

# Regionalism & Global Governance: The Emerging Agenda

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BY TIMO BEHR & JUHA JOKELA



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## Introduction

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The seemingly unstoppable growth of regional organizations, since the end of the Cold War, has been one of the defining characteristics of the current international system. Throughout this period, regionalism has taken many forms and shapes, varying from tiny associations that include no more than a few actors and focus on a single issue, to huge continental-unions that address a multitude of common problems from territorial defense to food security. Far from being solely state-led undertakings, regional organizations have also come to include a variety of actors from civil society and NGOs to private businesses and interest groups. Together, these actors engage in common problem solving that has become an indispensable part of the current international system. Regionalism, in other words, has become a mainstay of global governance, contributing in a myriad of different ways to the solving of emerging transnational issues.

As part of its research program on “Europe and world governance”, *Notre Europe* has monitored the development of regionalism by periodically launching studies on regional integration in certain geographic areas, including amongst others East Asia, Latin America, Sub-Saharan Africa and the Middle East. These studies sought to take stock of the development of regionalism in these different areas



while simultaneously understanding the interrelationship between these diverse projects of regional integration and the EU as a reference point for regional integration elsewhere. This report seeks to draw together some of the relevant findings of these studies in order to come to a better understanding of the theoretical and empirical significance of regionalism. Building on these findings, the report further seeks to understand the potential contribution of regionalism to global governance as the world approaches a more multipolar era.

To do so, this report is structured into three sections. The first section reviews the relevant theories and definitions of regionalism and seeks to develop a simple typology of regional organizations. A second section provides an overview of the historical development of regionalism and reviews the prospects for regional integration in different regions, drawing on some of the previous studies conducted by *Notre Europe*. The third section looks at the issue of regionalism and global governance by investigating the role of global governance and regionalism respectively under the condition of multipolarity. The section also seeks to understand the EU's role as a model and active promoter of regional integration in the multipolar world order. The conclusion provides a short summary of the findings and indicates some potential areas for future research.

## I - Theories of Regionalism

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### 1.1 Defining Regionalism

For several decades now, the world has witnessed a tremendous surge in regionalism. The result has been a kaleidoscope of interlocking regional organizations that vary greatly in terms of size, scope, purpose and institutional arrangements. They range from large intergovernmental organizations that span across whole continents, such as the African Union, UNASUR or NAFTA, to small micro-regional organizations like the Zambezi River Basin Initiative or cross-border initiatives such as the Regional Integration Facilitation Forum. Some of these are traditional free trade areas and customs unions, while others are focused on security cooperation or deal with specific environmental and cross-border issues. And while some of them have developed complex supranational institutional structures, others rely on more informal arrangements.

The rapid increase and growing complexity of regional arrangements spurred a continuing academic debate about the role and nature of regionalism and its relevance and impact on world politics and global governance. Despite the intensity of this debate, there has been a considerable lack of consensus about

both the nature and driving forces of regionalism. According to one of the earliest definitions by Joseph Nye, a region consists of “a limited number of states linked by a geographical relationship and by a degree of mutual interdependence” (Nye 1968: vii). Regionalism, Nye elaborates, results from “the formation of interstate associations or groupings on the basis of regions.”

While many analysts agree that an element of geographic proximity remains essential for defining a region, most now regard Nye’s definition as too narrow. Some of the earlier studies of the topic underline that intense interactions on the economic, political and cultural level are of specific importance (Deutsch 1957). Others have gone further by emphasizing the significance of shared political values and perceptions amongst the participating states (Russett 1967; Thompson 1973). More recently, there has been a tendency to deemphasize the geographic elements of regions altogether, by focusing on the political and ideational character of regions instead. Thus, for Peter Katzenstein “regions are politically made” (Katzenstein 2005: 9), whereas Frederik Söderbaum defines a region as a “body of ideas, values, and concrete objectives that are aimed at creating, maintaining or modifying the provision of security and wealth, peace, and development.” (Söderbaum 2002: 5).

Given these large differences about what constitutes a region, it is of little surprise that opinions similarly diverge about the nature of regionalism and its sources. To start with, the literature distinguishes between regionalism *tout court* and the process of regionalization. Although considerable differences remain over the concrete content of each of these terms, most agree on what differentiates the one from the other. While regionalism connotes intergovernmental, top-down, political and usually highly institutionalized practices, regionalization is seen as a societal, bottom-up and often economically-driven process that is in constant flux (Mansfield & Solingen 2010). According to Breslin and Higgott, regionalism represents “those state-led projects of cooperation that emerge as a result of intergovernmental dialogue and treaties,” whereas regionalization represents “processes of integration which albeit seldom unaffected by state policies derive their driving force from markets, from private trade and investment flows, and from the policies and decisions of companies” rather than predetermined government plans (Breslin & Higgott 2000: 344).

Despite these broad differences, both concepts are closely intertwined. Thus, informal societal processes of regionalization might in time engender state-led regionalism and vice versa, making both of them part of the same overall trend. This has led some to conclude that regionalization is in essence a feature of regionalism or a form of “soft regionalism” (Hurrell 1995). All of this shows that regionalism is an increasingly complex and diverse phenomenon that is used to describe various levels of interaction amongst a broad set of regional actors. Regionalism is also increasingly multidimensional in that it touches upon economic, political and social processes between these actors. But why do certain regions display increasing levels of “regionness” while others do not (Hettne & Söderbaum 2000; van Langenhove 2003)? And what distinguishes a region from a “non-region”?

Björn Hettne and Frederik Söderbaum have argued that a region can be identified on the basis of its distinctiveness as a relatively coherent territorial subsystem from the rest of the global system. According to them, “when different processes of regionalization in various fields and at various levels intensify and converge within the same geographical area the cohesiveness and thereby the distinctiveness of the region in the making increases.” Regionness therefore describes a process “whereby a geographical area is transformed from a passive object to an active subject capable of articulating the transnational interests of the emerging region” (Hettne & Söderbaum 2000: 361). As part of this process, regions gain different levels of regionness which can be increasing or decreasing over time.

According to some, the ultimate outcome of these processes of regionalization is “regionhood” – a concept that can be understood in analogy to the concept of “statehood”. A region endowed with regionhood can therefore be described as a “non-sovereign governance system with (partial) statehood properties” (van Langenhove 2003). Others have argued that regionhood is only part of the equation and that “regionness” increases along with greater degrees of institutionalization or the redefinition of common norms and identities. More recently, it has been claimed that while these endogenous characteristics are essential they have to be combined with a number of exogenous characteristics in order to bestow regionness amongst a territorial entity. These exogenous characteristics include recognition by outside actors and the ability to interact or influence other regions or the global governance level (de Lombaerde, et al 2010). A region therefore can be seen

as distinguishing itself from other regions and non-regions, due to a combination of these various endogenous and exogenous characteristics.

When it comes to the dynamics that have been feeding the astonishing growth of regionalism, most authors have pointed towards its correlation with the process of globalization. According to Björn Hettne, “the two processes of globalization and regionalization are articulated within the same larger process of global structural change” (Hettne 1999: 2). Indeed, the growth of global interdependence has meant that state’s capacities of self-governance have been reduced because “information, pollution, migrants, arms, ideas, images, news, crime, narcotics, disease, amongst other things, readily and frequently flow across national territorial boundaries” which have become increasingly porous (McGrew, 1997: 6). This has resulted in a growing demand for multilateral institutions that can help states and societies deal with these new issues.

The growth of regionalism is generally seen as being part of this larger trend. Here, one of the central issues of the debate has been whether regionalism is a stepping-stone or a stumbling block for multilateral economic interdependence. While some regard regionalism as a reaction against globalization that encourages protectionism and undermines global multilateralism (Bhagwati 1991; Mattli 1999), others have seen it as a way of reducing obstacles to collective action and consolidate economic reforms (Krugman 1993; Lawrence 1996). Perhaps the easiest way out of this dilemma is to conclude along with Robert Gilpin that regionalism may have both benign and malevolent strains in that it may promote peace and economic stability or serve as a cover for mercantilism and an unequal distribution of welfare (Gilpin 1975: 235).

It is this large conceptual pluralism that makes regionalism a phenomenon that is notoriously difficult to study beyond the remit of specific case studies of regional organizations. Still, through the fog of academic concepts and definitions it is possible to conclude that all regional projects share four essential elements: (1) a common geography; (2) regular and intense interactions on both a political and economic level; (3) commonly shared regional perceptions; and (4) agency and outside recognition (Tavares 2004). Beyond these, it is possible to note that regionalism evolves in close relationship with both global and national forces, which it influences in its turn. The various definitions and models that have been

developed to analyze regionalism are to a large extent a reflection of the great variety and diversity of existing regional integration processes that are complicating any attempt to draw up a definitive typology of regionalism.

## 1.2 Typologies of Regionalism

The conceptual complexity of regionalism and the great diversity of regional organizations and projects have meant that there is no easy way of classifying or grouping these projects along their structural characteristics. Indeed, that should be no surprise, considering the substantial disagreements that exist about what these characteristics are. Moreover, comparisons easily run foul of adopting a Eurocentric definition of regionalism (Best 2009). The result has been that too often regional projects are being weighted against the European model of supranational integration, which remains one amongst many (Sbragia 2008: 30). Despite these problems there are several essential elements along which regional projects tend to differ. Broadly speaking, these can be grouped into (1) scope, (2) depth, (3) functions, (4) drivers, and (5) institutions of regional integration – the basic features of which are discussed in the sections below.

### 1.2.1 The Scope of Regional Integration

One of the most straightforward ways of differentiating regional projects is according to their scope. On the one hand, this concerns simply the number of countries and other actors involved in a process of regional integration. A small group of countries, like the Benelux, for example is likely to behave differently than a continental union, such as the African Union. On the other hand, the scope of a regional project also reveals something about its own *raison d'être*. While for most regional organizations the decisive membership criteria is a matter of geography, some are also founded on the basis of religion, like the Organization of the Islamic Conference (OIC), linguistics and culture, like the *Organisation internationale de la francophonie* (OIF), or along mainly functional criteria, like the Council of Europe's focus on human rights and the rule of law. As a result, it seems plausible to differentiate between several broad categories of regions and regional organizations that can be grouped along the following lines:

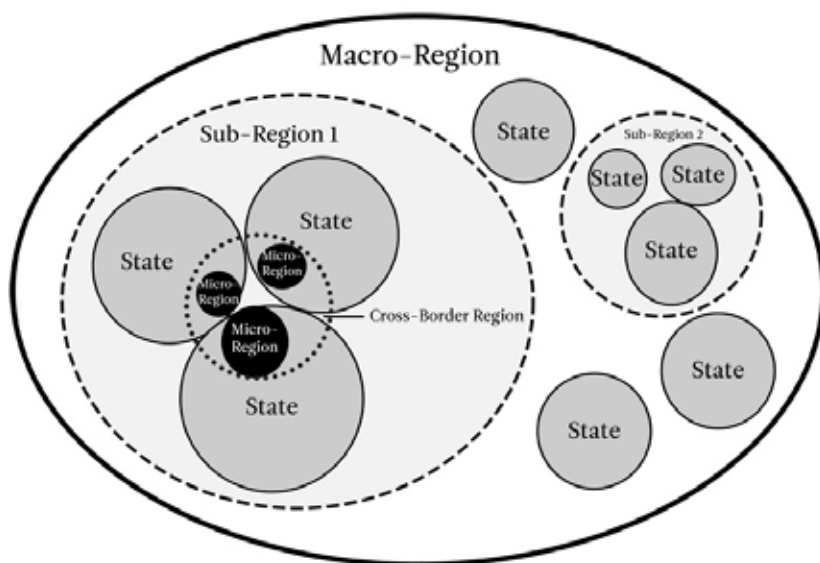
- 1. Micro-Regions:** Micro-regions are most commonly defined as territorial units that are smaller than a state to which they belong, but larger than a municipality. Micro-regions are usually part of a state in the form of provinces or departments. While micro-regions therefore tend to be part of territorial nation states, at times they congregate in cross-border regions to make up larger regional governance structures.
- 2. Cross-Border Regions:** Cross-border regions consist of several micro-regions forming a unit across state borders. Most of these cross-border regions tend to be of an economic or functional nature, addressing specific issues and problems common to these regions. Many of them, like the Maputo Development Corridor, can be found in Sub-Saharan Africa, where they tend to address common development issues.
- 3. Sub-Regions:** Sub-regions consist of several states that are also part of larger macro-regional units. Examples include the Nordic countries, the Maghreb countries or the Andean countries. Sub-regional formations have often specific geographical or historical roots or might reflect linguistic or cultural similarities. At times they can represent poles of deeper political and economic integration within a macro-region, while at other times they are of a more formalistic or cultural nature.
- 4. Macro-Regions:** Macro-regions represent large territorial units comprising a number of different states. Similar to sub-regions, they are often bound by a common geography and history. Examples of these include Europe, South America or South-East Asia. Macro-regional organizations tend to be broad, multipurpose organizations addressing a wide range of political, economic and socio-cultural issues.

