

Oct. - Nov.
2011

The News Magazine of Economic Cooperation Organization

ISSUE 2



ECO CHRONICLE

**ECO Railways
Connects
Persian Gulf to
Central Asia**



**19th ECO Day
Celebrations**



RI. 25000. (IRAN),
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PRESS RELEASE

New ECOTDB President Appointed

The founding countries of the ECO Trade and Development Bank (ECOTDB) appointed Dr. Hossein Ghazavi as the Bank's new President. Following the appointment to his new position, Dr. Ghazavi took office at the Headquarter of the Bank in Istanbul, as of November 1st, 2011.

Dr. Ghazavi prior to his new appointment served

as the First Vice-Governor of the I.R. of Iran Central Bank. He brings with him more than three decades of diverse national and international experience in Corporate and Consumer banking to the ECOTDB.

Prior to his post at the Central Bank of the I.R. of Iran, Dr. Ghazavi had served as a Board Member of Export

Development Bank.

He had been the Director General of the Office of Loans and International Organizations at the Ministry of Economic Affairs and Finance.

Dr. Ghazavi had been a member of International Ad-Hoc Committee for Draft Convention against Corruption in Vienna (2001-2003).



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Editor's Note:

 The views expressed and data contained in this publication are provided by writers/ authors from ECO member countries or from outside the ECO region, and are not necessarily those held or agreed by the ECO Secretariat or ECO Chronicle Editorial Board.



Season's Greetings

ECO Chronicle's prime mission is to reach policy-makers, scholars, economists and public and private development experts as well as the wider ECO public opinion and inform them on ECO activities in areas such as trade, transport, energy and environment and solicit views and comments on the Organization's efforts to build the necessary infrastructure for promoting regional integration and cooperation amongst its Member-States. The bimonthly also aims through its readership to connect the network of dedicated staff within the ECO Community and generate exchange of views and opinion on matters of concern. The Organization's affiliate publication, ECO Times will continue its successful coverage of the region's cultural and artistic events. Both publications aim at promoting greater cohesion and cooperation amongst the people of this important region. The Editorial Board welcomes articles for print and suggestions from readers on topics of particular interest. We look forward to your comments and proposals and rely on your continued support.

Finally, as the year draws to its end, we would like to convey to ECO member nations, our best wishes for the New Year 2012. It is our sincere wishes that the New Year will be more peaceful, more prosperous for our people, our region and indeed for the peoples of the Earth. We extend to you our heartiest greetings and warmest felicitations on this great occasion of joy and elation. May the spirit of cooperation and peace prevail over the forces of segregation and despair. Amen!

Economic Cooperation

Organization is an intergovernmental regional organization established in 1985 by Islamic Republic of Iran, Islamic Republic of Pakistan and Republic of Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States. It is the successor organization of what was the Regional Cooperation for Development (RCD), founded in 1964, which ended activities in 1979. In the fall of 1992, ECO expanded to include seven new Members, namely Islamic Republic of Afghanistan, Republic of Azerbaijan, Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan. ECO's secretariat is located in Tehran.

In the Name of Almighty

Cover



The 21st Century Silk Road,

ECO Railways Connect the Persian Gulf to the Heart of Central Asia

19th ECO Day Celebrations



Published by
Economic Cooperation
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November 28, The **ECO** Day

At the ECO Secretariat



Ministers of Foreign affairs of the member countries are addressed to ECO Secretary General.

On October 4, 2011 in anticipation of this notable day, a well attended reception was organized by the ECO Secretariat in Kamranieh, Tehran where the ambassadors of the ECO member states, heads of foreign diplomatic missions and other VIP guests were present to celebrate the occasion.

The Minister of Foreign Affairs of the host country Iran, Dr. Aliakbar Salehi as the "Guest of Honor" attended the celebration event and congratulated the Secretary General for the ECO Anniversary and also inaugurated the newly remodeled ECO Secretariat's main Conference Hall.

The Minister signed the Guest Book with the following message:

*In Commemoration of 19th Anniversary of Expansion of **ECO***

ECO CHRONICLE November 28th of each year marks the Anniversary of the expansion of ECO in 1992 from a three-member state organization to its present strength of ten important countries.

To commemorate this day and as a sign of solidarity, usually congratulatory messages from ECO Head of States or





"We hope that with the efforts and leadership of its Secretary General, ECO will soon turn into a strong institution. Aliakbar Salehi"

On October 9, 2011, Erzhan Kazikhanov, the Foreign Minister of the Republic of Kazakhstan, an ECO member country, paid a visit to ECO Headquarters in Tehran and congratulated the ECO Secretary General for the ECO Anniversary. On the Guest Book, he wrote:

"It is with great pleasure that I am visiting ECO Headquarters. I wish you Mr. Secretary General and the ECO staff all the success and prosperity in your noble endeavors. Many thanks. Minister E. Kazikhanov." ■



Statement of ECO Secretary General

ECO
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"The 19th anniversary of the Economic Cooperation Organization (ECO) reminds us of the progress achieved towards creating an environment for enhanced regional cooperation.

The Organization since its establishment in 1992 has come a long way in consolidating cooperation particularly in the last decade. On the multilateral co-operation in key areas of economy, ECO has developed a sharper focus on the Landlocked Economies and Countries with Economies in Transition.

In the wake of a rapidly changing world posing new challenges for regionalism, the performance of ECO has improved through a more effective mutually supportive relationship among its membership. Striving to



ECO
CHRONICLE

The Economic Cooperation Organization (ECO) was established in 1985 as a trilateral organization of Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States.

Aims and objectives of ECO are identical to those of its forerunner, the Regional Cooperation for Development (RCD), which remained in existence from 1964 to 1979. The Treaty of Izmir signed in 1977, which provided the legal framework for RCD, was adopted as the basic Charter of ECO with modifications to provide a proper legal basis to ECO's for transition from RCD.

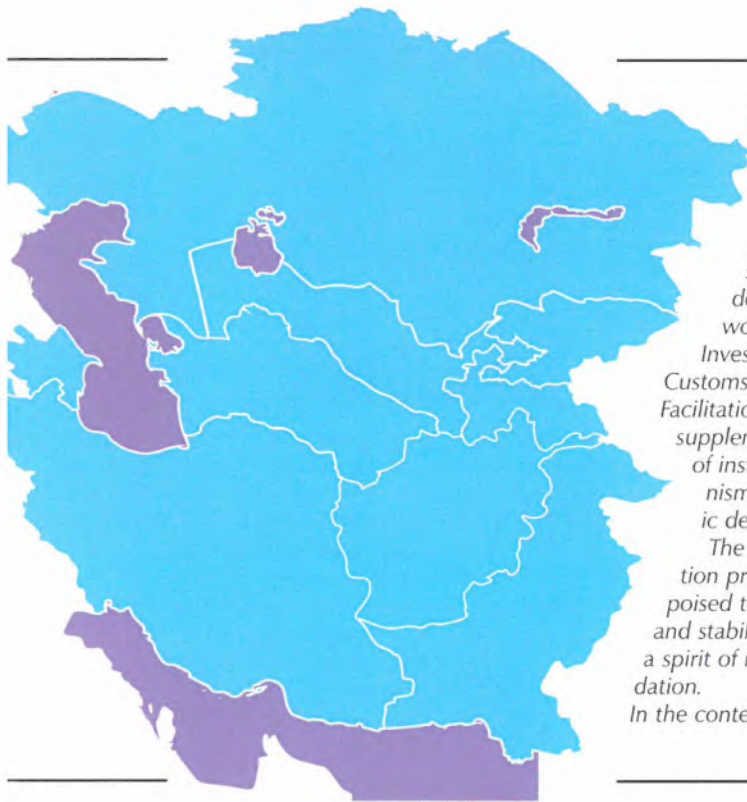
The Ministerial Meeting held in Islamabad in June 1990 ratified new charter "Treaty of Izmir ECO", which

ECO A Brief History, Opportunities & Challenges

was fully launched in early 1991. The break-up of former Soviet Union led to independence of Republics of Central Asia and Caucasus, as a manifestation of their urge to revive their historic affinities with the peoples of Iran, Pakistan and Turkey, six of these Republics; namely Azerbaijan,

Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan along with Afghanistan sought the membership of ECO and were admitted into the organization.

The participation of these new Members in the activities of the Organization were commenced after their formal accession to the Treaty of Izmir at an Extraordinary Meeting of ECO Council of Ministers held in Islamabad on 28th May, 1992. ECO gained a new dimension with its expansion from a three to ten-Members' Organization.



coordinate economic policy to the extent necessary to achieve its objectives, ECO successfully laid down legal frameworks in Trade, Investment, Transport, Customs and Visa Facilitation. This has been supplemented by creation of institutional mechanisms to foster economic development. The economic integration process is thus well poised to ensure prosperity and stability of the region, in a spirit of mutual accommodation. In the context of infusing fresh

dynamism to the Organization, the commitment of the Member States is of prime importance in pursuit of their common desire for a brighter and prosperous future for the peoples of this region.

To this end, the decisions adopted through common consensus by the ECO decision making organs are guiding our future course.

I am convinced that ECO region has immense potential. It can certainly be realized through collective effort and understanding.

Over the years, ECO has developed into an effective Organization for capitalizing opportunities through building partnerships.

On the auspicious annual day, we need to remind ourselves of the promise that ECO holds to further nurture and develop economic and cultural integration." ■

Over the past 18 years the member states have been collaborating to accelerate the pace of regional development through their common endeavors. Besides shared cultural and historic affinities, they have been able to use the existing infrastructural and business links to further fortify their resolve to transfer their hopes and aspirations into a tangible reality. ECO has embarked on several projects in priority sectors of its cooperation including energy, trade, transportation, agriculture and

drug control.

Despite its young age, ECO has developed into a thriving regional organization. Its international stature is growing. Nevertheless, the organization faces daunting challenges with respect to realization of its objectives and goals. Most importantly, the region is lacking in appropriate infrastructure and institutions which the Organization is seeking to develop, on priority basis, to make full use of the available resources in the region. ■



Messages of Solidarity

ECO
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19th
ECO Day
28 November
2011

Message from His Excellency Dr. Zalmay Rasoul, The Minister of Foreign Affairs of the Islamic Republic of Afghanistan

His Excellency Mr. Yahya Maroofi
The Honorable Secretary General of ECO

On behalf of the Islamic Republic of Afghanistan, I hereby extend my sincere felicitations to you and your colleagues on the 28th Anniversary of ECO Establishment.

The Economic Cooperation Organization, since its establishment as a regional body to promote economic convergence among

countries of the region, has been successfully able to unite member states based on mutual interests and cooperation.

It is indeed a distinct privilege for the Islamic Republic of Afghanistan to have the membership to this Organization.

I am confident that your sincere endeavors and those of your colleagues could provide the ground to facilitate the rehabilitation and reconstruction of Afghanistan through the assistances by that Organization.

In conclusion, I avail myself of this opportunity to wish your Excellency and your colleagues all the best and health. ■



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CHRONICLE

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ECO Day
28 November
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Message from H.E. Ms. Hina Ribbani Khar Foreign Minister of Pakistan

On the auspicious occasion of 19th ECO Day, it gives me great pleasure to convey warmest felicitations to the Member States of Economic Cooperation Organization (ECO). This day affords us an opportunity to take stock of the performance and achievements of ECO and to renew our commitment to its Charter and objectives.

ECO has come a long way since its inception nearly two decades ago. It has made important strides in institution building and laying a comprehensive framework for regional cooperation.

While we celebrate our collective achievements, we must also take this opportunity to reflect on the challenges to the realization of ECO's full potential in promoting regional economic integration and

development. I believe, we have now reached the stage where we must revigorate our efforts to fully operationalize and implement the already agreed arrangements and processes within our Organization in order to make them effective and meaningful to our citizens. A case in point is the ECO Trade Agreement (ECOTA) which we need to implement as a priority agenda for ECO.

I am confident that ECO will continue its efforts for the implementation of its decisions and agreements and realization of its targets and goals with renewed vigour and determination.

I would like to avail myself of this opportunity to reiterate Pakistan's strong commitment to the ECO Charter and assure the Member States of our full support and cooperation in our common endeavour to transform

ECO into a catalyst for regional cooperation and prosperity. ■



Messages of Solidarity

ECO
CHRONICLE

19th
ECO Day
28 November
2011

H.E. Ahmet Davutoglu
Minister of Foreign
Affairs of
the Republic of
Turkey

H.E. Ambassador M.
Yahya Maroofi
Secretary General of the
Economic Cooperation
Organization (ECO)

Excellency,
I have the pleasure to
extend to Your
Excellency my sincere
congratulations on the
occasion of the ECO
Day.
Being one of its founding
members, Turkey attaches
great importance to
the ECO activities and
considers the ECO as a
multinational economic
platform contributing to
the establishment of
economic stability and
prosperity in the region.
At a time of swift
changes in our neighbor-
hood, the ECO, having
reached a mature age,
serves as a unique
regional mechanism
uniting us under a
common econom-
ic vision. In this
context, ECO
Vision 2015 docu-

ment is highly important
to reinvigorate the ECO
and to give an impetus
to the spirit of coopera-
tion among the Member
States.

Therefore, I believe that
the works of Group of
Eminent Personalities
would greatly facilitate
our endeavors towards
achieving our 2015
Vision. Turkey believes
that implementation of
the projects in the priori-
ty areas of cooperation
of ECO, such as trade,
energy and transporta-
tion/communication are
of special importance
and will be to the bene-
fit of all the member
countries. In this con-
text, the ECO Trade
Agreement or ECOTA
requires particular atten-
tion. On this occasion, I
would like to convey my
appreciation for Your
personal efforts and that
of the Secretariat
towards realizing the
objectives of our
Organization.

