Sub-regionalism and International River Basins

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Evaluating the Integration of the Mekong and Danube

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This work is dedicated to the memory of Dr Surin Pitsuwan, and great appreciation for offering inspiration is also given to Mr Kasit Piromya.

CONTENTS

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ARBTER Roland; BUSEK Erhard, BUSINI Giuseppe, DE MARTIN Peter, DOLLAYA Panthanont, HIDEKI Iwasaki, KANIT Sangsubhan, KASIT Piromya, KAVI Chongkittavorn, KRAUCHENBERG Georg, LANGER Peter, NIYOM Vairatchapanich, MARCO Onida, PIYANUCH Wuttisorn, SARANYU Viriyavejakul, SCHICKER Rudolf, RIEDEL Arno, SCHWETZ Otto, SURIN Pittsuwan, WUTTIDECH Chamnikij.

ABBREVIATIONS

ACMECS	Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AEC	ASEAN Economic Community
ARGE	Arbeitsgemeinschaft Donauländer
ASEAN	Association of Southeast Asian Nation
CBTA	Cross Border Transport Facilitation Agreement
CLMV	Cambodia, Laos, Myanmar, Vietnam
CoDCR	Council of the Danube Cities and Regions
DCP	Danube Cooperation Process
DCSF	Danube Civil Society Forum
EEC	Eastern Economic Corridor
EU	European Union
EUSDR	European Strategy for the Danube Region
EWEC	East-West Economic Corridor
FDI	Foreign Direct Investment (check the first use)
FRETA	GMS Freight Transport Association
GMS	Greater Mekong Subregion
GT	Growth Triangle
IAI	Initiative for ASEAN Integration
IRB	International River Basin
LMC	Lancang Mekong Cooperation
MRC	Mekong River Commission
NC	National Coordinator
NEDA	Neighbouring Countries Economic Development Cooperation Agency
NESDB	National Economic and Social Development Broad
NESDP	National Economic Social Development Plan
NGOs	Non-governmental organisations NSEC North-South Economic Corridor
PA	Priority Area
PACs	Priority Area Coordinators
RIF	Regional Investment Fund
RIF-IP	Regional Implementation Plan
SEC	Southern Economic Corridor

SF-I	Strategic Framework One
SF-II	Strategic Framework Two
SEZ	Special Economic Zone
TFWG	Trade Facilitation Working Group
WGFs	Working Groups and Forums

PART I –

THEORETICAL OUTLINE

CHAPTER 1

INTRODUCTION

The continued relevance of regions in international politics can be seen in the enduring academic research and political practitioners' interest in the region as a political, economic and social concept. This book focuses on investigating the origins and dynamics of sub-regional projects in the form of international river basins (IRB) in two different geographic settings, with one case study on the Danube River Basin in Central Europe, and the other centring on the Mekong River Basin in Southeast Asia. Contemporary regional integration projects are characterised by a complex matrix of regional and sub-regional integration processes, which stimulate academic discussions about the nature and features of such processes. Grundy-Warr, Peachey and Perry (2002) point out that sub-regional integration processes emerged in the 1990s as an alternative to regional-level integration processes, and Cottey (2009) identifies a number of critical roles sub-regionalism offers in the context of a mature regional integration project, as in the case of the European Union (EU) acting in a bridge-building role between European Union members and non-members, consequently offering a framework for tackling transnational policy challenges and political and institutional reform. Responding to the variety of regional and sub-regional integration processes, Stubbs and Solioz (2012) suggest that contemporary sub-regionalism can be described as 'open regionalism' consisting of 'multi-actor and multi-scalar processes producing a complex geometry of interlocking networks'.

This study recognises that different levels of regional integration processes, like regional and sub-regional, and the dynamics behind them need to be distinguished from each other. As such we diverge from Hook and Kearns' work (1999) that interprets sub-regional integration processes in the context of traditional state power considerations, in which the state supports sub-regional integration based on strategic state interests in the context of an anarchic international system. Conversely, we prefer to emphasise that sub-regional integration reflects challenges and demands from the local level in response to local underdevelopment. As such, proximity, geography, culture, and history are important elements for sub-regional integration

processes. This in turn generates a multiplicity of sub-regional integration dynamics as local interests are at the forefront in driving such dynamics and for contextualising space at the sub-regional level, which can be transnational in character when integrating adjunct spaces from different countries. In this regard it is also worth recalling Hurrell's assessment that regional cohesion does not arise from a grand political proposal but from an increase in local cooperation, which develops into an increasingly dense network of local relations, fostering the awareness of belonging (1995, 64).

