

## ROLE OF CORE STATE IN A REGIONAL ORGANIZATION: A CASE STUDY OF IRAN VIS-À-VIS ECONOMIC COOPERATION ORGANIZATION

*Muhammad Ajmal Abbasi and Muhammad Khan\**

### **Abstract**

*In the international arena, cooperation among nation-states is facilitated when they share interests and common-vision for a collective good. The attainment of desired objectives through regional organizations is inextricably linked with the patronizing role of a core state. A core state is envisioned to be more dominant geopolitically, economically, and strategically as compared to other member states and may also have played a vital role in the creation of the initiative. The Economic Cooperation Organization (ECO) and its predecessor Regional Cooperation for Development (RCD) have been among the older inter-governmental organizations involving the nations of southern, western, and central Asian regions at various stages. Similar to the erstwhile RCD, Iran assumes the role of core state among ECO member states, which has yet to prosper despite numerous commonalities and shared interests in the region. This paper, therefore, highlights that economic cooperation in the RCD-ECO territory has been hostage to regional conflicts, non-conducive global strategic environments, and lack of will on the part of key members. Hence, the quest for regionalization among the ECO member states is unlikely to take off given their existing lukewarm attitude and the current standoff between the core state Iran and global hegemon the US.*

**Keywords:** Regional Cooperation, Development, Interdependence, Economic Integration, ECO.

### **Introduction**

**T**he phenomenon of international and regional organizations has emerged as one of the vital components of the present global system. At the core of these initiatives, there is a shared quest among the member states for enhancing mutual cooperation and interdependence. These cooperation fora have been largely professed as the rational instruments of pursuing shared economic interests, providing opportunities to promote trade, connectivity, and eventually, regionalism. Regionalism is a state(s)-led project, which aims at rearranging a specific regional space along defined economic and political lines for the mutual gains especially in the economic sphere and consistently evolves by the collective human action.<sup>1</sup> Historically, regionalism emphasized the trade liberalization among the geographically proximate states towards the late 1950s,

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\*Muhammad Ajmal Abbasi is a PhD Scholar at International Islamic University, Islamabad. Dr. Muhammad Khan is a Professor of Politics and International Relations at the Department of Politics and International Relations, International Islamic University, Islamabad.

intending to enhance shared commercial gains by intra-regional trade, while seeking to decrease the risk of inter-state conflicts.<sup>2</sup>

Regionalism has been pursued in varying structures ranging from loose to strong alliances, such as the Asia-Pacific Economic Cooperation (APEC), a flexible body, and the North Atlantic Treaty Organization (NATO), a strong military and political alliance.<sup>3</sup> However, the global arena after the Cold War witnessed a declining trend of forging military alliances among the states for security interests with a rising proclivity towards the establishment of regional economic mechanisms. The successful regional cooperation mechanisms have displayed the tendency to pursue mutual benefits and yield desired results if a member state assumes the role of a core state in supervising the regional affairs and steering it away from the controversies or dormancy by consistently pursuing other member states. Generally, a state proposing the creation of a regional cooperation mechanism, especially when it has a comparatively bigger status in terms of its historical, cultural, geopolitical, geographical, economic, and strategic attributes, has been envisaged as a core state of the organization.

It is also presumed that the core state can be one of the member states in a regional cooperation mechanism or alternatively, even two influential participants of an organization with large membership or where rivalries among bigger members exist can assume such role. Hence, for understanding the concept of core state in a regional organization, it can be assumed that South Africa in the African Union, Malaysia and Indonesia in the Association of Southeast Asian Nations (ASEAN), China and Russia in case of the Shanghai Cooperation Organization (SCO), Russia in the Commonwealth of Independent States (CIS), Saudi Arabia in the functioning of the Gulf Cooperation Council (GCC), Brazil and Argentina in the MERCOSUR, officially Southern Common Market, Germany and France in the European Union (EU) while India and Pakistan with regards to the South Asian Association for Regional Cooperation (SAARC), apparently play such a role.

