

## **Formation and Evolution of Regional Organizations: Economic Cooperation Organization (ECO)**

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### **Abstract**

Because of the many geopolitical potentials and communicational capabilities of ECO region, members could expand the convergency based on this organization which plays a key part in development of members and expansion of peace and security. Due to studying the effective factors of Regional Organizations (ROs), particularly those of ECO, it seems that the resultant of internal and external regional forces fails to empower ECO members' integration, but with a review of other successful ROs, it is revealed that they have a process mechanism which strengthens convergent forces and mitigates the divergent ones with institutionalized tools and active positive diplomacy. Based on qualitative analysis conducted on desk and in interview with geopolitical experts; this study seeks to answer the question: what are the effective factors of formation and evolution of ROs in general and those of ECO in particular? The results of the research indicate that creating a regional consciousness and a common understanding of capabilities and geopolitical values in ECO region has failed to reach maturity. The structure of competition between members represents the lack of regional common understanding on these values. Despite the progress, the evolution of structural and organizational development of ECO and its essential documents; the weakness of policy to create coordination in multilateral diplomacy, the weakness of domestic political institutions, the weakness of organizational structure, especially in staff and technical expertise, and eventually incompetency of organization and human resources, especially in the Secretariat, have caused many inefficiencies and structural weaknesses in ECO.

**Keywords:** Geopolitical Region, Regional Integration (RI), Regional Organizations (ROs), ECO

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### **1. Introduction**

ROs as one of the most important actors in the international scene, have been increasingly expanded and considered by many countries after the 2nd World War. Based on their abilities and capabilities, these organizations play an important part in the promotion of peace and security. Creation and evolution of these organizations hinges on the states' will to transfer some parts of their exclusive authorities to them in such a way to meet the growing needs of modern life. Requirements of the bipolar system led countries towards regionalism and led them to be a member of collective treaties in two ways; 1) countries defined their independence, security and national interest in harmony with bipolar system, and they founded and joined new ROs and regional treaties such as NATO, SEATO and so on, conforming to their block-form interests; 2) countries felt that being a member of the UN or belonging to a particular block were not decisive enough to maintain their independence, security and national interests; hence, they started a convergency movement in the form of collective treaties or ROs by means of regional potentials and capabilities based on geographical, historical, cultural or political ties like European Coal and Steel Community (ECSC).

With the Collapse of bipolar system and expansion of global market economy, regionalism has remarkably been spread. ROs as patterns of spatial-political division of the world, in many cases are in harmony with geographical regions. Because of the role of geographical regions in the production and distribution of power, these regions have political function and are considered geopolitical ones. The value of these geopolitical regions has been noticed by exterior and interior regional actors particularly by the world powers; therefore, they have developed patterns of competition, cooperation or conflict in their political relationships. In the process of their evolution, geopolitical regions change to geopolitical structures. If the outcome of intra-regional and extra-regional political forces, activated in the geopolitical structure, turns out to be in favor of convergency, this will lead the process to a kind of solidarity and interdependence with a common understanding of regional affairs; hence, geopolitical structures in mono-dimensional or multi-dimensional forms will grow up and reach maturity, which leads the process into establishment of ROs. Otherwise, divergent forces will prevent the development of ROs and limit it to a regional group.

The emergence of geopolitical regions as power frameworks enhances global stability by strengthening the balance-of-power system. Explanation of the evolution of ROs, based on the geopolitical logic, seems more reasonable than explanation of that based on the contemporary relations between political units and based on transient interests.

The evolution of ROs is affected by different factors. Depending on the time and space, the situation and national interest, the political, economic, cultural, and security factors in a region could function as a convergent/divergent element in the relationships. Accordingly, the main question of this research is "what are the effective factors of formation and evolution of ROs in general and those of ECO in particular"?

ECO as a wide geographical region, based on the structural and functional factors, enjoys many things in common, though many differences additionally. Though the status and power of the ECO is growing, this organization faces many challenges and the members could not use the available resources in the region and provide sustainable development for the member nations. Analyzing the factors effective in the evolution of ECO in terms of geopolitics is the main goal of this research.

Many factors affect formation and evolution of ROs in general and ECO in particular; thus, it seems that the study of convergent and divergent factors could help us to answer the research questions as follows:

1. What are the main convergent factors among ECO members:
  - Congruent -complementary functional and structural factors in geography;
  - Economic requirements in the dominant international relation system;
  - Political requirements in the dominant international relation system;
  - Common history;
  - Common culture.
2. What are the main divergent factors among ECO members:
  - Competition and conflict in exploitation of geopolitical values of ECO region through intra-regional actors;
  - Competition and conflict in exploitation of geopolitical values of ECO region by trans-regional actors;
  - Failure in preparing economic context to join integration;
  - Failure in preparing political context to join integration;
  - Difference in culture and civilization

## **2. Methodology**

This research gathers data in a mixed method including on desk studies and semi-structured interview with the top level managers and experts of ECO. To prove or reject the research hypotheses, variables affecting the evolution of ROs are dimensionally identified as the factors effective in the convergency and divergency of regional countries including politics-security, economy-commerce, culture-society, regional-international elements and ultimately institutional and organizational factors. Following, it analyses the data based on qualitative analysis of library findings and internet resources and the findings coming out of interview as well as analyzing procedural memos, manuals and automatic methods

## **3.Theoretical Frame worke**

The regionalism resulting from the states' practical determination for integration is to achieve various purposes such as economic-commercial, socio-cultural and politico-security objectives. The definitions associated with ROs are common concepts in the region such as national states' will, creation of new institutions and structures of power, a level of peaceful interaction and the growing interdependence; common human and environmental geography, cultural, social and historical ties; emerging sense of shared identity, and the tendency to create the appearance of new functional structures, rules and regulations for shared decision-making, creating and expanding the functional interaction networks that indicate the need to emphasize these concepts in order to achieve the main objectives of the study (De Lombaerde & Van Langenhove, 2007).

