

4th ECO Ministerial Meeting on Finance and Economy
Statement by Dr. Hossein Ghazavi, President
ECO Trade and Development Bank (ETDB)
Astana, Republic of Kazakhstan
22-23 May 2014

Mr. Chairman
Honorable Ministers
Mr. Secretary General
Distinguished Delegates
Excellencies
Ladies and Gentlemen,

It's a great pleasure and honour to be with you today at this important meeting organized in this planned and modern city of Astana which is shining brightly on the historic Silk Road. I would like to express my sincere gratitude to the Government of Kazakhstan for extending such warm hospitality to us, and for these excellent arrangements. I would also like to thank the ECO Secretariat for the excellent organization of the event.

Mr. Chairman,

Before I begin, please allow me to express my deepest and heartfelt sympathy and condolences to the families of those who lost their lives in the recent mine collapse in Soma, Turkey and the landslides in Afghanistan. My heart goes to the bereaved families of the victims and I pray for their forbearance.

Excellencies,

It is a particular pleasure to be in Astana during such a historically significant period where in parallel to our meetings, Kazakhstan as an experienced organizer hosting the seventh Astana Economic Forum and the second World Anti-Crisis Conference. I am sure that these momentous events will produce valuable results contributing to the recovery and economic growth in the ECO region and in all other countries.

Today Kazakhstan with its dynamic and competitive economy is confidently moving towards achievement of its strategic goals and emerging to become the 30 most successful economies of the world. With current per capita GDP of nearly USD 13 thousand, Kazakhstan continues to create conditions favorable to sustainable economic growth. It is a source of pride and joy for the ECO region. And I strongly believe that the long-term development program "Kazakhstan-2050" will succeed to further advance the current achievements. To this end, we look forward for the positive decision of the Kazakhstan to join the Bank and we stand ready to work together to support economic diversification, sustainable development, and inclusive growth in Kazakhstan.

Ladies and Gentlemen,

The world economy is certainly in a better position now than it was five years ago. The global economy is expected to emerge in 2014 with modest growth of 3.6 percent compared with almost 3 percent in last year. As a result, we are optimistic about the recent recovery in the global economic growth. But, I have to say that underneath this cautious optimism there are risks and uncertainties which may create new challenges for the developing economies including the ECO countries.

The ECO region in 2013 bounced back mildly from its lowest economic growth performance since the global economic crisis of 2009 and recorded a moderate 2.8 percent increase in its real GDP. The medium term projection for the regional growth is estimated to remain at sub-trend levels for several years to come. On the other hand, according to our estimates, the region needs to achieve an annual economic growth rate close to 7 percent in order to catch up with other country groups as well as to accommodate the huge labor force entering into the market every year.

But where would the growth come from? The answer is a dedicated reform strategy aimed at fostering productivity and innovation. Today, more than ever before, innovation, enterprise and intellectual assets drive economic growth and increase standards of living. The countries are deeply engaged in improving their competitiveness and adopting policies that enable businesses to invest, grow, and create jobs.

Mr.Chairman,

In this context, today I would briefly highlight five areas where we have great opportunities to achieve higher productivity growth, competitiveness, raise investment and foster job creation in the region.

First; we need to strengthen the efficiency of traditional industries. Since, the region is endowed with enormous natural resources, there is a need to adopt innovative approaches to the management, production and processing to maximize the output potential of the energy manufacturing and mining sectors. To accelerate the transfer of knowledge and new technologies we need to fully use the potential of foreign direct investment.

Second; we need to promote implementation regional trade and investment agreements, such as ECOTA and APPI, not simply in pursuit of abolishing tariffs or procedures. Instead it also stems from our wish to further boost real integration through the supply chain and simplifying custom procedures and harmonizing national standards.

Third; a strong private sector is essential for the economic growth. It instead arises from competition within the private sector. In this regard, we need to expand our support for public-private partnerships. This would help to mobilize more private sector investment and improve the delivery of public services. We need to take measures to promote small and medium-sized businesses, start-ups and venture deals.

Fourth; we should enhance the pace of regional cooperation and integration. In addition to supporting connectivity through hard infrastructure such as cross-border roads, pipelines, electricity, ports, etc., we have to support regional financial integration to promote investment and use of region's own resources. We need to do more on this issue, such as introducing new investors to our region and supporting cross-border infrastructure.

Last but not least, investment in human capital and skills. Education expands opportunity, leads to more innovation, and enhances productivity. At the end, this leads to better economic outcomes.

Excellencies,

With the right policies in place, the ECO region should capitalize on its potentials to achieve a development breakthrough. Of course this will take time however imposes heavy responsibilities and homeworks.

On our side, we have been positioned to contribute in opening new horizons to the development of member states and for the regional cooperation. To this end, we offer a range of medium-to-long term products and services for enhancing trade, development of SMEs, meeting the financing and technical assistance needs of corporates and projects in the member countries. The total amount of loans that we have extended to various operations in the member states amounted to USD 786 million by the end of 2013. We have been posting a positive net income without having any non-performing loan in our well diversified portfolio. Your Institution, the ETDB has been earning ever increasing recognition from the global development community.

Mr.Chairman,

As I move towards my closing remarks, let me state that we have clear mandate and vision to become the financial pillar of economic cooperation among the ECO member states. Azerbaijan and Afghanistan became the new members of the Bank and Kyrgyzstan will join soon.

An old Kazakh proverb tells us “the more the friends, the wider the road.” Working together, we can achieve our shared goals. I believe that other four ECO member states would also join and support the Bank to become a premier development institution of the region.

Thank you for your attention.