

Draft ECOTA Negotiation Strategy & Roadmap

The Revision and Operationalization of ECOTA

1. Introduction

The Economic Cooperation Organization Trade Agreement (ECOTA), signed in 2003 and legally in force among five signatory states, namely, Afghanistan, Iran, Pakistan, Tajikistan, and Türkiye, represents a key milestone in advancing economic integration within the ECO region. Nevertheless, the continued non-implementation, coupled with shifting global and regional trade landscapes, underscores the urgent need for a comprehensive and strategic process aimed at revising, updating and operationalizing the Agreement.

The recent 9th Meeting of the ECOTA Cooperation Council reaffirmed this necessity, highlighting the growing relevance of regionalism and the emergence of new trade priorities such as trade facilitation, digital transformation, and enhanced customs cooperation. These developments underscore the urgency of transforming ECOTA into a functional and dynamic instrument for economic cooperation.

2. Objective

This Strategy Paper aims to:

- Provide a strategic roadmap for the effective revision of ECOTA, with the goal of facilitating its full implementation by the competent national authorities of Contracting Parties;
- Align ECOTA with contemporary trade principles, fundamental WTO rules, and evolving regional economic realities;
- Enhance ECOTA's relevance to ECO Member States by outlining practical and achievable steps for implementation;
- Promote intra-regional trade, encourage investment flows, and foster active participation of the private sector in regional economic cooperation.

The rationale lies in reviewing ECOTA, and as agreed, amending or revising it with the aim of turning ECOTA into an operational legal instrument that not only supports trade liberalization but also facilitates broader economic cooperation, competitiveness, and sustainable development.

3. Current Status and Key Challenges

Current Status:

- **Entry into Force:** ECOTA entered into force on **24 March 2008**, upon ratification by the fifth signatory, the Islamic Republic of Iran. As of today, the Agreement is in force among five ECO Member States.

- **Product List Notifications and Implementation Gaps:** While several Member States submitted their product lists for tariff reduction between 2008 and 2013, these lists could not be implemented and have since become outdated. Moreover, they were **not effectively implemented by national customs authorities**, limiting the operational impact of the Agreement.
- **Limited Institutional Functioning:** Since 2008, **only nine (9) meetings of the ECOTA Cooperation Council** have been convened, despite the provision that such meetings should be held at least **twice a year**. These meetings have not yielded any **substantive operational breakthroughs**, contributing to the overall stagnation in ECOTA's implementation.

Key Challenges:

- **Persistent non-implementation.**
- **Perceived imbalance in benefits and commitments:** Concerns regarding asymmetry in Tariff Reduction Modalities (TRM) leading to perception of unbalanced gains among signatories.
- **Overly Extensive Product Scope:** 80% of goods with the tariff lines covering existing trade among Signatory States at the time of implementation.
- **Outdated Product Lists and Incomplete Notifications:** Lack of regular updates to positive, negative, or sensitive lists; in some cases, failure by Member States to notify their lists as required.
- **Incomplete Legal Ratification:** Non-ratification of ECOTA Annexes by Tajikistan.
- **Institutional and Financial Constraints:** Limited institutional capacity at the national and regional levels, coupled with the absence of a fully operational and sustainable funding mechanism to support capacity building and implementation efforts.
- **Regulatory Fragmentation:** Fragmented regional trade policies, varying technical regulations, lack of information sharing, and differing quality infrastructure frameworks across Member States, reducing coherence and interoperability.
- **Interplay with Other Trade Commitments:** Legal questions arising from the interaction between ECOTA and existing bilateral, plurilateral, or multilateral trade agreements (e.g., FTAs, and customs unions).
- **Weak Monitoring and Limited Private Sector Engagement:** Absence of a systematic mechanism for monitoring implementation and insufficient integration of business community perspectives in the agreement's review and decision-making processes.

4. Strategic Priorities for Revision

1. Legal Clarity and Flexibility:

- Conduct a legal review of the ECOTA text to enhance clarity, coherence, and internal consistency.
- Consider the introduction of additional or optional annexes to provide flexibility in implementation and sectoral coverage.

2. Product Scope

- Reassess and/or reduce the existing product coverage to ensure it aligns with the scope and ambition of a preferential trade agreement.
- Explore the gradual facilitation of certain services sectors, such as, tourism, academic education, vocational training, energy, sustainability consultancy, and engineering services, as well as provisions on the facilitation of investment.

