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## IDE DISCUSSION PAPER No. 737

### Inter-regionalism in the Developing World:

Comparison with extra-, cross-, trans-, and pan-regionalism

Shintaro Hamanaka\*

February 2019

**Abstract:** Because a region is a subsystem under the global system, we should always have relative perspectives when analyzing it. A region's horizontal relations with external parties are critical in understanding the regional and global system, because no region can exist in isolation. Existing studies on horizontal cooperation of a region often emphasize inter-regionalism, namely, region-to-region mechanism, with the majority of them dealing with the European Union's (EU) ties with other regions. However, the EU is very unique, because its external policy is centralized in Brussels, and inter-regionalism (group-to-group modality) naturally plays a dominant role in forming the EU's external relations. Using the cases of cooperation between Southeast and South Asia and that between Southern America and Southern Africa, this study attempts to analyze inter-regionalism in a comparative manner. It specifically asks whether inter-regionalism is a substitute or a complement to other forms of cooperation including extra-, cross-, trans-, and pan-regionalisms.

Keywords: regionalism, inter-regionalism, trans-regionalism, cross-regionalism, pan-regionalism

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\* Overseas Research Fellow (Washington DC), Institute of Developing Economies (IDE-JETRO); Visiting Fellow, Reischauer Center, School of Advanced International Studies (SAIS), Johns Hopkins University. Corresponding author ([Shintaro\\_Hamanaka@ide.go.jp](mailto:Shintaro_Hamanaka@ide.go.jp))

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**INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO**  
**3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI**  
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# Inter-regionalism in the Developing World

## Comparison with extra-, cross-, trans-, and pan-regionalism

Shintaro Hamanaka

IDE-JETRO

### 1. Introduction

Because a region is a subsystem under the global system, we should always have relative perspectives when analyzing it. First, any region is relative in terms of level, meaning that it is accompanied by higher and lower levels of regions (meta-region and sub-region). Hence, the perspective of vertical relations between regions becomes important in understanding a complex web of institutions associated with regions. Early literature on regionalism took it for granted that uncontested regions exist partly because the majority of them studied European integration. Later studies on regionalism outside Europe, especially that on Asia, emphasized the fact that the regional mechanisms are “overlapped”. This is an area of research that has attracted a considerable amount of scholarly interest. The recent study conducted by Panke and Stape (2018) examines possible negative implications of overlapped regionalism using global dataset, while Yeo (2016) identifies the drivers and potential effects of institutional overlap in East Asia and argues that overlapped regionalism in East Asia may have negative impact on each other.<sup>1</sup> Second, no region exists in isolation; they always have some external linkages. In this case, relations with external parties (individual state or group of states) are horizontal rather than vertical. This study puts its analytical focus on the latter, because a more systematic analysis of horizontal relations across regions is necessary, going beyond the Euro-centric perspectives, because possible negative implications of co-existence of multiple mechanisms across regions has not been sufficiently studied in literature.

A region can be connected with external parties in several ways. There are at least five modalities of cooperation “across-regions”: inter-, extra-, cross-, trans-, and pan-regionalisms. Existing studies on horizontal cooperation of a region often emphasize inter-regionalism, namely, region-to-region mechanism. The primary reason for this is that the majority of studies on cooperation across regions deal with the European Union’s (EU) relations with other regions (Gilson 2002; Doctor 2007; Börzel and Risse 2009; Renard 2016). However, we should, note that the EU is unique in this context, because it has a common external policy centralized in Brussels, which diminishes the role played by individual European countries. Inter-regionalism naturally plays a dominant role in the EU’s external policy formulation. This, in turn, means that the EU is not an ideal case to examine the significance of inter-regionalism, in comparison with other forms of cooperation across regions, such as trans-regionalism.

Using cases of non-European cases of cooperation across-regions, this study attempts to shed a fresh light on inter-regionalism. In this paper, we will have two case studies: i) relationship between Southeast Asia and South Asia; and ii) relationship between Southern America and Southern Africa<sup>2</sup>. This means that we regard Southeast Asia, South Asia, Southern America, and Southern Africa as a primary region of analysis. We selected those two pairs because both pairs of regions are not covered by an overarching institution, which may define the nature of cooperation between the two, for example, unlike the case of Southern Africa-Eastern Africa relations.<sup>3</sup> Because the four regions do not formulate common external policies or the common policies are often incomplete, individual members still have some space to pursue

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<sup>1</sup> There have been a large number of studies on overlapped regions especially in Asia. See: Higgott and Stubbs 1995; Webber 2001; Dent 2003a; Nair 2009.

<sup>2</sup> Southern Africa in this paper mainly refers to the countries covered by SACU/SADC. For SACU/SADC, see section 5.

<sup>3</sup> The development of inter-regionalism between Southern Africa and Eastern Africa, if any, is likely to be strongly influenced by the African Union (AU), which is an overarching institution covering both of them.

their own initiatives regarding external linkages. Therefore, several modalities that connect the two regions other than inter-regionalism are likely to have some role to play. In particular, we will analyze whether inter-regionalism is a substitute or a complement to other forms of cooperation across regions, including extra-, cross-, trans-, and pan-regionalism, which cannot be fully examined using the case of the EU. Inter-regionalism may or may not compete with other forms of across-regional cooperation.

This study is inspired by several recent theoretical and empirical studies associated with inter-regionalism. On the theory front, Hänggi (2006) made a pioneer effort in introducing a typology of cooperation across regions such as inter-regionalism and trans-regionalism, with several examples of actual institutions. Renard (2016) investigates the notion of “lateralisms” and how various modes of cooperation such as inter-regionalism, extra-regionalism, and multilateralism relate to one another. However, the conceptualization and theorization of inter-regionalism are still primarily based on European experiences. On the empirical side, very detailed and sophisticated studies on various forms of cooperation across regions have been conducted to look into non-European cases by international relations scholars equipped with deep area knowledge. Solis and Katada (2008) find that the dominant mode of cooperation across regions in Asia is cross-regionalism, not the other forms, and attempt to explain the reasons behind it from economic, political, and legal perspectives. Arndt (2015) argues that regionalism, trans-regionalism, and pan-regionalism seem to be competing with each other in the Indian Ocean region. Abdenur (2016) provides a very detailed discussion of the evolution of trans-regionalism, inter-regionalism, and cross-regionalism, using the case of the South Atlantic region (also see Mattheis 2015). Yet, a systematic comparison of and an account of the complex web of the various forms of institutions across regions is still missing. The critical question regarding the relationship among several forms of cooperation across regions has been left unanswered. It is imperative to compare various forms of cooperation across regions in a theoretically informed manner, using non-European experiences, to have a better understanding of the global and regional system.

We anticipate several possible criticisms to our study. First, some may argue that classification is not a theory. Second, one may wonder how we can examine complementary or substitute relations just analyzing the timing of rises and falls of institutions. Last, but not least, it might be misleading to generalize the patterns solely depending on two case studies. Nonetheless, given the status of literature, we believe we can make a small but important step into deeper understanding of the cooperation across regions. Because there are several important recent studies that use the concept of inter-, extra-, cross-, trans-, and pan-regionalisms, differentiating and examining them We do not think it appropriate if we simply argue idealistically that the linkage between two regions is getting strong just because various forms of cooperation mechanisms across regions exist; even anecdotal examples can give us some idea about possible substitute or competitive relationship among them. Moreover, the use of non-European cases seems to be a valuable exercise, because cooperation across regions is more complex outside Europe. With regard to generalization, we hope more studies on cooperation across regions that clearly differentiate several modes of cooperation follow to conduct thorough examination of relations among them.