In the case of the Economic Cooperation Organization (ECO), Iran seems a natural candidate for assuming the role of core state as it was not only the proponent of the regional economic cooperation involving Pakistan and Turkey from RCD forum but also played a proactive role in the establishment of the ECO. This paper, therefore, aims at highlighting the impact of external factors (especially the perpetual US-Iran rivalry) as well as the internal controversies among the ECO member states, especially the erstwhile RCD countries on the functioning of the regional economic cooperation initiative. The focus of this research would be on the role of Iran in the ECO as a core state and the factors limiting its administrative capacity. While the ECO as a regional economic cooperation initiative may not appear a game-changer or a successful experience, however, academically it does appear as a thought-provoking case study for evaluating the prospects of similar initiatives, particularly, when the core state is unable to play its envisaged role. Another relevant study can be of the SAARC, where the divergence of interests between two larger members, India and Pakistan, both of whom can be assumed as core states of the organization, has undermined the organization. Hence, according to the contention of this research, the progress of regional economic

cooperation mechanisms is significantly linked with the successful role of core state(s) among member states.

### **Initial Cooperation Mechanism – The RCD**

During the Cold War era, Iran, Turkey, and Pakistan launched a mutually conceived cooperation mechanism with the name of Regional Cooperation for Development (RCD) in 1964.<sup>4</sup> All the three RCD member states were firmly aligned with the anti-Soviet camp and regarded to be the vital components of the western strategy with apparently no appetite to forge any new strategic alliance in the region. Consequently, Turkey had been of the view from the outset that the tripartite discussions on RCD were related to economic, technical, and cultural cooperation alone and had no political or military significance.<sup>5</sup> The RCD member states were inspired by the global experiences in regionalism, the spirit of mutual cooperation and the aspiration of the third world to evade the risk of underdevelopment.<sup>6</sup>

Tehran's status of being the core state of RCD was adequately substantiated by its power potential, economic viability, energy reserves, and geographical placement. It started functioning in 1965 with a permanent secretariat at Tehran, another indication that unequivocally manifested Iran's stature of being the core state of the organization.<sup>7</sup> However, RCD appeared well short of being an ideal forum which could facilitate regional cooperation and was, thus, found lagging in terms of attention, staffing, resources, and follow-through.<sup>8</sup>

Immediately after coming into existence, RCD had been reasonably persuasive in articulating several initiatives among the member states displaying a proactive posture and ambitious intent. Towards the latter part of the 1970s, American-Soviet détente and RCD member states' internal evolution led a revitalized focus toward the forum which has been reflected in the RCD Summit Conference held on April 21-28, 1976 in Ýzmir.<sup>9</sup> The interactive Session at Ýzmir facilitated in revisiting the desired goals by suggesting new amendments that included the establishment of an RCD Free Trade Area within a period of ten years.<sup>10</sup> However, all the three-member states faced domestic political-turmoil of varying magnitudes; resultantly, RCD had been virtually dormant until 1984 because of the uncertainties prevailing in the region as well as in the international arena.<sup>11</sup>

### **Establishment of ECO**

RCD was revived in January 1985 under a new name, the Economic Cooperation Organization (ECO), nevertheless, it became apparent that the cooperation forum would continue to lack the momentum, like its predecessor, without political and legal backing from member states.<sup>12</sup> Consequently, in 1990, Iran suggested to reactivate the process and the result was the amendment to the Treaty of Izmir, leading to the operationalization of ECO on January 11, 1991, with its headquarters in Tehran.<sup>13</sup> The initiative of creating ECO appeared to have attracted newly independent Central Asian

and Caucasian states resulting in the membership of Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in November 1992.<sup>14</sup>

ECO as a regional cooperation mechanism has been envisaged to achieve: “enhancement of intra-regional trade, removal of impediments blocking transit trade and transport problems, increasing integration of the landlocked countries with global markets and improvement of regional cooperation in agriculture, energy, drug control, minerals exploitation, and intra-regional tourism.”<sup>15</sup> While underlining the connections between economic cooperation and regional security, the Iranian President Hashmi Rafsanjani in November 1989 stated that “... the policy approach that we recommend for governing the region is one that requires countries to cooperate and help solve each other’s problems in an atmosphere of friendship and mutual understanding. Help one another in areas where they are deficient and utilize the resources and riches of the Persian Gulf together.”<sup>16</sup>

