

## IRAN'S ROLE IN ECONOMIC COOPERATION ORGANIZATION (ECO): A CRITICAL ANALYSIS

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### Abstract:

*In the international arena, cooperation among nation-states is facilitated when these countries have shared interests and a common vision for the collective good. The contemporary world envisages a dominant role of the regional Inter-Governmental Organizations (IGOs) in promoting the vital concepts of interdependence and economic integration. The attainment of desired objectives through regional organizations is inextricably linked with the patronizing role of a core member, a country relatively more dominant politically, economically and militarily compared to other members. Economic Cooperation Organization (ECO) has been one of the leading IGOs in the world among the nations of South Asia, West Asia, Central Asia, and the Caucasus. With Iran as the core state of the ECO, the organization has yet to prosper despite numerous commonalities and shared interests among the member countries. ECO has remained hostage to conflicting interests of the member states, non-conducive global political environments and lack of will on the part of key members. The organization is unlikely to take off, if the existing lukewarm attitude of the member states, especially the core country continues to prevail.*

**Key Words:** RCD, ECO, interdependence, economic cooperation, regionalism, Iran.

### INTRODUCTION

International and regional organizations have assumed an influential role in the contemporary world; while the narrative of alliances in the post-cold war era is becoming rather obsolete, there has been growing inclination towards establishing or reviving regional cooperation forums. The cooperation organizations are seen as an instrument to quest for shared economic interests, providing an opportunity to promote trade, connectivity and a collaborative way forward. In the geopolitical as well as geo-commercial context, the space occupied by Pakistan, Iran, and Turkey is significantly vital; the three states lie along ancient trade routes linking historical civilizations. The region is located at the crossroads of Eurasian energy and population cores, bracing immense economic potential, trade opportunities and connectivity prospects. Iran with massive hydrocarbon energy resources is flanked on either side by energy-starved Turkey and Pakistan, providing a huge incentive to all the three neighbours to develop greater interdependence through mutual cooperation. With all the three states sharing the commonality of religion, culture and geopolitical interests, there is a rich history of cooperation between Islamabad, Tehran, and Ankara since the emergence of Pakistan as an independent state in 1947.

The aftermath of World War-II witnessed decolonization as well as the commencement of cold war between victorious United States of America (USA) led Western Europe and the Union of Soviet Socialist Republic (USSR), essentially dividing the world into two distinct blocks for economic and security gains. Being located along the periphery of USSR, Pakistan, Iran, and Turkey emerged as

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the main bulwark of an American containment strategy against the expansion of communism. Consequently, there was a geostrategic and political harmony among the three neighbours while being essential members of the US patronized "northern tier" against the USSR. Pakistan, Iran, and Turkey thus became well conversant with the notion of mutual cooperation while working together at different anti-communism organizations like Baghdad Pact, which was subsequently renamed as Central Treaty Organization (CENTO). It was this geopolitical and socio-economic milieu that led Tehran, Islamabad, and Ankara in 1964 to establish Regional Cooperation for Development (RCD) that is predecessor of Economic Cooperation Organization (ECO). RCD was formed by the US allies with Iran under the reign of Mohammad Reza Pahlavi, known as Mohammad Reza Shah, assuming the role of core state in the newly formed organization given its natural resources, central location, military power, political stability, and geographical status. RCD "started functioning in 1965, with a permanent secretariat at Tehran," a fact that explicitly underlines the core status of Iran in the organization (Ilkin, 1994).

### **RCD: ROLE AND FUNCTIONS**

The RCD states continued to be affiliated with the Western alliance but did appreciate their own economic prescriptions to form a regional cooperation setup that emerged in addition to their collaboration at anti-USSR forums. While establishing the cooperation mechanism, all the three states of RCD took inspiration from three factors: "global experiences in regionalism," the essence of "security cooperation" among them, and finally, the ambition of "Third World" to escape the menace of "underdevelopment", through the medium of global arrangements (Gasirowski, 1991). The RCD through its inaugural "Istanbul Declaration" was envisaged to facilitate the attainment of objectives such as "free trade, tariff reduction, joint ventures, technical cooperation, and cultural exchange" among the member states (Afrasiabi & Jalali, 2001). Emergence of RCD in the regional horizon coincided with the fierce bipolar global environments, compelling the member states to keep the organization barely afloat in an arena which may not have been very conducive to any kind of independent alignment. Resultantly, RCD was hardly an ideal platform for seeking cooperation between the member governments, it lacked adequate institutionalization and had been "lagging in terms of attention, staffing, resources, and follow-through" (Afrasiabi & Jalali, 2001, p. 65).

