



Allame Tabatabaie University

ECO College of Insurance

Area Studies Department

M.A Degree Dissertation

**Formation and Evolution of Regional Organizations:  
The Case Study of the Economic Cooperation  
Organization (ECO)**

By:

*Amir Hossein Elhami*

Supervisor:

*Dr. Seyed Mohammad Kazem Sajjadpour*

Advisor:

*Dr. Atousa Goodarzi*

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*Dedication to My Spouse*

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## ***Abstract***

*Because of the many geopolitical potentials and communicational capabilities of ECO region, members can expand the convergence in base on this organization that have important impact on members development and expanding peace and security in international, regional and national level.*

*Based on quality analyzing of library and experts interview findings, with geopolitical approach; this study want answer this question: What are the effective factors of formation and evolution of regional organizations in general and ECO in particular?*

*Due to study the effective factors of regional organizations especially ECO, it seems that the resultant of internal and external regional forces does not empower ECO members integration, but in review other successful regional organizations, it becomes clear that they have process mechanism which strengthen convergence forces and weaken the divergent with institutionalized tools and active positive diplomacy.*

*Create a regional consciousness and a common understanding of capabilities and geopolitical values in ECO region has not reached maturity. The structure of competitive trend of members represents the lack of regional common understanding to these values. despite all the progress that the evolution of structural and organizational development of ECO and ECO organization main 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, eventually Incompetence organization and human resources - especially in the Secretariat - has caused many of the inefficiencies and structural weaknesses in ECO.*

***Key terms:*** *Geopolitical Region, Regional Integration, Regional Organization, Economic Cooperation Organization (ECO)*

## Contents

<b>CHAPTER 1: Introduction</b> .....	<b>1</b>
1.1 Description of Problem .....	2
1.2 Relevance and importance of the subject .....	5
1.3 Main Question(s).....	6
1.4 Main Hypotheses .....	6
1.5 Key Terms.....	7
<b>CHAPTER 2: Theoretical Foundation</b> .....	<b>10</b>
2.1 Review of Literature.....	11
2.2 Explanatory Issues.....	13
2.2.1 Definitions of Convergence and Regionalism .....	14
2.2.2 Levels of Convergence .....	20
2.2.2.1 The Level of Analysis Problem: .....	23
2.3 Functional Issues .....	27
2.3.1 State-Based Approaches .....	29
2.3.2 Systems-Based Approaches .....	35
2.3.3 Region- Base Approaches .....	40
2.4 Background of Regionalism.....	53
2.5 Regional Organization; Preconditions and Effective Factors .....	61
2.5.1 Geographical - Geopolitical Factors .....	62
2.5.2 Economic– Trade Factors.....	67
2.5.3 Political – Security Factors .....	79
2.5.4 Cultural- Social Factors.....	86
2.5.5 Regional and International Factors .....	97
2.6 Indicators of Success and Effectiveness of Regionalism .....	104
2.6.1 Economic - Trade Indicators .....	104
2.6.2 Political - Security Indicators.....	107
2.6.3 Cultural - Social Indicators .....	110
2.6.4 Institutional and Structural Indicators .....	111
<b>CHAPTER 3: Methodology and Research Environment (Eco and Member States)</b> .....	<b>113</b>

