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Regionalism and Polycrisis

How to Promote Regional Integration in the Face of Global Fragmentation

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Introduction

The global landscape is currently marked by increasing fragmentation and overlapping crises, a phenomenon also referred to as polycrisis. In this context, regionalism is more important than ever to enhance resilience, promote cooperation, and assert agency in an unpredictable and polarised international environment. However, regional integration varies significantly across the globe, as it remains shaped by historical legacies, institutional capabilities and shifting geopolitical dynamics.

Even if regionalisms are complex processes with numerous idiosyncrasies, some specific overarching challenges can be identified in each world region. The African continent faces the dual challenge of responding to global power rivalries while having to overcome internal fragmentation through large-scale initiatives such as the African Continental Free Trade Area (AfCFTA). In Europe, a region often seen as a benchmark for rules-based institutionalised integration, recent crises - ranging from migration regimes to security architecture - expose the need to reassess established frameworks. In Latin America, progress on integration is hindered by governance issues, political divides and economic disparities, while South Asia struggles with declining intra-regional trade and limited connectivity. Meanwhile, under the ASEAN framework, Southeast Asia has made notable strides in economic integration, yet still faces significant hurdles,

Highlights

Global polycrisis makes regionalism vital for resilience and cooperation, but integration varies due to historical, institutional, and geopolitical factors.

Regionalism's dynamics depend on: competition (external/internal pressures), coordination (policy alignment), and competence (empowering regional institutions for cross-border challenges).

Regions like Africa, Europe, Latin America, South Asia, and Southeast Asia face unique integration challenges: geopolitical rivalries, internal fragmentation, governance issues, and institutional capacity gaps.

Common challenges across regions include balancing national sovereignty with regional authority, economic disparities, and the impact of global power competition.

To bolster regional integration, key recommendations include fostering greater political will, leveraging global challenges like climate change for cooperation, enhancing connectivity, adopting holistic approaches beyond just market integration, and streamlining institutional frameworks while promoting diverse, non-Eurocentric models.

including supply chain disruptions, difficulties in advancing sustainable regional development, and a rise in conflict.

Three critical aspects shape the dynamics of regionalism in the current international situation: competition, coordination, and competence (the three Cs). Competition manifests not only in the external pressures of global power dynamics but also in the internal tensions among member states pursuing divergent national interests. Coordination refers to the challenge of aligning policies and priorities at the regional level, while competence highlights the necessity to empower regional institutions to effectively address cross-border challenges and advance a lasting integration process.

This paper explores the dynamics of regional integration in Africa, Europe, Latin America, South Asia, and Southeast Asia. By analysing the three interlinked C points, it identifies commonalities and differences among the challenges and responses vis-à-vis growing global fragmentation and polycrisis, offering a comparative analysis of strategies that have emerged in response to today's global realities. By situating regional integration within the broader context of polycrisis, the paper provides insights and policy recommendations to strengthen collaboration and resilience in an increasingly fragmented world.

Regional Trends: Africa

In terms of competition, the first C, regionalism in Africa navigates the geostrategic tussle between global powers. This has led to an increasing number of +1 summits by both emerging and traditional powers, with the intention of courting African leaders either to choose sides (for instance regarding Russia's invasion of Ukraine) or to gain access to Africa's critical minerals. Some Gulf states, such as Saudi Arabia and the UAE, are also involved in the ensuing war in Sudan, further complicating an already intractable crisis.

In terms of coordination, the second C, there is a growing recognition, albeit more in rhetoric than in action, of the need for greater continental integration in Africa. The ongoing reform efforts of the African Union (AU), the adoption of the AU Agenda 2063 and the activities around the implementation of the African Continental Free Trade Area Agreement (AfCFTA) are key examples. This has also stimulated a more assertive and vigorous push for a common position on global issues such as the reform of the United Nations Security

Council, trade negotiations with external partners such as the European Union (EU), reform of the global financial architecture and climate change negotiations. The inclusion of the AU in the G20 has been well received, with both external and African actors highlighting how this development can further enhance Africa's global positioning. All these activities are seen as interlinked, especially in the context of using regionalism as a geostrategic tool to move the continent away from the periphery of the global political economy.