Immediately after coming into existence, RCD has been quite persuasive in articulating many initiatives among the member states, however, the organization could not make any tangible achievements as "...despite numerous activities initiated in various sectors and the wide publicity given to the RCD, the latter could not make the impact expected of it" (Ilkin, 1994, p. 32). There was probably not much appetite amongst the leadership of RCD states to pursue something more dominant as it might have been viewed detrimental to the priorities of anti-Communism alliance. By the middle and late 1970s, the US-USSR "détente and the RCD states' internal evolution set the stage for a reinvigorated approach toward the RCD, reflected in the RCD Summit Conference held on April 21-28, 1976 in Ýzmir" (Afrasiabi & Jalali, 2001, p. 65).

The interaction at Ýzmir between the RCD member states helped redefine the objectives of the organization by proposing a few modifications in the structure; a significant step has been the

“establishment of an RCD Free Trade Area within a period of ten years” (Ilkin, 1994, p. 32). Other main objective enshrined in the Charter included;

“gradual reduction of tariff and non-tariff barriers; joint industrial, communication, and transportation projects; tourism; an investment bank for regional cooperation; a regional insurance company; a shipping line; a scientific institute; a youth foundation; other specialized organizations, and finally the establishment of seven technical committees and the reorganization of the RCD secretariat” (Afrasiabi & Jalali, 2001, p. 65).

However, all the three-member states faced domestic political turmoil of varying magnitudes prior to rectifying the understandings reached at Ýzmir; resultantly, RCD had been virtually dormant “until 1984 because of the uncertainties prevailing at that time in the regional and international arena” (Ilkin, 1994, p. 32).

### **RCD and Regional Geo-Strategic, Political and Socio-Economic Environments**

In the beginning of 70s, regional geopolitical environment of the region was transforming; while externally, a process of détente was taking place between cold war rivals, the internal dynamics of Pakistan, Iran, and Turkey were also undergoing changes. The 70s saw the disintegration of Pakistan into two states with the Eastern part of the country emerging as the independent state of Bangladesh, while Jamya Al-Azhar inspired Islamization process was taking roots in neighboring Afghanistan against the rising sway of communism. In the late 70s, secular Iran was confronting the growing influence of Shiite clergy-led Islamic movement while contrarily, pro-US and West military regimes were strengthening control in Pakistan and Turkey. The significant happenings taking place at that time included events such as the Islamic revolution in Iran during the early part of 1979, the Soviet Union's occupation of Afghanistan commencing during December 1979, military's takeover of the government at Ankara in 1980, and the outbreak of eight years long Iran-Iraq war in 1980, decisively shaping the regional environments. As a result of these developments, there were indications of mistrust as well as conflict of interests among RCD member states, while domestic politics also started influencing regional cooperation narrative. Owing to the prevalent regional as well as the global environment in the decade of eighties, the “RCD remained dormant and on the verge of joining a considerable list of unsuccessful regional experiences” (Afrasiabi & Jalali, 2001, p. 66).

### **RCD and Role of Iran as a Core Member**

The reason that RCD remained near dormant since its inception and did not contribute significantly towards the attainment of desired objectives has something to do with the role of "core state" i.e. Iran. During the Pehlevi regime, Iran was known to be the West's policeman of the region; consequently, RCD was not expected to assume an independent role at odds with global Western designs. Apparently, there was no desire among the West leaning member states towards elevating the organization to the required threshold at any stage, however, developments in the core state were always important. The domestic upheaval in Iran further eroded the prospects of the core state's role as ideological imperatives of the clergy-led regime in Tehran had assumed precedence. In the initial days, the Islamic revolutionary dispensation at Tehran has been more inclined towards

exporting the revolutionary ideology in the neighbouring countries “than cooperating with their regimes, and it was unable or unwilling to accord legitimacy to any foreign initiative of its predecessor” (Afrasiabi & Jalali, 2001, p. 66).

