

REGIONAL INTEGRATION AND INTERNATIONAL COOPERATION: BETWEEN WISHES AND REALITIES

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Abstract

The first decades of the 21st century witnessed the intensification of the regionalisation and globalisation processes as well as the manifestation of an economic crisis without precedent. These specific conditions precipitated the trend towards a multi-polar world characterized by the coexistence and interaction of three type of particular players: nation states, regional and global type organisations with various degrees of integration. These actors are acting in view of providing solutions for food and energy problems as well as for reducing the development gaps between developed and developing countries. A conclusion of the paper is that there is a growing interest for regional integration in all developing areas of the globe: Africa, Asia, Latin America. Specific forms of integration processes are currently taking place in the ex-soviet space. A final conclusion is that all these processes are more complementary in nature than conflicting.

Key words: regional integration, globalization, geo-strategic partnerships, food and energy security

JEL classification: F15, F53, F55

Reflections on the new architecture of international economic relations

A profound analysis on the evolution of international relations in the first decades of the 21st century both from the point of view of real elements and of the philosophical implications reveals fast and profound changes at the level of the large geo-economic and strategic spaces of the world economy.

These changes that take place in the context of globalization are correlated with a deepening of the interdependence between all participants in the world economy and led to a number of significant conclusions:

- Globalization as an essential phenomenon in the evolution of humankind and the complementary coexistence of organizations of regional integration. The current characteristics of globalization are given by the technological and information explosions, the increase and liberalization of trade and investment flows, the globalization of capital, the internationalization of production, the increase of the role of transnational corporations, as well as the evolution of the ecological economy from the status of mere alternative to that of fundamental component of sustainable development.

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- Reality of a multipolar world due to the economic and political and diplomatic emergence of China, India, Brazil, South Africa, among some other important economies. According to some scenarios which can be regarded as plausible the world economy of the future will consist of a number of large centers of world power which will determine the rules of the game and around which will gravitate the developing economies and the economies being a state of permanent transition that will lack negotiation and decision power².

We have to notice that nowadays, at the beginning of a new millennium and century the world economy can no longer be regarded as being divided between “first world” (focused on production and marketing of high quality products based on technological development) and the “third world” (traditionally producing and exporting raw materials, with an import substitution industry and a subsistence agriculture).

The superiority of the developed world is based without any doubt on the fact that it owns the main financial levers, such as the International Monetary Fund and the World Bank and, in this way, managing the international financial flows. At the same time, the most performing economies are the ones that integrated faster in the world economy³.

- The generalization of the idea that the disfunctionalities from the world economy, the speed and intensity of external shocks, as well as the interests of the great powers make more difficult the solving of the “international files” related to trade, investments, environment and regional security;

- The perception of a “resistance” to mondialisation, fact generated by the attempt of many states of reducing the social protection budget as result of high international competition. The phenomena of unemployment, inequalities in distribution of income, marginalization and disadvantage of certain social categories generate a perception that these negative effects are due to mondialisation.

Professor Thierry de Montbrial stated that according to the market paradigm “structural unemployment cannot be eliminated but by adaptation to labor market to the conditions of current times and observing the supply and demand law⁴.

Food and energy security – priorities of development

The elimination of poverty continue to remain a major objective of the international community, given the fact that till now efficient solutions for the economic and financial difficulties that exist in numerous countries, particularly in Africa and Asia, could not be found.

² Elizabeth Dickinson, New Order. How the multipolar world came to be, Foreign Policy, November/December 2009

³ A. Globalization of Industry: implication for developing countries beyond 2000. Raport UNIDO, Viena, dec. 1996

⁴ Thierry de Montbrial „Acțiunea și sistemul lumii”, Academia Română, Fundația Națională pentru Știință și Artă, Ed. Expert, București, 2003, p. 328

These problems are often generated by the neglect of the agricultural sector as well as the orientation of this sector in some case towards a structure of production that is not adequate from the point of view of internal demand and it is not correlated to external demand.

One of these cases is represented by the Sub-Saharan Africa where agriculture, which is also affected by the climate conditions, does not cover but in a small extent the internal demand and leads to a very high “food invoice”. A great number of countries from Africa and Asia are confronted with major difficulties related to their trade and payment balances and are forced to ask for international assistance, “food assistance” respectively. Unfortunately this food assistance became less relevant given the fact that during 2005 – 2012 the cereal stocks at a global level were drastically reduced.

