
An Analytical Study of Economic Cooperation Organization (ECO): Challenges and Perspectives

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Abstract

This study identifies and evaluates the various dimensional cooperation and integration arrangements that took place in the Economic Cooperation Organization (ECO) region. This paper highlights the major socioeconomic achievements of ECO that affect the process of economic integration in the region. Process of regional integration is the central element of the economic liberalization, privatization and globalization. Presently, the economic collaboration, whether international, regional or at bilateral level, has become vital for the socio-economic development of a nation. The incredible success of regional organization e.g. ASEAN and the European Union has motivated the other regions of the world to develop economic cooperation within the region. The ECO was emerged as an Intergovernmental Economic Cooperation by treaty of Izmir (Turkey), to promote multi-dimensional regional collaboration with a vision to attain sustained socio-economic progress among the ten member states. Due to geostrategic position and rich in energy resources, ECO could serve as an engine of world economic growth in future.

Key Words: Charter of ECO, Socio-Economic Development. Economic integration, ECOTA and RCD

Introduction:

For the last few decades, Economic regionalism and intra-regional interactions has been promoted for achieving socioeconomic development along with the multi-dimensional opportunities for investments of the member countries. These two powerful and interrelated concepts help to attain a win-win

situation for the trading countries. Regional trade agreements bring improvements in the socio-economic settings of the member countries as well as at the world at large. Intra-regional trade is beneficial for the countries because of least cost in terms of transportation along with comparative advantage in terms of the production of specific commodities. However, various constraints limit the actual gains and expansion in trade. One of the main constraints is the lack of proper infrastructure. Over the past three decades, resurgence of this is accomplished by gradual removal of barriers to mutual trade in goods and services through the dialogue and negotiations on the aspect of free trade, custom union or other preferential trade agreements. Porter (1990) defines “economic regionalism” as being composed of coordinated economic development activities tied to a comprehensive economic development strategy for a geographically contiguous region. A central component of these definitions is that economic regionalism focuses on the collaboration of organizations, governments, and businesses within a multijurisdictional economic region and that these entities strive to consciously manage the opportunities and constraints created by the geographic and social characteristics of a region. (Erickcek,2008).

According to Britannica Economic regionalism, institutional arrangements designed to facilitate the free flow of goods and services and to coordinate foreign economic policies between countries in the same geographic region. (Chung In Moon, 2013) .1950s and 1960s witnessed the rise of many regional economic groups in different parts of the world – the European Economic Community(EEC) in Western Europe, the Organization of African Unity in Africa, and the Association of Southeast Asian Nations (ASEAN), in Southeast Asia(ASEAN), to name a few. The success of the EEC among these was the most spectacular, but the same was not repeated in other parts of the world. The waves of globalization and liberalization have further made it obligatory for all the nation-states to strengthen their regional economic inter-linkages. . In such a changing global scenario the economic challenges have become a dynamic policy issue for both developed and developing nations. Presently the economic cooperation, whether bilateral, or regional has become vital for the socio-economic development of a nation.

The Economic Cooperation Organization (ECO) was established in 1985, as an intergovernmental regional organization by Iran, Pakistan and Turkey for the purpose of promoting economic, technical, financial and cultural cooperation among the member states. Currently, it is joined by other