3.1 Methodology.....	114
3.2 Eco and Member States .....	115
3.2.1 ECO Objectives, Functions and Achievements.....	118
3.2.1.1 ECO Objectives .....	118
3.2.1.2 Organization Structure .....	119
3.2.1.3 ECO Guidelines and Approaches.....	120
3.2.1.4 ECO Important Agreements .....	121
3.2.1.5 ECO Meetings and Sessions .....	126
3.2.2 Brief introduction of ECO members.....	127
3.2.2.1 Azerbaijan .....	127
3.2.2.2 Islamic Republic of Afghanistan: .....	132
3.2.2.3 Islamic Republic of Iran .....	136
3.2.2.4 Republic of Kazakhstan .....	139
3.2.2.5 Kyrgyz Republic .....	143
3.2.2.6 Islamic Republic of Pakistan.....	147
3.2.2.7 Republic of Tajikistan .....	151
3.2.2.8 TURKEY.....	155
3.2.2.9 TURKMENISTAN .....	161
3.2.2.10 Republic of Uzbekistan.....	165
<b>CHAPTER 4: Effective Factors on Formation and Evolution of Economic Cooperation Organization (ECO).....</b>	<b>170</b>
4.1 Geographical - Geopolitical Factors .....	171
4.1.1 Environmental Geography .....	171
4.1.2 Human Geography .....	172
4.1.3 Geopolitics .....	173
4.2 Economic– Trade Factors .....	175
4.2.1 Economic Size (GDP) of Countries.....	175
4.2.2 Intra-Regional Trade Size .....	176
4.2.3 Economic Potential .....	178
4.2.4 Human Development Index (HDI) and Welfare .....	180
4.2.5 Trade Policy.....	183

4.2.6 Transportation .....	185
4.2.7 Foreign Direct Investment .....	186
4.2.8 Economic Structure.....	191
4.3 Political – Security Factors .....	192
4.3.1 Determination and Political Will .....	192
4.3.2 Socialization of Elites.....	193
4.3.3 Elite Value Complementarity .....	193
4.3.4 Political Systems Similarity.....	194
4.3.5 in the Security Context.....	194
4.3.6 National Social Groups.....	195
4.3.7 Political Development .....	195
4.4 Cultural - Social Factors.....	196
4.4.1 Historical - Culture Factors.....	197
4.4.2 Language .....	199
4.4.2.1 The Language with Cultural and Identity Function .....	199
4.4.2.2 Language as Communication Function .....	199
4.4.3 Religion.....	200
4.4.4 Racial and Ethnic Groups .....	201
4.4.5 Globalization .....	202
4.4.6 Communications .....	204
4.5 Regional and International Factors.....	204
4.5.1 The Role of Organizations and International Institutions.....	205
4.5.2 The Role of Russia .....	206
4.5.3 The Role of USA.....	207
4.5.4 The Role of European Union .....	207
4.5.5 The Role of China .....	208
4.5.6 The Role of India .....	208
4.5.7 The Role of Japan .....	209
4.6 Institutional and structural factors: .....	209
4.7 Theoretical Orientation.....	215
4-8 Summary Conclusion and Policy Implications .....	219

4.8.1 Congruent and complementary functional and structural factors of geographic.....	222
4.8.2 Economical necessities in dominate system on international relation. ....	223
4.8.3 Political necessities in dominate system on international relation. ....	224
4.8.4 Common history.....	226
4.8.5 Common culture .....	226
4.8.6 Competition and conflict in exploit of geopolitical values of ECO region by intra-regional players.....	228
4.8.7 Structural and organizational factors .....	228
<b>5. References.....</b>	<b>230</b>
<b>6. Appendix.....</b>	<b>236</b>
TREATY OF IZMIR .....	236



## LIST OF TABLES

Figure 2-1: Theoretical Model of Formation and Evolution of Regional Organization.....	51
Table 2-1: theatrical approach to integration.....	53
Chart 2-1: RTA growth.....	59
Map 2-1: Increasingly Model of Regional Organization.....	60
Figure 3-1: ECO Structure.....	120
Map 3-1: ECO Countries.....	127
Table3-1: About Azerbaijan.....	130
Table 3-2: About Afghanistan .....	134
Table 3-3: About Iran.....	137
Table 3-4: About Kazakhstan.....	141
Table 3-5: About Kyrgyz Republic.....	145
Table 3-6: About Pakistan.....	149
Table 3-7: About Tajikistan.....	153
Table 3-8: About Turkey.....	158
Table 3-9: About TURKMENISTAN.....	162
Table 3-10: About Uzbekistan.....	167
Table 4-1: Economic Size (GDP) of ECO Countries.....	176
Table 4-2: ECO Trade (Billion US\$).....	177
Table 4-3: Human Development Index (HDI) of ECO Members.....	181
Table 4-4: Index of Economic Freedom of ECO Countries.....	184
Table 4-5: List of countries by FDI abroad.....	187
Table 4-6: Total Inward Foreign Direct Investment of ECO member states.....	188
Table 4-7: GDP Growth Rate (in percent) .....	191
Table 4-8: ECO countries internet penetration rate (2011) .....	203
Table 4-9: ECO Countries Trade with Russia.....	207
Table 4-10: Interview Finding.....	214

