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Explaining Trends in EU Interregionalism

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1 Introduction

It is standard fare in political science or political economy to characterize the nature of political and economic systems in the aftermath of some critical juncture – such as the “postwar era,” the “post-Cold War era,” “post-September 11,” and the like. Analyses that highlight these critical junctures all face the same questions: do we know yet whether this juncture was in fact critical? Even if it was, has enough time passed for us to undertake a valid assessment of the shape of the world in its aftermath? Skeptics of hasty assessments may recall Zhou En-Lai’s famous response to Henry Kissinger’s question about the meaning of the French Revolution nearly two hundred years on – “It is too soon to tell.”

In pursuing an analysis of a new form of trade and commercial relationships that takes as its starting point the continued debility of the multilateral institutions and processes of trade cooperation, we are surely tempting the fate of those who attempt to slice a loaf of bread that is only half-baked. And surely the GATT/WTO regime has proved durable, surviving many past threats to its primacy in international commercial cooperation, whether from protectionism or regionalism. Yet although we take the failure of WTO talks in Seattle in 1999 (and subsequent lack of progress in the Doha Round) as our critical juncture, we are not assuming that interregionalism, or regionalism, or bilateralism, or any other type of –ism, will replace multilateralism. Rather, we ask whether, in a world in which the WTO still operates but perhaps ceases to evolve in a meaningful way, interregionalism will emerge as a viable alternative form of institutionalized economic integration. We hope that, by this point, the reader will agree with us that at least an initial assessment of post-Seattle interregionalism has been justified, and that there is much to be learned from the experience of EU-centered interregionalism to date.

At the outset of this volume, we introduced a number of variables and hypotheses that we considered to be the most likely potential explanations

for the rise of interregionalism in European Union trade policy. But essential precursors to these possible explanations are the initial necessary conditions. Specifically, the pursuit of interregionalism implies at least three conditions: (1) continuing integration of the world economy; (2) continuing uncertainty surrounding the multilateral WTO process; and (3) continuing support among at least some constituencies for the institutionalization of stable, rule-bound international commercial relationships. While, as noted above, we take the first two of these conditions as given, it is the third that we have sought to illuminate in this book. We have framed the conceptual evolution of interregionalism as a possible synthesis of market-driven globalism and politically-driven regionalism. Our focus has been on exploring the dynamics of the interplay of market and political actors to understand whether interregionalism represents an equilibrium policy outcome that might supplement or even supplant multilateralism in organizing and governing the international political economy.

We have concentrated on European-connected arrangements for a number of interrelated reasons. First and foremost, the European focus is practical: there are several cases of EU-centered interregionalism, which allows us to compare a number of contending hypotheses regarding EU motivations and interregional outcomes across enough cases to allow an initial assessment of the most important sets of variables driving interregional outcomes. Second, at an empirical level, an EU focus also puts at the center of the analysis the “necessary” cases of interregionalism. Because Europe is by far the most active and successful region in pursuing both internal and external innovations in institution-building and governance, we would face a great deal of skepticism about both the conceptual and real-world viability of interregionalism if we were to fail to find a stable basis of support for interregionalism in EU trade policy and outcomes. Third, this point partially motivates our analysis of both EU trade preferences and EU-counterpart regime outcomes: we wish to understand whether there is an achievable equilibrium among trade policy inputs and regime outputs that would support interregionalism. It is also one reason why we have given considerable attention to the notion of counterpart coherence: if interregionalism is to be more than a particular option for EU commercial policy, there must at least be the possibility that other regional blocs will pursue similar arrangements among themselves.

Before comparing our initial expectations with case findings to see whether there is a clear and consistent basis for an interregional trade policy, we first review the basis of comparison and the actual findings of the various cases.

Each of the authors in this book focuses on the EU and a counterpart region to determine which factors have had the greatest effect on interregional processes and outcomes over time for that particular case. They

highlight three regime qualities in particular: its strength, its nature, and its delineation of Europe's commercial treatment of the counterpart region. (See section 3 for an elaboration of each of these three regime elements.)

The factors that the authors consider as possible explanations for their observed interregional regime outcomes fall into two broad categories: EU motivations and counterpart characteristics. Of the two, EU motivations are more directly comparable across cases, as the same sets of public and private sector actors as well as general systemic and ideational inclinations exist – but are likely to vary in their influence – across cases.

Briefly, the authors consider four general approaches to explain European motivations regarding international commercial policy in general and interregionalism in particular. First is a pluralist interest group hypothesis: EU policy is a function of the mobilization of and competition among relevant interest groups through lobbying at the national and supranational levels. In this view, those interests best able to impose their pure individual preferences – or the compromise preferences of an aggregated grouping on EU trade policy, whether through superior resources, strategies, political connections, and the like – will see these preferences reflected in EU trade policy toward other regions. Second, a bureaucratic politics hypothesis suggests that a struggle among the EU's supranational and intergovernmental institutions will determine EU international commercial policy. Each institution has a primary interest in task expansion or retention, and so will work within the EU's existing distribution of institutional powers to push commercial policies that favor its own bureaucratic interest. Our third approach is actually two separate potential explanations focusing on international systemic factors. The first derives from a standard realist approach to international relations: the EU as a unit responds to the structure of the international system in formulating its international economic policies, pushing those policies that promote the EU's collective economic security as well as its global structural power (via the use of relational power) in ties with individual countries and regions. The second derives from the neo-liberal institutionalist tradition, focusing on states' interest in nesting sub-global commercial agreements within the overarching global WTO framework. The fourth approach highlights social constructivist concepts of ideas and identity. From this vantage point, EU external commercial policies are determined by the overarching need to construct "Europe" by defining its internal and external identity through relations with non-Europeans.

Counterpart characteristics, while amenable to placement in very general categories, are somewhat less directly comparable, given the political, economic, and socio-cultural diversity both across and within counterpart regions. These broad categories of counterpart characteristics include the other region's preferences, power, and coherence. Counterpart preferences can to some extent be analysed through applying the hypotheses of European

motivations to the other region. Given the generally low level of institutionalized cooperation within counterpart regions, however, it is something of a stretch to apply approaches that assume a well-defined set of aggregated regional preferences. Thus the authors focus on the preferences of individual countries and actors within the region – particularly those expected to have the greatest influence on region-wide views. Notions of counterpart power are similarly fraught with complication when aggregated to a regional level. Therefore, the authors similarly disaggregate these regions to focus on the power of individual countries in the counterpart, with an eye to how this power improves the bargaining position of the country and region as a whole – and how it affects the EU's motivations.

Finally, the authors consider the initial coherence of the counterpart region in terms of the extent to which the region is self-defined, the scope of intraregional commerce, the extent to which existing political-economic manifestations of the region reflect current understandings of the “potential” region, and the degree of institutionalization of any existing regional regime. While we consider these counterpart characteristics as inputs into interregional regime outcomes – for they surely cannot be ignored – we are particularly interested in noting whether and how the experience of negotiating and establishing interregional commercial agreements with the EU encourages counterpart regions to coalesce both economically and politically, and perhaps to adopt organizational forms of regional governance similar to those of the EU over time.

In the introduction, we outlined some initial expectations regarding the relationships among our outcomes of interest (regime strength, nature, and EU commercial treatment of the counterpart) and sets of variables highlighted in each of the hypotheses regarding EU motivations. To recapitulate, these expectations were as follows:

- *Interest group hypothesis.* We expected the variables relevant to this hypothesis to be very important for the strength of the regime, least important for the nature, and important for commercial treatment type.
- *Bureaucratic politics hypothesis.* We expected these variables to be somewhat important for the strength of the regime, important for the nature, and least important for the commercial treatment type.
- *Systemic hypotheses: balancing and nesting.* We expected power and security considerations to be most important for strength of the regime, somewhat important for the nature, and most important for commercial treatment type. We expected nesting considerations to be important for the strength of the regime, very important for the nature of the regime, and very important for commercial treatment.
- *Constructivist hypothesis.* We expected this to be least important for the strength of the regime, most important for the nature, and somewhat important for the commercial treatment type.

The questions now remain: what happened in the individual cases of EU interregionalism, and what does comparison of these cases tell us about our initial expectations?

2 Cases

Before comparing and interpreting these cases as a whole, we first recapitulate each author's main findings and summarize them in terms of our variables of interest. The cases are presented in order of their interregional "purity."

EU–Southern Cone

The EU–MERCOSUR relationship is, as Jörg Faust asserts, the closest approximation of "pure interregionalism" among our cases. It is the only instance in which two relatively coherent, self-defined, and highly-institutionalized regional blocs have been negotiating a commercial agreement on a one-to-one basis. EU–MERCOSUR interregionalism is still a process rather than a full-fledged regime, but the existence of a proto-regime in EMIFCA, the institution under whose aegis negotiations continue, provides a basis on which to analyse this case.

