Region (2nd Phase) has been shared with the Member States. However, no comments have been received from the Member States. The Study report on 3rd milestone is being pursued with the PIDE and Member States have been requested to share their comments on the first and second milestone reports.
* Based on the proposal of the ECO Heads of State/ Government during 15th Summit, the embassy of Uzbekistan shared a proposal to set up a Centre for Trade, Investment and Innovation, vide N.V No. 011/109 dated 20th January 2022. The proposed establishment of a Centre for Trade, Investment, innovation within ECO in cooperation with the UNIDO and UN SPECA, was recommended to be located with its Headquarters in Tashkent city. The Secretariat circulated the proposal to the ECO Member States vide N.V No. POW/15th ECO Summit/2022/79 dated 25th January 2022. The Secretariat requested Uzbekistan to share the detailed ‘Concept Paper’ for circulation among the Member States for soliciting their comments vide N.V No. T&I/Proposals/DPA/85 dated 30th January 2022. The Secretariat followed up for the same from Uzbekistan for sharing the requisite ‘Concept Paper’ vide N.V No. T&I/Proposals/DPA/1010 dated 24th July 2022. The Concept Paper was prepared and shared by Uzbekistan and the Secretariat circulated it among the Member States for views and comments. Comments have been received from Tajikistan, which were circulated among the Member States. Comments are awaited from the remaining Member States.

**Secretariat's recommendations:**

* The Council may:
* Request the Non-WTO Member countries of the ECO to indicate their interest in WTO related Capacity Building Seminars/Workshops as well as Trade Policy Review Sessions.
* Task the Secretariat to pursue collaboration with the developing partners i.e. UNIDO, UNCTAD, IsDB, ADB, ETDB etc. to initiate the Capacity Building activities in the projects listed in the project section.
* The Member States (except Pakistan and Tajikistan) to give their views/comments on the report of the second Phase (1st& 2nd milestone) of the PIDE study.
* Member States, except Pakistan, to share their views/comments on Uzbekistan’s ‘Concept Paper on Centre for Trade, Investment, innovation within ECO’.
* Türkiye to share experiences on the themes such as Implementation of Common Transit Convention, e-TIR System, Simplified Procedures on Expedited Shipments, Customs Enforcement measures as well as Single Window System.

**Area Conclusion:**

* Capacity building of customs officials will facilitate trade in the region and move to higher level of cooperation.
* Projects such as ECO-UNIDO Project for Trade Capacity Building (TCB) of Member States aiming to reducing Non-Tariff measures among member states and will complement ECOTA as it is finalized. In the same manner, ECO Project on Expanding Intra-Regional Trade Project and holding of Business Forum will enhance understanding among the leadership of the region and thereby help in better results for the prosperity in the region.

**Annex I**

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

* In order to promote trade and investment in the ECO region especially through preferential and free trade regime/arrangements, Ministerial Meetings on Commerce/ Foreign Trade serve as one of the key and vital forum which, inter alia, decides about preferential or free trade regimes and ancillary matters. This forum provides directions for enhancing ECO trade cooperation, developing policy guidelines for future developments based on the review of ongoing programs, projects, etc.
* It is significant to evoke the **4th Ministerial Meeting on Commerce and Foreign Trade, which was held on 11-13 July, 2011 in Kabul, Afghanistan.** The following main business and decisions, inter alia, were carried out:
1. Reviewed the ECO initiatives and activities with regard to trade, investment, finance, customs and visa simplification.
2. Underlined the need to ensure expeditious implementation of the relevant Agreements to strengthen the base of cooperation in trade related initiatives among the Member States.
3. Recollecting the decisions of ECO Summits, COM Meetings and Ministerial Meetings and considering the recommendations of other ECO forums regarding ECOTA implementation, the Meeting took note of the delay in implementation of the tariff concession under ECOTA.
4. The Contracting Parties of ECOTA were also entreated to remove trade impediments for its accelerated implementation.
5. The meeting established a working group to prepare and finalize a Multi- Dimensional Regional Trade and Investment Strategy and Action Plan on the prospects of establishing Free Trade Area in the Region.
6. Another working group was set up to finalize draft of ECO Trade Facilitation Agreement.
7. The Meeting also appreciated the offer of the Türkiye to prepare the draft of the “Regional Agreement on Organizing Joint Trade Promotional Activities”.

**ECOTA and ECOTA Cooperation Council Meetings:**

* **ECO Trade Agreement (ECOTA),** preferential trade arrangement, is one of the major initiatives of the organization which broadly covers a host of vital issues including the 8 years trade liberalization programme, NTBs, para-tariffs, transit trade, transport facilitation, WTO accession, Rules of Origin, intellectual property rights (IPR) and dispute settlement mechanism. For implementation of the agreement, the 1st Meeting of the ECOTA Cooperation Council (May 2008, Mersin, Türkiye) decided to effectuate tariff concessions under the Agreement from 1st January, 2009. However, the decision could not be implemented.
* To review the situation, take decisions on day to day matters and define future course of action, the Agreement provides the constitution of ECOTA Cooperation Council comprising the Trade Experts from the Member States to hold their meetings twice a year. **The decision to establish ECOTA Implementation Fund to facilitate provision of technical assistance, coordination of Seminars, Fairs/ Exhibitions and similar promotional program was taken in the 2nd ECOTA Cooperation Council Meeting in 2011.** The 3rd Meeting of the ECOTA Cooperation Council held on 2-3 October, 2012 in Ankara, Türkiye, decided that ECOTA Contracting Parties would submit their Positive, Negative and Sensitive Lists to the ECO Secretariat by 15th November, 2012 and subsequently the implementation of Tariff Concessions among ECOTA Contracting Parties would commence on 1st January 2013. However, the Contracting Parties (except Türkiye) could not submit their ECOTA Lists within the stipulated time. In the same manner, the 4th and 5th Meeting of the ECOTA Cooperation Council were held in Tehran and Islamabad on April 23, 2013 and April 2-3, 2014 respectively. However, Iran and Tajikistan again could not fulfill their commitments on submission their ECOTA Lists made during these Meetings. The ratification of Annexes by Tajikistan was also awaited.
* It is imperative to underscore that progress remained stalled on tariff implementation of ECOTA. As core decisions of the 5th Meeting of the Cooperation Council could not be executed by the Contracting Parties, the 25th RPC in March 2015 again requested Iran and Tajikistan to complete all legal and procedural requirements including submission of Product Lists and ratification of the Annexes to ECOTA before the 6th Meeting of ECOTA Cooperation Council, in order to have fruitful deliberations and pave the way for the start of implementation of the Agreement. Likewise, the 6th Meeting of the ECOTA Cooperation Council was held on 15-16 June, 2015 in Ankara so as to register a forward movement on exchange of ECOTA Lists and implementation of tariff concession, but no progress was made on this count.
* In July 2018, the Tajikistan conveyed that ECOTA remains non-functional despite the passage of seventeen (17) years and seven meetings of the ECOTA Cooperation Council. It proposed that ECOTA might be reconsidered to find ways to improve it in order to implement it efficiently and provide for maximal productivity for each signatory state. This proposal was circulated to seek views and comments of the Contracting Parties. In response, in August, 2018, the Pakistan supported the proposal of the Tajikistan and informed that ECOTA in its current form cannot be implemented. The Pakistan further requested that their views and comments may be taken into account while reconsidering/amending ECOTA. Views/comments of the Contracting Parties are summarized in the succeeding para under **ECOTA facts**.
* The **8th ECOTA Cooperation Council (18-19 August, 2019, the ECO Secretariat)** discussed Tajikistan's proposal to reconsider ECOTA and solicited views of other Contracting Parties. The Council further discussed the `Way out for Implementation of ECOTA` considering the proposals from the Contracting parties for its amendment and announcement of new date for the Effectuation of Tariff Concessions under ECOTA.
* In the light of views of the Contracting Parties, it is ascertainable that three Contracting Parties i.e. Iran, Pakistan and Tajikistan are manifestly interested in reconsidering ECOTA, the Secretariat approached the focal point informally to hold the Working Group meeting on ECOTA to discuss comments/views of the Contracting Parties on Sectoral Approach before holding the 9th Meeting of the ECOTA Cooperation Council however, due to the COVID -19 outbreaks, the meeting was not convened in 2020.
* The **15th ECO Summit,** the apex decision making body of the organization, held on 28 November, 2021 in Ashgabat, Turkmenistan, concluded with Ashgabat Consensus for Action incorporating trade regime/**ECOTA** in the following words:

***"Acknowledging*** *the key importance of the implementation of ECO Trade Agreement (ECOTA) in achieving strategic objectives of ECO Vision 2025, including doubling intra-regional trade and increasing share in the global trade;"*

***"Reiterating*** *the joint commitment to establish a free trade area in the ECO Region to ensure maximum intra-regional trade as an instrument of enhanced economic recovery, development, and growth in the Region;"*

* **Likewise** the Ashgabat Declaration incorporating trade regime/ECOTA in the following words and therein esteemed Member States agreed to:

***"Para-3 Decide*** *to increase the low intra-regional trade and increase our region’s contribution in overall global trade by harnessing trade potential of the ECO region to achieve sustainable economic growth as stipulated in the ECO Vision 2025 through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements and;* ***Task*** *hereby our relevant authorities to expedite removal of unnecessary technical and operational barriers, including due to the COVID-19 to effectuate these arrangements and to start trade negotiations with involvement of Member States in a position to do so for an ECO Free Trade Area;"*

**ECOTA Facts**

**Introduction**

1. Background.
2. Pending Requirements of Contracting Parties.
3. Legal Status.
4. Decisions of Various Fora.
5. Various proposals for Implementation of ECOTA with a Chronology of Events.
6. Scenarios for Implementation of ECOTA.
7. Way Forward.
8. **Background**
* ECO Trade Agreement (ECOTA) - the flagship preferential trade agreement of the organization, was signed by five Member States namely, Islamic Republic of Afghanistan, Islamic Republic of Iran, Islamic Republic of Pakistan, Republic of Tajikistan and Republic of Turkey- during the 2nd ECO Ministerial Meeting on Commerce and Foreign Trade held in Islamabad, in July' 2003 and was ratified by these five signatories/member states from 2004 to 2008. These five ECO Member States are 'the Contracting Parties to the Agreement' whilst the other ECO Member States have observer status.
* ‘As per Article 39 of the Agreement, it shall l enter into force on the thirtieth day after the date of receipt by the depository of the instrument of ratification, acceptance, or approval by five governments of the Contracting Parties'
* It entered into force on March 24, 2008 after ratification of the fifth signatory, Islamic Republic of Iran. Since the Agreement entered into force, the meetings of the ECOTA Cooperation Council, which is formed under the Agreement, were held. The 1st meeting of the ECOTA Cooperation Council (the implementing body for ECOTA under Article 29) was held on May 21-23, 2008 in Republic of Turkey whereas the last, the 8th ECOTA Cooperation Council Meeting was held in the ECO Secretariat on 18-19 August, 2019 under the chairmanship of the Islamic Republic of Pakistan, which also is the coordinating country for ECOTA.

i. **Principles of the Agreement**

* The governing principles of ECOTA are ' principle of overall reciprocity and mutuality of advantages to benefit all contracting parties equitably taking into account their respective Levels of economic and industrial development, the pattern of their external trade, trade and tariff policies, systems.

ii. **Objectives of the Agreement**

* The objectives of the Agreement are to foster, support, and boost regional trade based on common principles, and to reinforce economic cooperation among the ECO Member States through the elimination of non-tariff barriers, reduction of tariffs, and exchange of concessions in following areas:
* To promote through the expansion of trade the harmonious development of

 the economic relations among the Contracting Parties;

* To provide fair conditions of competition for trade among the Contracting Parties;
* To contribute in this way to intra-regional trade, to the smooth flow of commodities and the expansion of world trade; and
* ECOTA is aimed at promoting liberalization of trade and commerce in the region, consistent with WTO and other multilateral organizations and directly involving individual ECO Member States for the socio-economic development of the region. It is comprehensive in terms of commodity coverage, and the concessions are to be effectuated/operationalized gradually in 8 annual stages over an eight-year period, except in case of I.R Afghanistan for which the period is fifteen years but the stages of gradual reduction are eight. It will scale down tariffs to a maximum of 15 percent on 80 percent of the goods traded, excluding the 19 percent goods on negative list and 1 percent on sensitive list. ECOTA comprehensively covers a host of other vital issues such as Non-Tariff Barriers(NTBs), Para-tariffs, Non Discrimination through National Treatment clause, General exceptions. trade defensive provisions, transit trade, transport facilitation, WTO accession, Rules of Origin, intellectual property rights (IPR) and dispute settlement mechanism.
* The agreement is designed to play instrumental role in enhancing intra-regional trade bearing in mind the aims and objectives of ECO as laid down in its Charter, the Treaty of Izmir; nevertheless, the effectuation/operationalization of the concessions under ECOTA would start upon completion of procedural and legal requirements which are underway.
1. **Pending Requirements of Contracting Parties**
* Following are the pending requirements for implementation of ECOTA.
1. The Islamic Republic of Iran has **ratified the Agreement and Annexes** but has not provided any of the requisite product lists.
2. The Republic of Tajikistan has so far **not ratified the Annexes** to the Agreement, which were developed after the ratification of the Agreement and has not provided two of the three product lists.

**Status of Procedural Requirements/Product Lists**

|  |  |  |
| --- | --- | --- |
| **S. No.**  | **Contracting Parties** | **Status on Requirements** |
| **Signed** | **Ratified Annexes** | **Positive, Negative & Sensitive**  **Product lists** |
| 1. | Islamic Republic of Afghanistan  | Yes | Yes |  Provided all |
| 2. | Islamic Republic of Iran | Yes | Yes | Not provided |
| 3. | Islamic Republic of Pakistan | Yes | Yes | Provided all |
| 4. | Republic of Tajikistan  | Yes | No | Provided only sensitive list |
| 5. | Republic of Turkey | Yes | Yes | Provided all |

* The Islamic Republic of Afghanistan, Islamic Republic of Pakistan, and Republic of Turkey have fulfilled all formalities relating to effectuation/operationalization of the concessions that is signing and ratification of the Agreement along with its Annexes and provision of the Product lists.
* The Republic of Tajikistan has so far not ratified the annexes to the Agreement, which were developed after the ratification of the Agreement and has not provided two of the three product lists. The Islamic Republic of Iran is yet to provide the three product lists i.e. positive, negative and sensitive lists.
* Thus, ECOTA, despite the entry into force, has not yet been implemented on the ground due to non-fulfillment of procedural formalities, such as provision of product lists by some of the contracting parties, which are required to this end.
* Eight (08) Meetings of the ECOTA Cooperation Council deliberated in depth the ways and means to implement the agreement and the Council called upon the Contracting Parties to complete the procedural formalities; however, no meaningful progress could be made for effectuation of tariff concessions.
1. **Legal Status**
* The Economic Cooperation Organization Trade Agreement has entered into force in 2008 as per Article 39 of the agreement, however its implementation on the ground, requires fulfillment of the procedures provided for in the agreement related to the Products Lists and annexes.
1. **Decisions of Various Fora**
* **Decisions of Various Fora for Implementation for ECOTA since 2015**
* ECOTA Cooperation Council Meetings
* Council of Minister (COM)
* Deliberations of RPC Meetings
* Major Agenda of Bilateral and Multilateral Meetings
* Summary of Position of the Contracting Parties in Post-2015 and Possible Solutions
* Contracting Parties' Possible Concerns
* Secretariat’s Proposal
* Possible Changes in Parameters
1. **Various proposals for Implementation of ECOTA with a Chronology of Events.**

**Year 2015**

* In November 2015, the Islamic Republic of Iran propounded a new proposal titled "Proposal on Expedited Implementation of the ECO Trade Agreement (ECOTA)" through Communication (NV No. 651/3816638 dated 15 November 2015); the relevant excerpt is reproduced hereunder for ready reference:

"In light of the fundamental changes made in the trade regimes of the ECOTA Contracting Parties in the decade following the signing of the Agreement, and in order to fully attain the Agreement's objectives, especially paving the ground for a fair trade competition among the Contracting Parties and boosting the regional trade; it is proposed that the tariff reduction approach be revised and adjusted to the new realities of the Contracting Parties' tariff structures. Therefore, in line with Article 38 and in view of the principles and objectives enshrined in Article 2 of the Agreement, the I. R. Iran would like to propose the following two-track approach:

A. **Track One**: Carrying out negotiations on an expedited basis regarding the finalization of all Positive, Negative and Sensitive goods lists adopting a "Request -Offer" approach.