### **Prospects of ECO as Regional Cooperation Mechanism**

The ECO’s broadened scope and size implied that the forum now contained 325 million people spread almost eight million square kilometers in a territory regarded to be strategically vital and fiercely contested by the dominant players.<sup>17</sup> The prospects of economic integration and cooperation in the ECO region with physical contiguity, ease of trade relations, and diversity of natural resources, appeared more viable with a potentially greater likelihood of success. However, in essence, “cooperation occurs when actors adjust their behavior to the actual or anticipated preferences of others through a process of policy coordination.”<sup>18</sup>

The establishment of an initiative like ECO with a broader involvement of members possessing diversified natural resources offered numerous exciting commercial opportunities to each stakeholder. The diversity of natural resources between the participating states of ECO assured minimal intra-regional rivalry and plentiful opportunities for mutual interdependence and shared gains. While the geographical proximity as well as religious and cultural harmony served as an adhesiveness amongst ECO member states, the shared commercial interests also offered an ideal opportunity to complement each other’s economic markets.

With regard to mutual interdependence, the energy-rich Turkmenistan, Iran, Kazakhstan, and Azerbaijan seem capable of meeting the requirement of energy scarce member states of the ECO. Likewise, the hydroelectric capacity of Uzbekistan, Kyrgyzstan, and Tajikistan could augment the overall energy profile of the ECO region. Although the enlargement of ECO extended the reach of the organization in a geographical landmass of seven million square kilometers with a population of nearly 300 million; however, despite the enormous commercial potential, the region depended on massive assistance from financial institutions like the World Bank and other similar international bodies.<sup>19</sup>

The ECO territory is strategically one of the vital as well as contested regions due to its direct access to major sea routes including Persian Gulf, Oman Sea, Indian

Ocean, Mediterranean Sea, Black Sea, and Caspian Lake.<sup>20</sup> However, the predominant consideration towards the establishment of ECO has not been strategic as it was influenced by commercial interests with the growth of intra-regional trade being the prime agenda. The commercial potential of the ECO region, besides the possibility of enhanced mutual trade exchange among the members of the cooperation initiative, has the potential of raising the economic clout of the organization.

### Iran's External Orientation vis-à-vis Role as Core State

Iran has historically been enjoying a focal status in the region owing to its central geographical position, size, economic stature, and military potential assuming a dominant role in most of the regional configurations.<sup>21</sup> The creation of regional cooperation mechanisms in the erstwhile RCD area and later in the ECO territory have primarily been Iranian initiated proposals. At the time of the establishment of RCD in the middle of the sixties during peak times of the Cold War, Shah-led Iran was an influential regional player, very much proactive in the international arena, while relishing complete western political, economic and military support.

Iran traditionally pursued its strategic agenda in the region which was essentially aimed at assuming a leading role in the Central Eurasian territory by resorting to mechanisms of regionalism. The clergy-led Iranian regime continued to seek an economic and political presence in the region while downplaying the ideological dimensions of its policy despite numerous adversities amid reservations over its revolutionary motives and enmity with the US.<sup>22</sup> Consequently, post-revolution Tehran had to safeguard its interests against the intimidating US patronized western policy by aligning with neighbors and regional forums.<sup>23</sup>

Iranian foreign policy orientation after the Islamic revolution has been primarily influenced by its concerns with the US policies and ideological obsessions of the clergy-led regime. Mesbahi (2004) identifies strategic concerns impacting Tehran's external posture as:

*"...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."<sup>24</sup>*

Iran has been under severe pressure with a crippling economy due to the Iraq war in the decade of 1980-90 and earlier predilection of the regime towards an isolationist or non-aligned posture in the bipolar world. Hence, the economic frailty of the state compelled previously unwavering leadership to give in on its external orientation and get engaged with the outside world even during the lifetime of Imam Khomeini, though without conceding much of the revolutionary commitments. After the demise of Imam Khomeini in 1989, Iranian policy was reformed to accommodate the initiative of an equidistant approach to the East and the West allowing economic

relations and balancing the hegemonic powers of the democratic West and the Soviet East.<sup>25</sup>

Tehran's cognizance of the strategic environment and penchant of undertaking pragmatic policies ensured that despite the systemic difficulties and domestic constraints, the country succeeded in evading confrontational policies with the newly independent neighbors and established an economic and political presence in the region.<sup>26</sup> Owing to the growing international isolation, the clergy-led regime at Tehran desperately wanted some kind of receptivity in the region, especially after the end of the war with Iraq in 1988. Hence, a proactive role as a core state towards reviving economic cooperation with old allies and neighbors seemed the most viable initiative to Iranians for returning to the international fold.

