

25th Meeting of the ECO Regional Planning Council
Statement by Dr.Hossein Ghazavi, President
ECO Trade and Development Bank (ETDB)
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Mr. Chairman
Mr. Secretary General
Distinguished Delegates
Excellencies
Ladies and Gentlemen,

It is indeed a great pleasure and honor for me to participate to the 25th RPC meeting and I would like to extend my sincere gratitude to the ECO Secretariat and organizers for the excellent arrangements provided for this meeting.

Mr.Chairman,

I would first like to start by commenting on some points regarding recent developments in global economy and financial system. Despite very low interest rates and highly accommodative monetary policy environment, a moderate global economic growth of 3.3 percent which is unchanged from 2013 was observed in 2014. The recovery in the world as a whole is expected to continue in the years immediately ahead, although at a slow rate. Global growth in current year and 2016 is projected at 3.5 and 3.7 percent respectively. On the other hand, global growth will receive a boost from lower oil prices in general but unsustainable prices projected to offset this boost by negative factors including investment weakness and pose serious challenges for oil-exporting countries. In advanced economies public debt in relation to GDP is at a historically high level and necessary measures are required in managing the risk of stagnation and low inflation. Yet there is still need to strengthen the coherence of normalization of monetary policies and enforcing structural reforms for strengthening global productivity. Particularly, it remains essential to further exploring efforts to appropriately monitor and supervise the systemic risks in restructuring a stronger and more resilient global financial system. It may be summarized that world economy is certainly in a better place now than it was six years ago but shifts in business sentiments and volatility in global markets would continue until a more sustainable debt levels, liquidity and interest rate environment is reached.

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These rapid developments throughout the world would have negative spillover effects on some developing economies including ECO countries in the form of excessive capital outflows, downward pressure on exchange rates, increase in the risk premium for external financing, and threaten international competitiveness. It is, therefore, important for ECO countries to be vigilant and continue fiscal, financial and structural reforms that would put economies in a far better position in the current post crisis-era.

The ECO region rebounded mildly from its lowest economic growth performance since the global economic crisis of 2009 and recorded a moderate 3.3 percent increase in its real GDP in 2014. The regional nominal GDP hit USD 1.9 trillion in 2014 which is almost four times the level observed a decade ago. On the other hand, the regional per capita GDP in PPP terms is projected to reach double digits for the first time in history while five of the ECO member countries are in double digit per capita incomes. All in all, the average economic growth of

the region depicted some improvements compared to previous year however the growth is still far from satisfactory levels. The ECO 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 their economies every year.

Mr.Chairman,

We are living in an irreversibly interconnected world and unprecedented changes are taking place in the history of humankind. However, facing these challenges is far more an opportunity to forge our cooperation and partnerships by means of shared responsibility. Fortunately, the ECO region has all the essential elements to become one of the most prosperous regions of the world with its rich natural resources, trained manpower, deep-rooted culture and tradition. Our responsibilities and enlightened regional-interest compel us to act. We need to mobilize our forces to make optimum use of these opportunities particularly promoting intra-regional trade. Based on the available statistics, the total foreign trade of the member states in 2014 is estimated around USD 890 billion including USD 440 billion export and USD 450 billion import. However, only 7 to 8 percent of the foreign transactions of the member states were intra-regional trade. I hope our Organization can make further efforts for preparing the ground towards implementation of ECOTA and enhancement of customs cooperation whereby realizing the goals and objectives already set for regional trade.

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There is no doubt that deepening and broadening our commercial exchanges can be the driving force for sustainable regional growth. But we need to immediately address other key issues such as enhancing investment in regional infrastructure, connectivity, human capital, productivity, R&D and innovation that would ensure sustainable development in the region. The region should serve as an efficient harbor to new investors, global brands, and productive enterprises. I sincerely believe that it is important for us to indulge urgently into the necessary structural reforms and furthering cooperation among our private sectors.

Mr.Chairman,

The economies of the region have marked important achievements in promoting prosperity for their people. However, the recipe for sustainable development calls for further strengthening regional cooperation, deepening business relations, taking advantage of the scale economies and improving competitiveness. We need to take appropriate measures to encourage businesses to invest, grow, and create decent jobs. This is a critical time for us to work together and it is important that the ECO region to take its rightful place in this emerging new global development architecture. It compels new heights of multilateral action based on experience and building on shared values, principles, and priorities to unlock the regional potentials. In this respect, drawing from the achievements and principles of Quetta Plan of Action, ECO Long-Term Perspectives and current ECO Vision, the new ECO Vision for 2016-2015 is expected to reinforce and further catalyze regional solidarity for sustainable development. At this point, I would like to underline that international community is engaged in a process of adopting a new vision for meeting the global challenges of the post-2015 era and beyond with a new development agenda. The transformation of Millennium Development Goals (MDGs) with renewed ambition through a set of Sustainable Development Goals (SDGs) to be adopted in September shall also inspire and guide our efforts in deliberating an optimal ECO Vision. To this end, as a member of the ECO family, the ETDB would remain committed to contribute and facilitate resource for successful achievement of goals of the new Vision.

Mr.Chairman,

Let me now shed briefly a light on the activities of ETDB. Here, I prefer not to delineate on the details of our operations which have already been provided as a comprehensive report to the respective Council. But, let me state that we are committed to ensure that each and every operation of this Bank achieves development results, contributes genuine additionality, and catalyzes investment to the critical development needs of the region. Since 2008, which the Bank started its operations, the total amount of loans disbursed and committed to various operations in the member states amounted to about USD 851 million by the end of 2014. The Bank has been posting a positive net income without having any non-performing loan in its well diversified portfolio. Based on preliminary results, the Bank posted a positive net operating income of about USD 8 mln in 2014. I should add that Bank's expertise and ability has been earning ever increasing recognition from the regional and global development community. I should admit that it is not a small achievement for a young regional institution. However, considering the challenges and substantial development needs of the region there are a lot more ground for us to cover.

We are putting efforts to forge strategic alliance with regional and global development partners to leverage and mobilize additional development assistance to the region. In this context, we have started to work on a new initiative under the name of 'ECO Regional Partnership Forum'. It is a continuing process and requires time to institutionalize a well-established substantive Forum. But I am confident that in collaboration with ECO Secretariat and member states we will realize this objective.

Mr.Chairman,

As I move towards my closing remarks, let me state that Your Institution, ECO Bank is expanding its operations and membership base confidently. We have clear mandate and vision to become the financial pillar of economic cooperation among the ECO member states with a sound business perspective. Recently Azerbaijan and Afghanistan became the new members of the Bank and their respective representatives are actively participating to the decision making process of the Bank. In addition, happily Kyrgyzstan has signed the "Articles of Agreement" establishing the ETDB on 12 February 2015. While highly appreciating the kind efforts of the Government of the Kyrgyz Republic, we are confident that they will expedite the process for providing the final instrument of ratification. To this end, I need to extend my special gratitude to the distinguished Government of the Republic of Turkey for their effective support and encouragement. With joining of the Kyrgyz Republic, the current membership structure of the ETDB will expand to include six ECO member states. In this respect, I would like to reiterate my invitation to the other ECO member countries to join the Bank. This would certainly help the Bank to further expand its operations and development influence across the region effectively.

Thank you for your attention