Please accept the assur-
ances of my high-
est
consideration. ■

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28 November
2011

Message from H.E. Mr.
Gurbanguly
Berdimuhamedov
President of
Turkmenistan

His Excellency
Mr. Mohammad Yahya
Maroofi
Secretary-General of the
Economic
Cooperation
Organization

Your Excellency!
I extend to you my

cordial felicitations on the
occasion of the anniversary
of establishment of the
Economic Cooperation
Organization.

Availing myself of this aus-
picious opportunity, I wish
you good health, well-
being and success in your
activity at the high and
responsible post of
the Secretary-
General of the
Economic
Cooperation
Organization. ■

ECO
CHRONICLE

19th
ECO Day
28 November
2011

H.E. Ilhom Akramov
Ambassador of the
Republic of Uzbekistan

Dear Secretary General,
I would like to convey my
sincere felicitations to your
Excellency and your col-
leagues at the Secretariat
on the occasion of
the Economic
Cooperation
Organization Day.
Let me express con-

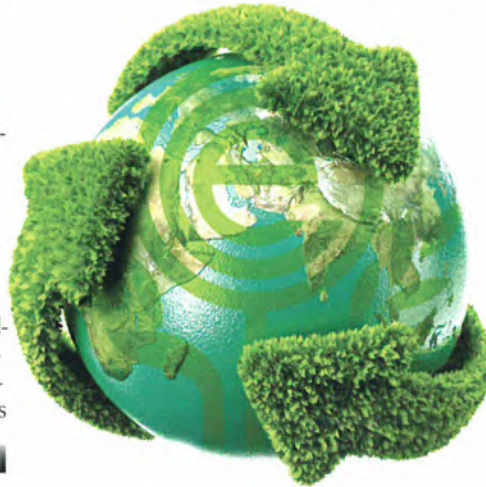
fidence that under
your Excellency's able guid-
ance the Secretariat will
continue its efforts to
achieve stable economic
development of the ECO
region as a fundamental
objective of the
Organization. Availing of
this opportunity, I
would like to wish
you good health and
successes in your
activity. ■



The first level of Post Graduate Certificate on Environmental Management (PCEM) and the first Training Program of the ECO Institute of Environmental Science and technology (ECO-IEST) started with opening remarks given by the president of the ECO-IEST, Dr. Asghar Mohammadi Fazel on 12 September, 2011. In his remarks, he welcomed the participants and delivered a presentation about the history of the institute.

Dr. Fazel noted that according to the decision of the 3rd ECO Ministerial Meeting on Environment (30 June 2006, Almaty, Kazakhstan), the ECO Institute of Environmental Science and Technology (ECO-IEST) has been established as a part of Iran's University of Environment to generate knowledge through research and studies on environment in ECO region; to strengthen human resources through training and educational programs, seeking to expand theoretical and practical knowledge; to promote scientific and technical cooperation and exchange of experiences and create a network of experts

Opening of the first level of **PCEM** Training Program at **ECO-IEST**



in the region; and to strengthen bilateral and multilateral co-operation to mobilize international assistance for environmental conservation in the ECO region.

He also mentioned that ECO-IEST was officially inaugurated in February 2011, by H.E Mr. Mohammad Javad Mohammadi Zadeh, Vice President of Islamic Republic of Iran and Head of the Department of Environment (DoE), and H.E Mr. Yahya Maroofi, ECO Secretary General.

In conclusion, he emphasized on this opportunity within the course to exchange information and experiences in the region and try to develop concept papers for new environmental projects for the region. Following presentation of Dr. Fazel, Mrs. Fazeli, Coordinator of the ECO-IEST, made a detailed presentation on PCEM Training Program and its mission. At the end of this opening session, the participants had an introductory tour in the University to become familiar with different sections of the university campus. A video clip about the activities of the UOE during the last year was also presented in this opening session. ■

PCEM Students Visit ECO Secretariat



On 14 September, 2011, PCEM students visited the ECO Secretariat and met Ali Khanbutayev, the Director of the Energy, Minerals and Environment, who provided them with a brief history of ECO. During the visit, Khanbutayev pointed to the necessity of establishing an organization for strengthening the communication, developing science and technology, increasing the cooperation for regional and international projects and encouraging more research in the region. Referring to ECO's significant achievements in various areas, he further noted: "The establishment of PCEM in the ECO Secretariat is the result of a regional effort and interest of Iran's University of the Environment for both hosting ECO-IEST and holding the first post graduate course in environmental management".

Khanbutayev then elaborated on ECO's structure and its

ECO
CHRONICLEThe 19th OSCE
Economic and

Environmental Forum was held on 15-16 September 2011 in the premises of the Ministry of Foreign Affairs of the Czech Republic attended by prominent personalities from OSCE countries. At the panel discussion titled "Regional and sub-regional cooperation on sustainable energy and transport"

annual meeting within the economic and environmental dimension of the OSCE. It focuses every year on a theme proposed by the Chairmanship and agreed upon by the 56 participating States. Its objective is to give political stimulus to the dialogue on economic and environmental issues linked to security and to contribute to the elaboration of specific recommendations and follow-up activities to address these



S.G. Presents ECO Energy Development at OSCE Forum

held on September 16, 2011, ECO S.G. provided detailed information on ECO activities in the field of energy development and alluded to the vast resources of energy in the region such as oil, renewable energy, geothermal, biomass power, etc. In his remarks, S.G. assured the meeting of ECO's cooperation at the regional level and beyond on issues of mutual interest.

The Economic and Environmental Forum is the main and the highest-level

challenges.

It also reviews the implementation of the participating States' commitments in the economic and environmental dimension.

The Forum meetings bring together every year more than 400 participants representing governments, civil society, business community and other international organizations, to engage in dialogue and consultations on how to address and identify practical solutions for common economic and environmental concerns. ■

& Other Related Facilities

different technical and decision making bodies and committees plus their planned meetings and duties. He pointed to the 4th ECO Ministerial Meeting on Environment held in Tehran few months ago and its approved 5-year-Plan of Action on Environment. He said that within this action plan, numerous projects and activities were defined for the Member States for conservation of environment. He also pointed to 65 experts from different Member States who are actively engaged in the fields of Energy, Minerals and Environment. There was also a question and answer session for the PCEM participants in which they asked several questions about the quality and level of partnership and cooperation between ECO and other international bodies such as WB, UNEP, etc as well as ECO's budget. Afterwards, the students had a tour to the different departments of the Organization. In another part of the program, the students

visited Pardisan ECO Park and had a tour to different sections of the park and the Biodiversity Museum.

On 15 September, 2011 (the fourth day of the PCEM course), the participants visited Tehran Traffic Control Centre and became familiar with traffic control systems in the municipality followed by a visit to the Arardkooh Waste Processing and Landfill sites located in Kahrizak on the southern part of Tehran and received useful explanations of the process of collecting, transporting, sorting and recycling of different kinds of waste and were introduced different parts of the site.

Later the participants visited different parts of the site including the sanitary landfill, leachate treatment unit (under construction), Methane Extraction unit (under construction), Incineration site (under construction) followed by a question and answer session. ■

COM Meeting

Lauds ECO's Achievements

ECO
CHRONICLE

On the sidelines of the 66th Session of the United Nations General Assembly in New York, ECO Council of Ministers (COM) held their 18th annual informal Meeting on September 27, 2011. Dr. Ahmet Davutoglu, the Minister of Foreign Affairs of the Republic of Turkey and the current Chairman of the ECO-COM hosted and chaired the Meeting which was attended by ECO S.G. plus the Foreign Ministers / Representatives of the ECO Member

ent year, across the spectrum of fields under its preview particularly in the areas of transport, narcotic's control and external relations.

The Member States also appreciated ECO's progress on such transport-related projects as the construction of railway line on Kazakhstan-Turkmenistan-Iran route, feasibility study on Kyrgyz Republic-Tajikistan-Afghanistan-Iran route, revitalization of ECO Container Trains on Istanbul-Almaty and Almaty-Bandar-Abbas routes and commercialization of the freight services on the Istanbul-Tehran-Islamabad container train.

While laying emphasis on the significance of the aforementioned projects for building up an efficient and modern transport infrastructure in the region, the Council urged the Secretariat and the Member States to pursue their early realization. In their remarks, the Ministers also expressed satisfaction over the successful launch of the 3rd ECO Eminent Persons Group and expressed confidence that recommendations of the Eminent Persons would help enhance dynamism, efficiency and visibility of ECO. The Meeting, while acclaiming the efforts made by the Secretariat in promoting the Organization's ties with other regional and international organizations, called on the Secretary-General to sustain the ongoing efforts for further strengthening meaningful cooperation with the United Nations system and other regional and international organizations in line with the directives of the ECO decision-making bodies.

The Meeting also indicated its contentment over the commencement of ECO/ASEAN relations and expressed hope that the follow-up of the decisions taken by the Joint Meeting would speed-up implementation of ECO-ASEAN MoU and the Work Program in different areas. Regarding the proposals of the ECO Contact Group in New York on effective implementation of the UNGA biennial resolution on ECO-UN cooperation, the Ministers endorsed the recommendations and stressed the need for the Contact Group to continue playing an active role in promoting ECO's interests at the United Nations and other relevant regional and international Organizations. The Council also welcomed Kazakhstan's bid to host the International Exhibition EXPO-2017 as well as Turkey's bid for EXPO-2020.

The Council underscored the need for sustained and active follow-up on all the decisions of the 11th ECO Summit and the 19th ECO COM Meeting to accelerate progress in different sectors of ECO cooperation. In their concluding remarks, the Ministers renewed their abiding commitment to foster regional economic integration among the ECO Member States in keeping with the spirit of the Treaty of Izmir and resolved to play an active role in realization of ECO's aims and objectives. ■



States, over a working-lunch.

While briefing the Ministers on the recent progress in the agenda of ECO, the S.G. presented an interim review of the status of implementation of the decisions of the 11th ECO Summit and the 19th ECO COM Meeting and touched upon the key developments made in various fields of cooperation including Trade, Transport & Communications, Energy & Environment, Narcotic's Control, Health and External Relations. Having noted the S.G.'s briefing, the Foreign Ministers expressed contentment over ECO's achievements during the pres-

ECO
CHRONICLE

The Dehmazang Public Park and Kabul Zoo projects, financed by ECO Fund were inaugurated in Kabul on 15 September 2011. The event was widely covered by Afghanistan's electronic and print media.

Mohammad Younes Nawandish, Kabul Mayor and Abulqasem Tahmasebi, Deputy Secretary General of ECO, jointly inaugurated the project. Mustafa Zaher, General President of the Environmental Department of Afghanistan, Dr. Nazir Ahmad Shahidi, Deputy Minister of Economy of Afghanistan as well as the correspondents of the print and electronic media were also present at the inaugural ceremony.

At the outset Aziz Sagheb, Director of the Dehmazang Public Park and Kabul Zoo, in his address while briefing the audience regarding the completion of the project appreciated the ECO Secretariat for its financial support.

Kabul Mayor in his statement elaborated about the activities of Kabul Municipality with regard to the renovation and rehabilitation of the City of Kabul and especially Dehmazang Public Park and Kabul Zoo. He thanked and appreciated the ECO financial assistance for this project and requested the authorities of ECO Secretariat for more cooperation in the future. "Beside the ECO Fund, Kabul Municipality also contributed funds for

ECO Finances Public Projects in Kabul

rebuilding sidewalks and other parts of this project", he added.

Abulqasem Tamasebi, Deputy Secretary General of ECO appreciated the activities carried out by the Kabul Municipality for the completion of the project. He assured to convey the request of Kabul to

the ECO, Secretary General for allocation of funds for future projects. Mostafa Zaher, General President of the Environmental Department of Afghanistan briefed the participants about the background of the Kabul Zoo. Dr. Nazir Ahmad Shahidi, Deputy Economic Minister of Afghanistan also delivered a speech and appreciated the ECO, financial assistance for the reconstructions of Afghanistan and wished for the continuity of ECO's cooperation in other needed areas.

An amount of one Million and three hundred thousand US Dollars has been earmarked for the project, three installments of which have already been released, whereas the fourth would be released upon the completion of the project. On behalf of the Kabul Municipality, Certificates were awarded to those who contributed in this project.

The Kabul Zoo, located on the bank of the Kabul River once had more than 500 animals with about 150,000 visitors coming to see them annually. The zoo suffered significant damage during the long civil war in Afghanistan. ■



Istanbul

Hosts CPR Meeting

ECO
CHRONICLE

The Government of the Republic of Turkey as the current Chairman of ECO has offered to host the 173rd ECO Council of Permanent Representative (CPR) meeting in Istanbul on 5-7 January 2012. The CPR Meeting are usually held in the I. R. of Iran as the host country of the ECO Secretariat.

