

**REGIONALISATION OR GLOBALISATION?
TELECOMMUNICATION COOPERATION IN EUROPE***

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APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of South East Asian States
CEPT	European Conference of Postal and Telecommunications Administration
DSI	Detailed Spectrum Investigation
EC	European Commission
ECC	European Communications Committee
ECOWAS	Economic Community of West African States
ECTRA	European Committee for Telecommunications Regulatory Affairs
EEC	European Economic Community
ENF	European Numbering Forum
ERC	European Radio Communications Committee
ERO	European Radiocommunications Office
ETNO	European Telecommunications Network Operators
ETNS	European Telephony Numbering Space
ETO	European Telecommunications Office
ETSI	European Telecommunications Standards Institute
EU	European Union
EURATOM	European Atomic Energy Community
GATT	1947 General Agreement on Tariffs and Trade
ICAO	International Civil Aviation Organisation
IMF	International Monetary Fund
IMO	International Maritime Organisation
IP	Internet Protocol
ITU	International Telecommunication Union
MFN	most favoured nation
MoU	Memorandum of Understanding
NAFTA	North American Free Trade Association
OAS	Organisation of American States
OSS	One-Stop-Shopping
S-PCS	Satellite Personal Communication Systems
TC	Technical Committee
TETRA	Trans European Trunked Radio
UMTS	Universal Mobile Telecommunications Systems
UPU	Universal Postal Union
WTO	World Trade Organisation

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I. INTRODUCTION

After the Cold War, the world chose multilateral development over bilateral competition. Previously, industrialised states recognised the importance of collectivism and economic reciprocity while developing states used multinational cooperation to hasten industrialisation and protect their local economic systems. This was the international community's preferred policy on a solution for global peacekeeping and economic cooperation. As a result, global forums were created. For example, the aims of the United Nations included conflict resolution and the strengthening of dialogue and cooperation between regions and institutions designed specifically for regional cooperation. These have included APEC, ASEAN, ECOWAS, the EU, Mercosur¹ and NAFTA.

Today, telecommunication plays an important part in human society. The telephone, facsimile, Internet and satellite for example assists communication across borders while the globalisation process continues to develop impacting on the concept of territory by helping it shed some of its importance and character. Technical and legal issues have arisen calling for a satisfactory global or regional multilateral system to address cooperation in different areas including transportation, technology, trade and investment. At present several international institutions including the ITU play different roles in global telecommunication cooperation while regional institutions such as CEPT, ERC, ERO, ECTRA, ETO and ETSI actively promote telecommunication cooperation.

However, are there real differences between regional and international telecommunication institutions? Do they represent regionalism or globalism? Does regionalism contradict globalism? What impacts have regionalism and globalism made on telecommunication cooperation? Are regional telecommunication institutions capable of cooperating with international telecommunication institutions on global issues? Would this benefit future international cooperation? To answer these

¹ The 1991 Treaty of Asuncion created this regional common market/customs union for economic cooperation in South America between Argentina, Brazil, Paraguay and Uruguay. In 1996, it entered into association agreements with Chile and Bolivia to establish free trade areas. For more details see "The EU's relations with Mercosur" (updated March 2004) at <http://europa.eu.int/comm/external_relations/mercosur/intro/> (visited March 2004).

questions the European telecommunication cooperation models will be analysed.

II. REGIONALISM AND REGIONALISATION

(a) *Definitions*

What does *region* mean? Typically, it is a geographical reference often linked to a continent or part of it. However, such references may be imprecise and laden with economic, cultural and/or political distinctions.² Based on geographical location and political connection, there is usually at least one regional economic pact in a region. Examples are APEC and ASEAN (Asia-Pacific), ECOWAS (Africa), the EU (Europe), and NAFTA and Mercosur (the Americas).

The meaning of *regionalism* remains ambiguous and elusive, obscuring the modalities and implications of functional and institutional interaction. To clarify the notion, Andrew Hurrell divides it into five categories: (a) regionalisation; (b) regional awareness and identity; (c) regional interstate cooperation; (d) state-promoted regional integration; and (e) regional cohesion.³ He stresses the function of markets and private economic actors including transnational firms and regional business networks to establish higher levels of economic specialisation and interdependence within a geographical area. Trade and investment flows, international mergers and takeovers, and regional production alliances are deemed key indicators of regionalisation. Geographical location, culture and communication also have a crucial role in creating regional integration. Examples are the common cultural heritage in Europe and Latin America, and a common language in the Arab world. In some cases, regional integration has grown from extended bilateral relations such as trade agreements between the United States and Canada (NAFTA) and between Brazil and Argentina (Mercosur).

The change from bilateralism to regionalism has resulted in several overlapping bilateral agreements since they imply policy convergence

² Russett, "Global or regional: What can international organisations do?" in Toshio TT and anor (eds), *Globalism and Regionalism* (1997, United States University Press, Tokyo).

³ *Ibid.*

in various fields.⁴ However, geographical variations and resource distributions have caused regions to be unequal in their potential institutional formation and success. Although the EU has proven to be an example of successful regional integration⁵ this model may not necessarily be appropriate for other regions. In many cases, regional institutions are created amidst issues such as the opportunity to produce collective advantages or otherwise. As a result, successful regional integration requires economic complementarity, political trust and cultural affinity.⁶

On the other hand, *regionalisation* refers to the complex network of flows across state boundaries involving the movement of goods and services, capital, technology, information and people.⁷

(b) Formation of Regionalism

The issues surrounding the development of regionalism include territorial size and economies of scale. More significantly, it raises new concerns and uncertainties as global order and the global economy transform. After World War II, regional economic blocs developed very quickly resulting in two conspicuous forms of regional trade groups and their agreements as represented by the EU and NAFTA. The EU model stands for the customs union. This model entails reducing intra-regional tariffs to zero with some exceptions for agricultural products and the setting of common tariffs for imports from outside the region for example. The NAFTA model typically lowers the intra-regional tariffs to zero (the same as the customs union) but leaves the extraneous tariffs to each member state's discretion. To

⁴ Buzan, "The logic of regional security in the post cold war world" in Hettne B and ors (eds), *The New Regionalism and the Future of Security and Development* (2000, Macmillan, London).

⁵ The EU membership will increase to 25 on 1 May 2004 when 10 new members from the Baltic to the Mediterranean will join. There is a current recommendation on Turkey's membership and negotiations are underway for Bulgaria and Romania to join in 2007: Burghardt, "EU enlargement and the transatlantic relationship", Address to the Executives' Club, Chicago, 11 March 2004 at <www.eurunion.org/News/speeches/2004/040311gb.htm> (visited March 2004).

⁶ Peet, "A survey of the European Union", *The Economist*, 31 May 1997.

⁷ Hurrell, "Regionalism in theoretical perspective" in Fawcett L and anor (eds), *Regionalism in World Politics: Regional Organisation and International Order* (1995, Oxford University Press, Oxford) 37-73.

delete the negativity of trade distortion,⁸ this model establishes rules of origin to examine where goods from intra-area trade originate. However, rules of origin require masses of official documentation for product identification and concern the divergence of foreign direct investment to suitable locations.