While a final EU–MERCOSUR agreement has yet to emerge, the general outlines of the regime are beginning to come into focus. The two sides are moving toward a strong regime, both in terms of institutionalization and rule bindingness. Though EMIFCA currently lacks a secretariat, it has spawned a number of relevant committees, subcommittees, and working groups empowered to work out both political and technical details of an agreement. The rules expected to emerge from this process will be binding, with a dispute-settlement mechanism to mediate conflicts over application of these rules.

The nature of the EU–MERCOSUR regime will be broad and developmental. While the initial stages of interregional cooperation in the early 1990s encompassed mostly political rather than commercial matters, the two sides have since negotiated on a wide range of issues, including trade (across nearly all sectors, as required by WTO rules), investment, aid, and property rights. There is a developmental focus to these negotiations, but beyond a modest amount of aid, the main thrust of the EU's "developmental" initiatives have been institutional: the EU has made a concerted effort to help MERCOSUR to strengthen its own intraregional governance capacity, hoping to help these South American nations to help themselves.

The EU's trade treatment of MERCOSUR within the EMIFCA framework has reflected the pure interregional aspect of the process. Specifically, the EU has refused to deal individually with Brazil, Argentina, Uruguay, and Paraguay, explicitly stating that it will only deal with them as a group – a

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stance that has given a considerable fillip to MERCOSUR nations' efforts to improve their collective coherence for the sake of negotiations. Corresponding to this one-to-one approach, the EU has proposed highly uniform terms for all MERCOSUR nations within the boundaries of the proposed agreement.

Faust argues that the overall quality of the EMIFCA process – if not the specific strength, nature, or trade treatment of the emerging regime therein – can best be explained by a variety of factors. He finds the primary causes of the relatively slow pace of development of the EU–MERCOSUR regime in the dynamics among European interest groups and institutions. The familiar split among globally competitive business groups (particularly in service sectors), which are keen on gaining access to MERCOSUR – and especially Brazilian – markets, and relatively uncompetitive or protected sectors such as textiles and (mainly) agriculture, which are loath to face direct competition from their South American counterparts, has yielded something of a stalemate among these interest groups. While the EU and MERCOSUR did establish a business forum in an attempt to encourage participation of free-trade oriented groups, this forum has had only a modest impact on the course of negotiations. There has been a similar, familiar split between the relatively gung-ho, liberalizing Commission and a more skeptical Council (where protectionist interests have somewhat more sway through national governments), with the Council dragging its feet in providing the Commission with the necessary approval to begin negotiations (in 1999, almost four years after EMIFCA was established) and continuing to keep the Commission on a short leash thereafter.

While both the interest group and institutional stalemates help to explain the slow progress toward an interregional agreement, Faust finds the international environment to be the primary reason why there has been any progress at all. Within the EU–MERCOSUR context, Faust finds the EU's global systemic interests and its more political-institutional goals to be in line. The EU's general interest in a deal with the countries of South America can largely be understood in terms of the EU's need generally to balance against U.S. global economic influence and specifically to keep itself from being shut out of the high-potential Latin American economies by U.S. regional overtures – first with NAFTA and now perhaps with a Free Trade Area of the Americas (FTAA). Moreover, with respect to nesting considerations, the strength of the regime, particularly provisions on dispute settlement, is driven by the EU's interest in tying the creation of an interregional regime to the successful completion of the Doha Round of the WTO (where similar rules would presumably then be in force on a multilateral basis).

Existing WTO rules, for their part, have shaped the proposed FTA's product coverage by pushing both sides to agree to a particular array that reaches the required 90 percent level of coverage.

Although EU concerns about both its position in the international political economy and the competitive position of European firms may account for the existence of European initiatives toward South America, they do not necessarily explain the nature of these initiatives. And with respect to commercial treatment, as noted above, the EU has made explicit its desire to foster the consolidation of the MERCOSUR bloc, pursuing an Inter-Institutional Agreement with MERCOSUR to coordinate bloc-to-bloc relations before any discussions of commercial agreements or liberalization began. Whether this European approach has been specifically to promote its own form of political-economic regional organization as a model to be copied first by MERCOSUR and perhaps later by others is not yet clear, but it is at least suggestive that this encouragement of a counterpart's regional organization may indeed be among Europe's primary motivations in any interregional context.

EU–East Asia

As Julie Gilson suggests in her chapter, the EU relationship with the countries of East Asia within the Asia–Europe Meeting (ASEM) is an example of hybrid interregionalism that has shown occasional signs of becoming “purer.” As Gilson attests, Asia–Europe ties represent a strategically important part of the international political economy as the third, relatively atrophied leg of the “wobbly triangle” (compared to the more robust U.S.–EU and U.S.–East Asia legs). While the EU and the ASEAN Plus Three (APT) group have outlined a fairly comprehensive set of issues on which to pursue cooperation, this seems to be the only truly ambitious element of this regime. While there are a number of working groups and committees associated with ASEM over the range of its relevant issue areas, these groups are staffed at a relatively low level and, more generally, ASEM lacks a permanent secretariat and the policy guidelines associated with ASEM are nonbinding – in Gilson's words, they have not comprised significant “deliverables” for the EU (or the APT). Thus ASEM is quite weak, both in terms of its institutionalization and its rule bindingness.

The regime nature is relatively comprehensive-developmental. As noted above, ASEM has a broad issue scope; and, while explicitly a relationship among equals, ASEM emphasizes aiding Asian development, especially the facilitation of European investment in East Asian countries. However, this developmental emphasis is not even across or even within countries: the Europeans emphasize aid and investment in different proportions in different countries, and are more skeptical regarding trade preferences with some poor countries (notably China) than others.

ASEM is similarly mixed in terms of the EU's commercial treatment of its East Asian counterpart: there are elements of both pure interregionalism (EU–ASEAN) and bilateralism (EU and non-ASEAN countries), and the EU's uniformity of treatment of East Asian countries varies across issue areas.

Gilson attributes the modest evolution of EU–East Asian interregionalism to the diversity of factors shaping its direction. She finds interest-group activity to be a compelling explanation for the initiation and early progress of ASEM, with the input of business groups essential to the establishment of institutionalized mechanisms such as the AEPF to promote trade and investment ties. Alternatively, these groups' (and particularly European businesses') disappointment with the lack of progress on these fronts and subsequent disengagement from the ASEM process has been central to ASEM's deceleration.

Interestingly, she finds that there was a lack of bureaucratic contention regarding ASEM, largely because member governments did not seem to take the process sufficiently seriously to warrant any real challenge to the Commission's central facilitating role in the Council. This suggests not only that Commission interest in task-expansion in general did not lead to a strong push toward a strong regime with East Asia more specifically, but that an absence of bureaucratic contention simply reflected the lack of salience of the issue of interregionalism with East Asia within the EU more generally.

Gilson suggests further that international systemic concerns surely served as an underlying rationale for ASEM, both for the Europeans – who sought to counter the U.S.-led APEC – and more generally to solidify the third side of the EU–U.S.–East Asian triangle. However, while it is likely that EU concerns about specific emerging East Asian powers such as China led it to seek to treat China differently from other developing East Asian nations in terms of trade, the generally dominant position of the EU in this process – more a function of its political coherence than its total economic capacity – was not sufficient to establish a strong regime on European terms. Nesting concerns seem to be muted, as ASEM was initiated with post-1995 WTO consistency in mind – and because little progress has been made on trade provisions that might actually raise the specter of consistency with global rules.

Finally, ASEM can to some extent be understood, particularly in terms of its nature, as being shaped by the European Union to replicate its own organizational form, adopting a broad political, economic, and social agenda similar to that of the EU within a Eurasian context. However, it is not clear that this encouragement of regionalist mimicry was a primary motivation of European policymakers (whether for integrationist goals with East Asia or within Europe itself), despite the fact that, as Gilson suggests, the promotion of ASEM and “ASEM Asia” is a helpful element in the development of the European identity. It is thus unclear whether the weakness of ASEM is related to a lack of commitment on the part of high-ranking European officials to associate the development of ASEM with that of Europe itself.

EU–Southern Mediterranean

The EuroMed Partnership (EMP), originally set up by the European Union to encourage political, economic, and social stability of the southern

littoral states of the Mediterranean, has, according to Beverly Crawford, fallen far short of the hopes of both sides at its creation in 1995. The EMP is perhaps the weakest of the interregional regimes among these cases: not only are EMP guidelines completely nonbinding, but it also lacks the formal bodies such as a secretariat, parliamentary assembly, and dispute settlement mechanisms that give some other such regimes some institutional personality. Indeed, the Commission acts as the only coordinating institution, as the highly fractious grouping of Mediterranean non-EU member countries (MNMCS) lacks any sort of counterpart coordination institution.