# **CHAPTER 1: Introduction**

## **1.1 Description of Problem**

Regional organizations, after World War II, have increasingly expanded and have been considered by many countries, as one of the most important players of the international system. Based on their abilities and capabilities, these organizations play an important role in the progress and development and promotion of peace and security in all various levels including national, regional and international. Depending (based) on their targeting goals such as security, economical or cultural, countries establish different regional organizations. Creation and evolution of these organizations is dependent on the government's will to transfer some parts of their exclusive authorities to them, in order to respond to the growing needs of modern life.

Requirements of the Cold War and bipolar system led countries towards regionalism and membership of collective treaties in two ways; first, Countries defined their independence, security and national interests in harmony with bipolar system and founded and joined in new regional organizations and regional treaties, such as NATO, SITO and so on, conforming to their block form interests. Second, 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. So they started a convergence movement in the form of collective Treaties or regional integrations using regional potentials and capabilities based on geographical, historical, cultural or political ties; like European coal and steel community members or non aligned movement members.

By the bipolar system Collapse and expanding global market economy, regionalism has had salient spread in the context of security, economical, cultural dimensions and many other aspects.

Regional organizations as patterns of Spatial- political division of the world, in many cases are congruous (homogeneous) with geographical areas which have similar structural and functional factors.

Because of the role of geographical regions in production and distribution of power in security, economical, cultural and environmental aspects, these regions have political function and are considered as geopolitical regions. Human and environmental factors and variables of these geopolitical regions have been noticed by exterior and interior regional players and especially world powers, therefore it has created Patterns of competition, cooperation or confliction 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 convergence and common benefit from the elements and structural and functional features of region, this will lead the process to a kind of solidarity and interdependence with a common understanding of regional affairs, thus geopolitical structures in mono-dimensional or multi-dimensional forms will grow up and reach puberty, which leads the process into establishment of regional organization. Development of converging forces in a regional organization Causes cultural, political and economical or even security mingle between countries of a region, resulting, a regional organization to develop and grow up (e.g. European Union). Otherwise divergent forces will prevent the development of a regional organization and limit it as a regional group (cf, Hafeznia. And Kaviani e Rad, 2004:61-75).

The emergence of geopolitical regions as power frameworks enhances global stability by strengthening the balance-of-power system.

Regions range in their Stages of development from those that are cohesive to those that are atomized. The prime example of a tightly knit region is Maritime Europe and the Maghreb (Cohen, 2002: 43).

According to research findings, Explanation of the process of creation and evolution of regional organizations, based on the geopolitical logic seems more reasonable than explanation of that based on contemporary relations of political units and based on transient interests.

Power relations, interests and behavior based on countries to form regional organizations. Formal or informal network of relations and overt and covert power relations are influenced by internal and external organizations.

The formation and evolution process of regional organizations are affected by different geographical, political, cultural, and economical factors. Depend on time and space situations and the definition countries present for their interests, each of political, economical, cultural, and martial factors in a region can act as a convergent or divergent factor in their relationships.

