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The interface of multilateralism and regionalism within the world trade organisation: contextualising the new partnership for Africa's development

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CHAPTER TWO

CONCEPTUALISING THE TRENDS IN THE CURRENT INTERNATIONAL ECONOMIC ORDER.

This chapter focuses on multilateralism, trade-centred-regionalism and plurilateralism as trade-related arrangements and their relationship with developmental regionalism. These four key concepts appear frequently in academic as well as policy literature. Given the importance these terms have acquired in policy discussions, it is appropriate to subject them to closer examination. In trying to define multilateralism, trade-centred regionalism and plurilateralism, this chapter also seeks to highlight the reasons for the emergence of developmental regionalism.

From an international political economy perspective, regionalism often results in regional trade arrangements (RTA). Trade-centered and developmental arrangements are two main types of regionalism characterizing the international political economy today. These two trends, together with plurilateralism are always at the centre of the debate of whether they hinder or contribute to multilateralism. The section below attempts to trace, conceptualize and contextualize multilateralism.

2.1. MULTILATERALISM

In an attempt to define multilateralism, three authors will be referred to in this study. Winters[62], firstly, sees multilateralism as a positive function of the degree to which discrimination is absent in a country and the extent to which the country's trading regime approximates free trade. While Ruggie[63] defines the multilateral order as embodying "rules of conduct that are commonly applicable to countries, as opposed to discriminating among them, based on situational exigencies or particularistic preferences". Lastly, Job[64] states that multilateralism is "a form of state practice that accords with certain principles and that involves the development of norms, collective identities, and institutions (formal and informal) concerning cooperation and conflict management over extended periods of time". Job's definition stands out to be more security oriented, while Winters' focuses on the individual country in relation to the trade system, and Ruggies' is more general.

Though not all specifically relate to trade matters, these definitions, however, have the connotation of non-discrimination as espoused by the WTO. "Generalised principle of conduct" and "rules commonly applicable to countries, as opposed to discriminating among them..." highlights the all-inclusive character of multilateralism.

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[62] L. Alan Winters, "Regionalism vs. Multilateralism", in Richard E. Baldwin et al (eds.), Market Integration, Regionalism and the Global Economy, (UK Cambridge University Press: Centre for Economic Policy Research; 1999) p. 08

[63] John Gerard Ruggie, "The Anatomy of an Institution", in John Gerard Ruggie (ed.) Multilateralism Matters: The Theory and Praxis of an Institution Form, (New York: Columbia University Press; 1993)

Brian L Job, "Matters of Multilateralism: Implications for Regional Conflict Management", in David Lake and Patrick M. Morgan (eds.) Regional Orders: Building Security in a New World, (University Park, Pennsylvania: The Pennsylvania State University Press; 1998) p. 167

Nonetheless, be they political or economic, these definitions are ambiguous. The implication is that the European Union (EU) and Asia-Pacific Economic Cooperation (APEC) trade strategies can be equated with that of the World Trade Organisation (WTO), since these three organisations, each having more than three members, deal with coordination and institutionalisation of member policies. Yet all these organisations are totally different in terms of their scope, membership and geographic base. The EU, for one, is a supranational intergovernmental regional organisation based in Western Europe, now expanding to the East; whereas APEC is an intercontinental but plurilateral organisation with Asian, European and the United States of America (US) memberships; while the WTO is an international organisation with near universal membership.

Given that these definitions do not emphasise nor make a clear distinction between "selectiveness" and "inclusiveness" in international cooperation, they, therefore, become litigious. Ruggie, for instance, does not specify the geographic parameters of the said practice of policy coordination and/or cooperation. Furthermore, in view of the fact that some transnational issues are inherently multilateral, and thus cannot be managed without cooperation of all or a significant number of states, an issue considered multilateral cannot be limited to three states, a specific region and/or a continent. For example, disputes on intellectual property rights, unfair international trade practices such as dumping, restrictions on the flow of international trade and so on, do not just affect three states, and therefore cannot be solved by the collective action of three states.

Drawing from the above discussion, one would want to argue that multilateralism could be seen in the light of near universalism. Above and beyond, because it has to do with some form of global governance, institutionalisation should be taken into account when talking about multilateralism. Thus, the role of intergovernmental organisations (IGOs) with near universal membership should be emphasised. Kegley and Wittkopf define IGOs as institutions whose members are states or governments, which have a permanent secretariat or headquarters and have specified procedures to make collective decisions on behalf of members[65]. For the purpose of clarity and applicability, this study will evolve

on the contextual definition of the concept of multilateralism that will be confined within the framework of the international trade system. Synthesising the definitions of Winters, Ruggie and Job, one can simply define multilateralism for this research as non-discrimination or equal treatment of all trading partners based on the rules and principles set to regulate the international trade system under the WTO by all member countries. This definition of multilateralism would include plurilateralism and regionalism since it involves cooperation guided by the WTO provisions. The section below discusses the arguments for multilateralism.