The solving of these problems has become a major objective and this requires a better correlation of national and international efforts for the reduction of economic gaps between the developed North and the developing South.

Under these circumstances the European Commission proposed the acceleration of the modernization of the agricultural sector in the Community in order to reduce the effects of the increase of international prices for agricultural products and to cover to a larger extent the internal demand from own sources.

It was estimated that in order to cover the whole demand for food the world production would have to increase by 50 % until 2030 and then to double in the next decades in order to cope with the rhythm of world population growth, population expected to reach 9 billion by 2050.

The concept of food security is nowadays accompanied by another dimension, that of world energy security. This concept emerged in the context of the existence of strong disfunctionalities in the fields of energy production and trading as well as disequilibria in the supply – demand for energy in the international market.

The provision of the necessary amounts of energy is conditioned, according to experts, by maintaining a reasonable and constant level of the production of oil, natural gases, nuclear and hydro energy, while maintaining costs at a bearable level.

Starting from the idea that there is no crisis of energy resources at world level we appreciate that the major problems related to energy security and the transfer of efficient technologies for energy exploitation to the countries confronted with major difficulties can be solved by implementing efficient programs for capitalizing the known and potential resources available in a great number of countries. The implementation of these programs is anyway conditioned by the attraction of an important volume of investments.

A fundamental dimension for the development of the world economy is also represented by ecology, that is the viable solutions for the acute problems related to environment degradation. The human civilization is affected both by unforeseen climate conditions, but also by the most important erosion factor for planet Earth that is Man himself who quite often affects the natural equilibrium.

The solving of environment problems needs a collective answer that may be found within the United Nations Organization and in other specialized institutions, having as starting point the World Conference on Environment from Rio de Janeiro (1992) and the Kyoto Protocol (regarding emission of gases that produce the glass house effect).

On the occasion of the Rio de Janeiro Summit the chiefs of state and government stated the “need to redirect investments and adjust economic policies towards the increase in the use of some alternative energy sources, at the same time with increasing energy efficiency in the sectors that use large amounts of energy, such as industry and transport”⁵.

An important role in the evaluation of the causes and mechanisms related to climate changes and also for finding solutions to alleviate the catastrophic effects of natural phenomena is given to the modern telecommunication systems. Experts state that the relation “space technology – geopolitical structures” can be translated in the capacity of technology to offer complex information about planet Earth and disseminate messages without affecting the base of the national sovereignty⁶.

We have to admit the almost general opinion that the surveillance and management of environment as well as the use of space technologies for humanitarian reasons should represent priority fields for international cooperation.

Information and technology explosions as supporting factors of globalization

The impact of the technological and informational explosions on the evolution of the world economy is manifesting in the revival of industrial structures and in the increasing of the intensity of trade and financial flows at a global level.

The internationalization of industrial production offers a favorable framework for the development and implementation of performing technologies both in developed countries and in developing ones from Africa, Asia and Latin America. The resizing of the technological flows reflects, according to professor J.F.Daguzan, the evolution from the military style economy to the civilian style economy, characterized by the gradual transfer of certain prerogatives, in many fields of activity, from the state to the private sector, for financial and efficiency reasons⁷.

The analyses and reflections regarding the ratio between the public and private sectors in a performing economy allows us to say that in the context of globalization the state is losing some prerogatives regarding decision making, but its role continues to remain significant in some strategic fields of economic life (such as infrastructure,

⁵ Florin Bonciu, Gabriela Baicu, „Economia mondială sub lupă”, Ed. Pro Universitară (Universitatea Româno-Americană), București, 2010, pag. 96, 205

⁶ Lebeau André, „Tehnologia spațială și mondializarea”, în revista Observation et Theorie des relations internationales, Institutul Francez de Relații Internaționale, Paris, 2001

⁷ Jean Francois Daguzan, „Technologie et mondialisation”, în Revue Géoeconomie, nr. 20/2001-2002, Institut Européen Géoeconomie, Paris, 2002, pag. 9

energy, defense, environment), as well as in the area of technological research and development⁸.

An area of particular interest in the “competition” between the public and private sector refer to space technology, particularly in case of great technological powers such as USA, Russia, China, Japan, Germany, France, Great Britain), but also in some emerging countries with a huge economic potential (Brazil, India, South Africa).

