Regional Cooperation and Integration

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Term Essay: analyze one of the five news articles in 2,000~2,500 English words

- **Final version of Trans-Pacific trade deal released (Reuters)**
  How does the CPTPP tell us about global trade liberalization today?

- **Trade wars threaten to disrupt American firms (Economist)**
  Explain the impact of trade war on multinational firms’ supply chains.

- **Islamic Development Bank to join forces with the AIIB (FT)**
  Discuss infrastructure investment, and its role in the proposed cooperation between the IDB and the AIIB.

- **Boat caught in Europe’s migration spat (Reuters)**
  How did the responses to the migrant boat reveal the contrasting European attitudes towards immigrants?

- **Globalization’s Backlash is here (NYT)**
  Do you agree with the cost and benefit of globalization presented in the article? Why?
Group Presentation in Thematic Classes

- Contents of the group presentation on July 3
  - Related chapter in *Global Political Economy*
  - Pre-assigned current issue(s)

- Book chapter for Group 13
  - Ch14: ‘The Political Economy of the Environment’

- Current issue for Group 14
  - ‘Post-Fukushima debates on nuclear power: comparing Germany and Japan’
Outline of the lecture

- Regional cooperation and integration
- Theories of regional integration
- European integration
- FTA and EPA
- NAFTA

**Presentation:** Regional Trade Agreements; Regional Cooperation in Northeast Asia and Southeast Asia

- East Asian Regionalism
- Inter-regional cooperation
Regional Cooperation and Integration

- Regional cooperation
  - Countries in the same region seek coordination and cooperation in some specific policy areas
  - Characteristics: limited functional domains; member states as main actors
  - Examples: NAFTA, ASEAN

- Regional integration
  - Countries in the same region seek policy adjustment, cultural exchange, and governance coordination in multiple and interrelated policy areas
  - Characteristics: regional and supranational institutions; variety of actors; ever-expanding integration agenda
  - Example: the EU, the ASEAN Community
Regional Cooperation and Integration

- Europe: Council of Europe, EU, OSCE
- America: NAFTA, Mercosur, Andean Community
- Asia: ASEAN, ASEAN+3, East Asian Summit, Shanghai Cooperation Organization (SCO), South Asian Association for Regional Cooperation (SAARC)
- Africa: African Union, Southern African Development Community (SADC), East African Community (EAC)
- Middle East and the Arab world: Gulf Cooperation Council (GCC), Arab Maghreb Union (UMA)
- Inter-regional: APEC, ASEM, NATO
Regional Cooperation and Integration
Regional Cooperation and Integration
Theories of regional integration

- **Transactionalism (functionalism)**
  - Karl Deutsch
  - Inter-state trust can be built on intensive person-to-person exchange and communication
  - ‘Security community’

- **Neofunctionalism**
  - Ernst Haas, Leon Lindberg and others
  - The ‘spill-over effect’: functional cooperation in one policy area automatically spills over to other related areas
  - Non-political integration may gradually lead to political cooperation
Theories of regional integration

- **Liberal intergovernmentalism**
  - Andrew Moravcsik
  - Domestic preference formation $\rightarrow$ intergovernmental bargain $\rightarrow$ supranational delegation
  - Regional integration relies on the state actors

- **Constructivism**
  - Thomas Risse, Jeffrey T. Checkel, and others
  - The role of ideas, identity, discourse, norms, etc.
  - Explaining the formation of supranational governance
  - The influences of national and regional identity
Theories of regional integration

- Multi-level governance
  - Gary Marks, Liesbet Hooghe, and others
  - Regional policy-making and implementation not only involves state-level actors, but also is influenced by supranational and sub-national actors
  - The state weakened as regional integration deepens.