Regions, of various sizes and shapes, have also developed an increasingly tight network of relations between each other, giving rise to the new phenomenon of interregionalism (Hänggi 2000). These developing relationships have taken several forms. Relations between different regional groupings have usually developed in forms of periodic summits held between the relevant organizations. Many of these group-to-group relationships have been driven by the EU, like the EU-ASEAN, EU-Mercosur and EU-African Union summits. But similar relations have also sprung up between other groupings, including the ASEAN-GCC meeting or the Mercosur-CER meetings. Another category of arrangements have been transregional in character,

uniting groups of countries from different regions. These have included the Asia-Europe Meeting (ASEM) and the Asia-Pacific Economic Cooperation (APEC) and several others. Finally, relations between regional groupings and single powers have also become increasingly common, including for example regular EU-Russia, EU-USA and ASEAN-Australia meetings.

**FIGURE 1: SCOPE OF REGIONALISM**

### The Scope of Regional Integration



### 1.2.2 The Depth of Regional Integration

One way of comparing the depth of different projects of regional integration is to draw on the concept of regionness as developed by Björn Hettne and Frederik Söderbaum (Hettne & Söderbaum 2000). This concept seeks to describe regionalization as a process that evolves through a number of different stages as a region progresses towards regionhood. They describe five general levels of regionness that define the depth of regional integration in a particular geographical space:

- 1. Regional Space:** a primarily geographical unit delimited by more or less natural physical barriers and marked by ecological characteristics. In such a territory, people develop a kind of translocal relationship.



2. **Regional Complex:** emerges through increased social contacts and transactions between previously more isolated groups. The constituent units become dependent on each other as well as on the overall stability of the system.
3. **Regional Society:** the creation of a *de jure* or formal region, characterized by the appearance of a number of different actors apart from the state (markets, transnational companies, civil society) that move towards transcendence of national space, making use of more rule-based patterns of relationships.
4. **Regional Community:** the emergence of a distinct regional collective identity with institutionalized or informal actor capabilities. This is also characterized by a mutually reinforcing relationship between the ‘formal’ and the ‘real’ region.
5. **Regional State:** the creation of a regional institutionalized polity resulting from the evolution of a group of formerly sovereign national communities into a new form of political entity that is based on a feeling of belonging to a region.

FIGURE 2: HETTNE’S “LEVELS OF REGIONNESS” APPROACH

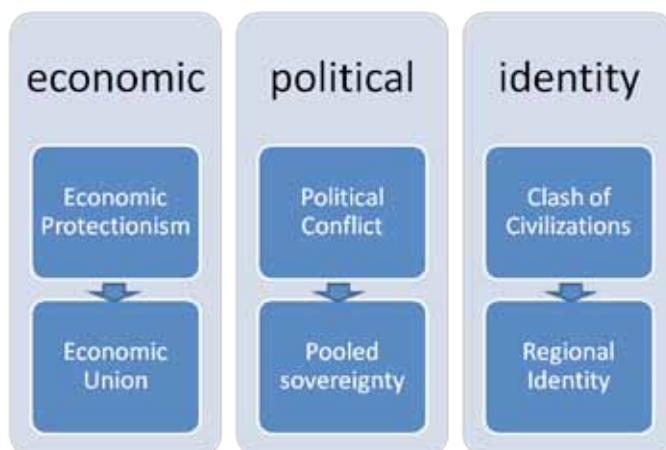


Classifying regions according to their “levels of regionness” remains, however, only of limited use for the purpose of comparison. It allows us to distinguish between those regions that are at the stage of a regional community and might be moving towards a region state (such as Europe) and others that remain largely at the level of regional society (Asia, Latin America) or even a regional complex (Middle East). However, this classification is mainly applicable to macro-regions and relies on relatively broad and unrefined categories. Moreover, while this approach allows for the fact that regions can gain as well as lose in their levels of regionness, this process is being described in quasi-teleological terms in the sense that one step is seen as building on another. Finally, and perhaps most importantly, it ignores the multidimensional character of regionalism. To move beyond the broad categories that are implicit in the “levels of regionness” approach therefore requires an unbundling of the different dimensions of regionalism.

### 1.2.3 The Functions of Regional Integration

Despite the great variety of conceptual models, most seem to agree that regionalism tends to progress along three dimensions: political interaction, economic interaction, and regional identity. The levels of regionalization or regionness along these three dimensions can vary to a considerable degree between two poles – one signifying fragmentation and conflict, the other integration and cooperation. Similar to Hettne’s “levels of regionness” approach, it is possible to distinguish between different levels of integration along each of these dimensions. For the economic dimension, these steps have been well established for some time. Most commonly it is assumed that on this dimension integration progresses in several distinct steps from (1) a free trade area, to (2) the creation of an internal market, (3) and economic and monetary union, and (4) a political Union. Customs unions and specific sectoral agreements, such as open space agreements or agreements on phytosanitary measures, can represent important intermediate steps in this process. However, the sequence in which these steps should be pursued remains contested by economists (Krishna 1998). Economic measures such as trade intensity or investment flows provide a further measure of the level of integration. As a result, regional projects that are primarily based on an economic dimension are easily classified and comparable.

**FIGURE 3: FUNCTIONS OF REGIONALISM**



Classifying and comparing regional projects along the other two dimensions appears more difficult, due to their much more amorphous nature. Nevertheless,

when it comes to political interaction at the very least some broad stages of cooperation can be identified, ranging from non-enforceable intergovernmental declarations, to peer-review mechanism, such as the open method of coordination (OMC) that falls within the realm of soft law, to legally binding cooperation on specific issues enforceable by a third party, in most cases a regional court or judicial institution. The ultimate stage in this development is a complete pooling of sovereignty. Much of this progression hinges on the delegation of authority to independent institutions (Abbott & Snidal 2000).

While it might be possible to distinguish between several broad categories along the political level of interaction, this becomes even less possible when moving to the ideational dimension. Identifying intermediate levels of regionalization on this dimension is considerably more difficult, due to the fluid nature of values and ideational factor – leaving perhaps only two broad categories, juxtaposing ideational conflict as part of an all-out “clash of civilization” and the development of an inclusive regional identity.

Although some coherence in the level of regional interaction along these three dimensions can be assumed, differences are possible and can be expected. Thus while it would be difficult for a group of states to engage in an economic union, without a minimum level of political integration or the development of some form of regional identification or values system, it is easy to image one dimension being more advanced than another. In the Maghreb, for example, it is possible to perceive a relatively high degree of regional identification, as expressed in shared common values and perceptions, while political and economic integration remains notably low. Similarly, while there has been some level of institutionalized regional and economic cooperation in the Euro-Mediterranean region, on the ideational side, it is the image of clashing cultures that dominates over commonly shared values and the development of a regional identity. The existence of these differences also points towards a further variation concerning the different drivers and goals of the various regional integration projects.

### 1.2.4 The Drivers of Regional Integration

Another defining characteristic that differentiates between various projects of regional integration are the drivers of integration. While it is possible that these drivers change over time as new issues come to the fore in order to replace the original rationale for cooperation as the process develops and deepens (for example through spill-over), the initial impetus for engaging in regional cooperation is likely to have a considerable impact on the shape and nature of regionalism. Of course, these drivers might overlap, as it can be expected that frequently there exists more than one particular reason for states to engage in a common process of region-building. Regardless, it seems possible to differentiate between four plausible drivers of regional integration (Higgott 2006):

- 1. Rationalist-economic:** A form of regionalism that is market-led and informal. The initial impetus for regionalism in this case is likely to be the integration of production chains on a regional level in a process that is driven by private businesses and other private actors. As companies trade regionally and production chains become more integrated there is likely to be a growing demand for common rules and regulations in order to ease transactions and trade flows. The form of regional cooperation that is likely to emerge, at least initially, is going to be flexible and intergovernmental. ASEAN could be considered a prime example of this kind of integration.
- 2. Legal-political:** A form of regionalism that is state-led, formal and highly institutionalized. Rather than starting with private actors, the original impetus for this kind of regional integration is likely to be a strong political consensus on the part of participating states. Based on a shared political vision, states engage in this kind of regionalism voluntarily to solve common problems and achieve common goals. In order to do so they subject themselves to legally-binding rules and build common institutions to ensure the enforcement of these rules. Once these rules are applied, spill-over into other areas is likely to take place. The EU is an example of this kind of regional integration, driven by a common political vision and strong legal rules.
- 3. Power-balancing:** A form of regionalism that is state-led and informal. Unlike the previous form of regional cooperation, this form of regionalism is mainly driven by security interests and directed at a third party. Rather than pursuing a shared political vision or addressing common transnational problems, states bandy

together in order to balance an outside actor or group of actors. In contrast to the legal-political variant, the main purpose of this kind of regional cooperation is to preserve the sovereignty and autonomy of participating states vis-à-vis an outside actor and not to transfer sovereignty to common institutions. NATO represents an example of this kind of regional integration during the Cold War, as do other regional security organizations.

- 4. Socio-cultural:** A form of regionalism that is informal and can be both state- and society-led. A kind of cognitive regionalism that builds on shared cultural, linguistic, religious, historical or emotional affiliations in order to create a common transnational community. Institutionalization in this case is likely to be weak, although might result due to functional spill-over. The initial impetus might derive from a state, as was the case with Saudi Arabia and the Organization for the Islamic Conference (OIC). Alternatively, civil-society might play an important role as in the founding of the Council of Europe on the basis of the Pan-European movement.

In addition to these various functional drivers of regional integration, individual actors can also serve an important role by formulating a particular vision of the end and means of regional integration. This has most notably been the case within the European Union, where the “EU’s founding fathers” formulated a certain vision of European integration that went beyond a focus on simple problem-solving and was aimed at building a family of nations (Brinkley & Hackett 1992). While this vision has been contested over time and had to compete with other visions of European integration, it shows that agency does matter and can have an impact on the direction of regional integration processes.

### **1.2.5 The Institutions of Regional Integration**

The institutional design and decision-making procedures of regional integration processes, finally, are further key features of regionalism. Regional integration processes require effective institutions to govern and regulate themselves. These institutions reflect the functions of a regional project in that they are shaped by their particular focus and the depth of cooperation. But they are also an expression of the distribution of power amongst participating member states and represent the level of their commitment to the process of regional integration. Depending

on their design, institutions for regional cooperation can serve as a driver or as a break on regional cooperation. Strong and autonomous regional institutions not only help to consolidate gains from integration, by preventing any backsliding of participating actors, but they can also promote a deepening and widening of integration processes by removing barriers to integration and by establishing policy regimes in new areas (ADB 2010). Weak institutions, on the other hand, run the risk of becoming deadlocked and might exaggerate national differences.