To create a united economic integration, the EU moved to a single market. This includes the liberalisation of services, capital and labour and the shift to a single currency, the Euro. In contrast, NAFTA has complicated rules of origin and does not lower tariffs for non-member states, which makes it a more discriminatory arrangement. Compared to NAFTA, the EU's economic integration seems more complete.

In practice, regional blocs based on these two models have developed into five categories depending on the degree of association:⁹

1. a free trade area where regional tariffs have been abolished;
2. a customs union where offshore tariffs have been standardised;
3. a common market where flows of capital and labour have been liberalised;
4. an economic union where taxation, regulations and economic policies have been unified; and
5. a full economic union where budgets and even monetary policies have been unified.

(c) New Direction – Open Regionalism

When United States hegemony declined and the USSR disintegrated, the world turned to multi-polar development in the 1980s. At the same time, a new regionalism different to the regional integration of the 1950s and 1960s seemed to return to territorial and political globalism, and regional cooperation and regionalisation began to find new forms

⁸ When a non-member exports to a free trade area member, the easiest way is to first export to the free trade area member with the lowest tariff and then re-export within the free trade area at zero-tariff. As a result, imports from non-member states enter the free trade area through the lowest tariff port bypassing high tariff entry. However, this practice causes trade distortion.

⁹ Balassa, "Types of economic integration" in Machlup F (ed), *Economic Integration – Worldwide, Regional, Sectoral: Proceedings of the 4th Congress of the International Economics Association*, Budapest (1976, London) 17-31; Balassa B, *Towards an Effective International Trading System* (1978, Norton & Co, New York).

in the post Cold War era. The new regionalism that has emerged is a more spontaneous process and different to the old regionalism created through superpower intervention. The constituent states of the new regionalism recognise that they must cooperate to deal with new global challenges, and this new direction is often described as “open” and compatible with an interdependent world economy. Regionalism is therefore a method used to cope with global transformation since most states lack the capacity and means to manage this task nationally.¹⁰

In the past, old regionalism had objectives such as security or economic success. In contrast the new direction is more comprehensive and multi-dimensional. Besides trade and economic development, new regionalism aims for environmental, social policy and security cooperation and tends towards a global structural transformation involving various types of institutions and movements on several levels within the global system. Consequently, new regionalism includes economic, political, social and cultural aspects that extend far beyond free trade, and the political ambition of establishing regional coherence and regional identity seems to have primary importance. This is how new regionalism links with globalisation.

The definition of open regionalism has five implications: (a) open membership; (b) unconditional MFN status; (c) conditional MFN status; (d) trade facilitation; and (e) global liberalisation.¹¹ Under this system, a state with a credible willingness to accept the rules of the institution is invited to join. With open membership, the regional bloc may expand its size and expand integration with trade liberalisation. Trade liberalisation may also extend unconditionally to all trading partners of the member states and no new preferences or discrimination is created. In this sense, open regionalism is advocated as the pure, indeed the only true, model¹² and its strategy relies on the economic

¹⁰ Buzan, “The logic of regional security in the post cold war world” in Hettne B and ors (eds), *The New Regionalism and the Future of Security and Development* (2000, Macmillan, London).

¹¹ Bergsten CF, “Open regionalism”, Working Paper 97-3, Institute For International Economics, Washington DC, 1997 at <www.iie.com/publications/wp/1997/97-3.htm> (visited March 2004).

¹² Elek, “APEC beyond Bogor: An open economic association in the Asia-Pacific region” (1995) 9:1 *Asia Pacific Economic Literature* 1.

Elek, “APEC: An open economic association in the Asia-Pacific region.” in Bora B and anor, *Regional Integration and the Asia-Pacific* (1996, Oxford University Press,

self-interest of individual states in liberalisation. To the extent that this concerns itself with the behaviour of trading partners, it relies on peer pressure and demonstrated positive effects to entice the latter to join.¹³

Generally, the new direction reduces barriers for non-members of the regional bloc to entice them to accept the offer to avoid discrimination by the bloc when it starts to liberalise more resulting in substantial global economic benefits. In other words, members of regional economic blocs will continue reducing their barriers on a global basis while at the same time pursuing regional goals under the new system. This replicates the WTO's practice of unilateral liberalisation and multilateral negotiations.

The above approaches may be deemed faithful renditions of open regionalism as they avoid the creation of new discrimination. Except for traditional border measures, trade facilitation may work through non-tariff and non-border reforms including customs harmonisation and the mutual recognition of product standards.¹⁴ Open regionalism represents an effort to achieve compatibility between the explosion of regional trading arrangements and the global trading system as embodied in the WTO. It seeks to ensure that regional agreements will build blocks for further global liberalisation instead of building stumbling blocks that deter such progress.¹⁵

(d) Article XXIV of GATT and Regionalism

While preferential barriers are aimed at benefiting members, regional trade agreements run counter to GATT's underlying spirit of upholding the idea of MFN treatment. This basic principle on non-discrimination in trade advocates the same treatment for all trading partners, which means that a state that lowers its tariff for one trading partner must extend the same treatment to all other trading partners. As such, trade regionalism that entails preferential and discriminatory regionalism

Melbourne).

¹³ Garnaut, "Open regionalism: Its analytic basis and relevance to the international system" (1994) 5:2 *Journal of Asian Economics* 273.

¹⁴ Lawrence R, *Regionalism, Multilateralism, and Deeper Integration* (1996, Brookings Institution, Washington).

¹⁵ Bergsten CF, "Open regionalism", Working Paper 97-3, Institute for International Economics, Washington DC, 1997 at <www.iie.com/publications/wp/1997/97-3.htm> (visited March 2004).

breaches MFN principles. Nevertheless, the Uruguay Round of GATT has not slowed interest in regionalism and, on the contrary, had gathered pace in the late 1980s.

The underlying character of regionalism is discrimination against non-member states. This occurs when the regional agreement gives member states zero tariffs on trade and preferential treatment, while at the same time not reducing tariffs for non-member states. When this happens, discriminatory treatment results and contradicts GATT'S principle of non-discrimination. However, the current emergence of global regionalism does not contradict the basic principles governing the WTO. Instead, it accelerates the WTO's liberalisation process and is upheld when domestic systems are harmonised. Under Article 24 of GATT, the formation of trading blocs does not violate GATT regulations. Article 24 only requires qualified regional arrangements to not increase barriers for non-members, and in this sense a pledge to reduce barriers goes beyond the minimum commitment required.

Regional agreements have to meet three criteria under Article 24. First, they must cover "substantially all" the trade of member states. Secondly, they must avoid raising new barriers for non-member states. Thirdly, they must achieve free trade among the member states by a certain date that should not normally exceed ten years from the start date. In practice, GATT has been largely ineffectual in certifying and monitoring the implementation of these criteria but it is widely agreed that the most important regional pacts such as the EU and NAFTA have wholly or largely complied with them. As a result, the major regional economic blocs seem justified in claiming that they have "full compatibility with the multilateral system".¹⁶ The majority of regional arrangements has also participated in the series of GATT negotiations and adopted this approach *de facto* resulting in regional integration that accelerates the process of globalism and mutual dependence.

