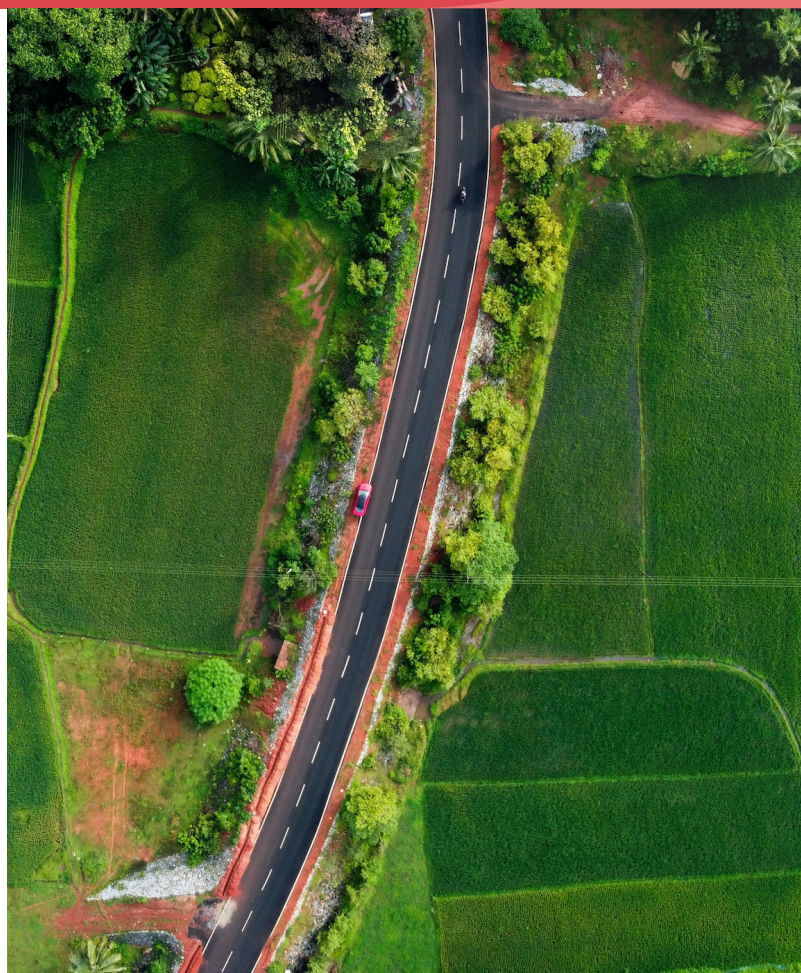


WORKINGPAPER

No. 04, 2023

Regional Cooperation and Integration: Why? Where? and So What?

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Abstract

This working paper reports on the main conclusions of an ambitious handbook project (*Handbook on Regional Cooperation and Integration*, published by Edward Elgar).

The handbook answers three fundamental questions: Why is regional cooperation needed? Where has it been implemented? What does the empirical evidence tell us about its effectiveness and impact?

It is shown that there are strong normative theoretical arguments in favour of regional cooperation in various policy fields, based on a variety of criteria, and in consonance with the realities of multi-level governance and the subsidiarity principle.

It is shown that regional cooperation and integration have been implemented all over the world, be it in a variety of forms and modalities.

It is finally shown that there is solid empirical evidence of the beneficial effects of regional cooperation or integration for citizens in several areas, even if these effects are sometimes conditional on accompanying factors; in some cases, the evidence is mixed or inconclusive.

Keywords

Regional integration, regional cooperation, regionalism, migration, trade, digital governance, finance, security, democracy, rights, taxes, social policy, health, education, culture, science, and natural resources

countries apply lower rates and attract citizens and firms to avoid taxes? How effective is federal public debt reduction if federated states apply looser policies? The discussion on horizontal and vertical policy coordination and the level of policy implementation should thus be an essential part of those debates. These debates can be conducted from the perspective of public policy effectiveness, but there are obvious political and ideological ramifications (related to identity, sovereignty, autonomy, decolonisation, emancipation, protectionism, and nationalism). These ramifications are not at the centre of our concerns. Starting from real governance challenges and needs of citizens, we look at designs of regional public policy solutions, actual implementations around the globe, their effectiveness (based on the available empirical evidence), best practices, etc... It is then left to the political process and its actors (voters, movements, leadership) to take this up and evaluate the policy options on the table to respond to specific challenges.

Generally speaking, the object of regional cooperation is to manage common resources, regional transactions, both negative and positive spillovers; create common rules and regimes; build shared infrastructures; and/or produce intangibles, such as trust, stability, and identity. Common resources include, for example, natural resources that are located in geographic areas that extend beyond state borders and therefore pose specific governance challenges. It is estimated, for example, that there are more than 260 river basins that cross or form borders and that, combined, they cover nearly half of the global land area (Wolf et al., 1999; Sadoff and Grey, 2002). Many forests also extend beyond state borders, as well as agricultural land and mining areas. When dealing with intra-regional flows (people, goods and services, capital etc.), regional cooperation is either about reducing or eliminating barriers, creating new rules and regimes, or a combination of both. Eliminating barriers is associated with 'negative integration', whereas the production of rules, policies and institutions is associated with 'positive integration' (Tinbergen, 1954). In practice, it is often difficult to imagine one without the other. Regional cooperation can happen under a variety of institutional arrangements. It is often associated with regional organizations but is not limited to it. Their number has steadily grown since WWII; although not uniquely defined, it easily exceeds 70 today (Jetschke et al., 2021; see also: <https://riks.cris.unu.edu/>).