The strength and efficiency of regional institutions depends on a variety of factors. Key amongst them is the level of autonomy and independent decision-making capacity of regional institutions. Supranational institutions generally tend to have a higher level of autonomy, in terms of their power to make independent decisions, launch initiatives, or monitor compliance, than more intergovernmental institutions. This allows them to play a more active role in facilitating decisions and promote a deepening and widening of integration (Best 2005). It also enables them to identify the common interests of member states and bring about consensus. But other factors also tend to play a role. Sufficient funding and institutional capacities are important and can be lacking. While this problem is especially pronounced amongst developing countries, it can also affect regional organizations in more developed countries, such as the EU. Clear structures and decision-making procedures are essential for any organizational structure in order to avoid institutional friction and facilitate swift decision-making. And a high level of homogeneity and compatibility of political and economic systems among member states usually allows institutions to work more effectively (Sidjanski 1987). These differences become apparent in the various institutional designs of regional organizations.

**Intergovernmental Institutions:** In most regional organizations, the key decision-making institution is an intergovernmental executive council working under the condition of unanimity. In some cases, these councils consist of the heads of state and government, meeting periodically, as is the case in the EU and the African Union. Many integration schemes also include specialized councils meeting separately at a ministerial level that have independent decision-making powers within the remits of their specific areas of expertise. Below the level of ministerial councils, it is possible to find executive committees in several organizations that are staffed by national representatives and charged with preparing ministerial

meetings. In some cases, limited decision making powers have been delegated to these executive committees, as has been the case for COREPER in the EU (Bostock 2002). Other organizations, however, maintain a decision-making process that remains centered on a supreme body consisting of the heads of state. This tends to be the case in organizations involving non-democratic countries, as these are usually less prone to devolve power away from the heads of state. Concentrating decision-making powers in an executive council offers some notable advantages. It guarantees that once decisions are made they carry broad support, it allows for arbitration at the highest level and creates opportunities for trade-offs, and it ensures a speedy process of decision-making. But there are certain let-downs as well, including the rigid decision-making procedure, the difficulty of moving beyond the lowest common denominator and the problem of conflicting personalities (Sidjanski 1987: 575). Other differences involve the frequency of meetings and the choice of a rotating or a semi-permanent chair and secretariat serving these executive councils.

**Administrative & Executive Bodies:** In addition to the intergovernmental institutions, most regional schemes include a variety of common institutions that differ widely in terms of their responsibilities and authorities. Most include a general secretariat that serves the intergovernmental institutions and that performs tasks that are delegated to it. General secretariats of regional organizations are usually independent and impartial institutions that are bound to their mandate and not subject to the national interests of member states (Sidjanski 1973). However, their authorities differ widely, with some having limited decision-making powers on the basis of their treaty or having an exclusive right of initiative, while others are largely administrative organizations. There are also large differences in the composition of these secretariats and the way they make decisions that tend to reflect the power-balances between participating member states. Some of them, like the European Commission in the past, have provided a greater weight to larger member states through additional Commissioners, even though these were not meant to represent “national interests”. Others may have reserved the position of Secretary General for certain member states, as is the case for Egypt when it comes to the League of Arab States. Size of staff and financial resources of these institutions also vary widely, with the European Commission counting several thousand bureaucrats, while the ASEAN Secretariat includes barely 100 staff members. In addition

to the general secretariats, some regional organizations have established parliamentary assemblies that are in charge of evaluating the integration process and provide a measure of political direction and control. Amongst these, the European Parliament remains the only one whose members are directly elected and have co-legislative powers. Most of others consist of appointed officials with minor powers. Advisory and specialized bodies, finally, provide regional organizations with assistance in preparing new legislations and allow different political actors, interests groups and civil society an avenue to have their interests heard and understood. The level of involvement of these bodies again varies considerably across different regional organizations and correlates to national political realities. Development banks, like the African Development Bank, the Asian Development Bank, or the Caribbean Development Bank are also part of this wider network of institutions and have been created to counter potential economic disequilibria stemming from integration and support concrete projects that facilitate integration (Ferroni 2002). Technical and regulatory organizations and professional organizations also fall under this category.

**Dispute Resolution Mechanisms:** Regional judicial institutions serve a variety of functions. The most prominent of these is dispute resolution. Any increase in interaction and economic flows as a result of increased regional cooperation makes it more likely that disputes arise between different parties. These disputes need to be resolved to guarantee that regional cooperation will continue. This makes dispute settlement mechanisms “one of the vital components for the sustainability of the processes of regional integration” (Vos 2005: 4). In the case of most regional organizations, the task of dispute settlement is transferred to a regional court or arbitration body. By accepting that other actors – whether states, companies or individuals – have a right to sue them in front of these regional judicial institutions, states engaged in regional cooperation thereby accept some limits to their own sovereignty. Regional judicial institutions also fulfill other important functions, apart from dispute settlement, such as rule interpretation and the monitoring of compliance that are necessary in case of complex regional agreements, such as customs unions. By exercising these different functions, regional courts can often become engines of further regional integration through a process that involves a progressive harmonization of laws and rules (Dehousse 1998). Regional courts play an important role within the European Union, the African Union and Mercosur,



where they have issued thousands of legally-binding rulings in past decades. Other regional organizations, such as ASEAN, rely on more flexible arrangements (Voeten 2010), while the League of Arab States still misses a formal dispute settlement mechanism.

**Decision-Making Processes:** Decision-making rules are a key aspect of regional integration processes. Amongst regional organizations, simple majority systems are a rarity, with most organizations relying on consensual and unanimous decision-making processes. There are good reasons for this, as majority systems run the risk of producing persistent minorities that dislike the outcome of the voting process. These discontent minorities have an incentive to loosen their commitment to regional organizations in turn if there are little prospects that their priorities are taken into consideration in the future. This has meant that even those organizations that do apply some form of qualitative majority voting, such as the European Council, rarely take a vote and tend to favor consensual decisions as well (Hosli 1996). In this way, consensual decision-making processes have the advantage of protecting all minorities, as they naturally constrain the powers of the largest and most powerful actors. But they can also work to pressure minorities to compromise their positions, as more powerful states might otherwise decide to proceed without them. Naturally, consensual systems also have a downside in that they encourage lowest common denominator decisions and horse trading amongst member states. In order to prevent these potential drawbacks, several organizations have adopted some form of weighted voting that guarantee some protection to minorities, but are less of an obstacle to taking conclusive decisions that represent the will of the majority. One unique attempt to balance these different concerns is the EU's "Community Method" that combines the European Commission's monopoly on the right of initiative, use of qualified majority voting in the Council, an active role of the European Parliament in co-legislation and a uniform interpretation of law by the European Court of Justice.

## II - Regional Realities

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### 2.1 Regionalism Past and Present

Regionalism, in one form or another, has been a constant feature of the international system. Most commonly, throughout history, regions have taken the shape of empires or spheres of influence dominated by a single power, such as the Roman Empire or the Umayyad Caliphate. At times, small groups of countries have also banded together in temporary leagues or associations, such as the Hanseatic League or the German Zollverein. However, the more formal regional organizations and institutions that today represent an enduring element of the global governance system only began to spread following the end of the Second World War. Originally starting to take shape in the Americas, the Arab world and Europe, regional organizations have since then rapidly grown in numbers and have taken on an ever expanding array of functions.

While regionalism has been an unstable phenomenon that has waxed and waned over time, analysts tend to differentiate between three distinct growth phases of regionalism since the end of the Second World War (Fawcett 1995; Fawcett 2004). Each of these phases closely relates to the changing character of the interna-

tional system, reflecting *inter alia*: the global distribution of power, the changing character and problems of global society, and the number of states represented within the international system. Although each of these distinct periods has seen a wave of new institutions being set up, regional organizations have also proven to be remarkably adaptable over time; frequently changing their names, focus and membership base. The following reviews these different phases of regional integration and speculates on the evolving character of regionalism as the world is moving into a new era of multipolarity and interdependence.

### **2.1.1 The First Phase: 1945-1965**

The first wave of regional integration had its origins in the years following the Second World War. Although initially this period was dominated by the setting up of the global multilateral institutions, in form of the United Nations family, regionalism emerged on the agenda following the lobbying of some of the newly independent states (Fawcett 1995). As a result, the United Nations implicitly endorsed regional agencies and institutions, offering them amongst others a role in international conflict resolution as defined in Chapter VIII, Articles 51-54 of the UN Charter (Weiss 1998). Two factors especially favored the emergence of regional actors during this period.

Bipolarity and the emerging Cold War meant that the newly established universal institutions were unable to function as intended. With the global institutions blocked this provided an incentive to address emerging issues at a lower, regional level. Bipolarity also reduced the autonomy of states and with that provided an encouragement for regional cooperation as a way of resisting superpower domination (Buzan 1991). Finally, the superpowers themselves encouraged the development of a number of regional security arrangements and trading blocks, primarily as a way of asserting their authority in these areas as the Cold War confrontation became more heated (Podieh 1995).

A second factor that encouraged the growth of regional institutions was the emergence of a large number of newly independent states in Africa and elsewhere, following decolonization. Short on institutional experience and economic opportunities, defined by often artificially drawn borders, and eager to assert their new-won

independence in the global system, regionalism was especially appealing to these countries. For third-worldist independence movements such as the non-aligned movement and the Group of 77, regionalism was also seen as a tool to end dependence and exploitation (Malley 1996).

Within this new emerging global context, defined by bipolarity and decolonization, regionalism therefore offered a number of distinct advantages. As the result, this period saw the creation of a large number of regional organizations – most of which were founded on a grand geographical scale – representing macro-regions such as the Americas, the Arab world, or Western Europe. But there were considerable differences between the functions these new-found organizations sought to fulfill (Fawcett 1995).

A first group of regional organizations was of an ambitious multipurpose nature, addressing a wide variety of issues from economic development, to political dialogue and security cooperation. These included institutions like the Organization of American States (OAS), the League of Arab States (LAS), or the Organization of African Unity (OAU). Most of these organizations, however, were judged to be a failure by the mid-1960s (Haas 1993). Having nurtured false ambitions, most of these institutions lacked the resources and common purpose and were undermined by the ideological dividing lines that were the result of the Global Cold War. Still, in many ways, they did provide a useful vehicle for developing countries to articulate their common interests on a global scale, or for addressing particular regional problems, such as the Palestinian conflict.

A second group of organizations was primarily of a security and defense nature. Established throughout the early 1950s, these institutions were shaped by the eruption of the Cold War confrontation. Institutions of this type included the North Atlantic Treaty Organization (NATO), the Warsaw Pact, the Central Treaty Organization (CENTO) and the South East Asian Treaty Organization (SEATO). Driven by the ambitions and resources of the two superpowers most of them appeared reasonably successful and enduring during this initial period. While most of these institutions later floundered, others successfully adjusted to a changing geopolitical context and like NATO have remained relevant until today (Sloan 2002). Unlike some of the “developmentalist” regional institutions during this period, they were functional, interest-based organizations.

Finally, a third group of organizations was focused on economic cooperation. Here it was especially the early European institutions that set the tone. Developing under the American security umbrella and with US assistance, these institutions were also influenced by the Cold War context. However, unlike some of the other regional organizations developing during this time, they soon began to take on a life of their own. The success of the European Economic Communities (EEC) in promoting trade integration, although of a shallow variety, made it an example that other regions sought to emulate. This spurred the proliferation of similar types of organizations throughout the 1960s, including the Latin America Free Trade Association (LAFTA) and the Agreement on Arab Economic Unity (AAEU). However, most of these never developed the drive of the EEC and failed to promote deeper regional integration amongst their members.