(e) *Impact of Regionalism*

Recently, regionalism has emerged widely as a new global trend. The EU continues to expand geographically by advancing eastward.¹⁷ The

¹⁶ Ibid.

¹⁷ Burghardt, "EU enlargement and the transatlantic relationship", Address to the

regional trade arrangement between the United States and Canada has accommodated regionalism by forming NAFTA and this body has been enlarging into Latin America. Regional integration has also moved into other spheres including economic policies, services, labour markets, investments, regulations and currencies. There have been benefits and several multilateral ecological and environmental problems have been solved within this framework of regional cooperation and management programs. States are now exploring new ways of regional cooperation adapted to the current world economy as the latter is changing rapidly and becoming more integrated in the globalisation process. Caught up in the developments is the increase in information networks.

New regionalism provides solutions for development problems and in this context has a role in conflict prevention. This is because many internal conflicts are rooted in problems associated with development. Under old regionalism, free trade arrangements produced centre-periphery tensions that made regional institutions disintegrate or inactive.¹⁸ On the other hand, regional cooperation for development reduces conflict and brings about peace, facilitating development cooperation in the process. Security and development together form an integrated complex constituting two fundamental imperatives for regional cooperation. It also has a “policy reform effect” giving a positive ring to states reforming domestically and to the creation of free trade areas. For example, if regional integration strengthens a state’s competition policy, this will enable its commercial entities outside the area to profit within the area as long as the principle of non-discrimination continues. In this regard, market integration in the EU and other regions is prompting states to deregulate in free trade areas.¹⁹

Multilateral liberalisation and the movement towards regionalism have altered the economic playing field for less developed states. Even though many more states are presently more fully integrated with globalisation and show higher rates of economic growth, many less

Executives’ Club, Chicago, 11 March 2004 at <www.eurunion.org/News/speeches/2004/040311gb.htm> (visited March 2004).

¹⁸ Hurrell, “Regionalism in theoretical perspective” in Fawcett L and anor (eds), *Regionalism in World Politics – Regional Organisation and International Order* (1995, Oxford University Press, Oxford) 37-73.

¹⁹ Kojima A, “Free trade agreements as constructive regionalism” (January/February 2000) 20:1 *Journal of Japanese Trade and Industry* 16.

developed states experience low economic growth and increased marginalisation within the global community. These states are excluded from neighbouring blocs and NAFTA is an example. They are more likely to face losses from trade and investment diversion and pay a higher tariff to gain market access into blocs nearby. To reverse the negative trends they must consider embracing regionalism.

Since it is recognised that globalisation may have negative implications for less developed states, GATT provides specific commitments and schedules for them. For example, to gain security and stability in trade, GATT preserves their current level of market access and takes into account their priorities, level of development and integration into the global economy.²⁰ Under this plan, it is hoped that increased regional integration within a global economy will confer higher economic growth on them and lower the development gap between them and the more mature industrialised economies. As protectionist pressures increase, developing and smaller states will be increasingly concerned about access into major markets. This may be addressed by using regionalism as a way of accessing at least one advanced state market.

Trading states are pushing ahead multilaterally according to the WTO agenda. Three major regional blocs are emerging and consolidating around the United States, Europe and the Asia-Pacific. The rapid growth of trading relationships in these regions has raised policy concerns on their impact on excluded states and the entire global trading system. Some observers are concerned that the multilateral system may be fracturing into discriminatory regional blocs.²¹ Others are hopeful that regional agreements will go beyond what was achieved in the Uruguay Round and become building blocks for further global liberalisation and compliance with WTO rules in those new areas. With policy adjustment, regional liberalisation among blocs may be a stepping-stone towards global free trade.²² Although regional blocs such as the EU are creating effective communities, a risk exists that those budding blocs may generate intense economic competition including political confrontation instead of cooperation.

²⁰ Blanco, "ACP-EU trade: Into the new millennium" (November/December 1997) 166 *The Courier* 64-67.

²¹ See for example Frankel JA, *Regional Trading Blocs in the World Economic System* (1997, Institute for International Economics, Washington DC) 388.

²² *Ibid.*

Therefore, to transcend past hostilities, achieve regional security, obtain economies of scale and scope, strengthen common cultural ties, and protect against global or regional hegemonic projects, states big and small cannot bypass or ignore regionalism.

III. GLOBALISM AND GLOBALISATION

(a) *Introduction*

As an ideology, one school of thought has identified globalism as the relationship existing between individual states.²³ A second school supports the creation of a “global state” instead of a state-state relationship. This school calls for “global union” and “world government” and views the world as a community of global citizens. Its position is closely related to religious doctrines but many political and economic philosophers have rejected this.²⁴ The third school represents environmental globalism, views the global environment as a single ecosystem, and believes that the world has to deal with environmental issues globally. It defines globalism as programmatic globalisation or the vision of a borderless world. It implies the growth of a world market by increasingly penetrating and dominating “national” economies, in the process losing some of their “state-ness.”²⁵

In fact, globalism as an idea may be traced to capitalism in the 1500s.²⁶ However, globalism is not globalisation, the latter inferring a quantitative increase in the internationalisation process, the strengthening of the functional, and the weakening of the territorial dimension of development.²⁷ Until recently, the main influence of globalism seems to be political and economic liberalisation that had been spread gradually by democratic political and market economic structures.

²³ Held, “Democracy, the nation-state and the global system” in Held D (ed), *Political Theory Today* (1991, Polity, Cambridge); Robertson R, *Globalization, Social Theory and Global Culture* (1992, Sage, London).

²⁴ Robertson, “Mapping the global conditions: Globalisation as the central concept” (1990) 7:2-3 *Theory, Culture & Society* 15.

²⁵ Frankel JA, *Regional Trading Blocs in the World Economic System* (1997, Institute for International Economics, Washington DC).

²⁶ Hettne B, “Globalisation, the new regionalism and East Asia”, Address presented at the Global Seminar, Shonan Session, Japan, September 1996.

²⁷ *Ibid.*

Chasing maximum interest, capitalists have tried to remove the old barriers of feudal and national loyalties in favour of the internationalisation of the global marketplace of ideas and commodities. Globalism is increasingly being recognised under market economic systems as evidenced in the rise in worldwide telecommunication networks, multinational companies, and other signs of modern civilisation such as fast food chains. This phenomenon results from technological advances that promote the rapid liberalisation of the international exchange of capital, goods and services and reduce international transaction costs.

