

**STATEMENT OF Dr. SHAMIL ALESKEROV
ECO SECRETARY GENERAL on the occasion of THE
14TH MEETING OF THE BOARD OF GOVERNORS OF ECO TRADE &
DEVELOPMENT BANK
(JUNE 02, 2015 –ISTANBUL, TURKEY)**

**Distinguished Governors.
Honorable President, Mr. Hossein Ghazavi
Esteemed Participants,
Ladies and Gentlemen**

I would like to begin by expressing my deep gratitude to the ECO Trade and Development Bank (ETDB) for inviting me to be here on the occasion of its 14th Annual Meeting of the Board of Governors held today and address you on behalf of the Economic Cooperation Organization (ECO). We consider the establishment of the ETDB as one of the main achievements of the cooperation of the member states in the framework of ECO. ETDB is expected to become a financial pillar of ECO and make a considerable contribution to the sustainable development of the member states and the ECO region as a whole, according to the mandate given for its establishment by the Organisation Therefore we are pleased to see the strengthening of this relatively young regional financial institution and provide all support to this process from our side.

We note with great satisfaction that the Republic of Azerbaijan and the Islamic Republic of Afghanistan have become full members of the Bank in addition to the three founding ECO Member States. Another notable development is that the Kyrgyz Republic has signed the Articles of Agreement of the Bank and is currently in the process of completing its accession process. It is good to see that the Republic of Azerbaijan has already started to utilize the facilities of the Bank. I hope the Islamic Republic of Afghanistan will also start utilizing the resources of the Bank soon.

While expressing my appreciation of the progress the ECO Bank has made in expanding its membership base and operations, I would like to inform you that the ECO

Secretariat is making all out efforts so that the remaining four ECO Member States join the Bank. The successful functioning of the Bank will encourage the remaining four ECO Member States, namely Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan to join the Bank at the earliest convenience

The expansion of the membership of the Bank will enable it to play a more significant role in promoting trade and economic cooperation in the ECO region and support Member countries' economies by providing financial resources for various projects and activities. It is a matter of immense satisfaction that the total amount of loans disbursed by the Bank had increased to about US\$ 851 million by the end of the Year 2014. With the current momentum, the Bank may become the region's prime financial window in a short span.

Distinguished Governors and President

After assessing the overall performance of the ECO Bank and the growing cooperation between ECO Secretariat and the Bank, we are of the view that the Bank has been successful towards reaching the targets and has carried out its activities properly in accordance with the priorities envisaged by the Treaty of Izmir and the Articles of Agreement establishing the Bank. Notwithstanding that, the ECO Secretariat has prepared a concept paper containing recommendations for strengthening the role of the Bank in development of the economies of the Member States for consideration by the ECOTDB. The concept paper will be shared with the Bank separately.

Ladies and Gentlemen,

The global economic environment is changing at a very fast pace. *As of 2015, the pace of the recovery in the global economy as a whole continues to be extremely modest, markets continue to see downside risks to the economic outlook due to uncertainties about the resolution of sovereign debt and governance issues in the Eurozone, geopolitical issues, Chinese slowdown and fiscal policy decisions in the United States.* One could expect that the global economy and financial system in the short-run will continue to pass through volatility and instability. It is imperative for countries to act co-ordinately in this new era while drawing up their fiscal, monetary and trade policies; otherwise the global economy may suffer disaster like the Great Depression of the 1930's when currency wars became common and nations effectively

competed to export unemployment to each other via competitive devaluations. However, developing countries and emerging market economies played an important role of drivers of the global economic growth, ECO countries among them.

While the ECO region was not immune to the adverse effects of the global economic crisis, but in synchronization with the global economic developments, the ECO region showed considerable strength in the post global crisis era and managed to post increasing growth rates, performing favourably as compared to other regional groupings. As a result, the nominal regional total GDP of ECO more than tripled in the past decade to USD 1.9 trillion (USD 4.6 trillion in Purchasing Power Parity) in 2014 reflecting 4.4 percent of the global output.

During the same period, a majority of the region's economies saw improved business conditions in terms of various categories that range from employment, registering property, paying taxes and enforcing contracts. Since 2011, several Member States have been among the top-10 reformers globally in World Bank's *Ease of Doing Business* list. Similarly, there was a noticeable improvement in the global competitiveness ranking of the Member States. The sustained development of the region can be successfully continued, if macroeconomic stability continues in conjunction with continued structural reforms.

Against this general background, I would like to inform you about the ECO's activities and developments.

I would like to recall that the ECO Vision 2015 was adopted by the 15th Council of Ministers in 2005. The Vision reaffirmed the commitment of the Member States to the objectives of ECO and defined a number of targets in a variety of areas. With the end of 2015 approaching, the ECO Secretariat in collaboration with the member states is in the process of assessing the implementation of the Vision 2015 and is determining the extent to which the targets set forth in that Vision have been attained in various areas. Furthermore, the consultations for setting the strategic direction of the Organization for the coming decade have also be initiated that would help in defining the "ECO Vision 2016-2025". The outcome document of the Eminent Persons Group (EPG) has also

aptly addressed this issue.