During the 173rd CPR Meeting which will constitute a special occasion, in addition to regular items of the CPR agenda, presentations will be made on ECO-CCI, ECOSA, ECO Truck Caravan, ECOPLAF and Status of EPG process and a signing ceremony will be organized for ECO - FAO-SEC Project on Seed Sector Development in the ECO Member States. ■

BOT Meeting for ECOSF, A Millstone

ECO
CHRONICLE

The specialized agency of ECO with the mandate to promote cooperation in the field of science, engineering & technology- the ECO Science Foundation (ECOSF) - has been rendered operational after more than sixteen years. The inaugural ceremony of ECOSF was organized on the occasion of the 1st Meeting of the Board of Trustees (BOT) of the ECOSF preceded by a High-Level Experts Group Meeting held on Dec 19-20, 2011 in Islamabad, I.R. of Pakistan. After 16 years since its establishment ECOSF's BOT Meeting, is regarded as a milestone for ECO region as well as for its membership. ■

Bandar Abbas Hosts ECO Int'l Confab on Logistics & Transit Development

ECO
CHRONICLE

The Conference on Logistics and Transit Development in the Economic Cooperation Organization (ECO) region was launched on 17-19 October 2011 in Bandar Abbas, Southern Iran. Delegates from Ministries of Transport and Customs Administrations as well as the national freight forwarder and logistic associations and the business community of the Member States attended the three day event.

International organizations and international financial institutions including United Nations Conference on Trade and Development (UNCTAD), International Road and Transport Union (IRU), United Nations Economic Commission (UNECE) and Islamic Development Bank (IDB) were also invited to the Conference.

The opening ceremony coincided with the commissioning of Bandar Abbas-Almaty container train services.

Objectives of the conference included: introducing senior officials and business representatives to the work of international and regional organizations, e.g. ECO, UNCTAD, UNECE, IRU, on promoting regional transit /logistics operations in the ECO region; exchanging views and experiences about regional transit facilitation/logistics; improving the access of the ECO landlocked countries to sea-

port facilities of coastal member states by road and rail corridors; operating the ECO Container Freight Service on Bandar Abbas Almaty route; and discussing perspectives of the ECO cooperation with international organizations to develop integrated regional transit / logistics system. ■



Persian Gulf Bandar Abbas - Almaty Railroad





“Transport, the Blood Line of International Economy”

Highlights of Statement by ECO S.G. at the Int. Conf. on Development of Transit & Logistics in ECO Region

Transport System, ECO's Top Priority

"ECO Organization attaches top priority to the development of an efficient transport system in the region. Today's Conference, according to our thinking, would go a long way in promoting a coordinated approach necessary to remove the impediments still hindering the full use of multiple transit transport routes available in the region.

Conference's Main Objectives

"Keeping in view the main objectives of the Conference, I would now like to highlight the modest ECO achievement in the specific area of transport transit. Through our programmes, we have aimed at initiating a process of reforms on

to Central Asia the Silk Road of the 21st Century

 Now the ECO Region has become the cross road of the main International North-South and East-West Corridors. In a ceremony attended by high ranking authorities from ECO member states, international organizations including UNCTAD, IRU, UNEC, IDB and officials from the ECO Secretariat, the first transit train of the Bandar-Abbas(Iran) - Alma-Ata (Kazakhstan) line of 3756 km was launched on October 17, 2011. On the sideline of this historic event, the 3 days long ECO International Conference on Logistics and Transit Development was held in Bandar Abbas, Hormuzgan province.

The launching of the Sea - Rail corridor will open a new chapter in the transportation sector in the ECO region. This project and regular activation of the corri-

dor is one of the most important transport projects in the ECO region and it is much emphasized by UNESCO. Iran's President Ahmadinejad described the railway a "Historical and important project for the region", similar statements were heard elsewhere in the ECO member countries.

By this train, the highly strategic Iranian port of Bandar Abbas through Islamic Rep. of Iran connects the land locked countries of Rep. of Kazakhstan, Rep. of Uzbekistan and Turkmenistan to the blue shores of Persian Gulf to southeastern Asia and the Persian Gulf Arab countries. Total length of the corridor is 3756 km and it takes about 150 hours and 12 minutes (6 days and half) for the train to travel on the corridor.

This route which has the capacity of

transiting 2 million tons of goods per annum is technically the most important corridor for export-import and transit into the Central Asia and beyond. Out of the total 3756 km corridor, close to 1,619km is located in Iran, 449 km in Turkmenistan, 732 km in Uzbekistan and 956 km in Kazakhstan. Iranian Roads and Urban Development Minister, Ali Nikzad, announced that "Iran aims to increase its annual transit capacity to 30 million tons in coming years, from current 12 million tons".

He pointed out that transit of goods to and from neighboring states will reach 12 million tons in the current Iranian year (to end March 2012). The Minister continued that "Iran which has over 20 international borders with its neighbors, conducts the largest amount of transit". ■

sustainable basis in the regulatory, managerial and institutional structures within each Member State. The organization has pursued this goal by adopting a three pronged strategy:

Firstly, the Member States have been requested to take the lead in building infrastructure, particularly the missing road and rail links by using their budgetary allocations. Secondly, the Member States are being encouraged to harmonize their rules and regulations with international conventions and agreements in transport and trade sectors. Thirdly, in collaboration with the Member States, ECO attempts to promote institutional capacity within each Member State by arranging trainings, workshops, seminars and encouraging Member States to integrate themselves to international institutions and regional bodies. In this context, they have been requested to sign bilateral agreements with neighbouring transit countries and adhere to the agreed commitments with regard to development of smooth transit transport system in the region. The overall objective is that the transit transport edifice emerged thus far in the region should be fully utilized optimally to reach out to more developed global markets.

East -West & North - South Corridors

"The key role of an efficient transit transport for the promotion of regional and international trade is self-evident. In fact within the context of the rapid growth of international trade and the globalization of international economy, transport has become the blood line to meet the basic requirements of the growing demands of exporters, importers and the users of commodities and products. The current geo-political world requires speedy development of the means of passenger and freight transport. We are trying hard to establish east-west and north-south corridors free from all bottlenecks. We have initiated number of projects to achieve this objective. In order to connect east-west and north-south, we have conducted a feasibility study to examine revitalization of Istanbul-Almaty container train. The study also examined the feasibility of a container freight service on Bandar Abbas - Almaty Route.

Significant Progress Made

"Significant progress has also been achieved in the construction of the railway on Kazakhstan-Turkmenistan-Iran route, which is being monitored by a Trilateral Coordination Committee under the aegis of ECO. Hopefully this project would be completed by the end of 1st quarter of next year.

In rail sector, we have identified another project for connecting China to Europe through Kyrgyz Republic, Tajikistan, Afghanistan and Iran. The feasibility study inside Tajikistan is underway and we are exploring sources to finance the feasibility study inside Kyrgyzstan. We have also been able to launch a regular container train on the Islamabad- Tehran- Istanbul route since August last year. We are busy in making it more regular, more efficient, more competitive and attractive to shippers and consignees. In

this respect, we are grateful to the concerned railways of ECO Member States and the private sector for their cooperation and technical assistance to make this dream realized. Along with this, we have a plan to see an international passenger train moving on the Trans Asian railway route from Islamabad-Tehran- Istanbul and Almaty to Tehran-Istanbul and onward to European cities.

ECO's Truck Caravan

"During September-October 2010, the ECO Silk Road Demonstration Truck Caravan, comprised of trucks from eight member states and a team of ECO/IRU experts, made 11,400 km demonstration journey across the region. This historical project made headway in enhancing regional cooperation in road transport. Inspired by the successful launch of the Demonstration Truck, ECO initiated the Regular Monitored Run of Trucks in 2011 in partnership with IRU, involving 1,000 real commercial journeys during 6 months.

Two Road Transport Corridors

"We have initiated to establish two road transport corridors, one between Islamabad-Tehran-Istanbul, and the other between Iran, Afghanistan, Tajikistan and the Kyrgyz Republic. The aim of these Projects is to promote and develop the transport corridors by launching the regular run of trucks along these corridors. We are awaiting proposals from other member states to undertake similar corridor studies.

Legal & Regulatory Framework

"ECO has come up with proposals for strong legal and regulatory framework to ensure harmonization of border crossing procedures, need for unification of policies on transit fees, common insurance

and rail tariffs etc. Landmark achievements have been two agreements namely ECOTA and the Transit Transport Framework Agreement. Both these agreements have the capacity to provide a strong base for a harmonized if not fully unified regulatory regime for an efficient transport and trade transit administration.

Lack of Awareness & Need to Educate

"Before concluding, I would like to say that our success is dependent on the degree of ownership of our programmes by the Member States as well as the commitment of the direct beneficiaries. Additionally, it is also important that the ECO's programmes and initiative must be known to the General Public. We have observed that only concerned authorities know about the programmes of ECO and General Public and business community is unaware of our efforts, which is not good. Since our objective is to change the socio-economic condition of the people of our region, we will request the Member States to educate their people and business community about the programmes of the organization and encourage them to utilize the opportunities being created by the ECO in trade and transport sectors. ■



ECO
CHRONICLE

The 1st Meeting of ECO Experts Group and 3rd Workshop on Renewable Sources of Energy were held on 25 & 26 October 2011 respectively. A field visit to the Electrical Industry Exhibition on 27th October was also arranged. The events were arranged in Tehran by the Renewable Energy Organization (SUNA) of the Islamic Republic of Iran.

Delegates from the ECO Member States of Azerbaijan, Iran (Host), Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan and Turkey as well as representatives of ECO Secretariat and the UNIDO also participated.

The participants expressed grief and sympathy with the people of Republic of Turkey on the colossal loss of life and property caused by the recent earthquake in the Province of Van of Turkey.

Mr. Yousaf Armodli, Managing Director of Renewable Energy Organization "SUNA" of the Islamic Republic of Iran and Mr. Abolghasem Tahmasebi, Deputy Secretary General of ECO Secretariat delivered opening statements underlining the importance of the renewable energy resources. They stressed upon the Member States for collective efforts and regular exchange of experiences in this field. The representative of the ECO Secretariat presented a review of the ECO Activities on Renewable Sources of Energy and Implementation of the ECO Plan of Action for Energy Cooperation

The head of delegates of the Member States made statements on their National Progress on Renewable Sources of Energy and the Implementation of the ECO Plan of Action for Energy Cooperation. In their statements/presentations they highlighted their respective countries positions on the National Progress on Renewable Sources of Energy reflecting their country's policies, achievements, experiences, latest developments and trends in the field of the Renewable Sources of Energy as well as the Implementation of the ECO Plan of Action for Energy Cooperation.

Renewable Sources of Energy

1st Meeting of ECO Experts Group & 3rd Workshop

The participants exchanged views on development of a mechanism for implementation of the following strategies of ECO Plan of Action for Energy Cooperation:

- Developing a policy and institutional framework for the development of Renewable Energy (RE)
- Financing mechanism
- Further strengthening information network in RE
- Promoting intra-ECO cooperation on ECO made products and services
- Promoting the utilization of new and renewable energy technologies, the development and contribution of RE in energy supply and demand
- Promoting education for training skilled personnel



The participants also agreed to enhance cooperation with the relevant international organizations in the field of Renewable Sources of Energy and stressed upon the ECO Secretariat to develop association with the international organizations particularly UNDP, UNIDO, World Bank (WB), Asian Development Bank (ADB), Islamic Development Bank (IDB), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) etc. in this field.

Workshop

In the Workshop the participants made presentations on the following topics:

- Wind Power Industry Development Strategy
- Wind Energy, Preparation of Wind Energy Resource Assessment Project
- Introduction to Wind Turbine Components and Installation of Wind Farms
- Introduction of Iranian Companies Involved in Wind Energy Sector

The representatives of the Iranian companies (Niroo Research Center, Saba Niroo Company, Moshanir Power Consultant, MKS International Ltd and Paraye) involved in the wind energy sector made their presentations and underlined the background information of the establishment of their companies and the functions, responsibilities and the services being rendered by them in the field of wind energy as well as elaborated the fields of their competence. The representative of the Islamic Republic of Pakistan presented national report highlighting the research achievements in renewable

sources of energy and briefed the participants about Pakistan's potential and future plans in this field. He also shared with the participants the incentives being offered to the prospective investors in the alternate energy sector. He stressed the need for a closer cooperation among the ECO Member States in the field of renewable energy resources.

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Bonn International Conference on Afghanistan

ECO CHRONICLE The Secretary General on December 5, 2011 participated in the International Conference on Afghanistan held in Bonn, Germany. The Conference was attended by more than eighty Member States of the United Nations including the Secretary General of UN, H.E. Mr. Ban Ki-moon. The Bonn Conference was chaired by His Excellency Mr. Hamid Karzai, the Honorable President of Afghanistan. The final document, welcoming the profound changes occurred in the country over the last decade, expressed overwhelming support to the cause of maintenance of peace, security, economic development and stability in Afghanistan after 2014 and pledged that the international community will remain

committed to provide the necessary assistance. The Bonn Conference shall be followed by other international gatherings in Tokyo and elsewhere to maintain momentum of support for Afghanistan.

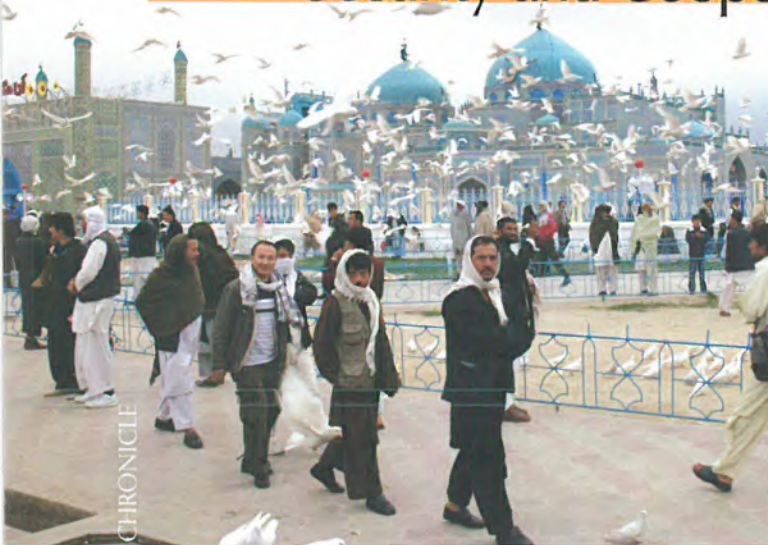
The Secretary General of ECO, in his statement, presented short overview of ECO activities on Afghanistan and expressed readiness to continue on its effort.