(b) Globalisation and International Institutions

The growth of international institutions is proof of the globalisation process. After World War II, the international system focused on the identification of collective interests and priorities, re-assessing the importance of formal alliances and well-structured international institutions. Institutions were accordingly created to address global issues including developmental assistance, economic cooperation, environmental protection, human rights promotion and security. They included states parties from various regions, existing on a functional basis or on a less-than-universal or quasi-universal basis.²⁸ Owing to their diverse composition, they have been able to play a more active role, something that individual states cannot do.

In contrast, the United Nations was created as an international body for political purposes to address the economic issues resulting from increasing global economic and information integration. There are also the Bretton Woods institutions such as the World Bank, IMF and GATT. Initially, those institutions were devoted to rebuilding the economies devastated by World War II, but they quickly began addressing the development problems of poor states too. They were concerned with the promotion and stabilisation of economic interdependence, reduction of poverty and stimulation of economic development, and they became the major avenues for the spread of free markets. They brought modern industrial civilisation to the most remote regions of the world and transferred capital from industrialised states to developing and other states.

²⁸ Ibid.

Meanwhile, institutions such as ICAO, IMO and ITU have also made progress in addressing the rapidly growing globalisation system. All have contributed to conflict resolution within their membership, generated mutual identification across cultures regionally and globally, and found much favour when facilitating the speedy achievement of globalisation. In this context, the case for creating such institutions has been both apparent and strong. However, with regionalism rising and national protectionism falling, globalisation has affected the role of those bodies and hamstrung the process of economic and political integration. For example, the IMF is too small and too thinly spread to help states to design and implement effective national development schemes.²⁹ As a result, the hope of building a new international order based on the United Nation has almost dissipated creating an underestimated crisis particularly in relation to international security.³⁰

(c) Relationship between Globalism and Regionalism

Two main schools of thought have identified the intricate relationship between regionalism and globalism.

The first school consists of those who advocate total reliance on the globalisation process. However, it has three main concerns regarding regionalism – trade diversion, attention diversion and geopolitical impact.³¹ First, it notes that regional agreements divert trade by creating preferential treatment for all states. In this sense, although member states may benefit from preferential rules of origin and regional content requirements, such diversion impacts on preferences that may more than offset the trade creating benefit of regional liberalisation leading to a net negative result. Secondly, it is concerned that a member state of a preferential arrangement may suffer adverse income distribution effects arising from the arrangement's redistribution of tariff revenues. While member states engage actively in regional

²⁹ Galbraith, "The crisis of globalisation" (Summer 1999) 46:3 *Dissent Magazine* (Foundation for the Study of Independent Social Ideas Inc, New York) at <<http://lists.isb.sdnpc.org/pipermail/econo-list-old/1999-October/001285.html>> (visited March 2004).

³⁰ Silvestri, "Between globalism and regionalism: The role and composition of the G-7" (April/June 1994) 29:2 *International Spectator* (Special Issue) 141.

³¹ Bhagwati and anor, "Preferential trading areas and multilateralism – Strangers, friends, or foes?" in Bhagwati J and anor (eds), *The Economics of Preferential Trade Agreements* (1996, American Enterprise Institute and AEI Press, Washington).

initiatives, they may lose interest in the multilateral system. Thirdly, it argues that extensive and intensive regional ties may lead to irritations and conflicts going beyond economics to broader spheres of international relations.

The second school consists of proponents of regionalism who argue that regional arrangements promote freer trade and contribute to internal and international dynamics, resulting in increased prospects for global liberalisation.³² Further, regional blocs often have new liberalisation ideas that may be transplanted into the international system. The internal dynamics are especially important for developing states because regional commitments, which can be negotiated at a much faster pace than global pacts, lock in domestic reforms against the risk that successor governments may try to reverse them. This school believes that regionalism has positive political effects while regional initiatives accustom officials and states to the liberalisation process. As a consequence, the prospect that regional blocs will subsequently progress to globalisation is enhanced, as shown by the use of Mercosur to end the historical rivalry between Argentina and Brazilian and their accompanying nuclear stance in recent decades.³³

The international economic system is facing uncertainty especially from the impact of regional economic arrangements and blocs. Regionalism in the absence of a strong multilateral system may generate protectionist pressures to maintain the discrimination inherent in preferential trading pacts.³⁴ Some argue that regionalism undermines the dominant world system as new power centres challenge centralised states and their inter-governmental institutions.³⁵ They hold that a political will is needed to halt or reverse the globalisation process to

³² Bergsten, "Globalising free trade" (May/June 1996) 75:3 *Foreign Affairs* 105.

³³ Patomäki H and anor, "Critical responses to globalisation in the Mercosur region – Emergent possibilities for democratic politics?" Paper presented at the 41st Annual Convention of International Studies Association, Los Angeles, 14-18 March 2000; see also Sanchez Bajo, "The European Union and Mercosur: A study of inter-regionalism" (1999) 20:5 *Third World Quarterly* 927-941.

³⁴ Schott JJ, "Regionalism and multilateralism", Paper presented at the Seminar on Trade Policy Issues, IMF Institute, Washington DC, 7 March 1995.

³⁵ Tehranian M, "Human security and global governance: Power shifts and emerging security regimes;" Paper presented at the Toda Institute Conference, Toda Institute for Global Peace and Policy Research, University of Hawaii, Manoa, Honolulu, 6-8 June 1997.

safeguard a degree of territorial control and cultural diversity. However, this may tend towards protectionism and worsen the climate for global economic liberalisation. Regionalism in this sense is either “exclusionary” or “inclusionary”. It fosters a new variety of regional chauvinism and/or provides a protective shield for its members against global hegemonic projects, while at the same time it opens up the rest of the world to bring about mutual cooperation and mutual benefit.

Accordingly, it seems impossible to resolve decisively the relationship between regionalism and globalism. Historically, regional economic blocs fostered trade, and were not merely diversionary tactics. Regional and global liberalisation proceeded together and tended to reinforce each other. For example, the United States continued to provide global leadership in multilateral liberalisation while at the same time pursuing regional initiatives. The balance of evidence suggests that the interactions were largely positive during the post World War II era,³⁶ and regionalism and globalism have worked in lockstep since GATT appeared. Regionalism has also advanced in the context of continuous global trade liberalisation effectively narrowing the gap between MFN tariffs and the preferential rates accorded to regional trading partners.

The irrefutable conclusion is that the interrelation between regionalism and globalism depends on how the key states manage the process. If constructive synergism is sought between the two, the record suggests that they can achieve the original goal. If they pursue one at the expense of the other, past outcome has shown that the reverse can also be true.³⁷ This suggests that the growth of interdependence and regional cooperation among geographically neighbouring states does not necessarily imply or require a “bloc”. In fact, most states experience a process of increased interdependence with their neighbours and the rest of the world simultaneously,³⁸ which means that there is no conflict and both can exist alongside. Nonetheless, although globalism and regionalism have successfully assisted the

³⁶ Kahler M, *Regional Futures and Transatlantic Economic Relations* (1995, European Community Studies Association and Council on Foreign Relations Press, New York).

³⁷ Garnaut, “Open regionalism: Its analytic basis and relevance to the international system” (1994) 5:2 *Journal of Asian Economics* 273-290.

