

# **Economic Cooperation Organization**

## **Foreign Policy of Pakistan**

### **Presentation Assignment**

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Question: What challenges does the ECO face in fostering economic cooperation?

ECO faces a multitude of problems regarding the implementations of the worked out plans.

Table talks have been successful on multiple occasions but concrete results are nowhere to be seen as an output of ECO. Multiple trade agreements have been signed by the member countries, but when it is time to submit the lists of products exempt from tariffs, some countries back out. Multiple factors are into play when we talk about the failure of ECO, we will discuss some of them here.

Political Will is the most important and empowering factor behind any country's success. Without a will to progress, a nation can only dream about prosperity. Unfortunately, many ECO member countries, including Pakistan, are deep rooted with corruption. There is no will among the politicians to make the country a better place to live. Politicians are concerned with improving their own lifestyle rather than the general public's standard of living. Politicians lack sincerity with the country. Without a strong political will from both sides, we can not expect ECO to show results.

The American Factor is another troubling factor that influences the relation of Pakistan with ECO countries, especially Iran. America has had a long time strained and complex relations with Iran. The US maintains heavy sanctions on Iran, restricting its economy and international trade.

It is due to these sanctions that Pakistan is always vigilant about developing relations with Iran. Long term financial and military dependence on the US has made it almost impossible for Pakistan to strengthen its ties with Iran. There is a fear of sanctions, blocking of financial and military aids. Thus all the table talks on ECO involving collaboration of Pakistan and Iran have failed in the past.

Furthermore, the fragmentation of the regional market due to tariffs, quotas, and other trade barriers significantly restricts intra-regional trade. While the ECO has implemented trade agreements like ECOTA and TPS, their effectiveness remains limited due to bureaucratic hurdles and a lack of commitment from member states to fully liberalize trade. This fragmentation prevents economies of scale,

discourages specialization, and hinders the development of regional value chains, ultimately slowing down economic growth across the board.

Regional conflicts and political instability in some member states (e.g., Afghanistan, Iran) create an uncertain environment for economic cooperation. The change in government in Afghanistan has shifted the whole ideology and working mindset of the state. The foreign policy is also affected under such circumstances and relations with other countries are significantly affected.

ECO member countries are still developing nations and they lack the financial resources and capital required to sustain both long and short term projects for economic growth. Countries like Turkey and Iran boast relatively advanced economies, while others like Afghanistan and Tajikistan struggle with widespread poverty and limited infrastructure. This disparity creates a two-speed economy within the ECO, where benefits of integration accrue primarily to the more developed members. Moreover, the lack of convergence hinders the creation of a truly unified market and impedes the flow of goods, services, and investments across the region.

Insufficient infrastructure also emerges as a critical bottleneck. The region suffers from inadequate transportation networks, limited energy access, and underdeveloped communication systems. This hinders the efficient movement of goods and services, increases trade costs, and discourages investment in key sectors. Moreover, the lack of reliable and affordable energy sources hampers industrial development and restricts the economic potential of resource-rich countries.

Limited private sector involvement further weakens the ECO's efforts towards regional economic integration. The organization primarily operates through government-to-government initiatives, neglecting the potential of private sector investments and entrepreneurial ventures. This lack of private sector participation restricts access to capital, innovative technologies, and essential business expertise, ultimately hindering the creation of a dynamic and competitive regional economy.

Geopolitical tensions and external factors further complicate the ECO's mission. Regional conflicts, global economic downturns, and fluctuations in commodity prices can have devastating consequences for the economies of member states. The COVID-19 pandemic, for instance, exposed the vulnerabilities of interconnected economies and highlighted the need for greater regional cooperation and resilience.

To overcome these challenges and unlock the full potential of the ECO, a multi-pronged approach is essential. Member states must demonstrate a stronger commitment to economic integration by prioritizing the implementation of trade agreements, harmonizing regulations, and streamlining customs procedures. This will create a more predictable and attractive environment for businesses and investors, encouraging intra-regional trade and investment flows.

Investing in infrastructure development is crucial to bridge the gap and facilitate the seamless movement of goods and services within the region. The ECO should prioritize projects that improve transportation networks, enhance energy security, and provide access to affordable communication technologies. This will unlock economic opportunities, stimulate trade, and promote regional economic integration.

Furthermore, fostering greater private sector participation is critical for sustainable and inclusive economic growth. The ECO should actively engage with businesses and entrepreneurs, facilitating their access to finance, market information, and technical assistance. This will unleash the dynamism of the private sector, drive innovation, and create jobs across the region.

Promoting political stability and regional cooperation is crucial for creating a conducive environment for economic development. The ECO should actively support conflict resolution initiatives, encourage dialogue and understanding among member states, and promote good governance practices. This will foster a climate of trust and cooperation, essential for long-term economic prosperity.

Finally, the ECO must adapt to evolving global trends and remain agile in the face of emerging challenges. This includes investing in climate-resilient infrastructure, fostering digitalization and technological advancements, and promoting sustainable development practices. By embracing innovation and

anticipating future challenges, the ECO can ensure its continued relevance and effectiveness in the globalized economy.

In conclusion, while the path towards regional economic integration remains challenging for the ECO, the potential benefits are undeniable. By addressing internal weaknesses, fostering a more conducive environment for business, and adapting to the changing global landscape, the ECO can unlock the immense economic potential of its member states and contribute to a more prosperous and interconnected region. The success of the ECO depends on the collective commitment of its members to work together, overcome these challenges, and build a brighter economic future for their citizens.