With respect to its nature, rather more like other comparable EU arrangements, the EMP has both a comprehensive issue scope and a strongly developmental tilt. While the EU has committed to creating a free trade area around the Mediterranean by 2010, its goals in this and other included issues are primarily political: Europeans hope greater economic freedom can generate pressure for greater political freedoms in Middle Eastern and North African countries, while balancing a clear pro-democratic agenda with a push for mutual respect both between Europe and these mostly Muslim countries and among the southern littoral countries themselves. The EU has also offered significant amounts of aid to these countries on a bilateral basis, in part to help them prepare and adjust to the promised free trade area.

The EU's commercial treatment of the MNMCS has been mostly non-uniform in terms of treatment and bilateral in terms of trade types. The uniformity of treatment that exists has been initiated not by the EU but by those countries (including soon-to-be members and hopefuls such as Malta, Cyprus, and Turkey) that have followed the Copenhagen criteria for EU aspirants; for the rest, the terms of trade have been a function not only of EU evaluation of their reforms but also the most relevant issues at stake with any particular country (e.g., migration, trade profile in goods or services, etc.).

Crawford finds that different likely explanations exist for different elements of the EMP. She believes that balance of power concerns best help us understand the genesis of the regime: the EU promoted the EMP to simultaneously counter U.S. influence in the region, shape trans-Mediterranean relations via its dominant relational power, and contain political Islam. However, other explanations better explain why the EU chose an interregional regime to manage this relationship as well as the specific elements of the regime. The EU's self-image as a Kantian "normative power" and subsequent policies following that model, as well as the ambitions of the Commission to use the EMP to expand its own policy remit, are the key factors shaping the comprehensive and developmental nature of the regime.

The regime's weakness and bilateral-leaning commercial treatment prevail for other reasons. Interest groups' over-time decline in support for

and interest in the EuroMed framework – related to the lack of progress of domestic economic liberalization in MNMCs – have been both cause and consequence of the gulf in European and MNMC attitudes toward strong, liberal-leaning rules and institutions. Meanwhile, the reality of the asymmetric dependence in this relationship has undermined the EU's inclination to pursue a liberal interregional arrangement in terms of two "equal" regions, which has hampered the creation of a strong, mutually binding regime in which the EU treats the MNMCs in a uniform, interregional manner. Moreover, the structural power of the United States inevitably shapes the context in which the EU pursues its own policies toward the MNMCs, with Washington's somewhat erratic involvement in the Middle East in particular hindering the creation of a stable European approach.

EU–Africa, Caribbean, and the Pacific (ACP)

As John Ravenhill notes in his chapter, Europe's relationship with the countries of Africa, the Caribbean, and the Pacific Islands represents its first, and perhaps most unwieldy, attempt at establishing an institutionalized interregional relationship. Born in the wake of decolonization, Europe reconstituted its commercial relationships with these ex-colonies in the Yaoundé and Lomé conventions, which managed to build a strong, developmental regime between Europe and these generally small, poor countries. The strength of the Lomé regime derived primarily from its high degree of institutionalization, as it featured five separate joint EU–ACP institutions to manage relations on an interregional basis; yet while Lomé certainly featured a clearly-defined set of rules for ACP access to European markets (and vice versa), these rules were only moderately binding. That is, though Lomé provisions were "contractual" in nature, the Europeans ignored them when they found it necessary to do so, particularly in Lomé's waning years.

Lomé was both highly comprehensive and highly developmentalist in nature, covering a wide range of issues from trade, investment, and aid to more socio-political matters such as social, cultural, and individual rights. The economic side of these arrangements was heavily preferential – despite some inconsistencies with the multilateral trade regime – setting up a number of mechanisms through which ACP countries became Europe's "preferred partners." These provisions and institutions applied generally throughout the EU–ACP relationship with a high degree of uniformity, though the Europeans did provide special treatment within Lomé to the poorest of the ACP countries.

The EU's commercial treatment of the ACP countries was somewhat more mixed in its interregional-bilateral basis: although there existed a unified secretariat to coordinate ACP positions and thus create a purely interregional relationship, in fact individual European countries tended to favor dealing more directly with their traditional clients, thus undermining a true region-to-region track.

Ravenhill suggests that explaining the evolution of the EU–ACP inter-regional relationship is complicated by the fact that different factors prevailed at different times. He argues that systemic security considerations – and in particular matters of economic security for Europeans such as the stability of the supply of raw materials – were a primary consideration in the early development of the regime, and that the Lomé process began to lose steam – and the regime began to weaken – as these security concerns began to abate in the 1980s and 1990s. Meanwhile, the difficulty of maintaining a strong regime that was proving ever more difficult to nest within the WTO – and with a set of partners that was decreasingly important in Europe’s international commercial relations – ultimately undermined the Lomé regime and led the EU to align its trade treatment of the ACP more closely with those types allowed within the WTO’s Article 24.

Economic interests were very important in shaping both the nature and the strength of the Lomé regime. The terms of Lomé’s preferential (i.e., developmental) access to European markets was defined in large part by the interests that did not accept an arrangement not tilted in their favor, most notably European farmers, or by those that benefited from preferential access, notably European banana and sugar traders. This latter group’s concern in the late 1990s that its global interests could be hurt by maintaining the Lomé arrangements in the face of WTO condemnation caused their ardor for Lomé to cool, and provided perhaps the final nail in the coffin of the existing regime. Meanwhile, whereas NGO activists’ initial support for Lomé’s developmental provisions provided a much-needed fillip to the regime, their later qualification of support added another blow from societal interests to the tottering regime.

Bureaucratic politics in this case were largely an internal affair within the Commission. The Development Directorate in the Commission had as its main responsibility maintaining the relationship with the ACP countries, and as a result defended this regime ferociously against other encroaching directorates (e.g., the External Relations and Agricultural Directorates). However, as disillusionment with Lomé within the Development Directorate grew, and as the more global Trade Directorate’s purview expanded with the negotiation and completion of the Uruguay Round of GATT as well as the growing solidification of a single European trade policy, the bureaucratic impetus supporting Lomé evaporated.

Ravenhill suggests that notions of regional identity played little role in promoting a “European” approach to ACP countries, though there were national/postcolonial identities that initially shaped the French and British approach to their former colonies in the Lomé process. While the prevalence of the NIEO in the international discourse certainly did play a role in defining the nature and perhaps the strength of the Lomé regime, this idea was more a function of a Third World identity (and thus ACP countries’

approach to Lomé) than a European one, and over time seems to have done little to strengthen a sense of regionalism in either Europe or among subgroupings of ACP countries. Overall, then, each of these factors seemed to work in concert, first to promote the Lomé process and later to undermine it, largely driven by the decreasing economic importance of ACP countries and the loosening of post-colonial bonds.

EU–Eastern Europe

One of the more distinctive cases of EU interregionalism is the post-Cold War Western European engagement of the postcommunist countries of Central and Eastern Europe. As Cédric Dupont and Hilde Engelen show, this overall case is in fact three separate sub-cases: the EU has pursued separate engagement strategies each with the Visegrad group in Central Europe, the Baltic states, and the former republics of the Soviet Union. Moreover, in each case these “transient subregions” engaged the EU not as permanent entities in themselves, but rather, at least in the first two sub-cases, as temporary groupings searching for the best route to formal integration into the European Union.

The Central European countries – Poland, the Czech Republic, Slovakia, and Hungary (and Slovenia) – initially sought to enhance their chances of early accession into the EU through the creation of integration mechanisms of their own, the Visegrad group and the Central Europe Free Trade Area (CEFTA). However, these nations’ attempt to promote a region-to-region approach gave way to an EU-directed bilateral approach based on Europe Agreements (EAs) – a highly-institutionalized, broad-scoped, developmental set of agreements that set out the terms of EU assistance to these countries and the necessary reforms they needed to undertake to gain EU membership. Dupont and Engelen attribute this general shift from incipient interregionalism toward bilateralism primarily to interest group pressure among those producers concerned about competition from lower-cost competitors to the east and EU concerns about allaying Russian fears about a wholesale Western takeover of its former client states, as well as the only moderate success of Central European countries in promoting their own interim collective integration.

EU relations with the Baltic states followed a similar trajectory from initial interregionalism to bilateralism. Like the Central Europeans, the Baltic states generated their own progress toward sub-regional cooperation, a process that was supported by the EU. By the mid to late 1990s, however, both sides moved toward a preference for a bilateral approach, and the EU ended up signing EAs with each of the three along similar lines as those with the Central European countries. With this set of countries, Dupont and Engelen argue, international security concerns were even more dominant, given that the Baltic states were formerly part of the Soviet Union proper and still were home to large ethnic Russian minorities, and EU

leaders sought to avoid a negative Russian reaction to the Baltics' inclusion in Western security organizations.