It was a time when the ideological motives of revolutionary Iran were causing anxieties among the Arab monarchies in particular and the region in general; consequently, Iranian role as a core state among RCD members as well as the future of the organization was in suspicion. Whereas potential post-revolutionary Iranian role in the regional cooperation organization was viewed with concern by the other members, Tehran was looking at the prospects of advancing its interests while remaining within the ideological parameters. Thus, the Iranian leadership's decision to abandon its opposition to the “RCD altogether was primarily related to the formal commitment to the cause of Muslim unity enshrined in the new constitution;” the revolutionary regime took a step further in this cause and promoted the “idea of an Islamic common market” (Afrasiabi & Jalali, 2001, p. 66). RCD besides being in line with the Islamic revolutionary ideology, also emerged as the most appropriate and realistic multi-national forum to evade increasing international isolation for the hardliner regime at Tehran.

### **ESTABLISHMENT OF ECO**

RCD was rejuvenated in January 1985 under a new name, the Economic Cooperation Organization (ECO); however, soon it transpired that the initiative would lack desired “momentum without sufficient political and legal backing” (Ilkin, 1994, p. 33). Iran's role as the core state was reaffirmed as it was Tehran which was keener to revive the ineffective or comparatively dormant organization; a move reminiscent of the Iranian role in the ECOs predecessor RCD. Consequently, “in 1990, Iran initiated to reactivate the process and the result was the Amendment to Treaty of Izmir” (Bahae & Saremi, 2002, p. 15). Consequently, at a “Ministerial Conference convened in June 1990 in Islamabad,” the consensus among the member states was reached on proposed “amendments to the Treaty of İzmir” and thus, the “ECO became operational on 11 January 1991, with its Headquarters in Tehran” (Ilkin, 1994, p. 33). The decision to have ECO Headquarters in Tehran was again a reminder of Iran's central role in the new version of regional cooperation organization, quite in accordance with the earlier precedence of RCD.

ECO had greater prospects of success as its inception coincided with the culmination of the cold war era as well as the demise of erstwhile USSR from the neighborhood of the three founding member states. While the appetite of ideological alignment has been waning globally, the emergence of resource-rich independent states in the former Soviet space offered new economic opportunities to the region. The establishment of ECO at that stage was considered as the masterstroke by Pakistan, Iran, and Turkey, promising the region a new era of prosperity, trade, and connectivity. The ECO was considered a viable regional cooperation mechanism and thus seven more countries, “Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan,” became members of the organization “in November 1992” (Pomfret, 1997, p. 658). It was an initiative that brought together geopolitically as well as geo-commercially one of the most significant regions of the world at one platform. Notwithstanding the fact that ECO was still in an embryonic form with its life less than two years, the induction of seven new states in the organization was a giant leap. The decision was attractive, ambitious and thought to be timely as

well but it did put some constraints on the functional modalities of newly structured ECO. The expanded structure of the organization “contained 325 million people spread almost eight million square kilometers” of politically one of the volatile and globally most contested regions (Pomfret, 1997, p. 658).

### **Salience of the ECO Charter**

The acceptance of the ECO as a viable cooperation mechanism among the members states had adequate receptivity in the region. There was wider consensus among the members on the broad parameters of the organization and the goals sought through the cooperation mechanism. Tahir (2004), underlines following objectives of the organization, which have been laid down by the “Treaty of Izmir:”

- Promotion of sustainable economic development of member states and raising the standard of living and quality of life of its people;
- Promotion of regional cooperation in economic, social, cultural, technical and scientific fields;
- Progressive removal of trade barriers and expansion of intra-regional trade;
- Development of transport and communication infrastructure in the member states;
- Human resource development;
- Development of the agricultural and industrial potential as well as human and natural resources of the region;
- Economic liberalization and privatization;
- Utilization of region’s natural resources, in particular energy resources (p. 915).