Proponents of the trend opine that it is only through free trade that the most efficient use of resources, labour and capital will be promoted.[66]The consequences would be "peaceful relations among nations because the mutual benefits of trade and expanding interdependence among national economies will tend to foster cooperative relations..."[67]The benefits associated with liberalism are both economic and political. The removal of trade barriers and other economic reforms generates growth because they promote competition, improve resource allocation, attract foreign capital and expertise, and provide foreign exchange, among other benefits. The resultant political benefits acquired from free trade include growth of civil liberties and democratic governance.[68] Thus the GATT/WTO's objective is to improve the welfare of the peoples of member countries, which it strives to achieve through principles and regulations that include: non-discrimination, freer trade, predictable policies and encouraging competition.[69]

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[65] Charles W. Kegley and Eugene R. Wittkopf, World Politics: Trends and Transformation, (Boston/New York: Bedford/St. Martin's; 20001) Eighth Edition, pp. 173-198

[66] Burchill Scott et al, Theories of International Relations, (USA: St Martin Press; 1996) pp. 55-57

[67] Kegley; 2001; p. 252

[68] Ibid

[69] "Principles of the Trading System", http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact0_e.htm

These principles, however, have not seen much success, with the US and the EU, which together account for 40.0 percent of the world trade, having become less confident in the multilateral approach. The US, for instance, is now ploughing much of its trade-related efforts into bilateral and regional trade deals.[70] The US and the EU subsidize their wealthiest farmers to the tune of $1 billion a day. In turn, these countries then "dump" their surplus on the developing countries. Consequently, this "dumping" leads to down marketing of the prices, which the farmers will receive for their crops. This has a detrimental effect on developing countries where 60.0 to 80.0 percent of the population derive their living from agriculture.[71]

Nonetheless, a report tabled by the United Nations Committee for Development Planning (UNCDP) postulated that the failure of the GATT/WTO to deliver universal liberal trade, for which it was designed, is the fault of the member states, not of the system.[72] In the same vein, a realist regime theory suggests that if a regime's rules do not yield outcomes favoured by powerful states, then those powerful states are likely to withdraw support for that regime. Therefore, the WTO rules and constitutional procedures must together create outcomes supported by powerful constituents like the US and the EU. It further assumes that the underlying distribution of power and interests among states will determine regime rules that will in turn yield international behaviour desired by politically powerful countries.[73]

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[70] Adam Thomson , "Developing countries pledge to work for resumption of Doha talks", Financial Times, October 13 2003; http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1059480535818

[71] Canadian Food Security Policy Group, "Final Brief for the Cancun WTO Ministerial Conference, September 2003, http://www.ccic.ca/devpol/food_security/fs3_wto_cancun_brief_sept_2003.htm

[72] Regional Trading Blocs: A Threat to the Multilateral Trading System?, (United Nations: New York; 1990) The CDP Report 1990; p. 25

[73] See Steven D. Krasner, Editor, International Regimes (Ithaca: Cornell University Press, 1983).

Yet some evidence indicates that the system could partly be blamed for its failure. The stalled trade rounds, the weaknesses in dealing with trade disputes as well as the inability to manage growing membership and issue areas, render the multilateral trade regime ineffective and induces the formation of preferential trade arrangements (PTAs) herein referring to both regionalism and plurilateralism.

As the GATT/WTO membership grew during the successive multilateral trade rounds, so did other issue areas, and the difficulty to address more difficult issues like agricultural and textile trade, non-tariff barriers and intellectual property rights. Kim and Smith[74] noted that when the number of participating countries begins to expand, each successive trade round takes longer to conclude. These writers noted some analysts in the Uruguay Round (UR), arguing for abandonment of the traditional wisdom of multilateral trade rounds as the best path to free trade. The rounds go on for years only to result in increased tariff reduction. As a result, instead of multilateral trade rounds, a two-step approach was proposed. The first step involves regionalism and the second step is bi-regional or multiregional. [75]

In the same vein, Mansfield and Reinhardt[76] have identified a causal link between the multilateral trade negotiations (MTN) and PTA. According to these writers, a stalled MTN would place pressure on the system and could threaten the stability of trade relations between important trade partners. In an effort to minimize such threat, countries would group to liberalize commerce among members and limit the ability to raise barriers in the future. Amongst other groupings, Mansfield and Reinhardt make a reference to the launching of the ASEAN FTA in 1993, which was viewed as a reaction to the inability to achieve a successful conclusion of the UR.