Regionalism, depending on the extent and depth of cooperation between and among countries, may rise in varied shapes and features because of two factors: 1) regional convergency potentials brought about by geopolitical features and patterns; 2) the overcoming resultant positive intraregional and trans-regional forces in common use of the potentials which mitigate the negative forces that stir competition and tension. Regional integration (RI) objectives could range from economy to politics. Past efforts focused on RI have often been on removing barriers to free trade in the region, increasing the free movement of people, labor, goods, and capital across national borders, reducing the possibility of armed regional conflict and adopting cohesive regional position on political issues such as environment, climate

change and migration. RI arrangements are usually perceived as a hierarchy that runs from *Preferential Trade Area, Free Trade Areas* through *Customs Unions* and *Common Markets* to *Economic Unions* (Ravenhill, 2004: 118). The degree of integration depends upon the will and commitment of independent states to share their sovereignty (Simone & Andreas, 2010: 117).

### **3-1. State-Based Approaches**

Countries affect international phenomena in accordance with their position and status in international system (Hafeznia & Kaviani e Rad, 2004:56). In modern times, the linchpin of the world's geopolitical system is the national state (Cohen, 2015: 44).

Geopolitical perspective suggests that countries in solitary are weaker than ever before (Hafeznia & Kaviani e Rad, 2004:56). Accordingly, in an anarchic society, states achieve their security goals both through cooperation and conflictual means. RI reveals the emergence of the structures mainly based on historical records but with new functions.

Neorealist theorizing leads to three expectations concerning regionalism. 1) Focus will be on warding off threats (internal or external) and security. 2) The existence of a regional 'hegemonic ' state will greatly facilitate the creation of regional arrangements. 3) In regions without a certain hegemony, regional arrangements will be evaluated on the basis of the relative gains accruing to the different partners in the arrangement (Grugel & Hout, 1999: 114-115). However, neo-institutionalism fails to accept the neo-realist claim that the existence of a hegemony is a necessary condition for establishment of regimes. According to Keohane (1984:78), the creation and maintenance of regimes depends, first and foremost, on the existence of shared interests. Neo-liberals tend to see cooperation among states as a rule rather than an expectation (Grugel & Hout, 1999: 115).

### **3-2. System-Based Approaches**

During the Cold War, the international system could be considered the main result of the factors affecting the formation and evolution of ROs. From a constructivist point of view, the existence of a structural interactive dependence is superior to geographical neighboring or strategic interest completion for creating a regional convergency (Grösser. 2013: 61). As

maintained by the world-system scholars, changes in the international division of labour could lead to possible regionalist arrangements (Grugel & Hout, 1999: 122).

### **3-3. Region- Based Approaches**

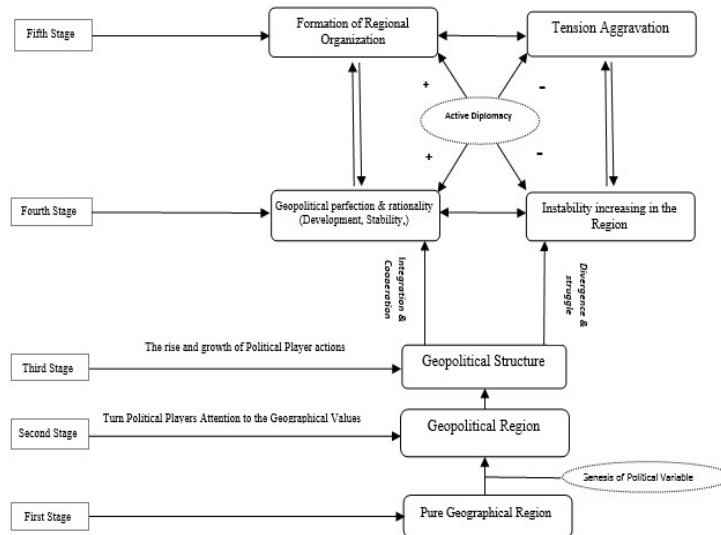
Shared Geographical features constitute the infrastructure of regional convergency; conversely, distinct geographical features constitute the infrastructure of regional divergency among states (Hafeznia & Kaviani e Rad, 2004: 73). Based on political geography, countries take apart their identity from the region in which they have grown. The formation of remarkable RO is considered a milestone in the relations between regional countries (Ghasemi, 2010: 60). The process of formation and evolution of geopolitical regions based on Hafezniya's theory goes after the following stages (figure 1): 1) the existence of a geographical region: the region acts such as a spatial body and a frame of political process; 2) the rise of geopolitical region; i.e., the elements and features of geographical region which call the attention of political actors; 3) formation and expansion of geopolitical structure. At that stage and in the light activation of the political actors, different behavioral patterns of convergency for struggle are created among political actors which constitute geopolitical structure; 4) at that stage, diplomacy is of a key part. If the convergent forces overcome the region, it will result in geopolitical perfection and rationality and it will pave the way for official regional cooperation. Conversely, if the divergent forces overcome the convergent ones in the region, they may lead the region towards war and conflict. Of course, there may be assumed a third possibility that is the balance between divergency and convergency; 5) if the convergent forces overcome and direct the region to geopolitical rationality, an RO will be configured. The strength and development of RO's functions require the stability and sustainable part of positive diplomacy and common understanding of collective interests among political actors. Alternatively, if the divergent forces overcome the convergent, the region then will move towards anarchy and back to the third stage (Hafeznia, 2017: 187-190).

