

Inter- and Transregionalism: Remarks on the State of the Art of a New Research Agenda

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1. Introduction

Scholars of international relations are deeply divided about the effects of globalization on the international system. Diehard realists tend to view globalization as a source of intensified conflict not only within and between states but also between groups of states differentiated by culture. Separatism, ethno-religious strife and borderline conflicts at the fringes of the great civilizations of the world are thus seen as inevitable concomitants of rapid modernization and globalization. Samuel P. Huntington's „clash of civilizations“, Alain Mincs' „new middle age“ and Robert Kaplan's „coming anarchy“ are all expression of the belief that, more than the unifying trends of globalization, fragmentation paradigmatically shapes the world order of the 21st century.

Those, departing from an institutionalist approach, disagree. In their view – processes of fragmentation notwithstanding – globalization is facilitating international institution-building – at least within the confines of the Triad. While more sceptical institutionalists such as Wolfgang Reinecke would criticize the present state of international institutions as characterized by redundancies, overlaps, missing links and patchwork, others would maintain that globalization has spurred a vertical and horizontal differentiation of international institutions. Downplaying institutional shortcomings, the latter would point to the gradual development of an institutional division of labor as part of an emerging multilayered system of global governance. Learning effects will reduce institutional inertia and competition and instead foster institutional complementarity, cooperation and coordination. While international regimes in clearly specified policy fields mark horizontal differentiation, five levels of international policy-making may be distinguished vertically: a global level, an inter- and transregional level, a regional level, transborder institutions at a subregional level and bilateral state-to-state relations.

Inter- and transregional fora are a novelty in this multi-tiered system of international relations. Their rise must be linked to the proliferation of regional organizations under the auspices of what since the mid-1980s is known as *New Regionalism*. Their existence reflects the fact that these regional organizations are increasingly interacting with each other and thus have begun to develop actor qualities of their own.

Two types of interactions among regional organizations may be distinguished:

- First, a type of interaction that may be called bilateral interregionalism, and
- Second, transregionalism.

Examples for bilateral interregionalism are the ASEAN-EU dialogue, ASEAN-Mercosur relations, EU-Mercosur ties, etc. Such a relationship can be defined as group-to-group dialogue with more or less regular meetings centering on exchanges of information and cooperation (projects) in specific policy fields (trade and investment, environment, crime prevention, narcotics trafficking etc.). It is based on a low level of institutionalization, usually at the ministerial, ambassadorial and senior officials' levels, sometimes supplemented by permanent or *ad hoc* experts' working groups. There are no common overarching institutions, both sides exclusively rely on their own institutional infrastructure.

Transregional institutions such as the Asia-Europe Meeting (ASEM) or the Asia-Pacific Economic Cooperation (APEC) have a more diffuse membership which does not necessarily coincide with regional organizations and may include member states from more than two regions. New members of regional organizations represented in a transregional forum will not be automatically allowed to enter the respective forum. As the agenda grows in complexity, transregional fora may, unlike bilateral interregional relations, develop their own organizational infrastructure such as a secretariat for research, policy planning, preparation and coordination of meetings and implementation of decisions. Such processes of institutional

evolution vest transregional fora with some form of independent actorness and distinguish them from bilateral interregionalism.

The rise of inter- and transregional fora has established a new area of study known as interregionalism. Research has so far concentrated on the links between Asia and Europe and transpacific relations. The ASEAN-EU dialogue, ASEM and APEC have generated most interest among scholars and are the most frequently studied relationships. Yet, it seems that many theoretical assumptions, especially those linking inter- and transregional fora to global governance, still rest on weak empirical foundations. Subsequent sections of this paper thus seek to summarize the state of the art, outline the weaknesses of interregionalism studies and present a few suggestions for future research.