'Regional cooperation' is a broader concept covering a variety of manifestations: there are short-run regional projects and long-run efforts; intergovernmental, supranational or hybrid logics are at play; regional cooperation can be state-to-state or multi-actor, and region-building projects have technocratic, political and ideological aspects. Even within the apparently homogeneous category of (regional) 'trade agreements' there is an important degree of variation. Regional social policies are also a good case in point; their modalities include regional policy coordination or harmonisation, regional production of soft law, setting up regional vehicles (by international organizations or third states) to inform national policy-makers of best practices, installing redistribution mechanisms, rights protection mechanisms, etc.

'Regional integration' has been defined in a variety of ways over time. Somewhat simplified, one could say that there is a narrow and a broad understanding of the concept. A radical representative of those favouring a narrow understanding was Haas (1970, p. 607-608): in his view, which was influenced by the European case, regional integration should be defined as "political unification of nations through non-coercive efforts", thus clearly delimiting the regional integration research program. Haas (1970, p. 610) further clarified that "[t]he study of regional integration is concerned with explaining how and why states cease to be wholly sovereign, how and why they voluntarily mingle, merge, and mix with their neighbours so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflict between themselves". A number of contemporary scholars also stick to this narrow understanding, while preferring the 'regionalism' concept as more adapted to current circumstances and as a more general term, better suited to frame their research. For Söderbaum (2003), for example, 'regional integration' is a strictly neo-functional concept (with teleological assumptions), which is not generalisable. Similarly, Acharya (2012, p. 12) believes that 'regional integration' implies – by definition – a loss of sovereignty (voluntarily or under pressure), while 'regionalism' does not. He adds that the regional integration concept is very much linked to the history of the European Union (EU), while (comparative) regionalism has a more diverse beginning and global heritage.

At the other extreme, regional integration has been understood as a broader phenomenon. Katzenstein (1996a, 1996b) and Laursen (2010), for example, use it practically as synonymous with regionalism. This is, in a way, also how the term has been used in the economic literature which developed in parallel with neo-functionalism. For Balassa (1961, p. 1), for example, regional (economic) integration can be defined "as a process and as a state of affairs. Regarded as a process, it encompasses measures designed to abolish discrimination between economic units belonging to different national states; viewed as a state of affairs, it can be represented by the absence of various forms of discrimination between national economies." The handbook also followed

such a broader understanding.

What is understood as regional cooperation or integration differs greatly, not only across regions but also from one policy area to another. Comparability should thereby not be taken for granted (De Lombaerde et al., 2010; Acharya, 2016). We know from earlier research that the observed varieties of regionalism are a function of different (region-specific) combinations of variables and factors (Acharya and Johnson, 2007).

Regional governance should – in addition – be seen in a multi-level governance (MLG) context where it interacts with other governance levels, or it can – at least – be informed by the concept of MLG, independently of its obvious (European) origin (Marks, 1993; Hooghe and Marks, 2001). Regional organizations sometimes seem to act as intermediaries between national authorities and global (UN) institutions, including WTO, WHO, and UNESCO.

2. Why?

Why should there be regional cooperation or integration in the first place? Different kinds of political arguments can be used to advocate for regionalism. More sophisticated arguments are based on normative theories.

A central element in many arguments in favour of regional policies is that the phenomena that require political action show inherent regional dimensions. For example, in many regions, migration or trade flows show a higher-than-average density at the regional level, which therefore justifies regional policies. Natural resources and ecological systems also often have regional features, calling for regional governance responses. Good examples are rainforests or water basins. The same is true for infectious diseases leading to epidemics.

The regional governance level can also be useful in solving collective action problems. Regional frameworks (involving minimum standards and/or due diligence requirements) in the realm of (corporate) taxes or investment, for example, can avoid races to the bottom. This argument can be extended to social policies, migrant and refugee policies, environmental policies and so on. Now, even if a net positive effect of a regional arrangement can be demonstrated, this will not necessarily be achieved. Apart from (geo-)political reasons, game-theoretical insights on strategic behaviour may help in understanding these logics. In some cases, the arguments in favour of regional policy interventions based on scale considerations are expressed in general terms, but sometimes also by means of more sophisticated normative theories. Specific theories are available in the areas of trade, monetary integration, and security.

Neo-classical trade theory, for example, clearly explains under which conditions regional trade liberalisation is superior from an efficiency perspective, and when not. Trade creating regional trade liberalisation increases intra-regional trade *and* has a positive static effect on economic welfare. The latter is achieved through a redirection of production towards more efficient producers, increased market access, lower consumer prices, and – for differentiated products – access to a greater variety of products. For (economically) ‘large’ trading blocs, an additional positive terms-of-trade effect, leading to lower import prices, can be reaped from integrating. Having said this, within the logic of neo-classical trade theory, multilateral trade liberalisation remains the first-best policy. Theoretically, regional trade liberalisation can be a ‘stepping stone’ or a ‘stumbling block’ towards multilateral trade liberalisation (Bhagwati, 1992).