On the sidelines of the Conference, the Secretary General met with the Foreign Ministers of Azerbaijan, Kazakhstan and Tajikistan on ECO's ongoing activities. In separate meetings with

the Secretary General of the United Nations and the Minister of Foreign Affairs of the Federal Republic of Germany, the ECO Secretary General emphasized the regional dimension of ECO as a viable mechanism for global activities toward progress and development. ■



Istanbul Conf. for Afghanistan Security and Cooperation in the Heart of Asia



ECO CHRONICLE The ECO Secretary General, on the combined invitation of the Foreign Ministers of Turkey and Afghanistan, participated in the Istanbul Conference for Afghanistan on November 2, 2011. The conference was opened by the Heads of States of the two countries and the working session was chaired by the Foreign Ministers. The ECO Secretary General, M. Yahya Maroofi, in his remarks expressed the support and commitment of ECO in the reconstruction of Afghanistan and emphasized on the fact that the maintenance of peace and security in Afghanistan is the cardinal requirement to ensure sustainability of the country and the region.

The conference concluded with the Istanbul Declaration which outlined international action in Afghanistan following the drawdown of international forces in 2014. During the meeting the Secretary General called on Hamid Karzai, the Honorable President of Afghanistan, to brief the President on the ECO activities in Afghanistan. ■



ECO Police Chiefs to Reinforce Joint Coop.

ECO CHRONICLE The First Meeting of Chiefs of Police of ECO Member States was held in Tehran, the Islamic Republic of Iran, on November 23 - 24, 2011, hosted by the Police of Iran.

The Meeting was attended by delegates of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, as well as the ECO Secretary General. Brigadier General Ismail Ahmadi Moghaddam, Commander In Chief of the Police of Iran addressed the inaugural session. The Chiefs of Police Meeting was preceded by an Experts Group Meeting for finalizing necessary formalities/documents for establishment of ECO POL.

The Heads of delegation expressed their commitment to enhance joint cooperation to eradicate the menaces of drugs, terrorism and organized crime within the regional context. The participants agreed that in order to contribute effectively to regional and global efforts for combating drugs, terrorism and transnational organized crime, there was a strong need for exchange of information and sharing best practices among all the stakeholders of the police organizations of the ECO Member States. ■



ECO CHRONICLE The ECO Secretary General attended the first Meeting of the ECO High Level Expert Group on Human Resources Development held in Tehran on November 21-22, 2011. In his opening speech, while underlining the importance of the human resource development, he referred to the Article II (h) of the Treaty of Izmir, the founding Charter of ECO, which identifies "developing joint programs for human resource development in ECO region" as one of the objectives of the Organization.

The Member States have been collaborating to accelerate the pace of regional development through their common endeavors. Underlining the importance of the human resource development, he referred to the Article II (h) of the Treaty of Izmir, the founding Charter of ECO, which identifies "developing joint programs for human resource development in ECO region" as one of the objectives of the Organization. He stressed upon the Member States for collective efforts and regular exchange of experiences in the field of Human Resources Development. Dr. Lotfollah Frouzandeh, Vice-President for Management and Human Capital Development of the Islamic Republic of Iran inaugurated the

ECO Arranges Human Resource Development Meeting

Meeting. During two days Meeting the participating Delegates highlighted their countries' positions on the Human Resource Development reflecting the organizational structure, recruitment, promotion policies, systems for performance evaluation/ appraisal of the employees, functions and responsibilities of their respective departments involved in this field, socio economic situation of their respective countries and discussed the challenges confronting them.

They also exchanged information and experiences on the most important issues of Human Resource Development such as Recruitment System, Training System, Compensation System, Downsizing Government Structure, Strengthening the Monitoring & Controlling Role of Government, Private Sector Partnership, Electronic Government, and Performance Appraisal. It was decided that the 1st Ministerial Level Meeting on Human Resource Development ("The First Meeting of the ECO Ministers/Heads of the HRD Responsible Organizations / Commissions") be held in October / November 2012. The Islamic Republic of Iran offered to host the Ministerial Level Meeting which was appreciated. Other interested Member State can convey its readiness to host the said Meeting to the Secretariat in two months time. ■



ECO Surveying & Mapping Organizations exchanged views and experiences

ECO CHRONICLE The representatives of nine countries of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey and Turkmenistan attended the first Meeting of ECO Heads of Surveying and Mapping Organizations held on September 26-27, 2011 in Tehran. Hosted by the Iranian National Cartographic Center, the meeting discussed latest developments & technologies, exchanged views and experiences on a wide range of issues including geodetic networks and earthquake topographic mapping, remote sensing and photogrammetric activities and hydrographic activities as well as future regional cooperation among ECO countries in the field of Surveying and Mapping. The host country gave detailed presentations of their achievements and provided the participants with information about their facilities. New proposals were also considered for the improvement of the Member States' future cooperation. ■



ECO Holds Workshop on Drug Related Issues

ECO CHRONICLE ECO-Drug and Organized Crime Coordination Unit (DOCCU) organized a workshop on drug related issues in the Region on September 5-8, 2011. The Workshop held at the Anti Narcotics Police Headquarters of Iran in collaboration with the Iran's International Police Department and the European Union, deliberated on issues of drug concealment and searching techniques and the routes of drug trafficking in the ECO Region. The workshop mainly aimed to increase the capacity and level of expertise of anti narcotic forces of the ECO Member States. Law enforcement and customs officials of Afghanistan, Azerbaijan, Iran, Kyrgyz Republic, Pakistan, Tajikistan and Turkey, representatives of the ECO Secretariat and the UNODC-Port Control Unit of Pakistan Segment of

Karachi attended the workshop.

Faculty Members of the International Police University of Iran delivered lectures on the subject with the main theme of the lectures being the introduction of different kind of drugs, methods of identification, drug-concealment methods and searching techniques.

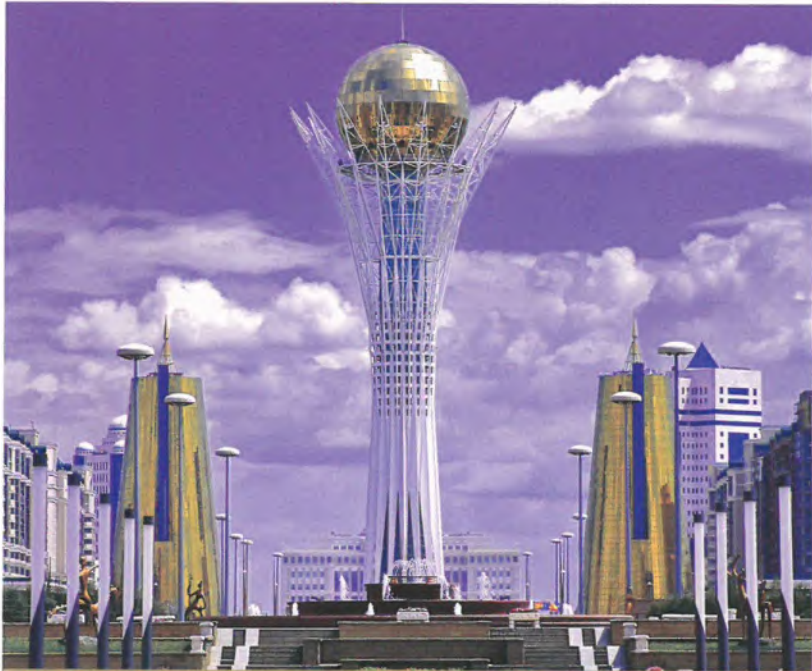
The UNODC officials elaborated on the Global Container Control Program and especially the activities of the Port Control Unit of Karachi, Pakistan linking component 1 and component 3 of the EU-funded Project titled Fight against Trafficking from/to Afghanistan with the ECO Member States. This project is being implemented with a contribution of 9.5 million Euros by the European Commission.

The participants were also briefed about concealment methods and profiling techniques. They also visited the permanent exhibition at the Anti Narcotics Police Headquarters of Iran and had the opportunity to visit the Sniffer Dog Training Center in Karaj, a city west of Tehran.

Demonstration was also made as to how the dog with its handler performs duties of searching drugs hidden in different parts of a vehicle.

The participants expressed their sincere gratitude towards ECO-Drug and Organized Crime Coordination Unit, Anti Narcotics Police and NCB, Tehran also the European Union for their support to organize this important workshop.

Towards the end of the workshop, Mr. Rashidifar, Vice President of the International Police University of Iran together with Mr. Abolghasem Tahmasebi, Deputy Secretary General of ECO, awarded certificates to the participants. ■



Trans-Eurasia VIII International Conf.

ECO
CHRONICLE

Upon invitation of Kazakhstan's Minister of Transport and Communications, the ECO Secretary General participated in VIII International Conference "TransEurasia" held on November 10-11, 2011 in Astana.

The Conference was attended by senior officials of 42 countries from transport authorities and private sector, and also delegates from ECO, SCO, EurAsEC, European Commission, CIS T??, TRACECA, World Bank, IDB, JBIC, UIC, IRU, ICAO, IATA participated in the Conference.

The Conference was inaugurated by Aset Issekeshov, Vice Prime Minister - Minister of Industry and New Technology and Berik Kamaliev, Minister of Transport and Communications of the Republic of Kazakhstan.

At the Plenary Session I of the Conference, the Secretary General shed light on ECO's major activities in the transport sector and shared future plans of ECO in the transport sector. He emphasized that, in view of advantageous geopolitical location of the region, a number of important rail and road projects have been initiated and implemented to establish connectivity between Asia-Europe and China.

During his visit to Astana the Secretary General called on Minister of Foreign Affairs of Kazakhstan Yerzhan Kh. Kazykhanov. ■

ECO & D-8 Sign MoU



ECO CHRONICLE On October 6, 2011, the signing ceremony of the Memorandum of Understanding (MoU) between Economic Cooperation Organization and the Developing-8 Organization for Economic Cooperation was held at the sidelines of the D-8 Ministerial Meeting on Industry at Istanbul, Republic of Turkey.

The MoU, signed by the ECO Secretary General M. Yahya Maroofi, and Secretary General of D-8 Dr. Widi A. Pratikto, provides a basis for collaboration between the two organizations in different areas of common concern, including Energy, Minerals, Trade, Agriculture, Industry, Transport, Small & Medium Enterprises (SMEs) Development, Science & Technology, Human Resource Development and Economic Research & Statistics through exchange of information, knowledge, best practices and experiences. ■



ECO National Civil Registration to Enhance Cooperation

ECO CHRONICLE On October 3-4, 2011, the Iranian National Organization for Civil Registration (NOCR) hosted the 1st Meeting of Heads of National Civil Registration Organizations/Centers of ECO Member States. Representatives of diplomatic missions stationed in Tehran including Afghanistan, Azerbaijan, Iran, Kyrgyz Republic, Pakistan, Tajikistan and Turkey participated in the event.

While briefing the meeting about the historical background of the Civil Registration Authorities of their respective countries, the Heads of delegations also highlighted the organizational structure, objective, activities, future plans and projects and best practices. They also discussed the challenges being faced by these Organizations and expressed their commitment to enhance cooperation among these Organizations of the Member States and encouraged the continuity in exchange of information. The participants shared experiences and best practices in their respective countries on the most important topics of civil registration such as registration of vital events, production and release of



ECO/ Mercosur to Bolster Ties



population statistics and information such as National Code (ID Number) and Smart Cards, promotion of safety and security factors of issued documents, civil status registration and E-Government.

The Meeting deliberated on the issue of educational and research co-operations and decided to establish a trilateral working group comprising of Iran, Pakistan and Turkey in collaboration with the ECO Secretariat to coordinate and identify the main headlines and topics for educational and research cooperation among the ECO Member States. The Working Group also worked out on finding the possible financial sources for materializing this proposal.

Meanwhile, the I.R. of Iran expressed its readiness to organize virtual training courses for the experts of the interested Member States. It was also agreed that the above Trilateral Working Group in coordination with the ECO Secretariat would consider all the suggestions and possibilities of the establishment of ECO national registry authority's website, its contents and components. The Meeting underlined the importance of (i) on-time registration of vital events (ii) production of Identity Documents (iii) Production of population statistics & information and requested Iran, Pakistan and Turkey to be coordinators of these issues respectively and prepare some proposals for enhancement of cooperation in the above areas to be presented to the next meeting of Heads of Civil Registration. Introducing of focal points in the field of Civil Registration and conducting of study tours to witness the progress made in the field of Smart-Card as well as holding of workshops / expert group meetings in the priority areas of Civil Registration were also discussed.

As a sideline program of the Meeting, the Iranian Interior Minister launched an exhibition depicting the historical background and achievements of the Iranian National Organization of Civil Registration. ■

ECO
CHRONICLE

On October 2, 2011, a one-day Seminar was held in Tehran on the ways of fostering cooperation between ECO and Mercosur.

