

Making the Eco move fast

By Sultan Ahmed

Pak-Eco
Dawn
24.7.03

IF the extent of political cooperation among the Muslim states is not large enough the volume of trade and economic links among them is also too small. And that happens despite the fond wish of the Muslim Ummah for stronger economic relations and even formation of a Muslim commonwealth among the 50 countries.

But the governments of the Muslim states alone should not be blamed for it, for equally responsible have been the businessmen and consumers of Muslim states who prefer western brands marketed by the large multinational companies with their mightily advertising machinery. They have been there in the Muslim countries from the days of European colonial rule along with their deep commercial roots.

Naturally there is acute dissatisfaction over this negative state of affairs every time the leaders of the Muslim world meet together, and they issue passionate calls for larger economic relations. That happened last week at Islamabad too when the economic ministers of the ten member states of Economic Cooperation Organisation (ECO) met. But this time they have taken some positive and detailed decisions to ensure that the volume of trade among them really goes up and other forms of economic cooperation follow.

The ECO is a successor to the RCD (Regional Cooperation for Development) formed by three countries — Pakistan, Iran and Turkey. It became the ECO in 1985 and later it was joined by the six former Soviet republics with Muslim majority and Afghanistan. It was hoped that the ten states could achieve a good deal by way of economic cooperation in view of their large natural resources, particularly gas and oil, but they could not achieve much. It has been more like its larger political brother, the OIC, whose performance has also been insignificant compared to the rhetoric at its sessions.

Commerce minister Humayun Akhtar says the total inter-ECO trade of the ten states is only 1.3 per cent of the GDP of the world which shows how small it is or how large is the scope for its expansion. According to one report total trade creation in the ECO region comes to 816 million dollars, with 183 million dollars as Iran's share, 166 million Uzbekistan's and 146 million as Turkey's

and exchanges, investment, and exploration of new areas to enhance cooperation among member states. An ECO data bank would also be set up to exchange information among the ECO members who do not know enough about other countries, and their potentials.

While forswearing any pre-eminence in the ECO on basis of its seniority Pakistan through its prime minister Zafarullah Jamali offered all possible help to the ECO to realise its vast potentials. The secretary general of ECO Sayed Mujtaba Voiced the hope the ECOTA would pave the way for an ECO Free trade Area. The ministers voiced the hope the experts would meet twice in a year to make a success of ECOTA and pave the way to a FTA.

Evidently Humayun Akhtar, who presided

them. Compared to that, Western countries have been able to offer their production at competitive prices because of their sales tactics.

The goods of one Muslim country can be made familiar in other countries not only through exhibitions but also through tourism. One of the handicaps in promoting trade between Muslim countries is lack of shipping. But now the Iranian minister for trade says Iran has 125 ships which can be used between its port of Chahbahar and Pakistani ports. That is a welcome news.

Now that we have set the target of 12.1 billion dollar exports during the current year, further steps have to be taken to boost our exports, and make the exports more value-added, particularly the textiles where we should be shipping more of garments than fabrics and yarn.

The government has already taken a number of steps in this regard, particularly permission to import second hand machinery and allowing the industries to produce their own power. It has also raised the number of exports items on which duty drawback can be claimed to 56.

And now as a measure of Iran's faith in the economic growth of Pakistan, Iran and Pakistan are to set up a joint investment bank with an initial capital of 10 million dollars each. If the bank has to

play a significant role the capital of the bank has to be raised substantially.

At the same time it is interesting to note the Pak-Kuwait Investment Bank wants a seat in the Karachi Stock Exchange for Rs 34.7 million. The sustained boom in the Karachi Stock Exchange is attracting more and more foreigners, and now they want to be members of the KSE as well.

But there is bad news from a key sector of the country which continues to deteriorate. The United Nations Human Development Report says Pakistan's ranking in the Human Development Index has gone down from 138 in 2001 to 144 among the 189 countries. Clearly, our position is not improving. We need a crash programme to improve the situation in the areas of education, public health, environment, etc. No progress in the modern style is sustainable without an educated and healthy manpower and a clean and safe environment. That, along with the poverty reduction, is the Achilles' heels of our economic development.