In each of these two sub-cases, while Dupont and Engelen identify particular factors that helped shape the overall transition from interregional to bilateral thinking, the strength, nature, and counterpart treatment in each of the relevant countries were ultimately shaped by the EU blueprint for prospective members. In this sense, these two groups of countries are different from all other cases and sub-cases because they consisted of countries that were destined to become EU members, and thus were subject to a dominant influence that was clearly lacking elsewhere.

With the more formally organized group of former Soviet republics, the Commonwealth of Independent States (CIS) – countries whose futures were less directed toward gaining EU membership – the Union maintained a stronger tendency toward interregionalism. The EU set up an evolving set of arrangements with the CIS, first involving technical assistance and aid and later evolving into broader cooperation that institutionalized dialogue on a wide range of economic, social, and political issues. However, these arrangements have been conducted largely on a bilateral basis, as the unclear status of the CIS remains a barrier (among others) to a more formal interregional relationship.

Dupont and Engelen are chary of assigning explanations to the specific elements of an interregional process between the EU and the CIS that may only be in its very beginning stages. However, it seems clear that international security concerns (how to institutionalize relations with a former superpower adversary) and identity concerns (who belongs in “Europe”) may be particularly relevant to this process as it evolves.

EU–North America

The defining feature of the EU–North American relationship among these cases is the absence of any interregional regime process between these two pillars of the international economy. As Edward Fogarty suggests, however, this fact is primarily a result of the success of the EU's economic relations with the countries of North America: with commercial relations on the whole unproblematic and well-managed through both multilateral trade and economic institutions and mid- and low-level official cooperation and consultation, there has been little obvious need for an overarching interregional regime with NAFTA as a whole. The EU has pursued some bilateral agreements each with the United States, Canada, and Mexico – the first two as the basis of broader international agreements (particularly on sectoral issues), and with Mexico as a response to the diversionary effects of NAFTA – but there has been little impetus from any side for pursuing a comprehensive interregional track between Europe and North America.

This negative case requires an explanation for the lack of support, particularly in the EU but also in North America, for an interregional accord.

While none of the general hypotheses suggests that the necessary conditions are in place for an EU–North America interregional regime, Fogarty concludes that some explanations for the interregional gap are better than others. Specifically, he finds the interest group approach wanting, as any interregional regime would represent more a political-strategic than an economic project (particularly between the Europeans and the United States), and thus narrowly-focused business groups would not be particularly relevant to explaining the presence or absence of such a broad political project. That said, the influence of interest groups has been quite relevant throughout the period in ensuring that occasional political spats do not upset the EU’s bilateral commercial relations with each of the three North American countries.

The Council’s refusal to allow the Commission to pursue such a political project may be a factor in the absence of a TAFTA. The Commission showed interest in pursuing a binding, well-institutionalized agreement with North America as a whole, with Canada as such an arrangement’s most vocal North American supporter. However, the Council’s demurral never allowed the idea to get off the ground.

The nature of the relationship between the EU and the United States is a major element defining the organization and dynamics of the international economy. The EU, which acts as a unit much more in economic affairs than in the political-security realm, inevitably uses the United States as the meter of its competitive position in the international economy, and vice versa. As such, the overall relationship between these two – as well as the strength, nature, and commercial treatment in a hypothetical transatlantic agreement – is inevitably tied to the “gloeconomic” position of each *vis-à-vis* the rest of the world. The primary goals of each – and the focus of international commercial policymaking energy – are in solidifying access to other important markets and ensuring they are not disadvantaged in their access to these markets relative to the other. This “structural economic power” competition is constrained by WTO rules – the same rules that derive largely from transatlantic negotiation, and thus make the idea of a separate transatlantic trade agreement redundant. As long as both transatlantic commercial ties and the overall multilateral trade regime remain stable – two crucial conditions – each side views its remaining interests in terms of its position in emerging markets, and will not dwell on whether or not there is some formal arrangement across the Atlantic. The EU’s FTA with Mexico emerged largely for this reason: threatened by the “NAFTA effect,” the EU had a strong incentive to pursue a relatively strong agreement with Mexico that had a distinctively different nature from the less comprehensive but still well-institutionalized relations with the United States and Canada.

This inclination against the formalization of transatlantic economic ties likely grows apace with the chorus of voices within Europe pressing the

establishment of the EU's international identity in juxtaposition to the United States. Certain Europeans might be more than willing to see an erosion of relations across the Atlantic if such a development were the price for greater European unity and the emergence of the EU as a credible counterweight to the United States in international politics. While it is not at all clear that this is a viable method of achieving a palpable "Europeanness," it does suggest that, regardless of other considerations, a strong interregional regime between the EU and North America would be extremely unlikely until the EU strengthened its political and institutional identity in contexts absent the United States.

Thus the fate of commercial relations between the EU and the United States (and North America more generally) may be largely a function of the combined economic-security and political-identity interests of the EU. Absent a major shock to the organization of the international political economy and a sudden favorable resolution of Europe's perpetual identity crisis, little movement toward a transatlantic agreement should be expected.

3 Comparing interregional regime evolution

Table 8.1 lays out the evolution for each of the six cases of EU-centered interregionalism on our three outcomes of interest – regime strength, regime nature, and EU commercial treatment of the counterpart.

This table provides a before-and-after picture of interregional evolution, with the "before" columns (which appeared in our introduction) representing the first instance of significant EU cross-regional initiatives, and the "after" columns representing the current status of these elements of the regime. The table presents a fairly complex picture, so we consider the evolution of each of the three regime elements in turn, before moving on to evaluate our contending hypotheses across these cases.

Regime strength

Regime strength is a function of two factors: its institutionalization, (i.e., the presence/absence of permanent forums such as a secretariat, dispute-settlement mechanism, parliamentary assembly, working groups, and the like) and the scope of enforceable rules that constrain actors' behavior.

Some implications about rule bindingness and regime institutionalization can be drawn from this cross-case, over-time comparison. First, interregional regimes' rule bindingness tends to be low, except in the very notable exception of the case of Eastern Europe (i.e., countries that will accede to the EU and be directly bound by its internal rules). The EU has generally been unwilling to commit itself to be bound by strong rules in its commercial relations with other regions, preferring to retain a high degree of flexibility to operate against the spirit of the agreements when necessary.

Table 8.1 EU interregional relationships (evolution)

<i>Relationship (T = 1 year)</i>	<i>Regime strength (T = 1)</i>	<i>Regime strength (2003)</i>	<i>Regime nature (T = 1)</i>	<i>Regime nature (2003)</i>	<i>EU commercial treatment (T = 1)</i>	<i>EU commercial treatment (2003)</i>
EU-Southern Cone (1995)	Medium-weak	Medium	Medium-narrow, quasi-developmental	Comprehensive, quasi-developmental	Uniform, interregional	Uniform, interregional
EU-East Asia (1996)	Medium-weak	Medium-weak	Comprehensive, quasi-developmental	Quasi-comprehensive, quasi-developmental	Nonuniform, interregional + bilaterals	Nonuniform, interregional + bilaterals
EU-Southern Mediterranean (1995)	Weak	Weak	Comprehensive, developmental	Comprehensive, developmental	Nonuniform, bilaterals	Nonuniform, bilaterals
EU-ACP (1975)	Medium-strong	Medium	Comprehensive, very developmental	Comprehensive, developmental	Mostly uniform, interregional	Quasi-uniform, subdivided interregional
EU-Eastern Europe(1990) <i>CEEC/Baltics</i>	Medium-strong	Strong	Comprehensive, developmental	Comprehensive, developmental	Nonuniform, interregional + bilaterals	Mostly uniform, bilaterals
<i>USSR/CIS</i>	Weak	Medium	Narrow, developmental	Comprehensive, developmental	Uniform	Nonuniform, bilaterals
EU-North America (1990)	US/Canada: medium Mexico: weak	US/C: medium Mexico: medium	US/Canada: narrow, nondevelopmental Mexico: comprehensive, developmental	US/Canada: narrow, nondevelopmental Mexico: comprehensive, developmental	Nonuniform, bilaterals	Nonuniform, bilaterals

Indeed, even in the Eastern Europe case the rules do not affect the EU – whose members already abide by these rules – but only those countries seeking to join it. That said, however, there has been some increase over time in the reciprocal bindingness of rules connecting the EU with countries from Latin America (both MERCOSUR and Mexico) as progress toward free trade agreements has emerged with these countries. In the other cases, rule bindingness remains at a low level – and in EU relations with ACP countries, has decreased. What this suggests is that there may be some general condition that tends to keep rule bindingness low, but that specific conditions may send its evolution in different directions in different cases.