This paper is structured as follows. The next section introduces the five modalities of cooperation across regions: inter-, extra-, cross-, trans-, and pan-regionalism. We then explain the concept of complementary and substitute relations between institutions. In the empirical discussions, we will first examine the progress of inter-, extra-, cross-, trans-, and pan-regionalism across Southeast and South Asia. A similar analysis on cooperation across regions between Southern America and Southern Africa will follow. We then compare the two cases and try to generalize the patterns regarding the complimentary and substitute relations between the five modalities. The final section concludes the paper.

## **2. Five Modalities of Cooperation Across Regions**

Before discussing the various forms of cooperation, it is necessary to clarify what is region or regionalism. Gamble and Payne (1996, 2) define regionalism as a state(s)-led project designed

to reorganize a particular regional space along defined economic and political lines. A region is a space that has geographical limits (Hurrell 1995). The establishment of regional organizations is one of the typical cases of regionalism because their membership gives us a clear idea about the boundaries of the region (Hettne 2003).

Regions are relative concepts; it is difficult to argue objectively which region is the most appropriate one. Hence, the fundamental question regarding the “level” of region exists. A larger/higher region (meta-region) and a smaller/lower region (sub-region) accompany any region. Moreover, there is a possibility of a sub-region<sup>4</sup> being contested as a region (Hook and Kearns 1999, 6). A large number of studies have analyzed complex, multi-layered regional systems. In the Asian context, for example, if one regards East Asia as a primary region, Asia-Pacific becomes a meta-region and Northeast Asia becomes a sub-region. In fact, Higgott and Stubbs (1995) argue that the Asia Pacific concept represented by Asia-Pacific Economic Cooperation (APEC) and the East Asia concept by East Asia Economic Caucus (EAEC) are competing. Further, Stubbs (2002) argues that the emergence of East Asia (ASEAN+3) would lead to the decline of Southeast Asia (ASEAN) and Asia-Pacific (APEC) based on competition hypothesis. Meanwhile Kuriyama (2012) argues that Trans-Pacific Partnership (TPP) and APEC, can mutually reinforce each other, despite the latter including countries such as China and Indonesia that do not have TPP membership, based on complementary hypothesis.

Another important angle in analyzing regionalism, which has not attracted as much attention as the multi-layered regional system, is the perspective of “across regions.” The relation of any given region with other region(s) is the question. As Renard (2015) argues, we need to have a perspective beyond regions to fully understand the complex web of international and regional systems. Using the case of the EU, his analysis examines the compatibility among regional (EU), extra-regional (EU-external partners), inter-regional (EU-Asia), and multilateralism. However, in this context, we should remember that the EU is unique, because its external policy is centralized, mainly handled by Brussels, not by each member state. An extension of the work of Renard is necessary for us to have a systemic analysis across regions. In the Asian context, Solis and Katada (2007) made an important contribution by pointing out the fact that the proliferation of free-trade agreements (FTA) “across region,” as opposed to intra-regional FTAs, are an important phenomenon in understanding Asian integration. In fact, there are many FTAs signed between Asian and Latin American countries (such as Japan-Mexico).

It is critically important to clarify the exact definition of each modality of cooperation across regions, because there are some confusions regarding their definitions. Different scholars have defined, for example, the term trans-regionalism differently. Inter-regional and trans-regional are sometimes distinguished, while sometimes they are used interchangeably. The various forms of cooperation cannot be compared in a systematic way without clear and distinct definitions. Hence, this study classifies cooperation “across region” and tries to analyze the relationship among them.

There are five types of cooperation “across” existing regions, which are illustrated in Figure 1. Extending a preliminary attempt to classify the various forms of cooperation made by Hånggi (2006) and Renard (2015), this paper defines the five types of across-regional cooperation, namely, inter-, extra-, cross-, trans-, and pan-regionalism, as follows. Here, we will explain each type of cooperation with examples of European cases.

- Inter-regionalism is defined as region-to-region cooperation. Because a region often establishes a regional institution or group, inter-regionalism is characterized as a group-to-group relation. A typical example of inter-regionalism is that between Europe and Asia. Gilson's (2002) *Asia Meets Europe* is one of the early literature that theorizes inter-regionalism.
- Extra-regionalism is cooperation between a regional group and *one* country outside the

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<sup>4</sup> A sub-region here simply means a subset of a larger region. Some literature on sub-regionalism emphasizes the involvement of subnational actors in addition to states.

group.<sup>5</sup> An example of extra-regionalism is EU-Japan relations (Renard 2015).

- Cross-regional means bilateral relations between countries that belong to different regional groups (Solis and Katada 2007). The relationship between Germany and Japan is an example in the European context, though this type of institution is less visible nowadays in Europe, which tends to employ common external policy led by Brussels.
- In the case of trans-regionalism, a new group is formed across two or more existing groups (Hangi 2000<sup>6</sup>; Dent 2003b<sup>7</sup>). At least one existing group should be divided (otherwise, cooperation becomes inter-regionalism or pan-regional), though typically, two or more existing groups are divided. At least two members from the group(s) divided should join the new group (otherwise, cooperation becomes extra-regional, which is group plus *one* external country). The so-called 5+5 Summit comprising of Algeria, Libya, Mauritania, Morocco, Tunisia, France, Italy, Malta, Portugal, and Spain is a typical example of trans-regionalism wherein two groups (Africa and Europe) are divided.<sup>8</sup> The Ibero-American Summit established in 1991 that includes Spain, Portugal, and Latin American states is an example of trans-regionalism wherein only one group (in this case, Europe) is divided (Grugel 2002, 8).
- Pan-regional cooperation is inclusive in nature. It can cover members from many existing groups (some of them may be divided). For example, Pan-Eurasian cooperation may include Europe, Asia (East Asia, South Asia, West Asia, and Central Asia), and Russia (Vinokurov and Libman 2012, 12).

It is important to note that the five modalities of cooperation across regions is an analytical framework of the web of regionalism, rather than a theory. With the five modalities, we can examine how cooperation across regions evolves across time; the rise and fall of one cooperation framework could be attributed to the rise or fall of the other frameworks.

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<sup>5</sup> Solis and Katada (2007) use the term cross-regional broadly to refer to any type of arrangement beyond regions (arrangement across regions), they specifically use extra-regional when “cross-regional” arrangement is partnership between a regional bloc and a country outside. By EU bilateralism, Renand (2015) means extra-regionalism as defined in this study, because one party of bilateral partnership is EU, which is a regional group.

<sup>6</sup> Hanggi (2006) uses trans-regional when a new group is formed across *three or more* regions. APEC that has 15 Asian members, three North American members, two Latin American members, and two Pacific members is his example of trans-regionalism. He uses bi-regional when a new group is formed across two regions. This paper regards both cases as trans-regionalism.

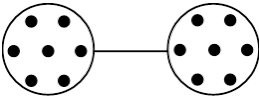
<sup>7</sup> Dent (2003b) argues that trans-regionalism is an establishment of a common space between and across regions. I emphasize “across the region” nature of trans-regionalism, which implies that a creation of new space involves the division of existing regions.