3. Tariff and Non-Tariff Liberalization:

- Conduct re-negotiations of the TNC on TRM (Article 4) and the tariff reduction implementation timelines, taking into account the findings of the recent *Research Study on the Impediments to the Implementation of ECOTA and Measures to Resolve'*.
- Review and define treatment of para-tariffs, and if necessary, clarify procedures on the identification, notification, and removal of non-tariff barriers (NTBs).

4. Facilitation of Services and Investment

- Consider integrating general provisions and/or a separate chapter on trade in services and investment, aligned with global trends and Member States' development objectives.

5. Trade Facilitation and Digital Trade:

- Introduce general provisions and/or a separate chapter aimed at simplifying customs procedures, in line with the ECO Trade Facilitation Strategy and relevant WTO standards.
- Consider inclusion of one annex or chapter on e-commerce and cross-border digital trade in services to support paperless trade, digital connectivity, and innovation.

6. Review of Existing Annexes: ECO Rules of Origin, State Aid, Protection of Intellectual Property Rights, Anti-Dumping Measures

- Revisit and update the annexes on ECO Rules of Origin, State Aid, Protection of Intellectual Property Rights, and Anti-Dumping Measures to ensure alignment with contemporary trade practices and to clarify implementation mechanisms.

7. Implementation Fund and Technical Assistance:

- Clarify and operationalize the ECOTA Implementation Fund, including its governance, resource mobilization, and disbursement procedures.
- Strengthen the technical assistance pillar to support institutional capacity building in Member States for the implementation of ECOTA commitments.

8. Consistency with External Trade Commitments

- Conduct a legal compatibility review of ECOTA with existing bilateral, plurilateral, and multilateral trade arrangements, such as WTO obligations, customs unions, and regional FTAs, to avoid legal inconsistencies.

9. Monitoring and Evaluation:

- Establish a structured monitoring and review mechanism, including biannual reporting on tariff liberalization schedules, NTB and para-tariff elimination efforts, and the overall performance of intra-ECO trade.
- Encourage Member States to report progress through a standardized notification mechanism to support transparency and evidence-based policy adjustments.

5. Proposed Timeline and Institutional Steps

Timeframe	Activity
Q4 2025	Approval of the Terms of Reference (TORs) for the ECOTA Technical Negotiation Committee (TNC) by the 5 th ECO Trade Ministers Meeting
Q1 2026	Convening of the first session of the TNC (hybrid format), including initial discussions on proposed revisions to the ECOTA text and annexes.
Q2 2026	<p>Submission and notification of proposed textual revisions and annexes by Member States to the ECO Secretariat.</p> <p>Based on these inputs, the ECO Secretariat prepares the zero-draft text for trade in goods, as well as the zero-draft text for trade facilitation and digital trade.</p>
Q3 2026	Drafting and circulation of the zero draft texts, including a revised ECOTA text and annexes by the ECO Secretariat among Member States.
Q1 2027	Convening of follow-up TNC sessions to refine the legal text, review unresolved matters, and finalize technical content regarding the zero draft texts for trade in goods, and the zero-draft text for trade facilitation and digital trade.
Q3 2027	<p>Conclusion of the technical review and negotiations.</p> <p>Initiation of legal clearance procedures and submission of the revised text to the ECO Council of Permanent Representatives (CPR) and Council of Ministers (COM) for approval.</p>
Q4 2027	<p>High-level adoption and/or signature and ratification of the revised ECOTA agreement.</p> <p>Entry into force of the revised ECOTA three (3) months after its ratification by at least 5 Member States, unless another entry into force provision is decided during negotiations</p>
Q1 2028	Commencement of implementation by Contracting Parties, supported by capacity-building measures and technical assistance where applicable.

6. Basic Principles

The revision/amendment process of ECOTA shall be carried out in accordance with the following principles:

- The process shall be guided by the principles agreed in the 9th ECOTA Cooperation Council Meeting (CCM) in line with the principles of transparency, inclusiveness, and flexibility, based on international best practices on treaty negotiations and regional integration processes.
- The process shall be inclusive to all ECO Member States.
- Balance of concessions and commitments among ECO Member States shall primarily be taken into account.
- The adaptation needs of the least developed countries shall be addressed effectively, both in terms of level of concessions and the implementation periods.
- The sustainable development goals of the United Nations shall be taken into account throughout the revision process, where applicable.
- The Member States shall endeavor to achieve impactful results to increase intra-regional trade.
- All proposed texts/revisions must remain consistent with ECO's legal frameworks, particularly the provisions of the Treaty of Izmir, which governs the overarching institutional and legal basis of the Organization.