Trade liberalization also leads to positive dynamic effects via the dynamism of investment and competition, leading to innovation and growth. Nuance is needed, however, to the extent that the kind of specialisation pattern that emerges post-liberalisation (simplistically, towards high versus low value-added sectors) determines the longer-term growth prospects. Even in a dynamic setting, the infant industry argument has been transposed to the regional level, best known in its formulation by Prebisch and colleagues at UN-ECLAC in a Latin American context (CEPAL, 1959; Prebisch, 1959; Moncayo et al., 2012). According to this argument, in the case of small or mid-sized developing countries, import-substitution industrialisation (as a pre-requisite for long-term growth) can be achieved through (extra-regional) protectionism if – at the same time – the ‘domestic’ market is enlarged via intra-regional trade liberalisation and the creation of a common market. These policies can, in addition, lead to ‘tariff jumping’ incoming FDI.

Another example is optimum currency area (OCA) theory, which developed from Mundell's seminal paper (Mundell, 1969). It explains, in detail, the economic costs and benefits of adopting a common (regional) currency and why scale is critical for the choice of an exchange rate regime and monetary policy. The benefits of a common currency are related to the reduction of transaction costs and elimination of exchange rate variation when the intensity of (micro-economic) exchanges at the regional level is high. In addition, more efficient market processes will lead to positive dynamic effects related to restructuring in both the real and financial economy. Depending on the quality of pre-existing national monetary policy, further gains can be achieved if the new common monetary policy is characterised by stability and credibility, and if the common currency acquires global status in the global financial system. The macroeconomic effects will obviously depend on whether the currency union opts for a free-floating currency or a fixed exchange rate peg. The costs of establishing a currency area are related to the loss of macroeconomic policy autonomy at the national level. OCA theory has further been operationalized and the analysis of OCA criteria involves assessing the symmetry of business cycles, the degree of flexibility of labour and capital markets, and the availability of fiscal surveillance mechanisms or even central (i.e. regional) fiscal capacity. The need for clear and strong political commitment from the participating economies is thereby emphasised.

Specific theories are also to be found in the area of regional security. They are built around the concepts of security or military alliances on the one hand, and regional security complexes and communities (inspired by the work of Deutsch, 1957) on the other. Whereas the former are associated with theoretical approaches that focus on an external impetus for regional action (i.e. a shared external threat), the latter are associated with approaches that focus on an internal impetus. This internal impetus can be related to interdependencies but also to a common identity, converging ideological positions, and efficiency-seeking behaviour, among other drivers. Other explanations outline security regionalism as a spillover from regional political dynamics and institution-building that generate trust over time. There is also a link between security and democracy protection. Regional democracy protection can, in some cases, be considered as a proxy for the promotion of security and stability in the presence of autocratisation processes in the neighbouring countries. However, theorising on regional democracy protection has identified at least two other drivers: new or fragile democratic regimes fencing off their regime from potential authoritarian domestic actors following a 'lock-in' strategy, but also authoritarian regimes supporting democracy protecting institutions as in 'signalling' strategies.

In other areas, there are not necessarily specific normative theoretical frameworks available that articulate why regional cooperation or integration should or could happen. In those cases, more general theoretical frameworks might be helpful and/or *ad hoc* theorising is to be found.

In the case of common markets, for example, by borrowing from more general theoretical insights on international factor movements and using analogies with the analysis of regional trade liberalization, a strong theoretical case can be built for liberalising services trade, mobilising labour, and liberalising capital movements and technology transfers as part of a common market program. The importance of creating regional markets in support of the green energy transition and diversification strategies, by allowing trade in energy among neighbouring countries, providing opportunities to achieve economies of scale for new energy projects, creating the conditions for regional value chain rearrangement, and providing effective instruments for waste management control (see also, Van der Ven and Signé, 2021).

Economies of scale are also relevant in the area of science, technology and innovation. Meaningful scientific progress and innovation in specific technological areas, such as nuclear technology, require minimum critical scales. This means that for small(er) countries, regional STI cooperation may be vital to secure access to strategic knowledge on new technologies. Similar arguments related to scale can also be made in sectors such as military equipment and higher education. In the area of tax policy, regional cooperation is driven by a combination of seeking economies of scale (e.g. in capacity building), optimising tax effectiveness and efficiency (e.g. by dealing with mobility of taxpayers), avoiding tax competition, and optimising influence in multilateral tax policy initiatives.

In the case of higher education, further building on De Wit (2002) and Knight (2015), five sets of factors can be identified that explain regional cooperation among policy and institutional actors at different levels. These include human resource development, political development, social-cultural development, academic development, and trade.

In constructivist terms, when it comes to regional cultural policies, regional cultural cooperation is not only about the exchange of cultural products but more fundamentally about creating a 'diversity regime', needed for the regional project. In the case of health, epidemiological models can help explain why regional responses are needed when infectious diseases cross frontiers, while microeconomic models can help explain why jointly purchasing costly medicines can make sense. The existence, or (more importantly) the absence of a global regime in a particular policy area has been mentioned as an important factor in explaining the need for a regional regime. The regional regime can either be understood as a substitute for an absent global regime, a precursor to a global regime, functionally complementary to a global regime, or – even – a competitor of a global regime (see e.g. earlier discussions in Thakur and Van Langenhove, 2006, and Cooper et al., 2008).