### **2.1.2 The Second Phase: 1965-1985**

The second growth phase of regional integration, starting in the mid-1960s, developed on the back of superpower *détente*. The thaw in the bipolar conflict allowed a little more independence and flexibility for regional actors (Fawcett 2008). Some of the young states in the Third World had managed to consolidate their statehood during the previous decades and were eager to make use of this opportunity. But growing autonomy and greater independence also fueled new regional conflicts in certain parts of the world, especially in Asia and Africa. Several of the new organizations that appeared during this period developed in direct reaction to these conflicts. In addition, the economic and political success of European integration provided a strong incentive for replication.

This meant that while some of the institutions emerging during these years sought to address what had been the failures of regional economic integration throughout parts of the world, most of them also had a clear security purpose. Another novelty of this phase of integration was that it was primarily sub-regional in character, uniting smaller groups of countries on a mainly sub-continental scale. There only seem to have been one real exception: The Commission on Security and Cooperation in Europe (CSCE) provided for a new Pan-European security organizations addressing so-called “soft security” issues across Cold War lines. While the new Organization of the Islamic Conference (OIC) also bucked the trend in that it

was based on Muslim solidarity, at least initially it was primarily a vehicle for Saudi interests in the context of the Arab Cold War.

Examples of organizations founded during this period include the Arab Maghreb Union (AMU), the Gulf Cooperation Council (GCC), the Association of South East Asian States (ASEAN), the Economic Community of West African States (ECOWAS), the South African Development Community (SADC) and the Caribbean Community (CARICOM). Despite overtly focusing on economic matters, several of these had a clear security purpose and were based on the logic of “power balancing”: for the GCC countries, the Islamic Revolution in Iran served as a stimulus; ASEAN was driven by the Vietnam War; and SADC sought to check and isolate South Africa during the Apartheid regime.

While Cold War dynamics stymied the development of most of these organizations, several of them would later develop a new drive as they adjusted to the post-Cold War world. Their immediate impact, however, was relatively insignificant as it remained restricted to shallow economic integration and trade agreements amongst small groups of countries. The CSCE was one exception. Benefitting from changes in the East-West confrontation that allowed it to facilitate a positive dynamic, the CSCE would have its heyday towards the end of the Cold War, but decline in importance thereafter. Regardless of their success or failure, the survival rate of organizations created during this period remained high, with most of them still playing some role in the contemporary world.

### **2.1.3 The Third Phase: 1985-mid 2000s**

A third phase of regional integration began towards the end of the 1980s within the international context created by the end of the Cold War. Subsequently dubbed by academics of various stripes as the “new regionalism” this new phase of regional integration differed substantially from earlier phases (Mansfield & Milner 1999; Söderbaum & Shaw 2003). It was a much more informal and diverse phenomenon than earlier attempts, leading both to the creation of numerous new institutions and organizations at all levels – from micro-regional organizations to cross-continental endeavors – as well as to the reform of some of the existing organizations. Unlike before, this new regionalism was also seen as being increasingly

driven by businesses, civil society and social grass root dynamics, rather than being a top-down process of integration (Väyrynen 2003). However, at least initially, it was again the changing international context which seems to have triggered this latest round of regionalism.

The end of the Cold War liberated many countries and regions from previous constraints, creating new demands and needs. Especially the emerging trend of cultural and economic globalization that developed in the post-Cold War context became one of the main drivers behind this new regionalism (Stubbs & Reed 2005). To address these emerging issues, another attempt was made to give the developing era a more universalistic flavor. Within the emerging context of the “New World Order” there was much talk about the revival and reform of the United Nations and the creation of a different global order (Nye 1992). However these attempts soon proved to be disappointing as multilateral organizations showed their severe limitations. With the multilateral track blocked, several developments encouraged a further growth of regionalism in the following years.

The collapse of several larger territorial units at the end of the Cold War, just as after decolonization, provided an incentive for the growth of new regional organizations and the adaptation of several older ones. The break down of the Soviet Union created a variety of new states in Central Asia, the Caucasus and Eastern Europe. Similarly, the implosion of Yugoslavia in the early 1990s led to the creation of some new countries in South-Eastern Europe. As a result of these developments, new organizations emerged – particularly in the post-Soviet space. Old organization, like the EU and NATO, also had to adjust substantially to the changing regional environment created by these states.

The failure of multilateral institutions to deal effectively with the new emerging order also again shifted the impetus to regional organizations. A series of financial and economic crises throughout Asia and Latin America in the 1990s revealed the dark side of globalization and the shortcomings of the International Financial Institutions. Similarly, international organizations proved insufficient in dealing with the Wars of Yugoslav Succession and other new intra-state conflicts (Kaldor 2006). Lacking the resources and experience, the UN was ill-equipped to deal with these ethnic and religious conflicts rattling the international system. Given

the UN's failure, it was regional organizations like NATO and ECOWAS that were called upon to play a greater role (Møller 2009). This encouraged the growth of regional "self-help systems" and greater security regionalism, from the creation of European Security and Defense Policy (ESDP) in Europe to the security reforms of the African institutions (Lake & Morgan 1997).

Another development that encouraged the growth of a new and distinct set of institutions was prescribed by the less hopeful paradigm of an emerging "clash of civilizations" (Huntington 1996). While globalization forced countries around the world into closer economic and cultural integration, it also generated fragmentary powers that resisted this trend (Clark 1997). Regionalism to some extent represented a response and a means of resistance to the hyper-globalization and cultural homogenization of the 1990s. As the United States experienced a brief "Unipolar Moment" throughout the 2000s, regionalism served as a means of resisting the burgeoning American hegemony (Krauthammer 1991). In many ways, this was comparable to the regionalism of an earlier period that had thrived on the back of Third-Worldist and Gaullist ideas of independence.

Finally, the founding of the European Union at Maastricht, once again, provided a stimulus and reference point for other regional organizations to follow suit. While its example remained unique and difficult to transfer to other regions, its perceived success throughout the 1990s provided a strong motivational factor for others. By simultaneously expanding and transcending its earlier concentration on economic cooperation, the EU also was the first institution to move towards an entirely new level of integration that now also included a much wider political and security focus. Although progress in building this more complex union was anything but linear, there was a considerable enthusiasm surrounding the success of the EU-model in "managing globalization".

As a result of these different developments, this period witnessed the rapid multiplication of new regional organizations. Some new institutions emerged or expanded into the post-Soviet space. These included the Commonwealth of Independent States (CIS) or the Organization of Central Asian Cooperation (OCAC) as well as to some extent the EU, NATO and OSCE. Other organizations emerged or adapted in order to deal with the complexities of the globalized world. This was



the case for the Asia Pacific Economic Cooperation Forum (APEC), the Southern Cone Common Market (MERCOSUR) or the North Atlantic Free Trade Area (NAFTA). Changing regional power constellations also played a role in the creation of new organizations like ASEAN Plus Three (APT) as well as deliberations later leading to the founding of the East Asia Summit (EAS) in 2005.

The period of new regionalism also brought a considerable shift in the functions of regional organizations. In the economic sphere, attention focused progressively on “deeper” integration that went beyond tariffs to address such issues as product standards and market regulation. So-called “soft security” issues, originally pioneered by the CSCE, also gained in prominence as more organizations began to focus on the new regional security problems and conflict resolution. Finally, development and good governance, including human rights, democracy promotion and environmental protection were progressively included in the agenda of regional organizations during this period. The rampant growth and diversification of regional organizations during this period has created today’s complex global map of overlapping and multifaceted regionalism.

#### **2.1.4 Towards a New Phase?**

Although theories of the “new regionalism” remain the most common analytical frame for discussions about regionalism today, recent changes in the international system make it seem likely that regionalism is entering a new phase in its development. The mid-2000s witnessed the end of the short-lived post-Cold War period of American hegemony. Since then, the failure of US interventionism, the enduring global economic crisis and the rise of new emerging powers have resulted in a more multipolar international system in which power is more widely dispersed amongst different actors (Zakaria 2008). This emerging multipolar world order, once again, is forcing some adjustments on the phenomenon of regionalism.

Other trends have given further impetus to change. In some places, the intense pressures of economic and cultural globalization and the complexities of regional cooperation seem to have favored a “return of the state”. This has especially been the case in Europe, where the project of European integration has experienced a prolonged crisis of conscience since the mid-2000s (Youngs 2010). At the same

time, the global financial meltdown of the late 2000s and the challenge of international terrorism have presented new demands on global governance structures, forcing further adjustment on regional organizations. Together, these changes have influenced the development of regionalism in two ways.

First, the emergence of new regional powers in Asia, Africa and Latin America has led to the creation of new regional organizations in these parts of the world. Like others in the past, these organizations represent both the regional aspirations of some of these emerging powers, as well as the attempt of their neighbors to dilute their weight and bind them into regional developments. Examples of these kind of new institutions that have been founded throughout the 2000s include the Shanghai Cooperation Organization (SCO), the Eurasian Economic Community (EurAsEC) and the Union of South American Nations (UNASUR), representing the aspirations of China, Russia and Brazil respectively. Other new powers, like Turkey, are actively attempting to build new regional orders or, like Indonesia, try to reshape existing ones to suit their grown international weight.

Second, the inability of either regional organization or the UN system to deal more effectively with a diverse set of emerging issues such as financial regulation or international terrorism have led to the resurgence of some form of bilateral international coordination. Evidence for this can be found in the G-20 which brings together the most important countries around the world, or the growing trend towards “Strategic Partnerships” and “bilateral trade agreements”. While some perceive in these trends as a consolidation of the complex, informal and multi-faceted character represented by the new regionalism of the post-Cold War era, others speculate about the emergence of a more competitive regionalism or even the resurfacing of national spheres of interests. Whether these developments are in fact heralding the dawn of a new era of regional integration that is qualitatively different from the “new regionalism” remains to be seen.

	PERIOD	CONTEXT	SCOPE	NATURE	EXAMPLES
<b>1. PHASE</b>	1945-1965	BIPOLARITY; DECOLONIZATION; GLOBAL CONFLICT	MACRO-REGIONALISM	SECURITY (HARD); ECONOMIC (SHALLOW); DEVELOPMENT	ORGANIZATION OF AMERICAN STATES (OAS); LEAGUE OF ARAB STATES (LAS); ORGANIZATION OF AFRICAN UNITY (OAU); NORTH ATLANTIC TREATY ORGANIZATION (NATO); CENTRAL TREATY ORGANIZATION (CENTO); EUROPEAN ECONOMIC COMMUNITY (EEC); LATIN AMERICAN FREE TRADE ASSOCIATION (LAFTA)
<b>2. PHASE</b>	1965-1985	DÉTENTE; INTER-STATE CONFLICT	SUB-REGIONALISM	ECONOMIC (SHALLOW); SECURITY (HARD); DEVELOPMENT	ARAB MAGHREB UNION (AMU); ASSOCIATION OF SOUTH EAST ASIAN STATES (ASEAN); ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS); SOUTH AFRICAN DEVELOPMENT COMMUNITY (SADC); GULF COOPERATION COUNCIL (GCC); COMMISSION ON SECURITY AND COOPERATION IN EUROPE (CSCE); ORGANIZATION OF THE ISLAMIC CONFERENCE (OIC)
<b>3. PHASE</b>	1985-2000	GLOBALIZATION; UNIPOLARITY; INTRA-STATE CONFLICT	MULTI-LEVEL & INFORMAL	ECONOMIC (DEEP); SECURITY (SOFT); GOOD GOVERNANCE; DEVELOPMENT	ASIA PACIFIC ECONOMIC COOPERATION FORUM (APEC); ASEAN PLUS THREE (APT); ASEAN REGIONAL FORUM (ARF); SOUTHERN CONE COMMON MARKET (MERCOSUR); COMMONWEALTH OF INDEPENDENT STATES (CIS); NORTH AMERICAN FREE TRADE AREA (NAFTA), ORGANIZATION OF CENTRAL ASIAN COOPERATION (OCAC); CROSS-BORDER ORGANIZATIONS (E.G. MAPUTO DEV. CORRIDOR)
<b>4. PHASE</b>	2000-	MULTIPOLARITY; INTERDEPENDENCE; TERRORISM	G-WORLD & STRATEGIC PARTNERSHIPS	SECURITY (OUT-OF-AREA); SECURITY (INTERNAL); ECONOMIC (DEEP); REGULATION	G-20; SHANGHAI COOPERATION ORGANIZATION (SCO); EURASIAN ECONOMIC COMMUNITY (EURASEC); UNION OF SOUTH AMERICAN NATIONS (UNASUR); AFRICAN UNION (AU); LATIN AMERICAN RESERVE FUND (FLAR)

## 2.2 The Prospects for Regionalism

As regionalism enters a new phase in its development, the prospects for a further deepening of regional cooperation seem mixed. Throughout the past two decades, regional cooperation has advanced at a differentiated pace in various parts of the world. While regional projects in East Asia and South America have developed a vibrancy and dynamism of their own, Africa and even more the Middle East have seen a much slower and less linear progression. In Europe, on the other hand, the prospects for a political union are fading, as the continent is drifting towards a more fluid and wider multipolar European order and power is being reallocated away from the supranational institutions.