In terms of the third C, competence, the key problem remains that African states have delegated little or no supranational powers to the AU and the many sub-regional organisations on the continent to address critical issues such as democratic backsliding, coups, peace and security challenges and the financing of regional integration. The quality of the

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continent's engagement in addressing some of the critical global and regional challenges cannot be divorced from a strong commitment to giving regional institutions the necessary powers and authority to intervene, which has faced important resistance from national actors. In this context, the involvement of civil society in Africa's regional integration process is also important. The disconnect between official processes and wider civil society has created a major awareness gap, depriving the process of grassroots legitimacy and support. There is also a need to emphasise nuanced strategic approaches to the idea of a common position. It is no longer enough to say that pan-Africanism demands that African states adopt a common position on global issues; the test should be how to agree on guidelines that inform the commitment to such an approach. In this way, the AU can eliminate the potential crisis of non-commitment.

Regional Trends: Europe

In terms of competition, the first C, regionalism in Europe is currently characterised by the full-scale invasion of Ukraine by Russia since February 2022. This has forced the EU to rethink its approach to the European security architecture. It has provided weapons to Ukraine, yet avoiding any step that could make the EU or one of its member states cobelligerents. Since 1952, several projects have aimed at integrating further

security policy at the European level, however, security and foreign policies largely remain a prerogative of the member states.

In terms of coordination, the second C, the COVID pandemic offers another example of a 'crisis' where the EU played a significant role, despite the protection and improvement of human health being a supporting competency. The member states mandated the European Commission to buy vaccines and redistribute them. Far from being flawless, this approach shows a willingness to act together at the European level during a sanitary crisis, emphasising solidarity, including among former enemies (e.g., Germany hosting French COVID patients from the bordering region Grand-Est). Interlinked with health is the global environmental crisis that the EU faces. The European Green Deal was launched in December 2019 "to make Europe the world's first climate-neutral continent by 2050" and is gradually being adopted by the European Parliament and the Council of the EU. This means that several pieces of legislation are coordinated to meet this objective. One example is the renovation of buildings – 'the renovation wave' initiative – aiming at increasing energy efficiency. However, critics emphasise the insufficiency of these measures amidst the environmental catastrophes we are increasingly facing.

Many of [Latin America's] integration initiatives established in the 20th century have failed to adapt to contemporary challenges, and economically stronger countries tend to prioritise bilateral relations over integration frameworks, weakening political unity

In terms of the third C, competence, the Lisbon Treaty of 2009 established a division of competencies between the EU and its member states in Article 2, differentiating between 1) exclusive competencies; 2) shared competencies and 3) supporting competencies. While customs union, competition rules, fisheries and commercial policy are EU competencies together with monetary policy for the Eurozone, internal market, social and regional policies, energy, environment, transport, area of freedom, security and justice remain shared with the member states. That explains, for example, why Germany pursued its own energy policy with Russia, building two natural gas pipelines under the Baltic Sea to directly

¹ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

connect Russia to Germany, which eventually contributed to the energy crisis in 2022. The field of migration, which cannot be framed as 'a crisis' – but should be understood as a human movement accentuated by wars, global warming and economic challenges – has, however, been an area where the EU has struggled to act as an autonomous actor.

The Pact on Migration and Asylum, proposed by the European Commission² in 2020 and adopted by the European Parliament in April 2024², contributes more to the problem than it offers humanist and comprehensive solutions. The emphasis on return, externalisation and detention-like settings for asylum seekers has been strongly criticised yet enacted. The national policy responses that ensued have undermined the competencies of the EU.

