



DRAFT REPORT

**TRADE FACILITATION
COMMITTEE MEETING**

ECO CHAMBER of COMMERCE and INDUSTRY

**March 4, 2018
Tehran, Islamic Republic of Iran**



**Draft Report of the
Eleventh Trade Facilitation Committee Meeting of
ECO Chamber of Commerce and Industry (ECO CCI)
March 4, 2018 Tehran, Islamic Republic of Iran**

The Eleventh meeting of the Trade facilitation Committee of ECO Chamber of Commerce and Industry hosted by Iran Chamber of Commerce, Industry, Mines and Agriculture (ICCIMA) was held on March 4, 2018 in Tehran, Islamic Republic of Iran. The representatives of member Chambers as well as representative(s) from the ECO Secretariat and ETDB participated in the meeting.

Agenda Item No – 1: Inauguration of the Meeting

The Chairman of the Trade Facilitation Committee welcomed the participants of the meeting.

Agenda Item No – 2: Adoption of the Agenda

The draft agenda of the meeting adopted by the participants of the meeting; as follows:

1. Inauguration of the Meeting
2. Adoption of the Agenda
3. Appointment of the Drafting Committee
4. Statement by the Chairman of Trade Facilitation Committee
5. Activity Report by ECO CCI
6. Remarks by heads of delegations
7. To discuss and review the Status of implementation of ECOTA and update thereon by ECO Secretariat
8. To discuss and review the simplification and harmonization of visa procedure including ECO Visa Sticker Scheme for Businessmen and ECO White Card Scheme for Drivers and update thereon by ECO Secretariat
9. To discuss and review the preparation of ECO Trade Facilitation Agreement (EFTA) and progress update thereon by ECO Secretariat
10. To discuss and review the 3rd ECO Trade Fair and 4th ECO Business Forum and progress/update thereon by ECO Secretariat
11. To discuss and review the progress of ECO-ASEAN Business Forum and ECO-SAARC Business Forum and update thereon by ECO Secretariat
12. To discuss holding of ECO Business Forum in Pakistan and update thereon by ECO Secretariat
13. Any Other Business
14. Date and Venue of the next Meeting
15. Adoption of the Report
16. Vote of Thanks

Agenda Item No – 3: Appointment of the Drafting Committee

A Drafting Committee consisting of the following members was appointed to prepare the draft Report of the Meeting:

1. Mr. Mahdi Razzaghshoar (Iran)
2. Ms. Shahla Ali Hasan (Turkey)
3. Mr .Aneeq Ali Malik (Pakistan)
4. Ms Amber Fatima (ECO-CCI)

Agenda Item No – 4: Statement by the Chairman of Trade Facilitation Committee

The Chairman of Trade Facilitation Committee delivered his remarks (Annex 1).

Agenda Item No – 5: Activity Report by ECO CCI

The Secretary General ECO CCI delivered the activity report of the Specialized Committee on Trade Facilitation (Annex 2)

Agenda Item No-6: Remarks by heads of delegations

The Afghanistan delegate stated that the facilitation for trade among members nations is not flourishing. The trade between Pakistan and Afghanistan declined during the last years while the trade between Iran and Afghanistan is improving. Their country have good relations with all ECO nations.

The Kazakhstan delegation highlighted the features and structure of their economy and indicating that with the passage of time their relation with Central Asian states are expanding. They also highlighted the potential sector i.e. Halal and Livestock where there is trade potential.

The Kyrgyz delegate stated that they don't know the inter-government agreement for trade facilitation and requested ECO-CCI to provide the said information regarding agreement to all nations.

The Uzbekistan delegate stated that the transfer of information is need of the hour as their economy has huge potential of trade but there is a need to make a devise for enhancement of intra-regional trade. Uzbekistan has reduced custom duty which makes their product feasible for trade. Their country is ready for expansion of trade and investment with all nations. He also highlighted potentials in Halal sector and textile. he also stressed on the holding of exhibitions and expanding of e-commerce activities for trade expansion.

Iran delegate mentioned the significance of the Halal industry as an industry with immense potential for promotion of intra ECO trade, stated that we have the halal certification body in Iran Chamber and we will be ready for cooperation with the ECO member states in this respect.

