

# Regional Economic Cooperation: Lessons for CAREC from the Rest of the World



Johannes Linn and Oksana Pidufala

CAREC Special Adviser and Senior Research Assistant  
The Wolfensohn Center for Development at Brookings

CAREC Senior Officials Meeting

Manila, 9 September, 2007



The views expressed in this presentation are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.



## A preliminary review of experience

- Focus: organized regional cooperation initiatives among sovereign states
- Country coverage:
  - Central Asia
  - Asia
  - Europe
  - Latin America

3



## Typology of regional organizations

- Focus
  - Regional integration
  - Other
- Function
  - Security
  - Political
  - Trade
  - Infrastructure
  - Socio-economic
  - Comprehensive
- Form of organization
  - Formal, treaty based v. informal program
  - Financial institution
  - Summit, ministerial or senior official level
- Modalities
  - Advisory
  - Regulatory
  - Financing
  - Arbitration/enforcement

4



## Some examples – Central Asia

	Integra-tion	Secur-ity	Trade	Infra-Struct.	Socio-economi-c	Form of organiztn	Level	Modality	Enforce-ment
CAREC	✓		✓	✓	(✓)	Informal	Ministerial	Adv./fin./reg.	
SCO	(✓)	✓	(✓)	(✓)	(✓)	Treaty	Summit	Adv./reg.)	
EurasEC	✓		✓	✓		Treaty	Summit	Adv./reg.	
EDB	(✓)			✓		Treaty	Senior Off.	Financing	
ECO	✓		✓	(✓)		Treaty	Ministerial	Adv./reg.	
SPECA	✓		✓	✓	✓	Informal	Senior Off.	Adv./fin.)	

5



## Some examples – rest of world

	Integra-tion	Secur-ity	Trade	Infra-Struct.	Socio-economi-c	Form of Organiz..	Level	Modality	Enforce-ment
GMS	✓		✓	✓	(✓)	Informal	Summit/ Ministerial	Adv./fin./reg.	
MRC	✓			Water	Environm	Informal (?)	Ministerial (?)	Adv./fin./reg.	
ASEAN	✓	(✓)	✓	✓		Treaty	Summit	Adv./reg.	
EU	✓	✓	✓	✓	✓	Treaty	Summit	Adv./fin./reg.	✓
Stab. Pact	✓		✓	✓	✓	Informal	Ministerial	Adv./fin./reg.	
IIRSA	✓			✓		Informal	Senior Off.	Adv./fin.	
MERCO SUR	✓		✓			Treaty	Ministerial	Adv./fin./reg.	
CAF	✓			✓		Treaty	Senior Off.	Financing	

6



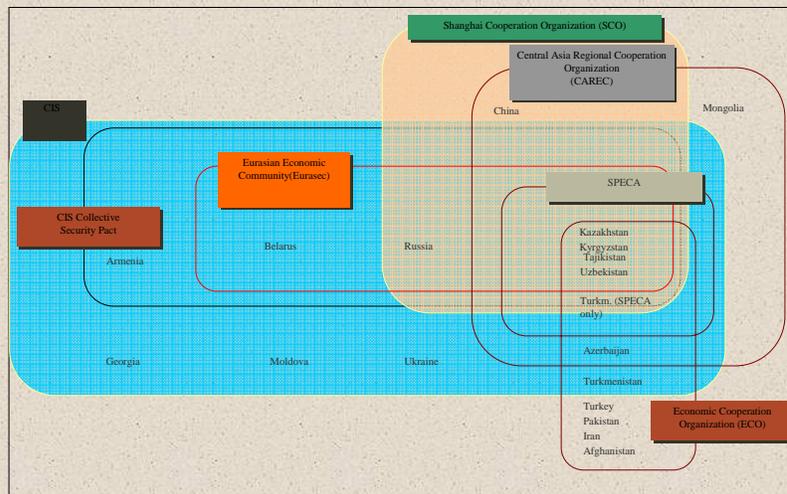
## Lessons

- Spaghetti Bowl Effect: need for
  - Consolidation (EU, CACO)
  - Division of labor (GMS/MRC)
  - Close collaboration (EU, Stability Pact for SEE)
  - Information sharing (Stability Pact for SEE)
- Weak implementation: need for
  - Shared interests (EU, GMS)
  - Financing (EU, CAF, GMS)
  - Arbitration/enforcement (only EU)
  - Link national and regional strategies (only EU?)

7



## Central Asia Spaghetti Bowl



8



## Lessons (continued)

- Incremental, gradual, flexible implementation: need for
  - Patience (“petit pas, grands effets” – Jean Monet)
  - Clear, realistic intermediate targets (EU, GMS)
  - Letting some countries go ahead, others follow (EU, MERCOSUR)
- Leadership: need for
  - Lead countries ready to cooperate/compromise (EU)
  - Visionary, effective organizational leadership (CAF)

9



## Lessons (continued)

- Membership: need to
  - keep it manageable, flexible, open-ended (GMS)
  - 5-10 seems a good range (EU, GMS)
- Links to non-governmental networks: need to
  - Involve, strengthen non-governmental networks (Stability Pact)

10



## Lessons (continued)

- Trade and transport: need to
  - Develop corridors (GMS, EU-TEN, IIRSA)
  - Stress trade facilitation (Stability Pact)
  - Go for WTO membership (CARs are the exception)
- Water and energy – these can be very difficult: need to
  - Recognize potentially competing interests
  - Build mutual trust and work on win-win solutions (MRC, Nile River, Indus River Program)

11



## Where does CAREC fit in?

- Comparable to GMS, Stability Pact for SEE, IIRSA
- Strengths:
  - Informal
  - Focused on key areas
  - Flexible
  - Track record of country interest and engagement
  - MI technical inputs and financing
  - Clear action plan and focus on sectoral strategies
- Limitations
  - Informal, lacks treaty basis, limited organizational capacity
  - Not at summit level, not yet visible, well known
  - Overlap, weak links with other reg. organizations
  - Weak links between national and regional plans
  - No enforcement/ arbitration mechanisms
  - Key players are missing
  - Ownership/leadership in region still unsettled

12