Second, the EU's interregional regimes have tended to become more institutionalized over time (again, with the exception of the relationship with the ACP countries). It is perhaps not surprising that regimes have become institutionalized rather than binding: it is far less costly to establish working committees, forums, and the like to discuss mutual interests and concerns than it is to commit oneself to rules that impose real costs and circumscribe freedom of action. A dividing line regarding institutionalization involves the presence of two key institutions, a secretariat – which provides a regime with an organizational identity and bureaucratic face – and a dispute settlement mechanism – which generally exists in connection with binding rules. These two types of institutions tend to exist only in “serious” regimes (e.g., Lomé) and are absent in less serious ones (e.g., ASEM) – though as the experience of APEC shows, having a secretariat does not a strong regime make. While secretariats and dispute settlement mechanisms are still far from universal across our cases, they have become more prevalent, particularly in EU relations with Latin America.

However, secretariats and dispute settlement mechanisms are not the only indicators of significant institutionalization. The EU relationships with the United States and Canada, for instance, are considerably institutionalized (and binding) – not necessarily at the highest levels of government involvement, but rather through deep cooperation at middle and lower levels of their bureaucracies on matters like standards and law enforcement. This suggests that institutionalization as an element of regime strength is relevant more for increasing official and private interregional cooperation that starts from a low or moderate level, and less so when this type of cooperation already exists.

Regime nature

Regime nature as we have defined it is a function of two factors: issue scope (i.e., the degree of inclusion of trade, investment, and other socio-political issues within the terms of an agreement) and development focus (i.e., the degree of prevalence of developmentalist provisions and language).

The obvious commonality among the cases with regard to regime nature is that, with the exception of EU relations with the United States and

Canada, they tend toward a comprehensive issue scope and a developmental emphasis. Similar to the relationship between rule bindingness and institutionalization, having a broad issue scope seems to come “cheaper” than a development emphasis. Indeed, a broad issue scope is perhaps the most universal element of EU interregional regimes: the EU is quite consistent across time and space in promoting democratic institutions, human rights, and a robust civil society alongside its commercial objectives in its relations with other regions. Even in its more narrowly defined “regimes” with the United States and Canada, the narrow issue scope in this specific context only applies because there are other, more specialized regimes managing political and security cooperation. Especially compared to the United States, the EU has made a point of pursuing a broad range of issues in all its relationships.

The developmental aspect of interregional regimes has become more complicated over time for the EU. When it established Lomé in 1975, the multilateral trade regime (GATT) was relatively pliant with regard to preferential treatment of a certain set of trade partners; after the establishment of the WTO, however, nesting has become somewhat more difficult. The devolution of Lomé is a case in point. As such, while the EU has not abandoned the idea of developmental provisions in its interregional relationships, they have had to take new forms. These provisions have varied by case: for example, in ASEM they have focused on FDI, with MERCOSUR they have focused on institution-building, and with the Southern Mediterranean countries they have focused on aid. Meanwhile, developmental provisions in relations with countries of Eastern Europe have been somewhat less problematic, as these countries are in line to become members of the EU (a regional grouping whose internal developmental provisions generally fall outside the scope of WTO rules).

EU commercial treatment of the counterpart

EU commercial treatment of counterpart involves two factors: the degree of uniformity of EU treatment of specific countries in the counterpart region (i.e., one set of terms for all countries in the counterpart region would be perfectly uniform, while a separate set of terms for all countries would be perfectly nonuniform) and the EU’s negotiations/agreement type with the counterpart (i.e., whether the EU pursues region-to region (pure interregional) approach, a region-to-country approach (bilateral), or something in between).

In EU commercial treatment of counterpart regions, with the exception of Eastern Europe (where the shifting requirements of EU accession determine commercial treatment type), there seems to be a certain logic connecting interregionalism and uniformity of treatment, bilateralism and nonuniformity of treatment, and a mixed approach to each – though it may be that the prevailing logic depends on the pairing. For instance,

while uniformity/interregionalism may derive from an EU inclination to reduce bargaining costs (e.g., EU-ACP) or promote regional integration elsewhere (e.g., EU-MERCOSUR), bilateralism/nonuniformity may be a result of an EU desire to increase bargaining leverage (e.g., EU-North America) or an inability to coax any coherence within the counterpart region (e.g., EU-Southern Mediterranean). However, each of these individual logics is likely embedded in a broader explanation such as those outlined in our broader hypotheses.

What is also notable is that while EU commercial treatment of the counterpart varies by case it does not, again with the exception of Eastern Europe, seem to vary across time. Once the EU has gone down a particular path of commercial treatment with a counterpart region, it seems to remain on that path. Even in EU relations with ACP countries, Lomé appears to be giving way to a subdivided set of interregional relationships with the constituent African, Caribbean, and Pacific pieces of the former regime. This suggests that the logic that determines EU commercial treatment of various counterpart regions tends to be stable over time.

4 Evaluating hypotheses of interregional regime evolution

When we outlined a set of four approaches and allied hypotheses in the introduction, we did so not with the expectation that any one hypothesis, and the set of variables it focuses on, could either fully describe or fully explain interregional regime outcomes. Although it may not be descriptively satisfying to have a single explanation based on one or two variables, our approach to this point has been to assess the contributions of the different deductive approaches we have identified. In this section we discuss whether interregionalism could be a stable equilibrium approach to international economic organization from the relatively simple deductive logic of the given hypotheses, and then make some brief suggestions of how future research could pursue more complex reasoning based on more multicausal explanations.

Interest group hypothesis

The cases suggest a number of tentative conclusions regarding this hypothesis. The over-time element of interest group involvement – and particularly that of business groups – is important. A consistent feature across cases is that business group enthusiasm for, and participation in, interregional regimes start high and then wane over time. The trajectory of European business support seems to be similar to that of EU interest overall in these regimes. This suggests that business support, and perhaps the lack of a countervailing coalition, is strongly associated with the establishment of strong regimes, particularly in the development of binding regime rules but also in the viability of regime institutions.

The role of interest groups is greater than we originally expected in the nature of regimes. Certain interest groups can benefit handsomely from developmental provisions of regimes (e.g., banana and sugar interests in Lomé), and civil society organizations (e.g., environmental, human rights, and development groups, etc.) can be effective in shaping the range of issues involved.

Their role in shaping commercial treatment of the counterpart, however, is somewhat less clear. There is no doubt that highly influential, highly protected industries such as agriculture have been successful in shaping the EU's commercial treatment of counterparts, and that variation in uniformity of treatment within (and across) counterpart regions reflects in significant part the nature of the interest coalitions that mobilize to shape the relevant commercial policies. But interest groups seem to have little influence over the particular trade types – interregional, bilateral, or a mix of the two. A lack of interest group influence on this front of course does not undermine the hypothesis as a whole, but it does suggest that to explain this element of an interregional regime we need to look elsewhere.

Two key factors in this hypothesis are preference intensity and mobilization. Those actors whose preferences are intense – most notably, protectionist-oriented sectors such as agriculture or textiles – are most likely to overcome collective action problems and mobilize effectively to shape regime characteristics. The creation of interregional institutions to reduce collective action costs among business groups in particular seems to be a general feature of EU interregional regimes, but these have not necessarily made mobilization more effective. If interregional regime benefits for some interest groups remain diffuse (and moderate) and the costs remain concentrated (and high), these latter groups will continue to mobilize relatively effectively against liberalizing interregional regimes just as they do against global agreements.

Overall, there is little specific evidence *against* a pluralist hypothesis: strong interest group support is correlated with the rise of interregional regimes in our cases, and the decline of this balance of positive support is correlated with their failure to move forward. However, this is more relevant for regime strength than nature or commercial treatment.

Bureaucratic politics hypothesis

The cases tend to confirm two oft-noted truths regarding the institutional state of affairs within the European Union. First, the Council remains firmly in control of the strategic agenda, and this is likely to remain true after the adoption of the new constitution. Any future European foreign minister will report to the Council, not the Commission, limiting the role of the Commission to implementing rather than shaping the EU's relations with other countries. Second, the Commission is institutionally more pro-free trade and pro-interregionalism than the Council, but is hampered

in promoting this agenda within the EU due largely to its own internal divisions (e.g., a “strategic” External Relations DG versus a liberalizing Trade DG, versus a protectionist Agriculture DG, versus an “altruistic” Development DG). External Relations and Trade DGs seem to be gaining the upper hand over time, suggesting that, while internal ructions may continue, the Commission is likely to become more unified in its support of liberalizing international regimes in the future.

Bureaucratic politics – and especially the level of intra-Commission debate – seems to be a stronger determinant of regime nature than we had anticipated. Having comprehensive regimes (which are the norm) is consistent with the need to keep all DGs happy, while the tendency for these regimes to become somewhat less preferential and more consistent with free-trade thinking and WTO strictures fits with the notion of the relative rise of the External Relations and Trade DGs.

However, as expected, bureaucratic politics seems less important to regime strength and counterpart treatment. In a couple of cases the EC has acted as a *de facto* secretariat for an interregional regime, a situation that may suit the Commission well enough – and might actually hinder the creation of viable, truly interregional institutions. Meanwhile, while as expected the Council eclipses the Commission with regard to commercial treatment, this is less a reflection of inter-bureaucratic competition than broader strategic concerns. However, we tended to underemphasize the degree to which the Commission prefers to bargain with collectivities (i.e., to prefer pure interregionalism to multi-bilaterals in commercial treatment of the counterpart), especially when the counterpart region involves a large number of countries. But this factor is more a function of bargaining preferences than policy preferences – though it is still notable as a motivation for an interregional approach.