Complementarity is often referred to when dealing with trade regimes, where the WTO framework is complemented by regional trade agreements that push the policy agenda forward when multilateral negotiations stand still. Complementarity is also suggested in the context of digital governance, which emphasizes how regional governance might provide effective ways for civil society engagement. As far as migration governance is concerned, the absence of a global regime has been signalled as a reason why deeper regional migration regimes are needed. Also, in the case of regional financial cooperation, the failures or imperfections of the Bretton Woods institutions have been mentioned as factors explaining and justifying the creation of regional mechanisms. It has been observed, for example, that IMF loans have at times been procyclical rather than countercyclical, and that development finance has not always responded to the demands of developing economies, but rather to the interests of donor countries. The inadequacy of global mechanisms such as the WTO dispute settlement mechanism to address conflicts between the promotion of economic activities, on the one hand, and the protection of human rights and the environment, on the other, have been referred to in order to explain the emergence of regional institutions to deal with such conflicts. For a discussion of the global-regional nexus in environmental governance, see e.g. Conca (2012).

In this framework, regional cooperation and integration initiatives can also be explained by the search for more policy autonomy, both regionally and nationally, vis-a-vis international regimes. This argument can, for example, be considered in a post-colonial context in Africa, where various historical political leaders (Nkrumah, Nyerere and others) explicitly considered African regionalism as a condition for policy autonomy in the continent in the early days after independence, but it can be extended to broader contexts and time horizons (Riggirozzi and Deciancio, 2018). This contrasts with (political) opinions that regional arrangements constrain national policy-making. The possibility has also been pointed to that trade regionalism, by collectively exerting sovereignty, can be an adequate response to Rodrik's political trilemma (Rodrik, 2007), which asserts the joint impossibility of democracy, national sovereignty, and global economic integration.

Related to the policy autonomy argument is the possibility that regional cooperation leads to increased extra-regional negotiation power. This is especially the case for groupings of small or medium-sized countries. Regional cooperation has the potential to re-balance power asymmetries in inter-regional negotiations, for example in the case of asymmetric trade negotiations (Bilal et al., 2011). It has also been suggested in the context of African Union-EU negotiations, with specific reference to the Carbon Border Adjustment Mechanism.

What the chapters in the handbook show is that there are very good reasons for regional public policy action in specific circumstances and for specific purposes. This does not mean, however, that there is necessarily a societal consensus on the direction and intensity of this action. This is not the case at the national level either. A political process is needed to crystallise proposals into concrete policies. In some cases, such as migration governance, there are many diverging views on which are 'desirable' policies and, in this case, policy objectives are different between levels: lower levels are more inclined towards liberalisation, with higher levels less inclined. An inherent tension, therefore, exists between national, regional and global policies. In addition, the success of regional cooperation is likely to depend on the extent to which the arrangements take the interests of (involved) local and indigenous communities into account.

What is shown, however, is that for given (projected) policies to address given societal challenges, the regional level is sometimes more adequate and effective than the national level.

Some final considerations related to the evaluation of proposals for regional cooperation: First, when evaluating the pros and

cons of regional cooperation and integration, one should be aware that the criteria can be fulfilled *ex-post* because of their endogenous nature. Secondly, when evaluating the potential benefits of regional cooperation, not only the net benefits should be looked at, but also the potential costs of non-cooperation. Absent or deficient regional arrangements can lead to conflict and additional costs. Thirdly, the costs and benefits of cooperation in a particular area are not limited to that area and there can be important spillover or multiplier effects towards other sectors. A good case in point is cooperation on cross-border water resources, with consequences for drinking water distribution, hygiene (health), agricultural production, energy production, flood (disaster) management, climate change adaptation, etc.

3. Where?

What is striking is the great variety of modalities of regional cooperation worldwide. This does not necessarily take place in the context of a regional organisation minimally deviating from a standard (EU?) template and/or in terms of resources that are being mobilised. And even if it takes place in the context of a regional organization, there is important variation in scope and scale, and – looked at from a longer time perspective – there is not necessarily convergence observable towards a specific institutional model.

Independently of whether regional cooperation takes place in the context of regional organisations or not, it can be observed that it spans many policy areas and, more specifically, it can be observed that the scope of regional cooperation has widened over the last 50 years (i.e. in the direction of ‘general purpose’ organisations, Schermers and Blokker, 2011). Areas like democracy promotion and environmental policies were practically absent at the beginning of the period, while they have become quite prominent today. More traditional policy areas like trade, infrastructure, security, and social welfare also saw their importance increase, especially thanks to newly created regional organisations since 1995. The only policy area that has not gained terrain in the period under study is agriculture.

In the area of migration, regional governance ranges from almost absent (even if there is regional cooperation in other areas) to instances where free movement and related citizen rights are guaranteed regionally. Intermediate forms of regional migration governance often limit free movement to economic actors (workers, service providers, investors) in combination with some kind of regional economic integration. In addition, the migration area also shows the importance of more informal regional cooperative dynamics such as the regional consultative processes (RCPs).