During the 25th Regional Planning Council held on 1-5 March 2015, deliberations were held among the ECO Secretary General and the participating delegations from the member states on the New ECO Vision 2016-2025 and the Reform Process. The deliberations focused on the possible components of the new ECO Vision as well as the need for detailed analysis of the last Vision. Taking into consideration the lessons learnt from the implementation of the Vision 2015, a course of action was agreed for the formulation of an effective Vision for the upcoming decade.

Ladies and Gentlemen,

I shall take this opportunity to highlight ECO arrangements and initiatives in key areas of cooperation:

a) Trade and Investment

We are moving closer towards implementation of the ECO Trade Agreement (ECOTA), which is the region's flagship preferential trading arrangement. ECOTA implementation would help

- enhance intra regional trade,
- reach the economies of scale,
- improve the competitive environment in the region, and,
- constitute a major step towards establishing a Free Trade Area (FTA) in the region.

The ECO Secretariat has prepared a roadmap for establishing an FTA in the region, which will be considered by the 5th Ministerial Meeting on Commerce and Foreign Trade to be held in Tehran later this year.

Efforts are also being made to expedite the implementation of other ECO legal instruments in trade and investment including;

- Agreement on Promotion and Protection of Investment Among ECO Member States,
- Agreement on Simplification of Visa Procedures for Businessmen and Transit Driver of ECO Member States,
- Agreement on Establishment and Operation of ECO Smuggling and Custom Offences Databank, and

- Articles of Agreement on Establishment of ECO Reinsurance Company.
- Work on preparing a comprehensive Trade Facilitation Agreement for ECO Region is in progress.

In parallel, we are facilitating the accession of the Member States to the World Trade Organization(WTO). To support the accession of the Member States to WTO, ECO Secretariat has been conducting annual WTO Seminars since 2012. We are grateful to the Board of Directors of the Bank for its kind approval of financial support up to US\$ 15,000- (USD fifteen thousand) in its meeting held on 18 September 2014, for the 3rd WTO Seminar to be held in the Islamic Republic of Pakistan. The Seminar, which was earlier scheduled in 2014, will now be held in 2015.

The ECO attaches high importance to the capacity building of the relevant institutions and officials of the Member States. In this connection, a Trade Capacity Building Project is being carried out in collaboration with the United Nations Industrial Development Organization (UNIDO) in the areas of Standards and Quality. Implementation of the Third phase of the Project started in 2014. The Project will be instrumental in the elimination of non tariff barriers (NTBs) in the region. The Secretariat is seeking donors for funding the Project. ECO Bank's assistance to the project will be highly appreciated.

The Second phase of the Study on Trading Patterns in ECO Region is also on the agenda of ECO. The Study will help in developing strategies for the Members in their trade liberalization processes leading to their regional and global integration. The ECO Secretariat requests ECOTDB to consider providing financial assistance for conducting the second phase of the study.

b) Energy:

A number of large scale regional energy projects have been implemented in the ECO Region on bilateral and multilateral basis. At the same time ECO Member States are engaged in achieving synergies under umbrella framework documents, namely the ECO Plan of Action for Energy/Petroleum Cooperation (2011-2015) and ECO Vision 2015. Energy conservation with guiding principle of the "cheapest energy is energy saved" is one of the main priorities of the ECO Plan of Action for Energy/Petroleum Cooperation (2011-2015)

On partnership with private sector on energy, the Secretariat has agreed with ECO Chamber of Commerce and Industry (ECO CCI) to organize the first ever Meeting of the ECO Public and Private Sector Energy/Petrochemical Consortium/Companies, the event which may facilitate B2B (business to business) cooperation in energy. In this context the Secretariat will also pursue the idea of establishment of an ECO Trust Fund for financing high priority regional projects on energy, which was raised during the 3rd ECO Ministerial Meeting on Energy/Petroleum in Tehran.

Global energy agenda is being considered in a consistent connection with climate change concerns. The 5th ECO Ministerial Meeting on Environment held in Istanbul on 17 December 2014 endorsed a set of recommendations, called the ECO Climate package in line with ongoing global climate negotiations. Ministers also adopted the Istanbul Declaration on Climate Change and Green Economy in the Context of Sustainable Development which captured, inter alia, the importance of the transition to the use of renewable energy sources, existing energy resources with clean technologies and environment friendly alternatives in order to address challenges posed by environmental pollution and climate change more effectively.