Regional Trends: Latin America

In terms of competition, the first C, regionalism in Latin America is challenged by nationalism and resistance to ceding sovereignty, which complicates progress towards supranational institutions with effective authority. Latin America encounters a series of structurally divisive difficulties arising from historical inequalities and adverse socioeconomic conditions. The region's economies are characterised by high income, inequality, insufficient infrastructure, and a considerable dependence on raw material exports, making them vulnerable to global market fluctuations. Additionally, technological gaps limit economic growth and educational opportunities, while governance issues, including corruption and political instability, complicate sustainable development and social cohesion. Many of the integration

initiatives established in the 20th century have failed to adapt to contemporary challenges, and economically stronger countries tend to prioritise bilateral relations over integration frameworks, weakening political unity. Furthermore, differences in socioeconomic models and political doctrines among member countries have caused conflicts that hinder the effectiveness of these frameworks.

² https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/promoting-our-european-way-life/migration-and-asylum/pact-migration-and-asylum_en

In terms of coordination, the second C, Latin American integration has achieved positive outcomes, as approximately 70% of intra-regional trade is conducted tariff-free, although trade volumes remain low due to a lack of economic complementarity and a preference for external partners like China, East Asia, and the United States. Other achievements include the absence of major armed conflicts between member countries, the peaceful resolution of disputes facilitated by regular dialogues and summits, and increased cooperation in areas such as education, health, and the environment. These positive aspects highlight the potential of regional integration to enhance stability and development in the region.

In terms of the third C, competence, the Latin American region has various integration frameworks, such as the Latin American Integration Association (ALADI), the Southern Common Market (Mercosur), the Andean Community, the Central American Integration System (SICA), and the Pacific Alliance, among others. However, these efforts have faced several crises. Integration frameworks without legal personality struggle to represent their members' interests effectively on the international stage, while those with legal status regularly play a more significant role. In addition, the participation of countries in multiple, often conflicting integration initiatives has led to inefficiencies. Additionally, technological gaps limit economic growth and educational opportunities, while governance issues, including corruption and political instability, complicate the transfer of competencies.

Regional Trends: South Asia

In terms of competition, the first C, regionalism in South Asia has experienced a decline in intra-regional trade, primarily due to the combined effects of the COVID-19 pandemic and deteriorating trade relations between India and Pakistan. Intra-regional exports in South Asia dropped. The decline is particularly pronounced for Afghanistan, the Maldives, and Pakistan. While Afghanistan and Bhutan, both landlocked Least Developed Countries (LDCs), along with developing countries like Bangladesh, India, and Sri Lanka, continue to rely heavily on South Asia for trade, the trade dependence of the Maldives, Nepal, and Pakistan on the region has declined. Bridging this trade gap necessitates stronger regional trade within South Asia and is challenged by nationalism and resistance to ceding sovereignty.

In terms of coordination, the second C, South Asian trade is burdened by excessive costs and lengthy procedures for goods and services. While regional connectivity has improved since 2010, the connectivity between India and Pakistan has worsened and so also between India and Bangladesh in recent months. The benefits of improved connectivity are unevenly distributed, with larger economies facing different challenges compared to island, mountainous, or landlocked nations. The COVID-19 pandemic has underscored the need for trade facilitation and the digitalization of trade procedures. Digitalization is now recognised as a critical component of sustainable trade and connectivity.

Bridging [the] trade gap necessitates stronger regional trade within South Asia and is challenged by nationalism and resistance to ceding sovereignty

In terms of the third C, competence, South Asia is one of the least integrated regions in the world. Despite adopting several trade policy instruments such as the South Asian Free Trade Area (SAFTA), South Asian Trade in Services (SATIS), the South Asian Regional Standards Organization (SARSO), and the South Asian Road Transport Systems (SRMTS), the region's free trade potential remains largely untapped.

Regional Trends: Southeast Asia

In terms of competition, the first C, regionalism in Southeast Asia exhibits geo-economic fragmentation. This fragmentation can lead to disruptions in trade flows, investment patterns, and economic cooperation, potentially impeding ASEAN's growth. Furthermore, the necessity for supply chain resilience and restructuring has become more explicit, particularly in the aftermath of the COVID-19 pandemic. The pandemic revealed vulnerabilities in global supply chains, requiring ASEAN nations to rethink their supply chain strategies to maintain efficiency and minimise disruptions. This involves diversifying supply sources, investing in local production capabilities, and enhancing logistical infrastructure. Another significant challenge is the shift towards sustainability. ASEAN countries face increased pressure to adopt sustainable practices. This shift requires substantial investment in green technologies, renewable energy, and sustainable agriculture.