ECO has thus been conceived and established as an inter-governmental initiative among the ten Islamic states of Central Asia, South Asia, Caucasus, and West Asia, a region enjoying geographical contiguity. Notwithstanding that ECO succeeded an organization as dormant and unproductive as RCD, owing to the continued relevance and potential utility of a regional cooperation arrangement, it was resurrected. The framework of the envisaged “regional cooperation” is outlined “in the February 1993 Plan of Action and the July 1993 Istanbul Declaration;” Iran, Pakistan and Turkey, the “three founding members contributed \$100.000 each towards a Special Fund to finance feasibility of projects related to this blueprint” (Pomfret, 1997, p. 658). While there were numerous political variables in the region to undermine the prospects of the ECO, the economic as well as geopolitical incentives for each member of the organization have been substantial.

### **Organizational Structural of ECO**

ECO has a well-deliberated structure in place like any modern-day organization that adequately addresses all the requirements essential for its efficient functioning:

- The *Council of Ministers (COM)*, the highest policy and decision-making body consisting of with foreign ministers or other representatives of ministerial rank and meets at least once a year, at a location rotated among member states;
- The *Council of Permanent Representatives*, a permanent body based in Tehran comprising the ambassadors or permanent representatives accredited to ECO, meets

- regularly several times a year to implement decisions made by the COM and to formulate issues that require a decision by member states;
- The *Regional Planning Council* is composed of the heads of the planning organization of the member states or such other representatives of corresponding authority as may be nominated by their governments, meets once a year, to review past programmes, to evaluate the results achieved, and to consider and develop programmes of action for realizing the objectives of the organization;
  - The *ECO Secretariat* is in Tehran, as agreed in 1996 and consists of the ECO secretary-general and staff. The role of the secretariat is to initiate, coordinate, and monitor implementation of ECO activities.

### **Initial Prospects and Achievements**

Emergence of ECO and its wide regional membership with countries having diverse resources as well as demands, promised many incentives to the participant states. With a classic module of demand and supply dynamics, the regional economies appeared ideal for the prospects of complementing each other; besides, the cultural, historical, religious as well as geographical harmonies among affiliate states offered viable constructions. In this regard, Azerbaijan, Iran, Turkmenistan, and Kazakhstan are rich in hydrocarbon resources while countries like Pakistan, Turkey and Afghanistan are energy importing economies. Similarly, others like Tajikistan, Kyrgyzstan, and Uzbekistan have rich hydroelectric potential.

Additionally, geographical proximity offers ECO immense capacity for developing intra-regional connectivity and thus to promote trade within the member states. With seven of the members i.e. Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan and Turkmenistan landlocked, the essence of regional interdependence gets validated. Whereas the landlocked energy-rich ECO states offer immense opportunities for regional connectivity in a bid to avail access to the nearest seaports, it does instigate some kind of rivalry as well. A case in point is the competition between the core state Iran and one of the founding members Pakistan for absolute gains through connectivity projects with Central Asian Republics (CARs). It would be prudent to assume that the Pak-Iran rivalry to win over Central Asian markets through respective connectivity initiatives resulted in the paradigm shift to their policies vis-à-vis ECO.

ECO undertook following initiatives to materialize its aims and objectives:

- The *ECO Chamber of Commerce* is intended to enhance private-sector participation in the economic and trade activities of the region;
- The *ECO Trade and Development Bank* was established at the third ECO summit in Islamabad in 1995 by Iran, Turkey, and Pakistan. The agreement envisions an eventual ECO currency, called ECO units (eu), which would be the equivalent of one unit of the International Monetary Fund's Special Drawing Rights;
- The *ECO College of Insurance* accepts students from the ECO countries, focusing on manpower training to expand the insurance industry in the region;
- The *ECO Cultural Institute* was founded in 1992 for the purpose of continuing the legacy of the Cultural Institute of the RCD, which had functioned for seventeen years;
- The *ECO Science Foundation* was founded at the 1993 ECO summit and its objectives and responsibilities are to encourage scientific research and education;

- The *ECO Educational Institute* was initiated by Iran in 1992 as a natural complement to the cultural institute and science foundation. After several years of study and discussion, Turkey agreed to host the institute in Ankara;
- *ECO Air* had its genesis at the COM session at Quetta in February 1993. At the subsequent summit in Istanbul in July 1993, an agreement for an ECO airline was reached and later ratified at the 1995 ECO summit;
- *ECO Shipping* was created notwithstanding the landlocked feature of seven ECO countries. This means of access to foreign markets began operation in February 1995 when the first ECO ship, named ECO-Ekram, was launched at Bandar Abbas (Afrasiabi & Jalali, 2001, pp. 70-72).