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[74] HeeMin Kim; Dale L. Smith , "Blocs or Rounds? An Analysis of Two Approaches to Trade Liberalization," Canadian Journal of Political Science , vol 30 (3) 1997, p. 428 (427-449)

[75] Ibid , p. 430

[76] Edward D. Mansfield and Eric Reinhardt, "Multilateral Determinants of Regionalism: The Effects of GATT/WTO on the formation of Preferential Trading Arrangements", 31 October 2000.

Another area that seems to have undermined multilateralism is the weakness of the WTO dispute settlement mechanism. The afore-mentioned writers postulate that the striking frequency of commercial disputes within the WTO is a factor that is likely to affect the establishment of PTAs. According to this line of thinking, in dealing with disputants, the GATT/WTO-appointed panel of experts relies on the complainant alone to enforce its rulings. As a result, the disputant state is more likely to induce concessions from a defendant or withstand a complainant's retaliatory threats, if it possesses significant economic power. However, because PTAs almost always wield more economic power than individual members, states may boost their ability to leverage concessions in trade disputes by entering a PTA.[77]

Growing membership in the GATT/WTO is noted as another area that impacts on the effectiveness of the multilateral trade regime. The hypothesis is that as the number of GATT/WTO members increases, so is the severity of collective action problems. Due to the difficulty in arriving at any overarching agreement on economic matters, GATT/WTO members may see it advantageous to form manageable, preferential arrangements made up of states with common trade interests.[78] Hence the heightened moves towards regionalism.

2.2 REGIONALISM

Like multilateralism, regionalism is beset by different definitions and contextualisation in the field of international political economy. One contributing factor to this ambiguity could be attributed to the notion that the phenomenon is multidimensional and complex. The chapter on *Contending Forms of Regionalism* conceptualises and contextualises forms of regionalism and discusses the phenomenon in detail. Regionalism is an ideology that is induced by shared history and interests of interdependence in an entity the scope of which is defined by geographic proximity of its constituents.

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[77] Ibid

Within the context of this study, regionalism can be defined as organised and institutionalised trade arrangements within units characterised by geographic proximity. These definitions qualify both the continent and sub-continent as regions. Nevertheless, regionalism from the North is trade-centred, whereas in the South it is concerned with development. The following section looks at northern trade-centred regionalism.

2.2.1. The Northern Trade-Centred Regionalism

From the developed countries' perspective, and specifically Western Europe, regionalism evolved because of the need to rebuild their economies after the destruction of the Second World War. Liberalism was seen as a way of promoting peace and security as well as economic development. The approach of northern regionalism is market integration.

According to Burchill[79], the rise of regionalism in Western Europe was triggered by the liberal belief that the chances of conflict between states would be minimised by creating a common interest in trade and economic collaboration among the members of the same geographical region. The underlying political goal was the maintenance of European peace and stability. Burchill postulates that this approach was to encourage France and Germany, which traditionally resolved their differences militarily, to cooperate within a commonly agreed economic and political framework.

Along the way of its evolution, however, Western European regionalism changed to be a reaction to the negative forces of interdependency. According to Spero[80], free trade and capital encouraged growth in international economic interaction among the Northern economies. Increased international flow, the growth of international trade, and the

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[78] ibid

[79] Scott Burchill et al, Theories of International Relations, (Hampshire: Macmillan Press; 1996) pp. 36-37

[80] See Joan Edelman Spero The Politics of International Economic Relations, (New York: St Martin Press; 1977) pp. 24-28

development of international systems of production illustrated this expansion. This development, however, brought about sensitivity of the national economies to economic policies and events outside their national borders. Hence, Spero[81] concluded that the challenge to liberalism in the North grew out of its very success.