While delivering his inaugural statement, the Iranian Deputy Foreign Minister for European and American Affairs, Ali Ahani, highlighted the significance and areas of cooperation between the two organizations. Pointing to the huge capacities of the Member countries due to their strategic locations in the region, Ahani stated, "if these countries unite and employ their potentials, they could play a key role in global developments and gain much more bargaining power".

"Both ECO and Mercosur can manage to play a role", he underlined. Ahani further added, "cooperation can go beyond economic sphere and focus on political and cultural matters as well". The ECO Secretary General, in his address, informed the meeting about ECO's activities in various fields and emphasized the need for cooperation between the two organizations in the framework of South-South cooperation. He also assured ECO Secretariat's fullest support and assistance towards materializing the cooperation. While appreciating the initiative, the Ambassador of Uruguay, current Chairman of the Mercosur, pledged to follow up the plans and programs for cooperation between the two organizations. It was decided that a Working Group comprising representatives of the two sides should be established to explore the possibilities and areas of cooperation.

Mercosur (Southern Common Market) is an economic and political agreement among Argentina, Brazil, Paraguay and Uruguay. Bolivia, Chile, Colombia, Ecuador and Peru currently have associate member status. Founded in 1991 by the Treaty of Asuncion, it was later amended and updated by the 1994 Treaty of Ouro Preto. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. ■



ECO S.G. Participates at COMCEC Meeting

ECO CHRONICLE The Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) held its 27th session on 17-20 October 2011, in Istanbul.

As observer, ECO S.G. participated at the meeting, which was inaugurated by President Abdullah Gul of Turkey.



The session reviewed issues including the implementation of the OIC Ten-Year Program of Action, world economic developments with special references to OIC member countries, intra-OIC trade, poverty alleviation and enhancing relations with private sector.

On the sidelines of the meeting, ECO S.G. was received by the President Abdullah Gul and met with the Secretary General of OIC, Prof. Ekmeleddin Ihsanoglu. ■

ECO Bank's Vice President confers with ECO Secretary General

ECO CHRONICLE Dr. Yasar Akgün, Vice President and then Acting President of ECO Trade and Development Bank visited the ECO Secretary General on October 24, 2011. The two sides discussed ways of increasing the Bank's operational activities, improvement of the present status of cooperation between

the two via focusing on trade financing and initiating regional plans and projects. The two sides also talked about membership conditions and potential of attracting new members. To maximize Bank's funding ability, Secretary General suggested promoting of relations with other financial institutions. ■

ECOSA Conf. Explored ECO Role

ECO CHRONICLE The 3rd ECO Seed Association (ECOSA), the International Seed Trade Conference (ECOSA-2011) and the 3rd Meeting of ECOSA Board of Directors (BOD) were held in Istanbul, Turkey on November 16-20, 2011. More than 200 private sector representatives and seed sector specialists from the ECO Member States and non-ECO countries participated in the ECOSA -2011 which provided an opportunity for the participants for reviewing the status of global and regional seed industry, learning about success stories in the region, exploring regional trading opportunities and making business contacts. ■

ECO Workshop on Conformity Assessment

ECO CHRONICLE The First ECO Workshop on Conformity Assessment was held in Tehran on 16-17 October 2011 at ECO Secretariat. The Workshop provided the participants an opportunity to share experiences and exchanging the views for exploring the areas of cooperation and ways of collaboration in ECO region in line with international regulations such as ISO/IEC/17000. The participants discussed areas of ECO interest on the areas of Testing and Certification of Products, Inspection and Certification of Management Systems and Persons with a particular emphasis on the experience of I.R. of Iran. ■

ECO
CHRONICLEOn 24
September,

2011 and on the sidelines of the 66th Session of the United Nations General Assembly, the Association of the Southeast Asian Nations (ASEAN) and the Economic Cooperation Organization (ECO) held their 11th Joint Ministerial Meeting in New York.

Foreign Ministers / Representatives of ECO and ASEAN Member States and Secretary Generals of the two Organizations were present at the Meeting which was co-chaired by HOR Namhong, Deputy Prime Minister, Minister of Foreign Affairs and International Cooperation of the Kingdom of Cambodia, and Dr. Ahmet Davutoglu, Foreign Minister of the Republic of Turkey, on behalf of ASEAN and ECO, respectively.

While reviewing the advancement of the implementation of decisions taken at its 10th edition, the Meeting exchanged views on the present status of joint cooperation between the two Organizations. The two sides also laid emphasis on the need to speed up the execution of jointly developed Work Program and the MoU so as to make their relationship more fruitful and meaningful. The Co-Chairs also appreciated the holding of the 11th ASEAN-ECO Ministerial Meeting in their remarks at the outset and noted that the Meeting offered a constructive forum, for exchange of views on matters of mutual interest concerning ASEAN-ECO partnership and also to maintain momentum for the reinforcement of their relationship. The Co-Chairs then highlighted the existing cooperation potential between the two Organizations and resolved to translate it into tangible actions in the spirit of friendship, cooperation

ECO- ASEAN Ministers Call Attention to More Cooperation



and mutual benefits.

The Meeting also suggested that in addition to the biennial ministerial meeting being regularly held on the margins of the UN General Assembly in New York, another biennial ministerial meeting be held alternately in an ASEAN/ECO Member State to further expand the bilateral cooperation; establish the tactical vision of a two-way relationship between ASEAN and ECO; supervise the status of their directives' performance and also to give further direction for fostering the ongoing relationship between the two Organizations.

Convening a senior officials meeting featuring all Member States of the two Organizations, organizing a business forum with the participation of private sector from the Organizations' Member States and encouraging the ECO/ASEAN economic ministers to meet was also agreed at the Meeting.

The two sides also encouraged the accreditation of the

Ambassadors of all Member States to ASEAN and ECO respectively as well as regular interaction among the Permanent Missions of ASEAN or ASEAN New York Committee and ECO Member States in New York to discuss issues of common relevance in the Agenda of the United Nations. The Meeting directed the Secretary Generals of the two Organizations to take early steps, through regular mutual consultation, for practical activation of cooperation in the areas of Trade and Investment, Small and Medium Enterprises Development, Narcotics Control and Tourism as envisioned in the MoU and the Work Programme as well as in other areas of mutual interest. ASEAN and ECO are also looking forward to promotion of inter-regional connectivity. ■



EPG Evaluates ECO Performance

On 03-04 October, 2011, the 2nd Meeting of the 3rd ECO Eminent Persons Group (EPG) was held in the Headquarters of ECO Secretariat in Tehran. Present at the meeting were eminent personalities from seven ECO Member State of Afghanistan, Azerbaijan, Iran, Pakistan, Tajikistan, Turkey and Turkmenistan. The Meeting was chaired by Ambassador Numan Hazar, Republic of Turkey and Associate Professor Sohrab Shahabi (the Islamic Republic of Iran) acted as Vice Chairperson-cum-Rapporteur.

In his inaugural remarks, the ECO Secretary General welcomed the participants and said that while having the increasing role of ECO as a competent instrument to secure progress and security in the region in mind, there must be a collective endeavor for eliminating the deficiencies and obstacles on the way of ECO's progress and strengthening the

spirit of cooperation in the region for realizing organizational commitments and duties.

Also, Ambassador Numan Hazar, Chairperson and representative of the Republic of Turkey to the EPG, while delivering his speech, underlined the importance of the 3rd EPG process for enhancing dynamism, efficiency and visibility of ECO.

In keeping with its mandate, the Group deliberated on different subjects pertaining to the Organization's performance and suggested ways and means to enhance ECO's dynamism, efficiency and visibility.

The meeting was concluded with appreciation remarks by the Group towards the ECO Secretariat for making excellent arrangements for the Meeting and extending hospitality to the participants.

The Eminent Persons Group (EPG) of the ECO was estab-



- and procedures, etc.);
- "Considering the sufficiency of the available financial resources for implementation of the envisaged plans and activities;
- "Evaluating the Secretariat performance;
- " Assessing the efficiency of communication between Secretariat and member states;
- "Examining national mechanisms for enforcement / implementation of ECO agreements/projects with a view to enhanced participation of member states in ECO activities;
- "Studying basic documentation of the ECO regional institutions/specialized agencies/units and their performance with the view to their better functioning. Given the increasing number of ECO regional institutions/specialized agencies/units, to consider possible merging and to set criteria/modalities for establishment of new ECO entities;
- "Evaluating ECO's cooperation with other regional/international organizations and contributions thereof to ECO's activities, goals and objectives;
- "Identifying inhibiting factors for realization of the objectives of ECO as enshrined in the Treaty of Izmir and the other documents;
- "Identifying factors which led to low participation by some Member States in ECO activities;
- "Identifying the challenges and opportunities emerging from new regional/international developments and their possible impacts on the ECO's future;
- "Taking any other initiative necessary for realization of the EPG's objectives. ■

lished to "study and review the work of the Organization including the ECO Vision 2015 in order to enhance the dynamism, efficiency and visibility of the Organization and provide recommendations to be submitted to the Council of Ministers."

EPG's scope of work includes:

- "Examining all ECO's basic and regulatory documents as well as sectoral strategies, programs, and action plans;
- "Conducting a thorough review and evaluate the overall performance of the Organization in different sectors during the last two decades;
- "Conducting a SWOT analysis of the ECO's institutional capacity (organizational structure/chart, staff strength, recruitment policy



“EPG Offers Historic Opportunity”

Highlights of the Statement by ECO Secretary General

 “I welcome you to the inaugural meeting of the ECO Eminent Persons Group (EPG) and express my gratitude to the Ministry of Foreign Affairs for convening your initial meeting in Ankara.

Thus, materializing the idea of the establishment of the Eminent Persons Group whose study of ECO and its specialized agencies and resulting recommendations will hopefully contribute to rendering the organization a more effective body and its activities conducive to regional integration and cooperation.”

 “This Meeting marks the beginning of a significant process for ECO for it would pave the way for ushering our Organization into an era of accelerated economic prosperity, would equip it to surmount the challenges of the current times and transform it into a dynamic and efficient



vehicle to achieve socioeconomic uplift of the region.

“We are all aware of the importance of the goals of the EPG process. In the main, this Group will study and review the work of the Organization, revise the ECO Vision 2015 and give recommendations to the Council of Ministers to enhance the dynamism, efficiency and visibility of the Organization.”

“At this point, I would place on record my sincere thanks to the Members of the EPG for making themselves available in this important undertaking despite their busy schedules.

Their varied experience, deep knowledge and diverse backgrounds bring gravitas to the process and raise our expectations and hopes.”

“Economic Cooperation Organization (ECO) in its 26 years of existence has made good progress and has achieved recognition as an important Regional Organization.

There is no denying the fact that ECO is embodied enormous potential of regional cooperation.

Nevertheless, despite this huge potential, we are far from achieving our rightful status of eminence.”

“Against this backdrop, the ECO EPG offers an historic opportunity to evaluate our performance. The recommendations of the EPG would certainly have critical bearing on the future of ECO as a robust

efforts and at the same time come forward with proposals to equip the organization to meet challenges that lie before us.”

“The challenges such as the differences and reservations amongst the ECO Member States on different initiatives but hope to find common grounds through multilateralism to move forward and forge ahead regional integration as envisioned in the Treaty of Izmir.

We wish to enhance our understanding of the needs of the Member States so as to better serve their interests.

We wish to find ways to encourage active participation of the Member States and focus on more essential and effective fields of development in the Region and prepare ourselves to effectively meet the challenges of sustainable developments in the international arena.”

“In conclusion, I have full confidence that this Group would identify the factors inhibiting realization of ECO's objectives, the challenges and opportunities confronting the Organization, expectations emerging from new regional/international developments and their possible impacts on the ECO's future. I look forward to working closely with you in our common endeavors.” ■

regional organization with the capacity to achieve the desired socioeconomic goal through regional cooperation.”

“We expect that the EPG's recommendations would invigorate and energize the organization its ongoing





■ Where do you think are ECO's areas of strength?

ECO enjoys membership of countries that possess vast natural and human resources and bound by strong historic and cultural ties. The region constitutes an energy and trade corridor of great importance linking Europe to the Far East and trading partners in the north to the warm water ports of the south.

As an Organization, ECO provides an important platform for leaders in the region to meet and exchange views on topics of mutual concern and has been instrumental in institutionalizing sectoral meetings, promoting coordination and advancement of cooperation on areas such as trade, transport, energy, agricultural and trafficking. In short, ECO offers a platform for dialogue and venue for exchange on constructive and effective ways to promote regional growth and integration.

■ Some critiques believe ECO's capacity is much more than the present level. Do you agree with this assertion?

Yes, indeed, we can say, that ECO has gained important recognition as a regional organization which can play a vital role in the economies of the region and its development. It has established important links with other regional economic organizations and areas of cooperation with major international organizations.

“We Must Move towards Concrete Initiatives & Actions”

*Sorayya Maroofi (Afghanistan)
Member of EPG - 2011*

However, compared to its great potentials its achievements have been relatively modest. Some headway has been made in transport and communications and trade and transit agreements and the establishment of the ECO Trade and Development Bank can be regarded as a significant milestone, but we have a long way to go before we can consider ourselves a vibrant interconnected and integrated entity. It is important that we do not lose sight of our common objectives and make serious effort to overcome impediments.

■ As a member of EPG, what are your overall suggestions/ recommendations for future long-term strategies/plans for ECO?