2. Interregionalism Research -- The State of the Art

Conceptual problems

A key problem of interregionalism studies is the fact that the research object is still unclear. The institutionally diffuse nature of the object of study finds its equivalent in conceptual vagueness. The search for common conceptual ground is thus still ongoing. Conceptual disagreement particularly concerns transregional fora. Is transregionalism an adequate term to define fora such as ASEM, APEC, the ARF and IOR-ARC? Do they really constitute the same type of forum? If the definition given above holds, is ASEM already a full-fledged transregional forum given the fact that it has not yet developed common institutions and resembles more a group-to-group dialogue? What about IOR-ARC which is basically a forum of Indian Ocean rim littorals in their individual capacity? And what about inter-continental fora such as the Europe-Latinamerica Summit or the Europe-Africa Summit?

That these conceptual deficits continue to exist must be attributed to the fact that research on interregionalism is so far overwhelmingly research on Triadic relations. Very little beyond their sheer existence is known about inter- and transregional relations outside the Triad. Although empirical facts may not promise enough substance for in-depth research, more empirically based knowledge is nevertheless needed in regard to dialogues such as the one between ASEAN and Mercosur, ASEAN and SAARC, ASEAN and ECO or fora such as IOR-ARC.

Theoretical issues

Studies on interregionalism greatly diverge in their theoretical approach. Realist arguments highlighting power and balancing as essential characteristics of inter- and transregional relations are being challenged by institutionalist and constructivist approaches looking for spill overs, institutional learning and cognitive factors explaining regional identity-building. However, none of these approaches was able to capture inter- and transregional fora comprehensively. More recent studies therefore tend to combine theoretical approaches. Ralf Roloff, for instance, writing on transatlantic relations, combined his balancing argument with Keohane and Nye's concept of complex interdependence, while others deduced functions from all three major schools of international relations and then sought to determine which of them matters most.

Yet, the majority of these analyses concentrated on the systemic *outside-in* perspective. Political economy approaches would be able to extend the analytical framework to the domestic policy level and thus provide an *inside-out* perspective. A political economy approach, as applied in a recent paper by Jörg Faust to EU-Mercosur relations, regards inter- and transregionalism as the outcome of political bargaining processes between regionally organized domestic business interests pushing for market-opening policies and their

protectionist opponents. With a view to Asian-European relations and transpacific relations such studies are conspicuously lacking.

More research is also needed on the concept of actorness. Actorness refers to the capacities of regional organizations to develop presence, to become identifiable, aggregate interests, formulate goals and policies, make and implement decisions. Nevertheless, the „expectation-capability“ gap and actor asymmetries are very obvious in inter- and transregional relations, especially as far as ASEM and ASEAN-EU dialogue relations are concerned. Yet, while supranational institutions such as of the European Union seem to stand for comparatively strong actor qualities, this is not necessarily the case. If decision-making procedures are too complicated and intransparent, actorness may be adversely affected. Conversely, intergovernmental cooperation must not automatically be an indicator for weak actorness. Intergovernmental cooperation could develop strong actor qualities, if a regional organization is controlled by a hegemon. NAFTA and possibly Mercosur are cases in point.

However, most non-Triadic regional organizations – even those with a hegemonic structure – are far from developing strong actor qualities. India in SAARC and South Africa in SADC are in such a hegemonic position, but sorely lack the resources for rewarding and sanctioning smaller partners as a strategy to gain their compliance. Hence, the contrary happens: smaller partners seek to develop veto powers and do everything to contain the hegemon's influence on regional policy making. Lack of resources to cover the high governance costs associated with strong actor qualities also explains why most non-Triadic regional organizations have great problems to act in a coherent way and thus constitute an unpredictable partner for other regional organizations.

Functions

As stated earlier, most of the functions attached to inter- and transregional fora rest less on empirical evidence than on theoretical deduction. At least seven such functions may be distinguished: Balancing and bandwagoning, institution-building, rationalizing, agenda-setting and -controlling, identity-building, stabilizing and development.