<sup>8</sup> See the Malta Declaration adopted on 6 October 2012:

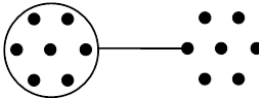
<https://gov.mt/en/Government/Press%20Releases/Documents/pr2192a.pdf>

**Figure 1: Five Types of Across-regional Cooperation**

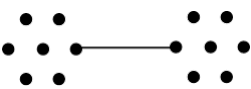
**Inter-regionalism (Europe-Asia)**



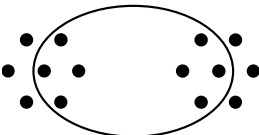
**Extra-regionalism (EU-Japan)**



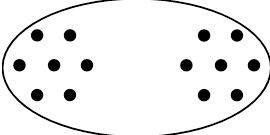
**Cross-regionalism (Germany-Japan)**



**Trans-regionalism (Ibero-American Summit)**



**Pan-regionalism (Pan-Eurasian)**



Source: Author's compilation



### **3. Complementary and Substitute Relationship between Institutions**

This section briefly explains the concept of complementary and substitute relation between institutions. The two type of relations are not mutually exclusive, and two institutions can have both complementary and substitute aspects. However, what we want to know is which effect is stronger. Unlike the case of economics, we can only analyze complementary/substitute relationship qualitatively. This paper assesses competition and complementarity between institutions primarily conducting chronological comparison of institutional development of various forms of institutions across regions.

Multiple institutions may be substitutes. In the case of economics, when the decline in the price of one of the substitute products (which increases its consumption) decreases the consumption of the other product, the two goods are called substitutes. Bread and rice are a typical example of substitute goods. Likewise, when the rise of one institution coincides with (leads to) the fall of the other institution, we regard them as substitutes. The logic of inference is that there is a trade-off in terms of resource allocation among institutions, because various resources (human resources etc.) that are necessary to strengthen institutions are common and scare. In other words, countries do not have sufficient resources to sustain all institutions and need to decide which institution is their priority. What Bhagwati (1992) calls “the divergence of attention” between trade negotiation fora is the basis of such an inference. When this is the case, two substitute institutions are competing with each other to a certain degree.

Multiple institutions may be complimentary. In economics, bread and jam are an example of complementary goods, wherein the decline of bread price increases the consumption of bread as well as jam. The consumption of two complementary goods moves in the same direction. Likewise, if the rise and fall of two institutions is synchronized, we regard them as complementary. The logic of inference is that when there are many institutions, the division of labor within the institutional complex is likely to emerge, and the countries concerned attempt to maximize the synergy among them, rather than exploit forum shopping with parochial interests (Gehring and Faude 2014). Countries that hold a desire to strengthen cooperation with other regions or countries in other regions tend to exhaust all the possible options (inter-regionalism, extra-regionalism, cross-regionalism, trans-regionalism, and pan-regionalism) in an attempt to maximize the synergy among them. When this is the case, two complementary institutions are mutually reinforcing.

Because we have five types of cooperation frameworks across regions, conducting a thorough comparison among all of them is a very challenging task. If we analyze the relationship of inter-regionalism with others, we need to compare inter-regionalism against extra-, cross-, trans-, and pan-regionalism. Because there are five types of cooperation, theoretically speaking, there are ten pairs of cooperation to be examined ( $5 \times 4 / 2 = 10$ ). It is not easy to thoroughly examine all of them. Accordingly, this paper puts an emphasis on inter-regionalism. It examines relationships between inter-regionalism and other forms of cooperation across regions.

### **4. Cooperation between Southeast and South Asia**

Association of South-East Asian Nations (ASEAN) was established in 1967 with five original members: Indonesia, the Philippines, Thailand, Malaysia, and Singapore. Brunei Darussalam joined in 1984, Viet Nam in 1995, Myanmar and Lao PRD in 1997, and Cambodia in 1999. The first ASEAN Summit was held in Bali, Indonesia in 1976 and members agreed to establish a secretariat in Jakarta. The establishment of the ASEAN Free Trade Area (AFTA) was decided at the 1992 Summit in Singapore. Service trade liberalization is conducted under ASEAN Framework Agreement on Services, which was signed in 1995. The establishment of ASEAN Community was decided at the 2003 Summit.

The idea of establishing a regional institution in South Asia was floated by President Ziaur Rahman of Bangladesh in the late 1970s. Bangladesh earlier made a desperate effort to join ASEAN in the 1960s without success, which prompted it to pursue the establishment of a similar organization in South Asia (Saez 2012). From the beginning, SAARC tried to “copy” the

institutional development of ASEAN with a 10-20 years lag (Table 1). The SAARC was established in 1985 with seven original members, namely, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Afghanistan joined SAARC in 2007. The Secretariat was established in Kathmandu, Nepal in 1987. SAARC Preferential Trade Area (SAPTA) was signed in April 1993 and came into effect in December 1995. SAPTA is a kind of framework agreement under which actual negotiations for trade liberalization are to be organized among member countries. While there were three rounds of negotiations in the mid-1990s (Dash 2008, 160), India-Pakistan relations significantly deteriorated, with nuclear tests conducted by both in 1998, and no SAARC Summit was held between 1999 and 2001. The fourth round of negotiations that started in 1999 was prolonged and eventually suspended. In 2002, the negotiations resumed and SAFTA was finally signed in 2004.<sup>9</sup> However, so far, no service agreement has been signed under SAARC. Recently SAARC is again malfunctioning. India did not participate in the 19th SAARC Summit in 2016, and is planning not to participate in the 20th SAARC Summit in 2018, which is to be held in Pakistan.

**Table 1: Evolution of ASEAN and SAARC**

	ASEAN	SAARC
Establishment	1967	1985
Secretariat	1976	1985
First Summit	1976	1985
FTA	1992	2006
Service	1995	NA

Source: Authors' compilation

#### 4.1. Inter-regionalism: ASEAN-SAARC

There was no common border between ASEAN and SAARC. Only in 1997 when Myanmar joined ASEAN, did the two groups become adjacent. It is understandable that this triggered a serious consideration about the inter-regional cooperation to harness economic potentials, which could be enhanced by improved physical and institutional connectivity between the two.

The first meeting of the Ministers of ASEAN and SAARC was held in New York, where the United Nations General Assembly was held, in September 1998. It is said that this meeting was held on the initiative of Sri Lanka. The meeting was co-chaired by the Foreign Minister of Singapore (Chairman of the ASEAN Standing Committee), and the Foreign Minister of Sri Lanka (Chairman of the SAARC Council of Ministers). The Secretary-Generals of ASEAN and SAARC also attended the meeting. The ministers agreed on several ways to increase the inter-regional cooperation between ASEAN and SAARC (Indonesian Ministry of Foreign Affairs 2007). These were:

- (i) ASEAN-SAARC Summit to be held every year in New York on the sidelines of the UN General Assembly, which will also be attended by the secretary general of ASEAN and SAARC Secretary General;
- (ii) ASEAN and SAARC coordinate their positions in the WTO conference through their representatives in Geneva;
- (iii) The Ambassadors of SAARC members in Jakarta increase their contacts with the ASEAN Secretariat; the Ambassadors of ASEAN members in Kathmandu will increase their contacts with the SAARC Secretariat;
- (iv) ASEAN share experiences with SAARC in terms of economic cooperation, in particular the establishment of FTA;
- (v) The Secretary-Generals of ASEAN and SAARC will continue to work closely.

The second and third ASEAN-SAARC Ministerial Meetings were held in 1999 and 2001 (Jain 2007, 142; Goel 2004, 72). At the fourth ASEAN-SAARC Ministerial Meeting in September 2002, the ministers identified four potential areas for cooperation: trade, HIV/AIDS, tourism,

<sup>9</sup> It was agreed that non-LDC members (India, Pakistan, Sri Lanka) would complete the project by 2013 and LDCs (Bangladesh, Bhutan, Maldives, and Nepal) by 2016.

and poverty reduction. They agreed to give a mandate to the two Secretariats to intensify consultations to come up with practical plans for cooperation. As mandated, the Secretary Generals of ASEAN and SAARC held a meeting in August, 2003 at the ASEAN Secretariat and agreed to hold a series of workshops to facilitate the discussions on possible joint projects. In January 2004, the delegation from SAARC Secretariat led by its Secretary-General visited the ASEAN Secretariat, and the 2004-2005 Partnership Work Plan and guidelines to undertake cooperation at the Secretariat-to-Secretariat level were agreed. The experience sharing in eight areas such as trade and tourism, was the primary focus of the work plan. Cooperation activities at the initial stage will focus on the sharing of experiences and best practices (ASEAN 2004). The ASEAN Annual Report 2003-2004 (ibid) for the first time mentioned its relationship with SAARC.