³⁸ Gyohten T, “Regionalism in a converging world”, Task Force Report No 42, The Trilateral Commission, 1992.

international system to gather states into regional or global institutional structures or economic unions and although they have added to integration by competitive and cooperative arrangements, they are capable of fragmenting too.

(d) Future Prospects of Globalisation

When the Cold War ended, the reduced potential for war among the major powers increased the prospect for global peace and regional stability. Trade and economic issues became increasingly important in international relations. At present, the communication and information revolutions are turning the world into a truly global village. The past competitive co-existence between capitalism and socialism as two alternative social systems had ended in victory for the market system.

As states achieve higher economic development, societies become more pluralistic and complex. It is deemed that the net effect of economic development, urbanisation, social pluralism, structural complexity and the proliferation of civic sectors will result in the growth of the middle class and in a simultaneous maturing of civil society. This will in turn push states and their leaders to abandon authoritarian control and adopt measures to conform to the rules and principles of democratic governance. Pursuant to this belief, the world will move towards global cooperation and integration.³⁹ If not, states acting individually are too small and too weak to solve the “big problems” facing society today. As global and domestic issues grow larger and more complex, the power and resources of states to solve them become weaker and smaller. Accordingly, the answer is to address the issues globally and regionally with no preference for either.

During the past decade, the WTO promoted globalism leading to unprecedented economic growth during the late 20th century that enabled regions to achieve greater mutual recognition and political stability. The world is undeniably and increasingly becoming one unit with globalisation transforming its economy. Meanwhile, economic and information integration is progressing in industrialised and

³⁹ Ahn, “Northeast Asia in the global and regional context: Security options for the next century”, Toshio TT and anor (eds), *Globalism and Regionalism* (1997, United Nations University, Tokyo) 29-41.

developing states, while strong communication tools and the media have lessened cultural influences. As a result, a single global culture is being formalised gradually.

A belief exists that globalism will see a rise in political and economic freedoms, the benefits of free trade, and more importantly, world peace. This will expand opportunity and the benefits of free trade, engendering an identity amongst peoples and a sense of satisfaction internationally.⁴⁰ Indeed, globalisation will mobilise and allocate world capital globally and reduce the risk to private investors. However, expansion can cause friction and conflict because it cannot guarantee that the benefits will be distributed equitably.

Many, especially those in the less represented groups, cannot take advantage of the global expansion of opportunity and they therefore trail behind. Unconstrained trade and exchange can also have negative impacts on the global system. For example, less border controls lead to the spread of epidemics while “aggressive” behaviour in the information network may paralyse the entire system. Consequently, although global economic cooperation is the future, many dilemmas and uncertainties exist such as the rise of economic protectionism, the gap between rich and poor states, and speedy developments in technology and telecommunication.

IV. TELECOMMUNICATION COOPERATION IN EUROPE

(a) Overview of European Integration

History shows that Europe had confronted several regional conflicts and military rivalries over a long period. Given this experience, the leaders of the major western European states became determined to build a new kind of international order to prevent another world war following World War II. In March 1957, France, Germany, Italy and

⁴⁰ Jarboe KP, “Globalization: One world, two versions”, Paper presented at the Round table on Globalization and Social Governance in Europe and the US Improving Responsiveness to International Change Project, Forward Studies Unit, EC and the Center for Applied Policy Research, CAP, Ludwig-Maximilian University, 19-20 November 1998, Brussels; Mlinar Z, “Globalization as a research agenda”, Semi-Plenary Theme Lecture: Globalization, Paper presented at the 3rd Conference of European Sociological Association, University of Essex, Colchester, 27-30 August 1997.

the Benelux Three signed the Treaties of Rome, starting with the European Coal and Steel Community and later with EURATOM on the nuclear industry.

In 1958, the EEC was established as the predecessor institution of the EU. Since its creation, the EEC has acted as a customs union aimed at eliminating intra-regional tariffs and setting common tariffs for imports from outside the region. In 1992, the EEC member states signed the Maastricht Treaty to create a single market by eliminating over 280 physical, technical and fiscal barriers and moving one step closer to currency union. This treaty stood for a new stage in European integration and called for the creation of a regional union (EU). The goals of European integration were to be reached not only by the attainment of economic and currency integration in the form of a single currency (the Euro), but this was to extend to political integration too.⁴¹

Historically, European integration had acted as an alliance against the Communist security threat on the continent. However, Western European states did not wish to live under excessive United States domination and become victim to the influence of the world's two great superpowers during the Cold War period. Acknowledging their own individual military weakness and small economic scale, they had hoped to exert their economic and geographic resources collectively and sufficiently to gain flexibility and independence in their foreign policies. Thus, their economic integration was meant to promote greater prosperity for its own sake and to secure peace.⁴² Following integration under a banner that is now the EU, Europe has become the most homogeneous region in the world due to its economic development, culture and democratic apolitical institutions. In this sense, it is the most successful integration model today.⁴³

⁴¹ Membership will increase to 25 on 1 May 2004: Burghardt, "EU enlargement and the transatlantic relationship", Address to the Executives' Club, Chicago, 11 March 2004 at <www.eurunion.org/News/speeches/2004/040311gb.htm> (visited March 2004).

⁴² Russett, "Global or regional: What can international organizations do?" in Toshio T and anor (eds), *Globalism and Regionalism* (1997, United States University Press, Tokyo).

⁴³ Gramegna P and anor, "European and ASEAN integration process: Similar models?" Paper presented at the United Nations University Forum, United Nations University, 8 May 1997, Tokyo; Zepter B, "How are regions formed: Comparing Asia with Europe", Paper presented at the Asia-Europe Forum, 4th Symposium,

(b) *European Telecommunication Institutions*

(i) CEPT

In 1959, incumbent monopoly-holding postal and telecommunication administrators in Western European states created CEPT whose main activities include commercial, operational, regulatory and technical telecommunication cooperation. Central and Eastern European states are eligible to join⁴⁴ and its membership stands at 43 today, representing most of Europe geographically. In 1992, postal and telecommunication operators similarly created their own bodies, Post-Europe and ETNO.⁴⁵ However, under the European policy of separating postal and telecommunication operations from policy-making and regulatory functions, CEPT became a body of policy-makers and regulators.

In 1995, CEPT's Plenary Assembly clarified that CEPT's purpose was to offer its members the chance to create a European forum on sovereign and regulatory issues concerning post and telecommunication. As such, it provides mutual technical and regulatory assistance to its members and performs its activities on a pan-European level. It focuses on increasing intensive cooperation with Eastern and Central European states and emphasises European goals. In this context, it facilitates relations between European regulators and seeks cooperation with international bodies such as the ITU and UPU. It responds to new circumstances in a non-bureaucratic and cost-effective way, carries out its activities in the time allocated, and settles common problems at committee level to give its decisions more binding force.