Balancing is the least controversial of these functions – an assessment that also applies to Asian-European and transpacific fora. APEC, for instance, is usually depicted as a response to the European Single Market and – from an Asian perspective -- the Canada-United States Free Trade Area (CUSFTA), with the ability to extract concessions from the Europeans in the Uruguay Round. ASEM is regarded as a response to APEC and – if again viewed through (Southeast) Asian eyes -- the increasing economic dominance of Japan and the United States over the East Asian growth region as well as European overtures to Mercosur and bilateral free trade agreements with Mexico and South Africa. The New Transatlantic Agenda is believed to have been an American response to the unfolding ASEM process. Finally, the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), is a recognition of the fact that many of its members have been marginalized by globalization and the emerging institutions of the „*New Regionalism*“. These balancing – and as far as European interest in ASEM is concerned – *bandwagoning* moves are quite obvious, although so far they are more based on inference than on precise empirically grounded causal analysis. If there is need for more research on balancing, then it must test the empirical evidence of the causal links outlined above.

A modicum of agreement also exists that, by adding another layer of international interaction, inter- and transregional fora contribute to *institution-building* in international relations. Yet, most of this institution-building is based on „soft law“ and „soft institutionalization“. And here the debate starts. While it is accepted by most scholars that „soft law“ and „soft

institutionalization“ may have their merits by facilitating consultation and exchange of information where previously there was none and thus contribute to the stabilization of actor expectations and actor predictability, it is strongly contested as to what extent the inherent flexibility, voluntarism and the nonbinding nature of decisions favor opportunistic actor behavior, encourage balancing and bandwagoning and inhibit crisis-management. Closely related to the last issue is the observation that, for the most part, Asian countries have responded unilaterally to the Asian financial crisis and that inter- and transregional fora – be it APEC, ASEM or the ASEAN-EU dialogue – have more or less been paralyzed as crisis managers. Moreover, if „soft law“ and „soft institutionalization“ are rational answers to an unfavorable opportunity-governance cost ratio¹, how are these costs calculated and how can they be operationalized?

Further related to institution-building is also the question as to what extent ASEM, APEC and the ASEAN-EU dialogue are strengthening internal cohesion of the regional organizations involved in inter- and transregional fora. It has been argued that inter- and transregional fora require more intra-regional consultation and coordination. Are the caucuses preceding inter- and transregional meetings really strengthening actorness and thus regional identity? Again, difficult methodological questions arise. How can we, for instance, measure changes in cohesion and how to isolate the contribution of intensified internal consultation to regional cohesion?

While official circles tend to celebrate the role played by civil society in ASEM and – to a lesser extent – in APEC, a more critical assessment would show that at least ASEM rests on a highly pillarized structure. ASEM, for instance, is a three-pillared institution, consisting of a government dialogue, a business dialogue and an NGO cum civil society dialogue. While there may be links between the government pillar and the business dialogue, the mechanisms

¹ Opportunity costs arise from exit behavior of members in cooperative arrangements, while governance costs means the costs for establishing cooperative institutions and implementing agreements domestically.

and the actual inputs into the official track one process are not well documented. Even less is the relationship between track one and civil society. Circumstantial evidence seems to suggest that NGOs and civil society organizations are well attended to by the Asia-Europe Foundation (ASEF), but the capability of civil society interests and ideas to permeate track one leaves open many questions. ASEM – despite the existence of the Asia-Europe Foundation (ASEF) - is still lagging behind the quasi-corporatist structure of major international regimes such as the climate change regime, where NGOs are not only observers of government negotiations but also have a chance to become directly involved in the meetings. But even then, the legitimacy question prevails. So far, international institutions with participatory mechanisms have failed to develop convincing criteria for NGO and civil society representation.

Much more research is needed on the links and interaction between the three pillars mentioned plus the inputs and the feed back from and to parliaments. Research on these topics is nothing less than research on the democratization of international organizations and hence a response to the widely held belief that the eroding symbiosis between the territorially bounded nation state and liberal democracy is paving the way to a new era of authoritarianism.