### **Overall Performance of ECO**

The overriding motivation of the creation of ECO was the desire to decrease trade barriers and enhance commercial exchanges among the members. As postulated in the "Istanbul Declaration," the organization required to accentuate on "increasing trade through promotion of liberal trade policies ... and fullest possible reduction of trade barriers" (Bahae & Saremi, 2002, p. 22). Nevertheless, trade volume among ECO states remains significantly low and unfortunately on the dwindling course in few instances; the declining trend in the trade volume is particularly significant among Iran, Turkey, and Pakistan, the oldest and the "most powerful in the group" (Bahae & Saremi, 2002). Given the prevailing geopolitical synthesis, the prospects of any variations in the present trend are far from realization in the foreseeable future.

There are a host of other goals contemplated through the ECO that are far from realization like "the joint establishment of various regional institutions such as the ECO Trade and Development Bank, the ECO Science Foundation, the ECO Shipping Company, ECO Air, the ECO Re-Insurance Company, and so on;" there is no worthwhile progress towards the much-anticipated objective of "economic integration" in the region (Bahae & Saremi, 2002, p. 22).

The ECO was initiated with huge expectations, setting forth "very ambitious and aggressive objectives;" the desired goals of the organization warrant cooperation of the participating states on several initiatives, "encompassing many industries and the significant portion of each member's economy" (Bahae & Saremi, 2002). In a region where national resources are already scarce, the expectations from member states to accord priority to ECO envisaged initiatives essential for materializing regional integration over their domestic requirements have been far too ambitious and even at times superfluous.

The predominant factors that have been abating worthwhile improvement towards the economic integration among the ECO members are: member states' heterogeneity, ineffectual administration at all levels, lack of economic complementarity, members' similar economic resources, an incapability to coordinate and harmonize members' political and economic preferences, "pressure and interference from some developed countries, lack of sensible diplomacy, lack of financial capital, aggressive objectives, lack of democratic governments and free market experience in most member nations" (Bahae & Saremi, 2002, p. 25).

ECO did face an existential threat as well owing to diverse political, economic and strategic agendas of the member states which have far more contributory domestic compulsions. Resultantly, factors

such as the inclination of “Turkey and Azerbaijan” towards Europe instead of Asia, quest of three founding members for a lead role in the organization, disagreement on “territorial aspects of Caspian Sea,” and diversity of “political ideology” where few countries like “Iran, Afghanistan, and Turkey” are regarded as “forces of disintegration,” have been damaging to the cause of ECO (Bahae & Saremi, 2002).

A serious challenge undermining the productivity of ECO has been the influence of politically motivated decisions over the purely economic realm. Consequently, certain internal concerns from the “political, social, and economic” domains, confronted by the participating states “have made it difficult to fully attend to the ECO objectives” (Bahae & Saremi, 2002, p. 26). While Afghanistan has been over the years seriously handicapped to contribute significantly towards the success of ECO, in other member countries several “domestic” compulsions have been influencing the “governments agenda;” thus, domestic political challenges have “naturally overshadowed the integration goals” (Bahae & Saremi, 2002, p. 22).

### **ROLE OF IRAN IN ECO**

As discussed earlier, ECO replaced RCD which was created during the mid-1960s. During that period, Iran under Mohammad Reza Shah was politically more stable, economically viable and militarily stronger among the member states. Being the core state, Iran hosted the Headquarters of the RCD while the country had the capacity to take along Pakistan and Turkey, the other member states. RCD did not prove to be a productive organization and could not lead the region towards a common market as planned and ceased to function amid Islamic Revolution in Iran in 1979; this regional cooperation forum was reactivated in 1985 as ECO. The re-emergence of regional cooperation organization with the new name of ECO was again pursued more enthusiastically by Iran. As Iran enjoyed a focal position vis-à-vis all regional cooperation forums involving its Eastern as well as Western neighbors, Tehran has always been decisively placed to influence the productivity of RCD as well as ECO.