Consequently, interdependency led to the inability of governments to manage their own economies, thereby undermining national sovereignty and autonomy. In response to this loss of economic control, the European Economic Community (EEC) raised monetary and financial integration. Since European businesses were not competing well in the global markets, while the remaining internal trade barriers were blocking the way of a single market, [82] the EEC sought to protect and manage trade in the form of the European Community (EC)[83]. The Single European Act (SEA) was signed at Luxembourg in 1986 and came into effect in July 1987. The Maastricht Economic Summit of 1991 produced the Treaty of the EU, which came into force in November 1993. During that same year, the single market came into effect.[84]

Despite that, regionalism in the North could be seen as a reaction to the declining economic status in the international political economic arena. Since the end of the Second World War, the US has been attached to the multilateral trade liberalisation under the General Agreement on Trade and Tariffs (GATT). According to the *World Policy Research Bulletin*[85], after the Second World War, the US accounted for half of the global Gross Domestic Product (GDP). It could generate large benefits in the world economy by freeing its own trade. Hence it advocated worldwide free trade. During the 1960s,

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[81] Ibid

[82] John McCormick; 1999, p. 74

[83] See Joan Edelman Spero The Politics of International Economic Relations, (United Kingdom: Routledge,

1996), pp. 25-26

[84] ibid. p. 76

however, the European Community, Japan and the East Asian newly industrialised countries gradually emerged as major economic forces. The US international economic position gradually diminished.

In 1988, the US sought closer cooperation with Canada and established the Canada-US Free Trade Agreement (CUFTA), and in 1994 formed a North America Free Trade Association (NAFTA) with Mexico and Canada. The Summit of the Americas held in Miami in the same year endorsed the creation of the Free Trade Area of the Americas (FTAA). Therefore, one can assert that the US's u-turn from multilateralism towards regionalism seems to be a reaction to the declining economic status in the global arena. The US is now leading America towards continental regionalism.

Regionalism in the North is premised on economic integration than on political debate, since it adopts a market approach. It is also built upon existing economic structures and patterns, to reap benefits in the form of incremental increases in welfare. The market integration approach involves deep integration and is incremental. It implies that the free trade area would eventually lead to an even deeper integration in the form of an economic and political union.[86] The EU provides the best example of this trend. However, regionalism in the developing world has a different starting point, a reaction to subordination in the international political and economic system.

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[85] World Policy Research Bulletin, http://www.worldbank.org/html/dec/publications/bulletins/PRBvol3no3.html

[86] Jens Haarlov, Regional Cooperation in Southern Africa: Central Elements of the SADCC Venture, CDR Research Report No. 14, Copenhagen, Centre for Development Research; 1988, p. 18-20

2.2. 2. Developmental Regionalism

From the developing countries' perspective, especially in Africa, the roots of regionalism could be traced through colonialism, hence it was influenced by the dependency theory as a way of attaining political and economic liberation. The objectives of regionalism during this period were economic development and strengthening of state sovereignty with collective self-reliance.[87] In order to change the existing pattern of economic relationships and to create new economic structures, the developing world adopted economic regionalism.[88] Hence the formation of sub-regional groupings such as the Latin American Free Trade Area in the 1960s, (transformed into Latin American Integration Association-ALADI in 1981), the ASEAN in 1967 and the SADCC in 1980 (transformed to Southern African Development Community-SADC in 1992).

Coupled with the need for transformation was the notion that relations between the South and North countries depict economic dependence. Some economists argued that free trade with, and foreign investments from the industrialised countries being the core of the world economy, could be potentially deleterious for the developing countries. Instead, deliberate state policies that fostered local industrialisation through protectionism were

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[87] Old regionalism was most prominent in Latin America and Africa. For more on the history and evolution of regionalism see W. Andrew Axline, Caribbean Integration: The Politics of Regionalism, (London: Francis Pinter; 1979) p. 03; Jens Haarlov, Regional Cooperation in Southern Africa: Central Elements of the SADCC Venture, CDR Research Report No. 14, Copenhagen, Centre for Development Research; 1988, p. 18-20; Jesmond Blumenfeld, Economic Interdependence in Southern Africa: From Conflict to Cooperation, (Cape Town: Oxford University Press; 1992) p. 63; Micheal Clough (ed) Changing Realities in Southern Africa: Implications for American Policy, (Berkely: Institute of International Studies; 1982) Research Series no. 47, 161-168; Nsekela, "Towards Economic Liberation"; Mumbengegwi, C., " Food and Agricultural Co-operation in the SADCC: Progress, Problems and Prospects", in Samir Amin et al (eds.), SADCC Prospects for Disengagement and Development in Southern Africa, (London: United Nations University Zed Books:1987) p 68; Maarsdorp, G. SADCC: A Post-Nkomati Evaluation, (SAIIA: 1984) p39; Nnoli, Introduction to Politics, pp 61-70; also (Jorge Lozoya and Hector Cuadra; 1980) pp. 5-8

[88] For negative political, economic and social colonial legacy on African political economy see O. Nnoli, Introduction to Politics, pp 61-70; also (Jorge Lozoya and Hector Cuadra; 1980, pp. 5-8

necessary to transform the Southern countries' economies. [89] Import-substitution industrialisation policies became the strategy of some developing countries to attain the autonomy needed to achieve the necessary structural change and economic diversification.