Therefore, considering proximity as critical for sub-regional integration also supports the recognition that IRBs, characterised by a variety of significant proximities, provide another source for sub-regional integration dynamics. Consequently, we are following Söderbaum (2015, 22), who, from an academic perspective, identifies river basins as a viable context on which sub-regional integration projects can be based; from a praxis-oriented point of view, he notes that we can identify local support within IRBs and recognise them as a significant focus for sub-regional integration. It is also worthwhile pointing out that the EU Commission defines the Danube Region in functional terms, as a river basin and not in political terms (European Union Strategy for the Danube Region, 2010, 3), as does the Asian Development Bank (ADB) with regard to the Mekong River Basin. Doing so has added further value to recognising IRBs as a focal point for analysing sub-regional integration processes.

The term 'sub-region' refers to geographical-political spaces which are subsets of a larger regional space and dynamics. Among them are instances of structural changes within the international system, like the occurrence of systemic changes at the global level, which need to be taken into account, since they too can generate a strong impact on regional and sub-regional integration, generating either enabling or restricting opportunities. Consequently, one has to locate sub-regional integration processes in a variety of geographical and structural contexts; even though the local level is the focus for sub-regionalism, neither the regional nor the global level should be ignored, as both can contribute to or impede sub-regional integration processes. After all, the term 'sub-region' also implies the existence of the regional level, of which the sub-region is part, thus making us recognise that sub-regional integration processes take place in the context of a political-economic structural framework and not in isolation of either regional or global developments. A key example of the impact that system-related changes can generate on sub-regional integration dynamics is the cold war period, with the associated superpower competition and its demise, since it first restricted and then allowed for the emergence of regional and

sub-regional processes. Similarly, the emergence of economic globalisation introduced considerable change in the international system, and the impact was experienced at both the regional and sub-regional level. However, the external impact was not limited to system changes at the global level, as can be seen among regional level institutions, like the EU or the Association of Southeast Asian Nations (ASEAN), which wield great influence on sub-regional integration within the area they cover. In fact, we can identify some distinct differences in the development of sub-regionalism when comparing the European with the East Asian experience.

For example, Dent (2008) points out that sub-regional cooperation in East Asia is marked by a unique platform of cooperation, referred to as 'growth areas' or 'natural economic territories' engaged in economic cooperation in neighbouring areas within a given country or between different countries such as special economic zones (SEZs) or growth triangles (GTs). Tang and Thant (1998) demonstrate how East Asia's sub-regional cooperation is based on a low-cost, low-risk, localised and outward-oriented approach. This explanation recalls an assessment made in 1998 (Thant) that sub-regional integration conceptualises local economic space. However, it would be misleading to equate special economic zones or growth triangles with sub-regional integration processes, as their cooperation is both limited and shallow, although they did generate some of the positive economic effects at the local level sought by sub-regional integration processes. Sum (2001) argues that the post-cold war era and the effect created by an increasingly interconnected global economy supported a trend of sub-regional economic cooperation in Southeast Asia, based on local economic zones and transnational infrastructure development (Sum, 2001, 30). Yet East Asia's successful experience with SEZs and GTs does not account for the entirety of early experiences of sub-regional, locally based integration processes.

Europe too can offer examples of local cooperation and the interaction of the regional level on sub-regional integration processes. In considering the mature institutional framework provided by the EU at the regional level, Manoli (2012) characterises the EU as an external centre of power in which sub-regional integration is embedded into broader regional processes. Dwan (2000) also contends that EU sub-regionalism also supported the EU project, at the regional level, and the enlargement processes within a particular geographic context by increasing the linkages between specific EU borderland areas with non-member states.

Here we are reminded of the existing interlinkages between the sub-region and region with global developments. As for the sub-regional and regional interlinkage, we can see an often-overlapping membership of sub-regional and regional integration processes, as countries and their sub-units participate in both processes. Even where such a linkage exists, sub-regional integration is primarily a local undertaking, which requires national political and economic backing in various forms, including political decision-making capacity (for agreeing on national or international agreements) or the ability to finance local and occasionally transnational infrastructure investment. For these reasons, additional support from the national or the regional level is often required and sought within the context of a sub-regional integration process. This in turn offers external actors in the sub-region a role to play within a particular sub-regional process. Both of the case studies selected for this book will offer evidence to support such considerations.