But when our political leaders are at war with each other and so are the mullahs though temporarily united, they cannot focus on the problems of the poor. The masses in the cities without water and electricity

Iran and Turkey have agreed to enter into negotiations with Pakistan for forming a free trade area. President Musharraf during his visit to Maghreb states focused on larger trade with Tunisia, Morocco and Algeria, and a trade agreement with Morocco was signed. These three countries as well as Indonesia have shown interest in starting negotiations on a free trade area pact with Pakistan.

over the ECO ministers conference, realises the world is moving faster than the ECO countries. The WTO is moving faster and so is the Doha round of tariff cutting parleys. Globalisation, too, is moving faster despite the protest from the poor countries and the deprived peoples of the world. And the US itself is taking the lead in forming free trade areas with rich and poor countries, and even Middle Eastern states to bring them into its ever expanding economic orbit. So the Muslim countries have to move faster than the ECO states are ready to do.

He says the Organisation of Islamic Conference is now considering a proposal to enter into a preferential trade agreement for the promotion of trade among Muslim countries. The proposal would mature, he says, as soon as it is ready to be signed. At a time when the US and other countries are taking the lead in forming free trade areas, the minimum Islamic Conference should do is to give preferential treatment to the goods and services of other Muslim countries. If positive steps are being taken by the OIC members in this regard despite the fact they are spread all over the world, that is a welcome development.

Interestingly, Pakistan itself is taking a

Uzbekistan's and 146 million as Turkey's share.

Now the ECO ministers in Islamabad have signed an agreement with considerable excitement under which they will bring their import tariff to 15 per cent within 8 years. The reduction will be at the rate of 10 per cent per year. Meanwhile, they would provide maximum access to the goods of other ECO member countries. They would also increase the volume of investment among their countries. The gas pipeline connecting Turkmenistan, Afghanistan and Pakistan is an outstanding example of such large scale economic cooperation.

To enforce the ECO Trade Agreement (ECOTA) their ministers would meet once a year and review its implementation in detail and remove the roadblocks. The next conference would be in Turkey in 2003-04.

The committee to review the implementation of the agreement set up now is one of six committees. The other five would deal with other major impediments in the way of growth of trade. They will deal with tourism, transportation, agricultural development

development.

Individually Pakistan itself is taking a decisive lead with other Muslim countries in this regard. Pakistan and Iran have agreed to start talks on FTA, particularly to promote border trade. And Iran has signed an enlarged and revised trade pact with Pakistan and will have continuous discussions for expanding trade between the two countries.

Iran and Turkey have agreed to enter into negotiations with Pakistan for forming a free trade area. President Musharraf during his visit to Maghreb states focused on larger trade with Tunisia, Morocco and Algeria, and a trade agreement with Morocco was signed. These three countries as well as Indonesia have shown interest in starting negotiations on a free trade area pact with Pakistan.

When it comes to Turkey there is specific target of one billion dollars in bilateral trade between the two countries in the current financial year. Pakistan's trade with many of these countries has been small as there has been little of tariff preference in trade with

focus on the problems of the poor. The masses in the cities without water and electricity and very expensive schools are asking whether the top priority of the Defence Housing Authority where land is allotted at nominal prices for resale at fancy prices should be the newly envisioned Creek City on the beach. From swanky clubs with fabulous admission fees it is moving towards the Creek city with its dream targets and promise of a heaven on earth. Surely the division between the poor and the ultra-rich is being widened.

The Defence Housing Authority should be focusing on desalination of water to meet its ever expanding water needs. That was what it was expected to do before the Creek Club, Marina Club and other clubs by the sea came up and the desalinisation was dropped.

With so much focus on Islam and its basic values to help the poor first, the army rulers should be getting their priorities right in a land in which 4 per cent of the people are living below the poverty line and any effective literacy is not more than 15 per cent in this age of globalization.