

## ECONOMIC CO-OPERATION ORGANISATION: A PROMISING FUTURE

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### INTRODUCTION

The Economic Co-operation Organisation was established in 1985 as a trilateral organisation by Iran, Pakistan and Turkey. It is intended to promote multi-dimensional regional co-operation with a view to creating the conditions for sustained socio-economic development and to raise the standard of living and quality of life in the member states through the mobilisation of the economic and social potential of the region. Its aims and objectives and its modes of operation are largely identical to those of its forerunner, the Regional Co-operation for Development which was set up in 1964 but dissolved in 1979.

After the break-up of the former Soviet Union, the newly independent republics of Central Asia and Azerbaijan sought membership of the ECO in their bid to open up to the outside world and to revive their historic affinities with the peoples of ECO countries. Thus a new chapter in the ECO's history was opened and the ECO became a ten member organisation, representing a vast area of seven million square kilometres with rich economic resources and a population of over 300 million people.

### STRATEGY AND PRIORITIES

Since its expansion, the ECO has come a long way in outlining and developing viable strategies to capitalise on the vast combined potential of its member states. The focus in recent times has been on the evaluation of target-oriented action plans. In this respect, two important documents were adopted determining the long-term vision of the organisation with eyes set on the year 2000: the Quetta Plan of Action (February 1993) and the Istanbul Declaration on Long-Term Perspectives (July 1993).

Both documents, as well as the recently adopted Economic Co-operation Strategy, identify the ECO's sectoral priorities with specific targets to be achieved by the year 2005. In line with the priority given to the transport and communications sector, the member countries adopted (October 1993 in Almaty) an outline plan for the development of the ECO region's transport sector. The plan defined specific routes for road and railway networks linking the member states with each other and the outside world. With the implementation of the projects envisaged in the Almaty outline plan, the ECO region will be inter-connected by roads, railways, airlines and modern telecommunications by the year 2000. Plans are already under way to provide the landlocked member states with easy access to the sea through Iran (to the Persian Gulf), Pakistan (to the Indian Ocean) and Turkey (to the Black Sea, Aegean Sea and the Mediterranean). The Tejen-Seraks-Mashhad railway line between Turkmenistan and Iran, inaugurated in 1996, and the Karakorum highway in Pakistan, which is already operational, constitute important arterial links within the ECO region.

In addition to transport and communications, over the next ten years, special efforts shall be concentrated on trade and energy, two other priority areas as stipulated in the document entitled Economic Co-operation Strategy.

Trade, as an important instrument for promoting regional co-operation, remains a priority in the ECO's scheme of work. A Protocol on Preferential Tariff Arrangements, involving a 10 per cent reduction, was signed by Iran, Pakistan and Turkey in 1991 and is being implemented as a first step towards the eventual elimination of trade barriers in the region. In this context, two agreements, one on transit trade and the other on facilitation of visa procedures for ECO region businessmen, were signed during the Third ECO Summit Meeting (held in Islamabad in March 1995) which, upon their entry into force, will provide an impetus to the growth of intra-regional trade.

However, it is generally agreed that the present tripartite Preferential Tariff protocol should be revised in the light of the Uruguay Round of talks and the establishment of the World Trade

Organisation. The implications of these events are important and makes topical an up-dated evaluation of the present arrangement. Turkey's customs union agreement with the European Union also has some implications for the ECO Protocol on Preferential Tariff Arrangements.

The ECO Chamber of Commerce and Industry, which meets every year, also serves as a valuable instrument for interaction and dialogue in the ECO business community. The general assembly of the Chamber has decided to participate more actively in promoting regional co-operation in line with the priorities attached by the member states to the private sector in the process of economic development.

It is worth mentioning that at the joint request of Association of South East Asian Nations (ASEAN) and the ECO, the UN Economic & Social Commission for Asia and the Pacific (ESCAP) is undertaking a study on promoting trade and investments between the two regions.

Energy is another priority area for the ECO's activities over the next ten years, as mentioned above. The main measures to promote regional co-operation in this vital sector are the preparation of an energy master plan, the facilitation of the transit of energy, oil and gas pipelines, evaluation of bilateral projects with a regional perspective and inter-connection of member states' power-grids.