It should further be stated that regional integration projects are not generally interpreted as stable constellations, but as processes, as projects in the making and consequently not based on a single act, but on a mode of continuation, and with it the possibility of discontinuity also exists. When considering the variety of contemporary regional integration processes, it is worth recalling Fawcett's (1995, 10) assessment, that since there are no naturally determined regions, there does not exist a single explanation for classifying regional integration processes. This can also be applied to contemporary processes of sub-regionalism despite having a strong local development focus, it also represents a response to regional and even global economic challenges and is an attempt to 're-place' a particular local area in the context of increasingly global economic competition.

1.1 The case studies

This research focuses on investigating the origins and dynamics of sub-regional phenomena in two different geopolitical settings, one located in Central and Eastern Europe, while the other is located in Southeast Asia.

1.1.1 The Danube River Basin

The Danube River Basin stretches 2,800 kilometres from southern Germany to the Black Sea, comprising a diverse set of people, and is home to a populace of 115 million. Countries within the Danube River Basin include Germany, Austria, the Czech Republic, Slovakia, Hungary, Croatia, Serbia,

Romania and Bulgaria. It covers a fifth of the surface of the European Union and is the most recognised IRB globally.

On its west-east range, the Danube connects Western, Central and Eastern Europe and with it a diversity of people living along its banks. Various parts were separated during different historical periods, since the Danube basin was the focus of great-power politics over millennia; like during the cold war period the upper section was separated from parts of the middle and lower sections. Even so, people living along its banks still shared a common bond within the Danube basin, not least because they were exposed to the river and its power in good and bad times. Yet a comparable sentiment of belonging between different sections of the Danube basin also existed based on historical population movements, like that of the Danube Swabians, a German-speaking population who re-settled from the upper section of the Danube toward the middle section during the Middle Ages.

However, because of the political-economic separation during the cold war, the people along the Danube basin were confronted with a huge disparity in economic development and personal life experiences when the separation ended as the political-ideological conflict came to an end in the late 1980s. Confronting this challenge still forms one of the fundamental task at the sub-regional level for the Danube basin and for sub-regional cooperation. Yet, at the same time, this development challenge also provides additional motivation for sub-regional cooperation at the local level and within the sub-regional context. Nonetheless, especially in the case of the Danube River Basin, we can observe a 'perception of belonging' among the people living within the basin that provides support for basin-wide projects and compelling motivation for local actors, such as the former governor of the province of Lower Austria, Siegfried Ludwig, who promoted a sub-regional integration dynamic prior to the end of the cold war and within the context of the division that this confrontation represented to the Danube basin.

With the end of the artificial separation of the Danube basin into two different spheres of influence, there was an expectation from the less-developed areas within the middle and lower section of the basin that development support from the more developed areas within the upper section of the Danube, particularly German and Austrian provinces, would be provided. This in turn facilitated support for city-to-city cooperation within the Danube basin, adding another layer of local support for sub-regional cooperation. What is more, with the recent enlargement of the EU membership, almost all of the Danube became an internal river of the EU further increasing its relevance as one of the most important waterways of

Europe. In combination with the Rhein-Main-Donau canal, the Danube is the only European waterway that connects the Atlantic with the Black Sea. Moreover, the Danube has a long history as a trade artery and as a source of water for industrial, agricultural and municipal purposes, as well as providing recreational, tourist and social values and links among the countries that it flows through.

With the end of the cold war separation and with the EU enlargement in recent years, a formal sub-regional integration process emerged gradually at the EU level: the European Strategy for the Danube Region (EUSDR). The point of interest here is to what extent the EUSDR was born out of EU-centred interests, from within Brussels, or based on the activities of local actors within the Danube basin who lobbied national governments for a particular Danube strategy at the EU level. Although providing a strategic framework for action and for project selection, the EUSDR has a rather fragile formal structure but a clear focus on supporting socio-economic development, and on overcoming the huge development gap that endures within the Danube basin. EUSDR also focuses on the integration of local voices, including the local business community and local civil-society groups, in sub-regional planning.

