

## Reflection No. 1:

### Regional Integration – Research Questions and Knowledge Sharing

*6 February 2004*

**Purpose.** The purpose of this INTEGRATION-sponsored meeting was to bring together individuals from different areas across the ILO Office to brainstorm on what questions should be considered as the ILO draws its attention to the phenomenon of regional integration (RI). This is part of a two-month “reflection” that will involve field colleagues. The initial focus is on:

#### **What questions do we need to answer as the basis for providing sound policy advice?**

**What is being addressed?** An important starting point for this discussion is to ask what, in fact, is regional integration. The term is used loosely to encompass anything from a Regional Trade Area to much more extensive forms of economic integration, distinguished by the objectives of the underlying treaty, the depth and breadth of integration as well as geographical scope. Thus RI is not a single concept but often has quite divergent political, economic and social justifications and objectives. Consequently, research questions may differ depending on the type of integration agreement concerned. In fact, a comparison of these different agreements can stimulate the very questions one might ask on this topic. In the current Programme and Budget, several Regions have highlighted work relating to regional integration as a priority for the Office. (Anne Trebilcock)

**Preliminary comments.** Gijsbert van Liemt (invited participant) raised the point that in assessing the social impacts of RI, one can find both positive and negative effects – as a result of trade there are both winners and losers. If you look at the net effects on employment for example, there may not be much difference, but often gross losses within a country can be dramatic. The difficulty, however, in such assessments is that there is analytically no limit to considering the social effects of RI. Whatever the effects, Gijsbert asked whether there is reason to accelerate or to slow down the process of RI, and what, if any, might be the optimal speed of integration.

Gijsbert pointed out that the scope of the social dimension within an RI arrangement depends on the scope of economic integration. But an important question to ask is: who are the actors pushing this social agenda? And also: what elements of the social dimension are being developed? Gijsbert suggested that the ILO is an important mechanism for facilitating the social dimension within RI yet it is critical to consider what the role of the different levels within the RI framework would be (e.g. national vs. regional).

Before those in attendance were asked to offer their questions on RI, Werner Sengenberger (invited participant) added some additional comments. He recalled the ILO’s traditional reluctance to be engaged at the regional level rather than focussing on universal standards. However, a new rationale for regional involvement has developed in part because of the recent collapse in multilateral trade talks and the emergence of more bilateral, regional and interregional agreements. As well, regional disparities and inequalities are increasing. He added that there is a

growing recognition that ILO constituents are contemplating models of regional integration and that there is an increased need for knowledge about such arrangements and their effects.

Werner concluded by pondering the link between RI and global integration. Might it result in an increased patchwork of standards or might it result in more unification? Put another way, does RI encourage fragmentation or does it promote convergence?

### **Research questions identified by participants**

The following is a list of questions that participants raised which might be the focus of research on regional integration by various units. The questions have been organized thematically and in a few cases somewhat reformulated for added clarity.

The bracketed numbers that appear in the list indicate the number of votes given by the participants in response to the question: What is the most important issue to address on this topic in the next biennium? *(If any of the following mischaracterizes the questions as stated during the discussion, please do not hesitate to send your corrections.)*

#### Introductory – General Background

1. The scope for including a social dimension is not unrelated to the depth of integration envisaged. But how strong is this link? (1)
2. Do agreements between countries at widely different levels of development need special arrangements? (2)
3. How can the regional constituents (workers' and employers' organizations) be best prepared for the implications of regional integration?
4. Which labour and social issues are dealt with better at the regional or sub-regional level than at the national level? (1)
5. What is the link between regional integration and global integration (fragmentation or convergence)? (2)
6. What is the appropriate methodology to assess the impact of regional integration arrangements?
7. Is 'freedom of movement' a component of regional integration? If so why if not why not?
8. What data are currently available on regional integration to help inform policy makers in this area? (2)
9. What are the strategies employed by social partners in the development of sound regional social policies?
10. How can small island nations benefit from regional integration?

#### Economic

11. What is the net and gross employment effect of regional integration?
12. To what extent is regional integration trade diverting or enhancing, and what are the implications of this for employment?
13. How can regional integration promote the domestic market along with wage-led growth? (1)
14. Does regional integration accelerate economic convergence and what are the factors and obstacles involved? (2)

15. What is the impact of subsidies on economic convergence?

#### Legal

16. What are the costs and benefits of introducing minimum labour standards within the context of regional integration?

17. How is labour law applied in the context of regional integration?

18. Does regional integration enable the promotion / harmonization of international labour standards or does it undermine universality?

19. Which basic ILO standards should be a part of regional integration? (1)

#### Structural / Institutional

20. What are appropriate mechanisms within RI to accelerate the development of Least Developed Countries?

21. What types of regional institutional arrangements have proven to support the integration between economic and social policy? What are the lessons from the ILO Regions?

22. What is the role of government development agencies with regard to regional integration?

#### Adjustment

23. Which adjustment strategies available to counterbalance the negative labour impacts of regional integration have proven particularly successful?

24. What sorts of compensatory mechanisms between States are helpful in regional integration?

25. Is there an optimal sequencing and time period for trade liberalization within a regional grouping?

**Next steps.** The catalogue of ILO sources on RI distributed at the meeting will be sent by email to solicit comments and corrections. This same document is being sent to the ILO Library staff to see if there are any other resources within the ILO that could be included.

This note is being circulated with field staff and others who could not attend for their feedback, suggestions and comments.

#### *Staff in Attendance:*

|                          |                 |
|--------------------------|-----------------|
| José Luis Daza           | IFP/DIALOGUE    |
| Maria-Luz Vega           | DECLARATION     |
| Alvaro Ramírez           | ACT/EMP         |
| Susan Hayter             | INTEGRATION/IPG |
| Richelle van Snellenberg | INFORM          |
| Laurel Dryden            | INFORM          |
| Rafael Diez de Medina    | INTEGRATION     |
| Bob Kylvoh               | ACTRAV          |
| Duncan Campbell          | EMP/STRAT       |
| Georges Minet            | IFP/DIALOGUE    |
| Chris Land-Kazlauskas    | ED/DIALOGUE     |

|                                 |                 |
|---------------------------------|-----------------|
| María Anzorreguy                | NORMES          |
| David Kucera                    | INTEGRATION/SDA |
| René Robert                     | INTEGRATION     |
| Catherine Vaillancourt-Laflamme | INTEGRATION     |
| Anne Trebilcock                 | INTEGRATION     |

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Note prepared by René Robert (9 Feb 2004)