Within the emerging global order, some elements are likely to provide a new boost to regional cooperation: the growing dissatisfaction with the global governance institutions and their slow pace of reform; the emergence of new regional powers and their impact on the regional systems in which they are embedded; and the global financial crisis and other global issues and problems. Each of these is likely to have an impact on regionalism in the future. But the response to these stimuli at the regional level is likely to differ, depending on the particular dynamics at play within each region. The following provides a short overview of the current dynamics and likely prospects of regionalism at the “macro-regional” level, based on some of *Notre Europe*’s past work on the subject.

### 2.2.1 Regionalism in East Asia

Regionalism in Asia has developed along its own specific trajectory. The so-called “ASEAN way” has for long been characterized by a focus on economic and financial issues, informal and flexible institutional arrangements and the absence of any political ambitions – such as the EU’s “ever deeper union” (Acharya 2001).<sup>1</sup> This pragmatic and informal approach has been market-driven and intergovernmental. The development of regional production networks and a regional division of labor have been instrumental for the expansion of intraregional trade. At the same time, the export-orientation of Asian economies has meant that regional integration has

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1. These principles have been enshrined in the Treaty of Amity and Cooperation in South East Asia in 1976.

gone hand-in-hand with greater global ties favoring the development of an “open regionalism” (Narine 2002).

The Asian financial crisis of 1997-98 has been the catalyst for a new stage in East Asian regionalism. Wide-spread disappointment with the IMF’s response, as well as the indefinite stalling of the WTO’s Doha Round of trade liberalization has shifted the focus towards greater regional cooperation on economic and financial issues. This favored the development of several new institutional structures, such as the Asia Plus Three Summit (APT), as well as the Chiang Mai Initiative and the Asian Bond Markets Initiative (Dieter 2006). However, the crisis did not lead to the development of stronger regional institutions or binding legal arrangements as can be found within the EU. Rather it favored the establishment of the various overlapping and informal regional arrangements that have become characteristic of Asian regionalism (Acharya 2001).

China’s emergence as a major power and its economic and political centrality to the region is having a major impact on re-shaping regionalism across Asia. So far, China has shown considerable willingness to embed its “peaceful rise” within regional structures. These structures have offered several advantages to China (NIC 2010). Regional cooperation has allowed China to extend its economic and political influence in a non-confrontational way. It has also served as a way of placating Japanese fears and other regional rivalries. Finally, East Asian regional cooperation has been a useful tool for China to limit the influence of the United States in Asian affairs and check the development of initiatives such as the Asia-Pacific Economic Cooperation (APEC).

While Asian regionalism has shown to be one of the most dynamic in recent years, some issues remain. The strong focus on intergovernmental cooperation and on the principle of non-interference has largely blunted regional efforts to deal with issues such as human rights, the environment, or labor standards. Security cooperation and dialogue remain largely informal and *ad hoc* arrangements, such as the Six-Party Talks on North Korea. Neither do East Asian countries share a single market in goods and services. Finally, East Asia is still home to several frozen conflicts and regional rivalries. Tensions persist between North and South Korea, between China and India and between China and Taiwan as well as between several countries over the South China Sea. These tensions could yet prove to be a stumbling block in the way of further regional cooperation.

Despite all of this, the outlook remains positive. The rise of China and growing economic interlinkage is likely to lead to further regional integration. Similarly, the recent global financial crisis may yet serve as another catalyst for a deepening of Asian regionalism. A key role in this will be played by Japan, which has historically favored more inclusive forms of regional cooperation in order to balance and dilute the weight of China (NIC 2010). The annual East Asia Summit (EAS) might yet lead to the development of an East Asian Community with greater political powers and with the aim of introducing a common currency unit in the long run – as most recently proposed by Japan in 2009. For the time being, regionalism in East Asia is likely to take the form of a hub-and-spoke system, centered on China, which plays a stabilizing but informal role in the region.

### **2.2.2 Regionalism in Sub-Saharan Africa**

Regionalism in Africa has also become more dynamic throughout the 2000s. The shift from the Organization of African Unity (OAU) to the African Union (AU) provided the continent with a more formal and functional regional organization. In a considerable shift from the OAU, the AU explicitly recognized the “responsibility to protect” and with that preserved for itself the right of intervening in the affairs of its member states on humanitarian and human rights grounds (Murithi 2005). These aspirations have resulted in the setting-up of a new institutional structure that allowed the AU to conduct several small scale crisis management operations – often with international support. AU missions have been carried out in several crises spots, including Sudan, Burundi, Somalia and the Comoros. Most of these missions only had mixed results due to the tremendous organizational and financial shortcomings the AU continues to face (Murithi 2008).

To address these shortcomings, the AU and other regional organizations launched the African Peace and Security Architecture (APSA) with international support in 2004. APSA’s aspiration is to create an African Standby Force, comprised of five contingents on the sub-regional level. To fulfill these aspirations, further international support in terms of financial resources and expertise will be necessary (Vines & Middleton 2008).

While there has been some progress when it comes to security cooperation, economic integration in Africa still remains stymied. The launching of the New Partnership for Africa's Development (NEPAD) in 2001 sought to address these shortcomings by promoting sustainable development, economic integration and good governance. To ensure the latter, NEPAD established the African Peer Review Mechanism (APRM) monitoring good governance issues on a voluntary basis (Hope 2005). Despite these efforts, regional economic integration remains low and has primarily played out on a sub-regional scale where it has been driven by some of the continent's growth poles (Soko 2007). It was only in 2008 that the South African Development Community (SADC), the East African Community (EAC), and the Common Market of Eastern and Southern African States (COMESA) agreed to establish a common free trade zone.

Several problems account for this lack of regional economic integration (Lamy 2010). Wide-spread poverty has deprived markets of the fuel that has been an instrumental driver elsewhere. Neither has the private sector served as a motor for integration. The lack of appropriate infrastructure, Africa's difficult geography and the small size of African economies are other factors that have complicated the development of a regional division of labor. Finally, the persistence of monopolistic structures and the focus of economic activities on the production of raw materials have further hindered integration.

As a result, the outlook for African regionalism remains mixed. Unlike Latin America or Asia (or indeed Europe), Africa lacks one powerful country that has the economic resources and influence to steer regional integration (NIC 2010). Instead the future of African regionalism hinges on the development of a number of key countries, including South Africa, Nigeria, Ethiopia and Congo. Moreover, poverty and the presence of fragile and failing states will continue to hinder regional cooperation. Renewed international competition for Africa's natural resources, as witnessed by a recent flood of Chinese and other investments, moreover, will have an uncertain impact on African regionalism, with the potential of reinforcing both integration and fragmentation.

The prospects are somewhat better when it comes to sub-regional integration in Sub-Saharan Africa. This is especially the case in East Africa, where the East African Community (EAC) has progressed in strides since being revived in 2000. In

2010, the five East African member states Kenya, Tanzania, Uganda, Rwanda and Burundi signed a common market protocol that will lead to a progressive liberalization of restrictions to the movement of trade, capital, labor and services amongst these countries. East African leaders have also expressed the ambition of moving towards the adoption of a common currency unit by 2012 and towards a political union by 2015. While progress has been substantial when it comes to the legal and institutional framework of the EAC these political ambitions are judged by most as still being somewhat immature (Kasaija 2004). Other sub-regional organizations, like ECOWAS and SADC, while taking steps to further deepening their cooperation remain similarly beholden to regional problems.

### **2.2.3 Regionalism in South America**

Regionalism in South America has displayed some similarities, in both context and form, to that of East Asia. Just as in East Asia, regionalism in South America has been primarily intergovernmental in its nature and is characterized by a variety of overlapping institutions. With the Organization of American States (OAS), South America is home to one of the oldest regional institutions (although located in Washington DC) and ambitions for South American unity have circulated widely since the time of Simón Bolívar. And just as in East Asia, South America is dominated by a single regional player, Brazil, which accounts for half of its territory and population and two-thirds of its GDP.

With the end of the Cold War and the onset of democratization, South America became home to two regional integration projects, the *Mercado Común del Sur* (Mercosur) and the Community of Andean nations (CAN). Both aspired to a common market and customs union and were characterized by light institutional structures and an open, outward-oriented regionalism that had become feasible after the abandonment of the developmentalist ideas of the Cold War (Artigas 2006). However, monetary crises in Brazil (1998-99) and Argentina (2001) led to the temporary stagnation of Mercosur. This allowed for the launching of the US-sponsored idea of a Free Trade Area of the Americas (FTAA), based on the expansion of NAFTA towards the south, which ultimately foundered due to the resistance of the Bolivarian states and was instead followed by a revival of Mercosur in 2003 (GAO 2005).



Since then, the continent has witnessed the founding of a new regional organization in form of the Union for South American Nations (UNASUR) in 2008 (Cordero 2009). This new organization was self-consciously modeled on the European Union and aspires to the creation of a customs union, a common currency and cooperative security structures. With UNASUR, South American states also established a more formal set of institutions, including a permanent Secretariat, which is to germinate into a more supranational organization that will eventually supersede existing institutions of Mercosur and CAN.

Whether UNASUR will indeed be able to develop along these lines will depend to a large extent on the ability and willingness of Brazil to lead the process and on the developing political situation in South America (Flemes 2008). The current situation in South America is influenced by a strong ideological competition between the protectionist ideas propagated by the Bolivarian alliance led by Venezuela and the more open regionalism advocated by Brazil and some others (NIC 2010). Another unknown is whether Brazil's attention will remain fixed on Latin America, as in the past, or whether it will be tempted to invest its resources in its domestic development and decide to go "global alone" by integrating further into the global economy (Bethell 2010). Tensions will similarly persist between a regionalism that is singularly focused on South America and ideas of wider Pan-American regional trade and economic cooperation.

#### **2.2.4 Regionalism in the Middle East**

The Middle East has historically been one of the regions with the lowest level of regional integration. Despite being one of the oldest regional organizations in the world, the League of Arab States (LAS) has been hamstrung and has largely failed to develop a strong institutional framework and policy agenda of its own. Various attempts to revive the LAS have led to little results. The reasons for this failure can be found in both the political climate of the region and in the structural characteristics of Arab economies. Economically, Arab states have lacked complementarity and trade infrastructure and due to their limited market size and high tariff barriers have looked towards Europe for trade and foreign direct investment (Galal & Hoeckman 2003). Politically, the development of Middle Eastern regionalism has been stymied by the region's various frozen conflicts, a lack of leadership and

the closed and authoritarian nature of Arab states that made it difficult to move beyond an intergovernmental model of cooperation (Behr 2010).