### **3-3 Regional Organization; Preconditions and Effective Factors**

It is broadly assumed that integration is a multidimensional political, societal, cultural, and economic phenomenon. Each one of the factors in a region could act as a convergent or divergent factor in relationships.

Geographical-Geopolitical Factors: Most regional trade arrangements are seated in integrated geographical units. The central statement of the theory of natural trading partners is that preferential trade with regional trading partners is less likely to be divergent and therefore geographically close partners are considered “natural” with regard to preferential arrangements. Furthermore, one of the important components of the formation of regional collective identity is geographical proximity (sazemand, 2010: 125). In the same vein, geographical places and geopolitical factors act as a hub of networks composed of national and international social communication.

Figure 1: Theoretical Model of the Formation and Evolution of RO



Source: Hafeznia, 2017: 190

**3-3-1. Economic-Trade Factors:** An economic arrangement for various regions marked by the reduction or removal of trade barriers and the coordination of monetary and fiscal policies is called “Economic Integration”. The aim of economic integration is to reduce the costs for both consumers and producers as well as to enhance trade between the countries taking part in the agreement.

There are varying levels of economic integration, including preferential trade agreements (PTA), Free Trade Areas (FTA), Customs Unions, Common Markets and Economic and Monetary Unions.

The process of regional integration is not only driven by the endogenous forces but also by the changes of international circumstance. Sometimes, the progress in establishing firmer regional organization might be intended for protecting from the forces stemming from the changes in international structure (ex. the end of Cold War or currency crisis), but the consequence of strengthening the regional integration, in most cases, might cause further unintentional promotion of changes in international structure. The development of regionalism and regional integration would change the national politico-economic structure. The creation of regional order would eventually influence the relationship between the government and market, and the government and society, even though the transfer of sovereignty is not involved. The increasing development of regional integration would alter, to some extent, the role of state in the global economy and politics. The transformations from Keynesian Welfare State to Neo-liberal Welfare State in Europe, and from Developmental State to Export-oriented Liberal State in the East and South-East Asia are the consequence of the adjustments made by states to respond to the challenges of globalization and regionalization, though the transformations of states might vary according to their strengths. Furthermore, these state transformations, as regards the promotion of regional integration, might stir the strong reaction for preserving national values and culture as well as economic prestige and employment.

Regional Economic Integration enhances trade among members through the removal of customs barriers. It also improves the allocation of resources and general dynamism quickly and substantially by fostering greater competition among the participating countries and by providing more incentives for the introduction of new and rapidly changing technologies and production methods. It helps accelerate the national investments and foreign direct investments in order to acquire international competitiveness in the face of increasing globalization.

Regional Economic Integration stimulates economic growth in countries and provides additional achievements from free trade beyond international agreements such as GATT and WTO. Economic interdependence creates incentives for political cooperation and reduces potential for violent confrontation. By and large, the countries have the economic clout to enhance trade with each other or with trading blocks.



In the evolution and also assessment of ROs' function, economy is of a key part. Apart from intra-regional trading expansion, the diversity of available economic resources, diversity of routes and paths of transportation, and creating optional courses in the convergency of countries are of a profound significance (Institute for Trade Studies & Research (ITSR), 2008: 15).

Symmetry or economic equality of units & the size of economy- It is said to exist a relationship among trade, integration, and the level of development, measured by income per capita. Unbalanced nature of the member countries in the regional trade arrangements with regard to the size of economy, could arouse concerns for large and small member countries in some ways (ITSR, 2008: 21).

Locationing of economic activity & transportation- Today, the locationing of economic activities throughout the world is of more fluidity as compared to the past. Although trade is based on comparative advantage, it is affected by issues like geographical distance. Accordingly, countries in a geographical area constitute a wide range of trade with minor trade diversion (Ibid: 5).

Economic benefits & foreign direct investment- Economic benefits could be clearly seen as an important incentive. A regional approach could quickly lead to longer and more complex multilateral negotiations to provide greater market access (Bayne & Woolcock, 2017: 224). Also, the impact of membership in an RO on foreign direct investment is of a high importance. Countries that are integrated with larger markets experience a greater increase in FDI (Chen, 2005: 373).

**3-3-2. Politico-Security Factors:** In many cases, RI is considered a means for providing important political and security goals (ITSR, 2005: 33). Crucial to integration is the "gradual politicization of the actors". The national security interests of countries along with their economic interests forge a symbiotic relationship. They are inextricably intertwined and mutually reinforce each other, and hence must not be considered in solitude. Political determination and will & elite value complementarity- Political belief and commitment work for integration as a supplement to other factors and preconditions of RI. The higher the level of elite complementarity, the more likely the prospects for sustained impetus toward RI (Nye, 1971: 93). Capacity of member states to adapt and respond- The higher the level of

domestic stability and the greater the capacity of decision makers to respond to demands within their respective political units, the abler they are to effectively participate in a larger integrative unit (Ibid).