Reasons that make establishing of regional groupings among countries for convergence justify, also reflect many problem that developing countries face them. Problems such as incongruous population both qualitative and quantitative, poor formation and being in surrounding and blocked situation, and apparent lack of social, economical and political effectiveness are among the important issues of this group of countries.

Expansion of regional economic integration among countries of a region with the goal of regional stability and security is considered as common incentives in the establishment of regional trade arrangements (Institute for Trade Studies & Research, 2008: 33).

Economic Cooperation Organization (ECO) as a wide geographic region is including the areas from Middle East, Central Asia and the Caucasus, Asia Minor and the Indian subcontinent. This geographical region, based on structural and functional factors, has many things in common, though many differences as well.

However the status and power of the ECO is growing, but this organization faces many challenges and the members could not use of the available resources in the region and provide sustainable development for the member nations.

Base on research finding, due to structural and functional weakness, resultant of regional and international economic and commercial, political and security even cultural and social forces have not acted in accordance with reinforcement and evolution of organization.

Analyzing the effective factors on formation and evolution of ECO in term of geopolitics is the main goal of this research.

## **1.2 Relevance and importance of the subject**

Regional organizations are effective implements for peace pitching in the new global system. ECO is an appropriate element for pitching and enhancing of peace, security and stability in the region by helping the member states to improve economical and social developments and this is very important issue. It is also seen as a move towards maximizing state welfare and interests through cooperation especially as dictated by the new international political order. The motivation for states to form regional cooperative mechanisms is to avoid negative “national policy externalities” from interdependence, to facilitate intra-regional trade linkages while at the same time reducing costs of operating within international rules and the procurement of public

goods. Regional integration is viewed as an incremental process through which collective action problems are resolved and formalized within institutions.

Due to the many geopolitical, geo economical and geo strategically potentials and communicational capabilities of ECO region, members can expand the convergence and the integration in base of this organization that have important impact on members development and expanding peace in international and regional level.

### **1.3 Main Question(s)**

What are the effective factors of formation and evolution of regional organizations in general and Economic Cooperation Organization (ECO) in particular?

- What are the convergent factors in the formation and evolution of Economic Cooperation Organization (ECO)?
- What are the divergent factors in the formation and evolution of Economic Cooperation Organization (ECO)?

### **1.4 Main Hypotheses**

Many factors and variables affected formation and evolution of regional organizations in general and Economic Cooperation Organization (ECO) in particular, thus it seems that study of convergent and divergent variables and factors can help us to answer the research questions as follows:

#### **1.4.1 The main convergent factors among ECO members:**

**1.4.1.1** Congruent and complementary functional and structural factors of geographic

**1.4.1.2** Economical necessities in dominate system on international relation.

**1.4.1.3** Political necessities in dominate system on international relation.

**1.4.1.4** Common history

**1.4.1.5** Common culture

**1.4.2 The main divergent factors among ECO members:**

**1.4.2.1** Competition and conflict in exploit of geopolitical values of ECO region by intra-regional players

**1.4.2.2** Competition and conflict in exploit of geopolitical values of ECO region by extra-regional players

**1.4.2.3** Failure in preparing economical context to joint in integration

**1.4.2.4** Failure in preparing political context to joint in integration

**1.4.2.5** Differences in Culture and civilization

**1.5 Key Terms**

**Geopolitical Region, Regional Integration, Regional Organization, Economic Cooperation Organization (ECO)**

***Geopolitical Region-*** Geographical region are identified based on one or more structural features such as body space, climate type, type of language, type of religion, and level of culture and civilization, or functional features like: manufacturing or economic, social, interactional, cultural, political, etc, functions. Region is a geographical term which in the case of loading its elements and features changes its nature in terms of politic and turns into geopolitical region (Hafeznia, 2006: 111).

***Regional Integration-*** is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules. Integration is as known



principle not only for digression of disputation and guarantee and security of peaceful relations but for providing welfare and serendipity. Its objectives could range from economic to political although it has become a political economy initiative where commercial purposes are the means to achieve broader socio-political and security objectives. It is a positive and prominent evolution of new global system after the end of cold war.

