

**2nd Meeting of ECO Heads of Trade Promotion Organizations (ECO-TPOs),
Statement by Mr.Hossein Ghazavi, President
ECO Trade and Development Bank (ETDB)
2-3 May 2012-Baku, the Republic of Azerbaijan**

Mr. Chairman,

Honourable representatives of ECO member states,

Distinguished Deputy Secretary General of ECO Secretariat

Ladies and gentlemen,

It is a pleasure for me to be here with you in the beautiful city of Baku and exchange views on the trade cooperation plans and efforts of ECO countries. First of all, I would like to express my sincere thanks for warm reception and excellent arrangements made by the host authorities.

Mr.Chairman,

The world economic situation has been showing some improvements since the beginning of this year, but the foundation for economic recovery still remain fragile and uncertain. There are great challenges in this post-crisis period. Generally, creating full, productive and decent jobs and particularly sustaining budget deficits and sovereign debt levels in the developed countries stand as major socio-economic challenges to the global economic growth. We are witnessing a true economic transformation and moving toward a new multi-polar economy. Not surprisingly, the institutions and systems of the international economy, whether in finance, development, climate change or trade are behind the curve of change.

It is in the fundamental interests of ECO countries to jointly meet the challenges and adopt their economies to the new business environment. Today, we find ourselves at a critical juncture in the history and we need to improve the relations and vigorously upgrade the level of regional practical cooperation. On our side, the ECO Bank has been positioned to inject new momentum in the development of regional strategic partnerships, resulting in extensive and far-reaching positive impacts.

Distinguished participants,

The regional development policy agenda has to keep up with the swift changes in the world economy. The global supply or value chains are extending ever more widely and the economies in the region must capture a more prominent role in this trend. The region should serve as an efficient harbor to new investors, firms with global brands, and productive enterprises that move beyond the middle income trends. And trade can be a pole of growth if we lay the necessary groundwork. Probably we need to overcome supply-side and trade-related infrastructure challenges that are at the core of this vision and opportunities to be materialized.

As you know, the region is still far from taking a satisfactory advantage of regional trade opportunities, largely due to trade impediments, including tariff and non-tariff barriers. In spite of on-going efforts, regional trade among the ECO member states is not at desirable levels compared with other common markets, such as the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). In fact, we have to intensify joint efforts to expand market openness and raise the 8 percent current intra-regional trade level to 20 percent by 2015. You may admit that lower trade barriers merged with complementary policies which build the markets requires both some “hard wares” and some “soft wares”. When we press for full implementation of ECOTA, we have to consider it as tools of development as well as of trade. However, we need to build the other elements such as ports, infrastructure, developing a climate for private business, customs rules, trade finance, packaging, branding, and support for logistics chains, harmonized standards and many other dimensions of a competitive economy.

Ladies and gentlemen,

What other measures need to be taken to stimulate trade integration and ensure that trade can be a powerful engine of economic growth, productivity, innovation and can contribute to employment in the region?

Institutionalizing regional business interaction platforms, forging joint ventures, establishment of economic and trade zones, focusing on cooperation and matchmaking for SMEs, signing currency swap agreements, establishment of cross-border trade settlement mechanisms, mutual establishment of bank branches are among the salient initiatives that we have to promote and

implement as soon as possible. Of course, we should ensure that the private sector feels seriously part and parcel of this process and should be fully involved in shaping trade policies and trade negotiations.

At this point I would like to underline that electronic commerce (e-commerce) is increasingly becoming a key business modality of the future. Therefore, I see it very important for the region to realize the opportunities emerging from this new platform. In addition, I would like to underline that we need to welcome the opportunities presented by different global initiatives such as Aid-for-trade and South-South cooperation. Luckily the share of ECO countries benefitting from these initiatives has been steadily rising and we need to support this trend through a dedicated regional programme. We should work together to build on good practices and innovations under these initiatives to strengthen regional trade. In any event, It is highly advised to make the case for more trade and define export-oriented growth strategies.

Ladies and Gentlemen,

Within this framework, Your Institution, the ECO Bank is proud today to announce that it made utmost efforts to provide financial assistance in order to support trade and facilitate the implementation of trade related and developmental projects. Particularly in trade finance, we promote pragmatic approach to improve productivity and competitiveness, and help the countries to move up the value-added chain. In order to promote intra-regional trade your institution finances exports of member countries to all destinations as well as imported commodities from member states. At this point let me highlight that while providing medium and long term trade finance loans directly to business entities, we have launched a short term trade finance facility offered through financial intermediaries such as commercial banks, leasing companies, export credit agencies (ECAs). Today, the Bank is working with more than 20 FIs in the member states through this facility. The total disbursed loans through this facility amounted to US\$ 148 mln by the end of 2011. At the same time the Bank has started to introduce some other products in order to increase its role in enhancing trade finance transactions. Discounting of export receivables and trade finance guarantee facility has been aimed to accelerate intra-regional trade by providing risk mitigation in markets where trade lines are constrained. I would like to assure that the Bank will continue to enter into new agreements and introduce mechanism for touching more market

share in financing and supporting regional trade. So far, the Bank has established a network with about 36 partner FIs in the region and approved a total amount of US\$ 735 million credit lines. Through, this network the Bank has been offering short and medium-term loans to facilitate transactions of exporters/importers and support the financing needs of the SMEs. Albeit, since 2008, the total amount of loans disbursed to various operations in the member states ascended to US\$ 487 mln by the end of 2011.

Mr.Chairman,

As I move towards my closing remarks, let me state that our vision is to become the financial pillar of economic cooperation among the ECO member states. Within this perspective, one of the strategies of the Bank is to increase the number of its members. This would not only further strengthen its scope and present charter capital but also support it to achieve its objectives aimed at financing trade and development programmes/projects in the ECO region. The Islamic Republic of Afghanistan and Republic of Azerbaijan are in process to finalize admission procedures to become a member of the Bank. In light of this welcoming development, I would like to reiterate my invitation to the rest of the ECO member states to join the Bank and help this bank add to the resources available to them. Participation of all ECO Member States to the Bank is undoubtedly a valuable source of potency and enthusiasm for us to carry forward successful operations.

Distinguished participants,

You also agree with me that as long as we are steadfast to sow seeds of mutual cooperation and friendship, we will be able to harvest the richness of advancement and prosperity for the whole region. Let us join hands and write a new chapter for enhanced trade cooperation. I hope that at the next meeting we will be able to report that we have come one step closer to make the regional trading system more effective and virtually establish a Free Trade Area in the ECO region.

Thank you for your kind attention.