Despite being revived as a new organization, ECO remained dormant until the fragmentation of erstwhile USSR in December 1991 offered renewed prospects of its revitalization with larger membership. The newly emerged states in the Central Asian as well as the Caucasus regions aspired access to neighbouring markets, connectivity with seaports, and financial support from friendly countries. It was in this backdrop that ECO emerged as the most relevant and viable regional grouping to the newly independent states. Among three original ECO members, Turkey and Iran enjoyed ethnic as well as linguistic affinities and desired political sway in the region, while Pakistan appeared eager to pursue commercial objectives. Tehran pursued a policy of engaging with regional countries through various forums and organizations that were mainly premised on economic cooperation. The Iranian initiated revival and subsequent expansion of ECO had politico-security inferences in the region; the countries skeptical of Iranian motives, especially Saddam Hussain led Iraq and Gulf Cooperation Council (GCC) viewed the organization negatively. The US, having ignored CARs for some time became so alarmed by Iran's new-found role in 1992 that it intervened as a sponsor of Turkish nationalistic ambitions in the region, hoping to reduce the potential for Iranian influence; James Baker, the then US Secretary of State paid a visit to all the republics in February and “some US aid was flown in” (Petrossian, 1992).



Iran's role in ECO cannot be grasped without understanding its foreign policy motives; as ECO is a phenomenon of the post Iranian revolution milieu, comprehension of Tehran's regional aspirations is, therefore, essential. The Iranian foreign policy primer after Islamic Revolution is hard to comprehend and remains mystified as ideological rhetoric does not entirely supersede the traditional nation-state like diplomatic priorities. In this regard, Nonneman (2005) believes that the foreign policies of the states in the Middle East "have in varying ways been determined by the needs of the regimes at home, the changing availability of resources, and [the] international strategic and economic framework within which these countries have played a subordinate but not necessarily powerless role" (p. 11).

Mesbahi (2004) has recognized two of the factors influencing Iran's external policies:

"first is the strategic loneliness of Iran in the international system and regional sub-system, and second, the securitization of Iran's identity; the impact of ideology and the perception of others which made the assessment of Iran's intentions, capability, threat, to be largely driven not by Iran's material capability and power projection, but by its intentions, message, identity and ideas" (p. 110).

Immediately after the overthrow of the pro-West monarchy, post-Islamic revolutionary dispensation adopted a staunch anti-imperialistic and Shiite ideological posture while pursuing external relations. Consequently, the revolutionary regime at Tehran undertook a complete transformation of the country's external orientation by assuming the anti-US position, and ditched membership with organizations where pro-West bearing prevailed.

Since persistence with totally ideologically motivated foreign policies is not a very viable option for an extended timeframe in the global arena, Tehran also started showing signs of pragmatism in its external outlook. The post-revolutionary regime was quick to appreciate repercussions of international isolation and decided to revisit over-emphasis on ideological leaning while pursuing its foreign policy objectives. It was the premise of the anti-American notion that Tehran decided to abandon the erstwhile RCD, viewing it as essentially an alignment with pro-US Pakistan and Turkey. Ironically, barely after a period of five years, the revolutionary regime in Iran found enough argument in favor of reviving RCD in the shape of ECO with the collaboration of pro-West Pakistan and Turkey. It was an indication that Tehran was now prepared to abandon ideological rhetoric as well as the ambitions to export revolutionary Islam and keen to hedge its bets in the region.