seven member states. Therefore, in all ten Central and West Asian countries including Pakistan, Iran, Turkey, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan are the members. Under the guidelines of ECO, all the member states have been gradually dismantling and decreasing tariff and non-tariff barriers to promote intra-regional trade and gradual integration of the region with global markets. With 440 million of dynamic population (2014), this region enjoys 6.3 % of total global population. The region occupies a vital geopolitical location, bordered by Russia, China, the Indian Ocean, the Persian Gulf and the Caspian basin. Among the ECO, seven member states are landlocked countries while the remaining are dependent on transport for developing their economies. Due to its geostrategic position, the ECO collectively and its member countries individually has a significant connection between this group to other regional and international economic groups. These ten countries are characterized by common religion, culture, historical and economic affinities. These nations are also member of Organization of Islamic Conference (OIC). The affinities of sentiment, among these nations are reflected in their working hand in hand in the OIC, United Nation and the Non Alignment Movement (NAM). Both Pakistan and Afghanistan are members of ECO and South Asian Association for Regional Cooperation (SAARC) have connected the ECO region to South Asian continent. Turkey, being a member of Organization for Security and Cooperation for Europe and North Atlantic Treaty Organization (NATO), linked two continents (Asia and Europe). Iran plays a vital role in international waterways. Other Six ECO's members belong to Central Asian region has strong historic economic relations with the Commonwealth of Independent States (CIS) and former superpower Russian federation. These external relations of ECO and its member states help in economic integration with the global market. The most strategic significance of this region lies in the fact that it contains the biggest reserve of oil, natural gas and mineral resources. In 2011, the region contributed 2.7 percent in international economy (ECO Statistical Report 2014). Due to geo-strategic position and rich in energy resources it has a potential to serve as an engine for world economic growth in the future.

Research Methodology

The paper follows the qualitative approach. Keeping in view the nature of research objectives, the efforts are made to collect material from diversified sources. It provides a synoptic view of issues and problems related to regional economic cooperation. On the basis of literature review, this theoretical research paper is organized into three sections. First part examines the brief but comprehensive back ground of Regionalism in ECO. The second part deals with the economic integration process in the framework of ECO's charter. A summary of findings, highlighting the main factors which were responsible in the way of regional integration progress, would be discussed in the last section of the study. It is expected that the results of this work would not only facilitate the scholars and experts of political economy but it would show a direction to the students in the field of regionalism.

Background of the Research problem

The Regional Cooperation for Development (RCD) was established as a tripartite arrangement among Pakistan, Turkey and Iran in 1964. The aim of RCD was to strengthen their cooperation in the fields of socio-economic development, trade, transportation, communication, railways, industry and banking among member states. These three nations were also the regional members of the Central Treaty Organization (CENTO). However, a number of financial, political and administrative difficulties made progress slow. After twelve unsatisfactory years, the three regional Heads of State held a summit in Izmir (Turkey) in April 1976, making modifications to the RCD declaration. This development was disturbed due to the Iranian Islamic revolution in the late 70s and the reservation of the new government in Iran, the organization was dissolved in 1979. However, after few years three countries realized the need for restoring close collaboration in the economic field and decided to restructure and revived the organization by replacing the RCD with a new organization, Economic Cooperation Organization in 1985. The first meeting of its high council was held in Tehran, discussed the scope and functions of organization and setup four committees to promote cooperation in the socio economic field among member states (Safder, 2000:266).

After the disintegration of Soviet Union in December 1991, Central Asian and Caucasus Republic got independence. Due to their historical,

cultural and religious similarities with the people of Turkey, Pakistan and Iran, six newly independence nations of central Asian - Azerbaijan, Kazakhstan, Kyrgyzstan Tajikistan, Turkmenistan and Uzbekistan, applied for the membership of ECO along with Afghanistan. The formal accession application of these new members was accepted by official meeting at Islamabad in May 1992. This enlargement has open the new chapter in the history of ten member states organization ECO, signifying a huge area of natural resources and more than 440 million of dynamic people. (Hooman , 2009:303)

Overview of ECO's Charter

The revised Charter of ECO enforced in 1997. The charter set forth the principles, objectives and institutional arrangements of the organization. Originally, there are sixteen articles in the ECO Charter. The various protocol and the declarations have been adopted by the member states from time to time. Under the article two and three of the Charter, the main objectives of the ECO is to promote intra- regional trade among member states; gradually remove trade barriers, encourage conditions for sustainable socioeconomic development, gradual integration of the economic cooperation among member states, promote greater role in the global economy and cooperation with other regional and international organizations. ECO's objectives also include “cooperation in the fields of agriculture; energy and minerals; finance and economy; industry; trade and investment; transport and communications; environmental protection; economic research and statistics; human resource development and International relations” (Article II of the Charter) . The concept of regional cooperation in organization is based “on mutual respect, equality, territorial integrity, sovereignty, political independence and principles of non-interference in the internal matters of the member countries”. (Article III of the Charter)

