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Study : « Evaluation of the implication of Regions and Federated States in the processes of regional integration at the continental and sub continental levels »

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Executive Summary

The Organization of Regions United/FOGAR (Global Forum of Associations of Regions) has undertaken, with the support of the European Commission, a study concerning the implication of Regions and Federated States in the processes of regional integration at the continental and sub continental levels.

The study was conducted from November 2011 to May 2012 in five geographical areas of the world: EU, South America, Africa, Southeast Asia and North America. This study was carried out with the support of four internationally recognized researchers, through interviews and questionnaires sent to the main regional integration organisations of these areas. The results have been satisfactory and the different experiences well consolidated.

Economic disparities are constantly growing between continents, between countries of these continents, and even more dramatically at the sub-national level, especially in emerging countries and between urban and rural areas. Development processes of countries usually lead to a concentration of resources and wealth production, especially in coastal areas or areas connected with the global network, cities in particular. The consequences of these growing disparities between regions can lead to economic and social tensions, to marginalization and impoverishment of large parts of the population, to massive migrations to overcrowded and under-equipped cities and to food security and environmental risks.

States seek therefore for coordinated solutions, through the establishment of regional integrations, mostly in the field of economic development, conceived as «gateways» to global integration, to counterbalance the negative effects of globalization and maximise its benefits. Generally, banks and regional funds have supported these integrations.

The diversity of regional integrations is worth noting: free trade areas, customs unions, monetary unions, regulatory integrations, economic unions, etc.

In this respect, the European Union represents the most advanced and successful regional integration. Other forms of regional integration have instead focused their efforts on an objective of economic and financial attractiveness for their geographical area.

With regards to the increase of sub-national disparities and the issues related to a balanced and sustainable development of territories, a question arises concerning the capacity of such organisations to incorporate, within their actions, an objective of territorial cohesion at the sub-national level. Such goal seems even more essential since several studies (including OECD studies) have shown that growth at such level plays a major role in national growth: the capacity of regions to mobilize and exploit their strengths and resources has a positive impact on the national wealth, even if in a complex articulation between different levels of governance: supranational, national and sub-national.

The study conducted by ORU/FOGAR has allowed measuring how much the objective of territorial cohesion at the sub-national level is taken into account by regional economic integrations, aimed to meet the challenge of a balanced territorial development. The study has also permitted to analyse the means used by these integrations to achieve such objective, particularly in terms of involvement of sub-national levels in the development, implementation and monitoring of developed policies; to measure the impact of this recognition on the results obtained in terms of economic and social development in the areas concerned; and finally to formulate recommendations to help the mainstreaming by regional integrations of a strong and effective objective of territorial cohesion at the sub-national level.

The five geographic case studies presented in this report (European Union, South America, Africa, Southeast Asia and North America) confirm the involvement of sub-national authorities in major continental integration processes. However such involvement in regional development policies is not linear and sometimes relies on approaches that are rather different to the European Union model.

In South America, since the crisis of the 2000s, regional development and territorial disparities seem to be at the heart of the agendas for the revamp of integration projects, as illustrated by the case of MERCOSUR and UNASUR. Nevertheless, the existing territorial cohesion instruments clearly highlight the importance of inter-governmentalism in the construction of priorities and the implementation of projects. The sub-national actors, in particular regions or Federated States, are little or at all present in the integration projects. There are two explanations for this. First of all, unitary states dominate the South American continent and are reluctant to delegate powers to regions in terms of territorial development. Secondly, when regions exist, particularly in countries with a federal tradition (Brazil, Argentina), these political entities are not engaged in strategies of sub-continental development and integration. Only big cities appear to have incorporated this new scale of public action and invested in a policy network, such as through Mercociudades, whose added value is now almost universally recognized. Influenced by the European model, the dynamics of regional integration in South America distinguish themselves by the importance of a latent centralism and, therefore, the dominance of a model of regional development marked by a large infrastructure policy in which sub-national authorities are only secondary actors.

