

## The Role of Regionalism

### *The EU*

55. Some of the EU's international partners perceive a European neglect of its international responsibilities, as a result of the tendency to concentrate on the immediate challenges of widening to the East, and the failure to create a common and foreign and security policy. (The most discouraging result of this was the failure to deal with the genocide in the former Yugoslavia). Internal divergences over the role that regional integration projects should play in organising the international system contribute to a lack of clarity and purpose. Some see the EU as a player in a new 'balance of power' game to challenge US hegemony (along with potential new emerging 'power centres' in China, in India or Russia). Others insist on 'externalising' the EU sovereignty-sharing system as the only way to achieve true multilateral governance, or to multilateralise US foreign policy.

### *Latin America*

56. In Latin America, the force of unipolarity and unilateralism due to geography and the region's historical political economy particularly presses regional integration projects. The FTAA process, while still lacking the popular political legitimacy of integration schemes such as the Mercosul, poses a challenge to the survival of regional integration projects that aim to go beyond free trade. Member and associate states of the Mercosul have, at times, evinced a lack of commitment to collective discipline, viewing the FTAA as a possible 'alternative' to integration. Latin American countries have most to gain from fair multilateral rules, but the abusive application of anti-dumping rules, and fears of one-sided demands of so-

cial and environmental conditionality makes their commitment to multilateralism ambiguous. This ambiguity is also compounded by an unwillingness to take on the aspects of globalisation that are most challenging. Multilateral governance is under challenge not only by those who disdain it as a method to administer global relations, but also by those who favour it: fears of selective or one-sided rule enforcement are enemies of multilateral governance.

### *WTO and Regionalism*

57. There is also the unresolved question of the compatibility between some level of temporary protectionism and WTO liberalising rules. In Europe and Latin America, some argue that temporary and phased out protectionism (or internal preferences) are necessary to ensure the achievement of a strong starting position when entering the global market. Others justify partial or phased protectionism as a way to protect historical, cultural and environmental 'goods' that are as important as equitable trade opportunities (the main arguments used to defend the Common Agricultural Policy, CAP). Neoliberals and WTO rules contest such notions. The lack of definition of Article 24 means that it is not clear whether open integration is compatible with global trade liberalisation.

58. Open regionalism and open integration are often used interchangeably, although they are qualitatively different. Open regionalism (as expressed by NAFTA, for example) produces no tension with Article 24, as it consists only of the regional expression of the global drive towards free trade. Open integration, however, (as exemplified by the EU and possibly the Mercosul) aims to go beyond free trade and in the process of construction there is a justification for phased discrimination against 'outsiders' for the consolidation of the integration area. This is clearly problematic according to Article 24, as it does not provide for a phased or time-sensitive approach.

### *Multilateralism and Regionalism: What Compatibility?*

59. There is a long-standing debate as to the specific nature of the relationship between regionalism and multilateralism, and between regionalism and globalisation. The question has been raised as to whether regionalism is its 'ante-chamber' or a reaction to it. Globalisation cannot suppress regionalism; nor can regionalism avoid participation in global negotiations and rules. Both processes have and will continue to evolve alongside one another and interact, alternating between complementarity

and antagonism. The same applies to the link between regionalism and multilateralism. Both are part of the effort to administer global economic and trade relations. Even while responding to regional needs, regionalism is permeated with the rules of multilateralism. Regional accords are forged according to WTO rules and some agreements, such as NAFTA, are WTO-plus accords that transcend WTO rules. A 'competitive regionalism', resulting from the establishment of a multiplicity of accords that follow WTO rules and even transcend them, is compatible with multilateralism.

**60.** Whatever its current frailties, integration projects are prime disseminators of multilateral behaviour. Both the EU and the Mercosul are aware that new transnational challenges require countries to give up some sovereign powers and to determine, in consensus with other countries, rules that bind all actors. Limits on carbon emissions within the EU are a case in point. The primary aim of the construction of Europe has been to ensure peace and prevent inter-state conflict, and consolidate democracy is through the 'inclusion' of states in the integration process. This is why widening to Eastern Europe is the top EU priority today, as widening to Southern Europe was in the 1980s.

**61.** Political motivations for integration are central in the EU. The single currency, for example, which is the most advanced integration measure to promote deepest economic interdependence, apart from being an instrument for the creation of the Common Market, is a political tool of the common post-Cold War project against re-nationalisation. Latin American integration projects, including the Mercosul, have been driven by the primarily economic motive of establishing a platform for competitive integration into the global economy. Nonetheless, the Mercosul and other groups are also committed to a democratic basis as a way to participate legitimately and effectively in the global arena.

### *The Political Sphere*

**62.** In the political sphere, there is also a complex relationship of tension and complementarity between regionalism and multilateralism. Clearly, there is some tension between action by regional actors motivated by the normative humanitarian concerns that inform the new multilateralism, and the traditional UN legality, upon which multilateral action is based. Hence the problems arising from NATO intervention in Kosovo. However, it should be noted that this testifies less to an inherent antagonism between regionalism and the new multilateralism and more to the inadequacy of current UN institutional arrangements to govern humanitarian multilateral governance. The relationship between regional or local and global peace efforts can be tense but also complementary.