Trade and security are associated with the most important modern (i.e. post WWII) regional cooperation and integration initiatives worldwide. Cooperation on trade refers to liberalisation (i.e. the reduction or elimination of trade barriers) as well as to regulation. When all members of a regional arrangement are also members of the WTO, the regional arrangement must be in line with the WTO rules. The implication of this is that, contrary to other policy areas, cooperation in trade is regulated and its modalities are standardised to a certain extent. The WTO regulates the creation of free trade areas and customs unions, as well as the contents of so-called WTO+ provisions in new-generation trade agreements (Horn et al., 2009).. Deeper integration, via WTOx provisions or even leading to the creation of a common market, is not regulated by the WTO.

The global network density of trade agreements has increased importantly. The latter is even more pronounced intra-regionally. Only a minority of trade agreements are signed among members of a classical regional organisation or are part of their constituent treaties. The WTO currently (early 2023) counts almost 600 notified active regional trade agreements and 29 customs unions, while this is probably an underestimation.

‘Common markets’ are theoretically characterised by the combination of the liberalisation of goods and services trade, the liberalisation of labour migration, and the liberalisation of capital movements, together with regulatory convergence or mutual recognition. As common markets are, as such, not regulated by the WTO and necessarily consist of a whole package of measures in various areas, it is not necessarily easy to identify which arrangements can be considered as common markets and which not. The following six common markets are relevant cases, even if their current status does not necessarily coincide with the academic definitions of a common market: the EU, the Eurasian Economic Union (EAEU), the ASEAN Economic Community (AEC), the Caribbean Community (Caricom), the Central American Common Market (CACM), and the East-African Community (EAC).

Regional digital governance is a dynamic emerging field, sometimes connected to broader common market policies. Digital policy agendas have been presented by various regional organisations to coordinate and/or integrate new policies in the digital area, ranging from benchmarking and innovation to capacity-building and regulation. Regional organisations that have shown initiative in this area include ASEAN, Mercosur, Pacific Alliance, Andean Community (CAN), African Union (AU), Gulf Cooperation Council (GCC), Arab League and the EU. The latter, driven by its institutional mandates, has been very active in promulgating regulatory policies and designing industrial policies, with a strategic ambition stretching far beyond its borders.

In the monetary sphere, the modalities of monetary integration range from regional exchange rate stabilisation mechanisms to full currency unions. Few of the latter exist globally, including the European Economic and Monetary Union, the Central African Economic and Monetary Community, the West African Economic and Monetary Union (WAEMU), and the Eastern Caribbean Currency Union. In addition to these forms of monetary integration, there is also a variety of other forms of regional financial cooperation which refer to regional cooperation on issues related to macroeconomic cooperation, crisis management and the provision of liquidity for financial stability, and long-term development financing. The resources under the latter form can be channelled via a regional development bank, such as the Asian Development Bank, the Eurasian Development Bank, the Asian Infrastructure Investment Bank, the African Development Bank, the Inter-American Development Bank, or the Islamic Development Bank. Regional financing arrangements include arrangements such as the European Stability Mechanism (ESM), the Latin American Reserve Fund (FLAR), the Arab Monetary Fund, and the SAARC Swap Arrangement.

Regional security cooperation can take place (formally or informally) via organisations that have been built with an explicit security mandate (i.e. task-specific organisations) as in the case of NATO, or via multi-purpose organisations which have security in their portfolio. Examples of the latter include the AU, ASEAN, and the EU. Five regional security cooperation functions can be considered: promotion of regional security dialogue, development of a human security agenda, consolidation of democracy and human rights, deployment of peace operations, and focus on a state-centric security military agenda.

Both regional democracy protection policies and regional human rights systems are mostly present in Europe, Africa, and the Americas. Regional organisations with democracy protection clauses and/or policies include the Council of Europe (CoE), the Organisation for Security and Cooperation in Europe (OSCE), the EU, the Organisation of American States (OAS), MERCOSUR, CAN, AU and ECOWAS. Two types of regional courts can be distinguished: regional human rights courts and courts created by regional integration groupings. The first category includes the Inter-American Court of Human Rights, the European Court of Human Rights, and the African Court on Human and People's Rights. The second category includes the East African Court of Justice, the ECOWAS Court of Justice, the Caribbean Court of Justice, the Andean Tribunal of Justice, the Court of Justice of the EU, and the Court of the EAEU.

Regional tax governance comes in different shapes and modalities. Three basic types can be distinguished: The first type is specialised regional tax organisations, including, for example, the African Tax Administration Forum (ATAF), the West African Tax Administration Forum (WATAF), the Centro Interamericano de Administraciones Tributarias (CIAT), the Caribbean Organisation of Tax Administrators (COTA), the Pacific Islands Tax Administrators Association (PITAA), the Study Group on Asian Tax Administration and Research (SGATAR), and the Intra-European Organisation of Tax Administrations (IOTA). Some of these are linked to a generalist regional organisation. The second type is regional development banks, which provide tax-related assistance to their member states. The third type is generalist regional organisations, as well as some transregional ones (like the OECD), which also engage in cooperation in the area of tax policy. Apart from the EU, other regional organisations engaging in tax cooperation include WAEMU, EAC, SADC, CAN, and CARICOM.

