



ECONOMIC COOPERATION ORGANIZATION: CURRENT SITUATION AND PROSPECTS

The ECO is a regional organization established for stronger cooperation and deeper regional integration in 1985 with the joint efforts of Turkey, Pakistan, and Iran. The ECO is the successor of the Regional Cooperation for Development that was established in 1964, but with the revolution in Iran it was no longer functional. However, in 1985, three countries realized the importance of regional integrations and established a similar organization with the same vision. Right after the collapse of the Soviet Union, seven new members joined the ECO in 1992. Currently, the organization has ten members: Turkey, Iran, Pakistan, Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, Tajikistan, and Afghanistan. Nowadays, the ECO region is located along the borders between Europe and China.

There are seven directories working under the ECO: 1) Trade and Investment; 2) Transport and Telecommunications; 3) Energy, Minerals and Environment; 4) Agriculture, Industry and Tourism; 5) Human Resources & Sustainable Development; 6) Project & Economic Research and Statistics and 7) International Relations. The ECO's activities cover transportation, energy, cultural ties, environment, security related issues like fight against drug trafficking and economic relations among the members. In the long run, the organization aims to reduce the barriers towards a single market economy via supporting works on harmonization of the tariffs and regulations, necessary infrastructure and building transportation routes. In that sense, the Economic Cooperation Organization Trade Agreement (ECOTA), which was signed in 2003 and put into force in 2008, has utmost importance.

The main aim of the ECO is to actualize the potential of the region by achieving strong regional cooperation. According to the ECO Report titled "ECO Fifteen Years of Cooperation and Development 2000-2015" published in 2017, the total population of the ECO region is around 458 million, amounting to 6.23% of the world's population, while the region's GDP is around \$1.8 trillion, which equals to 2.63% of the world's total GDP in 2015. Also, the Foreign Direct Investment inflows in the ECO region increased 10 times since 2000 and reached \$37.7 billion in 2015. We observe an increase in the economic wel-

fare of the member countries, which is not necessarily related with the establishment of regional institutions. However, such platforms encourage member countries to strengthen cooperation and pool resources to be used for projects, which are beneficial for all countries. At the same time, member countries are opening their markets to the international investors and the ECO region has thus become more attractive for investment in the last decade.

Firstly, transportation is one of the areas to be focused to underline the importance of the ECO. Within the framework of the joint projects, the ECO provides a platform for member countries that are already involved in regional infrastructural initiatives. Regional efforts made by the ECO members on improving trade and transportation through implementation of infrastructural project such as the North-South Transport Corridor, the Trans-Caspian Transportation Route, the China-Pakistan Economic Corridor, Chabahar and Gwadar ports complement each other. All these projects have the potential to function better in parallel with the wider and more comprehensive initiative, namely, China's One Belt One Road (OBOR). Considering the geographical positions of the ECO member countries, it is possible to say that the success of the Silk Road-like projects depends on their desire for cooperation and integration. In that sense, the ground was already established three decades ago. Since 7 out of 10 ECO members are landlocked, so, it is vital for these countries to develop and enhance mutual cooperation in the fields of transportation and communications. Therefore, integration with the international community might be easier via regional mechanisms, sub-regional formations, and adaptability. Hence, in such a context, the ECO may gain momentum in the upcoming years.

Secondly, energy resources and energy transportation corridors will be one of the pillars of the ECO in the future. Some of the ECO members such as Azerbaijan, Kazakhstan, Iran, Turkmenistan, and Uzbekistan, have rich energy resources. Since the Ukrainian crisis and the instability in the Middle East highlighted the importance of energy security, the European Union member countries have become more interested in seeking ways to diversify their

energy resources, especially, searching to alleviate their high-dependency to Russia. Therefore, five energy-rich ECO member countries together with oil and natural gas transportation corridors passing through Central Asia – South Caucasus – Europe via Turkey are getting more attention.

Thirdly, even though there are political disagreements among the ECO members such as the policies towards Syria, they could manage to establish strong cultural ties providing the ground for second-track diplomacy. Considering the common history and people-to-people interaction within the region, the social dimension that contributes to the integration is on the agenda of the ECO members.