At the ASEAN-SAARC Ministerial Meeting in September 2004 in New York, the possibility of linking AFTA and South Asia preferential Trade Area (SAPTA) was added as a priority area of cooperation (Sathirathai 2005). It should be noted that this meeting was co-chaired by Singaporean and Pakistani ministers. In 2006, the two-year work plan (2004-2005) was revised to incorporate new activities (ASEAN 2007). In December 2007, the 2008-2009 Partnership Work Plan was agreed (ASEAN 2008). The new work plan listed eleven areas of cooperation.

Soon after the launch of the 2008-2009 Work Plan, however, interactions between SAARC and ASEAN became insubstantial. There was virtually no collaboration between the two, between 2009 and 2012. The section on external relations in ASEAN Annual Reports had some explanation regarding SAARC up to the 2007-2008 report, the subsequent four annual reports (2008-2009, 2009-2010, 2010-2011, and 2011-2012) do not mention ASEAN's relations with SAARC at all.<sup>10</sup> There are some activities between the two Secretariats thereafter, but they are one-off in nature. In February, 2013, SAARC officials visited the ASEAN Secretariat and expressed their willingness to learn from ASEAN and some discussions on the renewal of the 2008-2009 Work Plan were also held there. ASEAN Secretariat prepared the draft for a new work plan by April 2013, but there has been no follow-up from SAARC since then (ASEAN Annual Report 2012-2013).<sup>11</sup>

#### **4.2. Extra-regional: ASEAN-India**

India became a sectoral dialogue partner of ASEAN in 1992. The sectors covered by the partnership were trade, investment, tourism, and science and technology. India was invited to become a full dialogue partner of ASEAN during the Fifth ASEAN Summit in Bangkok in December 1995. In 1996, India became a member of the ASEAN Regional Forum (ARF) (Sen et al. 2004).

The first ASEAN-India Summit was held in 2002. The joint statement of the first ASEAN-India Summit mentions the India-AFTA linkage (paragraph 9). At the Second Summit in 2003, the leaders signed the ASEAN-India Framework Agreement on Comprehensive Economic Cooperation. The Framework Agreement laid the basis for the establishment of an FTA between the two, covering goods, services, and investment. The negotiations for ASEAN-India Trade in Goods Agreement started in 2004; the agreement was signed in August 2009 and entered into force in January 2010. The negotiations for ASEAN-India Trade in Services Agreement started in 2005 and the agreement was signed in November 2014.

Pakistan, in contrast, often had a hard time in establishing closer ties with ASEAN (Severino 2006, 196). By the late 1990s, Pakistan was interested in ARF membership, but ASEAN was divided on Pakistan's membership in ARF. Pakistan acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) and became an ARF member only in July 2004. ASEAN was also cautious to launch FTA negotiations with Pakistan. Senior officials' meeting between ASEAN and Pakistan in July 2006 approved the joint study on ASEAN-Pakistan FTA, and the study group suggested that the FTA should be pursued in July 2009. At the ASEAN senior

<sup>10</sup> The ASEAN Annual Report 2012-2013 mentions SAARC but reports after it do not mention it.

<sup>11</sup> There were some recent activities between the two secretariats, but those are one-off in nature. See: <http://asean.org/asean-shares-experience-to-saarc-in-setting-up-regional-disaster-response-mechanisms/>

officials' meeting in August 2009, however, ASEAN Senior Officials agreed to defer considerations on ASEAN-Pakistan FTA until the studies on ASEAN-Gulf Cooperation Council (GCC) FTA and ASEAN-MERCOSUR FTA are completed. No formal negotiations for ASEAN-Pakistan FTA have been launched as of 2018.

#### 4.3. Cross-regional: Singapore/Thailand-India/Pakistan

India was also active in pursuing cross-regional FTAs with individual ASEAN member on a bilateral basis (Table 2). The negotiation for India-Thailand FTA was launched in 2002 and signed in October 2003.<sup>12</sup> The negotiation for India-Singapore FTA was launched in May 2003. Quite interestingly, when the ASEAN-India FTA negotiations were launched in October 2003, Thailand and Singapore were the only FTA partners in ASEAN for India.

**Table 2: Cross-regional FTAs between South and Southeast Asia**

	India	Pakistan
ASEAN	Launched in 2003/10 Signed in 2009/8	NA
Thailand	Framework Agreement Launched in 2002/12 Signed in 2003/10	Joint study formed in 2005/11 Launched in 2015/9 Not yet signed
Singapore	Started in 2003/5 Signed in 2005/6	Launched in 2005/8 Not yet signed
Malaysia	Launched in 2008/1 Signed in 2011/2	Launched in 2005/4 Signed in 2007/11
Indonesia	Launched in 2011/10 Not yet signed	Launched in 2005/11 Signed in 2012/2
Brunei Darussalam	NA	Joint study formed in 2007/8
Philippines	NA	A proposal made in 2004

Source: Authors' compilation

Pakistan became very anxious after India's FTA policy with ASEAN members. It started FTA negotiations with Islamic countries in ASEAN. Pakistan started negotiations with Malaysia (in April 2005) and Indonesia (in November 2005); the two were not engaged in negotiations with India at that time.<sup>13</sup> Pakistan also started to negotiate a FTA with Singapore in 2005. A joint study group for Pakistan-Thailand FTA was established and its first meeting was held in November 2005 in Islamabad.<sup>14</sup> However, Pakistan's FTAs with Singapore and Thailand have not been finalized even today.

India reacted whenever Pakistan launched actual FTA negotiations with an ASEAN partner with which it does not have FTA negotiations. India started FTA negotiations with Malaysia and Indonesia in 2008 and 2011 respectively, following Pakistan. This is interesting because India's FTA with Malaysia and Indonesia were launched even though the ASEAN-India FTA was in place.

#### 4.4. Trans-regional: BIMSTEC

While some studies suggest the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a sub-regional cooperation (Batra 2010), in our classification, this group is trans-regional, because it involves selected members from ASEAN and SAARC. The BIMSTEC currently has five members of SAARC and two members of ASEAN. In fact, Kelegama (2001, 113) argues that BIMSTEC is a trans-South Asian regional organization.

<sup>12</sup> While it is often called FTA, the agreement between Thailand and India is a framework agreement, under which some early harvest programs were implemented.

<sup>13</sup> The joint study for Pakistan-Brunei Darussalam FTA was established and its first meeting was held in August 2007 in Islamabad (Pakistani Ministry of Commerce 2008).