The representative of the ECO-TDB participated in the First Experts Group Meeting on Establishment of the ECO Regional Electricity Market (REM) held in Tehran on 5-6 November 2013. Afterwards, ECO Secretariat was engaged in intensive bilateral consultations with the Islamic Republic of Iran and the Republic of Turkey and elaborated draft Terms of Reference (TOR) for a feasibility study on establishment of ECO REM. The First Trilateral Meeting between Iran, Turkey and ECO Secretariat on ECO Regional Electricity Market held in Ankara on 25-26 September 2014, was an important follow-up event to implement the key action points decided earlier and paved the way for a further dialogue to create synergies and benefit from the complementarities. The Second Iran-Turkey bilateral Meeting on ECO Regional Electricity Market is planned to be held shortly. The Meeting will define future strategy/roadmap for regional electricity trade. The Secretariat is approaching financial institutions/donors for rendering financial and technical support for the Feasibility Study on ECO Regional Electricity Market. ECO-TDB is requested to consider contributing to this promising regional project.

c. Transport & Communications

The ECO strategy for the transport and communications sector relies mainly on developing the essential road and rail links and corridors that provide the physical infrastructure for movement of people and goods. The Transit Trade Framework Agreement (TTFA) is the region's flagship agreement in transport and communications sector.

As part of the “ECO/IDB Joint Project on implementation of TTFA, studies were conducted focusing on regional road and rail connectivity. These studies, which were conducted with the technical assistance grant from IDB, resulted in the formulation of two development plans i.e. ECO Railway and Road Network Development Plans. These plans present a comprehensive roadmap that can be implemented to develop road and railway interconnectivity of the Region via identified transit routes.

These plans incorporate around 40 railway and 47 road projects for priority development, as proposed by the Member States which are contracting parties to TTFA. Studies conducted as part of the joint project also specified five railway and seven road priority routes that have been selected based on the criteria of being identifiable corridors in the UNECE and UNESCAP plans. As part of the joint project, investment plans have also been developed that provide information about the available and requisite resources for materialization of the projects.

The 12th Meeting of the Heads of ECO Railway Authorities was held recently on May 17-18, 2015 in Tehran for brainstorming on the measures to implement the prioritized infrastructure projects under the ECO Railway Network Development Plan (ECORNDP). The Session enabled the railway administrations of ECO Member States to hear from the representatives of ECO-TDB and the Islamic Development Bank (IDB) on their main activities and functions to serve their member countries in actualizing and materializing major infrastructure projects. The representative of ECOTDB briefed the Session that the Bank will convey information to the ECO Secretariat shortly about the status of the establishment of the Regional Partnership Forum (RPF) and Technical Cooperation Fund (TCF) as envisaged by the ECO Council of Ministers earlier. The RPF and TCF will assist development of projects in ECO Rail and Road Network Programme. During the session, it was also agreed that the feedback on proposal of ECO Secretariat made to

ECO-TDB and IDB for co-sponsoring a feasibility study will be conveyed to the Secretariat shortly.

Key ECO initiatives in transport and communications are

- ECO Container Train on Islamabad-Tehran-Istanbul (ITI) route
- ECO Container Train on Istanbul-Almaty and Bandar Abbas-Almaty Routes
- Railway along the Kazakhstan, Turkmenistan and Iran Route
- Railway Project on Qazvin-Rasht-Astara (Iran)-Astara (Azerbaijan) Route
- Road Corridor on the Kyrgyz Republic-Tajikistan- Afghanistan- Iran (KTAI) route
- Road Corridor on the Islamabad-Tehran-Istanbul (ITI) route
- Railway Project for the connection of China to Europe through Kyrgyz Republic, Tajikistan, Afghanistan and Iran

d) Economic Research and Statistics

One of the ECO project in the field of Economic Research and Statistics is Economic Management Modelling in ECO region. The main objective of this project is to review the existing strategy of economic development in ECO region and identify a new strategy of economic management in regional countries. The project is to provide recommendations to ECO decision making bodies such as the Council of Ministers. The total cost of the project is US\$ 50,000 (USD fifty thousand) and the duration is 12 months. Pakistan Institute of Development Economics (PIDE) is the project coordinator.

The second project in this area is Trade Liberalization and Food Security in ECO Region. The objectives of this research project are to assess the current situation of food security in ECO region; suggest regional collaborative measures for mitigating food insecurity; examine policies related to food pricing and procurement; examine trade of major food items in Member States; and reflect those food security issues that have not been covered by ECO-Regional Project for Food Security (RPFS). The total budget of the project is US\$ 50,000 (USD fifty thousand) and duration of carrying out the project is 12 months. Pakistan Institute of Development Economics (PIDE) is the project coordinator.

Before concluding, I would like to reiterate my thanks to the Esteemed ECO Trade and Development Bank for holding this session. I am sure that under the able guidance of the distinguished Governors and the President, ETDB will meet the

growing demand for finance among the Member States as well as become more instrumental in supporting the implementation of the ECO projects and activities. .

Thank you.