Systemic hypotheses: balancing and nesting¹

The cases show that an analytical distinction between structural power and relational power is essential.² The EU is a paradigmatic example of an actor that has far less structural power in the international political-economic system than relational power in specific interregional relationships. A focus on the latter would suggest a direct relationship between the EU’s relational power in an interregional regime and its willingness to pursue such a regime, for the simple reason that it would be better placed to define the relevant elements of the regime. The cases generally support this prediction, particularly with respect to its commercial treatment of counterparts (especially trade treatment, but also uniformity) and overt support for counterpart coherence in cases where this coherence is unthreatening (e.g., EU–MERCOSUR vs. EU–North America).

With reference to structural power, however, the EU appears a far more reactive interregionalist. The extent to which EU initiatives mirror those of

the United States is one way to evaluate the EU's concern with structural power. There is clear evidence that the EU is motivated by structural power concerns, as it in many cases pursues arrangements in response to U.S. initiatives: ASEM after APEC, EMIFCA after FTAA; and EU–Mexico after NAFTA. Notably, ASEM bogged down after APEC did so; the EU–MERCOSUR process slowed down after FTAA did so; and the EU–Mexico FTA was successfully completed after NAFTA came into effect. The only way to demonstrate that structural power concerns are not relevant would be if the United States pursued regimes and EU failed to respond; we have not seen this.

Meanwhile, the EU has been surprisingly inattentive to nesting considerations, despite consistent rhetorical support for the need to ensure WTO consistency. The major exception to this general lack of concern has been the case of Lomé. In this situation, the EU chose to abandon this highly-institutionalized, broad-based arrangement, seeking to replace it with WTO-friendly arrangements with the African, Caribbean, and Pacific countries as its conflicts over bananas with the United States heated up (driven in part by the stronger dispute settlement mechanism after the mid-1990s). More cynically, in the case of Lomé, nesting considerations may also have provided a ready excuse for the EU to abandon an agreement that was providing rapidly declining returns. With the other cases, however, the EU's interregional arrangements (EMIFCA, EMP, and ASEM) got off the ground after the creation of the WTO in 1995, but WTO-compliance does not appear to be an important issue because these regimes are so weak. From this perspective, then, interregionalism can be seen as posing *less* of a threat to the global regime than we might have expected.

Constructivist hypothesis

In general, this hypothesis is hard to evaluate. Most cases find some support for the idea that the EU is seeking to shape its external identity in interregional regimes, particularly in its explicit support for the coalescence of counterpart regions – most notably with MERCOSUR but also in East Asia and the Southern Mediterranean. However, it is difficult to tell whether these activities are motivated primarily by promotion of EU organizational forms or whether they are serving less metaphysical interests such as those identified in the other hypotheses.

As we expected, identity concerns seem more important in regime nature than in either strength or counterpart treatment. The comprehensive and developmental or quasi-developmental nature of most of these interregional regimes is consistent with the notion that the EU seeks to replicate its own internal developments (e.g., shared social and political goals, structural funds) in its relations with counterparts. The EU has not sought to hide the fact that these elements of the nature of its interregional regimes provide a contrast to the more commercially-minded transregionalism of the United States.

However, there is also some evidence that ideas and identity have influenced some elements of interregional regime strength and commercial treatment. The EU has been quite consistent in its support of interregional institutions that treat the two sides as equals, a move that promotes the pure fiction of institutional (or material) equality of the counterpart to the EU and that, in conferring a certain status on the counterpart, replicates and reinforces the EU model. This motivation may help explain the far higher institutionalization of these regimes relative to their rule bindingness. Cooperative forums must exist before their participants can enact mutually acceptable rules; the Treaty of Rome, for instance, was not built in a day.

Meanwhile, similar motivations may help explain the pursuit of interregional trade types when economic and political differences among counterparts might have suggested a more differential approach – perhaps most notably with respect to the countries of the Southern Mediterranean. Still, in most cases these types of considerations were likely secondary in the minds of EU policymakers and in shaping outcomes more generally.

There is little to suggest that EU policymakers have sought to use interregionalism to promote an internal European identity. However, while there is little positive-case evidence for this, the main negative case – EU–North America – is an exception. Anti-Americanism is an increasingly popular position across much of Europe, perhaps more so among publics than more pragmatic leaders, and if nothing else is certainly consistent with the EU's skeptical position toward any sort of formal regime with the United States (or NAFTA). Whether anti-Americanism is seen as a useful and legitimate means to promote either or both Europe's internal and external identity remains unclear, but it could provide a boost to EU interregionalism as a general strategy.

As we suggested above, while evaluating hypotheses that focus on a narrow set of explanatory factors helps us to understand whether there is a dominant logic to interregionalism, we may be able to gain more real-world verisimilitude from combining them. Given the basic approaches, several combinations could obviously be developed that bring together two, three or more hypotheses. Here, we simply provide an illustrative discussion to indicate the directions that one might undertake in attempting to systematically combine hypotheses in future research to provide richer explanations of interregional outcomes.

One combination links interest group politics with bureaucratic politics. This approach addresses the key question of how interest groups overcome collective action problems in effective mobilization, and how bureaucracies pursue actual policy goals – rather than merely seeking control over processes.³ As identified above, a pure pluralist approach tends to assume that mobilization will occur if the incentives are right. But from a

combined perspective, we get a more agency-centered explanation for successful mobilization: state actors – particularly the Commission, but also the national governments and the Council – facilitate the mobilization of interest groups by courting them, funding them, and giving them privileged access to policymaking process, which will then tend to increase the authority of the institution that makes itself the center of activity for these groups. Reciprocally, these institutions do not necessarily have inherent interests regarding commercial policy, so the makeup of whatever coalitions they embrace provides a clearer sense over what actual policy debates are at the core of inter-bureaucratic contestation. An example of this with respect to interregionalism is the case when various DGs in the Commission sought to protect the Lomé regime. They did so because they were jealous of their own prerogatives within this regime, but only as long as they were able to maintain a critical mass of support among relevant interest groups (banana importers, development NGOs, etc.).

A bureaucratic politics approach linked to a realist view provides a contrast to both a pure systemic power-based argument that sees a unified state interest driven by a country's relative capabilities in the system and an internally driven, "all politics is local politics" combination we have seen of interest groups and bureaucratic politics. This perspective focuses on how bureaucracies get their substantive interests from external pressures – and explores how policymakers located in specific domestic institutional environments respond to the challenges and opportunities in the international system. The preferences and implementation of interregional strategies are shaped by the contrasting responses of the Commission and the Council to the question of how to use the EU's relational power in specific interregional relationships to promote the EU's overall structural power (particularly *vis-à-vis* the United States). The advantage of this approach is that a straight realist focus *a la* Kenneth Waltz implies an *undifferentiated* response by the EU "state."⁴ By bringing the Council–Commission tensions into the mix, one could explain why they often clash in their policy responses. Thus, although both the Council and Commission have reasons to support an interregional approach for power reasons, the Commission clearly has a vested interest in negotiations since it is at the center of the process, while the Council tries to hold the Commission back.

A combination of realism and constructivism also takes us beyond the systemically driven imperatives of the international system. Akin to the work of Stephen Krasner in his book *Defending the National Interest*,⁵ in this view systemic imperatives are underspecified: one cannot derive clear preferences about trade policy choices and the specific choice of interregionalism versus some other mode of interaction by simply looking at relative systemic capabilities. For Krasner, U.S. policy is ideologically determined and led by state policymakers' perception of U.S. interests. In our case, this approach focuses on the EU's struggle to define its place in the world,

specifically against the United States. As a military pygmy, the EU has only two real sources of power: its economic power and its normative power. Cognizant of this constraint, EU policymakers may use commercial policy in a grander sense to change the rules of the game internationally by promoting the legitimacy of its commercial-democratic model as a counterpoint to the U.S. commercial-military model. The combination would argue that interregionalism plays to the EU's strengths: it applies the EU's commercial strength and appeal as a trading partner to fulfill its desire to promote the EU's own values and institutional forms abroad.⁶ At the same time, the focus on realism may oversell the extent of EU-US competition, which at this point is still at a fairly shallow level, as opposed to a milder competition of ideas in the international system about appropriate modes for organizing the international trading system.

