

**Welcome Address by Mr. Zakaria Usman,
President, Federation of Pakistan Chambers Of Commerce and Industry
On The Occasion Of ECO Executive/General Assembly Meeting,
On 2-4 September 2014 at Karachi, Pakistan**

- _____/
- H.E. Mr. Gholam Hossein Shafei, President, ICCIMA & ECO CCI,
- H.E. Rifat Hisarciklioglu, President, TOBB,
- _____/
- _____/
- Heads of the delegations,
- Presidents of the ECO Chambers of Commerce and Industry,
- All distinguished guests,
- Ladies & Gentlemen,

Assalam-o-Alaikum,

REMARKS OF GRATITUDE

It is a great honour for me to speak at this august 19th Executive Committee and 13th General Assembly Meeting of ECO CCI.

Distinguished Guests, this session is extremely important because there is an air of optimism about economic prospects. Globalization, free trade regime, information revolution, new world order and the new pattern of the economic and political relations can provide opportunities to revolutionize the development process.

NEW ECONOMIC SCENARIO

My learned colleagues, several important and clearly visible changes have been observed in the world political and economic scenarios. Creating a misleading image of Islam, war against terrorism, rapidly increasing poverty, surge in the number of anti-dumping cases, growing number of uneven treaties and economic agreements, and cut-throat global competitions for survival of businesses are the phenomena of impulsive changes in the global economic environment.

Subsidies, taxation polices, protectionism, trade promotion through political agreements, demand-led business strategies and trade negotiations were the historical strategic tools of economic policies. Now, all policies are based on supply side. In the present scenario, we have to develop long-term strategies for economic participation and infrastructure development to compete in free trade regime.

PAKISTAN AND ECO COUNTRIES

Ladies and Gentlemen,

Pakistan has a policy of having closer and growing relations with the Muslim world in general and the neighboring Muslim countries in particular. The establishment of RCD (Regional Cooperation for Development) in 1964 was a step towards this end. The renaming of RCD as ECO (Economic Cooperation Organization) in 1985 has institutionalized the traditional relations.

The countries of the ECO and the area now known as Pakistan have centuries old trade relations. The caravans carrying goods from Indus to Persia and Central Asia used to bring back in return consumable goods to this area. So these countries had been trading with each other for centuries.

ECONOMIC RELATIONS

Ladies and Gentlemen,

The available information presents a dismal picture of the current state of intra-regional trade in the ECO region. The member countries of the ECO still rely rather heavily on industrialized economies for their exports and imports. The mutual trade in the region has been stagnant over time. Volume of Intra-ECO export is US \$ 36 billion in 2013 while countries in the ECO region exported US \$ 371 billion to the world during the same period. Similarly, intra-ECO imports estimated at US \$ 34 billion while imported US \$ 446 billion from the world for the same period. This indicates ECO countries heavy dependence on outside the region. In other word we may say that our mutual trade is not flourishing according to the potential of the region.

The intra- regional trade situation is, however, disappointing and the prospects do not seem very good unless private initiatives backed by political will of the member states.

Keeping in view the above background of ECO countries in terms of status of their interrelated low share of trade, there is a need to strike the core issue in their mutual trade. By Enhancing institutional capacities in the region for developing market economies and harmonizing trade policies, particularly on pricing and food safety standards, will further help to develop the region's competitiveness in international markets.

POTENTIAL AREAS IN ECO REGION

The agricultural sector is important to the economies of ECO countries, particularly in terms of its contribution to the GDP and provision of employment opportunities, though with considerable inter-country variations. The share of agriculture in total GDP ranged from more than 40 percent in Afghanistan to below 8 percent in Kazakhstan; it ranged between 10-12 percent in Iran, Turkey and Azerbaijan, and between 20 and 30 percent in the remaining five ECO countries.

The agricultural labor force accounted for 42 percent of the total labor force in the region. In addition to food and feed materials, the sector is a supplier of high quality fiber, wool products, silk, honey, fruits and vegetables. The major farm products of the ECO member countries are wheat, barley, rice, sugar cane, sugar beet, seed cotton, potatoes, tomatoes, meat, milk and milk products.

The ECO region can become a strong agricultural exporting block through regional co-operation in productivity enhancement, including pooling skills and experiences cross training, more efficient use of international consultants, savings on joint export infrastructures and safety accredited testing laboratories.