In recent years, a number of Arab countries have begun a process of domestic economic reforms and have gradually opened themselves to international trade and investment flows. This trend towards open markets and international exchange also provided a boost to regional integration, leading to the adoption of the Greater Arab Free Trade Area (GAFTA) in 2007 (Péridy 2008). While GAFTA represents a qualitative step forward for Arab economies, it still remains limited to shallow trade integration and more ambitious plans for liberalizing services and harmonizing rules and regulations have not materialized. Most daunting, GAFTA still does not provide for a full-fledged dispute settlement mechanism. The Arab League, similarly, remains constrained by internal problems. Amr Moussa, the outgoing Secretary General of the LAS, launched wide-ranging proposals for reforming the League's institutional structures and softening the requirement for unanimity in decision-making (Samoleit & Mattes 2008). But despite some support for these initiatives, no concrete measures have been taken.

Sub-regional integration schemes have not fared much better in the Middle East either. In the Maghreb, the Arab Maghreb Union (UMA) has been blocked since the mid-1990s, due to a conflict between Algeria and Morocco. And while studies have continuously pointed towards the considerable costs of non-Maghreb, there has been little serious movement towards reviving the UMA (ATPC 2006). The EU-sponsored Agadir Process, a free trade agreement between Morocco, Tunisia, Egypt and Jordan concluded in 2006, has similarly failed to lead to a substantial increase in bilateral trade or to generate an integration dynamic of its own. More successful has been the Gulf Cooperation Council (GCC), which launched a common market in 2008 that removed all barriers to cross-country investment and service trade. In 2009 Kuwait, Saudi Arabia, Bahrain and Qatar also established a Monetary Council with the explicit goal of setting up a joint central bank and creating a common currency unit over a ten year horizon (World Bank 2010).

While the outlook for regional integration in the Middle East has therefore been rather negative, recent developments seem to favor a new dynamic. Should the Arab Spring of early 2011 indeed succeed in establishing more democratic gover-

nance structures across the Middle East, this is likely to have a positive spill-over effect on regional integration. Not only are democratic governments more likely to share sovereignty at a regional level, but many of the young protesters participating in popular protests have adopted an explicitly Pan-Arab outlook that might favor a deepening of regional cooperation. Indeed, the Arab League's ability to adopt a common line on the crisis in Libya seems to speak in favor of such a dynamic. At the same time, there also is a clear potential that popular protests might collapse or engender new rivalries between Arab countries that would doom any prospects for a revival of regional integration processes in the Arab world. Most recently, the Arab League's guarded silence on the Syrian crisis indicates that many obstacles still remain before the organization can develop a more influential role.

### III - Regionalism and Global Governance

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**W**ith the emergence of a multipolar world order, global governance structures are facing a number of important challenges. These challenges relate to the difficulties of adapting existing global governance structures to the emergence of a number of new global players, each eager to have a bigger say in international affairs. Most commonly, it is assumed that these developments will contribute to a weakening of multilateral institutions and lead to the development of new global governance structures. This section seeks to investigate this claim by attempting to understand the impact of multipolarity on the multilateral institutions and the potential contribution of regionalism to global governance under the condition of multipolarity. In its final part it will consider the emerging role of the EU as a promoter of regionalism in the multipolar order.

#### 3.1 Global Governance and Multipolarity

Some far-reaching arguments are suggesting that the recent move towards a multipolar world order is casting a shadow over the development of global governance. The increasing number of major states makes it more difficult to realize common

global interests and absolute gains. Moreover, the ongoing transition of power has made it more difficult for the US and EU to lead the way and strike global deals. No one power is in a position to set up global governance structures and institutions or assure their functioning. The shift towards a multipolar order is therefore associated with (i) relative gains and traditional power politics rather than common interests and global governance; and (ii) fragmentation resulting from the decentralization of economic and political power.

These arguments are supported by the failure of the multilateral global governance framework to address global challenges and crises as well as the continuing salience of the state sovereignty and states' hesitance to implement existing and establish new binding global arrangements. Frequently mentioned examples include the failure of the UNFCCC process, difficulties in expanding trade liberalization within the WTO framework, the reluctance of major powers to join the International Court of Justice (ICJ), heated debate on the principle of the "Responsibility to Protect" and the more recent disagreements on financial (re-)regulation and macro-economic imbalances amongst the big powers.

While the suggested turn towards multipolarity and power politics is in many ways connected to the global financial and economic crisis, it clearly pre-dates the current crisis. Since the mid-2000s analysts have suggested that the developed economies in the West have lost their faith in globalization. Faced with an intensifying global competition – transfer of investments and jobs to the emerging economies – the absolute gains that derive from globalization have been questioned in Washington and many EU capitals. There has also been a populist turn against the consequences of economic globalization and the kind of open society it implies in many of the developed countries in Europe. The financial and economic crisis has further emphasized these trends, as many of the major developing economies have come out from the crisis with substantial growth rates, while the US and most European countries are still struggling financially and economically.

The economic growth rates of the major developing powers have also translated into claims for greater representation in global governance institutions. The emerging powers ability and willingness to promote further globalization and global governance is however unclear. These countries have tended to highlight the develop-

ing nature of their economies and societies; many have emphasized the need to protect their economies from global competition. Similarly, while emerging powers have claimed fairer representation in global governance institutions, they seem to shy away from the burden-sharing and global responsibility called upon by the Western powers, as pertains for example to the UNFCCC negotiations or the security of Afghanistan (Jones, Pascual and Stedman 2009).

This report suggests, however, that the analyses arguing for the return of the state or a renaissance of great power politics, corresponds only partially with real world developments. The world economy and global politics – and indeed the present and looming crisis – are characterized by an unprecedented degree of interdependence. Recent developments also suggest that global governance is increasing rather than decreasing. States and other actors are progressively attempting to find common solutions to common challenges and coordinating joint action within more or less institutionalized global and regional forums. Indeed, many of the above mentioned examples can also be taken as examples of a progressively expanding joint global agenda and governance.

Moreover, there is evidence suggesting an increasing commitment to multilateralism as a basic organizing principle of global governance. The current US administration's aspirations to foster multilateralism have been widely welcomed by many – in particular by the EU – after a distinctly unilateralist period of US foreign policy. Moreover, the streamlining of the EU's external relations is likely to make its strategic aims – including advancing effective multilateralism – more visible and important in global governance. Significantly, also China has committed itself to multilateral cooperation and some have suggested that it has become a prominent feature of its foreign policy (Shen Wei 2008).

In the light of the above, a more appropriate description for the current trends in world politics is a shift towards an inter polar global order. Interpolarity, as introduced by Giovanni Grevi (Grevi 2009), suggests that the ongoing transformation of world order is characterized by both an increasing multipolarity (understood as increasing number of major states with regional and global reach) as well as growing interdependency among these states. Grevi argues that too often these two processes are considered as separate, or even opposing, developments. It

is suggested here that bridging these processes enables us to generate a fuller picture of the current environment shaping global governance.

The ‘crisis of multilateralism’ has been discussed widely among scholars and policy-makers (Van Langenhove 2010). So far the debate suggests that the core problem is systemic and rooted in a mismatch between multilateral organizations founded to serve and protect sovereign states and the intensifying number of global challenges that transcend the interests and borders of individual states (Weiss 2008). As a result, many of the traditional multilateral arrangements and institutions are under review. Reforming multilateral frameworks has however proved difficult mainly for two reasons: (i) the distinctively unilateralist period of US foreign policy during the previous administration and (ii) the increasing multipolarity during the current administration.

Given the problems associated with the traditional multilateral framework represented by the UN system and its institutions, more informal varieties of multilateral cooperation – such as the G8 and G20 – have taken a front seat in global governance. In particular the G20 seems to be symptomatic for managing global governance in an interpolar world.

The development of this forum has been crisis driven. It was set up at a ministerial and central bank chief executive level in the aftermath of the Asian financial crisis in 1997 and upgraded to the head of state and government level in the 2000s in the midst of the global financial and economic crisis. The group was seen as necessary to forge cooperation and joint global action to deal with the crisis and increasing economic interdependence. As such, its formation points towards weaknesses of the established multilateral global governance system. Indeed, one of the key features of the G20 agenda is global governance reform. While its official agenda has mainly dealt with financial and economic governance issues, debates surrounding the G20 have also addressed the future of the other multilateral arrangements such as the UN system. The G20 cooperation also reflects the changing realities of the global balance of power. The forum includes the major emerging economies, and it has been seen to consolidate their importance.

Some analysts, such as Risto Penttilä (2009), argue that recent developments including the emergence of the G20 represent a watered-down form of multilateralism: ‘multilateralism light’. In his view, the world has moved into a dual system of global governance. This system consists of formal and informal international organizations. Whereas the informal ones are increasingly responsible for solving acute crisis and problems, the formal ones concentrate on implementing the output of the informal ones. This includes making concrete choices and legally-binding decisions in a legitimate way.

In terms of efficiency, ‘multilateralism light’ sounds like a tempting option. According to Penttilä it might prove to be a ‘healthier’ option for global governance. It could enable states to ‘curb the empty carbs’ from the diet of fat and slow organizations and streamline at least some of the multilateral institutions, which are increasingly seen to be inefficient. Similarly, other scholars have become increasingly interested in the G20’s ability to foster reforms of the multilateral global governance institutions (Jokela 2011).

However, just as we are uncertain about the ‘health effects’ of the substitutes used in ‘light consumer products’, we are not fully aware of the consequences of this lighter multilateralism either. Although it might taste the same, its impact on the complex global governance system remains unclear and requires to be put under closer analytical scrutiny.

Several observers have voiced questions when it comes to the current ‘G-trend’ in global governance. Laura Tedesco and Richard Youngs have labeled the G20 as a potentially ‘dangerous multilateralism’. In their analysis, the G20 is seen as a new forum with old vices (understood as great power interests) and hence deeply harmful to traditional multilateralism and good global governance (Tedesco & Youngs 2010). The reasons for their skepticism include the groups’ lack of transparency and public accountability as well as its exclusiveness as a forum of the major economic powers.

As an informal forum its decisions are taken behind closed doors and there exist no treaty based on commonly agreed principles of conduct or access to information. Although the group’s membership is significantly larger than the G8 and more



representative of world opinion, it is not open to the majority of the stakeholders. Tedesco and Youngs illustrate their skepticism by considering the G20's aim to fight against protectionism. While the group has (until recently) been seen as highly successful in keeping the markets open, nothing agreed so far suggests that the forum will be capable of putting pressure on the EU and US to temper their turn to protectionism. Consequently, the group can be seen as a useful tool for the developed powers to secure their access to the major emerging markets. Tedesco and Youngs ponder whether the "G20 will ultimately be less a facilitator of more effective multilateralism than a distortion of this principle in favor of what is little more than a re-jigged "great powers" format" (Tedesco & Youngs 2010: 4).

Against this background the G20 can be seen as example of '*à la carte* multilateralism', a term coined by Richard Haass (2008). Here different multilateral organizations and forums are given merely instrumental value for the great powers and their interest-based politics. In the case of US foreign policy, there is evidence suggesting that part of its success in enhancing its interests rests on its systemic importance and ability to lead in world politics. The US can choose the way of action – whether uni-, bi-, or multilateral – depending on which is most beneficial in a given situation. Moreover, the changing nature of multilateralism is partly resulting from the US' ability to pick and chose those global governance fora that best serve its interests. If the offered menu of global governance institutions and forums does not satisfy its appetite, it is prone to create something new and suitable for its diet. This seems to indicate that global governance in the interpolar order might be increasingly intergovernmental and driven by great power interests.