The Turkish delegate began her statement by stating that Trade Facilitation has emerged to be one of the key factors for international trade efficiency and economic

development of countries. She further stated that in order to enhance trade and gain competitive edge' the barriers to trade shall be eradicated. She concluded by stating that we need to harmonize economic policies and establish multidimensional partner for ECO region goes through implementation of ECOTA.

Agenda Item No-7: To discuss and review the Status of implementation of ECOTA and update thereon by ECO Secretariat

The ECO Secretariat updated the Meeting stating that the 7th ECOTA Cooperation Council meeting held in 2017 and among other issues, deliberated on Iranian proposal on ECOTA without any major headway. He referred to 22nd COM Meeting held on 28th February 2017 and informed that it decided ".....to urge CPR and the Secretariat to keep up the efforts to operationalize the 'ECOTA'. He also shared that the issue of implementation of ECOTA was placed in the agenda of the 5th Ministerial Meeting on Commerce and Foreign Trade, scheduled in January 2018 in Islamabad which could not take place due to lack of quorum. He further informed that 23rd Council of Foreign Ministers Meeting (COM) is scheduled on 17th April, 2018 in Dushanbe, the Republic of Tajikistan which will endeavour to explore ways and means of the effectuation of this vital agreement.

The Iran delegate stated that almost 12 years has passed and ECOTA is still not implemented and his lack of understanding where the problem is. If there is a problem in the rules and regulations of ECOTA, then its should be solved to let it be implemented to the benefit of the intra ECO trade.

During the last 15 years there has been a huge gap between the actual and potential trade among the member states. Iran conducted a study on 7 member countries trade potentials for promotion of intra ECO trade in order to replace the extra ECO trade partners of member states with their respective ECO member state counterparts.

He also highlighted the figures of potentials of intra ECO trade with the analysis of 25 top commodities and indicated that the actual potential of trade is US\$ 4b by Turkey and US\$ 3 b by Iran and Pakistan by US \$ 4 b and Azerbaijan by US\$ 7 b etc.

This trade potential is possible when ECO countries trade within their block instead of non ECO countries he continued.

Iran has disseminated the results of this research to all concerned institutions and other decision making organizations.

Agenda Item No-8: To discuss and review the simplification and harmonization of visa procedure including ECO Visa Sticker Scheme for Businessmen and ECO White Card Scheme for Drivers and update thereon by ECO Secretariat

The ECO Secretariat representative informed the house that the ECO Visa Exemption Scheme for Drivers and Related Personnel was drafted by the Senior Counsellor Meeting

held in Tehran in 2016 and thereafter it has been circulated among the Members States for their views and comments. However, it will attain finality upon receipts of their comments and consideration thereof by the CPR and COM.

With regard to the White Card Scheme for Drivers, he shared that after resolving the Financial Guarantee Mechanism issues, etc, it will be considered by the relevant fora. He added that “Additional Protocol to the Agreement on Simplification of Visa Procedures for Businessmen and Transit Drivers of ECO Member States” has also been signed by three member states i.e. Afghanistan, Iran and Pakistan and has so far been ratified by Pakistan. This agreement will help facilitate private sector in enhancing trade and economic activities in the region stipulated in the ECO Vision-2025.

Iran delegate indicated that they have signed bilateral visa agreements with Turkey and Azerbaijan and with Afghanistan and Turkmenistan it is under consideration.

Agenda Item No-9: To discuss and review the preparation of ECO Trade Facilitation Agreement (ETFA) and progress update thereon by ECO Secretariat

The ECO Secretariat apprised the committee that 28th Meeting of the Regional Planning Council held in December 2017 decided to circulate comprehensive working Paper/ Trade Facilitation Strategy, drafted by the Republic of Turkey among the member countries for seeking comments/views of their Trade, Transit and Customs authorities. He added that 1st Meeting of the Joint Working Group for Preparation of the draft ECO Trade Facilitation Agreement was scheduled by the Republic of Turkey four times in Ankara, the last one in October 2017 but could not be held. This time five member states’ confirmations of participation reached in time while the sixth nomination reached when the date of meeting had passed. He added that the Secretariat will try to hold it in 2018 in Turkey with the cooperation of the Member States.

ECO Secretariat indicated that this agreement should be transformed into strategy from the next meeting.