#### NEW MEMBERS: PROBLEMS AND RESOURCES

With its new international status and image, the ECO has also become an important platform for the consolidation of the sovereignty and independence of its new members. It is enabling them to develop and harmonise their national economic policies with regional and, eventually, global economic systems. On the other hand, the three founding ECO members, Iran, Pakistan and Turkey, while pursuing their bilateral economic relations with these republics, are also making efforts to help them in their on-going economic restructuring and reforms.

The process of monetary reforms and the gradual transition to a market economy is producing a favourable impact on the overall economic performance of these republics. At the same time, they are seeking to interact with the outside world as major suppliers of raw materials and as sizeable markets for manufactured goods. They have considerable agricultural potential, especially with huge cotton and wheat surpluses. They also possess significant oil, natural gas, coal, gold, iron ore, lead and other mineral resources. Since, in the prevailing situation the export of raw materials falls short of their foreign exchange targets, they are expecting large-scale foreign investments in industrial projects to add value to their raw materials, develop finished products and services, and to benefit from the transfer of modern technology.

Despite the structural economic problems inherited from the previous system, the newly independent republics of the ECO are gradually moving towards market and export-oriented patterns of development.

There is a clear awareness in these republics that the fruits of their political independence can only be secured if their economies are diversified, both in terms of the range of industries and of their trading partners within and outside the region, and if their natural resources are fully exploited. To attain this goal, they surely need regional as well as international support. The ECO offers them not only a vast market in close proximity for their raw materials, but also the only practical outlet to other markets of the world.

#### RELATIONS WITH INTERNATIONAL AND REGIONAL ORGANISATIONS

During the five years from 1992 to 1997, the ECO continued to consolidate and expand its international image and standing through co-operative relationships with various regional and international organisations, alongside its efforts to develop its short-term and long-term plans.

The ECO obtained observer status at the United Nations General Assembly in 1993. The unanimous adoption of an item on co-operation between ECO and the UN by the Fiftieth UN General Assembly session in October 1995 further underscored the importance of ECO-UN co-operation. Resolutions

pertaining to co-operation between the UN and the ECO were adopted by the General Assembly in 1995 and 1996.

During the last four years, the ECO has become to some extent the focus of interest among major UN agencies which are offering to sponsor important projects and activities for the benefit of the ECO region. These include ESCAP, the United Nations Children's Fund (UNICEF), United Nations Drug Control Programme (UNDCP), the United Nations Industrial Development Organisation and the United Nations Education Scientific & Cultural Organisation with whom memorandums of understanding (MOU) on mutual co-operation have since been signed.

The ECO's collaboration with the United Nations Development Programme (UNDP) covers important areas as spelled out in the MOU signed between the two organisations in March 1995. The UNDP provided the ECO with the services of a consultant who prepared a study on the re-organisation of the ECO. The UNDP is also currently preparing a study on the economic and resources complementarities of ECO member states.

The ECO signed an MOU on co-operation with ESCAP in July 1993 in Istanbul. Since then, ESCAP and the ECO have organised a seminar in Tehran on international conventions on road and rail transport and are working on the possibility of holding a round table conference on the mining industry and minerals trade, preparing a study of investment opportunities in ECO countries and finalising a transit treaty framework for the ECO region. ESCAP has also offered the ECO the benefit of its regional advisory services in the form of experts for short-terms on specific subjects.

Following the ECO health ministers meeting in Tehran in January 1994, UNICEF proposed to jointly hold with the ECO four workshops and all of them have since been held; one in Ashkhabad, Turkmenistan, on Iodine Deficiency Disorder (IDD), two in Ankara on breast-feeding and Oral Rehydration Therapy (ORT), and a fourth in Tashkent on immunisation. Consultations with the UNICEF are in progress to work out a programme of action for the future.

Similarly, the United Nations Fund for Population Activities, with which the ECO signed an MOU in October 1994, has jointly held three major events with the ECO. One of these events, namely a Conference on Woman's Status and Health, was convened in Tehran in August, 1995. The second event was a Conference on Reproductive Health held in Islamabad in April 1996. The third joint event was a Conference on Implementation of the International Conference on Population and Development (ICPD) Programme of Action held in Almaty again in April 1996.