### **3.2 Regionalism and the Multipolar Order**

Although regionalism has often been portrayed as a force that is opposed to the development to globalization, both processes are intrinsically linked with global developments. Moreover, during the "third phase" of regionalism (as explicated in third part of this paper) globalization itself can be seen as one of the main driver of regionalism and regionalization. In the emerging interpolar world order, regional cooperation and integration are likely to continue to play a major role. Within the context of the current transformation of the world order, however, regional develop-

ments have attained rather limited public and scholarly attention. This is peculiar as regional cooperation continues to be high on the agenda of states and other actors. Dissatisfaction with the performance of global governance institutions has led to a joint response at the regional level after the end of the Cold War and is likely to do so again. Current trends, such as the emergence of G20, have also made regional cooperation increasingly meaningful for the G20 members as well as all non-members.

This section suggests that one key question for the future of regionalism is therefore not its continuing significance, but the type of regional cooperation states and other stakeholders will favor during the coming decades. In addition, the section envisages the growing importance of region-to-region (or interregional) relationships in the future. In an inter polar world these could take the shape of (i) an open and interconnected set of relations among different regions or (ii) formation of closed and competing regional poles (fortresses).

While the financial and economic crisis has highlighted global challenges and developments – embodied in the G20 – regionalism seems to have escaped the headlines, despite its potential role in addressing these issues in the future. Almost unnoticed, regionalism has in fact been gaining speed in several places. One case in point is Asia. Although bottom-up processes of regionalization have been symptomatic for Asian cooperation, regional organizations are gradually developing and gaining importance. The role of ASEAN has strengthened, and it now incorporates Asian economic giants China, India and Japan through the so-called ASEAN+3-arrangement. In addition, while some have seen an East Asian Community (EAC) emerging out of the ASEAN+3 or the East Asian Summit (EAS) process, others have envisaged a broader Asian Union by 2014 (Rifkin 2010). While the relevance of the SAARC has been questioned, the 2010 summit found common ground in the fields of democratic development and climate change.

Similarly, in the context of the current financial and economic crisis, the emerging markets have been highly active in exploring regional alternatives for global arrangements. Last year Russia called for concerted action to break the stronghold of the US dollar and create a new global structure of regional powers (Desai & Vreeland 2010). In East Asia, the Chiang Mai Initiative of the ASEAN+3 has been

seen as a precursor to an (East) Asian Monetary Union. In South America, the envisaged merger of Mercosur and the Andean Community into the Union of South American Nations (UNASUR) as well as Venezuelan proposals to create a *Banco del Sur* and the Latin American Reserve Fund (FLAR) have found support across the region in an attempt to balance the Bretton Woods institutions. In Africa, the African Union has become a major forum and a recognized actor. Recently it has proposed the creation of an African Monetary Fund.

Many forms of inter- and sub-regional cooperation have also emerged or are being re-discovered. Major Asian powers and regional organization are increasingly engaged with other regions and powers. This development is highlighted by the US and other Pacific players' commitment in APEC and the EU's engagement with these countries within the framework of ASEM. The EU has also aimed to promote regionalism in the region through its strategic partnerships with China, India and Japan. Interregional relations have also developed between the African Union and Mercosur. Interregionalism is not however tied to the EU. The Arctic Council, for instance, brings together arctic states to address the arctic's political, economic and social development in the face of global challenges related to climate change and prospects related to the arctic's underexplored energy resources. Different forms of regional cooperation have also been established around the Baltic Sea and the EU has been promoting a Union for the Mediterranean.

These forums address a wide set of challenges related, amongst others, to the environment and development. Some also include a broad set of stakeholders. In addition to states, regional organizations, private businesses and NGOs are actively participating. At the sub-regional level, the long tradition of Nordic cooperation is also re-gaining importance on the agendas of the Nordic countries. While some scholars have proposed a Nordic federation in order to enhance these countries positions in an interpolar world, policy-makers have been mainly discussing closer security and defense cooperation.

There are many interconnected reasons for these developments. As the first part of this report suggests, regional cooperation has a long history in addressing common regional and global issues. The simultaneous expansion of multipolarity and interdependency have further underlined the importance of regional coopera-

tion and regionalism. Regional governance is closer to the source of the problems to be tackled, be they security threats, energy security, economic instability and crises or environmental challenges such as climate change (NIC 2010). Moreover, regional cooperation provides one global public good that is in high demand in the evolving international environment and especially for the always jittery financial markets – certainty. Regionalism serves as an insurance policy against instability and – in case of a monetary union – reduced transaction costs, thereby increasing certainty and allowing smoother interactions and exchanges.

In addition, the recent failure to address transnational issues within a global governance framework has shifted the attention of stakeholder towards potential regional solutions. Thus, the global financial crisis and stagnating UNFCCC negotiations have amplified the need to address interdependent challenges also at a regional level. Finally, these developments are also linked to multipolarity in that pre-eminent powers such as Brazil, China, India, Japan and South Africa have chosen to invest in regional arrangements to confirm their leadership and to manage economic development and political differences.

Against this background, regional governance is both necessary and complementary to global governance structures, whether formal or informal. Due to legitimacy and implementation considerations, the G20 has reached out to other states as well as global and regional institutions. The presidency of the G20 is increasingly engaging with broad consultations though traditional shuttle diplomacy with regional and international organizations. Countries excluded from the G20 have also turned towards various forms of cooperation to make their voices heard, often with a clear regional dimension. In this context, the European Union constitutes an interesting case. On the one hand, the EU's seat in the G20 is necessary in terms of the implementation of the G20 decisions, as part of the G20 governance falls under EU competences. On the other hand, the EU members, which are not the G20 members, are indirectly represented in the forum.

This allowed for a greater representation of emerging economies in the G20. While single European representation is improbable in the near future, EU and European Central Bank seats reduced pressures for the incorporation of Spain and Netherlands in the G20 (Jokela 2011). Due to the size of their economies, both

states could have made justified claims to be part of the club in 1997 when the G20 was created at ministerial level and also 2008 when it was upgraded to the leaders' level. With the implementation of the Lisbon treaty, EU representation is widely discussed in a variety of multilateral institutions. Given the considerable challenges – opposition to increased European representation on the one hand and reluctance of the EU member states to give up their individual seats on the other – regional representation could constitute a way to streamlining multilateral institutions.

Given the continuing salience of regional cooperation in an inter polar world, the nature of regionalism becomes a highly topical question that should be put under closer analytical scrutiny. Our initial observations suggest a turn towards *à la carte* regionalism and increasing intergovernmentalism. Both can turn out to be detrimental for the recognized need for strong regional and global governance institutions through which common problems are identified, joint interests realized and effective action facilitated.

The move towards looser and informal global governance and 'multilateralism light' can be reflected in regional cooperation. There will be likely a continuing tension between regional and global levels of governance and a temptation for the great powers to impose their preferences on the former. Similarly, in the context of loose and informal governance structures they are able to choose the level and forum of their engagement.

The inter polar world also seems to encourage a certain kind of regionalism, namely intergovernmental cooperation, rather than supranational regionalism. Indeed, the EU's supranational model has been challenged in interregional arrangements such as ASEM (Tiilikainen 2008). There is very little evidence suggesting a set up of strong regional bodies with supranational authority vested into EU institutions, the WTO or the International Criminal Court. Indeed, these institutions supranational powers might be increasingly challenged in an inter polar world. A degree of supranationality in the sense of settling disputes in the formulation of common positions is however needed if regional cooperation is to maintain its legitimacy. Without this, new forms of regionalism build around the new emerging powers risk turning into a form of condominium rule.

In the light of the above, a central question for the future development of regionalism relates to the various regional integration and cooperation processes and relationship(s) with (i) global developments and institutions as well as (ii) other regional processes. In terms of the former axis of relations significant differences can be identified. While the EU has sought an increasingly autonomous role and recognition in global governance institutions, other regional processes tend to rely heavily on the role of their member states at the global level. Indeed, many of the regional organization and forums tend to speak through the emerging regional powers in global governance. In case of the EU, we can observe an opposite development. The European states have been prone to speak through and for the EU, and they have been keen to develop institutions and instruments in this respect. To some extent a similar tendency can be observed in ASEAN, although on a lower scale. The latter set of relations touches upon the emergence of interregionalism. As the next section suggests, the EU's role as hub of region-to-region relations has been a significant factor in the development of interregional relations. The emerging multipolar order has however geared the EU's attention towards the major regional powers. In so doing, it has nevertheless aimed to promote regionalism elsewhere through its strategic partnerships. Moreover, ongoing developments also suggest that development of the interregional relations might increasingly bypass Europe, as alternative models and forms of regional cooperation are growing stronger.

### **3.3 The EU and Regionalism in the Multipolar Order**

The EU has for long been a staunch supporter of regional cooperation and integration as a key element of global governance. On the one hand, the EU has served as a primary reference point to a variety of region-building projects and has been regularly portrayed as an alternative to the model of economic regionalism promoted by the US (Grugel 2004; Higgot 2006). On the other hand, the EU has also sought to actively promote regional cooperation elsewhere as an essential part of its external policies (Börzel & Risse 2007). It has done so as a functional way of exporting stability and security and to encourage economic development and integration in the global economy (Pietrangeli 2009). But by exporting its own model, the EU has also sought to construct a distinct foreign policy identity of its own (Manners 2002). As much as being a functional and pragmatic strategy, the

promotion of regional integration has therefore also been “an EU foreign policy objective that stems directly from its own internal identity” (Smith 2003: 95).

The European attempt to actively promote regional integration in third countries can be traced back to the 1969 Yaoundé Convention (Pietrangeli 2009) establishing the principle that regional organizations in ACP countries could benefit from Community aid and providing special tariff rates to groups of countries having signed the convention. In the decades that followed, European institutions further developed and streamlined the promotion of regional integration as part of their external policies. A Commission Communication in 1995 on “supporting regional economic integration” for the first time explicitly identified the cumulation of rules of origin (ROO), as well as Commission assistance with capacity building and institutional development as ways for the Community to promote regional integration (European Commission 1995). Other communications stressed the potential benefits to the EU deriving from greater “south-south” integration in terms of market access and efficiency gains (Pietrangeli 2009: 12).

To operationalize these policy objectives, the EU has developed a series of regional strategies that determine the guidelines for EU policies in certain regions. These strategies include funding envelopes that usually appropriate some money to various issues connected to fostering regional cooperation – whether by encouraging political dialogue, trade cooperation or institution building. The EU’s approach to promoting regional integration has also varied considerably according to the different political environments. On the whole, it seems possible to differentiate between three different approaches. In regions in which there is political support for regional integration, as in Latin America or Sub-Saharan Africa, the EU has provided assistance to overcome capacity shortfalls and logistical bottlenecks to help with institution building. In regions where no political project exists, notably in Asia, the EU has focused on functional cooperation and regular dialogue, as through the Asia Europe Meeting (ASEM). Finally, in its neighborhood, the EU has sought to actively build regional integration projects, as in the Mediterranean, which would not exist without its active support (Bicchi 2006).

Some of these differences become apparent when systematically comparing the different regional strategies of the EU on the basis of its Regional Strategy Papers

RSP/RIP (Pietrangeli 2009). These show a clear differentiation between the EU's emphasis on regional integration – in essence exporting the EU's own model – and the fostering of regional cooperation, as a more shallow way of fostering regional dialogue and cooperation. Especially in the latter case, engaging in inter-regional dialogues and other forms of interregionalism has been an essential part of the EU's external policies.