B. **Track Two**: In parallel with the above, exploring ways and means towards making amendments to the existing tariff reduction formula stipulated in Article 4.4(d) in such a way that each designated tariff band included in the finalized Positive Lists would be reduced by an agreed percentage amount. (rather than reducing all tariff rates in the positive list to 15%). This would expand opportunities to include a broader range of tariff lines into Positive lists."

**The 26th Meeting of RPC (December 2015)**

* **Para 16:** Noting the importance of completing all legal and procedural requirements for implementation of ECOTA, the Council requested the Islamic Republic of Iran and the Republic of Tajikistan to complete all legal and procedural requirements including submission of Concession Product Lists and ratification of the Annexes to ECOTA to pave the way towards effective implementation of the Agreement. The Republic of Turkey expressed its desire to provide technical cooperation to the Republic of Tajikistan in case of technical difficulties.

**Para 17:** The Council took note of the Islamic Republic of Iran’s new proposal on implementation of ECOTA, which has already been circulated among the Member States by the Secretariat. The Islamic Republic of Pakistan was of the view that Iran's new proposal circulated by the Secretariat, may have the effect of amending the ECOTA.

 **Para 18:** The Council called on the non-signatory interested Member States to join the ECOTA to fully harness the regional trade potential and enable their business communities to reap the benefits of preferential market access in the region so as to expand intra-regional trade to the desired level.

 **Para 19:** The Republic of Turkey highlighted the importance of fulfilling legal and procedural requirements for effective implementation of ECOTA in order to have fruitful deliberations.

 **Para 20:** The Council welcomed the offer of the Islamic Republic of Iran to hold the 7th Meeting of ECOTA Cooperation Council in 1st half of 2016 and requested to announce exact dates, venue and hospitality details of the meeting at the earliest convenience. The Council also requested the Contracting Parties of ECOTA to confirm their active participation in the meeting for effective implementation of the Agreement.

**Year 2016**

**Afghanistan Views on the Iranian Proposal**

* In January 2016, Islamic Republic of Afghanistan 'consented to the views and proposal of the Islamic Republic of Iran on ' Expedited Implementation of ECOTA' through Communication (NV1963 dated 3 January, 2016)

**The 27th Meeting of the RPC (December 2016)**

* Noting the importance of completing all legal and procedural requirements for implementation of ECOTA, the Council requested the Islamic Republic of Iran and the Republic of Tajikistan to complete all legal and procedural requirements including submission of Product Lists and ratification of the Annexes to ECOTA before the 7th Meeting of ECOTA Cooperation Council to be held on 23-24 January, 2017 to pave the way towards effective implementation of the Agreement, the Republic of Turkey expressed their desire to provide technical cooperation to the Republic of Tajikistan in case of technical difficulties.
* The Council took note of the Islamic Republic of Iran’s new proposal on implementation of ECOTA, which had already been circulated among the Member States by the ECO Secretariat. The Islamic Republic of Iran reiterated its proposal to amend ECOTA. The proposal circulated by the Islamic Republic of Iran would be discussed in the forthcoming meeting of the ECOTA Cooperation Council.
* The Council requested the non-signatory interested Member States to join the ECOTA to fully harness the regional trade potential and enable their business communities to reap the benefits of preferential market access in the region so as to expand intra-regional trade to the desired level. The Council proposed that the non-signatory Member States can attend the ECOTA Cooperation Council Meetings as observers (as per ECOTA Cooperation Council Rules) to orient themselves with the expediency of the preferential trading arrangements under the title of ECOTA.
* The Republic of Turkey underlined the importance of implementation of ECOTA in order to benefit the ECO region, where intra-regional trade is far below its potential. It also took note of the Islamic Republic of Iran’s new proposal on implementation of ECOTA, which had already been circulated among the Member States by the ECO Secretariat. The Islamic Republic of Iran reiterated its proposal to amend ECOTA.

**Year 2017**

**7th (Extra-Ordinary) Meeting of ECOTA Cooperation Council: Iranian Proposal Explained**

* In the 7th (Extra-Ordinary) Meeting of ECOTA Cooperation Council held on 23-24 January, 2017 at ECO Secretariat, all Contracting Parties (except the Republic of Tajikistan) attended and the Iranian Proposal on ECOTA, amongst others, was discussed under item No.7 titled “Review of the Iranian Proposal on ECOTA” which is reproduced below [from the Report of 7th (Extra-Ordinary) Meeting of ECOTA Cooperation Council] for ready reference and appreciation of the proposal:

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

*While explaining Afghanistan's position on this issue, the delegate underlined that unilaterally sharing the product lists will not be fair and against the spirit of level playing field to all the contracting parties of the agreement. The delegate from Afghanistan indicated that Afghanistan would be ready to share its product lists if Iran does the same. The delegate from Pakistan submitted that Pakistan is ready to share its tariff concession lists with the Islamic Republic of Iran provided Iran also submit its concession lists to the Secretariat and share it with Pakistan.*

*The Turkish delegate further stated that the lists already provided to the ECO secretariat are final and not negotiable. The delegate further stated that the lists may be shared when Iran also shares the final product/ concession lists. In short, the delegations from Afghanistan, Pakistan and Turkey took the stance that the product lists may be exchanged simultaneously but the lists thus provided would be non-negotiable.*

***Take Away of the Meeting***

*In the light of extensive deliberations, Iran was requested to provide the product concession lists as committed in the previous ECOTA Cooperation Council Meeting to move forward."*

* As there was no headway/breakthrough in the 7th ECOTA Cooperation Council Meeting, two options were considered to proceed in the matter under reference.
* **Option-1**: To wait for the member states to complete all formalities and effectuate the agreement which may take years**.**
* **Option-2:** To start the effectuation of the Agreement with the member states which have already completed all the formalities (the Islamic Republic of Afghanistan, the Islamic Republic of Pakistan, and the Republic of Turkey) as provided in Article 39(2) of ECO Trade Agreement. Other contracting parties may join later and benefit from this tariff reduction arrangement**.**

**22nd COM/ 13th ECO Summit Meetings**

* This issue was once again discussed at length in the SOM and 22nd COM held on 26-28 February 2017 in Islamabad under the proposed following annotated agenda:

**"Despite passage of 17 years and seven ECOTA Council meetings, ECOTA the raison d'être for ECO, remains non-effectuated (non-operational). There is a deadlock since 2015. The passage of 17 years justifies an alternative incremental approach and the ECO Secretariat now proposes that Contracting Parties, which are willing, may start effectuating ECOTA concessional tariff among themselves, in line with Article 39(2) of ECOTA. The remaining Contracting Parties may join at a later stage when they are ready, after analyzing the Product Lists, since these will become public (a key demand of Islamic Republic of Iran conveyed in the 7th ECOTA Council meeting)."**

* Based on discussion/deliberations in these meetings, the 22nd COM on 28 February, 2017 decided“...to urge the CPR and the Secretariat to keep up the efforts to operationalize the ECOTA’. The Council also".... invited the remaining Member States to accede to ECOTA to pave the way for economic integration of the region, as envisaged in the ‘Treaty of Izmir’."
* The Islamabad Declaration, adopted at the13th ECO Summit Meeting, affirmed among other things, that the Member States agreed to " Work to double the current level of intra-ECO trade within the next 3-5 years, including through implementation of ECO Trade Agreement (ECOTA) and other ECO trade-related arrangements; as well as identification and elimination of physical and non-physical barriers to this end."

**The 28th Meeting of the RPC (December 2017)**

* The Secretariat informed the Council that **ECO Trade Agreement (ECOTA)**, despite being in force, has not been operationalized despite passage of many years. The Council was informed that it is obligatory to hold at least two meetings of the ECOTA Cooperation Council in a year. The 7th (Extra-Ordinary) Meeting of the ECOTA Cooperation Council was held on 23-24 January, 2017. The Secretariat informed that during the discussion on the Iranian proposal to fast-track implementation of ECOTA, the Islamic Republic of Iran informed that it can finalize its Positive, Negative and Sensitive Lists after evaluating the concessions which are to be made by other Contracting Parties. The meeting remained inconclusive.
* The Council acknowledged the Secretariat for holding the 7th (Extra-Ordinary) Meeting of the ECOTA Cooperation Council. The Council requested the Contracting Parties of the Agreement to volunteer to host the 8th Meeting of ECOTA Cooperation Council in 2018. The Council also requested that the Contracting Parties should strive to find a way to operationalize the Agreement. The Islamic Republic of Pakistan supported the proposal made by Islamic Republic of Iran to the extent of exchange of lists on Request-Offer basis. The Republic of Turkey termed the Iranian proposal as a new interpretation of the modalities. The Republic of Turkey was of the view that this proposal was not covered by the modalities of the ECOTA, and from legal point of view it tantamount to amendment of modalities. The Republic of Tajikistan informed that the tariffs of his country are already lower than those required by ECOTA. The Council requested the Republic of Tajikistan to convey its offer in writing to the ECO Secretariat. The Republic of Turkey was of the view that despite being member of WTO it will be beneficial for the Republic of Tajikistan if they are a member of regional trading arrangement in order to obtain market access opportunities. The Islamic Republic of Iran proposed that the option of holding the next meeting of ECOTA Cooperation Council on the sidelines of 5th Ministerial Meeting of Commerce and Foreign Trade may also be considered."

**Year 2018**

**23rd COM Meeting(April, 2018)**

* The matter was again taken up in the **23rdMeeting of the Council of Ministers (COM),** held on 17 April, 2018 in the Republic of Tajikistan and paragraphs 4 and 25 of the **Dushanbe Communiqué** are reproduced below:

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

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

**Tajikistan's Proposal to Reconsider ECOTA (July 2018)**

* Few months later, the Republic of Tajikistan informed that ECOTA remained non-functional despite passage of more than 15 years and therefore proposed that ECOTA may be reconsidered to make it efficient and productive for all Contracting Parties. This proposal was circulated amongst all the Contracting Parties.

**Pakistan' Support of the Tajikistan Proposal (August 2018)**

* In response to the above, the Islamic Republic of Pakistan requested, in August 2018, that the following views and comments be taken into account while reconsidering/amending ECOTA:
* ”The ECO Countries’ economies of different sizes which are at various stages of development. When ECOTA was signed, this fact was somehow ignored and special arrangements were formulated only for Afghanistan not for other smaller economies.
* During the negotiations for concluding ECOTA, the standard Request-Offer Approach was not adopted. **Every Contracting Party was free to choose the products for giving concessions and this exercise was shrouded in secrecy. This is against the spirit of fair negotiations and fifteen (15) years after the signing of ECOTA this issue has become one of the main points of contention**.
* The Tariff Liberalization Modality of ECOTA has proven to be flawed. It requires the tariffs of the Contracting Parties to be decreased to an absolute value of 15% *(instead of reductions by percentages)*. In ECO’s context, this is not practical because some countries have very high tariffs while others have very low tariffs**.** So, if implemented in its current form, some countries will be required to reduce tariffs more while others will be reducing much less. In effect, this would result in provision of unilateral tariff concessions by the countries with higher tariffs to countries with lower tariffs.
* Experience has shown that ECOTA Council is very weak. It would be better if the actual tariff reductions and timelines are decided in ECOTA Council with consensus and ECOTA Council is given the power to make amendments to trade liberalization modalities and text of the agreement without having to refer these every time for ratification by member countries."

**The 29th Meeting of the RPC (December 2018)**

* The Council has recommended ECOTA Cooperation Council to convene and consider the technical and practical issues concerning the operationalization of ECOTA. The Council also recommended that other ECO Member States that are not party to the ECOTA could be invited to ECOTA Cooperation Council Meetings as observers. The Council also took note of the concerns raised by the Member Countries regarding ECOTA and referred the matter to the ECOTA Cooperation Council.

