

**Statement by the President (Mr.Murat Ulus) of the ECO Trade and Development Bank  
10<sup>th</sup> ECO Summit  
Tehran, Islamic Republic of Iran – 11 March 2009**

Honourable Presidents  
Distinguished Ministers  
Excellencies,

I am delighted for the opportunity to present our perspective about the current economic crisis, its possible effects to the region and some recommendations.

**Excellencies,**

Now we are facing the worst global financial and economic crisis. A contraction is expected for the global growth in 2009. No one is certain when we will see the bottom of this crisis. Because of the magnitude of this downturn, reaching economic wealth prior to the crisis shall take a long time.

**Excellencies,**

Most of the economic distresses being witnessed in the developed countries will be observed in our region, however, at a different scale. Between 2002 and 2007, the average growth rate of the region was 7%. But this successful trend was interrupted in 2008 with an estimated 3.5% growth rate. According to our estimates, during 2009 regional economic performance would weaken further to 1.7% growth rate. As a result, unemployment rates in the region are gradually creeping upwards.

**Excellencies,**

When we analyze the economies in the region, monetary and fiscal conditions are varying and there is no "one size fits all" policy. An appropriate mix of fiscal, monetary, and financial policies suitable to specific country requirements - as well as structural reforms - must be considered. The member states are not able to run huge stimulus packages at the expense of increasing their national debt.

It is true that the current recession in the developed economies will have serious impacts on ECO region. However, new economic balance may bring some new opportunities. In order to benefit from these opportunities we should improve cooperation.

In this regard, as per the decision of the 18<sup>th</sup> COM meeting, a working group would be immediately established to study the possible impacts and provide short and medium term recommendations.

Presently, I would like to bring to your kind attention the following recommendations for easing the effects of the crisis to our economies:

- 1- We should explore the use of local currencies for regional trade transactions.
- 2- Each member state should facilitate opening commercial Bank branches in other member states.
- 3- We should regularly exchange our best practices on the subject of banking, monetary and fiscal policies.
- 4- Trade between the member countries should be eased through reducing tariff and non tariff barriers.
- 5- We should restore confidence in financial markets via extending guarantee of banks' liabilities.
- 6- Banking regulatory agencies should periodically convene in order to examine the banking regulations and risk assessments.
- 7- In order to prevent increasing the Non Performing Loans (NPL) ratio in banking sector, we may consider extending credit maturities. The Central Banks should provide necessary liquidity, if required by any bank.
- 8- We should provide support to the sectors which have competitive advantages and are labor intensive.
- 9- ECO Bank should be strengthened by increasing membership and its capital base.

Thank you for your kind attention.