Another possible combination is that of the bureaucratic politics and constructivist hypotheses. This resembles a sociological institutionalist approach, highlighting the interplay between EU bureaucracies and the normative-institutional environments both within and outside Europe.⁷ The focus, as in a realist-constructivist combination, is on how EU commercial policy promotes institutional change in the international political economy; the difference here is that outcomes are more closely identified with perceptions of the *appropriateness* of institutional change. Here, the Council-Commission struggle is to define the appropriate locus of governance in an unstable EU institutional field caught between state and supranational units, and their competition and its possible resolution (e.g., in EU treaties) are revisited and reproduced on the global stage. The relevant question for EU interregionalism, then, would be how ongoing Council-Commission competition affects and is affected by the organization of the international political economy through EU cooperation with other actors. Within the EU, the Council is exemplar of cooperative interstate multilateralism, an approach that is institutionally consistent with the prevailing state-to-state multilateralism of the WTO in the international trade regime. However, if the Commission grows in stature within the EU, its supranational form and identity could alter the institutional dynamics of the international political-economic system by promoting supranational regionalism throughout the world – an institutional development that, if generally realized, would then reinforce the Commission-led model within Europe.⁸ From this angle, the prevalence and purity of interregionalism would ultimately be a function of the Commission's struggle to create a field of international economic relations that privileges the supranational regional unit over the state unit in multilateral cooperation.

Lastly, we present a triple combination of bureaucratic politics, interest groups, and nesting. This approach raises a fundamental question about our initial starting point: the view that multilateralism is under fire and that the EU (and other actors such as the United States and Japan, among

others) are pursuing bilateral, regional, and interregional alternatives. This combination helps us delve into the basis of EU support for multilateralism and the likelihood of erosion in this commitment. This approach can be seen as a further refinement of the pluralist/bureaucratic politics combination above. In this instance, the EU trade policymaking process is constrained by the EU's external legal requirements under the WTO. Put differently, the Commission is buffeted by competing forces. For example, on the one hand, it is under pressure from the banana and sugar lobbies to support the Lomé preferential approach. On the other hand, it is constrained by its longstanding commitment to the GATT/WTO. As we have seen from John Ravenhill's discussion, one must, of course, be careful in fully attributing the EU's abandonment of Lomé simply to nesting considerations. One could also view the high costs of Lomé and the concerns of other interest groups who have a vested interest in liberalization through the WTO process as driving this change in policy, rather than an institutional commitment to multilateralism *per se*.

5 Evaluating counterpart coherence

One of the key concepts that we have considered in connection with interregional regimes is counterpart coherence. To some extent this concept only makes sense within a study of EU-centered regimes, given that we measure coherence largely in relative terms to that of the EU itself. But we have also considered these cases with other criteria for the coherence of regional blocs and its evolution, as shown in Table 8.2.

As noted in the introduction to this volume, these criteria are fourfold. The first is binary: was the region self-defined, or was it created specifically for the purpose of engaging with the EU? (This is a one-off measure that is not subject to over-time evolution.) The second criterion measures intraregional economic integration: what percentage of the trade of countries within the region is with others in the region as opposed to the rest of the world? The third criterion – what percentage of the “potential region” is represented in any existing bloc – is much more difficult to assess objectively, even for an advanced grouping such as the EU. On this measure, we simply draw upon the authors' determinations regarding the relevant counterpart region in their case. The percentage shown is derived by dividing the number of countries that are formal members of a regional bloc by the total number of countries that are perceived to exist within that region. The final element of counterpart coherence is the strength of any regional regime, measured in the same terms as interregional regime strength.

These criteria provide rough indicators of four distinct aspects of regional evolution: the self-generated will to create a regional bloc; the level of economic integration that shapes incentives to create or strengthen a regional bloc; the presence of cultural, political, and/or geographic cohesion that

Table 8.2 Evolution of counterpart coherence

Relationship ($T = 1$ year)	Region self-defined? (Y/N/ambiguous)	Distribution of trade (%) within region ($T = 1$)	Distribution of trade ($T = 2$)	% of potential region ($T = 1$)	% of potential region (2003)	Region regime strength ($T = 1$)	Region regime strength (2003)
European Union (1990)	Y	64%	61.4% (2001)	50%	71% (2004)	Strong	Strong
Southern Cone (1995)	Y	MERCOSUR: 18.7%	MERCOSUR: 18%	80%	80%	Medium-strong	Medium
East Asia (1996)	N/ambiguous	Intra-ASEAN: 22.5% Intra-APT: 42%	Intra-ASEAN: 23.2% Intra-APT: 41%	67%	87%	Weak	Weak
Southern Mediterranean (1995)	N	N/A	N/A	90%	90%	Weak	Weak
ACP (1975)							
<i>Africa</i>	N	Sub-Sah: 5.9%	Sub-Sah: 10.2%	90%	100%	Weak	Weak
<i>Caribbean</i>	N	5.9%	9.3%	90%	98%	Medium	Medium-strong
<i>Pacific</i>	N	3.6%	2.3%	90%	100%	Medium	Medium
<i>ACP</i>	N					Weak	Weak

Table 8.2 Evolution of counterpart coherence – Continued

Relationship (T = 1 year)	Region self-defined? (Y/N/ambiguous)	Distribution of trade (% within region) (T = 1)	Distribution of trade (T = 2)	% of potential region (T = 1)	% of potential region (2003)	Region regime strength (T = 1)	Region regime strength (2003)
Eastern Europe							
(1995)							
<i>Visegrad</i>	Y	X: 14.5%, M: 11.2%	X: 12.3%, M: 9.9%	57%	100%	Weak	Weak
<i>Baltics</i>	Y/ambiguous		X: 13.5% M: 6.5%	100%	100%	Medium	Medium
<i>CJS</i>	Y	X: 28%, M: 42.6%	X: 21.1% I: 37%	100%	100%	Medium-strong	Medium-strong
North America							
(1990)	Y	38.6%	46.2%	67%	100%	CUSFTA: medium-strong US/Canada- Mexico: low	NAFTA: medium-strong medium-strong

Sources:

MERCOSUR: CEPAL (Comisión Económica para América Latina y el Caribe); Panorama de la Inserción Internacional de América Latina y el Caribe, Santiago de Chile, March 2003, p. 159; WTO Trade Statistics (http://www.wto.org/english/res_e/status_e/its2001_e/appendix/a04.xls; accessed December 2003).

East Asia: Ng, Francis and Alexander Yeats (2003). "Major trends in East Asia." World Bank Policy Research Working Paper 3084 (June); WTO Trade Statistics (http://www.wto.org/english/res_e/status_e/its2001_e/appendix/a04.xls; accessed December 2003).

Southern Mediterranean:

ACP: IMF Direction of Trade Statistics (accessed June 2003). Distribution of trade figures at T = 1 are from 1980.

Eastern Europe:

North America: WTO Trade Statistics ([wto.org/English/res_e/status_e/status_e.htm](http://www.wto.org/English/res_e/status_e/status_e.htm); accessed June 2003).

Notes:

X = exports, I = imports

shapes ideas about regional identity and thus bloc membership; and finally the degree to which countries have acted on these “regionalizing” forces to formally institutionalize regional cooperation.

What do we find? First, very broadly speaking, trade within these regions has grown relative to their overall trade with the rest of the world. This evolution in trade distribution is most likely a reflection of a more general trend toward regionalization that occurred in the 1990s. Sub-Saharan Africa, the Caribbean, North America, and East Asia all saw growth in regional commercial integration. The exceptions to this broad trend include regions coping with very specific conditions: Eastern European countries saw a natural gravitation of their trade relations westward after several decades of Soviet-enforced economic isolation; and intra-MERCOSUR trade suffered in the late 1990s and early 2000s from successive financial shocks to the Brazilian and Argentine economies. This overall trend toward intraregional trade growth has occurred independently of participation in interregional regimes with the EU, but generally increased the incentives for countries in these counterparts to cooperate on a regional level in any region-to-region engagement with the European Union.

Second, the percentage of countries participating in counterpart regional regimes that “belong” in those regimes – whether for cultural, political, or geographic reasons – has also tended to grow over time. For instance, in East Asia, the expansion of ASEAN to include the full complement of Southeast Asian nations (with the addition of Vietnam, Cambodia, Laos, and Myanmar), has made the APT into a more fully “East Asian” grouping – though problematic cases such as North Korea and Taiwan are still excluded. Similarly, North America became “whole” when Mexico joined the United States and Canada in NAFTA, while Chile’s continued standoffishness toward MERCOSUR kept this grouping from becoming fully representative of the Southern Cone.

At a general, global level, ever fewer countries are not members of at least one regional cooperative arrangement – a trend that is in no small part connected to the success of the European model of integration. But whether the EU has been a direct catalyst of counterpart regions’ coalescence is much more difficult to discern. On the one hand, the very concepts of “Eastern Europe,” “Southern Mediterranean,” and “East Asia” exist as they do today to a large extent because of these regions’ relationship to Western Europe – Eastern Europe for political-historical and geographical reasons, and the Southern Mediterranean and East Asia (or at least the APT) because the EU explicitly decided to engage these groupings as such.⁹ On the other hand, the EU has withheld formal engagement in interregional forums from countries that “belong” in some counterpart regions such as Myanmar in ASEM or Cuba in its relationship with Caribbean nations. It seems likely, then, that the evolution of counterpart regions’ membership

will remain primarily a function of intraregional dynamics, as the effect of the EU here may remain ambiguous.

