

International Economic Integration in Latin America

Jaime Tijmes-Ihl

Abstract

1

Can States with small and/or peripheral economies insert themselves into the global economy? Latin American States have primarily pursued two different macroeconomic strategies since circa 1990: integration with other Latin American economies and enlarging trade flows with economies outside Latin America. Latin American States have also pursued varying combinations of both strategies, depending on the specific State(s) involved and the historical context, as exemplified in the Andean Community, MERCOSUR, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Pacific Alliance. However, trade flows among Latin American economies have been, by and large, decreasing in relative terms since 2000, whereas economic insertion into global trade flows has increased. Thus, it is argued here that Latin American States should simultaneously pursue regional and global economic integration. In addition, this chapter contends that Latin American States should use regional institutions to negotiate as regional blocs with third parties, including States from the Global North.

I. Introduction

Latin American States face a typical conundrum of small and/or peripheral economies: how should States insert their economies into global trade flows and global supply chains? Since about 1990, most Latin American States have actively pursued integration policies and their strategies have differed wildly. Thus, the Latin American approach consists of a plurality of (partially overlapping) economic integration projects, in part because left leaning governments prefer regional integration through South-South cooperation and political autonomy from global powers, while right leaning governments prefer regional integration through development and econo-

mic insertion into global trade flows.¹ Latin American presidential political systems magnify this ideological divide as economic integration is not pushed forward by strong institutions and does not constitute State policy but rather depends on the political ideology of the incumbent president.² Thus, one can observe two discrete sets of Latin American economic integration projects. This chapter will review the Southern Common Market (*Mercado Común del Sur*, MERCOSUR) and the Andean Community as two examples of Latin American economic integration projects that aim at increasing regional trade as well as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (although this is not exclusively a Latin American project) and the Pacific Alliance as two examples that seek to better integrate the region into global trade flows. Reflecting on the challenges the region faces in this regard will arguably be valuable not only for Latin America but also for other small and/or peripheral States that wish to participate in regional efforts or have an interest in designing regional economic and trade integration initiatives.

II. Historical Context

- 3 Latin American efforts at economic integration between themselves and third parties operate, and sometimes oscillate, on a spectrum between two poles. In the 19th century, Andrés Bello outlined one pole, namely liberal

1 Rodríguez Aranda, I. (2014). Nuevas configuraciones económicas en el Asia-Pacífico y sus consecuencias para América Latina: Desde el APEC a la Alianza del Pacífico. *Dados-Revista de Ciências Sociais*, 57(2), 553–580, retrieved from <https://doi.org/10.1590/0011-5258201416>, p. 567; Baracaldo Orjuela, D., & Chenou, J.-M. (2019). Regionalism and presidential ideology in the current wave of Latin American integration. *International Area Studies Review*, 22(1), 41–63. Retrieved from <https://doi.org/10.1177%2F2233865918815008>, p. 44.

2 Ortiz Morales, C. (2017). La Alianza del Pacífico como actor regional: factores de éxito para la cohesión regional hacia la proyección internacional. *Desafíos*, 29(1), 47–77. Retrieved from <https://doi.org/10.12804/revistas.urosario.edu.co/desafios/a.4885>, pp. 70-71. Chaves García, C. (2018). Aproximación teórica y conceptual para el análisis de la Alianza del Pacífico. *Desafíos*, 30(1), 21–45. Retrieved from <https://doi.org/10.12804/revistas.urosario.edu.co/desafios/a.5775>, pp. 41-42. Baracaldo Orjuela & Chenou (n1), pp. 43-49. Bohigues, A., & Rivas, J. (2019). Free trade agreements and regional alliances: support from Latin American legislators. *Revista Brasileira de Política Internacional*, 62(1), 1–22. Retrieved from <https://doi.org/10.1590/0034-7329201900101>, p. 16.

principles of free trade among all nations,³ in his *Principios de derecho de jentes*, first published in 1833, and in later editions titled *Principios de derecho internacional*. These volumes were among the first and, arguably, the most influential works on international law in Latin America.⁴ The second pole is represented by the multi-faceted concept of Pan-Americanism, according to which, Latin American States should cooperate, strengthen their ties and hopefully integrate their economies (and perhaps even their polities). The above notably excludes what many would see as an is an obvious third pole, namely national autarky. However, it is argued here that this has not been a realistic commercial option because Latin American economies are small (perhaps except for Brazil), meaning autarky has so far only played a theoretical or rhetorical role and, as such, will not be further considered in this chapter. The two poles considered here respond to a political as well as an economic imperative as Latin American States have historically had little say in their bilateral relations with (neo)imperial powers and larger industrialised economies.

In the second half of the twentieth century, several international governmental organisations with a Pan-American focus were created. Most notably, in 1960, Latin American States created the Latin American Free Trade Association (*Asociación Latinoamericana de Libre Comercio*, ALALC)⁵ and in 1980 replaced it with the Latin American Integration Association (*Asociación Latinoamericana de Integración*, ALADI).⁶ Other organisations aimed at including a subset of Latin American States, like the Andean Pact (*Pacto Andino*), created in 1969⁷ and renamed Andean Community (*Comunidad Andina*, CAN) in 1996, and MERCOSUR, created in 1991.⁸ In general terms, and with the backing of the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) (*Comisión*

3 Bello, A. (1844). *Derecho Internacional* (second ed.). Lima: Librería de Moreno y Ca., p. 77, section IV.I.1.

4 Keller-Kemmerer, N. (2018). *Die Mimikry des Völkerrechts*. Baden-Baden: Nomos. doi:<https://doi.org/10.5771/9783845288604>, p. 17.

5 Treaty establishing a free-trade zone and instituting the Latin-American Free Trade Association (Montevideo Treaty) (1960), 1484 UNTS 223.