**FIGURE 4: OBJECTIVE AND ELEMENTS OF EU SUPPORT FOR REGIONAL INTEGRATION<sup>2</sup>**

	REGIONAL INTEGRATION	REGIONAL COOPERATION	POLITICAL DIALOGUE	TRADE	DEVELOPMENT COOPERATION
<b>ACP</b>	X	X	X	X	X
<b>AU</b>	X		X		X
<b>GCC</b>		X		X	
<b>ENPI-MEDA</b>		X	X	X	
<b>ENPI-EAST</b>		X			
<b>RIO-GROUP</b>			X		X
<b>MERCOSUR</b>	X		X	X	
<b>CAN</b>	X			X	
<b>CENTRAL AMERICA</b>	X			X	
<b>CENTRAL ASIA</b>		X			X
<b>ASEAN</b>			X	X	
<b>SAARC</b>			X	X	
<b>ASEM</b>			X		

Together, the EU's policies of fostering regionalism in third countries and exporting its own model of regional governance to others have been understood to be part of an EU-specific approach to global governance. The essence of this approach is seen to be the promotion of a global order in which regional entities are the structuring units of international relations (Katzenstein 2005). Thus, according to Björn Hettne, the EU seeks to foster a "horizontalized, institutionalized structure formed by organized regions, linked to each other through multidimensional partnership agreements" (Hettne & Söderbaum 2005: 563).

2. Adapted from Giulia Pietrangeli (2009), "Supporting Regional Integration and Cooperation Worldwide: An Overview of the European Union Approach," in Philippe De Lombaerde & Michael Schulz, *The EU and World Regionalism*, Aldershot: Ashgate.



Indeed, this claim seems to have been verified by the EU's adoption of the concept of 'effective multilateralism' as the guiding principle for its approach to global governance issues. First introduced by the European Security Strategy of 2003, the EU's concept of effective multilateralism has sought to promote the development of a rule-based international order that is based on a closely interconnected set of international and regional organizations with a reinvigorated United Nations at its core. While the UN will remain at the core, a strengthening of region-to-region relations was regarded as essential to the strengthening of global governance. Javier Solana, the EU's former foreign policy chief, himself speculated that "in the years ahead these inter-regional dialogues will steadily shape the nature of international politics and forge new mechanisms to global interdependence and tackle cross-border problems (Farrell 2007: 249).

However, with the emergence of a more multipolar world order, there is increasing evidence that the EU's approach to global governance is beginning to shift away from its former emphasis on the promotion of regional integration and inter-regional dialogue in its external relations. There seem to be several reasons encouraging this development.

First, the EU itself has gone through significant changes since the mid-2000s. As a result of successive enlargements and with the failure of the Constitutional project, there has been a shift towards greater intergovernmentalism in certain areas of EU governance. The establishment of the new European External Action Service (EEAS) is a case in point. No longer a purely supranational institution, the EEAS includes both national diplomats on rotation as well as Commission representatives (Behr, *et al.* 2010). Given the previously noted connection between the internal identity of the EU and its foreign policy objectives, these institutional changes are likely to directly impact its global governance approach. This "re-nationalization of competences" can be observed in various areas of EU policies and has been favored by a lessening of support for a political Union amongst a number of member states, most importantly Germany (Dehousse & Fabry 2010).

On the other hand, the EU's aspirations to emerge as Europe's voice in global governance have not received an easy ride in global governance institutions. Michael

Emerson points out that Lisbon Treaty reforms interacting with the rules of procedure of the UN General Assembly (UNGA) could end downgrading the EU's presence (Emerson *et al.* 2011: 6). The reason for this lies in the fact that the Lisbon Treaty tasks the High Representative and the President of the European Council with representing the EU in UNGA debates. Prior the new treaty, this task was assigned to the EU Member States representing the rotating Council Presidency. Because the EU is not a member of the UN, but merely one of the many observers, it can only make interventions in UN debates after all other 192 member states of the UN. The EU's attempt to solve this problem and upgrade its representation to a level that is more equal to the UN member states in terms of speaking rights faced significant resistance in the UN. The first EU proposition was tabled in September 2010. After fierce diplomatic effort a compromise was found and it was passed in May 2011. One of the reasons for the initial set back was that the EU would have gained a more prominent role in the UNGA than other regional organizations. In return, EU representatives have suggested that they would not oppose the upgrading of other regional bodies, if their integration reaches the level of the EU. Although not explicitly noted in this debate, the over-representation of European countries in global governance institutions have been criticized for quite some time. The EU member states reluctance to give up votes and seats, have made it rather difficult to promote the EU's inclusion as this would further strengthen European influence. While the WTO and FAO provide examples of how the EU and its member states can work jointly when both are members of the organizations (see Emerson *et al.* 2011: 76-77; 85-86), these kind of arrangements appears to be increasingly difficult to achieve in an inter-polar world.

Second, region-to-region cooperation and inter-regional dialogues have in general been disappointing in terms of their impact on global governance issues. One reason for this has been the structural weaknesses of the interregional institutions. Asymmetrical regional institutional capacities have tended to result in the adoption of the institutional characteristics and cooperation frameworks of the weaker partner (i.e. loose, informal and intergovernmental) (Rüland 2005: 50). On the one hand, this has made interregional summits into relatively insignificant events on the political calendar – the cancellation by the US of the biannual EU-US summits in 2010 was a case in point. On the other hand, this has also meant

that they provide a greater role for national governments, as in the ASEM format, in which EU members states and institutions participate together. Rather than promoting the 'EU-model', they therefore tend to entrench the 'ASEAN-way'.

Finally, the 'crisis of multilateralism' and the growing importance of informal over formal means of international cooperation have unsurprisingly had an effect on EU policies. Given the blockage of the formal multilateral institutions and a growing emphasis on bilateral relations especially with the new emerging powers, the EU has felt that it had little choice but to follow suit. This has led to a proliferation of bilateral agreements and summits between the EU and these new regional players in which fostering regional cooperation plays a diminished role. Similarly, while the EU has been granted a seat at the table of the G20, it is the only regional organization playing a role in this constellation. In the light of these developments it remains unclear in how far the principle of 'effective multilateralism' still guides EU external policies.

The impact on EU policies has been twofold. First, while the EU observed a *de facto* moratorium on bilateral trade agreements between 1999 and 2006 in order not to undermine the Doha round, since then it has engaged in a more active and commercially-oriented approach to free trade agreements (Woolcock 2009). Second, the EU's attention has increasingly been drawn towards building bilateral strategic partnerships with a number of regional powers, including the famous BRICs and other emerging powers. While the EU has argued that these partnerships are not contradicting its supporting for regional integration (Grevi 2010), there is ample evidence that strategic partnerships tend to emphasize the EU's economic and strategic interests, rather than promote longer term structural change in terms of an emerging interregionalism (Jokela 2009).

Within the emerging multipolar order, the EU's policies towards regionalism therefore seem to be shifting. The recent shift in its own institutional balance and identity by necessity has been reflected in its foreign affairs. This is evident for example in its Mediterranean policies, where the role of the Commission has been replaced by that of single member states. This is also evident in its trade policies that have experienced a renewed drive for bilateral FTAs. Overall, the EU's policies therefore seem to have become more functional and interest-driven with

less emphasis being placed on the explicit promotion of the EU-model of problem solving and peaceful inter-state relations. Similarly, rather than favoring an “open regionalism”, there seems to be a turn towards bilateral agreements and a growing susceptibility towards the lure of a fortress Europe shadowing developments that have been taking place in other regions.



## Conclusions

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This report set out to review the development of regionalism in light of the analysis developed by *Notre Europe*'s multiannual research program on comparative regional integration. It did so by first reviewing existing theories about regionalism and regional integration and by developing a simple typology of regional projects. It then examined the development of regionalism through different historical phases, noting a close connection between the developing nature of regionalism and the character of the international system. Speculating on the impact of multipolarity on the future course of regionalism, the report then appraised the prospects for regionalism in several geographic areas, drawing on the previous work conducted by *Notre Europe* on this subject. A final section considered the developing role of regionalism as a means of global governance within the multipolar order, reviewing in turn the impact of multipolarity on global governance and regionalism more generally and on the EU's role more specifically.

The report found that with the dawn of a more multipolar global order, regionalism can be expected to move into a new phase of its developments that is likely to differ somewhat from the "new regionalism" of the previous two decades. While this new phase is likely to witness a turn towards *à la carte* multilateralism and a

resurgence of great power politics at some level, the report is sanguine about the prospects that regionalism will continue to remain an important element of global governance in the future. Drawing on the concept of interpolarity, the report notes that the simultaneous deepening of multipolarity and interdependence is likely to favor a growing demand for both regional and global governance – even if the latter might become more informal in its nature.

Two other developments are likely to boost regional cooperation. The weakness of formal multilateral structures and the difficulties in reforming these structures will likely mean that states will look towards regional organizations to deal with new global problems. This is already evident in the way that regional organizations have taken the lead in dealing with the impact of the global economic crisis. Similarly, because of this weakness, regional security organizations, such as NATO, have taken the lead in dealing with the problem of terrorism, even in out-of-area operations. Secondly, the emergence of new regional powers (China, India, Brazil, *etc.*) is likely to deliver a boost to regional cooperation. Regional organizations not only provide a way for these countries to consolidate their influence, but also for their neighbors to gain a measure of control and ensure that their interests will be taken into account by these emerging powers.

All of these developments point towards a continuing relevance for regionalism. The question is therefore not so much whether regionalism will endure, but what kind of shape it will take in the emerging global order. This concerns both the internal arrangements of regional governance structures and their relations to each other. Concerning the former, it seems unlikely that there will be a uniform trend towards greater supranational forms of regional governance. The EU no longer is the only model for regional organizations. In fact, the power of attraction of the EU-model seems to be waning, indicating that in the future new organizations might be more flexible and intergovernmental in their character. However, no clear trend can be detected and some regions, such as Latin America, are still inclined to follow the EU-model in the future.

When it comes to relations between regional groupings the main choice will be between an open regionalism that facilitates trade, migration and other forms of exchange and a competitive regionalism in which a fortress mentality dominates.

In case of the latter, global fragmentation, protectionism, and the creation of competing regional poles can be expected to be the results. Again, no clear trend seems to be emerging with the global financial crisis having stoked both a need for greater global cooperation and problem solving and a reflexive turn towards greater protectionism and competition. With both the EU and the US seeing their relative weight in international affairs decline, the temptation of a fortress mentality is likely to be felt most acutely by them, while the emerging powers will have to resist the nationalist temptations that have been fueled by their rise.

The EU for its part seems to lack the strength of its convictions. Rather than defending its vision of effective multilateralism and promote its own model of regional governance, the EU has succumbed to the multipolar temptation. Along with other global players it seems to have abandoned the multilateral trade process and is increasingly focused on bilateral trade agreements and strategic partnerships, instead of building inter-regional dialogue and cooperation. Moreover, the EU's own model seems increasingly under threat at home, as it is struggling to redefine the meaning of European solidarity in the face of dwindling resources and an apparent nationalist revival amongst some European states. Unless the EU recovers its former convictions and revives its commitment to a strategy of effective multilateralism, it seems likely to be sidelined in the merging multipolar context.





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## Europe and World Governance

### Regionalism & Global Governance: The Emerging Agenda

The rapid growth and changing character of regional organisations, since the end of the Cold War, has been one of the defining characteristics of the international system. Throughout this period, regionalism has taken many forms and shapes, varying from loose single-issue associations, to comprehensive continental-wide unions. Far from being exclusively state-led undertakings, regional organisations have come to include a variety of actors from civil society and NGOs to private businesses and interest groups. Regionalism, in other words, has become a mainstay of the current international system.

As part of its research program on "Europe and world governance", *Notre Europe* has monitored the development of regionalism by periodically launching studies on regional integration in certain geographic areas. These studies sought to take stock of the development of regionalism in different areas while also investigating the interrelationship between these diverse projects of regional integration and the EU as a reference point for regional integration elsewhere. This report draws together some of the relevant findings from these studies in order to understand the potential contribution of regionalism to global governance as the world enters a new era of multipolarity.

The study finds that with the dawn of a more multipolar global order, regionalism can be expected to move into a new phase of its developments that is likely to differ in its shape from the "new regionalism" of the previous two decades. While this new phase is likely to witness a turn towards *à la carte* multilateralism and a resurgence of great power politics at some level, the report is sanguine about the prospects that regionalism will continue to remain an important element of global governance in the future.

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