In Africa, it is for the moment difficult to measure the impact of the participation of sub-national authorities in the integration processes due to the fact that such participation has started later than in other continents. Nevertheless, the construction of regional integration not only based on economic and political criteria but also on territorial ones, is anyway launched. The spread of cross-border cooperation over the whole continent under the auspices of the

African Union and Regional Economic Communities favours the development of environments based on trust, peace, security and stability, which are crucial to increased trade and free circulation of persons and goods. Supporting cooperation, especially in cross-border areas, which are potential areas of integration, but also unstable and at risk, definitely adds value to the process of continental and sub-continental integration since it optimizes the potential and minimizes risks. Nevertheless, due to the diversity of actors and organizations, coordination mechanisms need still to be found to avoid the dispersion of efforts and resources. The European experience, even without being a model for duplication, represents a source for inspiration to increase cross-border cooperation in Africa.

Southeast Asia reflects the image of a poorly integrated area, highly dependent, internally, by political profiles of the different regimes and, externally, by foreign investors. The answer to the initial question of this study, namely the possible coordination between the intergovernmental and the more regionalized integration forms, is clearly negative. There is an attempt to match national strategies for connectivity with local and regional development initiatives. Infrastructural links are created. Trade is increasing. Poverty decreases. But, two major obstacles hinder regional integration: on the one hand, the vertical power structure of regimes which is mainly authoritarian and, on the other hand, the geopolitics of investors who do not consider this region as a possible relay, but much more as a backyard, a line between the seas and towards the Indian subcontinent.

Finally, in North America, globalization, regional integration and interdependence have contributed to closer relations between Canadian provinces, U.S. and Mexican States since the 1960's. The entry into force of the FTA and then NAFTA has only accelerated the process of regional integration, because the increase of trade with the American and Mexican states (especially the cross-border states) has forced provinces to consult each other and to coordinate their actions with their neighbors to solve issues within their jurisdiction. Nevertheless, the differences observed between North America and the EU remain substantial in terms of regional integration. This concerns organizations that mainly seek to share expertise and develop voluntary policies, in the economic, social and environmental field, and which do not really push to give up their sovereignty. Relations therefore are and will remain less advanced than in the European case.

This overview therefore helps to explain the relatively low involvement of sub-national authorities in integration processes. The first criteria relates to the form of regional integration: in the most institutionalized (EU, Mercosur, the African Union) integrations, sub-national authorities have an institutional representation. This is not the case in those forms of integration that are essentially based on trade. The forms of regional integration also differ in terms of objectives. While the EU, Mercosur and the AU (or UEMOA) do have objectives of regional solidarity and implement tools for territorial development and cohesion (of varied effectiveness), integrations like NAFTA and ASEAN have excluded all territorial or economic interventionism of their objectives. However, it needs to be said that forms of regional integration are not a guarantee for the involvement of sub-national authorities, as it depends largely on available resources. The sub-national authorities in Asia, South America or Africa generally suffer from little resources due to centralized traditions or limited economic resources. On the contrary, the last few years, American Federated States and Canadian provinces have multiplied bilateral cooperation agreements as they have adequate legal and financial resources. Moreover, Asian or South American Central States retain control on regional development through large infrastructure projects managed under intergovernmental procedures.

In conclusion, it is possible to identify and propose recommendations, mainly aimed at strengthening the role of associations like Regions United/FOGAR and more widely that of sub-national authorities and their associations in continental and sub-continental integration processes:

- Consider the establishment of institutional frameworks within continental organizations enabling effective participation of sub-national authorities in decision processes in sectors related to their immediate environment.
- Select key actors among the sub-national actors operating at the most relevant level in order to construct the territorial base for a better territorial development approach
- Adopt legal frameworks favorable to cross-border cooperation
- Increase the financial resources through the creation and effective implementation of cross-border cooperation support funds
- Develop cooperation with national and international associations representing local and regional authorities
- Develop links between regions and metropolises growing (urban areas, city-regions)
- Continue to develop, together with international organizations and within associations like Regions United/FOGAR, a strong expertise on the role of regions in development and territorial cohesion policies