The expansion of ECO has been Iran's vision, contemplating a regional economic alignment on the basis of common religion, a motivation engraved in the revolutionary Islamic ideology of the country. Apparently, Tehran has been keen at promoting the Islamic character of groupings, such as ECO but perhaps more for the sake of a domestic audience than an international one.<sup>27</sup> Moreover, Iranian strategy in the ECO region, especially in the Caucasus-Caspian states, has not only been influenced by its domestic economic and political compulsions but with the interests and confrontations beyond the region including that with the US as well.<sup>28</sup>

Revolutionary Iran's constitutional categorization ranks the significance of other countries prioritizing, immediate neighbors, Muslim countries, underdeveloped countries, and countries that serve the economic, political, social, and military needs of Iran.<sup>29</sup> Among the three ECO countries, Iran projected itself as a state which was appropriately placed to influence the regional environment in the Caucasus and Central Asia. Consequently, during Tehran's relentless efforts at roping in the newly emerging independent states in the Central Asian region at the May 1992-summit meeting, President Rafsanjani referred to Iran as the "conduit and outlet, the geographic center of regional economic expansion."<sup>30</sup>

Domestically, post-revolutionary Iran has been confronted with an internal divide between conservatives and pragmatists on the external policy direction of the country as the former adheres to the initial revolutionary principles while latter argue for an evolutionary revolution.<sup>31</sup> Realists or moderates among the Iranian leadership, like incumbent President Hassan Rouhani and former President Muhammad Khatami, backed pragmatic policies. Notwithstanding internal disagreement, the international isolation and the Iran-Iraq War (1980-1988) compelled the clergy leadership at Tehran to revisit its external orientation and seek regional integration at the start of the 1990s, ending its decade-long seclusion.<sup>32</sup>

While in the hindsight, Iranian policies were mainly formulated on the dictates of revolutionary Islamic ideology, however, pragmatism remained the key feature of Tehran's regional posture. In the post-Soviet era, Iran adopted a rationalistic orientation towards the energy-rich Caucasus-Caspian region which had attracted the attention of international powers and transnational oil companies as well and sought to engage

these states bilaterally as well as through multilateral forums including ECO.<sup>33</sup> The region, extending along Iran's eastern flank from Moscow to Kabul, has been identified by Tehran as an area with the capacity to serve as a natural counterweight to the West because of shared geopolitical interests and historical linkages.<sup>34</sup>

### **Internal Factors: Divergence of Iran with other ECO Member States**

Iran's geographical status offered it a pivotal role in the Persian Gulf, Central Asia, and the Caspian Basin among others.<sup>35</sup> Hence, Tehran's regionalism quest envisaged a dominant role in maximizing its economic gains and capitalize on the geographically vital standing in the process. Presumably, Tehran disregarded or unintentionally overlooked the interests of other members of the organization. President Rafsanjani's following statement on Iran's potential in the ECO region amply reflects the Iranian mindset:

*"As you can see on the map, Iran links the ECO [Economic Cooperation Organization] member states with one another. For links between the north and south, the east and west, these countries and Europe, Europe and Asia, everything should cross Iran - oil and gas pipelines, railways, communication routes, and international airports."<sup>36</sup>*

The larger part of the ECO territory that includes Azerbaijan, Tajikistan, Afghanistan, Uzbekistan, Kazakhstan, Kyrgyz Republic, and Turkmenistan is landlocked and likely to benefit from seaports of other member states, especially Iran and Pakistan, thus, promoting mutual interdependence. While accessibility to seaports assumes vital significance for the landlocked ECO states, it has also initiated a competition among the members located along the coastline. Thus, the ensuing rivalry to emerge as the most viable transit option for the Central Asian region between Iran and Pakistan due to their seaports of Chabahar and Gwadar respectively proved detrimental to ECO's prospects.