**Year 2019**

**8th Meeting of ECOTA Cooperation Council: Tajikistan Proposal Discussed**

* In the 8th Meeting of ECOTA Cooperation Council held on August 18-19, 2019 at ECO Secretariat, all Contracting Parties attended and the Tajikistan Proposal on ECOTA, amongst others, was discussed under item No.7 titled “**Deliberations on various proposals on implementation of ECOTA and Contracting parties positions**:” along with Pakistan’s views and comments on Tajikistan’s proposal which is reproduced hereunder [from the Report of 8th Meeting of ECOTA Cooperation Council] for ready reference:

***“Agenda Item No.7 Deliberations on various proposals on implementation of ECOTA and Contracting parties’ positions:***

*12. The delegate from the Republic of Tajikistan was requested to explain their proposal circulated in July 2018.* The delegate underlined that ECOTA in its current form cannot be implemented and requested to revise and amend ECOTA. He further stated that there were inherent weaknesses in the ECOTA which resulted in its non-implementation and added that *no additional Contracting Party in last over 15 years has been attracted to the Agreement as the five Contracting Parties could not implement it.*

*13. The representative of Islamic Republic of Pakistan while explaining the views circulated in August'2018 stated that Islamic Republic of Iran and Republic of Tajikistan had expressed their concerns over implementation of ECOTA in its existing state, especially with the current modalities. She highlighted some amendment parameters such as incorporating Margin of Preferences approach instead of reduction by percentage, as in (ASEAN Free Trade Area (AFTA), for pragmatism perspective in addressing the concerns of some of the Contracting Parties, prolongation in period of implementation, applying Request-Offer principle, making of lists from HS-6 level to HS-8 level allowing more precise items for tariff concessions, empowering ECOTA Cooperation Council for expeditious and efficacious decision making, etc.*

*14. Recalling the directions of the 13th Summit Meeting, 22nd and 23rd COM Meetings, the Secretariat informed that in pursuance thereof, there is an urgent need to find early solution for early implementation of ECOTA. As Secretary General of ECO highlighted in his inaugural statement, an agreeable solution for all Contracting Parties of ECOTA through an innovative approach or upgrading its mechanism without further loss of time in the light of the comments / observations of Contracting Parties such as Republic of Tajikistan (2018), Islamic Republic of Pakistan (2018) and Islamic Republic of Iran (2015), Islamic Republic of Afghanistan (2016) is imperative.*

*15. During intensive deliberations for exploring a solution to deadlock in the implementation of ECOTA, two core questions emerged; whether ECOTA be implemented in the original form or it needs to be reviewed/upgraded to move forward.*

*16. The Islamic Republic of Iran, the Islamic Republic of Pakistan, and the Republic of Tajikistan, opined that it needs to be reconsidered, as it is not benefitting all the Contracting Parties in a balanced and fair way and the environment in which it was signed/ratified has substantially changed. Likewise, the Iranian delegation explained that this Agreement does not promise mutual and fair benefits. The Republic of Turkey reiterated its previous position i.e. implementation of ECOTA in its original state which was supported by the Islamic Republic of Afghanistan.*

*17. The other core issue discussed, was how to implement ECOTA, whether under Article 39 (1) of ECO Trade Agreement suggesting that all existing five parties may start implementation in the current form or Article 39 (2) providing to start the implementation who have agreed to the agreement. The Council noted that five contracting parties are not ready to reach point of convergence despite many bilateral and multilateral meetings/contacts and initiatives spanned over years; hence implementation under Article 39(1) does not appear in sight. Other option was to start implementation under Article 39(2) by the parties which have fully agreed to ECOTA and completed all legal and procedural requirements i.e. Islamic Republic of Afghanistan, Islamic Republic of Pakistan and Republic of Turkey may start its implementation while two other Contracting Parties may join at a later stage. The Islamic**Republic of Afghanistan and the Islamic Republic of Pakistan opposed this viewpoint and considered it against the spirit of ECO****.*** *Another query was whether the Agreement can be amended under Article 38 of ECOTA before its implementation or after it. The Islamic Republic of Iran was of the view that it can be amended before its implementation. The Republic of Turkey stressed that any amendments to be made should be ratified/approved/accepted by the respective Member States.*

*18. The Secretariat also shared with Member States a proposal regarding sectoral approach for considering the application of the tariff reduction regime/modalities on few specific sectors, which one may be major sector at HS-2 level or sub-sectors of two major sectors at HS-4 level, in the first stage, where contracting parties may consider trade more beneficial for their national economies. It was further suggested that in the meantime, more pragmatic solutions may be explored, which are acceptable to all the contracting parties. For illustration and convenience of the contracting parties, ECO Secretariat identified major sectors and sub-sectors constituting their exports, and a reflection of the contracting parties’ comparative advantage in these sectors/areas.*

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

***Way out for Implementation of ECOTA considering the proposals from the Contracting parties for its amendment and announcement of new date for the Effectuation of Tariff Concessions under ECOTA***

*20. The delegate of Republic of Turkey invited Contracting Parties to be in line with the spirit of the Agreement. The Turkish delegate further explained his country’s position in detail and asserted its previous position for the implementation of ECOTA in its original form. After discussions, the delegate of the Republic of Turkey refused to make any amendments in the current form of the ECOTA. Nevertheless, in order to break the deadlock, in the spirit of accommodation and collective gains for the entire region, he agreed to consider amending ECOTA as a new Agreement. The Republic of Turkey offered to prepare the draft of the new Agreement on behalf of Signatory States. He also mentioned that the draft to be prepared for the new Agreement should be incorporating the views and proposals of the existing Contracting Parties. The delegate of Republic of Turkey also stressed that amending some modalities and principles of ECOTA can cause a new process which may be longer than establishing a new Agreement.*

*21. The Islamic Republic of Iran considered that drafting a new Agreement is an early action and held the view that any decision regarding drafting a new Agreement shall depend on receiving relevant information, comments and views.*

*22. The Council agreed to discuss the pending issues in the next meeting regarding the Member States views in this report. The Council requested the Member States to share their views and priorities regarding ECOTA with the ECO Secretariat in three months. The views and proposals of the Member States will be discussed in the 9thECOTA Cooperation Council meeting.*

*23. The Secretariat opined that focal points for all of the economies may be appointed for speedy implementation of ECOTA to which Council agreed. The Council decided to hold meetings on more regular basis so as to remove the impediments coming in the way of implementation of ECOTA.”*

* As there was no headway/breakthrough in the 8th ECOTA Cooperation Council Meeting, the Secretariat requested officially the views and priorities of the Contracting Parties on operationalization of the ECOTA via No: T&I/8thECOTA-CCM/2019/2019/984 dated 6/11/2019 for compilation and onward transmission among the parties to proceed for the effectuation of the agreement.

**24th COM Meeting (November, 2019)**

* The matter was again taken up in the **24thMeeting of the Council of Ministers (COM),** on November 9, 2019 in the Antalya city of the Republic of Turkey and paragraphs 20 and 26 of the report of the 24th Meeting of the ECO Council of Ministers (COM) are reproduced below:

*The Council appreciated the efforts of the ECOTA Cooperation Council for the implementation of ECOTA, especially the endeavours made at its 8th Meeting to find a way forward. In this context, the Council urged contracting parties to convene the meetings of the Cooperation Council as provided for in the agreement, at least two times per year and instruct the Secretariat to take necessary measures to this end.*

*The Council urged ECOTA Cooperation Council to evaluate and find ways and means available to them to operationalize ECOTA.*

*The Council attached importance on convening the 3rd Ministerial Meeting of Finance/ Economy in 2020 as provided for to be held in Tajikistan which is expected to evaluate the economic status of the ECO region as well as operationalization of ECOTA by removing impediments coming in the way of its implementation.*

*The Council, while calling upon the non-signatory Member States to accede ECOTA, encouraged them to attend the meetings of ECOTA Cooperation Council.*

*The Council noted that some Member States including Iran, Tajikistan, Pakistan and Turkey considered that the operationalization of ECOTA could not still take place despite a lapse of considerable time. They also observed that only five Member States signed the agreement, seeking the remaining countries to also join ECOTA.* ***It was also opined that in the aftermath of new developments, this agreement needs to be revisited for updating the contents in line with the emerging scenario.***

*The Council decided to convene a High Level Expert Group Meeting to critically evaluate the ECO intra-trade situation and propose recommendations for a way forward.*

*The Council appreciated the Secretariat’s document “Leveraging economic potential of ECO Region” and mandated the ECO CCI to make in depth research and analysis regarding the role of private sector in operationalization of ECOTA.”*

Para 10 of the Antalya Declaration, adopted at the 24th Meeting of the Council of Ministers (COM)is reproduced below:

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

**Year 2020**

**The 30th Meeting of the RPC (January 14-16, 2020)**

* During the 30th RPC, the Secretariat informed that the ECOTA Cooperation Council agreed to consider the proposal of the ECO Secretariat by taking it up with the respective governments. It was further shared that the ECOTA Cooperation Council requested to share their views and priorities regarding implementation of ECOTA with the Secretariat in three months, which, however, were still awaited.
* Recalling the relevant decision of the 24th COM, the 30th RPC, reaffirmed the commitment for implementation of the **ECO Trade Agreement (ECOTA**) for furtherance of the objective of regional integration through Free Trade Area as envisaged in ECO Vision 2025, and called upon the Contracting Parties to accelerate processes for its implementation as well as to devise mechanisms and solutions at the earliest convenience taking into account the concerns and views of the Contracting Parties for the maximal productivity of each of them. The Council recommended that other ECO Member States that are not a party to the ECOTA could be invited to ECOTA Cooperation Council Meetings as observers.
* The Council further noted with concern that operationalization of ECOTA had taken considerable time without substantive results. Having considered views of the Contracting Parties, it was agreed that they would inform ECO Secretariat about their views within two month’s time on operationalization of ECOTA along with problems and offered solutions. The Secretariat based on the views and observations received from the Contracting Parties would prepare a Working Paper for further deliberations to be made in the relevant upcoming meetings. The Council agreed to hold 9th Meeting of ECOTA Cooperation Council before the Ministerial Meeting on Commerce and Foreign Trade in 2020.

**Views/Comments of the Contracting Parties on operationalization of ECOTA**

* In accordance with the decision of the Council, the Secretariat, in order to make these two important meetings more productive and result-oriented, requested the Contracting Parties to convey their views/comments on operationalization of ECOTA along with problems and offered solutions for compiling and onward submission to the Member States within the timeline of two months which ended on 22 March, 2020. The Secretariat has received the views/comments of the Islamic Republic of Afghanistan, Islamic Republic of Iran and the Republic of Tajikistan.
* In response to the above, the Ministry of Industry and Commerce of the Islamic Republic of Afghanistan has conveyed the below response:
1. *“Economic Cooperation Organization Trade Agreement (ECOTA) was reached on July 2003 with the aim to form a preferential trade area between the ECOTA member States and upon implementation of ECOTA, the Member States are required to reduce tariffs on at least 80% of the tariff lines to maximum 15% over 8 years with the exception of Afghanistan for which the implementation period is 15 years. The remaining 20% of the tariff lines includes goods that are listed in Negative list.*
2. *By the time that Islamic Republic of Afghanistan signed the ECOTA, it was considered vital for the whole region to implement the agreement at the earliest time possible. Therefore, Islamic Republic of Afghanistan has taken necessary steps in the completion of all legal procedures and accordingly, has submitted all the three lists namely Positive, Negative and Sensitive lists pursuant to the ECOTA provisions.*
3. *Now, after spending almost 17 years advocating for the implementation of the Agreement, it seems not logical for Islamic Republic Afghanistan to revise the agreement, and spend another years on re-negotiation and revision of a new "ECOTA". Therefore, Islamic Republic of Afghanistan believes it is better to implement the Agreement. Upon implementation of the Agreement, the Member States will experience the flaws and accordingly can begin negotiations on finding solutions for the flaws and any possible amendments in the mentioned agreement, if necessary. In view of this, Islamic Republic of Afghanistan proposes to implement the ECOTA, before beginning any negotiation on its amendment.”*
* The Ministry of Trade, Industry and Mines of the Islamic Republic of Iran has conveyed the below proposal concerning the amendment of the ECO Trade Agreement (ECOTA):

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

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

*Concerning Amendments to the Agreement:*

1. *The Islamic Republic of Iran believes that the amendments to the Article four of this Agreement shall necessitate amendments to the other provisions of this Agreement.”*
* The Republic of Tajikistan has conveyed their views as reflected below:

*“The Republic of Tajikistan attaches special importance to trade and economic cooperation within the ECO framework and believes that the development of foreign trade relations is a key tool for achieving economic growth.*

*The important constitutive aspect of our current agreements is the need to achieve trade growth within the ECO region through progressive liberalization of legal and regulatory instruments, harmonization of standards, dissemination of market information, trade facilitation and all measures restricting trade.*

*Tajikistan is a WTO member (the World Trade Organization) and conducting a comprehensive analysis of legal issues and their impact on the national economy is necessary to modify any agreements within the framework of regional organizations.*

*Issues related to the implementation of the ECO Trade Agreement include the development of a list of goods for export and import of goods and the mechanism of its proposals, the approval of the ECO Trade agreement.*

*According to the Order of the Government of the Republic of Tajikistan No. 399 of August 8, 2018 "About rates of import customs duties of the Republic of Tajikistan", the average customs duties' rate on import of goods and products is fixed at 8.1%, this is a low rate in comparison with other ECO member countries.*

*As you may be aware, there are no restrictions on the export of goods and vehicles to our country - the Republic of Tajikistan or other equivalent export measures that corresponds to the provisions of Articles No.8 and No.9 of the Economic Cooperation Organization Trade Agreement.*

*Consequently, the Ministry does not consider it necessary to develop a preferential list for the export and import of goods and its delivery mechanism in connection with the ECO Trade Agreement implementation and to propose individual preferences in foreign trade contrary to WTO commitments.”*

* The Republic of Turkey has informed the Secretariat that the evaluation of the operationalization of ECOTA along with problems and offered solutions was under process. No other response was received, thereafter.
* The Islamic Republic of Pakistan has not conveyed their views, so far .
* The Secretariat was planning to hold 9th Meeting of the ECOTA Cooperation Council in first quarter of 2020 to discuss comments/views of Contracting Parties on ECOTA and Sectoral Approach. However, due to the COVID 19 outbreak, the meeting was not convened in 2020.
* It is significant to underscore that as per rules holding two meetings of the ECOTA Cooperation Council in a year is mandatory. The ECO Secretariat did not receive response to the Sectoral approach and operationalization of ECOTA in line with the decision of the 30th RPC, the 9th Meeting could not be held.
* In line with the decision of 30th RPC, the Secretariat has launched a research study project entitled “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve’ identify scenarios for operationalization of ECOTA. The outcome of the study will be shared with the Contracting Parties of ECOTA for comments/views. The 9th ECOTA Cooperation Council Meeting will be announced to make decision regarding the proposed scenarios.

**Year 2021**

**The 31st Meeting of the RPC (January 12-21 2021)**

* Recalling the relevant decision of the 24th COM, the Council reaffirmed the commitment for implementation of the **ECO Trade Agreement (ECOTA**) for furtherance of the objective of regional integration through Free Trade Area as envisaged in ECO Vision 2025, and called upon the Contracting Parties to accelerate processes for its implementation as well as to devise mechanisms and solutions at the earliest convenience taking into account the concerns and views of the Contracting Parties for the maximal productivity of each of them. The Council recommended that other ECO Member States that are not a party to the ECOTA could be invited to ECOTA Cooperation Council Meetings as observers.
* The ECO Secretariat, during the 8th ECOTA Cooperation Council Meeting presented sectoral approach prepared by the Secretariat for views and comments of the Member States. The Member States were also requested to provide their considered views about ways and means for operationalization of ECOTA to be discussed in the 9th ECOTA Cooperation Council Meeting. While the comments on sectoral approach proposed by the Secretariat are still awaited So far, three Member countries namely, the Islamic Republic of Afghanistan, Islamic Republic of Iran, and Republic of Tajikistan have shared their views and comments to operationalize ECOTA. The Council requested the remaining Member States to share their comments so that the Secretariat may circulate a Working Paper comprising comments of Contracting Parties and outcomes of the “Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve” before the 9th ECOTA Cooperation Council Meeting. The Council appreciated the offer of the Islamic Republic of Pakistan to host 9th Meeting of ECOTA Cooperation Council virtually in second quarter of 2021, before the Ministerial Meeting on Commerce and Foreign Trade. The Council requested all the Contracting Parties to share their views in the first quarter of 2021. The Council requested the Secretariat to share the comments, received from the three contracting with the remaining parties. The Secretariat proposed to have nominations from the Contracting Parties, non-signatory members as well as observers for the meeting at an early date. The Council requested the Secretariat to follow up with the Member States for early nominations from the Contracting Parties.
* The Council appreciated the research study project launched by the Secretariat entitled **“Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve”** to identify scenarios for operationalization of ECOTA. The outcome of the study will be shared with the Member States and ECO-CCI for comments/views. The Secretariat requested the focal points on ECOTA from Member States to cooperate with the Specialist carrying out the Study on ECOTA, as their detail will be shared by the ECO Secretariat. The outcomes of the report will be discussed in the 9th ECOTA Cooperation Council Meeting for final decision.