Agenda Item No-10: To discuss and review the 3rd ECO Trade Fair and 4th ECO Business Forum and progress/update thereon by ECO Secretariat

During the discussions, the Secretary General of ECO-CCI informed the house that it arranged ECO pavilion in Pakistan International Trade Fair in October 2017 and invited all Member States of ECO to participate in this Fair. He regretfully informed that despite huge effort of the ECO-CCI, companies except Iran did not take interest in the event.

The ECO Secretariat appreciated ECO-CCI for making efforts for this event in October 2017 and requested the member states to actively participate in the ECO Trade Fair in future to make such efforts successful.

The ECO Secretariat apprised the Committee that proposal for ‘Business Forum’ has been circulated among Member States and response is awaited. Upon receipt of comments, the matter will be considered by CPR and COM for the final decision thereon.

Agenda Item No-11: To discuss and review the progress of ECO-ASEAN Business Forum and ECO-SAARC Business Forum and update thereon by ECO Secretariat

The ECO Representative informed that ASEAN Secretariat requested some vital information such as Master List of Businesses/Traders doing business with the ASEAN member states before holding of ECO-ASEAN Joint Business Forum which in turn has been referred to ECO-CCI for its provision. The requisite information is awaited and once it is received it will be shared with the ASEAN Secretariat to proceed further in the matter. As regards, ECO-SAARC Joint Business Forum, the house was apprised that ECO-CCI Sectoral and Executive Committees Meetings held in November 2017 in Ankara decided that ECO-SAARC Business Forum sidelines of the 4th ECO Business Forum. Accordingly, when the Business Forum is decided, the ECO-CCI will hold ECO-SAARC Joint Business Forum.

Iran stated that it is a business forum and we should discuss the holding of ECO-ASEAN Business Forum with ASEAN Chamber Secretariat or we may expedite a delegation to visit ASEAN countries.

Agenda Item No-12: To discuss the holding of ECO Business Forum in Pakistan and update thereon by ECO Secretariat

The ECO Secretariat informed the Committee that proposal for 'Business Forum' has been circulated among Member States and response is awaited. Upon receipt of comments from all member states, the matter will be considered by CPR and COM for the final decision thereon.

Agenda Item No- 13: Any Other Business

The Iranian delegate welcoming the proposal of Kazakhstan and Uzbekistan to have Halal centers in their respective countries, stated that we are the responsible body for Halal certification based on the OIC Halal standards and we have been involved in Halal certification since the past 10 years in Iran.

Given its 10 year old experience in promotion of halal industry, the ICCIMA will promote the halal industry in the ECO region in consultation with the member chambers. ICCIMA indicated that they are ready to transfer our knowledge and experience in Halal certification to all ECO member countries and they can expand their food markets by using World Halal logo issued by our institute to export their products to the world he continued.

The ECO Secretariat shared good news with the Committee that after completion of ratification of **Articles of Agreement of the EO Reinsurance Company by Iran, Pakistan and Turkey**, this institution has come into force in December 2017. With regard to this, First Meeting on ECO Reinsurance Company has been held on 26 February 2018 in Karachi. The Secretariat has taken next steps such as First General Assembly and Board of

Directors Meeting on 2nd May, 2018 to complete procedural formalities. This vital body will help facilitate trade in the region and augment its retention capacities. Other member states may also join this Agreement to benefit from it.

The representative also shared that another ECO's landmark achievement is that the **Agreement on the Establishment and Operation of ECO Smuggling and Customs Offences Databank** has also come into force in December 2017 after completion of ratification process of the fourth member state. So far Azerbaijan, Iran, Pakistan and Turkey have ratified it and the ECO Smuggling and Customs Offences Databank is being established in Ankara, Turkey. With the start of operation of this institutional mechanism, government revenue of the member states will increase and this will also improve business environment in the region. He added that Afghanistan and Tajikistan, who have signed the Agreement, may expedite the ratification process while the other Member States may sign and ratify it. Further, he shared that First Meeting on the ECO Smuggling and Customs Offences Databank has been held in February 2018 to decide its data fields.

The ECO-CCI requested the ECO secretariat to invite them in the following ECO meetings which are quite relevant to business.

1. First Meeting of Commodity Exchange scheduled in Tehran on May 12, 2018
2. First meeting of Heads of Capital Markets Supervisory Authority, when the date and venue is announced.