Organizational Structure of ECO

To achieve these objectives, the Charter, provides the following institutions and bodies for implementing the policies of organization. Under the article four of the charter, The ECO Summit is a highest political and formal platform of member countries that undertake the activities for the welfare and benefit for more than 440 million people of this ECO region. The Summit brings

together member states at the highest level (Heads of State or Government), along with Secretary General, and meet generally once after two years. Since its first Summit in Tehran (held on February 16-17), thirteen summits have been held so far. The Fourteen summit is scheduled to convene in Pakistan. The Council of Ministers (CoM) is one of the chief legislative body in ECO institutional frame work which is consisting of foreign ministers. The COM is responsible for

- articulating policies;
- reviewing development of the organization ;
- deciding the new sectors of collaboration;
- creating further mechanisms as deemed essential;
- and conclusive on other matters of general interest to the organization.(Article II of the Charter) .

Director General of foreign offices / departments of member states are the permanent representatives of council. They are responsible for implementing the decisions taken by the council of ministers as well as formulating the policies / issues requiring decision by member states. Director General meets regularly in secretariat (Tehran). The Regional Planning Council (RPC) comprising of senior planning officials or other representatives of member countries. It is responsible for reviewing programmes of activity and evaluating results achieved, and for proposing future plans of action to the Council of ministers. The Secretariat is headed by a Secretary-General, who is appointed from member countries by the Council of Ministers in alphabetical order. He/she is appointed for a term of three years, although this may be increased in special circumstances. He/she is supported by two Deputy Secretaries-General. (ECO, 2014:743) The Secretariat services regular ministerial meetings held by regional ministers responsible for agriculture; energy and minerals; finance and economy; industry; trade and investment; and transport and communications. ECO's secretariat is located in Tehran.(Article X of the Charter). The decision making procedures for organization, set out in the charter, is dominated by the intergovernmental method. Article twelve provided that all decisions would be based on unanimity, which, in effect meant that each member would have a veto. "Bilateral" and "contentious" matters would not be discussed in the forum. (Article XII of the Charter) .Article nine provided that each member countries contribute to the funds of ECO on yearly basis. Apart from the above mentioned fundamental

structure, the following specific regional institutions are working under the ECO institutional framework;

- ECO Trade and Development (ETD)
- ECO Science Foundation (ESF)
- ECO Shipping Company (ESC)
- ECO Chamber of Commerce and Industry (ECCI)
- ECO Cultural Institute (ECI)
- ECO College of Insurance (ECI)

Overview of ECO's Socioeconomic Achievements

Since its enlargement in 1992, the ECO's main areas of cooperation are trade and investment transport (including the building of road rail links, of and particular importance as seven member states are landlocked) Telecommunications and port, energy (including the inter-connection of power grids in the region), mineral, environmental issues, industry and agriculture sectors. ECO priorities and objectives for each sector are defined in the Quetta Plan of Action, the Istanbul Declaration, and 'Almaty Outline Plan', which was adopted in 1993, is specifically concerned with the development of regional transport and communication infrastructure. (Barry, 2013: 69) Meeting in October 2006, the ECO Council of Ministers adopted a document entitled ECO Vision 2015 detailing basic policy guidelines for the organization's activities, during 2006-15, and setting a number of targets to be achieved in the various areas of regional cooperation. (ECO, 2014: 745). Intra-regional trade refers to trade which focuses on economic exchange primarily between countries of the same region or economic zone. In recent years countries within economic-trade regimes such as Association South East Asian Nations (ASEAN) in Southeast Asia for example have increased the level of trade and commodity exchange between themselves which reduces the inflation and tariff barriers associated with foreign markets resulting in growing prosperity.