**Year 2022**

**The 32nd Meeting of the RPC (January 17-26, 2022)**

* Recalling the relevant decision of the 15th Summit, the Council reaffirmed the commitment for implementation of the **ECO Trade Agreement (ECOTA**) for furtherance of the objective of regional integration through Preferential Trade in the region as envisaged in ECO Vision 2025, called upon the Contracting Parties to expedite the processes for its implementation to devise mechanisms and solutions taking into account the concerns and views of the Contracting Parties for the maximal productivity of each of them. The Council recommended that other ECO Member States, not a party to the ECOTA could be invited to ECOTA Cooperation Council Meetings as observers. The council appreciated the continued commitment of I.R of Pakistan to offer to host the 9th ECOTA CC Meeting in 2022. The deputy Ministers of Foreign Affairs of the ECO Member States, during the ‘Brain Storming Session’ hosted by the Secretariat in May 2022; vowed their continued emphasis on effectuation of ECOTA for expansion and growth of trade in the region. I.R of Pakistan scheduled the meeting on 26-27 July 2022 but the Meeting could not be held due to lack of quorum. The meeting has been rescheduled on 31October-1st November 2022.

## Summary of ECO Trade Agreement (ECOTA)

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| --- |
|  **Background and Efforts for its Effectuation till 2015** |
| 2003 | Signed by five contracting Parties at Islamabad, July 2003. |
| 2003-2008 | * Ratification Process by five contracting parties completed
* Came into force in 2008, upon completion of deposit of the Instrument of Accession with the Secretariat which is the depository to the Agreement
 |
| 2008-2015 | Six (06) Meetings of ECOTA Cooperation Council held in 2008 (Turkey), 2011 (Tehran), 2012 (Turkey), 2013 (Ian), 2014 (Pakistan), 2015 (Turkey) |
| **Efforts for Implementation since 2015** |
| November 2015 | New Iranian Proposal on floated "Proposal on Expedited Implementation of the ECO Trade Agreement (ECOTA"  |
| January 2016 | Afghanistan 'consented to the views and proposal of the Islamic Republic of Iran on ' Expedited Implementation of ECOTA'  |
| January 2017 | 7th (Extra-ordinary Meeting of ECOTA Cooperation Council) convened at ECO Secretariat, Tehran |
| February/March 2017 | 22nd COM discussed the situation. Islamabad Declaration 2017 on the eve of the 13th Summit reaffirmed its commitment |
| April 2018  | 23rd COM at Dushanbe, Tajikistan deliberated on ECOTA |
| July 2018 | Tajikistan tabled a proposal to reconsider it for productivity of all Contracting Parties |
| August 2018 | Pakistan supported Tajikistan proposal to reconsider ECOTA |
| August 2019 | 8th Meeting of ECOTA Cooperation Council convened on August 18-19, 2019 at ECO Secretariat, |
| November 2019 | 24th Meeting of the Council of Ministers (COM), deliberated on ECOTA |
| February 2020 | Iran has conveyed their views on operationalization of ECOTA |
| April 2020 | Afghanistan conveyed their views on operationalization of ECOTA |
| April 2020 | Tajikistan has conveyed their views on operationalization of ECOTA |
| July 2021 | Turkey vide N.V No. Z-2021/99530379/33079643 dated 28th July 2021 conveyed their views/ comments on operationalization of ECOTA.  |

1. **Scenarios for Implementation of ECOTA**
* As a solution to the impasse on ECOTA, the following proposals may be considered by the 9th ECOTA Cooperation Council:
1. The Secretariat has conducted a Small Scale Study Project titled ‘ Impediments in the ECO Trade Agreements and Measures to Resolve’ The following were some of important deliverables of the study:
	* + 1. Analysis of ways and means of practical implementation of ECOTA to be based on a step-by step Roadmap which include the scenarios for practical implementation of ECOTA
			2. Draft an amendment in line with by suggesting proposal for amendment in Article 4 of ECOTA, proposal for amending other Articles of ECOTA and other proposals for encouraging other Member States to join ECOTA for its implementation.
* The three scenarios have been provided by the research specialist for implementation of ECOTA. The details are given below: (Annex 2 deleted) (details can be seen page 91-97) **addition**
* In 2020, the Secretariat launched a research study project entitled **“Study on Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve’** to identify two or three scenarios for operationalization of ECOTA. The study report was circulated among ECO Members in 2021 for containing scenarios for amendment on tariff reductions modalities of ECOTA to solicit views/comments.The research study discussed around a baseline scenario plus 3 scenarios as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **The Baseline Scenario****(What ECOTA requires)** | **Scenario 1****(Conservative approach)** | **Scenario 2****(Moderate Approach)**  | **Scenario 3****(Ambitious Approach)** |
| As ECOTA requires; 80% of national tariff lines that are above 15% are reduced to 15. *This scenario assumes that all Signatories completed their ECOTA commitments.*  | The Baseline scenario + Tariffs up to 5% is reduced to 0%.  | The Baseline scenario + Tariffs up to 10% is reduced to 0%.  | The Baseline scenario + Tariffs up to 15% is reduced to 0%.  |

* The research study also discusses two main modalities which are about the time frame for tariff reductions:

**Modality 1**[[9]](#footnote-9): Offers a fixed time frame for all Signatories except Afghanistan.

**Modality 2**[[10]](#footnote-10): Offers a variable time frame for each Signatory.

* In summary, the study puts forward the following suggestions, among others:
	+ - The most important obstacle to the implementation of ECOTA is the perceived inequality and imbalance in the concessions and commitments related to tariff reductions.
		- Thus, ECOTA cannot progress unless it is amended depending on the scenarios to be chosen by Signatories.
		- Article 4.4 from (a) to (d) of ECOTA can be amended as follows[[11]](#footnote-11):

*a. All tariff lines a Contracting Party, except for those reflected in the negative list notified by that Contracting Party, constitute the positive list of that Contracting Party and comprise 80% of its total tariff lines.*

*b. The basis for the reduction of the tariff rates of a Contracting Party shall be its applied tariff rates at the time when this amendment enters into force, which shall be the base year.*

*c. Tariff lines included in the positive list of a Contracting Party which have rates above 15% in the base year, shall be reduced to 15% within 8 years in eight equal phases.*

*d. Tariff lines included in the positive list of a Contracting Party which have rates above zero up to 5% / up to 10% / up to 15% in the base year, shall be reduced to zero. A Contracting Party shall make tariff reductions of this subparagraph in such a way that by the time the rates of all the said tariff lines are zero, 10% of the total tariff lines of that Contracting Party shall be subject to a reduction of the tariff to zero.*

* + - The immediate implementation of the Agreement will depend on its prompt and minimal amendment. Therefore, in order to minimize the time necessary for negotiations on amendments, the study provides a draft memorandum of understanding[[12]](#footnote-12) to implement the Agreement as amended and as soon as possible.
		- It is suggested that the Baseline Scenario would not create as much trade as targeted initially. However, Scenario 1 can be prioritized since it would lead to significant trade expansion effects.
		- Scenario 1 would also make ECOTA more attractive to new States like Uzbekistan and Azerbaijan, and help achieving the targets set in the ECO Vision 2025.
		- The accession of Kazakhstan and Kyrgyzstan to the ECOTA seems not possible since they are Party to the Eurasian Economic Union.[[13]](#footnote-13)
		- Due to different tariff structures of Signatories, the study recommends the second modality since it would allow more time to countries with heavier commitments to reduce tariffs.
* Overall, it is up to the ECOTA Signatories to choose from given scenarios or decide on an alternative scenario.
* Pakistan volunteered to host the 9th ECOTA Cooperation Council Meeting in the second quarter of 2021 in virtual mode. After incorporating the available views/comments of the Contracting Parties and the scenarios recommended in the Research Study entitled **“Impediments in Implementation of ECO’s Trade Tools and Measures to Resolve’,** the ECO Secretariat circulated the working paper to be discussed in the 9th ECOTA Cooperation Council Meeting. However, the meeting could not take place for the last four years due to lack of quorum. *(For further detailed study, please see page 91 to 97****)***
	1. Before implementation of tariff concessions under the first three scenarios, following procedures have to be completed as imperative:
1. The Islamic Republic of Iran needs to provide the three Product Lists, namely, Positive and negative and sensitive lists which will be shared with the contracting parties.
2. The Republic of Tajikistan will ratify the annexes and provide two Products’ Lists i.e. Positive and negative.
3. **Way Forward**

**Contracting Parties' Possible Concerns**

1. **Win- Win Situation Vs Winners and Losers**
* In trade the parties tend to search a win-win situation and trade agreement embodying a win-win situation for all parties, based on their Comparative Advantage, bring greater success for trade creation rather than trade diversion.
1. In the ECO region, the average import tariffs rates of the contracting parties are at variance; some have high average import rates implying higher levels of protectionism, whilst others have low average import tariffs owing to either the sizes and conditions of their economies or their obligations under different Multilateral obligations. Likewise, the sectoral averages for import tariffs are also at variance. With the implementation of the current provisions of the ECOTA on tariff reduction, the intensity of tariff liberalization by some parties and their market access commitments are anticipated to be far greater than the other parties. The comparative status of the deterrent tariff barriers exceeding 15 percent and the total export goods having comparative advantage of the ECO member countries indicate that Iran, , Pakistan (ECOTA contracting parties) and Azerbaijan & Uzbekistan (Non-parties to ECOTA) are among the ECO members that, in case of implementation of the provisions of the Agreement and reduction of tariffs under Article 4 of ECOTA ; will have to implement tariff cuts on a much broader scale than other members, facing many challenges. This obstacle, which can be described as a fundamental imbalance between the interests and obligations of the members, has in practice imposed a heavy burden on the Agreement and has so far prevented the members from developing consensus to implement the Agreement, A greater balance among the benefits and interests for all members may be considered in the exchange of concessions between member countries during tariff reductions. The tariff reduction methods in Article 4 of the ECOTA Agreement need to be reconsidered by the Contracting Parties.
2. Some countries think that abrupt reduction of tariffs may have immediate consequences such as loss of revenue and the tariff reduction regime/modalities does not give enough time to the industry to adjust and in consequence may do more harm than good in those countries.
3. At HS-6 Level, the coverage of ECOTA comes to approximately more than 800 tariff lines (product groups) where tariff has to be reduced in eight equal one-yearly-installments to 15 per cent. There has been discussion that tariff reduction at HS- 6 level may not be beneficial compared with HS-8 level which allows more specific products. There has been proposal at sectoral level reduction of tariff which involves HS-2 and H-S-4. So, the decision on global practice of negotiations at H.S-6 may be acceptable to all parties.
4. **ECO Proposal for Implementation of ECOTA - balancing the trade expansion with economic rationale including benefits for all Member States**

The Contracting Parties may agree on one of the Scenarios, with some agreed modifications, if need be; to effectuate ECOTA so that the region can reap the benefits of preferential trade and attract trade-related investment to create Regional Value Chains(RVCs) and connect to the GVCs. The infrastructure for transports, Investment Schemes, trade facilitation, facilitation through movement of finances; are being set up through various initiatives by the Secretariat under ECO Vision 2025 and through Collaborations of selected SEZs for boosting trade- related investment in the region and improvement of regional infrastructure under collaborations among the Sovereign Wealth /National Development Funds. In this context the secretariat has already launched many regional projects through ETDB in transport and connectivity, trade facilitation in agriculture and industry for harmonization of SPS and TBT regimes by developing mutual recognition/ uniform standards for quality certification and other trade related certifications etc. The network of Sovereign Wealth and National Development Funds (SW/NDFS) of The ECO Member States are being beaded in a network to invest in bankable regional projects at trans-national/ regional level for developing the infrastructure to plug the gaps and create conductive conditions for doing business and attract investment. Like-wise, the secretariat, with the auspices of the ECO Member States have embarked upon an initiative to create a network of selected SEZs in the region to create Regional Value Chains (RVCs) and connect these with the Global Value Chain (GVCs) to ensure the expand trade especially growth in exports of the ECO economies by diversification of their industrial base through trade related investment in the sectors of their comparative advantage. The network of these SEZs will have special incentives for the selected SEZs of the Member States, providing each Member State to create a place in the RVCs and subsequently, in the GVCs. These initiatives for mega regional projects in infra-structure, the creation of supply chains and value chains, for value addition in RVCs; will have extremely benign effects on the socio-economic and socio-political climate of the countries by positive developments such as exports growth earning Foreign Exchange, job creation, infra-structure development, economic activity will increase governments’ revenue and above all, it will result in consumer welfare in these countries. The investor from the ECO region as well as outside the region will develop confidence in investing in the region due to the incentives in low tariffs under ECOTA as well as incentives under SEZ Network, investment protection under Agreement on Investment Protection nod Promotion of Investment (APPI), the Insurance cover provide by the ECO Re-insurance company (ERC) as well as the ‘Agreement on simplification of Visa Procedure for Businessmen of the ECO Member States’. However, the fate of such investment initiatives depends upon early effectuation of ECOTA; as the stage is set for economic integration of the region with the last piece of puzzle being ECOTA. With low intra-regional tariffs, investors’ from across the globe will find it very attractive to target a market of more than half a billion people with emerging demand coupled with good infrastructure and incentives in SEZs Networks. Such a situation will attract all members of the ECO to join the ECOTA and reap the benefits.

However, if the deadlock continues even after suggested scenarios, the imminent benefits envisaged for the region will be in jeopardy for the time being and the Secretariat, as a solution to overcome the impasse on ECOTA, would suggest starting negotiations for an FTA with Partial Implementation of ECOTA against some agreed framework while the FTA is being negotiated and early conclusion of negotiations on FTA.

With the scenarios, it is expected that the possible concerns of the contracting parties will be addressed with greater chances to invoke the agreement and consequently, increase its membership. In sum, it can lead to effectuation of the ECOTA pending over a decade and with an added advantage of augmented scope and expanded membership after allaying/addressing the concerns of the existing contracting parties with greater and tangible impact in the region.