It is important to follow the latest ECO Summits in the light of abovementioned regional developments. The previous ECO Summit was held in Azerbaijan in 2012. It took five years after the 12th Summit, the longest break in the ECO's history, to organize the 13th Economic Cooperation Summit on March 1, 2017. In 2017 after Iran handed over the presidency to Pakistan Islamabad held the latest ECO Summit under the theme "Connectivity for Regional Prosperity" as declared by Pakistan's Foreign Secretary, Aizaz Chaudhry. The day before the Summit, the Council of Foreign Minister's Meeting (COM) was also held on 28th February 2017. Not surprisingly, both meetings focused on connectivity, trade, transport, and energy in addition to current situation in Afghanistan. At the end of the Summit, the ECO members adopted the Islamabad Declaration and Vision 2025 that targets promoting efforts for regional integration and serves as a guideline for the organization for the next 10 years.

In conclusion, it is possible to say that the ECO members recognize the need to focus on the real potential of the ECO region and to strengthen the integration processes in order to increase national welfare. Additionally, the ECO region is becoming increasingly important for outside powers and projects covering Eurasia overall. The fact that China and Russia sent observers to the ECO Summit, which was held this year in Islamabad, clearly shows that both countries are following the developments in the ECO region very closely.

Politics, Foreign Affairs and Security

- The President of Kazakhstan, Nursultan Nazarbayev, signed the Law on introducing amendments and additions to the Constitution after the bill that includes 26 amendments to 19 articles of the main law was passed in its second reading in the Parliament.
- During his official visit to Moscow, the President of Turkey, Recep Tayyip Erdogan, and the President of Russia, Vladimir Putin, took part in the 6th Meeting of the Russian-Turkish Cooperation Council. As a result of the meeting, during which the parties discussed the Russian-Turkish relations with a focus on the further restoration of mutually beneficial trade and economic ties, a package of documents was signed. An intergovernmental mid-term trade, economic, scientific, technical and cultural cooperation program for 2017-2020, as well as an agreement between the Russian Direct Investment Fund and the Turkish Sovereign Fund to establish the Russian-Turkish investment fund were inked.
- During his official visit to Azerbaijan, the Minister of State for Arab Gulf Affairs of Saudi Arabia, Thamer Al-Sabhan, and the President of Azerbaijan, Ilham Aliyev, discussed prospects of further strengthening of the bilateral relations focusing on economic cooperation, in particular, development of the mutual trade.
- During his visit to Tashkent, the Aide of the President - Secretary of the Council of Security of Kazakhstan, Vladimir Jumananov, and the heads of law enforcement bodies of Uzbekistan discussed the perspectives of cooperation on combating current threats and challenges to stability and security, cooperation in fight with the religious extremism and terrorism, illegal migration and other threats.
- The Ministry of Foreign Affairs of Uzbekistan reported that it hosted the next round of inter-ministerial political consultations at the level of the deputy foreign ministers between Uzbekistan and Kyrgyzstan. During the consultations, the parties discussed the state of the Uzbek-Kyrgyz relations and considered proposals for their further development.
- During their official visit to Azerbaijan, the OSCE Minsk Group co-chairs Stephane Visconti, Igor Popov, Richard Hoagland and the Personal Representative of the OSCE Chairperson-in-Office, Andrzej Kasprzyk, and the President of Azerbaijan, Ilham Aliyev, exchanged views on current state and prospects of negotiations on the settlement of Nagorno-Karabakh conflict.
- During his official visit to Astana, the UN Assistant Secretary-General for Political Affairs, Miroslav Jenca, and the Speaker of the Senate of Kazakhstan, Kassym-Zhomart Tokayev, discussed the relevant issues of the Kazakhstan-UN cooperation. The parties also exchanged views on the situation in Central Asia in the light of

Kazakhstan's membership in the UN Security Council.

- During the meeting of the Eurasian Intergovernmental Council held in Bishkek, the Heads of Governments of the Eurasian Economic Union discussed further integration within the Union paying special attention to the trade-economic cooperation and expansion of mutual trade among the member states, development of agro-industrial sector and agricultural engineering.
- The Ministry of Defense of Azerbaijan reported about signing a military cooperation plan with the United Kingdom. The plan was inked as a result of talks held at the Office for International Military Cooperation. During the negotiations, the current state and prospective areas of cooperation in defense between the two countries, issues of cooperation in the areas of training, education and peacekeeping operations were considered.