Originally, CEPT had two committees known as ERC and ECTRA that had their own rules of procedure and elected their own chair. They reported to the Plenary Assembly that decided their scope of responsibility relating to postal, general telecommunication and radio-

Tokyo International Forum, Tokyo, 22 February 2003.

⁴⁴ Russett, "Global or regional: What can international organisations do?" in Toshio TT and anor (eds), *Globalism and Regionalism* (1997, United States University Press, Tokyo).

⁴⁵ ETNO was created in May 1992 and has become the principal policy group for European electronic communications network operators. For more details see the ETNO webpage at <www.etno.be/> (visited March 2004).

communication matters of an institutional or regulatory nature. In 1987, the role of ERC and CEPT changed when the standardisation of telecommunication and radio equipment was transferred to ETSI.⁴⁶ Following further administrative reforms in September 2001, ERC and ECTRA combined to form ECC. However, in 1991 ERC had created a permanent office in Copenhagen known as ERO to support ERC's activities and to conduct studies for ERC and the EC. In 1994, ECTRA had created a similar permanent office, ETO. Meanwhile, in 1992 ERC and CEPT had also transferred their operations and activities to ETNO.

(ii) ECC

ECC was established to improve the effectiveness and efficiency of CEPT's electronic and radiocommunication activities and to progress the work previously undertaken by ERC and ECTRA, as stated above. Although these two bodies no longer exist, it is necessary to understand their roles and functions that have now become the ECC's.

ERC

ERC was the assembly of radio regulatory administrations of CEPT members. Its main functions were to develop radiocommunication policies, coordinate frequency, regulatory and technical matters, and prepare guidelines for related ITU activities and conferences. ERC working groups prepared proposals for harmonisation measures designed as draft decisions, recommendations and reports. These were given final approval following consultation with various interested parties such as operators, users and standards bodies. ERC and its Working Groups also created project teams to define tasks and limit time periods. Since traditional operators did not participate directly in its work, ERC could adopt an independent and impartial position when setting priorities and determining policies on radio services and users.

⁴⁶ In 1987, the Single European Market had just been created, trade restrictions were relaxing and business links were multiplying among European states. As a result, the need for an integrated communications infrastructure became vital. The EC outlined its position in a Green Paper recommending that an organisation be created to establish telecommunication standards for the whole of Europe. Its ideas were shared by CEPT, which responded immediately resulting in the birth of ETSI in 1988: NERA and Denton Hall, "Issues associated with the creation of a European Regulatory Authority for Telecommunications", Report to the EC (No DG XIII), Brussels, 1997. For more information on ETSI see its webpage at <www.etsi.org> (visited March 2004).

ECTRA

ECTRA was created in 1990 to develop common telecommunication regulatory policies and prepare common European positions for international bodies.⁴⁷ It exchanged views on issues of common concern affecting regulatory authorities in CEPT member states and had regular contact with representatives of relevant entities within and outside CEPT.⁴⁸ It created project teams and working groups to address subjects such as the testing and certification of telecommunication terminal equipment; licensing and declaration procedures; accounting principles and regulation of international interconnection; and technical regulation and standard requirements for interconnection.

ECC – Current Framework

After assuming the ERC's functions, ECC acquired two important goals: (a) to harmonise the efficient use of the radio spectrum within Europe to satisfy future demand most efficiently; and (b) to foster the worldwide harmonisation of the use of frequencies to ensure effective utilisation, minimum interference and safety of human life and property. It therefore aims to ensure that European telecommunication standards for radio equipment and systems utilisation are efficient and provides for the free circulation of radiocommunication equipment. To encourage a deregulation policy wherever possible and appropriate, it facilitates the mutual recognition of type approval certificates and radio licenses within CEPT. This supports the exchange of information on national legislation, principles of financing and the administrations.

ECC takes appropriate measures in order to achieve greater economy, efficiency and quality in its own work and in the work of its constituent organs. As radio regulatory issues require "stronger" agreements on a pan-European basis to foster the efficient use of the radio frequency spectrum, administrative and legal decisions are gradually being published in instruments. These binding agreements play a major role

⁴⁷ ECTRA was one of CEPT's three principal regulatory committees. Its main functions were to develop common policy in telecommunication regulation, generate common European positions in international fora such as the ITU, and facilitate the exchange of opinions on matters of common interest to CEPT members. It established ETO in Copenhagen. When ETO was closed recently, the support functions were transferred to ERO. For more details see the ERO webpage at <www.eto.dk/ceptectra/ectrainfo.htm> (visited March 2004).

⁴⁸ *Ibid.*

in harmonising radio regulatory regimes within CEPT member states. Since a proper regulatory process should be inclusive, the views and interests of all parties involved in radiocommunication are valued and consultation mechanisms have been introduced to embody this.

ECC's consultation process extends to the coordination of the annual CEPT Radio Conference including the coordination of interested parties and related international institutions. Also, its terms of reference include responsibility for DSIs and the current and future use of the frequency spectrum below 105 GHz. It develops standards for systems and equipment, and harmonises frequency bands and other regulatory needs. It uses MoUs to coordinate its activities with other institutions, an example being the MoU signed with the EC on the exchange of information, the coordination of activities and agreements on telecommunication studies, and so forth.⁴⁹

(iii) ERO⁵⁰

ERO began as a permanent resource of ERC that has continued as a focal point for consultations. In 2001, ERO replaced ETO in the provision of administrative support for ECTRA.⁵¹ However, to understand ERO, it is necessary to understand ETO, the predecessor to ERO in administrative support for ECTRA as noted above.

ETO

In 1994, CEPT and ECTRA established ETO to provide ECTRA members with expertise and to contribute to the EU's telecommunications policy on licensing and numbering.⁵² In cooperation with ERC, ECTRA established a joint working group to prepare a common European position on ITU issues. ETO was designed as a regulatory regime for liberalised telecommunication markets to include the harmonisation of existing regulations and the establishment of common

⁴⁹ See for example note 50 below.

⁵⁰ The Convention has replaced the 1996 MoU. At least 30 CEPT administrations have signed this convention that defines ERO's terms of reference and funding arrangement: EC Directorate General XIII (No DG XIII/A/1), Status Report on European Union Telecommunications Policy, Brussels, 7 May 1997.

⁵¹ For more details see the ERO webpage at <www.ero.dk/> (visited March 2004).

⁵² See the ETO webpage at <www.eto.dk/presentation.htm#intro> (visited March 2004); see also the CEPT webpage at <www.cept.org/> (visited March 2004).

procedures for licensing and numbering. It conducted studies for ECTRA and the EC to examine the scope for harmonising licensing conditions and procedures.⁵³ It was responsible for implementing the system to facilitate the pan-European licensing of the first group of liberalised services including data services and value added services.⁵⁴

ERO – Current Framework

ERO, located in Copenhagen, was created in 1991 under a MoU⁵⁵ that defined its terms of reference, relationship with ERC and funding arrangements. In 1996, the Convention for the Establishment of the ERO replaced the MoU, and 30 CEPT administrations have signed this convention to date. Originally, ERO's role was to support ERC owing to the latter's size and functions (including a power to determine and harmonise where appropriate), developments in frequency management and regulatory issues, and the need for permanent staff resources.