While amending and reconsidering ECOTA, following parameters may be taken into account with its potential benefits:

1. **Encouraging Non-ECOTA to join ECOTA**
* The current terms under Article 4; are difficult to implement for some smaller economies. The absolute **final tariff of 15 percent** and the **implementation period of 8 years** is not deemed favourable by some economies of the ECO and in all the major trade agreements (for example AFTA), Margin of Preference (MOP) approach is used which may address their concerns by increasing time for implementation -- more flexibility for smaller economies of the ECO.
* Amending ECOTA is a cumbersome process, even for minor adjustments/changes. ECOTA Cooperation Council may be empowered to make such changes.
* Use of the Request-Offer approach by the contracting parties will ensure that the products of importance are included.
* In the meantime, other member states may be given "Observer Status" in the ECOTA Cooperation Council Meetings which will provide an opportunity in the negotiation process and protect their economic interests leading to abroad-based, more participative agreement having ownership of the member states.
1. **Possible Barriers to the Effectuation of ECOTA**
2. In sum, ECOTA is in force but Concessions not effectuated/not implemented because of lack of convergence of views of the esteemed Contracting Parties probably concerns/ fears arising out of the implementation of the Agreement. Further to note that despite efforts:
* Some of the contracting parties go awry on ECOTA due to the imbalances in Tariff Reduction Modality (TRM), Article 4.
* Ministerial Meeting of Commerce and Foreign Trade could not be held even after announcing the dates by the Islamic Republic of Iran, the Islamic Republic of Pakistan and the Republic of Turkey seven times in the last five years.
* No headway/breakthrough despite the fact that it was on the agenda of bilateral and multilateral meetings of the Secretary General with the Member States, RPCs, SOMs, COMs
* No progress on giving the Observer Status of the remaining member states.
* ECO-CCI which is the private sector representative organ of the organization and mouthpiece/voice of the business community, has not been able to impress upon the respective governments of contracting parties through their national chambers for early implementation of ECOTA
1. **Future Plans**
* Hold 9th ECOTA Cooperation Council meetings with the contracting parties.
* Holding of 5th Ministerial Meeting of the Commerce and Foreign Trade.
* In the meantime, inviting the remaining Member States to accede to ECOTA to pave the way for economic integration of the region, as decided by the COM meetings.
* Preparation of a Draft ECO Free Trade Agreement for creating a Free Trade Area, in line with the ECO Vision 2025.
* Circulate the Trade Facilitation Agreement, drafted through the research study, with the Member States for their comments/consideration.

**Conclusion**

* In line with the ECO Vision 2025, Cooperation Area A (Trade) Para- III, Sub-Para (i) and in the spirit of commitment of ECO Member States expressed in declarations of the leaders of the ECO region in 13th ECO Summit Meeting, 14th ECO Summit Meeting as well as 22nd, 23rd and 24TH COM Meetings followed by the 8th ECOTA Cooperation Council Meeting, for implementation of the **ECO Trade Agreement (ECOTA**) and the 30th RPC Meeting; a Small Scale Study Project titled ‘Impediment to Trade Agreements and Measures to Resolve’, was launched by the Secretariat to devise mechanisms and solutions to implement ECOTA, taking into account the concerns and views of the Contracting Parties.
* The study report has recommended some scenarios for consideration by the Contracting Parties to ECOTA to implement the Agreement. It recommended that, in addition to tariff lines with tariff rates over 15 percent (current scenario or baseline scenario), tariff bands of 0-5, 5-10 and 15-10 percent will also be subject to tariff reduction in the form of complementary scenarios. Therefore, the proposed scenarios for reducing tariffs in addition to current (baseline) scenario are presented in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Tariff reduction scenarios Reference**  | **Final tariff rate in each scenario**  | **Coverage of each scenario plus current scenario**  | **Scenarios**  |
| Article 4 of the ECOTA  | 15  | T3>15  | Current scenario (base)  |
| Proposal out of the research findings  | 15+ b  | Current scenario + b<T≤5  | Scenario 1  |
| Proposal out of the research findings  | 15+ b  | Scenario 1 + 5<T≤10  | Scenario 2  |
| Proposal out of the research findings  | 15+ b  | Scenario 2 + 10<T≤15  | Scenario 3  |

* The methodologies of the proposed scenarios have, in principle, been based on the following three main steps:
	+ - 1. Determination of the list of tariff lines exempted from tariff reductions for each ECO member in accordance with the current provisions of the ECOTA (19% negative list and 1% sensitive list), taking into account a series of basic assumptions, and their exclusion from the calculations to evaluate the results of each scenario;
			2. Identification of the "positive list" of tariff lines that fall within the scope of the Agreement commitments (whether in terms of tariff reduction or standstill at the time of entry into force of the Agreement), which includes 80 percent of tariff lines of countries after extracting and leaving out the negative-list and sensitive-list goods; and
			3. Evaluation of the effects of the implementation of each scenario according to the tariff and trade structure of each ECO member, based on both offered concessions and trade creation (increased imports) of each scenario for each ECO member and the ECO as a whole.
* In determining the negative list of each ECO member, the following methodological assumptions and criteria have been used:
1. First stage (first priority): selecting the negative list from among the highest tariff rates of each country;
2. Second stage (second priority): selecting the negative list from among the tariff lines with the highest value of intra-group imports; and
3. Third stage: selecting the negative list from among the tariff lines with the highest value of imports from the world.
* The tariff structures of the ECO members are also examined in terms of the following seven categories (hereinafter, referred only to the number of each band for convenience):

|  |  |
| --- | --- |
| **Tariff bands**  | **Tariff rates**  |
| **1**  | **T=0**  |
| **2**  | **0<T≤5**  |
| **3**  | **5<T≤10**  |
| **4**  | **10<T≤15**  |
| **5**  | **15<T≤25**  |
| **6**  | **25<T≤50**  |
| **7**  | **T>50**  |

* The analysis of the tariff and trade structures of the ECO members shows that their imports are concentrated in the tariff bands less than 15 percent. Therefore, tariff reduction scenarios have been selected by focusing on the second, third, and fourth bands. The selected scenarios are as follows:

**Current scenario (Baseline scenario)**:

* In this scenario, the provisions of the ECOTA are considered, i.e. 20 percent of the tariff lines of the ECO member countries are excluded from the list of tariff reductions as a negative and sensitive list. In this scenario, after the removal of the negative and sensitive list according to Article 4 of the ECOTA, in respect of the remaining tariff lines (as a positive list), tariffs above 15 percent are reduced to 15.

**Scenario 1**: In this scenario, in addition to the baseline scenario, tariffs up to 5 percent will be reduced to zero.

**Scenario 2**: In this scenario, in addition to the baseline scenario, tariffs up to 10 percent will be reduced to zero.

**Scenario 3**: In this scenario, in addition to the baseline scenario, tariffs up to 15 percent will be reduced to zero.

* In the three proposed scenarios of this study, each of which can be implemented at the same time as the current scenario, all members will have tariff reduction commitments, which will bring the level of commitments and concessions of members closer to the balance. The available options for selecting the modality of tariff reductions are introduced based on three approaches: conservative, moderate and ambitious:

**Conservative approach**: Scenario 1 + simultaneous implementation of current (baseline) scenario (according to Article 4 of the ECOTA)

**Moderate approach**: Scenario 2 + simultaneous implementation of current (baseline) scenario (according to the provisions of Article 4 of the ECOTA)

**Ambitious approach**: Scenario 3 + simultaneous implementation of current (baseline) scenario (according to the provisions of Article 4 of the ECOTA).

* Therefore, considering the above options, we can assume that during the 8-year timeframe for the implementation of the current (baseline) scenario, each of the other selected scenarios (after the agreement of the members) will be implemented in parallel, so that all members will participate in tariff reduction commitments and reciprocal market access.
* In this study, in view of the considerations described, especially focusing on the scenarios and modalities that require the least textual amendment to the ECOTA, the timeframe set out in the ECOTA Agreement for the full implementation of tariff reduction commitments (implementation of the current scenario + scenario 3) is considered a reasonable period of time that not only provides the necessary speed in implementing and achieving the objective of creating a free trade area within a reasonable time frame but also takes into account the considerations of members for the gradual implementation of their commitments in proportion to the coverage of their positive lists. Therefore, the modality of reducing tariffs in each scenario is considered in the following two forms:

A) Fixed time frame for all members (except Afghanistan)

B) Variable time frame for each member in proportion to the scope of the commitments covered by its positive list.

* In the proposed modality for the implementation of tariff reduction commitments with a fixed time frame, along with the implementation of current scenario within an 8-years period, the time allotted to the implementation of each scenario is the same for all members (except Afghanistan). Also, the implementation period of each of the three proposed scenarios (scenarios 1, 2 and 3) is considered different according to the depth of the commitments covered by each of them based on a conservative, moderate or ambitious approach. To this end, and taking into account the objectives of the ECO Vision 2025, the implementation period is considered two years for the conservative approach (scenario 1), four years for the moderate approach (scenario 2) and eight years for the ambitious approach (scenario 3). In this modality, the full implementation of the third scenario has a full time overlap with the implementation of the current (baseline) scenario, and all members’ tariff reduction commitments will be fulfilled within a maximum of 8 years.
* How to implement and schedule the mentioned modality is presented in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed time period modality ECO member**  | **Current scenario** **(baseline)**  | **Scenario 1** **(conservative)**  | **Scenario 2** **(moderate)**  | **Scenario 3** **(ambitious)**  |
| **Coverage of tariff lines to be reduced to 15 excluding negative list** **(percentage)**  | **Fixed time frame already determined for current scenario** **(years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Fixed time frame (years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Fixed time period** **(years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Fixed time frame** **(years)**  |
| Afghanistan  | 0  | 15 (void)  | 67.09  | 4  | 78.59  | 8  | 78.59  | 8  |
| Azerbaijan  | 0  | 8 (void)  | 19.45  | 2  | 23.11  | 4  | 49.17  | 8  |
| Iran  | 22.03  | 8  | 37.58  | 2  | 48.71  | 4  | 57.66  | 8  |
| Kazakhstan  | 0  | 8 (void)  | 45  | 2  | 67  | 4  | 67  | 8  |
| Kyrgyzstan  | 0  | 8 (void)  | 42.47  | 2  | 66.5  | 4  | 66.5  | 8  |
| Pakistan  | 23.89  | 8  | 38.71  | 2  | 40.71  | 4  | 56.06  | 8  |
| Tajikistan  | 0  | 8 (void)  | 59.39  | 2  | 75.5  | 4  | 75.5  | 8  |
| Turkey  | 0  | 8 (void)  | 35.60  | 2  | 59.8  | 4  | 59.8  | 8  |
| Uzbekistan  | 45.08  | 8  | 0.3  | 2  | 26.94  | 4  | 27.17  | 8  |

* In scenario 1, unlike current scenario, all members will be subject to tariff reduction commitments based on their positive lists (tariffs more than zero up to 5 percent), because the tariff structures of the members are such that none of the members can simultaneously include all the tariff reductions covered by current (baseline) and 1 scenarios in their negative lists, although the coverage of their lists is different from each other.
* Given that the tariff lines covered by scenario 1 are the lowest tariff rates (second band including tariff rates of more than zero up to 5 percent), members are reasonably less likely to have concerns about protecting domestic like products in fulfillment of their commitments, and as a result, its implementation will be easier and need a shorter period. Therefore, considering that the tariff rates of the products covered by scenario 1 are very close to the nuisance and low tariffs of the members, the estimated time for implementation is two years, divided into two equal phases. Given the level of development of Afghanistan and it’s almost double time frame set in the current scenario (according to Article 4 of the ECOTA), the deadline for the implementation of scenario 1 commitments for this country is twice the deadline for other members, i.e. 4 years. On the other hand, considering the different levels of coverage of the positive lists of members in scenario 1 and current scenario, the simultaneous implementation of these two scenarios will bring the status of commitments and concessions of members closer to balance and at the same time, due to the wider coverage of goods by the scenario 1, expedite the realization of the target of the ECO Vision 2025 to double the volume of trade between the ECO member countries.
* In scenario 2, which is a moderate scenario, the time required to fulfill the commitments of the positive lists of the members is 4 years, divided into 4 equal phases. This deadline is 8 years for Afghanistan. The time required to implement the second scenario is considered twice that of the scenario 1, given its more difficult implementation and the possible concerns of the members about protecting domestic like products.
* In scenario 3, which is considered an ambitious scenario, the time required to fulfill the commitments of the positive lists of members is 8 years, divided into 8 equal phases. Due to the difficulty of fulfilling all the commitments of the scenario 3 and the more concerns of the members about protecting domestic like products, the timing of the implementation of scenario 3 commitments for all members is twice that of scenario 2. Given that the tariff structure of Afghanistan is such that the third scenario will not create any additional commitment for the country compared to the second scenario, its implementation does not require a longer deadline and therefore the implementation period for Afghanistan is similar to that of other members, i.e. 8 years. It should be noted that, due to the concurrence of the implementation of the third scenario with the current scenario during 8 years, the status of the Agreement in the final year of implementation of the commitments of all members (eighth year) will be very close to the condition of creating a free trade area, which is one of the important objectives of the ECO.
* Although setting a fixed and equal deadline for all members has the advantage of simplicity in implementation, but due to the different tariff structures of members and their different burden in fulfilling their commitments to reduce tariffs, a modality with a fixed and uniform time frame for all members is not commensurate with the scope of their commitments and is not balanced. This may be at odds with the key objective of this study to find ways out of the impasse in the implementation of the ECOTA, which essentially stems from the unbalanced commitments of members. Therefore, an attempt was made to design another modality, paying due attention to the said important point. Accordingly, the modality of reducing tariffs with a variable time frame was considered. This modality, while fully fulfilling the commitments of the members in each scenario, it also sets an implementation schedule in proportion to the scope and share of the tariff lines covered by the positive list of each member, thus reducing as much as possible the imbalance caused by the implementation of the current scenario. Hence, differences of commitments of the members are reflected in implementation modality and its timing so that members can fulfill their commitments in a more balanced way.
* The details of this modality and the time frame of the implementation of members' commitments in each scenario are specified in the table below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Variable time period modality ECO member**  | **Current Scenario** **(baseline)**  | **Scenario 1** **(conservative)**  | **Scenario 2** **(moderate)**  | **Scenario 3** **(ambitious)**  |
| **Coverage of tariff lines to be reduced to 15 excluding negative list** **(percentage)**  | **Time period already determined for current scenario** **(years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Time period with annual full reduction of 10 percent of tariff lines (years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Time period with annual full reduction of 10 percent of tariff lines (years)**  | **Coverage of tariff lines to be reduced to 0 excluding negative list** **(percentage)**  | **Time period with annual full reduction of 10 percent of tariff lines (years)**  |
| **Afghanistan**  | **0**  | **15 (void)**  | **67.09**  | **7**  | **78.59**  | **8**  | **78.59**  | **8**  |
| **Azerbaijan**  | **0**  | **8 (void)**  | **19.45**  | **2**  | **23.11**  | **3**  | **49.17**  | **5**  |
| **Iran**  | **22.03**  | **8**  | **37.58**  | **4**  | **48.71**  | **5**  | **57.66**  | **6**  |
| **Kazakhstan**  | **0**  | **8 (void)**  | **45**  | **5**  | **67**  | **7**  | **67**  | **7**  |
| **Kyrgyzstan**  | **0**  | **8 (void)**  | **42.47**  | **5**  | **66.5**  | **7**  | **66.5**  | **7**  |
| **Pakistan**  | **23.89**  | **8**  | **38.71**  | **4**  | **40.71**  | **5**  | **56.06**  | **6**  |
| **Tajikistan**  | **0**  | **8 (void)**  | **59.39**  | **6**  | **75.5**  | **8**  | **75.5**  | **8**  |
| **Turkey**  | **0**  | **8 (void)**  | **35.60**  | **4**  | **59.8**  | **6**  | **59.8**  | **6**  |
| **Uzbekistan**  | **45.08**  | **8**  | **0.3**  | **1**  | **26.94**  | **3**  | **27.17**  | **3**  |