The ECO initiative appeared a disparate grouping despite territorial homogeneity among the members since the greater inclination of Turkey and Azerbaijan with Europe, divergences over territorial aspects of Caspian Sea, and conflicting political ideology implicating Iran, Afghanistan, and Turkey being the forces of disintegration, spoiled the internal cohesion of the initiative.<sup>37</sup> Amongst the key ECO member states, Ankara has been projecting itself to be the 'gateway to the West' while Tehran claimed to be the 'gateway to the Gulf and the Far East' in order to acquire dominant status.<sup>38</sup>

At the culmination of the Cold War, Iran was facing international isolation due to the animosity with the US, hence, any potential commercial initiative through Afghanistan and Pakistan was likely to instigate rivalry between Tehran and Islamabad. Regionally, India has been backing Tehran's quest to become the transportation hub linking the Persian Gulf to Central Asia by building a transport corridor and modernizing the Chabahar port.<sup>39</sup> On the other hand, Beijing financed connectivity project, the China-Pakistan Economic Corridor (CPEC), from the Chinese city of

Kashgar to the port of Gwadar appeared as a rival to Iran's International North-South Trade Corridor (INSTC) evolving into a potential strategic game-changer in the region.<sup>40</sup>

ECO could not bring about a perceptible change in the regional financial standing due to the lack of any noteworthy economic cooperation venture among the member states. Strategic competition between the founding members, Iran, Pakistan, and Turkey, appeared at the heart of many controversies in ECO. In one such incident, Iranian efforts to organize May 1992-Ashkhabad Summit of Central Asian states while excluding Islamabad and Ankara was resisted by both resulting in its conduct under the auspices of ECO.<sup>41</sup> The Turkish pre-summit maneuvering in Central Asia with pledges of US \$ 1.2 billion tempted Iranian President to remark that: "There is competition everywhere in the world ... But we are of the view that this competition should be honest and healthy."<sup>42</sup>

ECO came into being as the successor organization of the erstwhile RCD but failed to assume center-stage in the regional arena presumably owing to somewhat a reluctant response of Iran, Pakistan, and Turkey. Iran's preoccupation with the Iraq war and Pakistan's involvement in the Afghan conflict at the time of reviving the regional mechanism resulted in little focus on ECO. While the emergence of energy-rich autonomous Central Asian-Caucasian states offered an ideal opportunity for regional economic integration, the divergence of interests among the ECO states, especially the core state Iran and other key members, Pakistan and Turkey, reduced prospects of meaningful cooperation.

Iran's strategic reorientation commencing in the heydays of Shah-regime contemplated India as a strategic partner in the region. Tehran's quest for becoming a regional commercial pivot led it to construct an International North-South Railway Corridor with Indian and Russian backing.<sup>43</sup> Furthermore, Iran actively pursued the Ashgabat Agreement that was concluded in the year-2011 and the contemplated development of railway corridor for linking the Caspian regional states with the Persian Gulf and Oman.<sup>44</sup>

Consequently, the Iranian capacity of playing a meaningful role in ECO has been curtailed due to disparate strategic orientations of Islamabad and Tehran. Iran has been pursuing greater cooperation with India in the military domain and sought Indian assistance for developing its defense production and maintenance base.<sup>45</sup> Tehran's efforts to win over New Delhi were not possible without some political bargain which would have apparently been at the cost of Islamabad's interests. Hence, Iran had to revisit its pro-Pakistan Kashmir policy besides seeking Indian collaboration to ensure the territorial integrity of Afghanistan and foster stability in Central Asia.<sup>46</sup>

### **Impact of External Factors on Regional Cooperation and Iran-US Animosity**

In the mid-1960s, the former RCD was not only an Iranian conception but the country served as the core state of the organization as well by assuming a lead role in its functioning. However, the highly polarized international as well as regional strategic



dynamics, greater leaning of the three members towards anti-Soviet organizations, domestic political environments, and financial status of the three-member states did not allow RCD to flourish. Notwithstanding the ambitious agenda of the initiative for promoting mutual economic cooperation besides a broader politico-strategic consensus between Iran, Turkey, and Pakistan on regional dynamics, RCD could not produce anything of notice. Presumably, the regional initiative failed to take-off since the three-member states were preoccupied with their commitments as participants of the pro-US and West alliances against the Soviet Union.