Trade and Investment sectors always remain one of the most vital priorities for regional cooperation. The strategy adopted by the members of ECO is to gradually eliminate trade barriers, efforts for greater internal and international market access, transportation of goods, simplification and harmonization of the national customs procedures, extension of existing preferential tariff measures, adopt common approaches in regional and international agencies/ organizations, particularly the World Trade

Organization (WTO), ASEAN, European Union and SAARC for progress of regional and global trade.(ECO Decade of Progress 1992-2002). In achieving all these objectives, the members of ECO has taken various measures in the Trade sector including ECO preferential trade arrangement in 1991, signed a Framework Agreement on ECO Cooperation (ECOFAT) in March 2000, the ECO Trade Agreement (ECOTA) in 2004. In 1991, member states of organization have lunched ECO preferential trade arrangement. The main objective of the agreement was to enlarge trade cooperation among member states through mutual exchange of concessions. The arrangement provide for a 10 percent import tariff reduction on listed goods.(safder, 2000:280) .Convening in conference in March 2000, ECO ministers of trade signed a Framework Agreement on ECO Cooperation (ECOFAT), which established a basis for the expansion of intra-regional trade. The Framework Agreement envisaged the eventual adoption of an accord providing for the gradual removal of regional trade obstacles like customs duties, and tariff among the member states.

Table: 01 Main components and balance of Foreign Trade of Merchandise of ECO Region in the years of period 1994-2012 (Bln US\$)

| Indicator | 1994 | 2000 | 2005 | 2010 | 2012 |
|-----------|-------|-------|-------|-------|-------|
| Exports | 54.5 | 82.8 | 192.9 | 344.6 | 436.9 |
| Imports | 55.6 | 92.4 | 215.4 | 352 | 428.6 |
| Total | 110.1 | 175.2 | 408.3 | 696.6 | 865.5 |
| Balance | -1.2 | -9.5 | -22.5 | -7.4 | 8.3 |

Source: World Trade Organization

The above table depicts the main components and the balance of foreign trade of ECO region. It is being observed that the term of trade has drastically improved and imports and exports have increased eight times within the span of almost two decades. This is the true reflection of regionalism and inter-regional trade. The table also reflects that the value of exports is lower specifically in 1994, 2000 and 2005 as compare to the value of imports. However, the exports were higher than imports in 2010 and 2012.

Table: 02 Exports and Imports of Merchandise of ECO Countries and share from Total Foreign Trade of the Region in 2012

| Country | Country Value (Mln US\$) | | | Percentage (%) | | | Regional share (%) | | |
|-------------|--------------------------|---------|---------|----------------|---------|-------|--------------------|---------|-------|
| | Exports | Imports | Total | Exports | Imports | Total | Exports | Imports | Total |
| Afghanistan | 370 | 5,500 | 5,870 | 6.3 | 93.7 | 100 | 0.1 | 1.3 | 0.7 |
| Azerbaijan | 32,634 | 10,417 | 43,051 | 75.8 | 24.2 | 100 | 7.5 | 2.4 | 5 |
| Iran | 104,000 | 57,092 | 161,092 | 64.6 | 35.4 | 100 | 23.8 | 13.3 | 18.6 |