Thus, the ALADI practised a regionalism based on an exchange driven model. This model involved the adoption of external comprehensive protection and gradual elimination of intra-regional tariffs, with static comparative advantage and allocative efficiency as its base. The "production specialisation" model of regional integration informed the Caribbean Community (CARICOM) development strategy. This model was characterised by high levels of external protection and selective intra-regional tariff reduction. Regional planning and regulatory mechanisms were proposed to direct foreign investment toward certain sectors and to ensure an effective technological transfer. The ASEAN and SADCC adopted a functional approach based on political considerations. [90]

Nevertheless, the end of the Cold War marked the triumph of liberalism in both political and economic spheres. Market liberalisation means that the South has to yield its autonomy to pursue independent development strategies and thus abandon the old regionalism project, which was based on protectionism.

In the post Cold War setting, characterized by dominance of liberalism and interdependence, developmental regionalism is first and foremost concerned with internal economic development and integration and then strategic integration into the world economy. Thus developmental regionalism is more politically orientated than market integration regionalism. Since market incentives are often not conducive for broad based development, it needs a higher degree of state intervention in the economy.[91] Haarlov

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[89]Jesmond Blumenfeld, Economic Interdependence in Southern Africa: From Conflict to Cooperation, (Cape Town: Oxford University Press; 1992) p. 63

[90] Lynn K. Mytelka (ed), South-South Co-operation in a Global Perspective, Organisation for Economic Co-operation and Development (OECD) p. 24-25

[91] Hettne, B., "Globalisation, Regionalism and the Europeanization of Europe", Politeia, Vol. 17(03) 1998, 106-112;

postulates that regionalism among developing countries foresees a greater possibility of success only if a relatively high level of political integration is undertaken at the outset" [92]

It is noteworthy that although any regional initiative entered into by a developing country has the stated objective of promoting development, "North-South" regionalism cannot be considered developmental regionalism, even though operating in a particular continent and is based on the premise of trade liberalisation in the region. For example, though Mexico entered into NAFTA as a way of trying to promote economic development, this FTA does not qualify as developmental regionalism because it includes such developed countries as the US and Canada and emphasises rapid economic liberalisation. This arrangement is the first of its kind, where a developing country accepts regionalisation with advanced partners, without receiving differential treatment. As a result, though Mexico recorded 4.4 percent growth in 2004,[93] this development is characterised by a dual economy that sees a small number of corporations with international ties benefiting to the detriment of the majority of infant domestic companies and workers.[94] While the transnational corporations (TNCs) and the export sector have expanded, local firms have registered zero growth. For example, the increase in exports to the US has seen a rise in grain imports, which has had an adverse effect on Mexican farmers.[95] The impact of NAFTA on Mexican development reflects an economy that grows on one side and slips behind on the other, and therefore widens the socio-economic development gap, which developmental regionalism seeks to narrow.

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[92] Jens Haarlov, Regional Cooperation and Integration Within Industry and Trade in Southern Africa: General Approaches, SADCC and the World Bank, (Aldershot: Ashgate; 19); p. 30

[93] Major Non-OPEC Countries' Oil Revenues, June 2005, OPEC Revenue Fact Sheet, Energy Information Administration, Official Energy Statistics from the US government.

[94] For the socio-economic costs of NAFTA on Mexico, see Josiah Ben-Aharon, America's Global Responsibility: Individuation, Initiation and Threefoldness, (Steiner Books: 2003) pp. 56-59

[95] Laura Carleson in "The Mexican Farmers' Movement: Exposing the Myths of Free Trade", in America's Policy Report, published by Americas Program, Interhemispheric Resource Centre, gives a clear picture of the Mexican farmers' crisis in NAFTA.

However, lliterature on regionalism is qualified with such concepts as "old" and "new" as well as "closed" and "open". "Old" and "closed" normally define the first wave of regionalism occurring in the post-Second World War period. "New" and "open" define the current wave of regionalism in a post-Cold War period. The distinguishing features are the periods and the ideological orientation as well as the motives.