It is with the third criterion – regional regime strength – that counterpart engagement with the EU may be most important. Like interregional regimes, each of these counterpart regimes is typically stronger in terms of institutionalization than rule bindingness, which is consistent with the idea that regional regimes require some sort of institutional identity if they are to engage with external actors as a unit. This idea is most clearly visible with MERCOSUR, which began its interregional regime process with the EU immediately after it upgraded its own regional bloc to a customs union. Meanwhile, though there is probably no direct cause–effect relationship, the establishment of ASEM occurred at the very beginning of a wave of institution building in what had previously, with the exception of ASEAN, been a very institution-poor region, perhaps paving the way for other East Asian cooperation mechanisms such as the ASEAN Regional Forum and the as-yet hypothetical Asian Monetary Fund. These countries' and regions' participation in interregional processes with the EU have generally encouraged and required region-wide thinking and representation – even if the interregional institutions, like regional institutions, are less powerful than they are abundant. That is, the EU can encourage counterpart coherence without having to commit to binding rules simply by encouraging a proliferation of interregional institutions.

To some extent, however, the evolution of counterpart regions' regime strength as interregional regime processes proceed is only part of the effect of EU interregionalism. While focusing on regional evolution over the course of an EU-led process suggests that ongoing interregional negotiations are the catalyst for increased counterpart institutionalization, much of the impetus for this institutionalization may occur before any such interregional process begins. This effect may be somewhat like the requirements of prospective EU members: they are told explicitly what reforms they must undertake first to be worthy of treatment as a future member and later to actually accede to the Union. The parallel is that counterpart regions may find that interregional processes can only be begun if counterparts commit to some degree of intraregional cooperation, and can only proceed satisfactorily if this cooperation evolves satisfactorily. Thus the EU begins its interregional process with MERCOSUR once the latter takes a large institutional step (by establishing a customs union), and proceeds in negotiations as MERCOSUR matures (by enduring major financial shocks). Alternatively, similar processes with the Southern Mediterranean and East Asia slow to different degrees because these regions make relatively little progress in enhancing their intraregional institutional identity. The point here is that the EU's influence on counterpart institutionalization through interregional processes may follow a path of initial leaps that are either consolidated or not, with the trajectory of interregional processes following

that of the counterpart's intraregional institutionalization. While this idea is speculative, it suggests that the relationship between interregionalism and counterpart coherence is indeed one worth watching closely in the coming years.

6 Further research

Our objective in this volume has been to examine the new trend toward forms of interregionalism in the global economy. Ironically, the strengthening of the GATT and greater institutionalization of the multiproduct, multilateral trade regime through the WTO has been accompanied by a rise in bilateralism, regional agreements, sectoral accords, and interregionalism. Of these "alternatives to the WTO," the broadest efforts are interregional and transregional. The United States has pursued transregional agreements in minilateral forums such as APEC and the FTAA as well as in bilateral agreements with countries in East Asia and the Middle East, but has shown little interest in a more "pure" interregional approach alongside its NAFTA partners. The EU, on the other hand, has been particularly active in the interregional game, and is far ahead of any other grouping in pursuing region-to-region links. The prominence of the EU in this approach should hardly be surprising, given that the EU itself is the most institutionalized and influential regional bloc.

So is there a unified logic to interregionalism as a general approach to international commercial relationships, and does the experience of the EU, as the "necessary case" of interregionalism, suggest that this approach has a future? These two questions – which form the core of our study – are interrelated and, unfortunately, still difficult to answer unambiguously. The answer to the first is probably "no." The variation across our cases suggests that there are a number of reasons to pursue interregionalism, but that they depend significantly on the context. Interest groups, bureaucracies, power, nesting, and identity all matter to some extent and in some circumstances. Probably the most compelling individual factors are those of interest groups worried about the possible ramifications of instability in the WTO-centered trade regime and of actors' concerns about both relative power in trade negotiations and their overall place in the international economy. But no single variable or set of variables can adequately capture the complexities and subtleties involved in defining and executing trade policies and agreements, so we have identified several possible combinations of our original hypotheses that might offer a richer, more nuanced assessment of interregionalism. The different multicausal approaches would be suited to different aspects of interregionalism as policy and outcome: a policy networks approach would focus on inputs to the trade policymaking process; a bureaucratic-realist or constructivist-realist combination would explore 'state'-level motivations for pursuing interregionalism; and a sociological

institutionalist approach would explore how the practice of interregionalism affects the organization of international political-economic cooperation more generally through the possible proliferation of new supranational governance units.

The absence of a unified, unitary logic for interregionalism hardly means that this approach is doomed either conceptually or practically. Even the clearest, most deductively-derived approaches to both policy and analysis are based on a dominant logic rather than a single logic. The presence of evidence for each of the four logics we evaluated – as well as for more multicausal logics – suggests that while it may be difficult to predict specific interregional regime outcomes, interregionalism as a general approach to commercial policy has the type of broad-based grounding that informs all viable policy choices. It seems that interregionalism is here to stay.

This conclusion is borne out by the EU experience. EU-centered interregional regimes have advanced to varying degrees, and for varying reasons. But, except for the special cases of Eastern Europe and North America, the EU has over the last decade or so shown a consistent commitment to organizing its relations with its commercial partners on an interregional basis. This commitment has faltered somewhat in some cases, and moved forward strongly in others. The EU asserts its continued commitment to the multilateral trade regime, but, like the United States, shows no sign of foregoing other options – regardless of the ups and downs of the WTO-centered system.

This brings us back to our biggest “what if”: what if the multilateral trade system falters? What if it does not? In the latter scenario – the more hopeful one, from our point of view – interregionalism will likely remain a secondary approach to commercial relations. It is not obvious that most regional blocs around the world will have enough incentive to upgrade their own coherence to the point where they can and will pursue interregionalism on their own. The EU, as we have suggested, will likely continue to pursue interregionalism with at least a moderate degree of zeal, driven less by market efficiency imperatives than a desire to promote its political-institutional influence around the world. However, if the Doha Round of WTO negotiations were to fail, the appeal of an interregional approach – as well as for transregional and bilateral approaches – would grow for all.

Indeed, perhaps due to a lingering skepticism about the Doha Round, the general trend toward interregional and transregional arrangements has accelerated in recent years. As many regional arrangements around the world become more coherent and develop a more unified stance in their external commercial policy, understanding the driving forces behind interregionalism is likely to become a crucial theoretical and policy concern. EU interregionalism may well prove to be only the movie trailer for the full-blown action that we are about to see.

Notes

1. The general international context – i.e., events that have transformed international politics and the global economy such as globalization, the end of the Cold War, the creation of the WTO, the Asian financial crisis, the Seattle WTO ministerial, and 9/11 – is essential to understanding the evolution of interregional regimes. These events are empirical rather than theoretical explanations of actors' behavior; they are critical junctures that affect the structure of the system, and thus the likely behavior of the EU and other actors therein. But the general international context is not a set of factors that belongs exclusively to "systemic" hypotheses, because it affects the behavior/interests of the actors given primacy in all of our hypotheses. Therefore, we focus here specifically on the structure of the international system in terms of power relations and on EU concerns about nesting its trading arrangements within the GATT/WTO.
2. We thank Julie Gilson for her elaboration on this distinction within her chapter, which clarified our thinking on this matter. On the difference between structural and relational power, see Strange 1987.
3. This pluralist-bureaucratic politics combination resembles the existing literature on policy networks – noted in the appendix to the introduction – though here notably with a focus on the EU's external policies rather than internal ones. On EU policy networks see Peterson 1995, and Stone Sweet and Sandholtz 1997.
4. Waltz 1979.
5. Krasner 1978.
6. This line of thinking also bears some resemblance to Joseph Nye's elucidation of the concept of "soft power" in U.S. international influence, with soft or normative power serving as an alternative rather than a complement to military power. See Nye 1990.
7. On sociological institutionalism, see Powell and DiMaggio 1991. Our constructivist hypothesis as initially defined had a sociological institutionalist flavor to it in its identification of institutional isomorphism. This combination with the bureaucratic politics approach, however, invokes the Commission–Council struggle for influence more explicitly as a mechanism for change in the institutional field of international trade relations.
8. For studies that consider more functional approaches to the spread of supranational and/or regional units in the international economy, see Cerny 1995 and Ohmae 1995.
9. This is not to say that these regional identifications would not exist without relation to Western Europe, but rather simply that engagement with the EU/Western Europe has been a major influence on the evolution of these regional identifications over the last decade or so.

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