When we analyze the relation “states – regional integration” from the point of view of rethinking the degree of autonomy we have to take into account the new coordinates of the scientific and technical cooperation among states which is needed in order to secure an efficient joint use of the existing resources particularly for very large scale projects and for avoiding duplication of research efforts⁹. In this field, due to globalization and the increase of the size and economic power of some transnational corporations there is a need to better coordinate national policies and regulations with transnational corporations activities.

Role and place of transnational corporations and foreign direct investments in the world economy

Transnational corporations represent main sources of capital and technology and they have an important impact on the localization of economic activities at the global scale, facts that enable them to have a real economic power as well as political influence¹⁰.

In the analysis of the expansion strategies of transnational corporations we appreciate as relevant the approach of professor Dumitru Miron that states that “globalization is the one that dictates to the corporations the strategic decisions, including the ones referring to internationalization, and the corporations implement such strategies in cooperation with specialized national organizations.” According to his opinion the transnational corporations have in view to appropriate ownership or the control of assets which used to belong to some national economic agents¹¹.

A dynamic factor that contributes to economic growth is represented by foreign direct investments which complements the local capital in all countries of the world, with certain differences, function of the economic potential and the absorption capacity of the directly productive sectors, of the qualification level of labor and function of the incentives provided by the host economy.

⁸ Idem.

⁹ Erna Hennicot-Schoepges, „Rèperes d'un engagement public” (Sciences et Technologie), Ed. Academiei Române, București, 2008, pag. 44

¹⁰ Robert Gilpin, „Economia mondială în secolul XXI – provocarea capitalismului global”, Ed. Polirom, București, 2004, pag. 132-133

¹¹ Dumitru Miron, Ovidiu Folcuț, „Mediul internațional de afaceri”, Ed. Universității de Petrol-Gaze din Ploiești, 2005, pag. 71-72

The presence of foreign investors in the priority sectors of the national economies is conditioned by the degree of regional security and by international economic outlook that can influence in the short and medium term the activity of the investors and the efficiency of the investment (by such factors as labor cost, increase of productivity, etc.).

Prospects of regional integration: comparative elements

The deepening of the process of interdependence between globalization and regional integration – with openings towards cooperation and partnerships – represent the fundamental condition for the revival of the world economy, with impact on the reduction of gaps among the countries of the world and on the acceleration of the reform programs and of the democratization of the economic and social activities.

Regional agreements represent – both *de jure* and *de facto* – efficient instruments for the promotion and harmonization of the economic and political national options, provided that they do not contradict the fundamental principles of the liberalization of trade, technology and financial flows. Within the globalization – regionalization equation the fundamental issue remains to evaluate to which extent these two phenomena that mark the evolution of international relations are complementary or contradicting¹².

This dilemma could be solved if we agree with the reflections of some reputed scientists and culture persons that state that “it is more and more evident that globalization represent the main trend in the evolution of humankind¹³ and that regionalization (regional integration cooperation) amplifies the objective efforts of the participants for modernizing and making more efficient the economic activity. Despite the fact that it does not represent a “miracle solution” to the challenges that globalization puts to the state¹⁴, the institutions established at the level of regional integration organizations can be complementary to national strategies and thus contributing to the acceleration of the processes of reform and macro stabilization.

The regional and sub regional organizations represent an evolutionary process in the framework of the large geo-economical spaces and they reflect a higher degree of integration of the economic and social activities. Given the fact that the international business environment is more and more competitive the dynamic effects of regional integration must lead to more economic performance.

The economic regionalization represent in the opinion of the American professor Robert Gilpin¹⁵ a reaction from the part of the nation – states to the

¹² Marcel Moldoveanu, “Mersul lumii la cumpăna dintre milenii”, Academia Română, Ed. Expert, București, 2003, pag. 26

¹³ Mugur Isărescu, “Reflecții economice”, Academia Română, Ed. Expert, București, 2001, pag. 73

¹⁴ Robert Boyer, „Les mots ex les réalités. Mondialisation au delà des mythe”, Ed. La Decouverte, paris, 1997

¹⁵ Robert Gilpin, Op. Cit. pag 44

common political problems, but also to a global economy with a high degree of interdependence.