ERO has many important functions. For example, it supports EEC, a committee of radio and telecommunication regulatory authorities drawn from the 45 member states of CEPT,⁵⁶ and has a centre of expertise for long term planning activities. It drafts long term plans for the radio frequency spectrum on the European level and supports national frequency management authorities. It acts as a focal point for consultations on spectrum management and radio regulatory issues. ERO activities and procedures are labeled as consultations to enable bodies such as government departments, private service providers, public radiocommunication operators, research institutes, and other European or international institutions to participate in its work.

ERO develops proposals for the European Table of Frequency Allocations. It has many works programs including software develop-

⁵³ For example, on 9 September 1994 ETO signed a framework agreement with the EC under the MoU between the EC and ECTRA on several work orders from the EC in relation to licensing and numbering matters: for more details see the CEPT webpage at <www.cept.org/> (visited March 2004).

⁵⁴ For more details see the ERO webpage at <www.ero.dk/> (visited March 2004).

⁵⁵ For more details see ERO, Report, January 2004 edition at <www.ero.dk/> (visited March 2004).

⁵⁶ EC Directorate-General Information Society Regulatory Framework, Status Report on European Union Electronic Communications Policy, Brussels, 22 December 1999 at <<http://europa.eu.int/ISPO/infosoc/telecompolicy/tcstatus.htm>> (visited March 2004).

ment that has two main objectives: (a) a Frequency Information System database exerted by all interested parties; and (b) fulfilling specific frequency management tasks such as programs for Frequency Allocation Tables maintenance. One of its main tasks originally was to assist ERC and its Working Groups. For example, under the MoU and Framework Agreement between ERC and the EC,⁵⁷ the latter may sponsor studies to help develop European telecommunication policy such as S-PCS, UMTS, TETRA and Conformity Assessment.⁵⁸

Today, ERO operates an OSS procedure for licensing of services and contributes to the work on extension of the OSS for satellite networks and services.⁵⁹ It works on the harmonisation of national numbering schemes and number assignment procedures. It provides central and eastern European states preparing for the liberalisation of their telecommunication markets with information on regulatory issues and opportunities for participation in numbering and licensing activities. It leads the work on the creation of ETNS⁶⁰ and obtains feedback from the industry and users on its studies and findings. It cooperates with industry and users on numbering issues through ENF mainly.⁶¹

⁵⁷ Ibid. See also "Strategy and policy orientations with regard to the further development of mobile and wireless communications (UMTS): Outcome of the public consultation and proposals for creating a favourable environment", Paper presented to the European Parliament and Council, the Economic and Social Committee, and Committee of the Regions (No Com 97-513), Brussels, 15 October 1997; Pelton JN, *Wireless and Satellite Telecommunications: the Technology, the Market, and the Regulations* (1995, Prentice-Hall PTR, New Jersey).

⁵⁸ Ibid.

⁵⁹ ERO's OSS procedure for licences is aimed at facilitating the provision of certain liberalised telecommunication services in a number of European states. For more details see the ERO webpage at <www.ero.dk/oss> (visited March 2004).

⁶⁰ ETNS is a European numbering space that parallels existing national numbering spaces. It is used to provide pan-European services. ETNS's main objective is to allow effective numbering for European international services if national numbers are inadequate and global numbers are unavailable. A pan-European service is an international service that may be invoked from two European states at least. For more details see the ETNS webpage at <www.etns.org/> (visited March 2004).

⁶¹ ENF was created pursuant to European Union Council Resolution 92/C318/02 on the promotion of Europe-wide co-operation on numbering of telecommunication services. It is a forum for the exchange of information and expertise, co-ordination, consultation, discussion and common studies on European numbering, addressing and related issues. For more details see the ERO webpage at <www.ero.dk/enf/> (visited March 2004).

(iv) ETSI

In 1988, CEPT created ETSI giving it responsibility for activities in telecommunication standardisation. There were two main reasons for this. First, CEPT and EFTA recognised the benefits of harmonised telecommunication that led the EC to set an ambitious pace for achieving a unified market. Secondly, they recognised that telecommunication standardisation was an important step in a harmonised economic market and it assisted companies to compete in global markets in a cost effective and reliable manner.

Essentially, ETSI is an independent, non-profit organisation whose mission is to produce telecommunication standards for now and the future. It has a Board, General Assembly, Secretariat and Technical Organisation. The Secretariat promotes and accelerates standardisation while the Technical Organisation produces and approves technical standards, encompasses ETSI Projects, Special Committees and TCs. ETSI's Work Program is linked to the activities of international standardisation bodies (for example ITU-Telecommunication and ITU-Radiocommunication). It has Cooperation Agreements and MoUs with external bodies including the EC and other European regulatory bodies. For example, the EC has adopted some of ETSI's voluntary standards as the technical base for EC Directives or Regulations.⁶²

ETSI is based in France and its membership is open to any company or institution interested in telecommunication standards. At present, it unites 773 members from 52 states within and outside Europe. It represents administrations, network operators, manufacturers, service providers, research bodies and users. All key players may contribute to this forum and members allocate its resources, approve its deliverables and determine its works program. As such, its activities are closely aligned with market needs and its products are widely accepted.⁶³

Based on its extensive experience on fixed network standardisation and its leading position in standardising mobile communications, ETSI has highlighted the need to bridge the gap between different dimensions of traditional telecommunication, IP, and broadcasting environments by following market trends and creating key synergies. Informal

⁶² For more details see the ETSI webpage at <www.etsi.org/> (visited March 2004).

⁶³ *Ibid.*

arrangements and active relationships exist between ETSI Technical Bodies and other external institutions to adopt a complementary approach to the standardisation process in telecommunication.⁶⁴

(c) Analysis

Owing to hegemonic decline and multi-polarism after the Cold War, Europe adopted a more autonomous and homogeneous process towards development, namely, the so-called “Europeanisation”.⁶⁵ This process invariably brought with it an increasing protectionism against market competition and a dominating attitude in relation to the rest of Europe. Although it was to form the basis for future regionalisation, it has fallen into the unfavourable “old regionalism” system. This is because EU-centered regionalism has weakened the beneficial impact of preferences as other EU partners are offered more stable and secure trade and investment deals.⁶⁶

Indeed, creating a custom union model such as the EU has a partly trade-creating effect. This happens because the elimination of tariffs within the region stimulates trade within the region. On the other hand, the trade-diversion effect impedes trade with extra-regional partners. To decrease negative effects on neighbouring states, the EU has implemented interim arrangements such as the EC-EFTA linkage in the 1960s and the European Economic Area in the 1980s to obviate most of the discriminatory impact of its preferential trade arrangements.⁶⁷

Although the process of regional integration may be generally slowing down, the direction towards deeper regionalisation and extension has not changed. EU membership policy uses the “expanded membership” option, a partial method of “opening up” to avoid discrimination

⁶⁴ Ibid.

