

**Speech by
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**Your Excellency,
Mr. Chairman,
Honourable Ministers and Heads of delegations,
Distinguished Guests,
Ladies and Gentlemen,**

I am honored to participate in the 19th Meeting of the ECO Council of Ministers (COM) and pleased to present brief information about the operations and progress of the Bank in view of the current global economic developments.

**"Global development challenges"
Excellencies,**

The world economy is going through very critical period, which have to be followed carefully. The global output, which contracted by 0.6 percent in 2009 is expected to grow by 4.8 percent in 2010 and by around 4.2 percent in 2011. Despite a positive outlook, the global economic growth is fragile and challenges are several. The growth is mainly led by developing countries and the recovery in developed economies is slow and gradual. The monetary policies of many developed economies and significant increases in their debt stocks and public deficits began to impose serious problems to global recovery. These developments have boosted capital inflows to emerging markets, including ECO countries. Because of rising commodity prices, inflation rates are increased and exchange rates are appreciated in most of the emerging markets. Unfortunately, persistent high unemployment rates pose social and economic consequences. Another risk factor in front of the global recovery is the financial sector. Despite of international banking reforms, problems related to the financial sectors of many developed economies are still continuing. The global crisis also had negative impact on international trade. The increase in world trade volume in this year would only compensate the losses of previous year.

"Regional economic developments"

Mr. Chairman,

Despite the current global developments, the economies of the ECO countries showed considerable strength in the global crisis era. Accordingly the GDP growth of the region in 2010 is estimated to be about 5 percent rebounding significantly from the near zero percent growth experienced in 2009. In value terms, the regional nominal GDP is likely to hit US\$ 1.48 trillion in 2010, after falling to US\$ 1.35 trillion during the crisis year of 2009. Accordingly, the average per capita income of the region is likely to hit US\$ 3,600 in 2010 which is up by 11.7 percent compared to previous year. Inflation in the region stood at a very high level of 10 percent in 2009. This is estimated to fall to 9 percent in this year.

On the other hand, recent global crisis had certain repercussions on trade performances of ECO countries. The total exports of region recovered strongly and reached US\$ 332 billion in 2010. But this level is still far behind its historical level recorded in 2008 with US\$ 404 billion. While recognizing the increased global competition and importance of foreign direct investment (FDI), the ECO countries are increasingly active in improving business conditions. And flows to the region continued to be strong and estimated to reach US\$ 26 billion in 2010, which is expected to improve in the coming years.

Most of the member states have reasonable budget deficits and external debt to GDP ratios compared with developed economies. But it is very important to continue macroeconomic prudence and fiscal discipline in the current post crisis era.

Considering the unemployment levels in the region, ECO region needs to perform at least around 7 percent GDP growth.

"Operations of the Bank" Excellencies,

As you know that the Bank is aimed to accelerate economic development as well as promote regional trade. We are operational since 3 years. I'd like to inform you about our current products and the related figures.

We have structured a medium-term financing called Small and Medium Sized Enterprises (SME) Development Loan. This facility focuses on providing necessary support to the investment projects and working capital of SMEs through selected FIs in the region. So far, the total disbursed amount through this product is about US\$ 100 million.

In order to promote trade, we have structured another product called Short-term Trade Facility. The selected FIs in the member countries are on-lending to exporters and importers to facilitate their financing transactions. For the time being, the total disbursed amount through this product is US\$ 63 million.

The other products of the Bank are corporate and project financing. Through corporate financing, the total disbursed amount is US\$ 105 million.

For project financing, we have identified high development impact projects in member countries. In this respect, facilities provided to energy supply project in Pakistan, metro project in Turkey and irrigation and wastewater system projects in Iran are among the eminent examples of our recent operations. Our total commitment is around 100 million USD regarding these projects.

As you may know, our representative offices in Iran and Pakistan are fully operational. Through these offices, we are trying to identify and ensure our operations to focus on specific country needs.

Excellencies,

I'd also like to inform you that the Bank also actively supported the ECO/IRU Silk Road Truck Caravan 2010 project and participated as sponsor. We believe that this caravan would provide important fact findings over the challenges in trade and transportation.

I would like to underline that within a very short period of time, the Bank finds itself on firm footing. The Bank has attained highly satisfactory portfolio quality, liquidity, profitability and administrative efficiency without any non-performing loans.

"Conclusion"

Excellencies,

The Bank continues to strengthen this positive trend and expanding its portfolio of diversified operations. At this point, I would like to stress upon that further improvement of our capital and membership base, which would enable us to provide better service to the region. The membership of other ECO member states to the Bank would be fascinating and rewarding. It will considerably strengthen our financial influence. I would like to close by re-affirming Bank's strong support and assistance to candidate members for their accession to the Bank.

Thank you for your kind attention.