Political systems similarity & Policy homogeneity- States with similar political systems have often aligned with each other. Regional arrangements could provide policy homogeneity tools for developing countries (Oman, 1994: 15).

**3-3-3. Socio-Cultural-Factors:** The formation of ROs both in the primary and the evolution stages depends on cultural and social factors. Geographical proximity and similarity of cultural features create a common understanding and mutual recognition towards each other. The stability of political institutions is developed in such a way as to coincide with the cultural characteristics of the population (Higgins & Savoie, 1998: 15).

Language- Language as a major cultural factor, influences the convergency of countries from two points of view: 1) in terms of similarity and affinity to other cultural factors; 2) with regards to its functional dimension.

*Religion-* Religion plays a profound part in the creation of national and international solidarity.

Communication- The building of political units depends on the flow of communication within the unit and between the unit and the external world.

**3-3-4. International actors:** International actors pursue their interests and goals in the process of regional evolution through influencing the complex network of the relationships established in the regional structure and in the interaction of members.

Regional balance of power- The relations of power underpin the national behavior and interest in a regional organization. One factor which justifies the membership in the regional groups is the elbowroom and power which the organizations put into disposal of some countries in the closed perplexed space of international environment and provide them with changing the balance of power (shahabi & sheikh al eslami, 2008). As the UN devolves responsibility, ROs are, to varying degrees, becoming more important in the administration of regional affairs. The UN Charter encourages ROs to take appropriate actions to maintain international peace and security (Charter of the United Nations, Chapter VIII, Article 52).

Geopolitical requirements of regional and international systems- Perhaps it could be said that the most important factor affecting the look of the great powers to ROs stems from the part that the organizations play in geopolitical systems.

Globalization- An RO while maintaining the member states in front of the momentum of globalization, particularly in the areas of economy, provides for their peaceful and low-cost enter into the global scene (Bayne & Woolcock, 2017: 222).

Other important international and regional factors such as Environmental Problems, Terrorism, Internet and Cyberspace, etc.

Briefly, RI initiatives, should fulfill at least eight important functions: 1) strengthening the regional trade integration; 2) the creation of an environment appropriate for private sector development; 3) the development of infrastructure programs in support of economic growth and RI; 4) the development of strong public sector institutions and good governance; 5) the reduction of social exclusion and the development of an inclusive civil society; 6) contributing to regional peace and security; 7) developing environmental plans at the regional level; 8) easing out the interaction between and among regions (De Lombaerde & Van Langenhove, 2007: pp. 377-383).

#### **4.Finding**

##### **4-1. Effective Factors in the Formation and Evolution of ECO**

###### **4-1-1. Geographical - Geopolitical Factors**

ECO consists of two sets of countries with complementary geographical location. The countries of Iran, Turkey and Pakistan and 7 landlocked countries possess a closed, restricted and traditional economy. Even, access to ample natural resources, due to non-access to the customers, which are mostly non-neighbors, is deactivated. ECO countries' economy largely depends on raw materials related to the natural geography of the region such as minerals and agricultural products.

The position of enclaves as a basic and urgent force drives them to integrate with other regional countries which have access to the high seas. Geographical proximity with adjusted transportation costs, could reduce the prime cost of goods and service and increase the volume of intra-regional trade; however, because of the type of export goods, poor rail and road

infrastructure and the like, it has not been fulfilled yet. One of the unique features of the political geography of ECO region is the number of enclaves to the total number of its member countries.

The geopolitical maturity of ECO region, which requires coherence of local units and their synergy in the utilization of shared regional interests, has not been established for various reasons. Established relations between great powers and regional countries is in such a way that any convergency or proximity to the regional powers such as Iran, will require conjunction with their policies. Turkey's rather success in the region could be justified in this way.

As for the geopolitics of energy and the vitality of energy supply and demand, the regional countries have not enjoyed the available capacity, and their interests in this regard has always been at odds with each other. Nevertheless, convergency in the field of mining, manufacturing and energy transfer increases geopolitical weight to a fairly great extent.

Communicative situation could be considered the most prominent aspect of the geopolitics of ECO region. ECO region through the north-south corridor connects a large area of the Caucasus and Central Asia to the high seas of the Persian Gulf and the Oman Sea, and through the east - west corridor, it connects Europe and West to the Indian subcontinent and China. Geographical and geopolitical factors are the main elements of ECO organization which sustain its evolution. Geographical attachment of ECO organization could be found in conjunction with the geographical links of member countries to the region.

#### **4-1-2. Economic-Trade Factors**

In the Central Asia and Caucasus, there exists a minor economic field for independent political life of states. Nevertheless, these countries are inevitable to forge trade relations with their neighbors. Emphasis on the ECO to be mainly an economic organization on the one hand directs it towards economic duties and functions and on the other hand, it fails to put political, security and cultural issues into the agenda of the organization.

Economic size (GDP) of countries- The GDPs of the ECO members are in highly varied ranges. For example, Turkey's GDP lonely is roughly equal to that of other members. The total GDP of the ECO members in 2015 was less than 3% of total world GDP, which represents its negligible part in the

global economy (Fifteen Years of Cooperation and Development (2000-2015); International Monetary Fund, 2018).