The ECO has also acquired observer status with the Organisation of Islamic Conference (OIC) which enabled it to benefit from OIC's economic development programmes envisaged and developed through its relevant bodies such as Standing Committee for Economic and Commercial Co-operation of the Organisation of the Islamic Conference (COMCEC) and Standing Committee on Scientific and Technological Co-operation of the Organisation of the Islamic Conference (COMSTECH). The ECO is already receiving significant support from the Islamic Development Bank in carrying out some of its activities.

In pursuance of the directive of the special meeting of the ECO Council of Ministers held in Istanbul, July 1993, contacts have been established with the European Union and ASEAN for exploring the possibilities for mutual co-operation.

In this context, the ECO's initial contacts with ASEAN have yielded promising results for the realisation of co-operation between two organisations. Joint ministerial meetings between the two have been held regularly in New York on the sidelines of the UN General Assembly since 1995. On the other hand, an agreed minute has been signed at the conclusion of a meeting held in Tehran, November 1996, between the ECO Secretariat and European Commission delegation.

In view of the growing trend towards greater inter-regional co-operation, the ECO has also explored the possibility of mutually beneficial co-operation with other major regional groupings. In this connection, five regional organisations of Asia and the Pacific, viz., the ECO, ASEAN, South East Asian Association Regional Co-operation (SAARC), the South Pacific Forum and Economic and Social

Commission for Asia and the Pacific (ESCAP), have institutionalised annual consultations among the executive heads of these organisations to pursue inter-regional co-operation in such areas of common interest as trade and investment, transport and communications, human resource development and energy.

## RESTRUCTURING AND ORGANISATIONAL SET-UP

A consensus emerged on the fact that a fundamental change was necessary to revise the structure and the functional methodology of the organisation to take into consideration the expanded ECO's new dimension and a new role. Subsequently, an ECO eminent persons group was established to consider ways of enhancing the effectiveness of the ECO. After comprehensive deliberations, the group finalised its recommendations in the form of ten documents. The group's recommendations on the ECO's new organisational set up and functional methodology were approved by the ECO Council of Ministers at its sixth meeting in Ashkabad, May 1996. Following this, an extraordinary meeting of the ECO Council of Ministers was held in İzmir, Turkey, 14 September 1996, where the foreign ministers of the member countries signed the organisation's fundamental charter, the revised Treaty of İzmir. The Council of Ministers also approved an implementation plan on reorganisation and restructuring for the secretariat of ECO.

The Council of Ministers is the highest policy and decision-making body and is composed of ministers of foreign affairs of the member states. The Council meets at least once a year. The heads of state or government are meeting every two years, to review progress in the implementation of ECO programmes and projects and to exchange views on regional and global issues of common interest.

The Council of Permanent Representatives comprising the ambassadors or permanent representatives of member states in Tehran meets regularly to take decisions on the overall implantation of the ECO's programme of activities.

The Regional Planning Council is composed of the heads of the planning organisations of the member states. It meets once a year to review the programme, evaluate the results achieved and evolve future courses of action.

The revised İzmir Treaty has brought an innovation in the context of the ECO's external relations. In fact, the ECO may grant observer or dialogue partnership status to other regional or international organisations, states and institutions.

In recent years, regional institutions and specialised agencies have been or are being installed within the new restructuring plan, such as the ECO Trade & Development Bank, the ECO Reinsurance Company, the ECO Shipping Organisation, the ECO Air Organisation, the ECO Cultural Institute and the ECO Science Foundation. Once operational, these regional institutions and specialised agencies, will have an autonomous status with their own staff and budget. They shall submit annual reports to the Council of Ministers.

An ECO Plan of Action on Drug Control has been adopted by the Council of Ministers. Steps are now being initiated with the help of UNDCP to implement it.

Actually, the restructuring process is under way and it is believed that the organisation will gain an important momentum in achieving its goals and objectives.

Looking ahead to the dawn of a new millennium, which might be a landmark in the history of mankind, the ECO is taking its place in the international arena as a major regional organisation. It is indeed, facing difficulties and constraints which are common to most developing areas and countries. Still, the shared resolve of the member states to overcome these obstacles and their political will to work together in a harmonious way are the most important elements for attaining the objectives prescribed in the founding charter (the Treaty of İzmir).