With the Iranian Islamic revolution and overthrow of the Shah government, Tehran's external orientation as well as strategic alignment went through a major transformation. Consequently, the Iranian revolutionary regime decided to not only abandon the pro-US policies but also distanced itself from regional groupings, such as RCD which was identified as an alignment by West-supported states. Iran's predisposition towards shaping its policies according to the ideological parameters and the anti-US posture had caused serious concerns among the mainly West aligned region, hence, Iranian role as the core state among the RCD member states and the future of the organization was also in jeopardy.

The ravages of the war with Iraq and crippling economic losses compelled Tehran to reevaluate its policy from the ideological obsession of exporting revolutionary Islam to internal political consolidation and economic reconstruction.<sup>47</sup> Notwithstanding occasional thaw and strategic consensus on some issues between the two rivals, generally, the conflict of interests influenced the US-Iran relations. Although the post-Khamenei government sought international engagement by revitalizing the regional cooperation with the creation of ECO, Tehran's continued rivalry and a deteriorating relationship with the US seriously eroded the prospects of regional cooperation involving Iran.

The emerging Eurasian dynamics at the end of the Cold War necessitated a change in the regional policies of the three ECO states due to their geographical proximity and commonality of religious, cultural, and ethnic norms with newly independent states of the Caucasus and Central Asia. Consequently, the post-Khamenei Iran has been looking for markets for non-oil exports, partners in energy development, help in integrating into the global economic system and infrastructure to allow it to take advantage of its strategic location.<sup>48</sup> However, US hostility towards the revolutionary regime and bracketing of Iran with selected few identified as rogues, dangerous proliferators, sponsors of terrorism, and the axis of evil, posed serious challenges to Tehran in political, economic as well as strategic domains.<sup>49</sup>

As the revolutionary regime in Iran was confronted with unfavorable external challenges, it looked to escape US sanctions, isolation, and containment by pursuing enhanced cooperation with neighbors and organizations like ECO.<sup>50</sup> Therefore, on Iran's proposal, the membership of ECO was extended to seven new states included five Central Asian countries, Azerbaijan and Afghanistan. While Iranian engagement with the former Soviet satellite states was not limited to one odd initiative, ECO appeared to be the most viable mechanism. Nonetheless, it was a time when Iran was facing the

aftermath of the Islamic revolution, animosity with the US and an elongated conflict with Iraq seriously undermining its potential as the core state of regional cooperation.

Iranian interface within the region, especially in the post-revolution era, has largely been shaped up by Islamic orientation and is intermingled with the vacillating dimensions of political versus financial considerations. Hence, Tehran's regional strategy and relations lie at a crossroads where politics and economics merge and sometimes collide and where ideological obsession makes room for strategic gains.<sup>51</sup> Tehran's proactive role towards the enlargement of ECO in the strategically vital Eurasian landmass raised many eyebrows. Consequently, Washington reoriented its policy towards former Soviet space and decided to limit Iranian strategic advances. The Secretary of the State, James Baker, visited the region in February 1992 for the opening of US embassies while some US aid was also flown in."<sup>52</sup>

The establishment of ECO with a proactive Iranian role intended to promote trade, transportation, financial institutions, communication, industrial infrastructure, and social development between the member countries.<sup>53</sup> However, Iran's proclivity towards utilizing the platform of a multinational cooperation mechanism for launching anti-US polemic did alienate the participating states. During the 1996-summit of ECO, Uzbekistan threatened to abandon the forum in case Tehran continued politicizing it.<sup>54</sup> Tehran's preference for employing regional organizations aimed at politico-strategic gains against the US has mostly been non-yielding and detrimental to the prospects of economic cooperation.

Tehran's strategic ambitions in the region faced stern challenges due to its international isolation amid a continued standoff with the US and sanctions regime. Ostensibly, the Iranian leadership has been aware of the potential caveats in its quest for an influential role in the region and, therefore, pursued national objectives through various multilateral cooperation mechanisms including ECO. Iranian strategic aspirations in the region have been opposed by the US since the end of the Cold War, however, the emerging dynamics of the Middle East after the killing of General Qasem Soleimani, the commander of Iranian Al-Quds force has further reduced prospects of any meaningful role by Tehran in the near future.