* In this modality, while maintaining the time period of 8 years provided for in Article 4 of the Agreement on the implementation of the current scenario (baseline scenario), another identical criterion is considered to determine the annual level of the members’ tariff reduction commitments. This criterion is based on the coverage of the tariff lines subject to tariff reduction commitments by the positive list of each member, so that at least 10 percent of the tariff lines subject to tariff reduction are reduced each year until the final rate of each scenario (zero rate) is reached.
* Accordingly, the timing of the implementation of tariff reductions of each member will be a function of its level of commitments and the coverage of its positive list in each scenario. For example, in scenario 1, if hypothetical country A have 50 percent of its tariff lines subject to tariff reduction commitments in its positive list, it needs a 5-year implementation period to fulfill its commitments evenly and annually in such a way that it covers 10 percent of its tariff lines every year. Obviously, for hypothetical country B whose positive list covers, for example, 20 percent of its tariff lines, the period will be only 2 years (10 percent for the first year and another 10 percent for the second year). For ease of implementation, in determining the time required to implement each scenario in proportion to the share of tariffs subject to reduction of the total tariff lines covered by the positive list of each member, the figures above the border points are rounded up. For example, in scenario 2, although only 23 percent of Azerbaijan's tariffs are subject to reduction, but the time required for its implementation is considered 3 full years, not 2.3 years.
* As can be seen, in this modality, the coverage of the positive list of each member (share of tariff lines subject to a reduction in each scenario of the total national tariff lines of each country) determines the time required to implement it. This period cannot be more than 8 years even with the widest coverage and the longest time frame, because once the coverage of tariffs subject to a reduction of each country reaches 80 percent of its national tariff lines, full implementation of tariff reduction commitments under each scenario has been achieved (taking into account the 20 percent share of tariff lines subject to the negative list) and the period of the fulfillment of commitments ends (100 = 80 + 20).
* In this modality, countries that, due to their tariff structures, accept more liberalization commitments and tariff reductions enjoy more flexibility in scheduling the implementation of commitments, and this plays an important role in balancing the relative commitments of members vis-a-vis each other. In effect, through this modality, not only a significant amount of trade liberalization will be achieved each year for each member, but also they will be given sufficient implementation time in proportion to the burden of their commitments. Obviously, this method is more consistent with the aim of balancing the concessions and commitments of the members and seems more equitable. Therefore, from among the two mentioned modalities, the second modality is more appropriate and is recommended in this study.
* The Member States in general and ECOTA Contracting Parties in particular; are requested to please consider the different scenarios, explained above and share their valuable input to the Secretariat.
* They are further requested to consider implementation of ECOTA as top most priority in line with the commitment in 15th ECO Summit by our leaders and consider a suitable scenario, with or without any modification during the upcoming 9th ECOTA Cooperation Council Meeting.

 **\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\*\***

**Annex II**

# Section-VIII

# Projects

**Ongoing Projects in the Trade & Investment Directorate & Proposed New Projects for Approval of the RPC**

|  |  |  |
| --- | --- | --- |
| 1. | **Project Title** | **Strengthening Cooperation amongst Public and Private Sectors in the ECO Region.** |
|  | Project Code | TI/E/SSP/2020 |
|  | Project Objectives | Main goal was envisaged to strengthen cooperation amongst Public and Private Sectors in ECO region in the form of organization of an event/meeting in collaboration with the host government and ECO-CCI on the sidelines of 14th Summit Meeting AS ONE TIME ACTIVITY, providing an opportunity to business people to discuss trade issues among themselves and convey it to the leadership of the region. |
|  | Project Budget (US$) | **US $ 10,000/-** as per approval of 167th CPR for an amount of **US $ 50,000/-** |
|  | Project Funding Source | An amount of US$ 10,000 from ECO Secretariat allocated.  |
|  | Project Coordinator | ECO Secretariat |
|  | Regional Partner | ECO Bank and Regional Partnership Forum which will be managed by the Bank |
|  | Duration of Project | One event |
|  | Project Starting Time | TBD |
|  | Project Progress | Achievement may be reviewed later |
|  | Project Completion Time | One time. If successful, may be reconsidered |
|  | **Necessary Actions and Assistance Needed:**The Member States are expected to cooperate in holding of the event/meeting as host, as the gains of the events can have positive impact on the removal of impediments and furtherance of ECO objectives through various tools benefiting the region. The Secretariat will hold the events in coordination with the relevant stakeholders. |
|  | **Expected Outcomes of the Project:**To create greater understanding and cooperation among the leaders and business communities of the region in an attempt to create trade flows in the region.Strengthening private sector cooperation and businesses to increase trade in the region. |
|  | **Background and Current Status:**On 2 May, 2011 Afghanistan Chamber of Commerce and Industries forwarded a proposal to host the 4th ECO Business Forum, one day prior to the 4th ECO Ministerial Meeting on Commerce and Foreign Trade The Secretariat informed that the fund, to be allocated for the Business Forum, will not only be utilized to cover the travel expenses of two participants from each Member States but also be used in some activities for promoting business and investment opportunities in Afghanistan. **The 167thMeeting of the Council of Permanent Representatives (CPR)  on 13 April, 2011** allocated an amount of US$ 50,000 from Feasibility and General Purpose Fund (FGPF) for the 4th ECO Business Forum to be hosted by the Afghanistan Chamber of Commerce & Industries as a onetime activity. However, the 4th ECO Business Forum could not be held in Afghanistan. Based on the decision of the 26th RPC Meeting (Sector-A: Trade & Investment, Annex-I, Work Programme 2017, Para 13-15), a proposal for two-year project on ECO Business Forum worth **US$ 50,000/-** was prepared and circulated among the Member States vide Note Verbale No. T&I/BF-Proposal/2017/1175 dated September 26, 2017 to furnish their views/comments but only the Islamic Republic of Pakistan shared its response and had supported the idea. The 14th Meeting of Project Monitoring Group held on 6.1.2021 at ECO Secretariat decided to implement the subject project to the 15th ECO Summit where the in-person summit meeting could be held to implement the project for holding Business Forum on the sidelines of the 14th ECO Summit. The 4th ECO Business Forum was held on the sidelines of the 15th ECO Summit in Ashgabat on 26th Nov 2021 and it was sponsored by the Turkmenistan Chamber of Commerce and Industry. Since the local hospitality was provided by the local authorities and there was no air travel involved (the agreed assistance in the project was in shape of return air ticket for one participant form each country delegation), there was no call for implementation of the assistance through the project.The Secretariat is pursuing comments of the ECO Member States on the project document to take a decision to take it to the CPR for a decision (as per its status of renewable projects) to implement during 2023. The Secretariat recommends that we may close the project as two years time period, mandated for the project by the CPR, has already lapsed. We may initiate the project on need basis based on the fresh demand of the Member States and ECO CCI. It is pertinent to mention that the project was initiated on the request of Afghanistan to host the 3rd Trade Fair and 4th ECO Business Forum in 2011 and it has become an old project that warrants fresh needs analysis. **The 34th RPC may approve the proposal to close the project.** |

1. **“Study to explore the possibility of forming ECO Clearing Union”**

|  |  |
| --- | --- |
| **Project Title** |  **Study to explore the possibility of forming ECO Clearing Union** |
| Project Code |  TI/B/MP/2019 |
| Project Objectives | The objective of the study is to explore the possibility of forming ECO Clearing Union, prepare Terms of References (TORs) for the Union and draft required document to be approved by decision making organs of ECO. Forming ECO Clearing Union will: * Facilitate settlement, on a multilateral basis, of payments for current international transactions,
* Promote the use of participants' currencies in current transactions,
* Promote monetary co-operation among the participants and closer relations among the banking systems to expand trade & economic activity among countries of the ECO Region, provide for currency swap arrangement among the participants.
 |
| Project Budget (US$) | $ 30,000/- (Thirty Thousand US Dollars) |
| Project Funding Source | An amount of US$ 30,000 allocated for the Study  |
| Project Coordinator | ECO Secretariat |
| Regional Partner | ECO Trade and Development Bank or any other Regional or International Bank/Organization may be explored for full or partial financing of the project. |
| Duration of Project | Six Months |
| Project Starting Time | After decision by the Working Group comprising Central Bank Representatives of the Member States. |
| Project Progress | Quarterly |
| Project Completion Time | Six months |
| **Necessary Actions and Assistance Needed:**1. Professional consultancy service will be provided.
2. Visits of the Coordinator/Team experts to consult the relevant authorities of the ECO Member States and, among others, ascertain their viewpoint.
3. ECO Experts Meeting on the issue will be held.
 |
| **Expected Outcomes of the Project:*** Possibility of forming ECO Clearing Union will be explored.
* Terms of References of forming the Union will be prepared.
* Draft Agreement for the Union will be formulated.
 |
| **Background and Current Status:**In line with the decision of 4th Ministerial Meeting on Finance and Economy, held in 2014, the I.R of Iran proposed exploring the possibility of setting up the ECO Clearing Union on the lines of Asian Clearing Union. The 233rd Meeting of CPR tasked the ECO Secretariat to explore the possibility to conduct a professional study on exploring the possibility of setting up a ECO Clearing Union as a valuable and reliable financial/banking solution among Central Banks of the Member States to improve intra-regional trade by removing financial barriers and reducing cost and time of trade related payments transactions. The ‘1st Expert Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union of the ECO Member States’ was held on May 11, 2021 (virtual). In this meeting, the Secretariat was tasked to schedule an *Expert's Working Group of Central Banks Meeting* comprising the representatives of the Central Banks of the ECO Member States to decide on the way forward to set up ECU, including detailed TORs to carry out the Research Study Project on setting up ECU. The decision on the way forward will be taken in the ‘2nd Expert Group Meeting on Banking Finance and ECU’ on the basis of the recommendations of the aforesaid Working Group of the Central Banks of ECO Member States. The ECO Secretariat has already prepared a draft contract and draft TORs for a Study Project on forming the ECO Clearing Union and allocated US$ 30.000 for the Study. The Secretariat shared the ToRs of Research study project with ETDB for comments, which recommended to share after decision of the Working Group on setting up the ECU. The ECO Secretariat pursued to conduct ‘*1st Working Group Meeting of the Experts of Central Bank’* meeting in 2022 but only four Member States i.e. Republic of Azerbaijan, I.R. Iran, I.R. Pakistan and Republic of Türkiye have shared nominations. However, during 33rd RPC, the I.R Iran has offered to host (in person mode).The Member States have been again requested for reconfirmation/nomination but so far only I.R Pakistan has confirmed. The recommendations of this Meeting will be deliberated in the *2nd Expert Group Meeting on Banking, Finance and ECU*’ and if approved, the research through a study project will be initiated.  |

1. **Study on Impediments in Issuance of Visa Stickers to the Businessmen of the ECO Region**

|  |  |
| --- | --- |
| **Project Title** | **Study on Impediments in Issuance of 'ECO Business Visa Stickers to the Businessmen of the ECO Region' for greater collaboration between the Business community in the ECO Region** |
| Project Code | TI/Visa/SSP-2021 |
| Project Objectives | To expand Intra-regional Trade and increase contribution of ECO in world trade by increased trade facilitation through:* 1. Facilitating Free Movement of business delegations within the region to create trade flows.
	2. Facilitate B-2-B interaction among the business communities within ECO region.

The Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States was signed by seven (7) countries namely, the I.R of Afghanistan, the Republic of Azerbaijan, the I.R of Iran, the Republic of Kazakhstan, the I. R of Pakistan, the Republic of Turkey and Turkmenistan. The Agreement has been ratified by five (5) countries namely, the I.R of Afghanistan, the I.R of Iran, the Republic of Kazakhstan, the I.R of Pakistan and the Republic of Turkey. The Republic of Azerbaijan and Turkmenistan did not ratify the Agreement. The Agreement came into force in 2002 on ratification by three States. It provides for issuance of visa within 72 hours to businessmen upon request accompanied with a letter from concerned Ministry and endorsed by Ministry of Foreign Affairs.In 2019 the 30th RPC requested the Member States, which have not signed or ratified these legal texts, to sign/ratify for early implementation of the Agreement and complementing trade facilitation measures in the region. Nevertheless, none of the remaining member states has signed or ratified it during 2019 and 2020.We see that the regional organization SAARC have implemented the SAARC visa stickers for their businessmen to increase business activity. Likewise ASEAN and EU have facilitated travel of their business communities for trade, with clear result. In the absence of an active and operative preferential tariff arrangement in the region, trade facilitation and trade promotion are the only areas left for increasing trade in the region. Invoking the facility of ECO Business Visa Sticker will boost the business activity and help meet the targets of economic development set in ECO Vision 2025. |
| Project Budget (US$) | US $ 10,000/- (Ten Thousand US Dollars) |
| Project Funding Source | An amount of US$ 10,000 from ECO Secretariat allocated for the activities. |
| Project Coordinator | ECO Secretariat |
| Regional Partner | ECO-CCI of the ECO Member States |
| Duration of Project | 3 months |
| Project Starting Time | 2021revised to 2023/2024 |
| Project Progress | Achievement may be reviewed later |
| Project Completion Time | 2024 (extendable) |
| **Necessary Actions and Assistance Needed:**Regional organization like ASEAN and SAARC and EU has successfully implemented their Regional Visa Schemes like SAARC or Schengen visa to their businessmen to facilitate, increase in business activity. In the absence of an active and operative ECOTA preferential tariffs in the ECO, trade facilitation and trade promotion are the only tools that can be utilized for increasing trade and investment in the region. Setting up a facility of ECO Business Visa Sticker for the business communities of the region, will boost business activity, confidence and will lead to expansion in trade and investment help meet the targets of economic development set in ECO Vision 2025.**Expected Outcomes of the Project:**The study on Impediments in Issuance of Visa Stickers to the Businessmen of the ECO Region' will:1. Identify the issues impeding the issuance of visa stickers to businessmen.
2. Facilitate implementation of the agreement which will ensure bolster the business activity in the region.
3. Develop entrepreneurship in the region for greater trade and investment.
4. Strengthen private sector cooperation and businesses to increase economic prosperity in the region.
 |
| **Current Status:**The Visa facilitation is an integral part of trade facilitation and the ECO Business community has always been demanding for visa facilitation. That is why, there are two regional agreements which are:1. The 'Agreement on Simplification of Visa Procedures for Businessmen’ signed on 15th March 1995 by seven ECO Member States namely Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Turkey and Turkmenistan and entered into Force on 23rd December 1997 after ratification by five ECO Member States with Azerbaijan & Turkmenistan awaiting ratification. The non-signatory countries are Kyrgyzstan, Tajikistan & Uzbekistan.
2. The ‘Additional Protocol to the Agreement on Simplification of Visa Procedures for Businessmen and Transit Drivers of ECO Member States' has been signed by three Member States, namely the Afghanistan, Iran, and Pakistan. However, Pakistan has also ratified the Additional Protocol Agreement.