1.1.2 The Mekong River Basin

The Mekong is one of the most important rivers in Asia. The Mekong River Basin stretches from the high-altitude plains of China's Qinghai province to its delta in southern Vietnam, covering a length of 4,350 km, comprising approximately 2.6 million square kilometres, with a combined population of around 329 million people and inheriting a diversity of different cultural heritages, spawning an extensive IRB. The Mekong flows through six states, namely China, Myanmar, Laos, Thailand, Cambodia and Vietnam, before reaching the South China Sea. The Mekong provides water for crops, livestock, fisheries and forests and for transporting goods and people. Consequently, there is a desire among many residents to form a strong connectivity among the people living within the Mekong's basin, since they depend on the river network for their livelihood. The case of the Tongle Sap, Cambodia's huge inland sea, demonstrates this dependency, as it also represents an important agricultural area for Cambodia, or the Mekong Delta in southern Vietnam, which faces saltwater incursion and continues to rely on the Mekong to support its continuing existence.

As in the case of the Danube, the Mekong's IRB was a focal point in which the cold war ideological divisions and rivalry played out, but also an area in

which the so-called 'cold war' occasionally transformed into a hot war, with the Vietnam War as the most prominent and destructive example. Even though this war ended in the early 1970s, it was not before the end of the global cold war era that a sub-regional cooperation dynamic could begin to take place. And the impetus came from outside the sub-region, through the ADB via the newly founded Greater Mekong Subregion (GMS) process. The GMS was initiated in 1992 by the six states along the Mekong with support of the ADB. The GMS focuses mainly on economic and infrastructure development, including trade facilitation and investment support, thus aiding collaborative efforts supporting a sub-regional integration dynamic. The countries within the Mekong basin were eager to participate in the GMS process, as doing so offered the promise of generating economic growth and hence development throughout the sub-region. Indeed, the early 1990s heralded a peaceful and stable period for the Mekong basin, not seen for a long period in its history, offering the countries within the Mekong basin the opportunity of development. Since the birth of this initiative, the Mekong River Basin has become a new symbol for sub-regional integration dynamic.

1.2 Conclusion

When comparing both sub-regional integration processes, we can identify a number of characteristics associated with sub-regional integration, including connectivity, and the belief that local and sub-regional cooperation will contribute to economic development. Both IRBs also offer a clear indication of the extended geographic space and the variety of countries and peoples an IRB can include. Moreover, the sub-regional integration process within the Mekong basin differs in that a considerable input was provided from the ADB, an actor that is external to the sub-region.

In selecting these two case studies, we can investigate sub-regional integration dynamics within different regional settings, from the EU and ASEAN regions, which may highlight both similarities and differences in each sub-regional integration process. In this regard, we are endorsing Acharya's (2016) position in rejecting the application of a specific model or experience, like the 'European Model', for investigating regional and sub-regional integration processes, as doing so would ignore the specific factors underlining each integration process. After all, the expectation is that we will not identify uniformity when evaluating different sub-regional integration processes as the challenges associated may differ and the respective sub-regions are located within disparate regional settings.

Therefore, the analytical challenge of identifying an IRB as a distinctive source for regional integration projects is not only of relevance from an abstract academic assessment but from a practical political perspective as well, as sub-regional integration processes are distinguishable from their integration dynamics, which are informed by the wider regional and structural environment within which regional integration processes occur.

For instance, both IRBs are confronted by development challenges, even though the Danube's IRB is characterised by a higher level of development than is the case with the Mekong's IRB. In both cases, a strong demand for generating development and overcoming disparity in economic and social terms represent a particular objective, which in turn supports sub-regional integration dynamic in both cases, as cooperation at the local and sub-regional level will offer economic development gains. Indeed, our position is that we are able to identify specific factors and conditions that are related to specific cases of sub-regional integration processes, since they do not occur in isolation from political, economic or social developments. Consequently, they cannot be explained without taking into consideration both specific local aspects and the regional and global structural environment. Analysis of these features will offer insight into the respective sub-regional integration processes, without ignoring forces at either the regional or global level.

CHAPTER 2

UNDERSTANDING REGIONALISM

In order to identify the conceptual background of the various approaches to regional and sub-regional integration, we will firstly examine the evolution of describing regional integration processes, with the purpose of contextualising those discussions and examining the differences between what was depicted as 'old' and 'new' regionalism and how to describe contemporary sub-regionalism. We will start with some principal reflections on regional integration processes.