Economy, Finance and Energy

- According to the US Energy Information Administration (EIA) forecasts, Kazakhstan will produce 1.88 million barrels per day in 2017. It was also noted that the country is expected to produce 1.9 million barrels per day in the first quarter of 2017, while the oil production in the second and third quarters of 2017 will amount to 1.84 million barrels and 1.88 million barrels per day, respectively. According to predictions, 1.91 million barrels of oil per day will be produced in the fourth quarter of 2017.
- The state oil fund of Azerbaijan SOFAZ reported about allocation of more than \$1.23 billion for the Southern Gas Corridor (SGC) project in 2014-2016. It was also noted that in 2016 SOFAZ transferred \$495.2 million to the Economy Ministry to finance the share of the Azerbaijani Government in the SGC.
- The Russian oil company Rosneft reported about its plans to increase deliveries of oil products to Turkey's Demiroren Group. It was stated that up to 4.6 million tons of oil products would be supplied to Turkey in the period of 2018-2020.
- According to the Government of Azerbaijan, the country increased the authorized capital of SOCAR Turkey Yatirim, which was created to support the country's participation in the construction of the SOCAR Turkey Aegean Refinery (STAR) oil complex. The authorized capital was increased by nearly 27% from \$1.9 billion to \$2.412 billion.
- Uzbekistan's state-owned coal-mining company Uzbekugol announced about its plans to launch six investment projects with a total cost of \$690.5 million, which would be implemented within the framework of the State program on development and modernization of the coal industry for 2017-2021. It is expected that the total volume of coal production in the country will increase from 3.87 million tons in 2016 to 11.67 million tons in 2021.

- The President of Turkmenistan, Gurbanguly Berdimuhamedov, and the President of Uzbekistan, Shavkat Mirziyoyev, attended the opening ceremony of the 1,750-meter long railway bridge in the Lebap region of Turkmenistan. It was noted that thanks to the use of high-strength construction, the railway bridge would be able to withstand the weight of the super heavy cargo trains.
- During his official visit to Ankara, the Deputy Prime Minister of Uzbekistan, Rustam Azimov, and the President of Turkey, Recep Tayyip Erdogan, and the Prime Minister of Turkey, Binali Yildirim, discussed the priorities for the development of economic cooperation between the two countries. Within the framework of the visit, Uzbekistan and Turkey signed a package of documents amounting over \$ 1 billion.
- The Finance Ministry of Azerbaijan stated that in January 2017, the external public debt of the country amounted to \$6.913 billion, which is 20.4% of the country's GDP.

Society and Culture

- The Foreign Ministry of Turkmenistan reported that during the meeting with the Head of Regional Delegation of the International Committee of the Red Cross (ICRC), Jean-Jerome Casabianca, the sides discussed issues of diversification of partnership in line with the cooperation plan between Turkmenistan and ICRC for 2017.
- During the meeting between the Apostolic Nuncio of Vatican to Kazakhstan, Francis Assisi Chullikatt, and the Chairman of the Senate of Kazakhstan, Kassym-Zhomart Tokayev, the sides discussed the upcoming meeting of the Secretariat of the Congress of the World and Traditional Religions' Leaders that will be held in May 2018.
- The State Committee of Uzbekistan on protection of nature introduced a ban for commercial fishing to rational use of fish resources at natural water reservoirs. It was noted that the ban would be in force in Amudarya and Syrdarya rivers between 10 March-31 May 2017.
- According to the Government of Uzbekistan, over 60 tons of humanitarian aid from Azerbaijan were delivered to Tajikistan. The aid will be provided to the victims of natural disasters, caused by snow avalanches in the mountainous regions of Tajikistan. The humanitarian aid includes food, medicines, building materials, coal, warm clothing and other products of the first necessity.
- The Embassy of Japan in Tashkent announced that the Japanese Government provided grants totaling \$551,100 for realization of eight social projects in Uzbekistan. The funds were allocated to purchase medical and educational equipment.