<sup>14</sup> [http://www.thaifta.com/trade/study/pk\\_execeng.pdf](http://www.thaifta.com/trade/study/pk_execeng.pdf)

In June 1997, four countries in South and Southeast Asia agreed in Bangkok to form a new group called Bangladesh, India, Sri Lanka, Thailand Economic Cooperation (BIST-EC). India's Look East Policy and Thailand's Look West Policy culminated in the formation of the new group (Yahya 2005). Myanmar attended the inaugural meeting in Bangkok as an observer and formally joined the group in December 1997. With Myanmar's entry, the group's name was changed to BIMST-EC. Membership was granted to Nepal and Bhutan in 2003. The first summit was held in Bangkok in July 2004, and the new name BIMSTEC, which uses the Bengal Bay as a geographical label was given to the group.<sup>15</sup>

The idea of establishing FTA existed at the very beginning of the history of this group. It is said that Thailand is the one that proposed FTA.<sup>16</sup> The participants of the BIMSTEC Economic Ministerial Retreat held in Bangkok in August 1998 already agreed to aim at establishing FTA in a long term.<sup>17</sup> The intention to form an FTA became serious by 2000 (Warr 2006, 154), and the framework agreement on BIMST-EC Free Trade Area was signed in February 2004 by the members except Bangladesh. Bangladesh joined the framework agreement in June 2004. The Trade Negotiating Committee (TNC) had its first meeting in Bangkok in September 2004. Thailand would be the permanent chair of TNC, although the host country shall be rotated, as stated in the TNC Terms of Reference.<sup>18</sup> At the third BIMSTEC Summit held in March 2014, the leaders directed the BIMSTEC Trade Negotiating Committee (TNC) to expedite its work for the conclusion of the Agreement on Trade in Goods by the end of 2014, although this deadline was not met. At the fourth BIMSTEC Summit in 2018, the leaders agreed to facilitate the negotiation on BIMSTEC FTA.

Interestingly, BIMSTEC does not have a charter and the accession procedure is unclear. However, because it uses "Bengal Bay," it is possible to include Malaysia, Singapore, and Indonesia, keeping Pakistan out. BIMSTEC FTA has an accession clause and the membership is open to BIMSTEC members (Bangladesh actually joined the FTA later than the others).

#### **4.5. Pan-regional: IORA**

In March 1995, the Mauritius Government organized a meeting to discuss economic cooperation among the countries of the Indian Ocean Rim. Representatives of governments, academia, and businesses from seven countries (Australia, India, Kenya, Mauritius, Oman, Singapore, and South Africa) attended the meeting. A later meeting in September 1996 in Mauritius finalized a charter for the creation of Indian Ocean Rim Association for Regional Cooperation (IORA) and expanded the membership to include additional seven members. The first ministerial meeting was held in Mauritius in March 1997 with fourteen members.

IORA has a very interesting mandate. It is of the view that the countries of the Indian Ocean Rim are divided into a number of sub-regions (Australasia, Southeast Asia, South Asia, West Asia, and Eastern & Southern Africa) that have their own institutional frameworks, but the IORA is the organization for the Indian Ocean Rim region<sup>19</sup>. Two from SAARC (India and Sri Lanka) and three from ASEAN (Indonesia, Malaysia, and Singapore) are a part of the original members of IORA.<sup>20</sup> The IORA Secretariat was established in Mauritius soon after the Maputo Meeting in March 1999 (Pennetta 2015, 96).

At the first meeting of the High-Level Task Force (HLTF) of IORA held in Colombo in October 2001, Sri Lanka proposed to establish a Preferential Trading Agreement (PTA) for the IORA region. Six member countries—Iran, Kenya, Mauritius, Oman, Sri Lanka, and Yemen—have proposed to enter into a PTA. However, the plan to establish IORA PTA has not been

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<sup>15</sup> Permanent Secretariat was established in Dhaka, Bangladesh in September 2014.

<sup>16</sup> See BIMSTEC website: <http://bimstec.org/sectors/trade-investment/>

<sup>17</sup> See the Preamble of the Framework Agreement on BIMST-EC Free Trade Area, signed in 2004.

<sup>18</sup> <http://sameaf.mfa.go.th/th/organization/detail.php?ID=4493>

<sup>19</sup> See IORA website: <http://www.iora.net/about-us/background.aspx>

<sup>20</sup> Other members include: six from Africa (Kenya, Madagascar, Mauritius, Mozambique, South Africa, and Tanzania), two from the Middle East (Oman and Yemen), and Australia.

materialized yet.

## **5. Cooperation between Southern America and Southern Africa**

In 1988, the Treaty of Integration, Cooperation, and Development was signed between Argentina and Brazil. The two countries agreed to establish a common economic space and introduce the concept of common market as an aspiration for the future. In 1990, the two countries signed the Buenos Aires Act that provides for the establishment of a bilateral common market by December 1994, and a diplomatic campaign to attract new members started. Uruguay and Paraguay decided to join the process. Southern Common Market (Mercosur) was established by the Treaty of Asunción in 1991 and the Protocol of Ouro Preto in 1994. It started functioning in January 1995. The original members included Argentina, Brazil, Paraguay, and Uruguay. Mercosur is a customs union, not FTA. Its secretariat is located in Montevideo, Uruguay. Venezuela became a full member in 2012.

Southern African Customs Union (SACU) was established in 1910 among five countries in Southern Africa: Botswana, Lesotho, Namibia, South Africa, and Swaziland. Under the 1910 and 1969 Agreements, SACU was administered by South Africa. The new agreement was signed in 2002, which reflects the negotiation outcome regarding institutional reform among the member states. SACU Secretariat is located in Windhoek, Namibia. Southern African Development Coordination Conference (SADCC), which was originally established in 1980 was transformed into Southern African Development Community (SADC) in 1992. The SADC protocol on trade was signed in 2000 and the SADC FTA was established in 2008. Its members include Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe (Malawi and Seychelles joined later). Hence, SACU members are a subset of SADC members. The SADC Secretariat is located in Gaborone, Botswana. In terms of membership, SACU is a subset of SADC. While SACU is a customs union, SADC is free trade area.

### **5.1. Inter-regionalism: Mercosur-SACU/SADC**

Soon after Mercosur came into force in 1995, Brazil attempted to materialize the idea of forging a closer relationship with Southern Africa. It was natural that the close association between Mercosur and SADC, not SACU nor South Africa, was pursued by Brazil (Lechini 2005). While SACU is dominated by South Africa, SADC involved two important countries that speak the same language as Brazil, namely Portuguese: Angola and Mozambique. The SADC General Secretary, Kaire Mbuende, visited the Mercosur secretariat in 1996 and the chair of SADC attended the Mercosur Summit in July 1998 (Bertelsmann-Scott and Mutschler 1998). However, the trade negotiation between Mercosur and SADC faced difficulties mainly for two reasons. First, both the secretariats of Mercosur and SADC were not designed to conduct negotiations in a centralized manner. Second, Mercosur member officials were rare to be found in Gaborone and so were SADC member officials in Montevideo (Mattheis 2015)

In December 2000, Mercosur decided to negotiate FTA only with South Africa, instead of SADC. However, this negotiation was transformed into Mercosur-SACU negotiation in June 2002, once SADC prohibited its members to pursue their own FTA with external parties. After two years of negotiations, a PTA between Mercosur and SACU was signed in 2004. However, because the scope of the 2004 PTA was very limited, the concerned parties agreed to continue negotiations to improve the concessions, rather than ratifying it. The new Mercosur-SACU PTA was eventually signed by Mercosur parties in 2008 and by SACU parties in 2009 (Mattheis 2015). The ratification of the PTA was prolonged, but the final ratification was notified by the Mercosur party in 2015, and the PTA entered into force in 2016.

### **5.2. Extra-regional: MERCOSUR-South Africa FTA**

While SACU was a customs union, South Africa was allowed to pursue its own FTA. This probably reflects South Africa's hegemonic status in SACU. In fact, in 1995 South Africa unilaterally started negotiations with EU Trade, Development and Co-operation Agreement

(TDCA), which included the component of EU-South Africa FTA. In 1999, TDCA was signed and its component, EU-South Africa FTA came into force in 2000. In December 2000, South Africa started to negotiate bilateral FTA with Mercosur, partly because FTA negotiation between Mercosur and SADC faced difficulties (see above).