Regarding query on expanding trade facilitation measures in the region the ECO secretariat informed that with the increase of paid-up capital of member states in the ECO Trade and Development bank an expansion of its membership will help in delivering more to the business community on discount. The house decided that National Chambers will approach their respective government in this regards.

There was no matter to discuss.

Agenda Item No - 14: Date and Venue of the next Meeting

The house proposed to leave the date of holding of next Meeting of Trade Facilitation Committee of ECO CCI on the approval of the 24th Executive Committee and 16th General Assembly Meetings.

Agenda Item No - 14: Adoption of the Report

The Meeting adopted the Draft Report of 11th Trade Facilitation Committee Meeting of ECO Chamber of Commerce and Industry (ECO CCI) and decided to present the Report to the 24th Executive Committee and 16th General Assembly Meeting of ECO CCI for approval.

Agenda Item No - 15: Vote of Thanks

The participating Heads of delegations/members offered their thanks to the Iran Chamber of Commerce, Industry, Mines and Agriculture (ICCIMA) for the excellent arrangements made to hold this important meeting and for the warm hospitality extended to the participants during their stay in Tehran, Islamic Republic of Iran. The participants also appreciated the contribution of the ECO-CCI Secretariat for providing the necessary assistance and support.

Annex 1

Statement of Secretary General, ECO-CCI, Meeting of Specialized Committee on Trade Facilitation March 4, 2018, Tehran, Iran

The economic development based on trade efficiency, foreign reserves and investments. The trade plays a crucial role in transforming the under-developed economies into developed economies. However, trade will be expanded, if it is facilitated. In the present global scenario the real challenge of trade facilitation is to minimize the cost and complexity of international transactions.

We all know that ECO region occupies a niche geopolitical location, bordering with Russia, China, the Indian Ocean, the Persian Gulf and the Caspian basin. The member states of this region are also characterized by common religion, culture, historical and economic similarities. This region also has geo-strategic position and rich in energy resources it has a potential to serve as an engine for economic growth in the future. Despite of these facts, I regret to say that the internal trade of ECO member countries in 2016 was only US \$ 48 billion which obviously not at par as the potential of ECO region has. If we see it in global scenario we find that trade of all ECO member countries with the world in US \$625 billion which is 1.9% share in the world trade. The reason behind the low level of intra regional trade is lack of information, low interaction, high cost of doing business and lack of trade complementaries etc.

In pursuance of the objective of ECO-CCI for trade liberalization, trade facilitation and promotion of trade activities different agreements and projects devised for harmonizing the trade and investment policies, custom rules and regulations, banking system and rationalization of tariff structure in the region. These agreements and projects are aimed to facilitate and allow the business communities of the region to exploit the emerging opportunities. The ECO Vision 2025 aims to double the trade of ECO region in next 3 to 5 years and I believe that the ECOTA has the strength to achieve this target if it is implemented in true spirit. ECO Trade Agreement (ECOTA) aims at formation of a sound regional block with opportunities for growth in trade, finance, industry, investment, transit and other key areas of economic development. The ECOTA will enter into force after signing and ratification process of all member countries of ECO. Unfortunately after laps of more than 10 years ECOTA could not be implemented in the region.

Now the world is moving towards the free trade regime and accordingly ECO have to push ECOTA into ECO Free Trade Agreement. I would request the ECO Secretariat to update the house on ECOTA.

The TIR Convention a multilateral treaty was concluded in 1975 with the aim to simplify and harmonize the administrative formalities of international road transport. All ECO Member States has acceded TIR Convention. Pakistan also signed TIR Convention in July 2015 and has implemented its rules and regulation from October 2017.

Another tool for trade promotion is organizing business forum through which the businessmen of the region can be gathered under one roof for understanding and developing business relation. The ECO Secretariat in 28th RPC Meeting held in Islamabad, Pakistan has entrusted ECO-CCI to organize ECO Business Forum in Pakistan with financial support of ECO Secretariat. The ECO-CCI has submitted provision budget of the business forum in ECO Secretariat for necessary approval and disbursement to ECO-CCI. I will appreciate update of the ECO Secretariat in this regard.

I would further request the ECO Secretariat to give some update about the ECO Visa Sticker Scheme and possibility of landing visa till implementation of ECO Visa Sticker Scheme. Moreover, the updates on ECO Trade Fair and drafting of ECO Trade Facilitation Agreement (ETFA) are also required from ECO Secretariat.

Thanks to all.