| | | | | | | | | | |
|-----------------|---------|---------|---------|------|-------|-----|------|------|------|
| Kazakhstan | 92,286 | 44,539 | 136,825 | 67.4 | 32.6 | 100 | 21.1 | 10.4 | 15.8 |
| Kyrgyz Republic | 1,894 | 5,374 | 7,268 | 26.1 | 73.9 | 100 | 0.4 | 1.3 | 0.8 |
| Pakistan | 24,567 | 44,157 | 68,724 | 35.7 | 64.3 | 100 | 5.6 | 10.3 | 7.9 |
| Tajikistan | 1,358 | 3,778 | 5,136 | 26.4 | 73.6 | 100 | 0.3 | 0.9 | 0.6 |
| Turkey | 152,469 | 236,545 | 389,014 | 39.2 | 60.8 | 100 | 34.9 | 55.2 | 44.9 |
| Turkmenistan | 16,500 | 9,900 | 26,400 | 62.5 | 37.5 | 100 | 3.8 | 2.3 | 3.1 |
| Uzbekistan | 10,836 | 11,296 | 22,132 | 49 | 51 | 100 | 2.5 | 2.6 | 2.6 |
| ECO Region | 436,914 | 428,599 | 865,513 | 50.5 | 49.50 | 100 | 100 | 100 | 100 |

Source: World Trade Organization

Observing the regional share of ECO countries from total exports of merchandise, Turkey stands first with 34.9% followed by Iran 23.8% and Kazakhstan 21.1% share from total exports of the region. Other countries Regional shares of the region declines below 10% while the lowest ratio less than 0.5% for three countries such as Kyrgyz Republic, Tajikistan and Afghanistan. The regional share among the ECO countries identify that Turkey has imported more than half value of total imports of the ECO countries with 55.2% share. Moreover, the regional share of imports of the ECO countries are Iran 13%, Kazakhstan 10.4% and Pakistan 10.3 %. The remaining countries of the region have minor share from total imports of merchandise with ratio below 3% for each. The lowest share for imports is estimated for Tajikistan which is 0.9%.

Another trade agreement i.e. ECO Trade Agreement (ECOTA) was signed in the 2nd Ministerial meeting on Commerce / Foreign Trade at Islamabad in July 2003 .The basic principle of ECOTA is to gradually eliminate non-tariff barriers as well as progressive removal of tariffs in the region. The ECOTA entered into force in April 2008, having been ratified by Afghanistan, Iran, Pakistan, Tajikistan and Turkey so far. The agreement cover a period of eight years and more than 80 percent of traded goods more than 15 percent tariffs were reduce. ECO Statistical Report: 2014), (Europa, 2013: 274). By this agreement, a Free Trade Area will establish in the ECO region by 2015. Together with the Transit Transport Framework Agreement (TTFA), the ECOTA has a potential to form massive prospects for the economic wellbeing of the people. (ECO Trade Agreement ECOTA).

Table: 03 Total Foreign Trade of Merchandise of ECO Region and its share from total world in the years of period 1994-2012

| Indicator | 1994 | 2000 | 2005 | 2010 | 2012 |
|-----------------------|------|------|------|------|------|
| ECO Region (Bln US\$) | 110 | 175 | 408 | 697 | 865 |
| ECO/World (%) | 1.26 | 1.33 | 1.91 | 2.26 | 2.34 |

Source: World Trade Organization

The above defined table represents total foreign trade of merchandise of ECO region and its share from total world. It is being observed that the absolute trade volume rises eight times in the years of period 1994-2012. This is the true reflection of regionalism and inter-regional trade. The table also shows that the world share of trade of ECO increased from 1.26% to 2.34%.

Transport and Communications

A well-organized and modern transportation and communication system among the ECO member states is a significant factor for development of trade and socio-economic integration. Due to the geographical contiguity, as seven member states are landlocked, it is imperative for ECO member countries to develop a strong collaboration and monitoring mechanism in the Transport and Communications sector. Under the frame work of treaty of Izmir, the Quetta plan of action (1993) provides the main guideline for the development of transport infrastructure in the region. ECO has achieved a major development by signing a Transit Transport Framework Agreement (TTFA) and a Memorandum of Understanding (MOU) to help combat the cross-border trafficking of illegal goods in May 1998 at the fifth summit meeting, held in Kazakhstan. The TTFA, entered into force in May 2006, aimed at gradually eliminating non-physical barriers in the region, like synchronization of processes and accession by all member countries to universal transport conventions and moral norms(ECO, 2014: 744). Developed infrastructures would connect all sections of the significant Silk Road again and creating a viable impetus for trade and increasing the region's access to South and East Asia. More than Four hundred and thirty million people covering a vast area of more than eight million km² would reconstruct their flourishing past in contemporary world (ECO Decade of Progress).