If, and to what extent inter- and transregional fora serve as *rationalizers* and *agenda-setters* of global multilateral fora is one of the most controversial topics of interregionalism research. Rationalizing refers to the fact that global multilateral fora have to cope with an increasingly complex and technical nature of policy matters and a growing number of actors, often representing extremely diverse interests. This not only paralyzes global fora, it also severely undermines their legitimacy. Viewed against this background, regional, inter- and transregional fora may divide negotiations on global issues into a staggered bottom-up process which starts at the regional level before being elevated to the inter- and transregional level and, finally, if solutions are becoming visible, to the global level. On the aggregate such a step-by-step process may save time, as consensus-building in several numerically smaller

fora is likely to be more efficient than in one unwieldy global body. Inter- and transregional dialogues, this is the expectation, may thus streamline the overburdened agenda of global fora, keep in check the ensuing bottlenecks at the top level of the international system and thus prevent global institutions from paralysis.

Agenda-setting is closely related. Inter- and transregional fora provide platforms for building broad-based coalitions lobbying in favor (or against) a certain issue in global organizations.

However, interregionalists are divided over the question to what extent ASEM, APEC and IOR-ARC are performing such functions. Most of them tend to downplay such functions. Yet, there are a few instances, where APEC and ASEM seemed to have indeed performed rationalizing and agenda-setting functions. The Information Technology Agreement (ITA) promoted by APEC and the consultations preceding the Doha WTO ministerial meeting for a new trade liberalization round are cases in point. Yet, not much is known about the mechanisms and processes underlying the interaction between inter- and transregional fora on the one hand and global fora on the other. Careful empirical research is definitely needed in order to find out whether inter- and transregional fora are really able to perform such intermediary roles between regional and global institutions.

Inter- and transregional cooperation may also be viewed from the cognitive perspective of constructivists. For constructivists cooperation is the result of previous historical experiences and interactions. The way other regional organizations cooperate may thus have repercussions on the own type of regionalism. Constructivists therefore argue that inter- and transregional dialogues are spurring collective identities. Especially in heterogeneous and newly formed regional groupings interregionalism may stimulate *regional identity-building*. It may sharpen differences between self and other and thus help galvanize regional solidarity on the basis of shared norms.

Fostering „regionalism through interregionalism“ may be intended or unintended. It is intentional, if one group offers material incentives to the other for strengthening regional cohesion. The EU is indeed acting as an „external federator“ and pursues such a strategy by providing development aid for regional projects or assistance devised to strengthen regional institutions. Yet, as the studies of Alfredo Robles suggest, development aid provided by the EU for ASEAN regional projects has been modest and seems to have contributed little to regional identity building.

A greater though unintended impact on Asian collective identity-building was created by the value discourse of the early 1990s when Asian countries countered European conditionalities centering on a universalist human rights and democracy concept by the relativist concept of Asian values. This, however, had a clearly retarding effect on Asian-European cooperation -- to be overcome only through Europe's return to pragmatic – or even opportunistic -- *realpolitik* prior to the Asian financial crisis. As the latter markedly changed the power equation, the Asian predicament was seen by Europeans as an encouragement to replay the value agenda – again with paralyzing effects at least on the ASEAN-EU dialogue, which was stalled for three years, and – to a lesser extent, ASEM.

While measuring the extent to which inter- and transregional interactions have stimulated collective identity building on the Asian side poses difficult methodological problems, it is even more difficult to assess as to what extent European cohesion was strengthened through these fora. The whole problem is compounded by the fact that other inter- and transregional dialogues may also have made a contribution to regional identity-building. The formation of APEC, for instance, has inspired Malaysian Prime Minister Mahathir Muhamad to agitate for his East Asian Economic Caucus (EAEC) project which later through ASEM became a *de facto* reality. Yet, much of this research hardly went beyond speculation. Discourse analysis and hermeneutic techniques will do little to change this state of affairs.

3. Conclusion

Despite a growing number of studies on inter- and transregional fora, a reasonably precise assessment of their contribution to global governance is still elusive. Most of the functions attached to inter- and transregional fora are still theoretically deduced and lack sound empirical evidence. Further empirical research must particularly focus on the interaction between inter- and transregional fora with global fora: the mechanisms of interaction, the topics discussed, the modes of decision-making and the reliability of non-binding agreements incurred at these interaction levels.