The Ascent of Regionalism and the Future of the World Order

Prof. Dr. Luk Van Langenhove

The 33rd Asia-Europe Lecture Tour July 2010
Singapore – Bangkok – Manila – Seoul – Shanghai
Background

- **10 years of work** of the United Nations University Institute on Comparative Regional Integration Studies (UNU-CRIS)
  - More than 50 books
  - More than 100 articles
  - The RIKS Platform
- **Our mission:**
  - Monitoring
  - Peace and security
  - Socio-economic issues
  - Policy-relevance and theoretical understanding

- **My book project**: Building Regions. The Regionalization of the World Order (Ashgate, end of 2010)
Major Claim:

Regionalisation is shaping the future economic and security world order

Major Questions:

- Why are regions being created?
- How is this happening?
- Which implications for Europe and South East Asia?
World of States (Strengths)

- Modern state is a European invention
- Embraced by the rest of the world
- Three major functions of sovereign states
  - Single economic space
  - Single public good space
  - Sole provider of internal and external sovereignty
World of States (Weaknesses)

- The differences in size
- The wealth and poverty
- Dealing with cooperation and conflict
Contemporary Challenges for States

- Globalisation
- Networking society
- Problems of multilateralism
Response of States to the Challenges

- Protectionism/isolation
- New forms of multilateral intergovernmentalism
- Creating regions
What is a Region?

- It is a geographical space
- that is not a state
- but has some statehood properties
What Statehood Properties?

**Formal:**
- Borders
- Symbols
- Institutions

**Content:**
- Economic space
- Public good space
- Internal/external sovereignty
Categories of Regions

- Subnational regions
- Crossborder regions
- Supranational regions
Why do States create Regions?

State interest is central, examples:

- To deal with local identity issues
- To tackle crossborder public good issues
- To manage security issues
- To overcome size related deficiencies
How do States create Regions?

- Stimulating crossborder cooperation
- Devolution
- Regional integration
### Unpacking States (and Regions)

<table>
<thead>
<tr>
<th>States as a Single Market</th>
<th>States as Provider of Public Goods</th>
<th>States as International Sovereign Actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Integration <em>télos</em>: regional single market</td>
<td>• Integration <em>télos</em>: regional public goods</td>
<td>• Integration <em>télos</em>: region as sovereign actor</td>
</tr>
</tbody>
</table>
Varieties of Regional Integration

- Integration by removing obstacles
- Integration by building institutions
- Integration by building geographical identity

United Nations University Institute – Comparative Regional Integration Studies (UNU-CRIS)
First Generation Regionalism

- Regional trade agreement
- Sequencing
- Booming phenomenon
Of all RTAs in force, only 22% are ‘true’ regional.
Conclusion: the world is not as regionalised as generally assumed.
(source: RIKS database)
### Some Indicators on Economic Integration

*(De Lombaerde, Söderbaum, Van Langenhove and Baert, 2010)*

<table>
<thead>
<tr>
<th>Ranking according to</th>
<th>Intra-regional trade share</th>
<th>Intra-regional trade intensity index</th>
<th>Symmetric trade introversion index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>EU-27</td>
<td>CARICOM</td>
<td>CARICOM</td>
</tr>
<tr>
<td>2</td>
<td>EU-15</td>
<td>CAN</td>
<td>CAN</td>
</tr>
<tr>
<td>3</td>
<td>NAFTA</td>
<td>SADC</td>
<td>NAFTA</td>
</tr>
<tr>
<td>4</td>
<td>ASEAN</td>
<td>MERCOSUR</td>
<td>SADC</td>
</tr>
<tr>
<td>5</td>
<td>MERCOSUR</td>
<td>ASEAN</td>
<td>EU-27</td>
</tr>
<tr>
<td>6</td>
<td>CAN</td>
<td>NAFTA</td>
<td>MERCOSUR</td>
</tr>
<tr>
<td>7</td>
<td>CARICOM</td>
<td>EU-27</td>
<td>EU-15</td>
</tr>
<tr>
<td>8</td>
<td>SADC</td>
<td>EU-15</td>
<td>ASEAN</td>
</tr>
</tbody>
</table>

United Nations University Institute – Comparative Regional Integration Studies (UNU-CRIS)
Second Generation Regionalism

Focus upon regional public goods

Political process

Role of institutions
Third Generation Regionalism

Coping with sovereignty

Becoming a global actor

Only the EU?
Implications for the World Order

- Regionalisation of Europe
- Regionalisation of Asia
- Towards multilateralism 2.0?
- How do states cope with regions?

United Nations University Institute – Comparative Regional Integration Studies UNU-CRIS
Regionalisation in Europe

Not that integrated?

“Geometrie variable”

The “world player” ambition
Regionalisation in Asia

Scale matters

• Sub-regional integration is important
• Sub-national regionalisation
Regionalisation in Asia

Budget matters

- EU: RB = 1% of GDP
- In order to achieve 1% of GDP budget
  - ECOWAS: \( \times 60 \)
  - MERCOSUR: \( \times 200 \)
  - ASEAN: \( \times 1,500 \)
  - AU: \( \times 10,000 \)
Regionalisation in Asia

Institutions matters

• Importance of “COREPER”
• ADB proposals
Multilateralism Mode 2.0.

Multilateralism is profoundly changing as a result of:

• The emergence of new multilateral actors
• The development of new multilateral playing fields
• The rise of new concepts of multilateralism

• The world is moving from unipolarity towards a networked form of multipolarity
Multilateralism Mode 2.0.

In the existing multilateral system the ‘Mode 2.0.’ is emerging. This implies:

• The diversification of multilateral organisations
• The growing importance of non-state actors
• The increased interlinkages between policy domains
• The growing space for citizen involvement

• The multilateral system is moving from a closed to an open system
How do States cope with Regions?

- The Frankenstein scenario
- The Pygmalion scenario
- From subsidiarity to mutuality