2.1 Regional integration processes and the structural environment

Regional integration dynamics can be best described as a process of contextualising space. In most cases, regional integration processes are fuelled by economic considerations in the context of geographic proximity, though it should not be ignored that identity-based compassion for supporting regional integration dynamics also exists. We also have to be aware that regional integration processes occur in the context of various political and government levels. Scott (1998, 48), for example, differentiates between global, international, state and sub-national regions, while Söderbaum (2005, 91-92), identifies a three-level characterisation, differentiating between macro-regions, which are world regions (large territorial units), sub-regions (comprising a smaller number of states), and micro-regions (within nation states). To avoid any misunderstanding, the term 'sub-region', as applied in this book, refers to what Söderbaum describes as micro-regions but with the added characteristic that, on occasion, local cooperation can be trans-national. Another critical aspect is that neither regional nor sub-regional integration processes occur in a political, economic or social vacuum, but in the double embeddedness of an international and national structural environment. Consequently, the characteristics of the international system at a particular historical period and the related dynamics of continuity or change associated with it are of

relevance for the dynamics of regional and sub-regional integration processes, as is the character of the global economy and related changes.

The cold war is illustrative here as it inspired global super-power competition that formed a geopolitical power system that dominated virtually all aspects of international affairs and, with it, a considerable array of domestic political-economic aspects, as well. As a consequence, regional integration dynamics were limited to some exceptional cases – the evolving process of European integration, for instance – though this integration process was restricted to Western Europe because of the cold war divisions within Europe. Another example of an early regional integration process, though rather more loosely organised, is ASEAN. Here, too, the cold war rivalry generated a fundamental division between countries in Southeast Asia. As was the case in Europe, the end of the cold war period also led to a systemic transformation at the regional level, opening space for regional and sub-regional integration processes. Tela (2014) and Fawcett (2004) support a widely shared assumption that the end of the cold war strengthened the tendency towards a plurality of international actors. Fawcett and Hurrell (1995) also point out that, with the end of the cold war period, the scope and diversity of regionalist projects grew significantly.

With regard to fundamental changes within the international system, we should recall that, in addition to the end of the cold war era, another principal change took place that transformed the international and global outlook and operation of the world economy. Globalisation, the other fundamental contemporary systemic chaFnge at the international level, instigated another recognisable impact on regional integration dynamics by increasing the relevance of international production networks and intensifying global economic competition. This contributed to regional integration processes at various levels, not least at the sub-regional level, since localities could re-position themselves within an increasingly global economy by offering comparative advantages to economic actors. Scholte (2005) stresses that globalisation led to a change of human geography and space, transforming and re-positioning state power, though, at the same time, this did not make state power obsolete, as earlier proponents of the globalisation thesis claimed would happen (for example, Ohmae (1995)). Not only do states still constrain regional integration processes at various levels, but indeed, as Park (2017) points out, the state is still at the centre in governing social relations, consequently generating a territorial spatiality which is politically organised.

This observation is also relevant with regard to sub-regional integration processes. We can observe a seemingly contradictory process of concurrent economic globalisation and regional integration processes. Indeed, Breslin and Hook emphasise that the dynamics of regional integrational processes at various levels should not be interpreted as forces opposing globalisation, but as an expression of the multidimensional nature of regionalism (Breslin and Hook, 2002, 2-3). Taken together, we can identify different structural changes at the global level that contribute to an ongoing process of territorial contextualisation and that, in turn, generate an impact on regional integration processes at different levels.

As mentioned before, potential sources for generating regional or sub-regional integration dynamics, based on cultural, historical or linguistic heritage, should not be ignored, as they underline several political conflict lines; for example, the contemporary political controversies within Spain, with regard to the status of Catalonia, are a timely reminder. Adler (1997) describes regional/sub-regional integration projects based on linguistic heritage as 'cognitive regions'. Therefore, such disputes, like that between Catalonia and Spain, are example par excellence of the significance of the concept of 'cognitive regions'. We would like to point out that even in such cases, economic considerations, like the sharing of economic profits and the distribution of the economic burden between the central government and regional entities, continue to be an important political concern. Indeed, the issues underlying calls for greater local independence from a central state are most often based on economic considerations, such as the distribution of economic wealth.