Ladies and Gentlemen,

The economies of the ECO region have the advantage of economic complementary besides their cultural, historical, religious and geographical closeness which pave the way for economic cooperation based on comparative advantage benefiting all countries.

For example Azerbaijan, Iran, Kazakhstan and Turkmenistan are oil/gas producing and exporting countries while Pakistan and Turkey are oil/gas importing countries.

The Central Asian Republics have significant potential for hydroelectric power. Electricity demand in Pakistan is growing rapidly and is facing strain domestic supply. Similarly in Afghanistan, the underdeveloped power sector is a major constraint to economic and social development.

Tajikistan and Kyrgyz Republic have large untapped hydropower resources relative to their needs, which could potentially be developed into competitive regional power plants. There is immense potential for cooperation in this field.

Similarly, Pakistan and Kazakhstan are exporters of agricultural products like wheat, rice, fruits and vegetables while Iran and Turkey are importers of these agricultural commodities.

Pakistan's Textile Sector is in an advanced stage while countries like Turkmenistan, Kyrgyzstan, and Uzbekistan are trying to establish competitive textile industry. They can benefit from Pakistan who in turn can further strengthen its competitiveness in textile industry in collaboration with these countries.

Turkey has developed its automobile and construction industries and Pakistan's automobile and construction industries can benefit from their experience. The automotive sector of Pakistan has shown significant growth in the last couple of years. Despite increase in the production of cars in the country, the demand of cars in market is increasing day by day.

Strategically located on the Gateway of Persian Gulf, Gwadar has the potential to emerge as a strategic manufacturing and assembling hub for the country's automobile industry.

A lot of untapped/unexplored potential exists in the region, which requires to be harnessed through collaborative plan and action to achieve the target of higher intra-regional trade within the region.

In view of the increasing cost of Sea transportation, I strongly suggest that Governments of Pakistan and Turkey should jointly take up with the Government of Iran the facilitation of land transportation through Iran. It will not only save time but also valuable money.

We propose to operationalize Islamabad-Tehran-Istanbul, train on priority basis.

PROPOSAL FOR ENHANCING ECONOMIC RELATIONS
--

Ladies and Gentlemen,

Without an effective modern transportation and communication network, the expansion of trade and economic integration cannot be realized. That is why the Transport and Communication has been identified as an area of cooperation among the member countries. This is particularly important because seven out of ten member states are land-locked i.e. Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan and Turkmenistan. The location of these countries could be exploited by facilitating transit traffic links. So far the potential of the Central Asian Countries has not been realized primarily due to the significant "economic distance" from the market endured by transporters throughout the region.

The economic distance can be significantly reduced not only by improving physical infrastructure but also by simplifying transit and clearance procedures, providing information to stakeholders and eliminating corruption.

Source of information is another weaker area in ECO countries. We do not have desirable communication and transportation linkages. We will have to develop tourism, cross boarder investment, cross boarder labor mobility, education and technology exchange programs, cultural and family relations, and frequent visits facility for the main cities of ECO countries. All of those are the sources of information and long-lasting economic relations.

I would like bring into the notice of our policy makers that All Economic Co-operation Organization (ECO) countries except Pakistan are signatory to the TIR convention. Other ECO countries have, strongly, been urging Pakistan to accede to it to facilitate free movement of cargo within the ECO region.

FPCCI views on ECO CCI

Being the representative of Private Sector, which is considered the engine of growth and major catalyst of the economic development, this year FPCCI has prepared National Shadow Budget 2014-15. This Shadow Budget is a part of FPCCI Economic Vision for Pakistan. Here I would like to mention at this stage that strong economic linkages of Pakistan with Afghanistan, Central Asian countries, Iran and Turkey through land and rail routes, mobilization of labour and capital and tourism are part of our FPCCI Economic Vision and policy recommendations.

The snapshot of FPCCI Economic Vision and our goals and strategies for ECO Chamber of Commerce and Industry is Global Scenario are available in your folder/bag. After reading these documents you can understand that how FPCCI think about the role of ECO CCI.

CONCLUSION

I wish to acknowledge the services of my colleague Mr. Amjad Rafi who is heading the trade facilitation committee of ECO CCI. He is associated with ECO CCI and is attending since its first meeting held in Istanbul in 1991, and there after he regularly attends all the meetings and contribute towards its development.

Distinguished guests,

I expect that leaders of the ECO states and policy makers must organize themselves for prosperity and synchronization of their people.

Thank you.