The region of ECO occupies a significant geo-strategic position bordered by Russia, China, the Indian Ocean, the Persian Gulf and the Caspian basin. The most strategic importance of this region lies in the fact that it contains the biggest reserve of oil, natural gas and mineral resources. Since the beginning of 20th century Azerbaijan – one of the ECO member states was leading natural oil producers. It was also birth place of petroleum refining industry. Kazakhstan, Turkmenistan and Uzbekistan -other central Asian countries- are also possessing huge reserves of oil, natural gas and coal. (ECO Decade of

Progress). Iran is known to possess the world largest resources of natural gas and fourth largest producers of crude petroleum globally. (Fisher:2013, 410). The Quetta plan of action (1993) provides the main guideline for ECO member states, to strengthen the operation of region's enormous natural assets (ECO Decade of Progress). By developing the necessary infrastructure like gas and oil pipelines, power lines, the region can successfully meet its own energy requirements as well as international. Recognizing the importance of region natural resources, Ashgabat-Declaration (in May 1997) emphasized the importance for establishing the transport and communication infrastructure and the network of transnational petroleum and gas pipelines through bilateral and regional arrangements (ECO, 2014: 744). In June 2011, ECO ministers were responsible for the environment adopted a Framework Plan of Action on Environmental Cooperation and Global Warming, covering the period 2011-15. The first ECO ministerial meeting on health convened in February 2010, considered means of enhancing cooperation on health issues with regard to attaining the relevant UN Millennium Development Goals and stresses in strengthening cooperation in the areas of blood transfusion and pharmaceuticals. In 2000, ECO signed a memorandum of understanding with World Health Organization and Joint UN Programme on HIV/AIDS in 2004. The meeting adopted the Baku Declaration, identifying key priority area for future ECO area health cooperation. (ECO, 2013:) ECO ministers are responsible for agriculture, convened in July in Islamabad, adopted a declaration on cooperation in the agriculture sector, which specified that member states would contribute to agricultural rehabilitation in Afghanistan, and considered instigating a mechanism for the regional exchange of agricultural products.

Cooperation with other regional and international organizations is one of the main objectives of the association, set by the charter. The ECO has continued its relation with various regional and international organizations. The ECO gained observer status at the UNO, OIC and WTO since 1993. (Barry,2013, 69) . In February 1993 ECO signed a memorandum of understanding with the United Nations Conference on Trade and Development (UNCTAD) whereby both parties agreed to exchange information on trade control measures, in order to increase transparency and thereby facilitate trade. In February 1994, ECO signed a framework cooperation agreement with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) to enhance development cooperation through a

framework of combined studies, workshop and exchange of information. Organization has also signed cooperation agreements with The United Nations Children's Fund – UNICEF (in 1993), the Asia Pacific Tele-community (1994), UN Drug Programme (1995), the International Telecommunication Union (1997), the Canadian International Development Agency (1997), WHO (2000), and UNIFEM, the United Nations Development Fund for Women (2001). An informal dialogue at ministerial level has been conducted with the EU, ASEAN and SAARC since 1993, which bears testimony to its growing popularity. (Safder: 2000, 280) ECO and - World Intellectual Property Organization hold regular consultations and convened conferences and seminars concerning regional cooperation on intellectual property rights,. During 2004 memorandums of understanding were signed with the Joint UN Programme on HIV/AIDS and with the UN Population Fund (UNIFPA) (South Asia 2014,756).