We are reminded that the contextualisation of space does not follow a single trajectory but, rather, is characterised by a wide variety of structural aspects at the local, regional and global level, which are based largely on the perception of offering additional local economic and infrastructure development, on demands for sharing economic wealth, and on cultural and linguistic affiliations. Thus, the constructive dynamic of regional/sub-regional integration become apparent. After all, local concerns, as a driver for a sub-regional or micro-regional integration process, do not exist in a political and economic vacuum, but are articulated in the context of an established structural framework with a particular political and economic governance structure, characterised by the state. Sub- and micro-regionalist integration processes, which are expressions of conceptualised space, consequently re-contextualise national space through their integration dynamics, even though this is not always formalised through a strong formal integration framework, comparable to regional-level agreements like that of

the EU or ASEAN. Within academic writing and analysis, a distinction is made between what is described as 'old' regionalism and 'new' regionalism.

2.2 'Old' regionalism versus 'new' regionalism

Traditionally, regionalism and regional integration processes have been associated with international relations and state-level strategies. Indeed, as pointed out by Hurrell (1995), the interests and specific strategies of regionally and globally influential states have been the focus when evaluating regional integration processes, based on the argument that they have the political and economic power that could either promote or hinder regional cooperation and integration. Keohane and Nye (1977, 49-54) for example, emphasise the state power argument, since political and economic power are required to support and maintain a structural, rules-based relationship between states, which represents a kind of pre-condition for formal regional integration processes and the development of regional institutions. Therefore, it was from this state-focused interpretation that regional integration processes were interpreted, as pointed out by Christiansen (2001, 200), since major power strategies of strong states were perceived to be the most important.

Therefore, from a historical perspective, regional integration processes were identified as state-led projects, and from this perspective, the so-called old regionalism was characterised by a state-focused and power-focused interpretation of regional integration processes. Yet such a characterisation no longer offers a satisfactory interpretation for contemporary regional integration processes originating in the aftermath of the cold war area, as those processes have become more complex and diverse. It is worth recalling that the old regionalism that emerged during the cold war period was considered a regional association that involved the state and was based on top-down, national-level decision-making. This top-down policy-making occurred in the context of the bi-polar international system of the cold war period, whereas new regionalism was initiated in the context of a multi-polar international system which took shape in the aftermath of the cold war era and involved different forms of collaboration, based on processes widely characterised as bottom-up, originating from the local level, from within a sub-regional context. Consequently, whereas old regionalism focused on state and external hegemonic power relations, new regionalism reflected local and sub-regional dynamics associated with the opening up of political space in the aftermath of the cold war and within the

context of a global market economy. As a result, the political-economic structural framework for regional cooperation changed considerably, and regional and sub-regional integration in the aftermath of the cold war has been driven largely by economic regionalism.

Within this context, differentiation of regional integration processes occurred based on the involved actors in specific regional integration projects; therefore, it is instructive to distinguish between the state and non-state actors who support a particular regional integration process. A distinction has also been made between regionalism and regionalisation, Breslin and Hook (2002, 4) contend that regionalism can be characterised as a 'top-down' process, conscious and methodical attempts undertaken by states to create formal mechanisms for governing transnational issues, while regionalisation refers to an integration dynamic based on the actions of a number of different actors at the local level, mostly within the economy, described as a 'bottom-up' process. Hettne et al. (2002, 34) apply a similar approach, stating that regionalism is generally associated with a deliberate strategy towards formal institution building, while regionalisation stands for a process dynamic based on patterns of cooperation and integration within a particular cross-national space. Such a differentiation between regionalism and regionalisation also underlines the distinctions made between old and new regionalism.

Consequently, identifying a new approach for understanding and explaining contemporary regional integration strategies became a necessity. As claimed by Schulz et al. (2001, 2), mainstream integration theory is no longer able to combine the multi-dimensionality and pluralism of contemporary regionalism. Hettne et al. (2002) also assert that contemporary regionalism is more comprehensive and multidimensional in its outlook and less based on formal state-to-state arrangements than were earlier forms of regional cooperation and integration. So over time, the concept of new regionalism developed, which has more in common with earlier descriptions of regionalisation. From a conceptual point of view, the starting point for an alternative explanation of contemporary regional integration processes can be traced to the research undertaken in the late 1990s by Hettne, Inotai and Sunkel, with the introduction of the concept of new regionalism for analysing regional integration processes in a global, multilevel and multi-dimensional perspective. They also included cross-border economic trade and interdependencies in their analysis of regional cooperation. From there, the 'new regional approach' emerged, highlighting the close relationship between economic and political regionalism. This approach focuses on multiple forms of economic activities and mutual interactions, such as the