**Intra-regional trade size-** Despite the low level of trading activity among ECO members, studies suggest the non-use of commercial potential among members. It is worth noting, none of the ECO members are major trading partners to each other. The export vector of a small number of countries of ECO is in accordance with the import vector of other countries. Although the trade potentials of ECO positively affect members, the effect is less than that of other similar successful organizations (Rahmani, 2001; ITSR, 2008: 105). The list of goods that the ECO members could offer bilaterally and multilaterally in order to grant tariff discount includes a limited range in terms of number and variety, and the development of intra-regional trade would be rather implausible with applying preferential tariff arrangements (ITSR, 2008: 7). Nonetheless, the volume of ECO's intra-regional trade has almost reached 7 percent out of total trade in recent years (Shahabi & Sheikholeslami, 2010).

**Economic potential-** ECO countries have not performed well in using the actual potentials of within-group transactions. For example, crude oil, cotton, textile, transport equipment, iron and steel are imported by some members from non-members; however, they are possible to be provided by the members. In terms of the number, value and variety of goods (product range), the members lack enough capacity to effectively enhance intra-regional trade (ITSR, 2008: 156).

**Human Development Index (HDI) and Welfare-** Human Development Index (HDI) is a comparative measure of life expectancy, literacy, education and standards of living in the worldwide (U.N Development Programme, 2018) Among the members of ECO; none has a high level of human development.; 8 countries possess a middle level, and two countries are in the low-level of human development. At the regional level, seven out of the ten ECO members are classified among the low-income countries (FAO, 2017). As regards the main objective of ECO, which is the removal of poverty, this organization faces many serious problems.

**Trade policy-** The Index of Economic Freedom aims at measuring the degree of economic freedom in the world's nations.

**Table 1: ECO countries' Index of Economic Freedom (2018)**

Country	Af	Az	Ir	Kaz	Kyr	Pak	Taj	Tu	Tu-m	Uz
I E F	51.3	64.3	50.9	69.1	62.8	54.4	58.3	65.4	47.1	51.5
Rank	154	67	156	41	78	131	106	58	169	152

**Source:** Heritage foundation, 2018

Low region's economic freedom index indicates that except Turkey, Kazakhstan, Kyrgyzstan and Azerbaijan, other countries trade policies are not appropriate for entering into the global economy. The important and the main goal of ECO is increasing trade between member states; to that end, it is required to reduce trade barriers. The main stage of promotion of trade is the reduction of tariffs. The ECO's total inter-trade share of the total world trade is 7% which is very low. In this regard, it should be mentioned that the tariff rate, in most of member states, is almost 20-30%. As seen, ECO could not achieve more success in the reduction of tariffs. After the failure of preferred tariff agreements in 1991, and the then revision in the ECO Secretariat and the developments in the early 1990s, many activities have been conducted on economic integration and trade among developing countries the most important of which has been ECO Trade Agreement, ECOTA. The agreement came into force by all parties on April 24, 2008. Despite the first meeting of the Cooperation Council ECOTA in May 2008, in Turkey, the implementation of this agreement was sluggish since the inception (Shahabi & Sheikholeslami, 2010).

Transportation- The increasing transport-communication cooperation level will highly promote efficiency of trade expansion in the region. Now the trade sphere has become the major tool of regional cooperation development which is pushed into the foreground of the organization's activity. One of the important factors that affects trade is the high transit costs among the countries. The amount of internal trade in EU is 70% and in ASEAN, it is 23%; however, in ECO region it is 7%. The reason for the latter is that ECO member states possess weak transit infrastructure. Due to the fact that 7 countries of ECO members are landlocked, promoting transit infrastructure has been taken into consideration more than before. The overriding achievement of ECO in cultivation of relations is to promote the railway network. The Transit Transport Framework Agreement is the most perfect and universal regional agreement on transit and customs.

This agreement is focused on improving transportation and transit with two main purposes: 1) improving transportation rules; 2) improving the technical issues (Shahabi & Sheikholeslami, 2010). Nevertheless, the communicative situation and the circumstance surrounding some of the members of ECO has turned Transport and Communication into an advantage as well as a priority for ECO.

Foreign Direct Investment- Investment in transport, energy transfer lines, production of industrial goods for the sake of access to raw materials and other economic opportunities have called the attention of the international companies to the region. However, along with the advantage of geographical proximity, the regional countries enjoy a favorable competitive power to exploit the fields. Amongst the countries in the region, Turkey and Kazakhstan, possessing a growing economy and strong private sector, have allocated a significant proportion of the investment opportunities to themselves. By and large, potential investment attraction in industrialized context which is mostly tied to the economic security mitigates the destructive impact of other factors on the convergency in the region.

**Table 2: List of ECO countries by FDI (2018)**

Country	Af	Az	Ir	Kaz	Kyr	Pak	Taj	Tu	Tu-m	Uz
FDI	98	4,499	3,375	16,975	466	2,324	344	12,307	4,522	66
Rank	52	156	148	180	92	137	84	174	157	41

**Source:** World Development Indicator (2018), the World Bank Group

The degree of countries' risk is indicated with the letters A, B, C and D, where A reveals the lowest and D shows the highest risk. Among ECO members, none of the countries is ranked higher than B (except Turkey)(IMF, 2018). The Status of other regional arrangements such as the Arab League is better than that of ECO region. Nonetheless, the volume of FDI is inversely associated with the region's economic and political risk. However, it could be said that economic and political conditions for attracting foreign capital in the region is improving.