In the area of regional social policies, a number of cases have been identified that not only illustrate the varying degrees of institutionalisation but also the varying policy orientations across regions, including the EU, regional organisations in Latin America (incl. MERCOSUR), regional organisations in Africa (incl. AU), and ASEAN. Examples of regional cooperation in higher education can be found in all continents, responding to both top-down and bottom-up logic. The examples stretch from quality assurance, mobility and credit to degree recognition and regional educational programmes. Regional cooperation in this area is not limited to initiatives taken within the realm of regional organisations, it also takes place in non-institutionalised regions as well as in trans-regional contexts. There is also a link between regional cooperation in higher education and regional cooperation in science, technology, and innovation (STI). Cooperation in this area in the EU mirrors the development of its common market.

In addition, resources for science and innovation are pooled to some extent, allowing to reap (some) economies of scale. Full regional integration is rare, however, and is limited to Euratom and ESA. Initiatives to foster intra-regional mobility of researchers, provision of research infrastructures, and pooling of resources in specific areas have also been taken in Africa (AU, ECOWAS, EAC, SADC), Asia (ASEAN, SAARC) (Degelsegger-Márquez and Remøe, 2019), Latin America (Mercosur) and Black Sea Economic Cooperation (BSEC), and League of Arab States.

Regional approaches to health have spread all over the world. This has happened in part through embedding a regional focus and modalities in the multilateral context of the World Health Organization (WHO), by means of a system of regional offices. Interestingly, the Pan-American Health Organization plays a dual role as an autonomous regional organisation in this area *and* a regional office of the WHO. Regional approaches to health have also manifested themselves through the mandates and operations of regional organisations. In this framework, three modalities of health regionalism can be distinguished. The first is the promotion of health policies through regional human rights norms. The right to health has been included as a principle in e.g. the European Social Charter, the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights, and the African Charter on Human and Peoples' Rights. A second modality is the design and implementation of regional health policies for pandemic preparedness and response. Most notable in this area was the creation of the European Centre for Disease Prevention and Control (ECDC) in the context of the EU, and the Africa Centre for Disease Control and Prevention (Africa CDC) in the context of the AU. ASEAN has also taken initiatives, notably through its ASEAN Emergency Operations Centre Network for Public Health Emergencies. Finally, a third modality is the design and implementation of regional health policies for non-communicable diseases. These include food security policies and tobacco controls. Examples of initiatives in this area include the EU and CARICOM. ASEAN has also tackled the health effects of transboundary air pollution through non-binding declarations and action plans (Varkkey, 2016). The Caribbean Public Health Agency (CARPHA) also has a mandate in this area.

Even if the cultural dimension of regionalism (i.e. belonging to a culturally defined region) is often mentioned in constitutional texts and regional treaties (De Lombaerde and Lizarazo, 2015), it can be shown that actual regional cultural policies appear only gradually in regional integration processes, although there is also quite some variation from one regional organisation to another. Cross-border water governance arrangements also vary greatly from one region to another. They can take the form of River Basin Organizations or be lighter forms of bilateral or regional cooperation. It is estimated that around half of the international rivers have a legal arrangement in place.

A final remark related to the mapping of regional cooperation and integration is that in many cases extra-regional actors are involved, in some way or another. Often, regional initiatives benefit from extra-regional funding, coming from third states, other regional organisations, regional or global development banks, etc. While this objectively mobilises additional resources that benefit specific regions in specific policy areas, it also *de facto* complicates regional governance and constrains regional policy autonomy. This role of external funders is observed in areas such as institution-building, trade, infrastructure or cross-border water governance.

4. So What?

Does the available empirical evidence allow us to draw some conclusions on the effectiveness and impact of regional arrangements and policies? In some cases, the intervening variables are quantifiable and the evidence is quite robust. In other cases, the opposite is true. Studying policy effectiveness is also made difficult when policy objectives are moving targets and when one faces an 'attribution problem' when regional policies intersect with national policies and global developments.

In addition, assessments of regional arrangements and organisations are often limited to assessing outputs and impact without necessarily looking at inputs, i.e. the resources that are being mobilised for the purpose of regional cooperation (Engel and Mattheis, 2019). Policy effectiveness requires looking at both the input and output sides at the same time. The variation in resource levels across regions, therefore, explains an important part of the variation we can observe in terms of output and impact of regional organisations across regions. That being said, the impact of regional cooperation is not always dependent on an important mobilisation of means, especially if it consists of rule-making or the elimination of barriers to intra-regional flows (the

so-called ‘negative’ integration).

While regional migration policies have made an important contribution to protecting border workers and labour migrants, due in large part to the economic bias of many regional migration policies, there is still room for further cooperation with respect to other categories of migrants. The migration case allows also the addition of some critical elements to the assessment of regional governance. The core argument of the corresponding chapter is that “while regions may embody an alternative level at which peoples’ mobility can be governed, they also reproduce some of the characteristics – and sometimes the shortcomings – of both national and global migration policy. It is therefore difficult to oppose the different levels based on normative/functionalist assumptions, in terms of which level would ‘work better’”. It is argued that regional and global regimes are not always compatible, or at the very least they are sometimes in tension. It is concluded that intra-regional migration governance (in the sense of liberalisation of people’s mobility) can also lead to clearer/stronger extra-regional borders, leading to more tensions and new challenges.

