

## ECONOMIC COOPERATION FOR GROWTH, DEVELOPMENT AND SUSTAINABILITY

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It is a source of great honour and joy to contribute to the 8<sup>th</sup> Edition of ECO Economic Journal being revived through the dedicated efforts of the Economic Scientific Research Institute (the ESRI) after almost a 10-year interval. Endorsed by the ECO Member States in 2009, the Journal was meant to provide a forum for theoretical background and methodological research on social and economic issues related to our region with special focus on sustainable development and economic growth, dynamics in the fields of trade and connectivity, communications, industry, energy, environment, minerals, agriculture, tourism, human resources, etc.

The intervening period has witnessed a number of major regional and global developments, including economic and financial crises, political stress, wars and disputes characterized by widespread tensions and destabilization as well as natural disasters, most notably COVID-19. The pandemic appeared to bear devastating impacts on humans, taking a significant toll on lives, livelihoods, healthcare systems, societies and economies. COVID-19's undermining effects on regional and global development efforts resulted in rising inflation, disruptions in value chains and increased poverty across the globe.

In particular, the year 2020 brought about an unprecedented challenge to the world economy as the global GDP shrank by 3.2%. Very high inflation led to monetary policy tightening thereby triggering worldwide rigid financial conditions. Thanks to the massive vaccination program, the global economic recovery began in 2021 and 2022 with around 6% and 3.1% global GDP growth rates respectively with the revival of demand for goods and services. On the other hand, supply shortages with respect to the demand, increasing energy & food prices and disruptions in the supply chains created uncertainties about economic growth in the ensuing period, leading to a slowdown in global recovery as forecasts for the world GDP growth in 2023 are revised downward to around 2% (World Bank, 2023).

Like the global economy, the ECO economies are projected to face similar trends. In our region, the inflation rate is projected by the IMF at 15.4% in 2023. In terms of GDP growth rates, Tajikistan was leading with an annual GDP growth rate of 9.2% in 2022, followed by the Kyrgyz Republic 7.0%, Pakistan 6.2%, Türkiye 5.6%, Azerbaijan 4.6%, Kazakhstan 4.2% and Iran 2.7% (World Bank Data). Yet, the growth rate predictions for all economies in the region toe the same pattern as global forecasts do, indicating a foreseeable slow-down during the years 2023-2025.

In the trade sector that holds a central position in our agenda of regional cooperation, world trade registered a rebound of 21% over 2020, reaching US\$ 22.4 trillion in 2021. After softening to 10% growth in 2022, world trade is projected to register a further decline in growth rate by 1.7% in 2023 as multiple shocks weigh on the global economy, largely reflecting the weakening demand (Trade map).

Increased by 46% in 2022 over 2020 on a year-on-year basis, the share of ECO Region

in global trade was recorded at US\$ 1,036 billion (Trade map). In 2022, imports of the ECO Region stood at US\$ 577 billion while exports to the world were recorded at US\$ 459 billion. On the other hand, intra-regional trade was recorded at US\$ 85 billion in 2021, which is only 8.2% of the region's total trade with the rest of the world. ECO Region's share in world trade, at around 4.1%, clearly falls below its commensurate potential for a region that is strategically located on important trade routes with more than 6% of the world population and an abundance of endowments in natural and human resources.

Against this backdrop, one major lesson from the recent turmoil educates us about the individual governments' lack of proper preparedness to cope alone with such global challenges; making it obvious that multilateral cooperation is the key to progress, development and sustainability. Relevantly, global policymakers have duly recognized the need and necessity to strengthen and encourage international institutions and communities to build more active and vibrant partnerships with a view to consolidating the joint regional and global development process.

It is gratifying to note that the ECO Member States, with the given understanding in mind, have shown genuine interest in increasing their cooperation for supporting the socioeconomic development in our region. It is further notable that, during the year 2021, two ECO Summits were convened where the Heads of Member States unanimously called for intensified regional cooperation. In particular, the Ashgabat Consensus for Action adopted by the 15<sup>th</sup> Summit on November 28, 2021, highlighted that multilateralism is imperative to promote and strengthen the process for securing sustainable development, peace and security in the region. Stressing on the role of international and regional organizations in upholding and furthering multilateralism, the highest ECO leadership encouraged for early implementation of our legal frameworks and agreements to affect the expedited functioning of the ECO Institutions.