However, after South Africa's signing of FTA with EU, other SACU members started to have some skepticism about South Africa's unilateral actions toward FTAs. This is partly because an FTA between the EU and South Africa does not seem to have a good impact on other SACU/SADC members (Lee 2002). In 2002, some reforms were conducted with regard to the institutional mechanism of SACU with the new 2002 Agreement being signed. SACU became a real customs union in the sense that its members are no longer allowed to unilaterally pursue bilateral FTAs with external parties. This brought Mercosur's negotiations with South Africa to the end, and the negotiation was replaced by that with SACU (Mattheis 2005).

### **5.3. Cross-regional: Brazil-South Africa**

Mercosur is a customs union from the beginning. However, it is an incomplete customs union, allowing its members to pursue their own FTAs.<sup>21</sup> Brazil had a strong desire to strengthen its bilateral ties with South Africa. SACU allowed its members to pursue their own FTA despite the fact that it was a customs union, though this was prohibited in 2002. Under such circumstances, the Brazilian President Cardoso visited South Africa in 1996, which resulted in the signing of eight bilateral agreements. Moreover, when South African President Mbeki visited Brazil in September 1997, the two leaders agreed to establish an institutional mechanism to deepen the bilateral relations. In December 2000, Joint Commission Agreement between Brazil and South America was signed. Brazil was reluctant to pursue bilateral FTA with South Africa, leaving Argentina behind. However, it is certain that the bilateral tie paved the way for Mercosur-South Africa negotiation, which was launched in December 2000.

### **5.4. Trans-regional: Zone of Peace and Cooperation of the South Atlantic (ZPCAS)**

The ZPCAS was created by a United Nations General Assembly's Resolution in 1986, while it received a rejection vote by the US (de Albuquerque et al. 2016). It attempts to create a South Atlantic zone of peace and cooperation, involving some African and South American states. The Resolution mentioned apartheid of South Africa, because members regarded its elimination as critical to the peace and security in the South Atlantic.<sup>22</sup> However, we should not forget that ZPCAS entails economic and developmental aspects, because the promotion of social and economic development provides the condition for security and peace. The ZPCAS Headquarters are located in Brasília. Its current membership includes three countries from Southern America (Argentina, Brazil, and Uruguay) and 21 African nations facing South Atlantic Ocean.

The first ZPCAS ministerial meeting was held in 1988 in Rio de Janeiro, Brazil. Thereafter, ministerial meetings were held biannually until 1998 (except 1992). The meetings rotated between South America and Africa. The time until 1998 is called "gold period" of ZPCAS (ibid, 29). After this period, ZPCAS entered into near hibernation, with no substantial activities conducted. Benin was unable to host the Summit in 2000 due to the lack of logistical and financial capacity (Abdenur et al. 2016).

Meanwhile, the first Africa-South America (ASA) Summit (see below for details) held in 2006, became a trigger of revitalization of ZPCAS. The ASA declaration acknowledges the ZPCAS's contribution to the regional cooperation and security. Nigerian officials suggested ZPCAS should integrate the ASA, which implies both potential synergy and overlap between the two institutions (Albuquerque et al. 2016). After this, Angola, which has strong ties with Brazil, took an initiative to regain the momentum of ZPCAS and played a key role, with Brazil working hard behind the scenes. Angola hosted the sixth ministerial meeting in 2007 in its capital, Luanda.

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<sup>21</sup> For example, Brazil negotiated a bilateral FTA with Mexico that went into force in 2003, while Argentina's bilateral FTA came into force in 2007. See Bown and Tovar (2016).

<sup>22</sup> Post-apartheid South Africa joined ZPCAS in 1994.

The Luanda Action Plan was adopted and a working Group for economic cooperation was established thereafter, which was coordinated by Brazil (Visentini 2009).

However, the seventh ministerial, which was expected to be held in 2009 in Montevideo, Uruguay was again postponed (Visentini 2010, 73). In order to maintain the momentum, Brazil organized a 2-day roundtable to strengthen cooperation in environmental and transportation areas (Abdenur et al. 2016, 1123). Due to the lack of logistical capacity of Uruguay, however, the planned summit in 2010 was again postponed, and it was held only in 2013. Considering the financial and logistical difficulties of the African counterparts, Brazilian Air Force dispatched an airplane to Africa to make sure that the delegations from small African countries made it to Uruguay (Abdenur 2016, 1124). The eighth ministerial meeting should have taken place in Cape Verde in 2015, but this is on hold due to financial and logistical obstacles (de Albuquerque 2016, 31). It is important to note that both Angola and Cape Verde speak Portuguese, having special ties with Brazil.

### **5.5. Pan-regional: Africa-South America (ASA) Summit**

If we regard Africa and South America as a primary region, ASA Summit is a kind of inter-regionalism. However, because we regard Southern America and Southern Africa as a primary region, ASA becomes pan-regional.

Brazil and Nigeria took the initiative in forming ASA. The First ASA Summit was held in Abuja, Nigeria in 2006. Venezuela tried to challenge Brazil's dominant role in ASA and strongly insisted that it should host the second Summit and it was agreed at the first Summit. The Second ASA Summit was held at Isla Margarita, Venezuela in 2009. At the meeting, proposals concerning the institutional structure of the mechanism were presented. The establishment of the Permanent Secretariat headquartered in Venezuela; this was approved at the Second Summit.

The third Summit was to be held in 2011, but it was postponed. Equatorial Guinea eventually organized the third Summit in its capital, Malabo in 2013. On the sidelines of the Summit, a roundtable discussion on infrastructure, transport, and energy was organized by Brazil. The participants subsequently recommended the creation of the ASA Conference of Business Entities and Chambers of Commerce, with the objective of enhancing investment between South America and Africa through joint projects in both continents.

For the preparation of the fourth Summit, which was scheduled to take place in May 2016, Brazil convened the Seminar "Rethinking ASA: cooperation for Peace and sustainable development: a new ASA for a new international scenario" in Brasilia in March 2015. However, as of late 2018, the fourth Summit, which is to be convened in Ecuador, has not been announced yet.<sup>23</sup>

## **6. Conditions for Inter-regionalism**

### **6.1. The Rises and Falls in Cooperation between Southeast and South Asia**

While we cannot over-generalize, we can still draw several interesting observations regarding the relation among inter-, extra-, cross-, trans-, and pan-regionalism, using the case of cooperation across regions between Southeast and South Asia, which is also illustrated in Figure 2 (for the detailed matrix of comparison of institutional development, see Appendix 1).

- Regionalism (SAARC) and inter-regionalism (ASEAN-SAARC) seem to be complimentary, which means inter-regionalism flourishes when regionalism is strong. When SAARC was unable to hold its Summit due to the deteriorated relations between India and Pakistan in 1999-2001, ASEAN-SAARC Foreign Minister Meeting was also suspended (2000). Moreover, in 2004 SAARC countries signed SAFTA, and the idea of linking AFTA and

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<sup>23</sup> <http://www.itamaraty.gov.br/en/politica-externa/mecanismos-inter-regionais/9807-the-africa-south-america-summit-asa>



