

Preface

Regional economic integration is a complex and much debated issue among analysts and policymakers in almost every corner of the world. Recently, it has gained particular interest and momentum with the European Union's envisaged deepening – the introduction of a single currency – and widening – the inclusion of East European countries – of its integration process. Excitement, or fear, about the prospects of regional integration has been spurred further by the surge of the "new regionalism" in Latin America and the emergence of spectacular mega-initiatives such as the Asia Pacific Economic Cooperation (APEC) agreement between the United States, Japan, China, Canada, Mexico, Australia and a dozen other countries bordering the Pacific Ocean.

The challenge that the new wave of regional integration efforts poses to developing as well as industrial countries has led the Forum on Debt and Development (Fondad) to embark on a three-year research project which aims to explore how regional integration as well as multilateral cooperation can be promoted, in a mutually reinforcing manner, at the same time. This study, written by one of the stimulating forces in the project, Indian economist and investment banker Percy S. Mistry, is one of the results. Earlier drafts served as a framework paper to guide and inspire the thinking of participants in Fondad conferences.

In the book, Mistry reviews issues arising from experience with arrangements for regional economic cooperation and integration in developing and developed regions of the world. Given the plethora and complexity of the issues involved – ranging from trade, finance and monetary matters to institutional, social and political affairs – the author has chosen a broad approach. However, at various points Mistry also presents some of his more detailed insights and policy suggestions.

Following an introductory retrospective on the history and role of regional economic integration arrangements (RIAs), the study deals with: the costs and benefits of RIAs in facilitating development; the reasons for the successes and failures of *first-generation* RIAs in different parts of the World; arguments about whether *second-generation* RIAs are likely to facilitate or impede global multi-lateral cooperation; and finally, the main lessons for developing countries that can be drawn from past and present-day experience.

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