Regional trade liberalisation has shown demonstrable positive effects on intra-regional trade worldwide. In a meta-analysis of 108 studies that estimated a structural gravity model, Head and Mayer (2014) obtained an average effect of a 43% increase in trade. However, individual studies do show considerable variation around this average. Baier and Bergstrand (2007), from their side, have shown that the trade effect of trade agreements tends to further increase over time. It should be noted that the positive trade effects of a trade agreement go well beyond tariff reductions. Now, whereas the trade effect is thus relatively clear, the effect on economic growth is much less convincing. Generally speaking, it can be said that regional trade liberalisation *can* lead to a higher economic growth path, but only under certain circumstances. These include the involved trade partners (favouring North-South agreements), the existence of an adequate institutional context, and the resulting specialisation patterns (favouring sectors with long-term growth potential) (Schiff and Winters, 2003; Di Caprio et al., 2017; Melitz and Redding, 2021).

Empirical evaluations of common markets have been hampered by the fact that there are few cases on the one hand and the fact that common market programmes are multi-faceted, not standardised and complex on the other. Recent *ex-post* evaluations of the European Single Market point, however, to considerable economic gains from creating a common market. In ‘t Veld (2019) suggests a long-term average increase of GDP by 8-9% using a structural macroeconomic model. This is higher than what *ex-ante* was predicted (4,25-6,5% in Cecchini et al., 1988) and probably even an underestimation: the single market is still being deepened (transport, other services, digital) and the effect of capital and labour mobility is not fully taken into account. In addition, using a different methodology (based on gravity models), Mayer, Vicard and Zignago (2018) and Felbermayer et al. (2018) find even stronger trade effects. These results seem robust but should, in any case, be interpreted cautiously, and not mechanically extrapolated. While in ‘t Veld (2019) points to the fact that above-average effects are to be expected for smaller and opener economies within the common market, it should also be considered that the potential gains from a common market are a function of its relative economic weight in the world economy.

There is empirical evidence that the European monetary integration process, in addition to the effects of the creation of the common market, has led to increased levels of trade (+50%) and investment (+30%) in the Euro-zone, with ensuing positive effects on production and growth. The adoption of a single currency has also demonstrably contributed to stronger business cycle synchronisation, as the euro has become the second most important reserve currency in the world. However, national-level macroeconomic disequilibria persisted and became problematic after the 2008 global financial crisis. A sovereign debt crisis plagued the member states that were weakest in terms of their fiscal position and banking system in 2010. In the absence of a central economic government and central fiscal capacity in the Eurozone, which would be the first best option, additional stabilising monetary policy measures were needed and taken, including a stricter macroeconomic monitoring framework, centralised supervision of the bank sector, and a European Stability Mechanism.

For the African and Caribbean cases, it is difficult to disentangle the effects of the (irrevocably) fixed intra-regional exchange rate from the effects of the pegged extra-regional exchange rate. In the cases of CEMAC and WAEMU, it can be observed that the exchange rate regimes have produced low inflation rates and price stability. However, there is no clear evidence that this has resulted in higher economic growth rates. Because of the heterogeneity among the participating economies and the evolution of their external economic relations (with more interactions with Asia), there is no consensus that the current monetary arrangements with fixed parity to the euro are optimal arrangements for the regions, at least not from a purely economic point

of view. In the case of the Eastern Caribbean Currency Union (ECCU), the arrangement has also led to low and stable inflation rates. The peg to the USD has also contributed to strengthening the business climate in the region. Although the levels of intra-regional trade are low, the (internal and external) structural symmetries of the island economies play in favour of a currency union. A central fiscal capacity could be an adequate complement to the current arrangement.

The European Stability Mechanism (mentioned above) is an example of a regional financial arrangement. These arrangements have emerged – with variations – in practically all world regions. There is evidence that they have been effective credit channels in times of crisis, complementary to the IMF loan programs. Regional Development Banks have further contributed to the creation of the conditions and market confidence to develop local currency bond markets, especially in Asia, where regional surveillance capacity has also been enhanced. However, both structural and political challenges remain for regional financial cooperation.

The picture of the effects of regional security cooperation is not very clear. It is objectively highly difficult to establish causal relations between cooperative effort and outcome (e.g. peace, stability, containment). The role of institutional and political factors in the effectiveness of regional security cooperation should be highlighted though. Similarly, in the area of democracy protection, it is difficult to demonstrate its effectiveness, although some ‘light’ evidence is available on the lock-in effects of such policies. Four categories of factors that constrain the effectiveness of regional democracy protection policies can be considered: “the intergovernmental character of enforcement; the power asymmetries and informal hierarchies that impair the consistency and impartiality of enforcement; the institutional overlap and forum shopping; and the limited authority of ROs to tackle the sources of contemporary crises of democracy”.

It is also pointed out that regional human rights protection and democracy protection are often considered as part of the same regime, although a crucial difference exists between the two: the protection of human rights falls under the authority of (relatively) autonomous courts or tribunals, whereas democracy protection is steered by the member states themselves. This distinction might explain the relative effectiveness of both sets of policies. It is observed, however, that in some cases, regional courts are initially formally mandated but then not necessarily allowed by the member states to exercise it effectively. This is the case for, e.g., the COMESA Court of Justice or the SADC Tribunal. In other cases, their mandates are restricted and do not necessarily explicitly include the protection of human rights, even if some courts (like the EAC Court of Justice or the Andean Tribunal of Justice) have autonomously (i.e. through their own jurisprudence) broadened their scope in the direction of human rights. Courts that have had a particularly important role in the protection of human rights through their judgments, with implications for the domestic legal systems, include the Inter-American Court of Human Rights, the European Court of Human Rights, the Court of Justice of the EU, and the ECOWAS Court of Justice. In the area of environmental protection, the judgments of the Court of Justice of the EU, the European Court of Human Rights, the Inter-American Court of Human Rights, and the EAC Court of Justice should be mentioned.