The end of the Cold War era resulted in a new dilemma for Tehran in the domains of security as well as diplomatic orientation as the US, which assumed the role of sole superpower in the unipolar world after the fragmentation of USSR was getting increasingly hostile with Iran. In order to counter the US's "policy of containment," Iran opted for collaboration with the neighbouring countries, the states in the proximity, Islamic world and "possible alternative major centers of power (Russia, China, Europe, India)," and looked at the prospects of engaging with "those regional and international organizations that were not susceptible to Western domination" (Herzig, 2004). Iran aspired to play a leading role in the regional economic integration by virtue of its pivotal geographical location and capacity to offer landlocked Central Asia direct as well as the shortest access to the seaports. The "geographical" disposition of Iran along with country's vast territory,

financial viability, and fighting potential granted it the capacity of playing a dominant or “pivotal role” in “Persian Gulf, Central Asia and the Caspian Basin, among others” (Herzig, 2004).

One of the key initiatives perceived and undertaken by Tehran towards realizing the quest of regional economic integration was revitalization of ECO. However, Iranians must have been cognizant of the fact that there were fewer prospects for collaboration with potentially, serious hazards in the forming of an “ECO-area”, but definitely, Iran’s trust in the “regional cooperation” has been unwavering (Posch, 2013). Iranian leadership was well aware of the economic gains linked with the transit and trade of Central Asian energy resources through its soil and the geopolitical clout on the offer. The objective appeared even more attainable with the Central Asian states along with other regional actors like Pakistan and Turkey on board through some economic cooperation mechanism. Tehran’s passion towards economic gains can be ascertained from a “strategy paper envisaging” the country as a reliable future “energy supplier” (Posch, 2013). Iran’s ambition to play a proactive role in the region was effectively contained by the US with the imposition of sanction regime over its nuclear program; this new wave of American antagonism essentially put an end to Iranian overtures towards revitalization of ECO.

While looking at the prospects of regional cooperation and interdependence, one must beforehand grasp the key concepts of regionalism. A region is defined by “a combination of geographical proximity, density of interactions, shared institutional frameworks, and common cultural identities” (Griffiths, O’Callaghan & Roach, 2008, p. 280). It can be assumed conveniently from the stated attributes that ECO countries meet the laid down criterion of a region and therefore maintain convergences as well as divergences. Consequently, the interests of all ECO states are closely intertwined, promoting a narrative of interdependence, cooperation and greater economic integration. The cooperation among states “occurs when actors adjust their behavior to the actual or anticipated preferences of others through a process of policy coordination” (Milner, 1992, p. 467). Interdependence is defined as “a condition of a relationship between two parties in which the costs of breaking their relations or of reducing their exchanges are roughly equal for each of them” (Griffiths et al., 2008, p. 160). Notwithstanding, aspiration for interdependence in post-cold war geopolitical dynamics, ECO countries could not succeed in pursuing economic integration as a regional entity; instead, there has been mutual “cooperation” among different member states basing upon their bilateral equation.

Tehran’s economic aspirations and desire to emerge as the dominant energy supplier have not been purely an economic agenda; there has always been a veiled desire to attain geopolitical ascendancy in the region through commercial ventures. Thus, “in collaboration with New Delhi and Moscow, Tehran has been pursuing through its territory “an international North-South railway corridor,” and rail connectivity for Central Asian and Caucasus region to its southern seaports (UNESCAP, 2001). Another important project is “Ashgabat Agreement which was signed in 2011 to develop [an] international railway corridor to connect Central Asia to [the] Persian Gulf and Oman with Turkmenistan, Uzbekistan, Oman and Kazakhstan” (Uysal, 2015). New Delhi emerged as a major benefactor of Tehran’s connectivity projects in Central Asia and the Caucasus and has been pressing the Iranian leadership to complete the “remaining gaps in the Iranian railway network” (Dikshit, 2012).

In this entire regional alignment initiatives by the core state of the organization, none of the major ECO states like Pakistan and Turkey figure out. It appears as if the core state Iran is only concerned with its own absolute gains vis-à-vis region's trade and transit potential while the need to keep ECO as a viable mechanism is least sought priority. This is where Iran is failing in discharging its responsibilities as the "core state" of ECO and instead, getting involved in damaging contest with one of the founder states Pakistan.