Economic Structure- ECO organization consists of a group of developing and under-developed countries for which the economic development is a prime priority. The three parts of ECO, agriculture, industry and service in the economy as a whole, develop a different economic structure with

heterogenous levels in economic growth. As compared in the years 2000, 2008 and 2018, it is revealed that the economic growth is mostly instable and in some countries, it is in decline<sup>1</sup>.

The core development challenge within the region is to ensure sustainable economic growth, macroeconomic balance and price stability by the countries. While the countries have achieved notable progress in resolving fiscal, monetary, structural and other systematic difficulties, the remaining agenda for the reform and structural renovation is formidable. The private sector, 60%, constitutes a minor part of the national economies. Except Turkey, other countries are either in the onset of privatization or their economy is tightly publicized.

#### **4-1-3. Political–Security Factors**

The similar strategic structure and the pro-West political orientation in three countries including Turkey, Iran and Pakistan are deemed the main reasons behind the formation of the Regional Cooperation for Development (RCD). Political developments in Iran deactivated her membership in such organizations. After Iran's regional stability in 1985, ECO was mainly established upon geographic and religious commonalities towards economy. It was while Turkey and Pakistan were the West's strategic allies, and the ideological foreign policy in Iran was at odds with the West. Accordingly, the interface to the original foundation of the ECO was faced with a deep political and strategic conflict.

**Determination & Political Will-** As the consequence of Izmir Treaty's revision, the highest level of ECO's foreign ministers was assigned to presidents. Meeting regular summits by foreign ministers and other joint sessions suggest the high political will of countries in pursuit of their interests through ECO (Shahabi & Sheikholeslami, 2008).

**Sociability of Elites-** Though the potential of the ECO is effective in strengthening the domestic/international position of elites, the existence of regional and international arrangements of more powerful competitors, has stirred the elites to be more attracted to their arrangements; this has negatively affected their focus on ECO.

**Elite Value Complementarity-** Determinant aspects of successful regional cooperation is transferring some part of decision-making power to the

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1 .See World Development Indicator, the World Bank Group



central institutions; however, the elites are willing to the centrality of power in the national units. The role of individual leaders is very important in making policies and they adopt unequal policies and functions in their foreign policies. Most of leaders like to have a leading role in the region; however, due to different political structure, the elites have different views and consequently different expectations of the organization.

**Political Systems' Similarity-** Except Turkmenistan, the members of ECO nominally bear the Republic as a prefix. In the Caucasus and Central Asia, the countries are governed by pseudo-communist and pseudo-democratic systems. In the midst, Iran has her own Shiite political system which is equipped with the mechanisms of democracy. By and large, on the one hand is Turkey with an open secular system of Western democracy and on the other hand, are countries like Uzbekistan and Turkmenistan that tightly deal with the symbols of democracy along with open political space. Among the ECO's Republics, three countries including Iran, Pakistan and Afghanistan have adopted Islamic Republic system; however, the part of Islam in the structures and functions of the governments is different from each other.

**In the Security Context-** Collectively facing the threats, trans-regional countries, in the frame of regional arrangements and organizations such as Shanghai and NATO, have taken the main part and manage threats based on their geopolitical interests.

**Socio-national groups-** In most of the ECO members, civil social groups lack enough power and the whole political power is wielded by a small group. Mostly in the region, election is ceremonially predetermined or leads to violence and intervention by the government.

**Political development-** The rise of color revolutions in the Central Asia and other events which peacefully or violently take place in the political scene of the region indicate the movement of the regional countries towards socio-political development.

#### **4-1-4. Socio-Cultural Factors**

ECO region is affected by five major cultural-civilizational groups: the ancient Iranian culture and civilization, the Islamic culture and civilization, the Turanian culture, the Russian or Slavic-Orthodox culture, and the Western culture. The West Culture has replaced the cultures in the region. Even, in some countries of the region, the Western culture is the dominant

one and the rulers use the Western culture as a factor to fight against Islamism and prevent Russia's influence.

**Historical-Cultural Factors-** Since the ear of the Achaemenids, the history of war reveals that; from the northwest, 68 attacks were launched into Iran and 60 took place from Iran; from the northeast, 61 attacks were spearheaded into Iran and 51 were launched from Iran (Hafeznia, 2004:67).

Despite all historical and civilizational commonalities, a review of the related historical literature of Iran reflects the continuous conflict between Iranians and Turanians, the Turks of Central Asia and Ottoman Turks. The historical symbolism of each one of these nations represents negative historical notions towards one another. This notion is not necessarily a divergent impact on the relations between nations at the present, but it could not be relied as a convergent one. However, the region's historical contacts affect the common historical understanding and the socio-cultural experiences of nations. (hajiabadi and Shokohi, 2019: 151)

**Language-** Language plays a significant part in creating and strengthening the national identity in ECO member states. Except Iran and Pakistan, other ECO countries named their territory by their own ethnic language. The language used in the region is effective in two dimensions:

1) the language with culture and identity function- The identity function of language at the national level encourages countries to be cautious in applying it in the region. However, it is undeniable that the common language is rooted in the shared cultural identity of linguistic groups in the region; 2) Language as a communication function- Although the Turkish-language states of the Central Asia and Caucasus are all in a lingual group, communication between them is mostly carried out by the Russian language. Due to the lack of a common language, the official language of the ECO is English, while the comprehension and use of English language in most countries except Pakistan faces difficulty. Hence, as regards the communication function of language, the communication and mutual understanding faces difficulty in the region.