Regional integration is the subject of controversial arguments and the most scope of argument is on how to define it. Is regional integration defined as a process or a status? Is it indivisible like sovereignty? Can a group of states reach to integration into regimentation without that they loss their virtual national identities?

Nevertheless there is a general agreement among integration theorizers on integration that it contains combination of institutions, character and divided community inside a greater unit, often, inside a peaceful and calm geographic region.

In this thesis regional integration supposes to be as the regionalism resulting from the government's practical determination in cooperation and integration is due to achieve different purposes such as economic - commercial, cultural – social and political – security.

**Regional Organization-** first it should be noted that regional organization as such is a part of a more general definition as inter-governmental organizations that open to members from a particular region (-s) or continent (-s) of the world. This category includes the European Union (EU), NATO, OSCE, African Union (AU), Organization of American States (OAS), Association of Southeast Asian Nations (ASEAN), Arab League, Union of South American Nations and Economic Cooperation Organization (ECO).

***Economic Cooperation Organization (ECO)*** - is an intergovernmental regional organization established in 1985 by Iran, Pakistan and Turkey for the purpose of promoting economic, technical and cultural cooperation among the Member States. ECO is the successor organization of Regional Cooperation for Development (RCD) which remained in existence since 1964 up to 1979. Regional Cooperation for Development (RCD) was a multi-governmental organization which was originally established in 1964 by Iran, Pakistan and Turkey to allow socio-economic development of the member states based on historical, geographical and Cultural ties. Bipolar system Dominated on international relations had important impact on the creation and expansion of this organization (ECO secretariat, 2010).

Because of Islamic revolution in Iran and changes of regional geopolitics system in 1979, this organization was dissolved, but again in 1984, Iran, Pakistan and Turkey based on regional and international appropriate founded new organization that emphasized on common geographic, history and culture. The ECO was established to promote multi dimensional regional cooperation with a view to creating conditions for sustained socioeconomic growth in the Member States. The break-up of the former Soviet Union led to the independence of Republics of Central Asia and Caucasus. In their bid to open up to the outside world and as a manifestation of their urge to revive their historic affinities with the peoples of Iran, Pakistan and Turkey, six of these Republics; namely Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan along with Afghanistan sought the membership of ECO and were admitted into the organization.

## **CHAPTER 2: Theoretical Foundation**

Theoretical discussions of regional organizations are closely related to an objective discussion of this phenomenon. As the convergence theories of these processes is the product of observations of theorists; also the resulting success in this process- especially in EU- has been the implementation product that has the capability of explaining the action of these players in these processes, and the bright prospect facing the main players having the convergence process.

Formation and evolution of regionalism and regional organizations are of various dimensions and aspects, and each approach to the temporal and spatial depending on special conditions can be instrumental. Insisting on this prospective that there is only one approach which can be useful and the others cannot, is something simplistic when facing this polygonal phenomenon.

## **2.1 Review of Literature**

- *The Formation of RCD: Regional Cooperation for Development* by Behjet Kemal Yeshilbursa;

This study in briefly said that The Regional Cooperation for Development (RCD) was set up by the regional members of the Central Treaty Organization (CENTO), Iran, Turkey and Pakistan to strengthen their socio-economic development. However, a number of financial, political and administrative difficulties made progress under RCD slow. Despite assurances to the contrary, the probable impetus behind the formation of RCD was the unease with the politico-military aspects of CENTO. However, RCD's political significance grew steadily, and that of CENTO declined correspondingly. Nevertheless, recognizing that RCD could not provide an effective military substitute, Iran and Turkey still attached value to CENTO. After twelve unsatisfactory years, the three regional Heads of State held a summit in Izmir on 22 April 1976, making amendments to the 1964 declaration. The Treaty of Izmir was signed in 1977 as the legal