- Integration through law
  - Joseph Weiler, Alec Stone Sweet, and others
  - The priority of legal ruling and regulation
  - Inter-state cooperation based on a novel legal order at the regional level
European integration

- Europe after WWII
  - US’s Marshall Plan to re-build Europe
  - Soviet troops in Eastern Europe led to Cold War confrontation
  - The danger of re-militarized Germany
  - Challenge: how to move beyond the politics of power balance in Europe

- Western European integration in the Cold War
  - 1952 European Coal and Steel Community (ECSC)
  - 1957 Treaty of Rome signed
  - 1958 European Economic Community (EEC) and Euratom
  - 1973 Denmark, Ireland and the UK joined the EC
  - 1981 Greece joined the EC
  - 1986 Spain and Portugal joined the EC, Single European Act signed
European integration after the Cold War

- 1989  Fall of Berlin Wall, Germany reunification in 1990
- 1992  Maastricht Treaty signed
  - Three-pillar structure: EC, CFSP and JHA
- 1995  Austria, Finland and Sweden joined the EU
- 1997  Amsterdam Treaty signed
- 1999  Economic and Monetary Union (EMU)
- 2001  Nice Treaty signed
- 2002  Euro in circulation
- 2004  10 new members from Eastern Europe and the Mediterranean; Constitutional Treaty signed, then abandoned
- 2007  Romania and Bulgaria joined
- 2009  Lisbon Treaty came into force
- 2013  Croatia to join the EU
- 2016: UK referendum on Brexit
European integration
European integration

- The characteristics of European integration
  - From trade liberalization to multi-area integration
  - From 6 founding members to 28 member states
  - Supranational institutions: European Commission, European Parliament, European Court of Justice, etc.
  - EMU: the Single Currency (Euro)
  - Cooperation in foreign and security policy

- The challenges facing European integration
  - EU citizens’ attitudes towards European integration
  - EU’s roles in international affairs
  - Eurozone sovereign debt crisis
  - Migration crisis
FTA and EPA

- FTA (PTA) and EPA
  - The WTO’s rule of most-favoured nation (MFN)
  - FTA and EPA are exceptions to the MFN rule, which are supposed to complement the multilateral trade regime

- Major FTAs in the world
  - AFTA, EFTA, EEA, NAFTA, Mercosur, GCC, etc.

- The development of FTAs and EPAs in East Asia
  - ASEAN-centered intra-regional FTAs
  - Korea-led cross-regional FTAs
  - The uncertain future of TPP (CPTPP) and RCEP
NAFTA

Development
- 1988 Canada-United States Free Trade Agreement
- 1994 North American Free Trade Agreement

Features
- Limited number of member states
- Developed countries grouped with developing country
- The agreement covers trade in goods, trade in service and investment issues, but no free movement of labour
- Sophisticated mechanisms concerning trade dispute settlement and the rules of origin
- To be re-negotiated…
Regional Trade Agreements

Regional Cooperation in Northeast Asia and Southeast Asia
East Asian Regionalism

- Association of Southeast Asian Nations (ASEAN)
  - Established in 1967 (Communist insurgency)
  - Member states
    - Founding members: Thailand, Malaysia, Indonesia, the Philippines and Singapore
  - 1992 ASEAN Free Trade Agreement (AFTA)
  - 2007 The ASEAN Charter
  - 2015 ASEAN Economic Community
East Asian Regionalism

- ASEAN-centered regionalism in East Asia
  - Treaty of Amity and Cooperation in Southeast Asia (TAC):
    - 26 signatory countries (organization) including North Korea
  - ASEAN+3 since 1997
    - ASEAN-10, China, Japan and South Korea
  - East Asian Summit since 2005
    - ASEAN+6: ASEAN+3, India, Australia and New Zealand
    - Russia and the US from 2011

- The Asia-Pacific Framework
  - APEC
  - The US as an insider
Inter-regional cooperation

- **APEC**
  - An inter-regional forum
  - Members: 21 Pacific Rim economies
  - Established in 1989; initially 12 members (ASEAN-6, Japan, US, Canada, Australia, New Zealand, South Korea)
  - Annual summit since 1993

- **Asian-Europe Meeting (ASEM)**
  - Promoting Euro-Asian dialogue and cooperation in economic, political, and cultural areas
  - First meeting held in 1996 (Asia: ASEAN-7, Japan, China and South Korea; Europe: EU-15)
  - Current membership includes Asia: ASEAN+3, India, Bangladesh, Pakistan, Mongolia, Russia, Kazakhstan, Australia, New Zealand; Europe: EU-28, plus Norway and Switzerland