The Secretariat has, therefore, had an increased focus on further consolidation of our regional development efforts in line with the aspirations of ECO leadership and the Organization's yearly themes that declared 2022 as the "Year of Strengthening Connectivity" and 2023 the "Year of Green Transition and Interconnectivity" in the region under the chairmanship of Uzbekistan and the current chairmanship of Azerbaijan, respectively.

Moreover, the Organization has taken significant steps forward to secure its regional development objectives, especially in trade, transit transport, tourism, energy, economic growth and social welfare sectors as per the priorities determined by ECO Member States in the ECO Vision 2025. Significant progress has been achieved towards the implementation of different ECO projects and mutually agreed legal frameworks; in particular, the ECO Trade Agreement (ECOTA), ECO Agreement on Protection and Promotion of Investment (APPI), ECO Transit Transport Framework Agreement (TTFA), ECO Regional Electricity Market and ECO Clean Energy Center, as well as a number of other important initiatives taken to address challenges in agriculture, food security and building resilience against natural disasters.

In addition and given the fact that our region has a huge but untapped tourism potential in terms of historic and natural landmarks and many UNESCO heritage sites, some important programs and projects to boost the quality and infrastructure of regional tourism by enhancing travel facilitation, services quality and multi-seasonal product development have been developed. An ECO Tourism Action Plan, designed in this regard, is expected to

add fuel to the tourism activities in our region.

Besides, the charter of the ECO Research Center (ERC) was approved by the President of Azerbaijan Ilham Aliyev in February 2023. Notably, Türkiye and Pakistan had previously signed the charter of the ERC in 2021 and 2023, respectively. The ERC is aimed at making extensive regional economic research, providing in-depth information to facilitate a wider and reinforced economic cooperation amongst the ECO nations. The ERC is also tasked to review and publish the serial ECO Economic Journal. I take this opportunity to extend my deep gratitude to the Journal's Editorial Board for reviving this publication after a long intermission, as well as my sincere appreciation to the ECO Trade and Development Bank for sponsoring the fourth edition of this exclusive journal.

Recalling the ECO's expansion that took place thirty years ago in the early 1990s, I am elated to see the Organization as a progressive and meaningful intergovernmental economic forum being increasingly determined and committed to expanding multilateralism in the region through enhanced solidarity and cooperation amongst the Member States. With this in mind, the framework of the Ashgabat Consensus for Action reaffirms our highest leadership's support of international efforts to provide urgent humanitarian aid to Afghanistan with effective, transparent and accountable mechanisms. The document also underscores the importance of political inclusivity and protection of human rights, particularly the women segment of the Afghan society. Despite the current situation in Afghanistan, the Secretariat is exploring all possible ways and means to ensure the implementation of the ECO Advocacy Program for Afghanistan. To this end, the Organization is collaborating with Member States and its regional and international development partners, mainly the relevant UN bodies.

It is my further pleasure to recall the imminent holding of the 27<sup>th</sup> COM Meeting this year on October 9 and the 16<sup>th</sup> Summit on November 10 to be respectively hosted by Azerbaijan and Uzbekistan with the participation of the highest leadership of the Organization. As usual, we are keeping our fingers crossed to seek the renewed guidance of our leaders that is always very kindly offered by them to refuel and reinvigorate our cooperative efforts for greater connectivity and integration of the region.

Fostering economic cooperation is an integral part of our agenda for shared and sustainable development in the region. Based on the ECO Vision 2025, we are collectively balanced towards our common aims and objectives. The unity cushioned by the Treaty of Izmir is the source of unique pleasure, excitement and satisfaction that strengthens our cooperative journey for a more prosperous ECO Region. We are confident that with the continued support of Member States, the ECO will continue plowing ahead leaving no stone unturned on its way to progress and prosperity.

**Reference list**

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