In terms of coordination, the second C, Southeast Asia has experienced robust economic growth, driven by

industrialisation, rising exports, and foreign direct investment (FDI). The ASEAN economy ranked as the 5th largest in the world, highlighted its significant global presence. Being the 2nd largest recipient of FDI globally, the region stands out for attracting foreign investors. Furthermore, ASEAN's robust export sector contributes to 8 per cent of global exports, highlighting its vital role in the global trade landscape. One of the growth drivers is the advancement of regional integration. Key milestones in ASEAN integration include the ASEAN Free Trade Area (AFTA) in 1993, the ASEAN Charter in 2008, and the ASEAN Economic Community (AEC) in 2015 and 2025. ASEAN is also deepening its relationships with major partners such as China, Japan, Korea, India, Australia, New Zealand, and Hong Kong through ASEAN Plus One and the Regional Comprehensive Economic Partnership (RCEP).

In terms of the third C, competence, the Association of Southeast Asian Nations (ASEAN) has been a cornerstone of regional integration in Southeast Asia since its establishment in 1967. The ten ASEAN members -- Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam -- have aimed to promote economic growth, regional peace and stability.

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The Way Forward: Policy Recommendations for Regional Integration in a Global Context of Polycrisis

After situating regional integration worldwide within the broader context of polycrisis according to the three Cs (competition, coordination and competence), it becomes clear that well-articulated regional integration is more needed than ever to strengthen resilience in an increasingly fragmented world. Even though each region constitutes a unique context that does not allow for one-size-fits-all solutions, there are a few recurrent themes that need to be addressed in most, if not all, regions. In each region, regional integration remains on the agenda but delivers fixed results, as it faces economic inequalities, internal fragmentation, and governance issues, exacerbated by a global context marked by polycrisis. To

advance regional integration and mitigate the negative effects of the crises faced, several key aspects must be addressed.

First, **greater political will for integration** must be fostered, overcoming concerns about sovereignty and national interests by deepening interdependency and complementarity. All political actors need to overcome the impression of a zero-sum game approach when it comes to regional integration. Regional organisations need to offer conflict prevention and resolution mechanisms that prevent internal frictions from becoming antagonisms.

Second, **tackling global challenges** such as climate change represents an important opportunity for regions to integrate, as they demonstrate the necessity to think and act across state borders. The current main multilateral framework – the Conference of Parties (COP) – is flawed by national economic and political interests, and achieving regional consensus first is a promising path to unblock stalemates.

Third, regional integration needs to **address internal fragmentation** by enhancing connectivity and harmonisation. A special focus needs to be put on the inclusion of the needs of smaller, conflict-ridden, landlocked and island countries in both intraregional and interregional arrangements.

Fourth, regionalisms need to adopt a **holistic response to polycrisis**, which includes economic, environmental, and social challenges. This requires cross-sectoral and cross-pillar coordination to ensure that

policies and initiatives are aligned and mutually reinforcing. The conventional focus on regional integration as market integration needs to be expanded to enhance green, digital, and social practices. Diversifying the integration agenda beyond economic aspects to include social, cultural, and environmental dimensions can create a more inclusive and sustainable process that goes beyond hard infrastructures, like transport networks, to build common normative and regulatory frameworks.

Fifth, given the increasing number of regional initiatives, it is necessary to **streamline overlapping integration frameworks** by consolidating efforts into a more coherent and efficient structure. Strengthening the institutional capacity of the existing regional organisations is essential for them to effectively fulfil their mandates.

Sixth, there is the need to promote **cooperation between regionalism in the Global South**. Beyond declarations, valuable cross-regional lessons can be learned from how these organisations engage on economic, political and technical issues. To do so, it is crucial to overcome Eurocentrism by repositioning Europe and the European Union in a pluralistic world rather than considering European regional integration as a template for the rest of the world. While it is feasible to seek inspiration from certain European practices to foster integration, the main driving force needs to be an improvement of the quality of life for its societies.

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