flow of capital and the political decision-making process, which includes various layers of both the domestic and international sphere. Moreover, it also includes an emphasis on the central features of a region or sub-region, such as the infrastructure that facilitates economic transactions. Comparing old and new regionalism involves comparing different system-level structures and processes of political decisions, within the context of domestic political and social structures. In the view of Hook and Kearns (1999, 257), new regionalism offers a suitable analytical tool for evaluating contemporary regional integration dynamics.

A general characteristic of new regionalism is that it is generated 'from below' the national level, instead of 'from above', which was the case with old regionalism. Therefore, a common differentiation between old and new regionalism is to distinguish between 'top-down' and 'bottom-up' integration processes. The explanation then moved on from a conscious, state-led project of powerful states to a rather more spontaneous project below the national level. Such a description of new regionalism is quite compatible with the contemporary world economy, characterised by mutual dependence and increasing economic liberalisation. Mansfield and Milner (1997, 3-4) state that, when we reflect on the increasing trend of regionalism in the 1990s, the relationship between the economic structure and the political decision-making process increasingly underlies regional integration processes, thus indicating a change from the earlier context of power politics, which was the case within old regionalism. Hettne (1998, 201), for example, interprets the emergence and dynamics of new regionalism as a response to market mobilisation and the process of globalisation, and the economic, social and political challenges associated with it. Correspondingly, Söderbaum (2005, 16) argues that the focus of new regionalism is on the systematic management of relations in an open world economy, to support the advancement of economic integration, such as preferential trade and free trade areas, customs unions and common markets. International economic interaction, like investment and trade, tends to increase considerably and leads to a re-evaluation of the relationship between state and market. As pointed out by Söderbaum (2005, 9), the market became a driving force, making states reconsider regional and sub-regional integration in terms of economic regionalism to support economic growth. Such incentives for promoting regional cooperation can be transnational in character, as well, to reduce the cost of cross-border trade and production. It should further be mentioned that new regionalism is less concerned with formal integration processes and alliance building, but more with responding to the multi-dimensional challenges of a global economy.

New regionalism, like sub-regionalism, has been directed towards local governance systems, socio-economic assets, and sharing specific problems that can be managed through a decentralised, holistic approach. This is a position supported by Chen (2000), who argues that sub-regional processes are not highly formal or institutionalised, as they are often locally oriented, though they can include transnational space. Another point worth recognising is that new regionalism and sub-regionalism also promote political-economic processes for empowering local actors, creating connectivity between them, bringing new interests to the regional agenda, and facilitating the creation of new capabilities and innovative initiatives.

2.3 Contemporary sub-regionalism: new regionalism further refined

To begin with, contemporary sub-regionalism has much in common with new regionalism."Both are multifaceted and diverse and form a response to both the process of increasing economic globalisation and the need to deal with economic underdevelopment. However, sub-regional integration processes take place below the national level and are concerned with local development. In addition, within sub-regionalism there is a strong emphasis on cooperation, as an alternative to a formal alliance system; as such, sub-regionalism is based on less formal structures than old regionalism is.

Based on their research, Hook and Kearns (1999) identified sub-regional cooperation as below the ‘normal’, ‘formal’ and ‘usual’ framework of region-building processes. Manoli (2012) defines sub-regionalism as a process of regularised but significant political and economic interaction between a group of neighbouring states, but with the interaction taking place at different levels, including national governments and local authorities, as well as private businesses and civil society actors, with a focus on policy coordination. Although sub-regional integration processes are local experiences, they still can be transnational in character. Cottey’s (2009) definition of sub-regionalism states that it describes a process for responding to transnational policy challenges and in addressing specific demands, related to economic, environmental, borders and customs, energy or infrastructure issues, or in supporting tourism and culture at the local level. Likewise, Bremmer and Bailes (1998, 131) note that sub-regionalism focuses on economic development, transnational planning for infrastructure and transport, environmental problems and natural resource management, and facilitating human contacts, especially in the field of tourism, culture