The ECO has also acquired observer status with the OIC which permitted it to take benefit from OIC's economic development programmes envisioned and developed through its related bodies. The ECO is already receiving significant support from the Islamic Development Bank in carrying out some of its activities. (Önder Özar :2002, 372) In March 2011 ECO, the UN Economic Commission for Europe and the Islamic development Bank signed a trilateral MOU on cooperation.(ECO, Europa 2014: 745)In 2007, ECO and the Shanghai Cooperation Organization (SCO) signed an MOU on mutual cooperation in the areas including trade and transportation, energy and environment, and tourism. In November 2001 the UN Secretary-General requested ECO to take an active role in efforts to restore stability in Afghanistan and to co-operate closely with his special representative in that country. In June 2002, the ECO Secretary-General participated in a tripartite ministerial conference on cooperation for development in Afghanistan that was convened under the auspices of the UN Development Programme; and attended by representatives from Afghanistan, Iran and Pakistan. ECO operates a Special Fund for the Reconstruction of Afghanistan, which was established in April 2004; by 2013 more than US \$11m had been pledged to the Fund. By that time the Fund had approved four ECO projects targeted towards the education and health sectors. ECO envisages connecting Afghanistan to the regional rail road system.(ECO, 2014: 745)

Conclusion

Regionalism has become a significant phenomenon in the study of political economy. Globalization and liberalization has further emphasized upon establishing strong regional linkages. The establishment of ECO is a significant development in regional cooperation and a recent phenomenon in comparison to many other regions of the world. The ECO is an intergovernmental organization consists of three Asia countries and seven Eurasian nations. The common objective is to create a free trade area /single market for goods and services, much like the EU and ASEAN in 2015. In the present scenario, ECO has developed as a regional organization with more than 440 million people and rich in natural resources. The ECO has completed 29 years of existence. Although it's not a long period for a regional cooperation to establish its worth in promoting regional cooperation and solidarity, however, during these years, organization has "widened" as well as "deepened". The widened aspect shows that it has enlarged its membership from three to ten countries. The ECO gained observer status at the UNO, OIC and WTO since 1993. Turkish Republic of North Cyprus has been attending its summits as observer since 1995. ECO has emerged as a reliable regional organization and has signed more than fifteen MoUs with different international organizations and continues to have very close working relationship with UN and UN related bodies. Also, it has established vibrant ties with many regional organizations such as SAARC, ASEAN, OIC, Colombo Plan and EU. It has also increased its activities and institutional set-up as deepened aspect. The degree of integration depends upon the willingness and commitment of independent sovereign states to share their sovereignty. Deep integration that focuses on regulating the business environment in a more general sense is faced with many difficulties. The organization has marvelous potential for mutual advantage of the member countries of the region. Due to geostrategic position, its global stature and power is growing. There are numerous dimensional challenges and hurdles being faced by ECO in the way of regional cooperation. Most prominently, poor infrastructure of the member states in the field of transportation and communications, lack of technical knowledge, inconsistent economic and regional policies, limited concentration of markets and high degree of political instability. Despite the fact, that the region is rich in energy resources, member states are financially constrained to start their development projects.

Recommendations and Policy Options:

The following recommendations may be considered to promote regional trade, encourage economic collaboration and strengthen the diplomatic relations among the member countries.

1. To meet the earlier mentioned challenges, each member state is required to increase its intra exports which may encourage trade. It would ensure intra-regional trade and motivate the socioeconomic development activities within the region.
2. There is a dire need to develop transport sector for regional cooperation. The development of transport system in ECO region will lower the transportation costs. An efficient transport system may help in shaping the economies.
3. The training and skill development is essential to transform the human resource into human capital.
4. ECO members should keep the political and regional differences at a side. For this, there has to be a political will on the part of the government.
5. ECO should strengthen their relations with the other regional blocs such as European Union, ASEAN and learn the lessons from their successful experiences.
6. Moreover, unless above mentioned challenges and constraints, faced by member states, are not settled, ECO cannot make any substantial contribution in improving cross-border connectivity, boosting trade among member countries, and strengthening regional economic cooperation process of the region.

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