## Findings

In comparison to some of the well-established and successful regional cooperation mechanisms in the world, ECO can be regarded as an initiative yet at an elementary stage. The organization has been coping with several politico-economic constraints, both internal as well as external, and appeared to be an ineffectual forum. Hence, the functioning of the organization has stayed well-below the desired threshold, rendering it near dormant. Without an earnest and devoted commitment by all the members, especially the founding states, ECO is unlikely to function as per its conceived potential.

The ECO region has been swarming with various regional groupings and cooperation mechanisms with several members sponsoring other sub-regional

initiatives that are mutually competitive.<sup>55</sup> Despite being a potentially yielding mechanism, ECO has been confronted with several competing cooperation organizations in the region, thus, substantially undermining the initiative. Other competitive forums in the ECO territory are the Confederation of Independent States, the Black Sea Economic Cooperation Zone (includes Armenia and Azerbaijan), the Eurasian Economic Unit (includes Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan), and the nascent GUUAM Group (comprising Georgia, Ukraine, Uzbekistan, and Moldova).<sup>56</sup>

There have been numerous and reasonably influential drivers of conflict and dissonance shaping the strategic undercurrents of the ECO region. The Caspian-Caucasus region sought to broaden its external interactions through forums like ECO; Tehran and Ankara kept pursuing a mixed-motive game of simultaneous cooperation and conflict while Islamabad and Tehran have been embroiled in a strategic contest over post-Soviet Afghanistan.<sup>57</sup> The intra-ECO states rivalries and trust deficit have, thus, critically undermined the prospects of the cooperation mechanism which is unlikely to flourish without a fervent and shared quest by all the members.

The success of cooperation structures for achieving regional economic integration is adequately reflected by the mutual trade statistics of the member states. Growing trade activities among the members of a region are an indication of rising cooperation and interdependence. However, the intra-ECO region trade has been on the lower side and in some instances, well below the potential while displaying negative trends. Whereas, lower trade statistics in the region are a serious concern. The influence of international strategic dynamics, especially the impact of the US-Iran animosity, is irrefutable.

The ECO goals have been identified as ambitious and far wide-ranging compared to the actual potential of the organization. On the other hand, the ECO states have globally limited strategic clout vis-à-vis their geographical status and potential. Presumably, in the absence of an influential member with a prominent role in the contemporary international order, ECO seems too fragile alignment for pursuing an independent and self-rewarding design. In the hindsight, the agreement on the Iranian nuclear program raised an expectation that the country would play its role as the core state of ECO effectively but that aura has been replaced with the newest strategic anxieties due to existing US-Iran standoff.

## **Conclusion**

While reviving regional cooperation mechanisms seemed a viable strategy, Tehran was, nonetheless, aware of the potential caveats in crafting the 'ECO-area;' it could not, however, deviate Iranian leaders from backing the regional cooperation for collective gains.<sup>58</sup> Besides political rivalries, technological deficiencies and financial incapacities, the antagonistic relations with the western governments seriously undermined the Iranian potential of playing a meaningful role in the regional integration of ECO territory.<sup>59</sup> Thus, Tehran's strategic ambitions in the region faced stern challenges due to its international isolation amid a continued standoff with the US and crippling economy due to stringent enforcement of the sanction regime.

ECO was initiated with huge expectations, containing ambitious and aggressive objectives intended targets warranted concurrence of members on the proposals of encompassing many industries and the significant portion of each member's economy.<sup>60</sup> Resultantly, the overriding causes, which decisively contributed in the negligible progress on regional economic integration among the members of ECO, can be summarized as:

*“.....ineffective management at all levels, an inability to coordinate members' economic and political discourse, diversity of member nations, the similarity of economic resources of members, 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.”<sup>61</sup>*

In the hindsight, the initiative of ECO seemed attractive, however, its practical manifestation in an economically fragile, politically divided, and strategically volatile region was always susceptible. The diverging interests of the member states and their disparate strategic alignments, especially between the founding members, i.e., Iran, Pakistan and Turkey, did not help the cause of regional economic cooperation in the ECO region. Besides economic considerations and internal disharmony among the member states, the strategic dynamics of the region, especially the core state's external orientation, also had a vital share in the dormancy of ECO. It can, therefore, be assumed that without a dominant, proactive, non-controversial, and consensually accepted core state, a regional economic cooperation organization may not thrive.

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