7. Procedural Considerations

- All Contracting Parties to ECOTA shall fully cooperate and adhere to the timelines and procedural deadlines communicated by the ECO Secretariat. This is particularly essential for the timely submission of requested data, regulations, as well as comments or views on proposed amendments to the Agreement.
- Non-ECOTA Member States may also fully participate in negotiations with a view to becoming a party to the revised ECOTA.
- The revision process shall take into account Article 26 of ECOTA ("Evolutionary Clause"), which governs the procedure for amendments, as well as the Terms of Reference (TORs) of the ECOTA Technical Negotiation Committee *[once adopted]*.
- For efficiency and flexibility, the ECO Secretariat may conduct formal communications via email with officially nominated national focal points. Such correspondence shall be deemed valid for official purposes.

8. Methodology

If deemed necessary by the Negotiating Parties, a revised text or new legal instrument may be negotiated and adopted to replace or supersede the original ECOTA text. In either case, the ECO Secretariat shall prepare the zero-drafts and submit them in advance of the meetings for facilitating technical discussion meetings and negotiations.

Technical discussion meetings and negotiations shall be hosted in rotation by Member States that will hold the chair. The chair may convene inter-sessional virtual meetings where necessary, in consultation with Member States.

Member States shall strive to conclude negotiations **by the third quarter of 2027**.

For Trade in Goods:

- Concessions currently stipulated in ECOTA may be reviewed and revised in light of evolving trade flows, economic priorities, and Member States' implementation/developmental capacities.
- The principles of Most-Favored-Nation (MFN) and National Treatment shall be preserved as foundational commitments of the Agreement.
- Negotiations will initially focus on amended tariff reduction modalities and the preparation of updated product lists, with the aim of deepening and broadening trade liberalization.
- The outcomes of these negotiations may be consolidated in a zero-draft text for revising relevant provisions of ECOTA for trade in goods.

Facilitation of Trade in Services and Investment:

- With a view to increase trade and create a predictable business environment, transparency and procedural facilitation issues will be discussed conceptually.
- These conceptual discussions may be followed by sector-specific discussions, depending on Member States' interests and readiness.
- Member States should target a balanced and achievable framework of principles that will be reflecting the common objectives and expectations of all interested Member States.
- Based on the outcomes of the results of conceptual and/or sectoral discussions, a zero draft text may be drafted and shared by ECO Secretariat to circulate among Member States to serve as the basis for subsequent negotiations.
- The resulting zero draft text, such as in the form of a separate "Annex on Trade in Services and Investment" may be added as optional and open for signature or accession by Member States.

Trade Facilitation and Digital Trade:

- The ECO Trade Facilitation Strategy, the draft ECO Trade Facilitation Agreement, and the technical provisions of the WTO Trade Facilitation Agreement (TFA) may serve as guiding references for discussions in this area.
- Negotiated outcomes may be captured in a zero draft text to be incorporated in the revised ECOTA in the form of an additional Chapter on Trade Facilitation and Digital Trade.
- The new chapter will be tailored to the implementation capacities and national development contexts of individual Member States.
- Least-Developed ECO Member States may request appropriate transitional periods, along with technical assistance and capacity-building support to ensure effective and timely implementation.

The final adoption of any revision or a new legal instrument shall be subject to the approval of the Council of Ministers (COM), in accordance with ECO's Rules of Procedure.

9. Stakeholder Engagement, Coordination and Communication

Effective revision and operationalization of ECOTA require inclusive stakeholder consultation and coordinated institutional efforts. Member States and the ECO Secretariat may engage with all relevant national, regional and international stakeholders as appropriate, including the private sector.

Member States are encouraged to regularly update Focal Points to streamline engagement, ensure effective data collection, and enhance coordination during the negotiation and implementation phases.

In order to raise awareness, and facilitate broader acceptance, the ECO Secretariat and Member States may also undertake the following actions:

- Develop clear and accessible policy briefs, fact sheets, and presentations highlighting the benefits of ECOTA and the rationale for its revision.
- Organize technical workshops, webinars, and briefings targeting both governmental stakeholders and the private sector.
- Utilize ECO's official website to share updates and build momentum.

10. Expected Outcomes

- A revised and modernized ECOTA agreement, aligned with evolving global and regional trade dynamics and grounded in best practices.
- Renewed political commitment and broader participation among ECO Member States, including efforts to expand ECOTA membership.
- Enhanced intra-regional trade flows, greater policy coherence, and increased private sector confidence in the regional trade framework.

This Strategy may be updated by the ECO Secretariat subject to the approval of Member States, as needed, to ensure its continued relevance and effectiveness.

Prepared by: ECO Member States

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