In the area of tax cooperation, it was shown that regional specialised tax agencies provide value-added for individual countries and their tax administrations by contributing to capacity building and technical capability for tax collection, and thus contribute to strengthening the tax collection capacity of governments. Specialised tax organisations provide opportunities for knowledge exchange and mutual learning, and provide a framework for technical cooperation on cross-border tax issues. Less has been achieved in terms of tax policy coordination though.

In the area of social policy, the European and Latin American cases show that the regional level promotes processes of mutual learning among member states and facilitates interactions and dialogues between national and global levels as to needed and desirable policies. The latter was particularly well illustrated by the space created by regional organizations and PAHO in the context of health policies in Latin America. It is also shown there that these vertical interactions work in both ways. In addition, in the case of the EU, important regulatory work took place in the areas of gender equality, anti-discrimination policies, labour law, and safety regulations, and redistribution mechanisms have been put in place.

As mentioned before, evaluating policy effectiveness of regional higher education policies is not an easy task. Several studies are available on the Bologna Process and Erasmus+ programme. In the former case, policy implementation scores well but that does not necessarily translate into goal achievement. Student mobility increased but the goals in terms of mobility were not necessarily met. In any case, there is evidence that the European higher education system has become more attractive

to students. The Erasmus+ programme was shown to be associated with higher-scoring participants (compared to non-participants) in terms of skills, knowledge, and attitudes. However, causal relations are difficult to establish. Positive effects are reported from mobility schemes on student mobility in Asia, but student mobility is obviously only an intermediary policy variable. In Latin America, there is also some evidence of the positive effects of mobility schemes on mobility, but the effects are uneven. Within Mercosur, positive results were reported in terms of cross-border research networks. The effects of regional educational initiatives in Africa are even less clear, mainly because of implementation deficits.

From the empirical assessments, some general conclusions can also be drawn: Firstly, political commitment plays a vital role in the effectiveness of policies and the political character of regionalist projects should not be underestimated. In the case of monetary integration, for example, it can be shown that decisions on regional cooperation and integration should be based on a cost-benefit calculus (in the broadest sense) but that their ultimate success will crucially depend on the political commitment of the involved states and their actors. It is, thus, not necessarily so that *ex-ante* structural factors will determine the effectiveness ('success') of regional projects and policies. Examples of such factors include e.g. *ex-ante* intra-regional trade levels for market integration or OCA criteria for monetary integration. They are not unimportant, but should not be seen as sufficient conditions. In the literature on monetary integration, the endogeneity of these criteria has been suggested (Frankel and Rose, 1998). The conditions for effective integration can be fulfilled *ex-post*. Or, in other words, regionalism as a new political project and social construct creates (or at least, *can* create) its own conditions. An interesting – although unexpected – parallelism is found in the area of regional cultural cooperation. It is not so much *ex-ante* cultural characteristics (e.g. cultural proximity, cultural homogeneity) that matter for a regional integration process, but it is rather about how an effective 'diversity regime' is put in place during the process. The crucial role of political commitment and mutual trust is also illustrated by the cases of common markets and cross-border water governance.

Secondly, and related to the previous point, political economy complexities should not be underestimated. They may explain the difference between successful and unsuccessful cases of regional cooperation. Although regional governance arrangements indeed have the potential to solve collective action problems (see above), it is not always straightforward to implement them. In this context, a 'regional integration paradox' can be identified: the more important the availability of domestic public resources is, the greater the reluctance to pool domestic resources. The existence, or not, of regional leadership among the larger member states, and the perception of their return on investment in regional cooperation, will therefore be a crucial variable in understanding the dynamics of regional cooperation in certain areas.

Thirdly, and also partly related to the first point, it can be observed that effectiveness is also a matter of treaty design. Treaty design is, in turn, the result of political commitment but also technical capacity and choices. Deficient design has been observed, for example, in the area of cross-border water governance.

Fourthly, even if the value added of regional governance levels can be empirically demonstrated, it is also true that the emerging multi-level governance system and *de facto* political system become more complex, with the risk that citizens identify less with the latter and do not necessarily feel represented. This is a real challenge and requires new thinking about participation and the organization of democracy in such systems.

Fifthly, from African case studies and echoed by the literature on Latin American regionalisms, it can be concluded that regionalism has the potential to lead to more policy autonomy, including national policy autonomy. At the same time, as illustrated by the digital governance case, there are also real tensions between 'the regional interest' and national interests and goals in terms of national sovereignty. There are also instances of regional organisations in the Global South that are financially dependent on countries in the Global North and/or Northern-led regional organisations. This limits their potential to conceive autonomous policies.

Sixthly, in order to better assess the effectiveness of regional policies, better (systematic) data are needed on the input side of regional organisations (i.e. the financial and human resources that are mobilised at the regional level).

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UNU-CRIS Working Paper #4 2023

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Published by: United Nations University Institute on Comparative Regional Integration Studies

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