**63.** Powerful regional groups can act with autonomy, which means there is a risk of unjust intervention; but they also constitute coalitions of states within multilateral organisations that favour humanitarian intervention or lower the threshold of tolerance for gross human rights violations. Co-operation between NATO, the Kosovo Force (KFOR), the OSCE and the UN in Kosovo, the Economic Community of West African States (ECOWAS) initiative in Sierra Leone, are examples of harmonious action between regionalism and multilateralism. The same is true of action in favour of human rights by the Inter-American Court for Human Rights (IACHR) and European Court of Human Rights (ECHR). Indeed, in the EU and the Americas, regionalism constitutes a sort of 'permanent delegation' of multilateral functions, a positive example of 'subsidiarity'.

**64.** Regionalism can become a building block rather than a stumbling block for multilateralism if the institutional inadequacies or lack of rule definition of both are overcome. It can help to consolidate the new multilateralism if it contributes to solving the problems of identity, participation and legitimacy that are posed by the perception of elitism and exclusion inherent in the process of globalisation. Success is obviously conditional upon regional integration projects resisting any mercantilist or long-term protectionist path to self-affirmation, a tendency that is not currently observable.

### *The Benefits of Open Integration*

**65.** Open integration projects can fulfil the challenges of identity, participation and legitimacy for a number of reasons. First, they protect and promote democracy. The democratic basis of the EU, consecrated in the treaties of Maastricht and Amsterdam, its impact on the political environment in former candidate countries such as Greece, Portugal and Spain, and now on those of Eastern Europe, provide evidence of this. The Ushuaia Protocol of 1998 has played a similar role in the case of the Mercosul. Regional integration brings together not just governments but societies, increasing tolerance for differences through contact and interaction. Second, it promotes peace and security by permitting the peaceful resolution of conflicts, de-legitimizing the use of force and creating a 'security community'. Comparing the EU with NATO is illustrative: the level of sustained tension between Greece and Turkey within NATO is unthinkable within the EU. The power of attraction of regional integration schemes can also be a source of peace and stability, as witnessed in Eastern Europe.

**66.** Open integration generates multilateralisation. Participating countries multilateralise their foreign relations, opening new avenues for the resolution of



conflicts. A crisis affecting Brazil and Argentina is not merely bilateral but Mercosulian, which generates greater pressure to resolve it peacefully. Joining the EU creates opportunities for reinforcing bilateral relations through EU multilateral channels: the Portuguese policy of 'reaching Spain through Brussels' is a case in point. Integration not a zero-sum game; the gains for one member are not losses for another. A common interest does not mean a single interest; integration creates a framework of common interests and goals, and promotes a permanent negotiating process. Thus, countries may have disputes pending (such as the UK and Spain over Gibraltar) and still share dossiers.

### *Spaces of International Autonomy*

67. The contribution that open integration can make to multilateralising international relations is all the more pressing in a context of deepening unilateralism. The direction adopted by the new US administration is limiting the scope for the autonomous action of other international actors. This makes it all the more urgent for integration projects such as the EU and the Mercosul to work together. Indeed, biregional political association between the two groups is one of the best ways to ensure the survival and growth of spaces of international autonomy in the international arena against unipolarity and unilateral action. The capacity of regional integration projects to combat the force of unipolarity depends on their ability to reaffirm their credibility and alternative project (that combats balance of power politics) and to resist falling back on a trade based or mercantilist vision of integration.

### *Ending Conditioned Loyalties*

68. Ensuring constructive complementarity between regionalism and multilateralism requires multilateral, regional, inter-regional and national action. On a multilateral level, the WTO must adopt rules to ensure a dynamic compatibility between regional agreements and global rules. The clarification of Article 24 is particularly important. Regional political and security actions should be complementary with UN devised objectives. On a regional level, the permanence of multilateral institutions and rules must be accepted. Nationally, legislation must be made compatible with international norms and the search for greater international clout and more competitive economic insertion into the global economy must be undertaken according to multilateral rules. There can be no conditioned loyalties.

*What Role for the EU and the Mercosul?*

69. What role, then, for the EU and the Mercosul in this ambiguous and uncertain scenario? Despite the challenges, both projects are clear that multilateral governance is a must. The constraints imposed by the East West conflict are gone. The process of economic globalisation is tending to reinforce the search for norms and solutions through multilateral arenas. The threat of international terrorism has demonstrated more clearly than ever the need for concerted multilateral co-operation among states. Military strategic power no longer translates automatically into power; it is increasingly necessary to participate in multilateral *fora* to gain power and legitimacy, and protect 'the national interest' (the meaning of which is also changing).

70. The establishment of *ad hoc* alliances and the creation of linkages between different kinds of issues reflect a complex interdependence. There are ever more global themes that are subject to multilateral solutions. The question for the EU and the Mercosul is not whether multilateralism is desirable, but *which kind* of multilateralism they should strive for. This report posits that the kind of multilateralism the EU and the Mercosul should work to promote is a qualitatively different one from classic multilateralism.

**KEY CONCEPTS**

- A 'competitive regionalism', resulting from the establishment of a multiplicity of accords that follow WTO rules and even transcend them, is compatible with multilateralism
- There is a complex relationship of tension and complementarity between regionalism and multilateralism (...) but this testifies less to an inherent antagonism between regionalism and the new multilateralism and more to the inadequacy of current UN institutional arrangements to govern humanitarian multilateral governance
- Regionalism can become a building block rather than a stumbling block for multilateralism if it is able to deal effectively with the problems of identity, participation and legitimacy
- There can be no conditioned loyalties
- a biregional political association between the EU and the Mercosul is one of the best ways to ensure the survival and growth of spaces of international autonomy in the international arena against unipolarity and unilateral action
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