SAFTA was floated in the same year.<sup>24</sup>

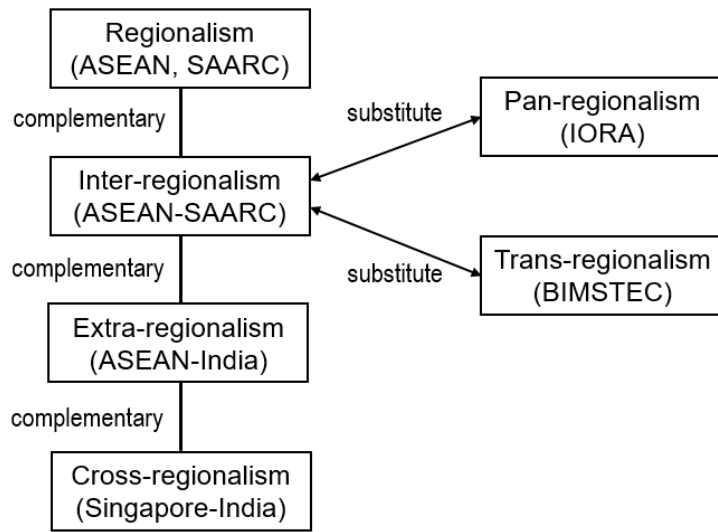
- Inter-regionalism (ASEAN-SAARC) and extra-regionalism (ASEAN-India) seem to be complimentary. One may consider that the two are substitutes, from the Indian perspective, because both strengthen its ties with ASEAN. In other words, the two are alternatives for India. However, we should also consider from the perspective of ASEAN. Perhaps ASEAN is reluctant to strengthen its tie solely with India, when relations among SAARC members are not smooth. In fact, in 2004, goods negotiation for ASEAN-India FTA was launched, and on the same year, SAFTA was signed and the idea of linking AFTA and SAFTA was launched. Hence, in terms of actual institutional evolutions, inter-regionalism and extra-regionalism are complimentary (the two rise at the same time), while some countries may regard them as substitutes.
- Extra-regionalism (ASEAN-India) and cross-regionalism (Singapore-India) are complimentary with each other. The progress of the two types of cooperation can be observed in parallel. India-Singapore FTA negotiation was launched in 2003, and ASEAN-India framework agreement was signed in the same year, to be followed by the launch of ASEAN-India goods negotiation in 2004. Interestingly, the launch of extra-regional FTA (ASEAN-Pakistan) failed, while the negotiation for cross-regionalism (Singapore-Pakistan) also failed.
- Inter-regionalism (ASEAN-SAARC) and trans-regionalism (BIMSTEC) seem to be substitutes, competing with each other to a certain degree. When the ASEAN-SAARC Foreign Ministerial Meeting (FMM) was suspended in 2000, BIMSTEC embarked on the project on FTA. The timing when the fourth 2018 BIMSTEC Summit agreed to facilitate the negotiation on BIMSTEC FTA also coincides with India's boycott of the 19th and 20th SAARC summit to be organized by Pakistan in 2016 and 2018.<sup>25</sup>
- Inter-regionalism (ASEAN-SAARC) and pan-regionalism (IORA) are likely to be substitutes, although the relationship between the two is not that clear. Just like the case of BIMSTEC, the idea of establishing IORA PTA gained momentum when the cooperation within SAARC and between ASEAN and SAARC was stagnant in 2003/4.

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<sup>24</sup> The cooperation between the two secretariats is stagnant recently, and this also echoes the dysfunction of SAARC. Several members including India did not attend the 19th SAARC Summit hosted by Pakistan in 2016. SAARC Secretariat is too busy to rehabilitate its intra-regional cooperation and no staff member at the Secretariat even knows that ASEAN-SAARC cooperation is on hold due to the lack of support from the SAARC side (interviews with SAARC staff). In contrast, ASEAN Secretariat officials notice the status of the cooperation between the two secretariats but is of the view that "the ball is on the SAARC's side" (interviews with ASEAN officials).

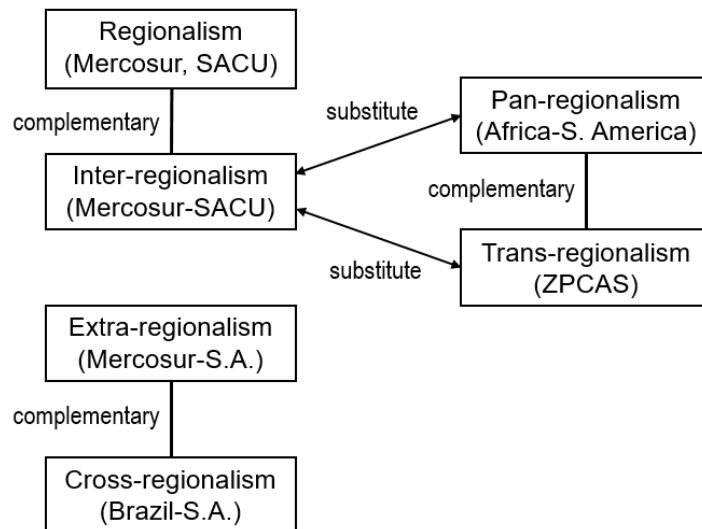
<sup>25</sup> Interestingly, SAARC officials who were unaware of ASEAN-SAARC cooperation were all of the view that BIMSTEC is the institution that connects Southeast and South Asia (interviews with SAARC officials).

**Figure 2: Institutional Linkages between Southeast and South Asia**



Source: Authors' illustration

**Figure 3: Institutional Linkages between Southern America and Southern Africa**



Source: Authors' illustration

## 6.2. The Rises and Falls in Cooperation between Southern America and Southern Africa

The relation between various cooperation across regions between Southern America and Southern Africa can be summarized as follows, which is also summarized in Figure 3 (for the detailed matrix of comparison of institutional development, see Appendix 2):

- Regionalism (SACU, SADC) and inter-regionalism (Mercosur-SACU, Mercosur-SADC) seem to be complementary to each other. When the SADC protocol was signed, Mercosur-SADC PTA negotiation was launched (both in 2000). The failure of Mercosur-SADC PTA negotiation in 2002 is partly because the newly created SADC was not strong enough to handle region-to-region negotiations. When the SACU was institutionally strengthened in 2002, the negotiation between Mercosur-SADC was replaced by that between Mercosur and SACU.
- The relationship between inter-regionalism and extra-regionalism is unclear as far as Southern America and Southern Africa are concerned. The Mercosur-South Africa negotiation (extra-regionalism) was replaced by that for Mercosur-SACU (inter-regionalism), but this is mainly because of the change in institutional rules: SACU restricted its member's FTA making power in 2002. There is no clue to speculate whether the two would co-exist reinforcing each other or one of them would be crowded out, if there had been no such institutional reforms in SACU.
- Joint Commission Agreement between Brazil and South America (cross regional) and the launch of Mercosur-SADC negotiations (extra-regional) occurred back-to-back in December 2000, which implies strong synergy or complementarity between the two.
- Inter-regionalism (Mercosur-SACU/SADC) and trans-regionalism (ZPCAS) seem to be substitutes. While the former mainly focuses on security and economic cooperation and the latter on trade, their ups and downs are in contrast. In 2000, when ZPCAS became inactive, negotiations for Mercosur-SADC PTA were launched, which eventually led to Mercosur-SACU negotiations. Soon after Mercosur-SACU PTA delivered poor outcome in 2004, which was not even worth ratification, ZPCAS regained momentum. Mercosur-SACU PTA was eventually ratified in 2016 when ZPCAS became inactive again.
- Inter-regionalism (Mercosur-SACU/SADC) and pan-regionalism (ASA) seem to be substitutes. The first ASA Summit was held soon after Mercosur-SACU delivered poor negotiation outcome. Mercosur-SACU PTA was eventually ratified in 2016 when ASA became inactive.
- Trans-regionalism (ZPCAS) and pan-regionalism (ASA) seem to be complementary. ZPCAS that had lost momentum was revitalized when ASA first mentioned it, which implies the complementarity or synergy between them. ASA declarations often mention ZPCAS.