The impact of the integration agreements concluded among numerous developing countries from Africa, Asia and partially from Latin America on the third parties is still limited. These limited results are explained also by the fact that the trade incentives received from the part of developed countries as well as the external financial assistance are not enough in order to allow for an “explosive” growth of the trade exchanges and investment flows which have to be oriented primarily to the development of infrastructure and industry.

We appreciate that the “South – South Consulting and Cooperation Group (The Group of 15) may contribute to a large extent to the development of economic and cultural – scientific cooperation at a regional scale as well as to the support of the business environment due to a stronger negotiating power with the developed countries within the Group of 20.

The regional integration and cooperation organizations have as major objectives the consolidation of economic equilibrium and the stability of the political and social life. In this context we appreciate that the following existing institutional approaches to regional and global integration are representative for the present configuration of the world economy:

- The North American Free Trade Agreement – NAFTA that has as objectives:

- o The liberalization and stimulation of mutual trade;
- o Development of investment opportunities and technological transfer;
- o Establishment of efficient dispute settlement procedures;

- Asia – Pacific Economic Cooperation Forum – APEC which concentrates more than half of the world population and represents one of the most dynamic markets of the world. The main objectives of APEC are:

- o The organizational structure of APEC reflects a complex mechanism aiming to facilitate through an “open regionalization” the liberalization of trade and investments;

- o the establishment of the framework for a proper business environment;
- o and the promotion of economic and technical cooperation.

- In Latin America we outline the presence of MERCOSUR – The South Common Market which has the following objectives:

- o The liberalization of mutual trade;
- o The harmonization of macroeconomic policies, with an opening to a common political approach with the European Union and NAFTA.

A reference element in the process of integration and cooperation in the Latin American space is ‘the Porto Statement’, a document adopted at the Spanish – American Summit of October 1998 which concentrates the main objectives of economic development within the context of the dynamic evolution of globalization and regional integration.

The process of regional cooperation is also an important stage in the process of integration in the world economy of the Arabian and African countries. The most representative regional economic organizations from Africa are the following:

- The Union of Arabian Maghreb;
- The Economic Community of the West African States;
- The Community for the Development of Austral Africa.

Within the ex-soviet space we can note an accelerated process of economic and political establishment of some organizations of integration and regional cooperation having the more or less explicit objective of creating an alternative or a complementary structure to the European Union.

The strategic options for the ex-soviet space are reflected in the activity of three organizations of economic integration:

- The Community of Independent States (which benefits of a huge material, financial and human potential) which has a pronounced political dimension;
- The Customs Union Between Russia – Belarus – Kazakhstan (entered into force on July 1, 2010);
- The Eurasian Economic Community which would represent a vast cooperation space with the participation of the 3 countries Russia - Belarus – Kazakhstan together with Kirgizstan and Tajikistan and opening for partnerships with Finland, Hungary, Czech Republic, Bulgaria and Mongolia¹⁶.

Based on an Agreement (signed at the level of state heads on November 18, 2011) the Eurasian Community would enter in force by 2015, having as a model – by means of the Eurasian Commission – the structure of the European Commission. The interest for this project is reflected by the fact that a Treaty for the establishment of the Eurasian Community is intended to be signed in 2013.

Conclusions

At present in the world economy there are some significant regional integration organizations (NAFTA, European Union, ASEAN, MERCOSUR) and some others are under negotiation. Regional integration is a part of a larger globalization process and the objectives of such a process refer to economic development, reduction of gaps between developed and developing countries, solving the food and energy shortages.

Within this process of regional integration and important role is given to economic and cultural – scientific cooperation among states. This role is to be fulfilled through a system of strategic and geo-economic partnerships, some examples of this kind being the Euro-Mediterranean Partnership (EUROMED)¹⁷ and the Trans-Atlantic Partnership.

¹⁶ http://www.eurasian-ec.com/index.php?option=com_content&task=view&id=2&Itemid=7

¹⁷ http://www.ceas.europa.eu/euromed/index_en.htm

An important conclusion is that in this whole process of regional and global integration the nation states still play an important part and the last 5 years of economic crisis just strengthened this role. Anyway, in our opinion there is no intrinsic contradiction between the two processes of regionalization and globalization and the activity of nation states. The nation states are still key players and the requirements of efficiency and competitiveness made them engage in various integration processes.

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