**Religion-** Islam is the religion of all countries in ECO member states. The two countries, Iran and Azerbaijan are Shiite majority; however, the Shia in Iran is the official religion and it affects all aspects of people's life, while Azerbaijan's secular political system has limited any religious tendencies. In Sunni countries, also runs the same situation. Due to the prolonged

establishment of communism in the Central Asia and the influx of the West's culture, the concept of religion and religiosity in these countries is different from that in Pakistan, Iran or Afghanistan. In some countries, the heads deem themselves the leader of all Muslims which exacerbates the religious division in the region. Nonetheless, a totality of religious commonalty has played a key part in creating a common regional identity among the founding countries, as well as in joining of the new members to the ECO.

Racial ethnic groups- ECO region could be considered a mosaic of various races and ethnicities. The Soviet's ethnic policies led to unsettled ethnic-racial and ethnic interventions in the Central Asia and the Caucasus. Ethnic interventions beyond the national borders and the central governments' contacts with ethnical minorities lead to ethnic tensions in the region.

Globalization- As globalization is consistent with the tendency of some ruling regimes, the countries like Turkey, Kazakhstan, Azerbaijan and Afghanistan, have been more accepting in this field, and countries like Iran, Uzbekistan and Turkmenistan somehow resist. Globalization and its tools, rather than turning the dark points of cultural features to their interface, seeks to westernize all aspects of lifestyle.

Communication- The common roots of culture and civilization and also the common social structure of communities in ECO region have provided various levels for communication infrastructure in societies. Cultural and political pluralism, the existence of free Media, communication and information technology development, migration and tourism and the like are varied in each one of ECO member states and they obtain different conditions. In terms of migration, some cases such as the Afghan refugees in Iran have paved the way for close cultural ties between the nations. (Roumina, 2015: 50)

#### **4-1-5. International Factors**

ECO, in different stages of its evolution, has been affected by the system of international relations. At the international level, ECO is bounded by world powers including Russia, China, Europe and India. Meanwhile, its connection to the Caspian Sea and Persian Gulf makes a strategic position for member states in the international scene.

International organizations & institutions- As regards ECO's interactions

with the international organizations, we could refer to varied cooperation in many areas of ECO's missions. Membership in the UN watchdog, the Organization of Islamic Conference, the World Trade Organization and more than 25 cooperation agreements along with international organizations are of such instances.

Russia- As the successor to the Soviet Union, Russia is one of the key actors in the Central Asia and Caucasus. Out of the ECO member states, 6 are members to the CIS which was founded on Russia's initiative to establish its hegemony over the newly independent countries. Almost all countries in the Caucasus and Central Asia are dependent on Russia in many areas of their vital economy.

USA- This country shows a strong presence in all aspects of political, military, economic and cultural stages in ECO region. As for economic and political dimensions, except for Iran, other ECO countries have a close relationship with America. For them, USA is considered a supporter in balancing mutual relations among the countries, with neighbors and major powers like Russia. If Iran is excluded from ECO, U.S. will be in harmony with the promotion of ECO in all economic, political, military and cultural spheres. However, because of Iran's pivotal role in ECO, the coordination has been changed into opposition or discoordination.

European Union- The EU countries, with an economic approach, consider being in ECO region a strength of economic exchanges which includes diversified sources of energy, lines of energy supply and access to the large markets of member states. On the other hand, they seek to change the regional balance of power versus Russia in their eastern borders through NATO or its Partnership for Peace program. Nevertheless, the U.S. pressure on Iran has caused the relations of ECO and the Europe Union to be far from the expected level.

China- China's tendency towards ECO is affected by cases as follows; 1) regional economic benefits; 2) strategic and security affinities; 3) ECO member states in the Shanghai Cooperation Organization.

#### **4-1-6. Organizational and structural factors**

Establishment of multilateral institutions is the result of a collective decision by states in the framework of multilateral diplomacy (Zarif & Sajjadpour, 2007: 1). Institutional and organizational structures of the organization –

particularly those of the Secretariats – as the coordinator of the common policy and diplomacy adopted by countries play a key part in the quality of relationships and multilateral diplomacy. The potential of diplomacy and policymaking of regional countries is of a great impact on the practice of multilateral diplomacy in creating the unity and convergency of the members' interests. ECO region is devoid of a converging axis and also a dominant coordinating power which encourages convergency in the region. This problem has led to competition between the main powers for interests. ECO, during 15 years after expansion, has provided the necessary framework and arrangements for a wide cooperation leading to economic convergency and integration by developing documents and cooperation plans, setting priorities, providing mechanisms and concluding important regional agreements. Although the accession of new members has increased the international significance and validity of ECO, her development in quantity has led to serious problems for regional convergency. In May 1996, based on the proposals made by ECO expertise group, 11 major and fundamental documents on the new requirements were approved in the fourth summit of the heads and in the sixth summit of the ministerial council in Ashgabat including: the new treaty of Izmir, the strategy of economic cooperation, executive procedures, personnel and financial regulations, organizational structure, the deed of legal status and the agreement with host government (the headquarters). Following the signature of the new Treaty of Izmir, ECO began a new era of its life by definition of specific objectives, priorities and cooperative frameworks in January 1997. 1997-2005 has to be named the period in which plans, agreements and partnership frameworks were created. In 2006, ECO entered into the execution of plans and programs (Damanpak-e- jami, 2010: 285).