The ECO CCI emphasized the introduction of sticker scheme for businessmen on the lines of SAARC. The proposed project document has been circulated among the Member States for views/comments vide Note Verbale No. T&I/Visa Procedure/1087 dated August 10, 2022, however, the views/comments are awaited. For taking a decision on the project, the 267th CPR discussed the matter and it was opined that the project will take sizable time to materialize therefore the Secretariat was tasked to prepare a draft questionnaire and circulate with the Member States to obtain the comments. The Secretariat vide NV T&I/Visa Procedures/1344 dated October 2, 2022 requested the ECO-CCI, the original proponent and the end user of the project, to prepare a detailed account of the problems and bottle-necks being faced by the business community in visa issuance and facilitation amid the existing regional collaboration on visa facilitation, with a view to plug the loopholes. This Project was discussed in the 33rd RPC Meeting and the Meeting was updated by the ECO Secretariat that this project has several procedural and regional issues to develop consensus among the Member States. The RPC has agreed and in accordance with the decision of 267th CPR the Secretariat was mandated to organize a virtual meeting (reflected in the Calendar of Events 2023) to develop a consensus in the project before moving forward. Accordingly, the Secretariat scheduled a virtual meeting on 12th July 2023 and requested the Member States for their nominations. However; only three Member States namely I.R. Iran, I.R Pakistan and Republic of Tajikistan have shared their nominations. Whereas, Republic of Azerbaijan indicated their inability to participate in the Meeting. Therefore, the meeting was postponed due to lack of quorum vide Secretariat NV No. T&I/Visa Procedure/2023/711 dated 31 July 2023. The Secretariat has rescheduled the said meeting on 19th September 2023. So far, we have not reached to the quorum of the meeting. **The 34th RPC is requested to kindly close this project in the light of recommendations of the 267th CPR and mandate the secretariat to pursue the matter through virtual meetings/ questionnaire as recommended by the CPR**. If the project is recommended by the Member States after needs assessment, fresh project proposal will be initiated.  |

1. **“Fourth Phase of the ECO-UNIDO Trade Capacity Building Project”**

|  |  |
| --- | --- |
| Project Title  | “**Fourth Phase of the ECO-UNIDO Trade Capacity Building Project”** |
| Project Objective | * The Project activities have been designed to assist the ECO Member Countries in elimination of Non-Tariff Barriers (NTBs) to trade.
* To reduce cost of business and trade by harmonization of quality certification, in SPS and TBT and setting up Labs duly recognized at the regional level.
* To increase trade capacity of the ECO region/ Member States by setting up Regional Quality Policy and Regional quality Institutional Infrastructure to expand intra-regional trade and share of the ECO to global trade.
 |
| Project Background | The ECO-UNIDO Project on Trade Capacity-Building of ECO Member States in the areas of **Standardization, Metrology, Testing and Quality** (SMTQ) was launched in 2007and the first three phases were completed by 2017. The UN General Assembly, in its Resolution No. A/RES/75/324 on UN-ECO Cooperation adopted by UNGA on 9th September, 2021, appreciated the continuing efforts to strengthen the existing cooperation between the United Nations Industrial Development Organization and the Economic Cooperation Organization, especially in the field of trade capacity-building of member States and noted with satisfaction the completion of the implementation of the third phase of their joint programme in 2017, aimed at enhancing the capacity of Member States to strengthen their standards, metrology, testing and quality infrastructure, and invited the relevant United Nations institutions and agencies to consider supporting the implementation of the fourth phase of the project. T&I Directorate is pursing with UNIDO to support implementation of the 4th Phase of ECO-UNIDO TCBP. Implementation of the third phase started in 2014 and was completed in the 1st quarter of 2017. Technical assistance envisaged in first two Phases of the Project aimed at capacity building in trade-related policy-making, strengthening private sector by improving competitiveness, establishing/strengthening institutions/infrastructure and promoting consumer, environmental and health protection. Within the framework of the implementation of the 3rd phase of the project, lead master trainers from the Member States in the field SMTQ have been trained and ECO Regional Quality Policy and Guideline for National Quality Policy have been formulated. Now to promote ECO Quality Program at the country level and follow up the implementation of the two formulated policies implementation of next phase of the project. |
| Project Budget  | US $ 500,000/- (estimated by the ECO and the UNIDO in 2018)  |
| Project Funding Source | Secretariat to allocate seed money for the Project. The UNIDO has agreed to explore possibility of allocation of funds, provided ECO allocates some seed funding. The IsDB and ADB have been approached to allocate some funding for the project.  |
| Project Coordinator  | ECO Secretariat  |
| Project Partners  | IsDB, UNIDO, ETDB |
| Duration of the Project  | One Year, extendable  |
| Project Starting Time  | 2018 after revisions to start in 2024 |
| Project Completion Time | 2024 (extendable) |
| **Latest Status** | The UNIDO expressed their readiness to take up the initiative with the ECO to implement fourth phase of the UNIDO-ECO Trade Capacity Building Project provided that ECO Member States / Secretariat allocate some seed money. The ECO Secretary General wrote to the DG UNIDO and now the two sides are pursuing for updating the project document. The ECO Secretariat has taken the initiative of inviting the IsDB and ADB to collaborate in the project. The Secretariat is pursuing the matter with the UNIDO and a virtual meeting was held on 26th April 2023 in which UNIDO requested the Secretariat to arrange for some seed money and agreed to make efforts for allocation of resources for the project. The draft project document prepared by UNIDO in 2017-2018, was also discussed for updating in line with the latest trends and needs. The UNIDO agreed to prepare an updated version of the project document and share with the Secretariat for comments. Both sides agreed to engage development partners like IsDB and pursue ETDB for allocation of resources/ approaching development partners for funding the activities of the project. Response from UNIDO is awaited**. The 34th RPC is requested to approve allocation of seed money by CPR for the project from FSGPF.** |

1. **'Study on preparation of the guidelines for the establishment of the ECO Regional Network of SEZs/FTZs’**

|  |  |
| --- | --- |
| **Project Title** | **'Study on preparation of the guidelines for the establishment of ECO Network of Special Economic Zones/ Free Trade Zones (SEZs/FTZs) in the ECO Member States.** |
| Project Code | TI/SEZs/SSP-2021 |
| Project Objectives | To harmonize policies and procedures and related incentives for investors from the region. The preference to be focused on customs tariff and removal of NTBs, reforms in rules of origin and other measures. These SEZs would aim at creating trade flows for RVCs and integrate them with the Global Value Chains (GVCs). |
| Project Budget (US$) | $ 10,000/- (Ten Thousand US Dollars) |
| Project Funding source  | An amount of US$ 10,000/- from the ECO Secretariat will be allocated for the activities. |
| Project Coordinator | ECO Secretariat |
| Regional Partner | Regulatory Authorities of the Special Economic Zones of the ECO Member States |
| Duration of Project | 3 months |
| Project Starting Time | To be decided  |
| Project Progress | Achievement may be reviewed later upon currency of project |
| Project Completion Time  | 3 months |
| **Background and Updated Status**In order to promote ECO Regional Value Chains (RVCs) and augment investment climate within ECO Region for the investors from within the ECO region as well as other regions of the world, Member Countries agreed in the '1st Meeting of the Heads of SEZs / FTZs of the ECO Member States’, for setting up a network of SEZs/ FTZs in the ECO region. It was agreed that there is a need to develop guidelines for formulation of networks of the selected SEZs/FTZs in prioritized sectors in the ECO Region based on comparative advantage, as envisaged in ECO Vision 2025 to attract investment. It was opined that the guidelines should include how to Identify selected sectors and zones, what incentives may be offered for investor's confidence etc, for creation of Regional Value Chains and connect the region with Global Value Chains. So, it was proposed that the Secretariat may initiate a research study for the purposes of setting up the 'Study on preparation of the guidelines for the establishment of ECO Network of Special Economic Zones/ Free Trade Zones (SEZs/FTZs) in the ECO Member States**.’**Development of the regional guidelines for the establishment of ECO Regional Network of SEZs to strengthen among ECO Member States will:1. Create a synergy in investment policies and procedure of the Member States
2. Identify selected sectors and zones on the basis of their comparative advantage and incentives for investors of the region and outside.
3. Strengthening private sector cooperation and businesses to increase trade in region.
4. With greater investment, the region may achieve the much needed diversification to contribute to the global economy in a more productive manner and ensure socio-economic development in the region
 |
| **Current Status:**The Secretariat circulated a draft SEZs/FTZs Guidelines with the Member States and solicited their comments. However, regarding the above mentioned project, the ToRs have been prepared and finalized for hiring the consultant/specialist. The Secretariat has requested the Member States for Views/Comments vide NV No. T&I/SEZ/2023/443 dated 5.4.2023. The Republic of Azerbaijan shared a list of experts/ consultants with Secretariat for the research. However, the Secretariat is still pursuing comments/ proposals on the ToRs of the Project to engage the services of a specialist to initiate the study. Moreover, the Secretariat has been facing paucity of funds in relevant head in 2022 as well as in 2023. The project will be pursued in 2024 upon receipt of proposals/ comments of the Member States and keeping the situation of availability of funds.  |

**Annex III**

# Section-VIII

# Proposed New Projects

**1. Capacity Development Project for ECO Member States to Effectively Contribute to Standardization Activities at the National and International Levels**

|  |  |
| --- | --- |
| **Project Title** | “Train The Trainers Program” For ECO Member States on “International Standards and International Standardization” |
| Project Code | TBD |
| Project Rationale | In today's globalized economy, standards play a crucial role in facilitating trade and promoting economic growth. Standards ensure that products and services are safe, reliable, and meet the required quality criteria. They also help reduce technical barriers to trade and foster innovation. Despite the significant benefits of standardization, many developing countries lack the necessary infrastructure, knowledge, and resources to effectively participate in and contribute to standardization activities, thus remaining unable to reap the benefits. |
| Project Objectives | The proposed project aims to deliver a comprehensive 5-day standardization train-the trainer program for ECO Member States to enhance their capacities in the field of standardization and reinforce the sustainability of the standardisation learning opportunities in ECO Member States. The train-the-trainer program is designed to cover essential topics; such as, - governance of standardization systems, - standard preparation activities, - sectoral standardization, e.g. machinery, - United Nations Sustainable Development Goals (UN SDGs), - Sharing economy, transformation economy, and - Artificial intelligence.Ultimately, the project aims to strengthen the standardization infrastructure in ECO member states and enhance their competitiveness in the global market. |
| Project Budget | $ 7,200/- (Seven thousand two hundred US Dollars) |
| Project Funding Source | An amount of US$ 7,200 from the ECO Secretariat to be allocated for the activities. |
| Project Coordinator | ECO Secretariat |
| Regional Partner | The ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM) can be invited for coordination purposes.  |
| Duration of Project | 3 Weeks  |
| Starting Time | As soon as approved RPC (and CPR)  |
| Project Progress | Achievement to be reviewed at the end of the project |

|  |
| --- |
| **Necessary Actions and Assistance Needed**The ECO Secretariat suggests that this capacity building project should be approved and implemented for improving economic cooperation in the ECO Region, and regardless of the operationalization of the ECOTA Agreement. **Expected Outcomes of the Project**The project's outcomes and outputs include:**1.** Improved human resources on standardization infrastructure in ECO member states, resulting in increased competitiveness in the global market.**2.** Increased capacity to implement WTO principles[[14]](#footnote-14) and practices, as well as enhanced access to regional trade preference programs, e.g. the EU’s Generalised Scheme of Preferences.[[15]](#footnote-15) **3.** Improved understanding of international standardization, its governance, and processes among participants.**4.** Enhanced capacity of participants to engage in standard preparation activities and contribute to the development of national and international standards.**5.** Increased awareness of sectoral standardization activities and certification processes in key areas, such as halal food.**6.** Greater familiarity with emerging trends and issues in standardization, enabling participants to better adapt to and address these challenges in their respective standardization efforts.**7.** Strengthened collaboration and networking among ECO Member States, promoting the exchange of best practices and fostering economic cooperation in the area of standardization.**8.** Strengthened sustainability of standardisation training and awareness raising activities in ECO member states. **9.** Standardisation Training Tool-Kit will be developed for furthering standardisation-related training activities in ECO Member States.  |
| **Latest Progress**The project proposal document is ready upon request. Considering the total budget (US$ 7,200) and the expected outcomes and impact simultaneously, the budget is reasonable. The project aligns with ECO's overarching goal of promoting economic cooperation and integration among its Member States by equipping participants with the knowledge and skills necessary to effectively participate in and contribute to national and international standardization activities. It is a new project that is kindly suggested to be adopted during the 34th RPC meeting.  |

**\*\*\*\*\*\*\***

**2. Capacity Development Project for Preliminary Gap-Analysis on the Standardization Infrastructure of ECO Member States in the Process of WTO Accession as well as International Standardization Platforms**

|  |  |
| --- | --- |
| **Project Title** | **Preliminary Gap-Analysis on the Standardization Infrastructure of ECO Member States in the Process of WTO Accession as well as International Standardization Platforms Such As ISO, IEC and OIC/SMIIC**  |
| Project Code | TBD |
| Project Rationale | The ECOTA Agreement recalls in its preamble para. 6 that “Contracting Parties that are not members of the WTO will continue to pursue the WTO accession process” and “Contracting signatory Parties that are WTO members shall facilitate their accession through appropriate support”.  |
| Project Objectives | This project aims to conduct a preliminary GAP analysis of the standardization regimes and infrastructure of four ECO Member States (*Uzbekistan, Turkmenistan, Iran, and Azerbaijan*) undergoing WTO accession negotiations.The primary objective of the analysis is to assess their standardisation regimes to identify their preparedness levels for WTO membership and integration into international standardisation platforms such as ISO, IEC, and OIC/SMIIC. By addressing the unique challenges faced by each country, the project will support their capacity to align with international standards, develop effective policies, and engage in successful negotiations.  |
| Project Budget | $ 8,400/- (Eight thousand four hundred US Dollars) |
| Project Funding Source | An amount of US$ 8,400 from the ECO Secretariat to be allocated for the activities. |
| Project Coordinator | ECO Secretariat |
| Regional Partner | The ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology (RISCAM) can be invited for coordination purposes. |
| Duration of Project | 9 Weeks |
| Starting Time | As soon as approved RPC (and CPR)  |
| Project Progress | Achievement to be reviewed at the end of the project |
| **Necessary Actions and Assistance Needed**The ECO Secretariat suggests that this capacity building project should be approved and implemented for improving economic cooperation in the ECO Region, and regardless of the operationalization of the ECOTA Agreement. **Expected Outcomes of the Project**The project will have a significant impact on the target countries' ability to engage in international trade and economic cooperation. By improving their standardization regimes and infrastructure, the countries will be better positioned to align with international standards, attract investment, and foster innovation. **This impact will be felt both within the countries themselves and throughout the ECO region, as greater harmonization and unity in standardization practices will promote increased collaboration and synergy in trade and economic activities.****Outcomes:**1. Enhanced understanding of the current state of standardization regimes and infrastructure in the target countries, as well as their compatibility with WTO, ISO, IEC, and OIC/SMIIC membership requirements.
2. Identification of gaps and areas for improvement in the standardization regimes and quality infrastructure of the target countries.
3. Development of tailored recommendations for each country to address identified gaps and challenges, facilitating progress towards WTO accession and integration into ISO, IEC, and OIC/SMIICS.
4. Increased capacity of the target countries to engage in successful negotiations with international organizations and participate in global trade networks.
5. Strengthened economic cooperation and integration among ECO Member States, contributing to the organization's broader goals of fostering sustainable development and enhancing the region's prosperity.