Any future long-term strategy or plans must have solid links between national and regional plans. They must have effective measurements for impact and established benchmarks as well as the necessary commitment by member-states to develop and monitor agreed programs and plans of action. At the same time, strategies must foresee resources to help backward economies catch up with the more advanced economies in their implementation. In my opinion, the most important challenge in the years to come will be to move from conservative to an active approach to achieve economic integration and seek common grounds to explore potential opportunities for the prosperity and stability of the region. We must promote the reality that peace and prosperity of the region are interdependent. Unrest, be it political or economic can adversely affect our collective efforts towards economic growth and advancement of the ideals that have brought us together.

■ What do you consider the main challenges for ECO's growth?

The strength of any regional organization rests on the commitment and resolve of its members. Vision declarations, Strategies, Action Plans are easy to formulate on paper. However, it requires determined effort to realize designated goals and objectives. It is important that members conduct continuous and serious exchanges amongst themselves and with the ECO Secretariat on ECO programs and activities through designated ECO national coordination units and build the technical capacity and necessary infrastructure to successfully achieve adopted Plans of Action and approved sectoral projects.

Only through the serious and active participation of all Member-States can ECO attain its objectives of sustainable development. We must move from rhetoric and grand declarations to concrete initiatives and actions. While it is important to set long-term goals, it is essential that realistic intermediate targets are focused on in which member countries have clearly shared interest and ownership of the process.

The cooperation process must not be burdened by overly ambitious projects but limited to issues where progress is feasible and in which all members have a stake. The differences in stages of economic development of member states

must be taken into consideration when formulating sectoral and regional infrastructural development projects. At the same time, it is important to ensure that the organization possesses the necessary tools and resources to discharge its mandate.

Effective leadership and competent staffing as well as realistic budgeting are crucial if ECO is to successfully discharge its responsibilities. Geographic representation must not take precedence over competence. At the same time, Member-States must be diligent that the composition of the secretariat does not become overly represented by a few.

They should make every effort to ensure that important vacancies receive extensive announcements both within the private and public sector as to ensure quality selection among a wider circle of applicants. The EPG will concentrate on this process at their next meeting. However, it was generally felt that a thorough review of the organizational structure and decision-making process were required to enable the Secretariat and its agencies and affiliates to effectively discharge its mandate and responsibilities.

■ How do you realistically foresee ECO's developmental trends and future prospects?

Future trends will heavily depend on the global economy as a whole. The world financial sector is in crisis and in dire need of reform. It is inevitable that this wind of change will heavily affect our region as well. We must all learn an important lesson from recent events. There are no proven economic systems and no crystal balls. However, the important lesson to be learned from the recent outrage is that the world's wealth should not be the monopoly of the few, that we must be collectively responsible and shoulder responsibilities and ensure a more just and equitable distribution of resources.

We must learn to empower each other and make maximum use of our limited resources. The fragility of the global economy, our environment and interdependency must be at the forefront of our endeavors in any strategic plans for the future. This EPG Member is a strong advocate of establishing Think Tanks within each member state to study and come forward with concrete proposals on development trends and future prospects.

■ What role can ECO Cultural Institute play to publicize and improve ECO image?

The ECI has proved most dynamic in bringing the people of the ECO region together through programs and activities that have emphasized their common cultural and historical heritage and infusing a sense of pride in their traditions and culture.

It has played a vital role in reviving the glory of the region's past through exhibitions and seminars on scholars and poets of the past as well as organizing theatrical events in the west that pay tribute to the region's artistic and musical talents. ■

■ In your opinion where are ECO's areas of strength?

I certainly believe that ECO has a great capacity. First ECO is an important organization. It covers a vast geographic area. Another significant feature is that there is an affinity and very close cultural interactions among the member states. Member states are rich in natural resources and energy. They possess a positive economic variety which can help a flourishing future based on economic and social development. All these indicate that there is a great potentiality for the success of the organization.

■ As a member of EPG, what are your overall suggestions/ recommendations for future long-term

strategies/plans for ECO?

Basically, ECO is a technical organization not a political one, aimed at realising close economic and technical cooperation and integration among member states. Indeed, from the very beginning, the Organization has been able to bring about and to complete many significant projects.

In today's world, however, it is not possible to make a satisfactory assessment in view of and as compared to the high potentiality of member states which could, undoubtedly, carry out more in their cooperation in all fields where ECO might have important stakes. ECO can do much better. When the organization is much more active, this will serve best interests of all member countries. EPG's mandate, as defined in Istanbul Declaration of 23 December 2010, is to study and review the work of the organization including the ECO vision of 2015 in order to enhance the dynamism, efficiency and visibility of the organization and provide recommendations to be submitted to the Council of Ministers (COM).

I personally suggest an increase of the budget together with other measures, taking into account the experiences of other international organizations such as an external auditor mechanism, surmounting difficulties in present decision-making process, improvement of Secretariat (financing, power etc for a more active and dynamic functioning). I also suggest to give priority to full implementation of ECO Trade Agreement and to enhancing membership of the ECO Trade and Development Bank to achieve tangible progress in ECO's agenda. In this context, I believe, we should also encourage the payment of arrears and involvement of all member states in all ECO activities.

■ How do you realistically foresee ECO's future prospects?

I see a bright future for the ECO when we gain a dynamism, efficiency and visibility. ■



“Bright Future for ECO if We Gain Dynamism, Efficiency & Visibility”

*Numan Hazar (Turkey)
Member of EPG - 2011*

Neutrality Day is, in fact, the second most important national holiday in Turkmenistan after Independence Day. Judging by the political, economic, legal, and social implications of this step the choice the country made 15 years ago was, without exaggeration, historic and crucial.

A simple declaration of neutrality could not ensure international security guarantees. That is why the country created an unprecedented mechanism of coordinating its neutral aspirations with the international community.

As a result, Turkmenistan was the first country to obtain the international status of neutrality through consensual agreement of all UN member states. It happened, on December 12, 1995 in New York, during the UN General Assembly session, where all 185 UN member states, without exception, voted for the adoption of the special resolution titled "Permanent neutrality of Turkmenistan".

By gaining a new status, neutral Turkmenistan undertook certain obligations to the international

community. These are non-alliance with political, economic, military alliances and blocs; presence of army only for protection of peace and freedoms; renunciation of weapons of mass destruction; prohibition of transportation of such weapons by land and by air of the country; commitment to universal values, principles of democracy; guarantee of civil peace in the country; conducting own policies in close cooperation with the UN and humanitarian international organizations. The unconditional refusal to participate in international military and military-political groupings and blocs allowed Turkmenistan to avoid being drawn into any form of military confrontation in the region, while ensuring its own security guarantees that were confirmed by the entire international community.

was an opportunity to successfully address issues of national economic development. Neutrality, from the economic and legal point of view, was instrumental in attracting foreign investments in major economic projects to develop mineral resources of the Turkmen land and take its energy resources to the world markets.

Today, according to the World Bank, in terms of the level of foreign direct investment per capita, Turkmenistan ranks



Turkmenistan Commemorates Neutrality Day

In accordance with the Declaration "On International Obligations of Neutral Turkmenistan" in the sphere of Human Rights adopted on December 27, 1995, Turkmenistan undertook additional commitments in this area.

The institutions of democracy and human rights are continuously developing in modern Turkmenistan in full accordance with the country's obligations. The country's prestige as an active conductor of ideas and programs of the UN in global peacemaking processes has also increased. It was not accidental that Ashgabat was selected as a place for dislocation of the Regional Centre for Preventive Diplomacy for Central Asia.

Another major effect of implementing a policy of neutrality

amongst the countries with the most favorable investment climate. During the recent years, according to its positive neutral policy Turkmenistan has offered new methods to resolve regional and international challenges and problems. These methods were mentioned by Gurbanguly Berdimuhamedov, president of Turkmenistan, in the 64th, 65th and 66th general assembly of the UN. In addition, the president of Turkmenistan explained the concept of peaceful coexistence and stable development in the Central Asia complex region to the global Society. There is no doubt that with the evolution of our neutral status and strengthening of its understanding by the international community as a reliable way to achieve security, the level of international political confidence in Turkmenistan increased significantly. ■

Born on April 1961 in Balikesir, Turkey, Ambassador Umit Yardim graduated in Political Science and International Relations from Bogazici University, Istanbul. He did his graduate work in International Relations at Gazi University, Ankara on question of Palestine. He holds an honorary Ph.D in Islamic Architecture in Balkans.

Yardim started his professional career in the Foreign Ministry of the Republic of Turkey in January 1985. He was Turkey's Consulate General in Stuttgart, Germany before his assignment as Turkey's Ambassador to Iran in April 2010. ECO Chronicle's Editor had an opportunity to interview Turkey's top envoy to Iran.

■ We are at the threshold of 88th Anniversary of the Proclamation of the Republic of Turkey, what have been Turkey's major achievements during this period?

I find it difficult to just summarize the achievement of Turkey, because after all we are speaking about 88 years of Turkish Republic, it is really a big story, but just to have a framework I can give you some hint which would hopefully shed some light on the subject. To begin with, one should ask how Turkey's situation was at the beginning of last century and where it is now. At the start of last century, Turkey was a country of poverty, disintegration, being invaded by foreign powers which turned an Empire into a very small devastated Turkey, the Anatolia of Turkey. I would like to say that Turkey was a martyred political power. It was a country with almost zero economy, where a needle had to be imported from outside, where industry and services were almost nil, one or two percent maximum.

We are a generation which our forefathers had to develop every thing from the scratch; it was the rise of Turkey from the beginning. We are the third generation of the Republic; we all grew up learning about unbelievable stories by our grandparents. Even during my own life, electricity was introduced when I got to the high school, so imagine the burden of the previous generations. Now let me provide you with some interesting statistics about today's Turkey. In terms of Purchasing Power Parity that is the buying power, Turkey stands 16th in the world. In terms of Economic



Umit Yardim
Ambassador, Republic of Turkey
to Tehran

Exclusive Interview

Power (Condition of having sufficient productive resources at command that give the capacity to make and enforce economic decisions), it is the 8th economy of Europe, so it is better than some of the members of the European Union.

Ten years ago our GDP (Gross domestic product) per capita was \$3500, now after 10 years our GDP per capita has reached to \$10,000. (GDP refers to the market value of all final goods and services produced within a country in a given period and GDP per capita is often considered an indicator of a country's standard of living). We are doing best in agriculture which is more industrialized now. We are not exporting wheat to outside world which was the case in the beginning of the Republic. We import some agricultural goods but export agricultural machineries like many of the developing countries of the world.

According to Organization for Economic Co-operation and Development (OECD), (an international organization helping governments tackle the economic, social and governance challenges of a globalised economy), in the coming 5 years, Turkey will be one of the most rapidly developing economy in the world between 2012-2017. In the construction

What is more important than these figures and numbers is that for every inch of development which I have just summarized, there were the hard work, devotion and dedication of the Turkish people involved. This is a glimpse of our success story in economy; these achievements happened after decades of devastating war with foreign powers where we lost millions of our people. The loss of Turkish population only in the 19th Century was around 5 million people. That figure may not look that many in terms of today's population but in reality and in the context of those times, indeed that is a huge loss of precious lives of our people.

■ So what is Turkey's goal for the future?

With today's economy of Turkey, we are trying to become a regional and hopefully with the humbled Europe, a global power.

■ This is a very ambitious goal but can you reach this goal by mere economic means?

"We Should Take Lesson

From the Global Financial Crisis"

of ships and yachts, Turkey is 7th in the world and in motor production, Turkey is 16th in the world. In the field of construction, Turkey ranks 2nd or 3rd globally. In tourism, Turkey is one of the top 10 most developed countries in the world. Only last year, 30 million tourists visited Turkey, an incredible number indeed. For the year 2030 which coincides with the 100 Anniversary of Turkish Republic, our target is very ambitious, we expect 50 million tourists to visit Turkey. We would like our GDP to hit more than \$25000. Our last year's trade volume was around \$320 billions. We anticipate our Trade Volume in 2023 reach around \$1 trillion, ten times the size of our today's Trade Volume!

Of course for a balanced and developed country, economic power, political and cultural power should go hand in hand. What I have just summarized about Turkey's success story in economy, I could almost say the same about other fields such as political, social and cultural.

■ ECO is now 19 years old but some are on the view that ECO's performance has not met the expectations. As one of the three Founding Members of ECO how do you assess ECO's performance today?

I do believe with all my heart that ECO is in a very important socio-political and geographic location. I

don't see any other similar organization with so many commonalities shared by its members. It is a unique organization in a unique region.

Of course I have never meant to compare ECO with EU or ASEAN. In the case of EU which is in the integration process, may be it is years ahead of ECO economically, but ECO as we know it today is rather a young organization, created only in 1992. Eighteen years for a regional organization which most of its members have been shifting their economic system from a centrally planned structure to a free market economy, a total change of economic approach is not a long time. ECO is still in its embryonic stage of development, nevertheless in many ways is still ahead of many other regional organizations in the world. Of course a number of achievements have been materialized particularly in the priority fields of transport and trade. ECO is slowly but steadily assuming a special role as a regional player and its value becomes more and more apparent with the current prevailing international economic and financial crisis. ECO, with all its limitations, has really made contributions towards regional understanding and unity. On the other hand, it is a fact of life that each organization gets its strength from its member countries. If we don't turn all our energy into our development, I am afraid we don't get the desired results.

As a region, we are facing problem of poverty, we are all together facing problem of terrorism, underdevelopment etc. With few exceptions, the majority of regional organizations are confronting similar bottlenecks. There are other reasons which are beyond the scope of our discussion today but I only pray for the days that each member state, including Turkey becomes a great power globally in economy and trade so that our collective effort would contribute to strengthening of ECO as a regional organization.