## 6.3. Conditions for Inter-regionalism: Future Prospects

Now, we can generalize the argument to a certain degree, using the cases of cooperation between Southeast and South Asia and that between Southern America and Southern Africa. Three patterns associated with the relationship among the five types of cooperation across regions can be identified, although they are subject to further examination using more cases in future. First, inter-regionalism becomes successful only when two regionalisms are successful. Only when two regional organizations are strong enough, can an attempt to link the two institutions become successful. Second, key cross-regional relations, namely, bilateral relations between key states in the respective regions should be strong (say, Brazil in Southern America and South Africa in Southern Africa). Then, close ties between the two institutions become successful. When the bilateral relation between two countries that respectively lead its own regional institutions is strong, the relation between the two such regional institutions can be established. Third, trans-regionalism and pan-regionalism are likely to be substitutes for inter-regionalism. Hence, when those two are absent, inter-regionalism has a larger chance

to gain momentum. This in turn means that when trans-regionalism and pan-regionalism are successful, inter-regionalism becomes less promising. Hence, only when two regionalisms are functioning well, the key states in each group maintain good relations, and there are some problems with trans-regionalism and pan-regionalism, then, inter-regionalism is likely. When the two regional institutions are weak and/or the key bilateral relation is weak, alternative forms of cooperation across regions such as trans-regionalism and pan-regionalism become an option.

For inter-regionalism between ASEAN and SAARC to flourish, two conditions should be met. First, the solidarity of SAARC should be strengthened. If SAARC dysfunctions for whatever reasons (the friction between India and Pakistan or SAARC members' reluctance to liberalize trade), inter-regionalism between ASEAN and SAARC is unlikely to happen. Second, given the rising economic primacy of Indonesia in ASEAN, strong India-Indonesia bilateral relations are critical. It is important to note that there is some skepticism in this regard (Brewster 2011), and in fact, as we saw, the negotiations for India-Indonesia FTA have been uncompleted.<sup>26</sup> This implies that there is a big chance for the rise of trans-regionalism that only involves limited members of ASEAN and SAARC, such as BIMSTEC. So far, we did not see any instances wherein the synergy between BIMSTEC and IORA is exploited, but such a possibility should also be pursued, just like the relationship between ZPCAS and ASA in the past.

It is a true statement that both ZPCAS (trans-regionalism) and ASA (pan-regionalism) are losing their momentum. This means that there is a chance to revitalize inter-regionalism between Southern America and Southern Africa. In this context, it is worth noting that the Mercosur-SACU PTA, which was signed in 2008, recently came into force. A strong bilateral relation between Brazil and South Africa is one of the conditions for the success of this PTA. However, it is uncertain whether SACU continues to be a critical partner for Mercosur. Given the increasing significance of SADC, the linkage between Mercosur and SADC seems to be more promising. According to the substitute theory in this paper, it is not surprising if Brazil (that leads Mercosur) and South Africa (that leads SADC) attempt to revitalize the Mercosur-SADC PTA, given the dynamics of cooperation in the Southern hemisphere (Vieira and Alden 2011).

## 7. Conclusion

Because a region is a subsystem under the global system, we should always have relative perspectives when analyzing it. First, any region is accompanied by higher and lower level of regions; hence, vertical relations between regions become important. In this context, we note that recent regionalism studies, especially those on Asia, emphasize the fact that the regional system is "multi-layered," going beyond early literature on (European) regionalism that takes it for granted that uncontested regions exist. Second, any region cannot exist in isolation; every region has some external linkages. In this regard, existing literature often emphasizes inter-regionalism, namely, region-to-region mechanism, with the majority of them dealing with the European Union (EU)'s relations with other regions. However, the EU is unique, because its external policy is centralized in Brussels. Inter-regionalism naturally plays a dominant role in forming the EU's external relations, leaving other forms of across-regional cooperation behind.

This study analyzed whether inter-regionalism is a substitute or a complement to other forms of cooperation such as extra-, cross-, trans-, and pan-regionalisms, using the case study on the relation between Southeast and South Asia as well as that between Southern America and Southern Africa. Three patterns are identified regarding the relationship among the five types of across-regional cooperation, based on the two case studies above, although they are subject to further examination of more case analyses in future. First, inter-regionalism and regionalism are complementary. Second, inter-regionalism and cross-regionalism between key states in respective regions are complementary. Third, inter-regionalism on the one hand and trans-regionalism and pan-regionalism on the other seem to be substitutes.

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<sup>26</sup> One may argue that India-Indonesia FTA is unnecessary given that ASEAN-India EPA already exists. However, we should note that India-Indonesia negotiation started in 2011 after ASEAN-India was signed in 2009.

The real world is much more complex because the horizontal relation and vertical relations of the regional system are tangled. For example, on top of the several cooperation mechanisms across regions between ASEAN and SAARC, we should add the layers of East Asia and Asia-Pacific as meta-level region of ASEAN, and the layers of Mekong and Indochina as its sub-regions (there are meta- and sub-region for SAARC, too). Furthermore, one may argue that BIMSTEC and IORA may constitute the relation of meta- and sub-regions, which may compete with each other. The bottom line is that the EU is too unique for both regionalism and inter-regionalism studies, and we should regard inter-regionalism as a means of cooperation across two regions. Extra-, cross-, trans-, and pan-regionalism play some roles outside Europe. Because of the dynamism between several cooperation mechanisms across regions, which may be complementary or substitutes, actual relations between regions outside Europe are much more complex than European experiences.

### Appendix 1: Evolution of Various Across-regional Institutions

	SAARC	ASEAN-SAARC	ASEAN-India	India-Singapore	BIMSTEC	IORA
1992			Sectoral partner			
1993	7th Summit SAPTA signed					
1995	8th Summit SAPTA in force		Full partner			
1996			ARF member			
1997	9th Summit				BIST-EC established	First meeting
1998	10th Summit	ASEAN-SAARC Ministerial			Idea on FTA at Retreat	
1999		ASEAN-SAARC Ministerial				Secretariat
2000					BIMSTEC FTA proposed	
2001		ASEAN-SAARC Ministerial				IORA PTA proposed
2002	11th Summit	Trade cooperation agreed	Summit			
2003		ASEAN-SAARC DGs meeting	FA signed	FTA negotiation launched (goods and services)		
2004	12th Summit SAFTA signed	AFTA-SAFTA linkage proposed	Goods negotiation started		Summit; FA signed	
2005	13th Summit		Services negotiation started	FTA signed (goods and services)		
2006	SAFTA in force	Work plan updated				
2007	14th Summit	2008/9 work plan				
2008						
2009			Goods Agreement signed			
2014			Services Agreement signed			

Source: Authors' compilation

## Appendix 2: Evolution of Various Across-regional Institutions

	SACU/SADC	Mercosur-SACU/SADC	Mercosur-South Africa	Brazil-South Africa	ZPCAS	Africa-South America
1986					ZPCAS Established, Sec-Brasilia	
1988					Ministerial	
1990					Ministerial	
1992					Ministerial	
1994					Ministerial	
1996					Ministerial	
1998					Ministerial	
2000	SADC Protocol on trade signed	Mercosur-SADC PTA neg launched and suspended	Framework Agreement between MER and SA signed	Joint Commission Agreement	Ministerial postponed	
2002	New SACU Agreement	Mercosur-SACU neg launched	Absorbed into MER-SACU			
2003						
2004		Mercosur-SACU PTA signed w/o ratification				
2005						
2006						1st Summit
2007					Ministerial revitalized	
2008	SADC FTA established	Improved Mercosur-SACU PTA signed by Mercosur side				
2009		Improved Mercosur-SACU PTA signed by SACU side			Ministerial postponed	2nd summit held
2010					Round table by Brazil	
2011					Ministerial postponed	3rd Summit postponed
2012						3rd Summit postponed
2013					Ministerial	3rd Summit held
2014						
2015					Ministerial postponed	Seminar by Brazil
2016		PTA in force				4th Summit postponed
2017						
2018						

Source: Authors' compilation

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