From the developed countries' perspective, and specifically Western Europe, old regionalism was influenced by the rebuilding of economies after the destruction of the Second World War. Market integration through liberalism was meant to promote peace and security as well as economic development. On the other hand, developing countries, especially in Africa, pursued regionalism as a reaction to subordination in the international system, and relied on the dependency theory as a way of attaining political and economic liberation[96]. Economic development and collective self-reliance are still the objectives of the new developmental regionalism in Africa.

It is not in the scope of this study to go into detail on the characteristics of old regionalism. However, the defining features are only important to distinguish the old from the new regionalism. In the post-Cold War era, the new regionalism from both the developed and developing world is a phenomenon that is mainly characterized by economic liberalism with more competitiveness in the global market as the ultimate goal. Though the new regionalism is a market-driven phenomenon, it is dynamic with different

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[96] Old regionalism was most prominent in Latin America and Africa. For more on the history and evolution of regionalism see W. Andrew Axline, Caribbean Integration: The Politics of Regionalism, (London: Francis Pinter; 1979) p. 03; Jens Haarlov, Regional Cooperation in Southern Africa: Central Elements of the SADCC Venture, CDR Research Report No. 14, Copenhagen, Centre for Development Research; 1988, p. 18-20; Jesmond Blumenfeld, Economic Interdependence in Southern Africa: From Conflict to Cooperation, (Cape Town: Oxford University Press; 1992) p. 63; Micheal Clough (ed) Changing Realities in Southern Africa: Implications for American Policy, (Berkely: Institute of International Studies; 1982) Research Series no. 47, 161-168; Nsekela, "Towards Economic Liberation"; Mumbengegwi, C., " Food and Agricultural Co-operation in the SADCC: Progress, Problems and Prospects", in Samir Amin et al (eds.), SADCC Prospects for Disengagement and Development in Southern Africa, (London: United Nations University Zed Books:1987) p 68; Maarsdorp, G. SADCC: A Post-Nkomati Evaluation, (SAIIA: 1984) p39; Nnoli, Introduction to Politics, pp 61-70; also (Jorge Lozoya and Hector Cuadra; 1980) pp. 5-8

offshoots. Some RTAs take the market and political integration approach, as is the case with the EU. Others take the micro or project approach, involving activities within contiguous economic and environmental spaces encompassing parts of national territories. In this regard a reference can be made to the Maputo Development Corridor in Southern Africa. In East and South East Asia, there are Special Economic Zones designed to attract private capital from Hong Kong to southern China.[97]

Another important feature of the new regionalism is that it takes continental dimension encompassing intra-regionalisms. A grouping such as the Free Trade Area of the Americas (FTAA), which includes RTAs such as Mercosur, the Andean Group, NAFTA and others is a case in point. Europe is moving towards continental unity through the European Agreement between the EU and the Central and Eastern European countries. In Asia, the ASEAN, together with China are planning the world's largest free trade area. The Framework Agreement on Comprehensive Economic Cooperation between these parties target 2010 for more developed ASEAN members and 2015 for new members.[98] Likewise, the newly formed AU/NEPAD is striving to unite Africa politically and economically.

Developmental regionalism is mainly characterised by South-south cooperation, and is driven by marginalisation in the post-Cold War period, hence it is influenced by a combination of economic liberalism and protectionism, with internal or regional economic development a priority, the ultimate goal being the strategic integration into the global economy. The purpose of developmental regionalism is to address the vast imbalances both within and between the countries of the region, and also an attempt to diversify regional economies and enlarge the regional market. Generally, it is a "means to

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[97] For more on types of regionalism visit: Stephen Browne, "Expanding Lateral Partnerships", http://www.63.241.184.166/tcdweb/coop_south_journal/1998_2/cop98210.pdf

[98] For more Bridges Weekly

address pressing structural social and economic development needs"[99], hence free trade becomes limited both intra-regionally and extra-regionally.

However, in relation to multilateralism, both developmental and trade-centred regionalisms can be trade cooperation based on a given set of rules and principles, which might be exclusive to a given region, and might or might not operate under the framework of the WTO provisions for RTAs. The logic of regionalism stems from the assumption that it is an instrument to protect the role of the state and power of the government in a globally interdependent and competitive world. The deepening of the EU regionalisation testifies to this assertion. Since its inception, the EU has been protecting its uncompetitive agriculture through the Common Agricultural Policy (CAP). The CAP was built on the foundations of the EEC and the Treaty of Rome, in 1958. The underlying principle of the CAP is "community preference" which is exercised through interventionist practices. The EU agricultural market is protected from imports by tariffs. In 1970, spending on agricultural subsidies was 85.0 percent of the EEC budget. In 1999, the figure had fallen to 50.0 percent. This protectionist approach has led to the EU accounting for 60 per cent of global dairy production while protecting the EU farmers against international competition.[100]