Statistically, when we look at some regional or global numbers in the area of trade, there are reasons to be concerned; they really leave negative impact on us.

■ What are those numbers?

For instance last year, out of ECO members' global trade, only 7% was intra trade within the ECO region. This is something unacceptable and extremely low for ECO region with a population of over 400 million people. We have to promote and increase this number.

Another figure which I can share with you is the GDP (gross domestic product) per capita in the ECO region which is \$3500. We have to increase this number. If we look at tourism globally, the number is staggering. The tourist circulation around the world

is in the hundreds of millions but when we look at the tourist circulation inside ECO it is hardly 3 or 4 million people a year, this is unacceptable. I don't want to compare, but only Rome or Paris has 50 million tourists per year. ECO region with its fabulous cultural legacy, enriched with remarkable tourist attraction sights such as Istanbul, Qonia, Esfahan, Shiraz, Samarkand, Baku, Lahore and many others are among the areas of the world where the whole human heritage has been developed and could potentially benefit tremendously from the existing lucrative tourist market.

■ Some ECO analyst argue that ECO's targets and goals were set very ambitious and the available means to realize them are scarce, such as budgetary matters. What are your thoughts on this?

Of course ECO has some structural issues which we need to resolve them at the earliest. Like budgetary issue, decision making issue, participation level which all need to be taken care of immediately. Since this is a process that all the ten member countries are working very hard on it, I don't want to go into their details but to make a very general comment, for your question I agree from the budgetary perspective; it should be strengthened and powered. Hopefully the eminent persons group (EPG) focus and review these issues and come up with concrete ideas to tackle the problems.

In the ECO region we should work very hard to strengthen our relations.

■ Would you brief us about EPG and its aims and objectives?

In brief, formation of first EPG was initiated at the 2003 ECO Council of Ministers Meeting held in Bishkek, where it decided to set up an Eminent Persons Group from among the member states with the objective of making ECO more effective and to implement the needed changes in the procedures, e.g. quorum, decision-making etc with a view to facilitating the work and progress of the Organization. After thorough discussion and deliberations on the issue, the EPG among other decisions, agreed that ECO should have a vision strategy for the next decade, known as "ECO's Vision 2015".

Second time, we also formed an EPG in Istanbul Summit last year. EPG aims at creating a new vision for ECO for the coming years, it will focus on how to turn ECO into a really economic power, to become an effective organization

beyond its today's border. In my view, EPG members face real challenges; they are putting some tough questions on the table and try to find some acceptable answers. They will submit their final Report to Baku Summit which is scheduled to be held in June 2012.

■ Turkey has been elected as the Chairperson of the 11th ECO Summit since Dec. 2010, till this June when Azerbaijan is to take over this post. What have been Turkey's contributions so far?

It is the participation of all the member countries that project the power of the organization. Previously, Iran was the Chairperson, now is Turkey,

up action on the decisions of the Summits, Com and RPC. But for me in this time period, the EPG activities are really a great challenge not only for the Chairperson Turkey but also for all the members.

■ Currently most ECO member states are adversely affected by the prevailing world financial and economic crisis.

The current mass protests in the western world the so called "Wall Street Movement", shows the problem is very fundamental. What can ECO learn from this crisis?

I agree that the global financial crisis is affecting each members of the international community, some more and some less. Countries with bigger



in June it will be Azerbaijan's turn, it is a continuous process, so each Chairpersonship tries to make all contributions to make ECO a more successful organization. We are grateful to the previous Chairperson and will be grateful to the next one. Of course each country that becomes Chairperson follows a calendar which is organized and prepared in the Summits of Leaders CoM, RPC (the Regional Planning Council) and which is composed of the Heads of the Planning Organization or the equivalent ministry of the member states and CPR. But if you ask me what will be our main agenda this year, of course I would say there are enough of agendas which we carry with the CPR, composed of Ambassadors from the ECO Member states, who monitor and follow

size economy are more affected. For instance when we look at the European Union, some members are much more damaged than some other nations in the world.

Turkey is less influenced or affected than some EU countries and the crisis is still continuing. No single country can cope with the global crisis alone, it is impossible. For example within the European community, some of its members would have gone into the very serious crisis if EU was not there to support them. The structural relations saved them. In the ECO region, we should take a lesson from this crisis and more than ever and work very hard to strengthen our relations. ■

Iran's Portion in ECO Trade Market*



Out of Iran's \$26 billion US dollars non oil trade, during the past 3 years, only \$4 billion US dollars were traded within Economic Cooperation Organization (ECO) region. In some Iranian business sector there is a strong sentiment that in such a situation government's special attention is needed for improvement.

According to ILNA (Iranian Labor News Agency) ECO charter and treaties are based on increasing economic cooperation and trade within the organization as well as with its neighbors. Since its foundation, ECO has worked hard to develop regional trade cooperation. However, as M. Yahya Maroofi, ECO Secretary General has rightly put it: "our ideals are much higher".

The ECO member countries' delegations meet regularly to discuss ways and means by which the trade barriers in the region may be eased or removed all together. But, in comparison with other regional blockings, ECO region has still a long way to ideal improvement.

Iran has always paid particular attention as the host of ECO Secretariat to

enhance ECO trade volume and while this policy has resulted in increase of trade volume amongst nine other ECO member states regrettably as aforementioned figure shows the Iranian concerned authorities need also to reconsider Iran's own trade share and policies within ECO region. In 2010, Iran's total non-oil export to ECO member States amounted to \$3.69 billion US dollar.

This figure has slightly improved and until recently, this has reached to \$4.31 billion dollars. Iran's import from ECO countries is around \$3.306 billion dollars. Amongst ECO member states that imported goods and services from Iran, Afghanistan stands first with \$1.337 billion dollars and Kyrgyzstan stands last with \$31.733 million dollars.

Meanwhile, goods and services' export from Turkey, (one of ECO founder member states) to Iran is around \$2.455 billion dollars. within ECO region Turkey and Iran are important trade partners and Turkey, during the first half of 2010, imported more than \$1.854 billion dollars worth of goods and services from Iran. Pakistan, another founder member of ECO, stands next to Turkey in terms of export to Iran with the export volume of \$156 million dollars.

The third country in line is Kazakhstan. Iran imported more than \$80 million US dollars worth of commodities from this ECO, Central Asian member country. Undoubtedly ECO region with a population of more than 400 million people has tremendous potential for regional trade. In this regard, experts are of the opinion that Iran as the host of ECO Secretariat can play more effective role in enhancing Iran's trade with ECO member states. ■

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* The above story has been reproduced from an August 23, 2011 article of Ettelaat Daily



Prospects for Pakistan's Economy

Reasons for Optimism

There is quite a bit to feel good about with respect to the recent news regarding the Pakistani economy. Here is a quick summary:

■ 1) When the floods hit, there was widespread reporting that the budget deficit would hit 7% and in fact, some commentators from across the border even speculated that it would reach 8%. In the Finance Minister's budget speech, it was confirmed that the budget deficit actually reached only 5.1% for the year, a far cry from 7 or 8%. This is perhaps just one more indication that on the subject of Pakistan, whatever negativity you see in the press, you should generously discount. This economy was able to weather the WoT, the global financial crisis and the floods quite well in 2010.

■ 2) The Federal Board of Revenue (FBR) has confirmed that tax revenue collections for the year have already exceeded last year's collections and are trending up. Much has been said about the low level of tax collection in Pakistan and this news is certainly very welcome.



This year a major initiative has been launched to further enhance tax collection. It is not unreasonable to expect that within 3-5 years the tax collection issue can be addressed to quite some degree.


■ 3) Remittances continue to be a tremendously important, and fast growing, source of foreign exchange for Pakistan. These are funds being sent to Pakistan by the 7+ million overseas Pakistanis and represent the confidence of our expatriate community in the country's future. For the 11 months of the financial year, these remittances have already crossed \$10 Billion and since we've had multiple consecutive months each accounting for more than \$1 BN in remittance receipts, it is not unreasonable to expect the year to close at or above \$11BN. Not only is this

almost 30% up from the previous year, it is also an all-time record.

■ 4) While the NASDAQ and Dow have given up all their gains for the year, the KSE (Karachi Stock Exchange) is doing quite well. In fact, it closed yesterday (6/13/2011) at 12,353 which is within about 300 pts of its 52-wk high of 12,768.

There's quite a bit of other positive news with respect to development projects and the increases in provincial development spending, but we'll save those updates for another post. For now, the economy seems headed in a good direction.

Editor's Note:

 The views expressed and data contained in this publication are provided by writers/ authors from ECO member countries or from outside the ECO region, and are not necessarily those held or agreed by the ECO Secretariat or ECO Chronicle Editorial Board.

Dollar Diplomacy vs. Energy Diplomacy

By: Sam Barden*



As the G20 met in Cannes, France, on November 3, 2011 there was much hope for a magical solution to the Greek debt crisis. Of course, before the summit got underway, Greece announced a referendum on whether it wanted the debt relief being offered, which meant that there was no hope for a solution at the G20 meeting. That meant no solution to Europe, or the rest of the western financial world's debt crisis. Nevertheless, the leaders of the G20 continue to surf the wave

of chaos that is dollar politics and the global debt crisis, looking to solve the world's debt problems by issuing more debt, linked to austerity measures.

There was another meeting last week. It was in Tehran, Iran. The meeting was held by the IIES (Institute for International Energy Studies). In fact it was their 15th Annual conference, and I, along with my colleague, Chris Cook, were key note speakers. We were in good company. Also speaking was the OPEC (Organization of Petroleum Exporting Countries) Secretary General, the GECF (Gas Exporting Countries Forum) Secretary General, and the IEF (International Energy Forum) Secretary General. The ECO (Economic Cooperation Organization) was also represented and we also heard from the Iranian Oil Minister and the Vice President of Iran.

The point is that as the G20 countries' main focus was on

how they could save their economies from default, by issuing even more debt. The conference in Iran spoke of innovation in technology and how the energy producing and consuming nations can work together to achieve energy efficiency, stability and security. Chris Cook and I presented a simple yet radical new market framework, along with a global product set, called 21st Century Resilient Markets, and 21st Century Energy Funding and Finance. It is estimated that the global market in gas alone through to 2035 will need trillions of dollars in new investments alone.

As the G20 meeting has highlighted, dollar economics (debt driven) are subject to dollar politics. Dollar politics is defined by bank intervention, where we have become totally reliant on Wall Street and the City of London for money supply since they seem to supply it. As we saw in 2008, it was the banks who received bailouts, not the people.

Dollar politics is practiced through dollar diplomacy, which is what the G20 is all about. Through the IMF or the World Bank more debt is offered to pay existing debt, via the banks of course, in exchange for governments agreeing to austerity measures on their countries, which are normally things like slashing public sector spending, pensions and social security. Each country is also asked to increase taxes in order to pay for the new debt which is used to pay for the old debt. This is where the Greeks have said enough is enough. They do not want more debt. They are instead prepared to default, something which the European Union seems unprepared for. The credit crisis has invalidated dollar diplomacy. It is simply no longer working.

What we need is a debt equity swap. Our current economic system is distorted because it is overlaid by bank money which is intrinsically worthless. The time is right for a move to reality-based economics, by way of swapping debt based money for intrinsic-based value. The simple solution is to price our currencies not against something with no intrinsic value such as debt, but price it against something with intrinsic value such as energy, or more specifically energy units.

An energy unit is an undated credit, redeemable in payment for the underlying. This is different to a USD (actually a Federal Reserve Note) because an energy unit is asset-based, whereas a USD is debt-based. If we start with an energy unit in gas, and say that each energy unit in gas is redeemable for 5 mmbtu (one million British thermal units) each worth \$5, then all of the sudden we have an asset-based currency valued in energy. To put this in perspective, one btu would heat about three cups of tea or 500 milliliters of water.

Dollar politics and dollar economics will evolve to energy economics. Energy economics is neutral, and relies on innova-

tion of production, efficiency of distribution and a mechanism for clearing and account. This will drive us to naturally value energy savings, unlike the current carbon tax, which has no intrinsic value and taxes valueless CO2 emissions. Energy economics is not an alternative to dollar economics but is a complimentary or additional economic approach.

Energy diplomacy will be instrumental in this evolution. The IEF (International Energy Forum) has 87 member countries which account for 90% of oil and Gas supply and demand, just one



home for the practice of Energy diplomacy. As long as we keep riding the wave of chaos with the G20, we know what the result is likely to be. Chaos! ■

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**The author, Sam Barden is founding Partner of SBI Markets DMCC, a Dubai-registered commodities trading and advisory company. Barden has worked in the global financial markets for more than 17 years in Europe, Russia and the Middle East.*

It was a pleasure to meet SOCAR high officials that I used to meet during my career in Iran petroleum industry prior to my retirement at the recent Gas Infrastructure Conference in Baku. I was member of many negotiating team for developing Islamic Republic of Iran and Republic of Azerbaijan energy cooperation. I thought I might share with ECO Chronicle readers some thoughts on the basis of my long experience working for Iran petroleum industry and Economic Cooperation Organization (ECO) Secretariat in the Caspian region. The key question under discussion at the Baku conference was this:

Is Politicization of Pipeline Transit Routes a threat to development of Caspian energy resources?