⁶⁵ Hettne B and anor (eds), “Globalism, regionalism and the Europeanisation of Europe” in Special Issue – the New Regionalism (1998) 17:3 *Politeia* 1.

⁶⁶ Buzan, “The logic of regional security in the post Cold War world” in Hettne B and ors (eds), *The New Regionalism and the Future of Security and Development* (1999, Macmillan, London).

⁶⁷ In the interim, the EU had worked out arrangements, notably the EC-EFTA linkage in 1960 and the European Economic Area in the 1980s to counter the discriminatory effect of its preferential trade arrangements on neighbouring states. For more details see Bergsten CF, “Open regionalism”, Working Paper No 97-3, Institute for International Economics, Washington DC, 1997.

against those states that are most affected by its preferences. In fact, the EU has extended full membership to its nearest neighbours from the original six to a total of 25 soon, with more to come as pre-conditions for membership are satisfied.⁶⁸ To help Eastern and Central European states transform into developing states and bring about future stability and peace in Europe, this measure has been deemed a necessity.

The expansion of the EU has already changed the original design of this regional institution originally meant to create a coherent and homogeneous capitalist core out of two traditionally hostile great European powers. With the joining of an increasing number of sub-regional powers, the EU no longer stands for the French-German axis but is inching towards a multilateral integration process. Especially since the Maastricht Treaty was signed in 1992, Europe has faced problems especially those relating to security, the environment, refugee migration and economic recession – all of them needing collective negotiations.

The EU's development direction has therefore reflected the meaning of new regionalism. In other words, although it has a strong regional identity, the EU has proceeded under the umbrella of new regionalism and multi-lateralisation. Accordingly, it is a fine example of interaction between regionalism and globalism and may be deemed a most well developed regional telecommunication organ. Not only does it promote intra-regional telecommunication cooperation but it also aims for future connection with outsiders to provide universal access. It has also responded to the specific character of telecommunication in the context of security and economic benefit. Further, in the 1992 Maastricht Treaty, it gave the principle of subsidy a central place in future policy making and is deemed most relevant to an information society.

The creation of a common information area within the EC has enabled this body to seize opportunities more fully. Even if there are local differences, the global nature of information society transformation has created similar problems and barriers for all regions.⁶⁹ However, as a

⁶⁸ Refer note 5 above.

⁶⁹ Leipzig WK, "Regional development and information society – the Iris-Initiative as a pilot action of the European Union", Paper presented at the Conference on National and International Initiatives for Information Infrastructure, John F Kennedy School of Government, Harvard University in conjunction with the Global Information Infra-

paradigm of regionalisation, the successful EU model provides a stimulus for other regions to become more integrated. It is also a driving force that should provoke other regions to prepare for future globalisation during this century.

V. CONCLUSION

Although regionalism is developing in the same direction in worldwide, regional cooperation processes have varied according to different political, economic, and social conditions in the regions. This has impacted on the process and on speed. Some regions are more integrated than others while some are still maintaining states-diversion status. This means that the integrative processes in each sub-region is likely to proceed at a different pace, assume a different form, and have differential, maybe even contradictory effects.⁷⁰ Nevertheless, the efforts to promote liberalisation and facilitation among neighbouring states, regional integration has endeavoured to lower or eliminate barriers to trade and investment within the region, and has endeavoured to harmonise domestic regulations, practices and procedures of member states. It has also sought a degree of policy coordination.

The move to globalism has tried to promote liberalisation and cooperation simultaneously at the global level. To harmonise globalism and regionalism, Article I of GATT calls for general MFN treatment while Article XXIV hopes that regional liberalisation will lead to global liberalisation and allow free trade agreements as exceptions to Article I. However, these endeavours aimed at globalisation are slower and weaker when compared to the regionalism process. For example, the Uruguay Round negotiations of GATT took almost seven years to conclude instead of the intended four. Compared to the use of regionalisation for integrating homogeneous neighbours, globalisation seems more complex and more difficult because of its diversity in many senses. Therefore, when building a model of regional integration towards globalisation, such regionalisation may be deemed an effective stepping-stone towards globalism.

structure Commission, Cambridge, Massachusetts, 25-27 January 1996.

⁷⁰ Camilleri JA, "Regionalism and globalism in Asia Pacific: The interplay of economy, security and politics", Paper presented at the 41st Convention on International Studies Association, Los Angeles, 14-18 March 2000.

Regionalism comes in two styles: old closed regionalism and new open regionalism.⁷¹ Aimed at regional identity, the first stresses interregional competition and intra-region protectionism. In contrast, the second focuses new regionalism on trade liberalisation and economic cooperation. If the first prevails, the conflicting relationship between the process of global trade liberalisation and the increasingly stronger regional integration will obstruct future global development and economic growth. On the other hand, if the second prospers and guides the efforts to achieve freer regional trade, integration will be a catalytic force for global free trade.⁷² In other words, the model of new regionalism not only benefits regional trade liberalisation but it also seems to be the best way to achieve future globalisation.

In becoming a transnational trading bloc following regional integration, the EU model is often viewed as proof that global development is heading towards new regionalism. This model is successful because of its homogeneity. The EU itself embodies the pan-European tradition and builds upon the political decision to pursue integration. Recognised as an advanced form of customs union, the EU extends its influence to neighbouring states and continues to increase its membership as noted earlier. Most importantly, the adoption of the Euro as a pan-European currency signals the movement from a single market to a single currency, and from national sovereignty to regional integration.

Such successes increase the chances of regional integration evolving into globalisation. However, the issue of the Balkans and the development of Eastern Europe still question the ability of the EU to devise a common foreign policy. Moreover, although the EU is an example of a successful model, the purposes and functions of regional institutions vary, and such diversity may not work in other regions.

With major advances in information processing, telecommunication, and transportation, business entities have moved beyond their national borders and created market system shifts to borderless manufacturing and borderless marketing. States have dismantled trade obstacles and standardised regulations to attract foreign companies while maintaining

⁷¹ Global Forum of the OAS: Leadership 2000, "International trade and investment: Regional vs global option", Washington DC, 1 December 1995 at <www.sice.oas.org/tunit/speeches/cdt1d29.doc> (visited February 2004).

⁷² *Ibid.*

indigenous competition at the same time. Based on corporate globalisation and adjustments to approach by states, regional integration towards globalisation is becoming necessary and unavoidable.

Although global agreement on liberalisation, deregulation, and harmonisation is a long and laborious process, regionalism is considered an intermediary in the process towards multilateral telecommunication cooperation that is both compulsory and urgent in terms of business and services. Regional integration does not contradict globalisation as it is compatible with an open and liberal global economic order, while regional telecommunication cooperation facilitates future global telecommunication negotiation. Accordingly, the challenge for the next decade will be the guarantee that the telecommunication liberalisation process will continue regionally, that it will be without discrimination, and that it will be compatible with the efforts to expand global trade.