However, achieving goals and implementation of projects requires capacity and restructuring of the Secretariat and, in particular, that of expertise departments of the organization. Weak human capital and organizational restraints are to the extent that Salehi, the Iranian foreign minister, in the nineteenth meeting of the ECO Council of Ministers, while referring to the structural weaknesses of the technical secretariat of the committee, called for strengthening the technical and professional organizations and the secretariat in conjunction with ECO's objectives and scope of current activities. He also emphasized the capacity-building in ECO and in member

countries for development of projects and technical expertise ([www.dolat.ir](http://www.dolat.ir)). So, despite the relative maturity of ECO's documents and organizational rules and regulations, due to the lack of required human and technical capacities, pursuing joint projects is difficult.

### **5. Analyses**

The main theoretical approach in this study is the evolution of ROs in the context of the geopolitical region theory of evolution rendered by Hafeznia. In light of the positive multilateral diplomacy, not only the converging and center-oriented factors cause the formation of cooperative unilateral or multilateral relations, but the negative function of centrifugal repulsive factors is highly reduced. Instantly, this could be observed in the convergency of ASEAN member states. Despite the lack of common language, culture and civilization identity and also diversity of governing systems, they have been able to drop economic convergency to integration, and some voices are heard for development of common Constitution in the countries.

Accordingly, as the result of regional consciousness along with the establishment of ECO, three countries including Iran, Turkey and Pakistan entered common actions of regional countries into the complex equations of power relations in a geopolitical structure. Nevertheless, no consensus among the regional countries on political, security and cultural convergency was achieved. Diplomacy and foreign policy capabilities, and strengthening regional stability and relationships could conspicuously affect convergent elements to overcome those divergent.

Remarkable points in the evolution of geopolitical region theory by Hafeznia include: 1) its propositions in terms of variables, "the resultant of convergent and divergent forces", are defined in the region; this causes the analysis scales to be comprehensive and hindering in the regional evolution theory, and alternatively, it makes the analysis of regionalism trend be flexible and dynamic; 2) its propositions are not in contradiction with the major schools of international relations and regionalism (neo-liberalism, neo-functionalism and neo-realism); 3) due to the semi-quantity evaluation; i.e., the size of the resultant vector of active forces in the region, it adopts a behavioral approach to the regionalism; 4) emphasis on the importance of regional consciousness indicates the influence of postmodernist thinking and

constructivism in the theory; 5) due to the departure of analysis, namely the geographical, human and environmental factors and geopolitical values of the region, the theory is somehow free from the pure abstractivity with regard to political analysis.

Based on the research results, the formation of official relations between states, within the ROs' framework necessarily did not take place in the fourth or fifth stage of Hafeznia's geopolitical region theory. The geopolitical maturity and wisdom of the region cannot be deemed on scales such as the creation of regional consciousness, the internal stability of the parts or establishment of a comprehensive RO, but geopolitical maturity depends on the look which every actor has to the region.

## **6. Conclusion and Policy Implications**

Taking the goals of ROs as mentioned in their articles of association into consideration is of great importance. Expecting unapproved autonomous functions of some members may not be a benchmark to evaluate the efficiency and effectiveness of the organization.

Based on the results, structural and functional factors of geography and geopolitics are of the most important factors in the evolution of ECO and they are deemed the main potential for its development and maturity. On the impact of commercial and economic factors on the convergency of ECO member states, it could be concluded that the resultant of intraregional economic and commercial forces has not acted in accordance with the reinforcement and evolution of the organization.

As regards the impact of political-security factors on the convergency of ECO member states, the resultant intraregional political and security forces have not acted in favor of ECO's evolution.

Based on the results, historical factors are not considered a convergent factor for ECO members. On the impact of cultural and civilization factors on the convergency of ECO member states, they have had no positive function in creating a common identity for the region which could contribute to ECO to achieve the objectives.

Creating a regional consciousness and common understanding of geopolitical capabilities and values in ECO region has not reached maturity. In a few cases, such as transportation and communication that the common understanding has been established, the implementation of joint-ventured

projects faces some problems such as lack of capability to implement projects or the lobbying of trans-regional powers. Accordingly, the resultant effective forces of trans-regional powers have negative impact on the convergency of members.

The weak diplomacy to create coordination in multilateral policies, the weak domestic political institutions, the weak structure of organizations, particularly in technical and expertise occupations, and eventually incompetence of human resources have caused many inefficiencies attributed to the weak organizational structure and performance.

According to the results, the factors which strengthen the convergency and mitigate divergency in ECO, are as follows:

1. strengthening the structural and functional potentials and the capacity-building mechanisms of the ECO;
2. deepening the common regional identity through publicity and activating regional identity-making mechanisms such as the ECO Cultural Institute, joint multimedia networks (satellite television networks, websites and newspapers) and ECO News Agency (ECONA);
3. Turing ECO into a technical and functional project-oriented organization along with encouraging the part of technical experts and managers rather than diplomats.

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