■ Gas Consumer Perspective - the view from the EU

Ambassador Roland Kobia, Head of Delegation of the European Union in Baku made clear the view from Brussels

work led to an agreement being signed between EU and Ministry of Petroleum in Iran for the opening of the EU-Iran Center for Energy Cooperation.

Iran honoured its part of the agreement and duly opened the Center at the Institute of International Energy Studies (IIES) in Tehran. Unfortunately the EU failed to honor their commitment to finance the engagement of an international consultant for the relevant studies. Ambassador Kobia was unaware of the existence of this agreement.

■ Gas Supply Perspective - the view from the Caspian

Companies interested in exporting gas



Azerbaijan to join Nabucco. The fact is - and I am old enough to remember! - that the original purpose of Nabucco was to export Iran gas to EU. The economic and environmental case for Iranian gas was as strong then as it is now, and it saddens me that politics have eviscerated the original proposal.

I have no doubt that due to current Euro zone crisis and EU economic troubles all other options for Caspian gas export to the west such as a Trans Adriatic Pipeline (TAP); or the Italy, Turkey, Greece Interconnection (ITGI) are also in difficulties through lack of gas to fill them. It was also interesting that the SOCAR president when talking to journalists at the conference said that Azerbaijan would also be able to export gas to Syria once the transit talks with Turkey have been completed (the Azeri Times reported on 23 September 2011 - page 5). Many observers considered that the recent agreement between Iran, Iraq and Syria for construction of the Islamic Gas Pipeline to the West via the Mediterranean Sea would provide an

Is Politicization of A Threat to Development of

of the opportunity.

"EU is practically ready to build Trans Caspian Pipeline (TCP) for Turkmenistan gas supply to Europe; this is the first time that EU has concluded a treaty for all 27 member states of the EU."

The organizers, whom I commend for the fine conference, had printed a message of "use your brain" on their brochures that encouraged me to talk to Ambassador Kobia over the tea interval, reminding him that in 2000 his colleague Faouzi Bensarsa's hard

produced in the second stage of development of the Shah Deniz field have not yet submitted their final bids. Mr. Roving Abdullayev, president of SOCAR told the conference that Azerbaijan is considering all the option routes for gas supply to EU. While he did not mention Iranian supply and rout to EU, I think that it is self evident and well understood by all, that the Iran option is superior in economic and environmental terms. One of the other messages delivered in the conference was the invitation extended to

alternative route for Turkmen and Azeri gas to end users.

So, the messages delivered in the conference from both ends of the pipeline omitted Iran entirely, which could only be on purely political grounds. But there were other perspectives:

■ Gas Transit Perspective - the view from Turkey

Dr. Reha Aykul Muratoglu Head of Department for Transit Petroleum

Pipelines Ministry of Energy and Natural Resources of Turkey said:

"In view of the increasing demand for energy, the supply disruptions and the recent global financial downturn, all countries are in need of considering their policies for enhancing energy security. Access to and reliability of energy transit is becoming ever more important with the increase in energy trade and the growing integration of energy markets." Dr Muraglotu recognized that energy security increasingly outweighs other political considerations and that this fact is crucial to the need for integrated energy market infrastructure, both physical and financial.

■ **Financial Perspective -the View from the United Kingdom (UK)**

The UK has in recent years been at the forefront of energy market development, and so I was fascinated to hear Angus Miller, Caspian Energy Adviser to UK Foreign & Commonwealth Office, say:

new idea related to Caspian Sea Master Partnership which is developed during a period of more than ten years of study and observing the issues and problems of the Caspian Sea Energy resources development and transportation to end users . The idea as defined and explained by a member of research team studying Global Gas Market and Pricing at University College of London, supports the concept of a Caspian Sea Master Partnership as an apolitical framework for the development of Caspian /ECO resources and the financing and funding of the necessary infrastructure connecting Caspian /ECO resources to the EU and the emerging global market.

**The author held the position of the Director for Energy, Minerals and Environment at the Secretariat of the Economic Cooperation Organization (ECO) during 1996- 2000.*



By: Mahmood Khaghani*

Pipeline Transit Routes Caspian Energy Resources?

"Pipeline transit route politicization will remain another long term potential threat to development. Here, I think market forces, not politics, should create the balance and reality within the states."

In my personal capacity as an Iranian citizen I intervened to suggest that he clearly meant that the oil and gas industry should be de-politicized. In support of de-politicization I prepared, and attached for conference delegates, the outline proposal for a Caspian Master Partnership in a PowerPoint in which the



H.E. Maroofi, ECO Secretary General, believes ECO region with its vast population can play a major role for dialogue between oil and gas producers and consumers.

In fact many Energy Economics Experts are of the view that for the sake of resolving current global economic crisis oil, gas and energy industry in general must be depoliticized.

By Chris Cook

ECO Energy Standard Unit A Flight to Simplicity

It is a sad fact of life that what is cheap is too often wasted. As one of the most important oil and gas producers in the world Iran's people naturally expect cheap energy as of right. But with oil prices over \$100 per barrel the wasteful use of such a valuable resource is a luxury Iran cannot afford. To raise energy prices without compensation would be unfair, but to pay a compensating subsidy in Rials or even dollars runs the risk of inflation. But what else could be done?

■ ECO Unit, a Flight to Simplicity

An ECO Unit is so simple that it can be difficult to understand for anyone accustomed to the complexities of the Western financial system.

Anyone, as individuals or collectively, may issue

undated credits (IOU) and Iran's energy producers are no exception. I propose that Iran's energy producers co-operate to create pools of energy production from which they will issue energy Units which may be used by consumers to pay for energy. Iran may then increase prices of electricity and carbon fuel (such as natural gas and gasoline) to global levels. Prices would be set by creating and publishing a

benchmark energy price probably at a strategic Caspian energy hub location. In 2001 I proposed such an international price benchmark for oil when I originated the concept that became known as the Iran Oil Bourse.

The innovation I propose is that Iranians will not be compensated for increased energy prices either in dol-



lars or Rials which are subject to inflation, but rather in energy Units. Every Iranian could then have - as long as they live - a fair and inalienable proportional 'Justice Share' allocation of energy Units.

■ ECO - Energy Standard Unit

This entitlement of valuable ECO (Energy Convertible) Units could be used to pay for energy of all types. An ECO Unit is the energy equivalent of 10 Kilo Watt Hours of electricity; other forms of energy, such as carbon fuels (e.g. natural gas or gasoline) or even heat (e.g. geothermal hot water), are not ECOs, but will be priced against the ECO.

ECO Units will be valuable globally in exchange, because Iran will accept them in payment for energy supplied domestically, regionally and internationally.

Holders of ECO Units will understand that it now makes sense to conserve energy, because Units are not only valuable in exchange but will maintain value in an uncertain world. While ECO Units may be spent or exchanged for other value, part of the proceeds from increased energy prices could be allocated for 'energy loans' as public and private investment Energy loans made in ECO Units are repayable not in Rials or dollars but in energy, as borrowers buy back ECO Units at the energy market price out of energy savings.

Such investments would be in renewable energy projects and

in energy savings, such as a new generation of energy efficient transport; energy efficient buildings which are well insulated from heat and cold; and energy efficient city and town planning through better use of space. Such energy investments are not currently economic in Iran because valuable carbon fuel is priced too cheaply, but in an ECO economy,

with a carbon fuel price set at a level reflecting its true value, then to invest in renewable energy and energy savings is literally to obtain free money.

■ Transition

It has been said that if you wish to keep a cow healthy you do not regulate what comes out of the cow: you regulate what goes in. So, rather than participate in the trading of intrinsically worthless carbon dioxide credits, Iran could lead development of a system based upon the intrinsic energy value of carbon. Instead of pricing energy in dollars Iran may price dollars in energy. By adopting the ECO energy standard Iran may lead a global financial revolution based firmly upon the values which underpin Iran's cultural and religious heritage.



The author, Chris Cook is a former director of the International Petroleum Exchange. He is now a strategic market consultant, entrepreneur and commentator.



By: Mohammad Valipour Pasha*

The Global Financial Crisis and its Potential

Impacts on Iran's Economy

■ Introduction

The Global Financial Crisis is pondered by many economists to be the worst financial crisis since the Great Depression of the 1930s which led to the bailout of banks by national governments, the collapse of large financial institutions, and downturns in stock markets in the globe.

The story of the financial crisis was initiated through a vague interaction of financial assets and a significant issue e.g. liquidity in the US banking system in 2008. This financial catastrophe was initially triggered by the US housing bubble peaking in 2007 and resulted in a plummet of real estate pricing that took place with universal damaging of the financial institutions.

The Crisis came along with the reductions in consumer welfare

together with a deep local depressing recession in economic activities which-as predicted by financial experts- will lead to a severe global economic recession in 2012. The housing markets have strongly been influenced causing a lot of job dismissals and foreclosures in many countries around the globe.

■ Analysis

There seems to be numerous reasons suggested for the financial crisis. However, the Levin-Coburn Report issued by the United States Senate states:

"the crisis was not a natural disaster, but the result of high risk, complex financial products; undisclosed conflicts of interest; and the failure of regulators, the credit rating agencies, and the market itself to rein in the excesses of Wall Street." According to the critics' arguments, major bugs occurred in pricing the risk of housing mortgage and the related assets by the credit rating institutions and investors. Financial markets and punctual regulations have not been carefully adjusted by the central states during recent years.

1. Macroeconomic Effects

As credit tightened and international trade declined, Economies have slowed globally since 2008 where the central banks and Governments



reacted with fiscal and monetary policies.

Interpretations signify that Iran's economy will also be affected by the world financial crisis albeit the degree of the consequences may vary. Having been influenced by the global crisis, the oil price will dip which may result in diminishing oil revenues and that has a major impact on the economy. On the one hand, the outcome will probably be over the non-oil exports as a result of reducing non-oil export revenues. The effect will continue to be on the balance of current account where the exports minus imports are included and expected to be distorted.

In addition, the net entry or exit of capital - comprising the capital account - is influenced by two factors: First, by the foreign liabilities of Iran's economy and second, inability to absorb foreign investment.

It is believed that the phenomenon may limit currency entry amounts to Iran which means a remarkable reduction in government revenue of selling oil currency.

The demand and supply sides of the currency will be influenced to unstable the exchange rate. According to macroeconomic DD-SS analysis, the demand and supply side of the whole economy is shocked leading to price disequilibrium and that is the beginning of the fluctuations in macroeconomic variables such as inflation, employment and economic growth. On the other hand, the demand for energy will be decreasing which may lead to a gradual decrease in oil market price. Provided that it will affect the real economy of Iran through oil revenue, the production by the manufacturing establishments and firms will drop dramatically.

2. Oil Revenues Impacts

As formerly mentioned the main channel through which the Iranian economy is mostly affected is by the oil revenue

which is a significant challenge - the fall in global oil prices and subsequent fall in oil export revenues. As time is being passed through the end of the year (2011), the magnitude of this impact has combatively been modest, due to exceptionally and relatively high oil prices and revenues. However, the recent year's budget has demonstrated major fiscal contraction. The contraction looks even larger in the final version of the statement, which does not include revenues from an increase in domestic energy prices proposed by the Government.

With reference to the International Monetary Fund October 2011 forecast, Non-oil revenues of the Central Government are expected to decrease from 12.1 percent of the non-oil GDP in



2011 to 11.9 percent the non-oil GDP in 2012. General Government Total Revenues are forecast to fall from 26.7 percent of GDP in 2011 to 24.2 percent of the GDP in 2012, showing signs of an expected slow-down in economic activity. As for the General Government Expenditures, they are predicted to fall from 24.3 percent of GDP in the current year 2011 to 23.2 percentage points of GDP in 2012.

3. Financial Market Outcome

Banking system, stock market and the whole financial market of Iran seems not

to be very much influenced by the crisis due to the closed economy which is not robustly in connection with the global economy and major stock markets in the world.

Therefore, they would not be directly affected because there is no Iranian bank playing a shareholder role of the global bankrupt financial and banking institutions and vice-versa.

Some probable indirect outcomes would be the share price of nonoil exporting products and their influence on the price of other shares and it might result in a significant decrease in stock market Index which is dangerous because it will lead to capital exit from the stock market to the replacing markets such as gold, currency and housing.

■ Concluding Remarks

To sum up, it seems that the negative impact of the crisis would to some extent be less for us than for the other countries. The reason for this is that our relation with world is mainly by oil sales on the one hand that its price has not reached a critical point, and on the other hand by imports that present situation works in support of Iran. However, it is quite obvious that the global recession influences all the sectors in the economy and each will be suffered according to its share. As this crisis is almost completely not comparable with the previous economic crises in the world, the present management has not experienced it so far. Therefore, it is quite necessary to take effective and thoughtful actions to pass the crisis so that there are still plenty of unknown aspects of it.

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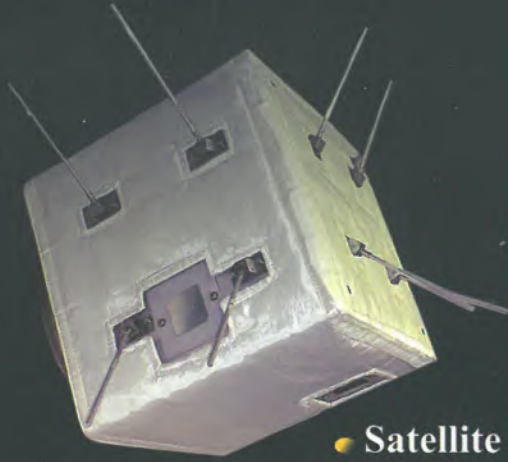


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