Regionalism is also based on the assumption that it can provide a stronger collective political base from which effective bargaining in multilateral negotiations can spring. Regionalism also allows countries to assert their interests from a stronger and more confident position in the international market.[101] Moreover, regionalism can contribute to multilateralism by accelerating negotiations in the process of multilateral trade liberalisation. This was the case with the Uruguay negotiations. In order to overcome the

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[99] Soderbaum, "The New Regionalism in Southern Africa", Politeia, http://www.unisa.ac.za/dept/press/politeia/162fsoderba.html

[100] for more see John McCormick, Understanding the European Union: A concise Introduction, (London: MacMillan Press Ltd.; 1998) p. 66-68

[101] Outarra, Alassane, D. "Regional Integration in Africa-An Important Step Towards Global Integration", statement made at the First Conference of Ministers of Economy and Finance of French-speaking Countries, Monaco, 14April 1999.

slowness of the process, the US endorsed organised blocs like the EU to complete those negotiations.[102]

Contrary to the multilateral trade system, RTAs are agreements of preferential treatment exclusive to members and discriminating against outsiders. However, scholars in the field of political economy refer to regionalism as the second-best alternative to worldwide, multilateral trade liberalization.[103] Recent studies have shown that the welfare gains derived from RTAs and their contribution to multilateralism are realized when countries involved are natural trading partners. The latter is attributed to complementarity of production structures and a large share of world trade[104].

However, the trade-centred regionalism's interaction with developmental regionalism is best captured by the trend herein referred to as economic plurilateralism. This section attempts to define plurilateralism and highlights the difference in relation to regionalism.

[102]De Melo, J. and Panagariya, A. (eds.), New Dimensions in Regional Integration, (Cambridge: Cambridge University Press; 1993) pp. 05, 10-11; Bhagwati, J. "Regionalism and Multilateralism: An Overview", in De Melo and Panagariya (eds.) p. 45

[103] For instance, Kenneth W. Dam, The GATT: Law and International Organisation (Chicago: University Press; 1970) p. 290

[104] Fawcett, p. 80

2.3 PLURILATERALISM

Since plurilateralism encompasses relations across the North-South divide and South-South cooperation, it becomes imperative to distinguish between the two. For the sake of clarity and applicability to this study, South-South relations are referred to as political or developmental plurilateralism because they mainly deal with issues of bargaining and influencing decision-making in the multilateral forums. Whereas North-South relations could be termed as economic plurilateralism since they deal with the actual transactions. These relations can also be termed competitive plurilateralism because the developed countries and regions seem to be competing against each other for the developing countries' membership. (See chapter five).

Panagariya postulates that RTAs and regional integration arrangements (RIAs) are poor substitutes for either preferential trade arrangements (PTA) or regional arrangements (RA). According to this line of thinking, the qualifier "regional" in terms such as RA, RTA and RIA should be interpreted to mean that the membership falls short of all countries on the globe without any implication that it is concentrated in a specific geographical region of the world.[105] In the same vein, Nye[106] asserts that regions are not absolute and naturally determined, since relevant geographic boundaries are drawn for different purposes that differ from country to country, region to region, and also change over time. This assertion seems to affirm Young and Caporaso's claim that regions can be created and destroyed[107]

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[105] Arvind Panagariya, "The Regionalism Debate: An Overview";
http://www.bsos.umd.edu/econ/panagariya/apecon/Policy%20Papers/overview-we(1).pdf

[106] Joseph Nye, "Regional Institutions", in Richard A. Falk and Saul H. Mendlovitz (eds.) (Freeman and Company: San Francisco; 1973)

Likewise, the New Regionalism Theory (NRT) as propounded by Hettne and Soderbaum[108] borrows from social constructivism. The starting point for the theory is that regions are socially constructed and consolidated. Hettne and Soderbaum postulate that since there are no given regions, there are no given regional interests, and therefore, interests and identities are shaped in the process of interaction and intersubjective understanding. Contrary to this notion, one believes that since regions are identifiable geographic entities with distinguished characteristics, they are obvious, but when regional interests transcend continental boundaries, they cease to define regionalism and become plurilateralism.