The divergence of interests put Islamabad and Tehran, the two key ECO states on the collision course; Iran despite being core state and more responsible to ensure the vitality of the organization, indulged in a rivalry with Pakistan. "Tehran pursued the strategy of establishing a non-Pashtun corridor in Northern Afghanistan, connecting Iran with Central Asia after the fall of Najibullah's regime in 1992" (Barnett, 1995, p. 130). The Chinese sponsored development of the China-Pakistan Economic Corridor (CPEC) trade corridor through road (primarily) and air-train networks (gradually) "from the Chinese city of Kashgar to the port of Gwadar" in Pakistan can serve as the strategic game-changer in the region (Fazil, 2015).

While CPEC cannot essentially be linked with the ECO dynamics, however, it can help achieve harmony among member states by offering the entire region economic opportunities. Apparently, the ongoing projects are likely to intensify the Pakistan-Iran competition unless a serious endeavor is made to mitigate the prospects of this rivalry by both the neighbors and other ECO states, especially Turkey. As long as competitive narrative between Islamabad and Tehran over becoming a preferred option for regional commercial activities continues to prevail, the potential of ECO is unlikely to be realized.

#### **FINDINGS AND RECOMMENDATIONS**

ECO being a relatively new organization is confronted with numerous challenges and therefore a long way from realizing its true potential. Owing to certain regional as well as trans-regional factors influencing the productivity of the ECO, it may not be prudent to conclusively declare the organization as success or failure. It is nonetheless anticipated that "ECO's activities follow the logic of economic globalization by promoting greater interaction of ECO economies with the world market and steady promotion of intraregional trade" (Afrasiabi & Jalali, 2001, p. 78).

The prospects of ECO are definitely hindered with the mushrooming of numerous regional alignments involving its member states such as the Commonwealth of Independent States, the Eurasian Economic Union, the Black Sea Economic Cooperation Zone (which includes Armenia and Azerbaijan), and the GUUAM Group (comprising Georgia, Ukraine, Uzbekistan, and Moldova) (Lieven, 2000). The success of ECO would not be possible without a focused approach by all member states instead of looking at other regional setups.

ECO stays as an alluring proposition for most of the participating states for varying incentives; while Central Asian countries aspired to have an alternative option to reduce dependency on Moscow, Iran, and Turkey remained involved in "mixed-motive game of simultaneous cooperation and conflict" after the cold war, while Pakistan and Iran have been contesting for influence in Afghanistan as well as remaining involved in geo-commercial rivalry in the region (Afrasiabi &

Jalali, 2001). The success of ECO is hence linked with sincerity of purpose from all member states, especially the core country and other founding members.

ECO has failed to realize its potential due to divergence of geo-political and geo-commercial interests of member states; there is a need to promote good diplomatic relations among ECO members for meaningful economic interaction. In this regard, the core state is expected to play a vital role and put the success of ECO on top of its agenda.

Growth in regional trade was envisaged to play a significant role in economic integration among the ECO states. Unfortunately, trade among member states is far below its real potential and even declining in certain cases. It is therefore imperative that regional trade is taken to desired levels for facilitating interdependence and cooperation.

ECO goals have been identified as ambitious and far wide-ranging compared to the actual potential of the organization. The cause is not helped with unending divergences among the member states. The realistic option appears to be agreeing on and then pursuing minimum agreeable agenda prior to setting grand objectives.

The policy of securitization by ECO member states has grossly undermined the prospects of economic integration. Policies of the ECO states towards the organization have mostly been influenced by domestic compulsions; the resultant victim was the productivity of the cooperation forum. It is essential that ECO members abandon securitizing respective economic policies and focus on greater and meaningful cooperation to benefit from the commercial potential of the region.

## **CONCLUSION**

ECO area falls in one of the volatile regions of the world where global geopolitical rivalries, competition for greater economic gains, rising extremism and activities of non-state actors have resulted in turbulent environments. Consequently, the statement of Rosenau (1990) that, "a turbulent environment tends to put an organization at odds with itself" holds true for ECO as well (p. 112). A plethora of insurgencies, attempted coups, interstate conflict, and geopolitical competition marred the overall stability of the ECO region. In sum, the success of ECO is largely linked with establishment of good relations among members, creating economic complementarities and broadening member states' economies away from natural resources, realizing the essence of regional cooperation, swelling the essential capital for implementation of regional projects and programmes, significant growth in regional trade and constructive role by the core member.

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