



Datar



COESIONET EUROPEAN COHESION AND TERRITORIES RESEARCH NETWORK

Synthesis of the workshop
April 10, 2012

On April 10, 2012, CoesionNet organised a seminar on “Compared Regional Integrations: South-East Asia, Latin American and the European Union”. The speakers developed a few main points summarised below.

1. Geography of the regional and sub-regional areas

In both South-East Asia and Latin America, groupings of regions are constituted but tend to overlap each other making the identification and role of the different regional groupings confusing. Indeed, if the presentation focused on the Great Mekong Sub-Region including Thailand, Myanmar, Cambodia, Lao, Vietnam and two Chinese provinces, it also showed how it overlaps with ASEAN but also with other initiatives such as BIMST-EC, IMT GT, ACMECS and the Quadrangle.

In Latin America, the presentation particularly dealt with IIRSA but it showed how intertwined it is with other initiatives like Mercosur or UNASUR. Considering the map of Latin America one can say that it represents an addition of regionalist schemes with several countries involved in different regionalist schemes that are not necessarily compatible with one another and with countries more attracted to global trade than to regional trade. In the end, no regional integration project is really achieved because of the different national interests at stake.

2. Initiative and objectives of the regional areas

The Great Mekong Subregion was initiated by central South-East Asian governments at the beginning of the 90s in order to “turn the battle fields into commerce”, as the Thai Prime Minister said. It was supported by a private actor the Asian Development Bank that helped partner countries focus on the development on the basis of three main economic corridors: one in the South, one between East and West and one between North and South. The objectives of the corridors refer to the improvement of the 3Cs: connectivity, competitiveness and community. The economic corridors are mainly based on the development of infrastructures in order to make connectivity and logistics easier. In addition to that ASEAN is developing one’s own strategy of development based on sectoral action plan which doesn’t correspond to the GMS corridors.

In Latin America IIRSA was initiated in 2000 on the basis of 72 projects and 12 axes of physical integration. It represents an emblematic project between countries that have complex relationships. Contrary to GMS the previous Latin American projects of regionalism had overlooked the infrastructure and have been rather focusing on commerce. IIRSA is rebalancing the approach linking commerce with infrastructure, transport and communication. Brazil initiated the project interested in reducing the costs raised when you need to send your products abroad. Therefore Brazil was interested in linking transport, energy and finance and wanted the ministers of the three sectors to work together in order to improve the commodities exports of the region especially to Asia. Indeed this represents one of the specialisations of the regional area. The way goods can leave a country strongly depends on the stability of governments and on long term projects. Therefore the key objectives of IIRSA are to integrate market, to strengthen production chain in order to reach a high level of competitiveness in the world market and to reduce its costs. These objectives are translated into 10 axes and 7 sectoral development processes divided in specific projects with specific integration schemes.

3. The challenges

In the GMS, in order to improve the connectivity, institutions, infrastructure, service providers and traders need to be articulated to each other. But the point is that the performance of the logistics system depends on the weakest country. Indeed in this logistics system if one country is weaker it will affect the performance of the whole corridor and therefore weaken the connectivity between the countries. In such a framework, the priority has been given to the building and strengthening of infrastructure. Once the infrastructure is built, the next step is to make institutions work together to develop the way infrastructure can be used. This often represents a challenge since it requires different governments and institutions to work together and to develop common regulatory and normative framework to be able to use the infrastructure efficiently. Another shortcoming of the GMS is that the provincial governments have to apply the rules, standards and norms but the link between central and provincial governments is often missing as well as the institutional capacity at provincial level. One of the challenges of the logistics system is therefore to organise cross-border cooperation, involving multi-level governance.

IIRSA projects are sector-based. Some sectors depend on the private sector (like transport) and some others mainly depend on public actors like in the energy field. The coordination between sectors is therefore challenging. Moreover the financial modalities are complex too: there is one financing body, ie the Inter-American Development Bank which results from the integration of different financial structures. But the National Brazilian Bank of Economic and Social Development often supports IIRSA projects too. Moreover even if the financial sources are mainly public they strongly depend on private participations. Therefore public and private partnerships need to be reinforced. IIRSA has also modified the institutional approach to projects: it is strongly based on feasibility studies and evaluation of public policies which is quite new in the institutional regional framework. The problem is that IIRSA has several committees and forums to evaluate projects but is lacking structures to monitor the concrete implementation of the projects in the long run. IIRSA is based on the construction of bi-oceanic corridors facing several competitive corridors.

4. The confusing relationships between public and private actors.

In the GMS a forum is leading 9 action plans in transport, telecommunications, energy, environment, tourism, trade, investment, human resource development and agriculture supposed to result in a more integrated, harmonious and prosperous subregion. Their signature and implementation requires the involvement of both public and private actors across the borders. The Asian Development Bank is the key actor in the GMS financing the projects. The drawback is that except for Myanmar, ADB can only lend money to national states and not to provinces that are responsible for the concrete implementation of the decisions. There is a lack of institutional capacity at this level that could make the implementation smoother. In addition to that, there is often important misunderstanding between the needs of the private actors and the way public action is built. Moreover ADB can't lend money to private actors and the World Bank is not active in the GMS. Therefore in order to stimulate market integration of the GMS more links need to be made between administrations but also between plans and between public and private actors.

One important IIRSA project is linked with the construction of a rail line linking Chile and Argentina. This absorbs 38.6% of the IIRSA credits. This project is mainly in the hands of two private Chilean and Argentine consortia that finance the project, the Inter-American Development Bank financing only the feasibility studies. The project has been launched on the basis of a strong lobbying of private interests. If this project is strategic for Chile and Argentina, we can wonder how it supports the regional integration project and how it is compatible with the continental integration project of UNASUR. Nevertheless one of the big innovations of the IIRSA project has been to introduce common standards for tenders which allow a quicker constitution of partnership especially with foreign companies. It has also integrated infrastructure as a core issue and introduced a new methodology based on feasibility studies and public policy evaluation.

5. Some similarities and differences with the EU

Some similarities can be found in:

- The fact that there exist many cooperation arenas but the subnational levels are difficult to integrate
- The role of China as economic factor is important in GMS and to a lesser extent in the EU as well
- The need to invest in infrastructures to better liberalise and integrate the market (especially in the energy field)
- The fragmentation of value chain
- The need to integrate norms and standards so that the infrastructures can be used and useful

The main difference lies in the level of integration and in the governance system of the different integration projects.

6. Debate

- How far can integration be developed without any intergovernmental cooperation?
- At territorial level who are the winners and the losers of the regional integration process?
- To what extent can regional integration be achieved without any supranational authority, nor binding rules, nor conditionalities?
- Considering the weak political integration process what is the meaning of the summit EU-ASEAN, EU-Mercosur?

- What are the roles of multi-national companies in the regional areas?
- Does the regionalisation process aims at counterbalancing or regulating the effects of the economic globalisation?