The down-playing of geographic contiguity and the notion of the qualifier "regional" having no significance in regionalism, seem to suggest that the above writers see the FTA between Southern African countries (SADC) and Western Europe (EU), referred to as SADC-EU Regional Partnership Agreement (REPA), as the new regionalism. Firstly, there is no region called "Southern Africa Western Europe", thus we cannot refer to the arrangement between SADC and the EU as regionalism. Secondly, the arrangement involves countries from two regions (continents): Africa and Europe, and is therefore intercontinental. These two factors render the arrangement Plurilateral. Chapter five goes into detail on the nature of regionalism.

In addition to being a mixture of regionalism and multilateralism, plurilateralism can be any kind of institutionalised cross-continental arrangement of more than two countries, since two countries would define bilateralism. In some cases, one of the parties is an RTA and another one a country or countries, as in the EU-South Africa FTA. In other cases it is region-to-region arrangements such as the SADC-EU REPA. In support of this

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[107] Jong Choi Young and James A. Caporaso, "Comparative Regional Integration", in Walter Carlesnaes et al (eds.), Handbook of International Relations; (London: Sage Publications; 2003) p. 480

[108] Bjorn Hettne and Frederick Soderbaum, "Theorising the Rise of Regionness", in Shaun Breslin et al (Eds) New Regionalisms in the Global Political Economy: Theories and Cases, (London and New York: Routledge; 2002) p. 33

discussion, Pelkmans[109] defines plurilateralism as a mixture of regionalism and multilateralism. As opposed to regionalism, it is inter-continental. Unlike multilateralism it is selective, "with a view to greater effectiveness and identifiable common visions or interests in the groupings".

In most cases, plurilateralism links peripheral regions with core regions. The EU-led Asia-Europe Meeting (ASEM) and the US-dominated Asia-Pacific Economic Cooperation (APEC) are such examples of PLTA. The ASEM was established in 1996 in Bangkok. It is an informal establishment of dialogue and cooperation between the EU and ten Asian countries.[110] Economically, the priority of the ASEM is to cooperate on reducing barriers to trade and investment.[111] The APEC was formed in 1989, linking East Asian economies to those of North America and the rest of the American countries bordering the Pacific Ocean.[112] Both the US and Japan dominate the organisation economically. The main objective is to free trade and investment in the Asia-Pacific region.[113] In the 1994 Economic Summit, APEC moved towards further trade liberalisation.

Under the Lome Convention, the EU provided preferential access to its 71 ex-colonies in Africa and Caribbean Pacific regions. In Africa, the Africa-Europe Cairo Summit held in 2000 links the EU with the 52 African states of the AU. Along the same lines, in November 1998, the EU proposed a "Regional Economic Partnership Agreement"

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[109] Javques Pelkmans, "Europe's Rediscovery of Asia: Political, Economic and Institutional Aspects'. http://www.unibas.ch/euro/inhalt/menu4/schriften/Bs32.pdf

[110] Brunei, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam

[111] uropa.eu.int/comm./external_relations/access/intro/index.htm

[112] Pedro B. Bernaldz "[A Moment, Please!] Regionalism: A Boon to Globalisation", http://www.hankooki.com/kf_op/200107/t2001070516341948110.html

[113] Neil Nevitte, " Why NAFTA Now?" in Brenda M. McPhail (ed) NAFTA Now: The Changing Political Economy of North America, (Maryland: University Press of America, Inc.; 1995) p. 16

(REPA) with different African, Caribbean and Pacific (ACP) regions and countries.[114] The New EU-ACP Agreement was signed at Cotonou, Benin in June 2000.[115] The Africa Growth and Opportunity Act (AGOA) passed by the US in May 2000 connects African countries to the US. AGOA is based on market liberalisation; encourage increased trade and investment between the US and sub-Saharan Africa and to negotiate an FTA.[116]

However, due to the unprecedented proliferation of plurilateralism and unclear rules governing the conduct of these trends, realization of developmental regionalism becomes a complicated issue. The WTO, as the multilateral institution governing international trade, does not seem to cater for developmental regionalism. This assumption warrants the examination of the institution's provisions for plurilateralism and regionalism. The following chapter looks at the WTO as the agent of multilateralism and examines Article XXIV, the Enabling Clause, in relation to trade-centred regionalism, developmental regionalism and plurilateralism.

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[114] visit http://www.oneworld.organisation/ecdpm/lome/lnb5_gb.htm for full details on the findings of this study

[115] Richard Gibb, "A Review of Regional Integration Efforts: The Intra-and Inter-regional Dimensions.", paper presented at Conference, A Review of Regional Integration in Southern Africa: Comparative International perspectives, SAIIA: Johannesburg; 19-20 2000.

[116] For the full text on the AGOA, visit: http://www.agoa.gov/About_AGOA/about_agoa.htm