**Outputs:**1. A summary of desk research findings, providing insights into the existing standardization regimes and relevant national regulations in the target countries.
2. Tailored questionnaires designed to gather detailed information on the target countries' standardization regimes and infrastructure.
3. A series of focus group workshops, involving standardization experts from the target countries and providing first-hand information on their unique challenges and opportunities.
4. Completed questionnaires from workshop participants, offering valuable data on each country's standardization regime and its compatibility with international membership requirements.
5. A comprehensive report, including a general overview and separate sections for each country and organization (WTO, ISO, IEC, and OIC/SMIIC), outlining the current situation and providing actionable guidance on how to move forward.
6. The report will also include recommendations for the ECO Secretariat in the form of potential leads and ideas for additional capacity building projects for the ECO region.
7. **Necessary input for the update of the project document on the continuation of the 4th Phase of the Project with UNIDO, “Implementation of a Regional Quality Policy for the ECO region”.**
 |
| **Latest Progress**The project proposal document is ready upon request. Considering the total budget (US$ 8,400) and the expected outcomes and impact simultaneously, the budget is reasonable. The project aligns with ECO's overarching goal of promoting economic cooperation and integration among its Member States. It is a new project that is kindly suggested to be adopted during the 34th RPC meeting.  |

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**Annex IV**

# Section-IX

# Agreements in Trade and Investment Directorate

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| IX. Agreements in Trade & Investment Directorate |
| Agreement  | **Membership** | **Legal Status**  | **Remarks** |
|  Signed by  | **Ratified by** |
|

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ECOTA, Protocol To ECOTA  | 05 | 05 | Signed on 16th July 2003. Entered into Force on 25th April 2008.  | ECOTA needs to be operationalized. Iran and Tajikistan to kindly provide Product Lists, Tajikistan to ratify Annexure. Five non-parties ECO Member States to be pursued to join. |
| Agreement on Promotion and Protection of Investment (APPI)  | 05 | 03 | Signed on 7th July 2005. Ratified by four parties and operationalized in 2022.  | Afghanistan to kindly share original ratification since 2009, Azerbaijan to kindly ratify the Agreement. 5 non-parties from to be pursued to join.  |
| Agreement on the Establishment and Operation of ECO Smuggling and Customs Offences Data Bank  | 06 | 05 | Signed on 7th July 2005. Entered into Force on 30thDec 2017.  | Afghanistan ratified and shared a copy on 29th June 2020. Afghanistan may kindly share original ratification for repository. Azerbaijan, Iran, Pakistan and Türkiye, already ratified. Tajikistan may kindly expedite ratification. Remaining Member States may consider joining. **The databank is technically operational, needs beta testing with existing members.**  |
| Agreement on Simplification of Visa Procedures for Businessmen of the ECO Member States  | 07 | 05 | Signed on 15th March 1995. Entered into Force on 23rd Dec 1997. | Problems like lack of visa policies in some Member States impede effective implementation of the Agreement. Signatory Member States i.e. Azerbaijan & Turkmenistan to kindly expedite ratification. Non-signatory Members i.e. Kyrgyzstan, Tajikistan & Uzbekistan, pursued to join.  |
| Additional Protocol on Simplification of Visa Procedures for Businessmen and Transit Drivers of the ECO Member States  | 03 | 01 | Approved by COM on 9th March 2009. Awaiting entry into Force by signing and ratification by at least five Members.  |  Afghanistan, Iran and Pakistan signed the agreement and Pakistan deposited the instrument of ratification of the Additional Protocol (on *26th January 2011*). Afghanistan and Iran to kindly ratify and the remaining Member States to consider joining. The protocol comes into force by Ratification of at least five Member States |
| Articles of Agreement on the Establishment of ECO Re-Insurance Company  | 03 | 03 | Signed on 10th February 2010. Entered into Force on 3rd Dec 2017. | The Articles of Association (AOA) of the ECO Reinsurance Company (ERC) has been ratified by the three parties Iran, Pakistan and Turkey and came into force in 2017. Iran and Turkey may kindly transfer their paid-in contribution and Pakistan to operationalize the company.  |
| Framework Agreement on ECO Trade Cooperation  | 09 | 06 | Signed on 6th March 2000 and entered into Force.  | Turkmenistan was the 9th party to sign the agreement on 30th May 2021. Afghanistan, Tajikistan and Turkmenistan to kindly ratify. Uzbekistan, the only non-signatory, to consider joining the Agreement.  |
| **Draft Agreements in Pipeline for Consideration of the Member States** |
| **Agreement**  | **Signed By /****Ratified By**  | **Status**  | **Remarks**  |
| The Charter for Establishment of ECO Tax Administration Cooperation Society (ECOTAX) |  |  | Ditto |
| Agreement on mutual administrative assistance in customs matters | Nil |  | In 8th Meeting of the **ECO Council of Heads of Customs Administration (CHCA)** the adopted final draft text was circulated among the Member States for completion of formalities and internal governmental processes. The Republic of Azerbaijan and the Islamic Republic of Pakistan have completed their internal procedures. Remaining awaited.  |

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**Annex-V**

# Section-X

# Draft Calendar of Events for 2024

*(Subject to revision and approval by the 34th RPC)*

Below are the guiding principles that will be taken into account to prioritize the organization of events that shall be coordinated by the Trade and Investment Directorate:

* Events promoting free movement of goods, cooperation on trade facilitation, customs, standardization, and free zones are of the highest priority.
* Events about the free movement of capital and services (e.g. finance, capital markets, taxation, investment, financial services, etc.) are of second degree priority importance.
* Events about the free movement of persons (e.g. business visas) are of third degree priority importance.

**ECO EVENTS**

**1st Degree Priority ECO Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S#** | **Event/Activity** | **Venue** | **Date / Mode** | **Notes, if any** |
|  | 9th Meeting of the ECOTA Cooperation Council *(As per rules, this meeting should be held twice per year)* | TBD | 2024 / Hybrid  | Pakistan is coordinating country, being chair of trade committee in RPC. |
|  | 5th ECO Ministerial Meeting of Commerce and Foreign Trade.  | TBD | 2024 / Hybrid  |  |
|  | 6th ECO Ministerial Meeting on Finance / Economy | TBD | 2024 / Hybrid  | Azerbaijan has offered to host in 2022 and 2023. To be scheduled in December 2023 |
|  | 10th Meeting of ECO Council of Heads of Customs Administration (CHCA)  | TBD | 2024 / Hybrid | During 9thCHCA Meeting, Iran announced to host it. |
|  | 6th Meeting of the ECO Committee on Customs Cooperation (ECCC) | TBD | 2024 / Hybrid |  |
|  | 2nd Meeting of Joint Working Group for Trade Facilitation Strategy and draft ECO Trade Facilitation Agreement (ETFA) | TBD | 2024 / Hybrid |  |
|  | 2nd Working Group Meeting of the Experts on EDI | ECO Secretariat | 2024 / Virtual  |  |
|  | 3rd Meeting of Technical Committee on Electronic Data Exchange (EDI) *(after the WG on EDI)*  | TBD | 2024 / Hybrid  |  |
|  | 4th ECO Trade Promotion Organizations (ECO-TPOs) Forum | TBD | 2024 / Physical  |  |
|  | 3rd ECO Trade Fair | TBD | 2024 / Physical |  |
|  | 6th ECO Business Forum  | TBD/ECO-CCI | 2024 / Physical |  |
|  | 1st Meeting of Joint Working Group to finalize Multi-Dimensional Trade & Investment Strategy & to conduct Preliminary Study on the Prospects of Establishing a Free Trade Area  | TBD  | 2024 / Hybrid |  |
|  | 2nd Meeting of ECO Heads of Tax Administration | TBD | 2024 |  |
|  | 2nd Experts Group Meeting on Banking, Financial Matters of ECO and Forming ECO Clearing Union | TBD | 2024 |  |
|  | 1st Meeting of Working Group of the Central Banks on ECO Clearing Union (ECU) | Iran | 2024  |  |

*NOTE: In absence of volunteer host, the Secretariat will host the event.*

**2nd Degree Priority ECO Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Event/Activity** | **Venue** | **Date / Mode** | **Notes, if any**  |
|  | 1st Meeting of the ECO Heads of Commodity Exchanges | TBD | 2024 |  |
|  | Joint Technical Seminars/ Trade Policy Review Sessions (*on need basis*) | TBD  | 2024  |  |
|  | 2nd Meeting of Heads of Capital Markets Supervisory Authorities preceded by Preparatory Committee's Meeting | Iran | 2024 / Physical  |  |
|  | 2nd Meeting of ECO Investment Promotion Agencies (ECO-IPAs) Forum | TBD | 2024/ Hybrid  |  |
|  | 2nd Meeting of the Heads of SW/NDFs of the ECO Member States  | Iran | 2024 / Hybrid |  |
|  | 3rd Meeting of the Heads of SEZs/FTZs of the ECO Member States.  | TBD | 2024 / Physical |  |

*NOTE: In absence of volunteer host, the Secretariat will host the event.*

**3rd Degree Priority ECO Events**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date / Mode** | **Notes, if any** |
| 1) | 1st Meeting of the Stakeholders for issuance of Business Visa Sticker Scheme to the Businessmen in the ECO Region | ECO Secretariat | 2024 / Virtual  |  |

*NOTE: In absence of volunteer host, the Secretariat will host the event.*

## ECO Events: Conferences/Seminars/Workshops/Exhibitions/Training Courses

1st Degree Priority

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date / Mode** | **Notes, if any** |
|  | 5th Seminar on Trading Patterns in ECO Region and Accession of ECO to WTO. | TBD | 2024/ TBD |  |
|  | Training Program on Customs Cooperation in to-be-specified topics as suggested by Türkiye, e.g. TIR, e-commerce, etc.  | TBD/Türkiye | 2024/ TBD |  |
|  | Workshop on the Compatibility of ECOTA, Eurasian Economic Union and Türkiye-EU Customs Union  | TBD/Türkiye | 2024/ TBD |  |

2nd Degree Priority

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date / Mode** | **Notes, if any** |
| 1. 1
 | 4th ECO Investment Conference | TBD | 2024 / TBD |  |
| 1. 2
 | Seminar of Banking Associations of the ECO Member States. | TBD | 2024 / TBD |  |

*NOTE: In absence of volunteer host, the Secretariat will host the event.*

**Meetings of the ECO Affiliated Bodies with ECO Secretariat Participation**

1st Degree Priority

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date** |
|  | Executive Committee Meetings and Specialized Committees Meetings of ECO-CCI *(held twice a year)* | TBD  | 2024 |
|  | Annual Review Meeting with the ECO Regional Institute for Standardization, Conformity Assessment, Accreditation and Metrology  | TBD | 2024 |

2nd Degree Priority

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Venue** | **Date** |
|  | ECO Reinsurance Company | Pakistan | 2024 |
|  | Meetings of ECO Trade and Development Bank (ECO-TDB)/(20th BOG Meeting) | Türkiye | 2024 |

## Non-ECO Events (Subject to availability of financial resources)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No.** | **Event/Activity** | **Organizer** | **Venue** | **Date** |
|  | International Customs Day | World Customs Organization | Brussels | January 26, 2024 |
|  | COMCEC SOM Session | OIC |  Türkiye | 2024 |
|  | WTO Geneva Week | WTO | Geneva | 2024 |
|  | Aid for Trade Global Review | ITC | Geneva | 2024 |
|  | Asia-Pacific Business Forum (APBF) | UNESCAP | TBD | 2024 |

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1. Estimated based on the IMF Data. at a https://www.imf.org/en/Publications/WEO/Issues/2022-economic-outlook-october [↑](#footnote-ref-1)
2. Data not available for Afghanistan and Turkmenistan for 2022 [↑](#footnote-ref-2)
3. <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>. [↑](#footnote-ref-3)
4. <https://unctad.org/publication/world-investment-report-2023> [↑](#footnote-ref-4)
5. S*ome earlier interest from Azerbaijan and Tajikistan was recorded, however, the Secretariat could not get any confirmation from these 2 countries either, regarding the proposed August 29th meeting.* [↑](#footnote-ref-5)
6. S*ome earlier interest from Azerbaijan and Tajikistan was recorded, however, the Secretariat could not get any confirmation from these 2 countries either, regarding the proposed August 29th meeting.* [↑](#footnote-ref-6)
7. “Impediments in ECO Trade Agreement and Measure to Resolve” [↑](#footnote-ref-7)
8. Iran’s IP address information is missing. [↑](#footnote-ref-8)
9. See Page 11, Executive Summary, “*Impediments in Implementation of the ECO Trade Agreement and Measures to Resolve*” [↑](#footnote-ref-9)
10. See Page 14, Executive Summary of the Research Study. [↑](#footnote-ref-10)
11. See suggestions for amending other articles of ECOTA, pages 294-5. They are about export subsidies, and safeguards, etc. Reasserch Study avaialble at www.eco.int/trade. [↑](#footnote-ref-11)
12. See the draft MoU, Pages 299-302, the Research Study. [↑](#footnote-ref-12)
13. Since Turkmenistan tariff data was not available, it was not possible to review its tariff structure and it could not be presented in the study. [↑](#footnote-ref-13)
14. The ECOTA Agreement recalls in its preamble para. 6 that “Contracting Parties that are not members of the WTO will continue to pursue the WTO accession process” and “Contracting signatory Parties that are WTO members shall facilitate their accession through appropriate support”. [↑](#footnote-ref-14)
15. Please note that some ECO Members may benefit EU’s Generalized Scheme of Preferences (Plus) and/or Everything But Arms Initiative, e.g. Kyrgyzstan, Pakistan, Uzbekistan, Tajikistan. <https://gsphub.eu/country-info> [↑](#footnote-ref-15)