6 Treaty of Montevideo (1980), 1329 UNTS 225.

7 Cartagena Agreement (1969). Not available at UNTS.

8 Treaty establishing a Common Market (Asunción Treaty) between the Argentine Republic, the Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay (1991), 2140 UNTS 257; Additional Protocol to the Asunción Treaty on the institutional structure of Mercosur (Ouro Preto Protocol) (1994), 2145 UNTS 298.

Económica para América Latina y el Caribe, CEPAL), these institutions aimed at strengthening economic ties among Latin American States while maintaining barriers *vis-a-vis* non-Member States; thus, their approach may be described as seeking development via 'close regionalism'. The economic goal was industrialisation through import substitution combined with State-driven industrialisation and regulation of foreign direct investments.⁹ However, these projects were not really regional, because the States aimed at substituting imports irrespective of their geographical origin, including from Latin America. It seems reasonable to argue that the European economic integration project has served as an inspiration in this process,¹⁰ although the results of Latin American integration have been less impressive. In fact, the European inspiration has been so pervading that some authors have, for example, cautioned that the Court of Justice of the Andean Community and the MERCOSUR Permanent Tribunal of Revision have improperly applied judicial interpretations developed by the Court of Justice of the European Union.¹¹ Be that as it may, the advent of the 1990s ushered in a period that stood out in Latin America for the universal embrace of democratisation, constant dialogue among the region's political leaders, a convergence of macroeconomic policies, credible sub-regional economic integration and open regionalism.¹²

5 After about two decades of trepid Latin American integration, international organisations that aimed at Latin American economic integration had yielded unsatisfactory results, especially when compared with their, at times overblown, rhetorical claims. Accordingly, Latin American States

9 Echandi, R. (2001). Regional trade integration in the Americas during the 1990s: reflections of some trends and their implication for the multilateral trade system. *Journal of international economic law*, 4(2), 367–410. Retrieved from <https://doi.org/10.1093/jiel/4.2.367>, pp. 370, 372; Peixoto Batista, J., & Perrotta, D. (2018). El Mercosur en el nuevo escenario político regional: más allá de la coyuntura. *Desafíos*, 30(1), 91–134. Retrieved from <http://dx.doi.org/10.12804/revistas.urosario.edu.co/desafios/a.5767>, p. 96.

10 Caetano, G. (2019). Los nuevos rumbos del MERCOSUR el cambio de modelo y las consecuencias de la crisis Brasileña. *Foro internacional*, 47–88. Retrieved from <https://doi.org/10.24201/fi.v59i1.2582>, pp. 52–53.

11 Reyes Tagle, Y. (2018). El impacto de la jurisprudencia del Tribunal de Justicia de la Unión Europea en la definición del principio de libre circulación de mercancías en la Comunidad Andina y el Mercosur. *Agenda Internacional*, 25(36), 235–256. Retrieved from <https://doi.org/10.18800/agenda.201801.012>.

12 Barros Charlín, R. (1999). Circunstancias y Principios de la Actual Integración Latinoamericana. In J. Irigoin Barrenne, *Chile y el MERCOSUR en América Latina* (Vol. 1, pp. 21–29). Santiago de Chile: Editorial Jurídica de Chile, pp. 21–25.

began to gradually amend their strategies which saw, for example, Colombia become a contracting party to the General Agreement on Tariffs and Trade (GATT) in 1981, with Mexico following suit in 1986, while also around that time Chile began unilaterally opening up its markets. However, what started as a trickle of change became a tidal wave of paradigm shift. After the so-called 'lost decade' of the 1980s, UNECLAC published two influential studies that advocated abandoning import substitution policies¹³ and endorsing open regionalism.¹⁴ In a nutshell, open regionalism was an approach designed to support regional integration while not severely restricting trade with non-members. Pursuant to this new approach by UNECLAC, regional economic interdependence was to be built simultaneously upon preferential integration agreements and national unilateral decisions to open up and deregulate domestic markets. The key aims were to increase the competitiveness, openness and transparency of Latin American economies as well as to strengthen Latin American economies *vis-a-vis* protectionism in extra-regional markets. This shift roughly coincided with negotiations on the North American Free Trade Agreement (NAFTA) between the United States, Mexico and Canada as well as with the GATT Uruguay Round that culminated in the creation of the World Trade Organization in 1995. In addition, foreign direct investments were no longer perceived as a tool of imperialism employed by the Global North but as a key driver leading to industrialisation.¹⁵ In retrospect, it is easy to overlook the importance of this paradigm shift, however, abandoning the previous conventional wisdom¹⁶ about how and why Latin American economic integration into the global economy should be pursued opened the door to real progress in this regard in the coming decades.

At the Summit of the Americas, held on 11 December 1994 in Miami, 6 Florida, the Free Trade Area of the Americas (FTAA) was proposed and opened to all the States of the Americas except for Cuba. It aimed at creating a free trade zone, thus tapping into the potential of trade in the

13 CEPAL. (1990). Transformación Productiva con Equidad. Santiago de Chile: CEPAL. Retrieved from <http://hdl.handle.net/11362/2102>.

14 CEPAL. (1994). El regionalismo abierto en América Latina y el Caribe: la integración económica al servicio de la transformación productiva con equidad. Santiago de Chile: United Nations. Retrieved from <https://www.cepal.org/es/publicaciones/2140-regionalismo-aberto-america-latina-caribe-la-integracion-economica-al-servicio>.

15 Echandi (n9), pp. 388-393.

16 On the notion of conventional wisdom, see Galbraith, J. (1958/1998). The Affluent Society (40th anniversary ed.). Boston: Mariner Books, , pp. 7-17).

Americas. However, while expectations at the time were high,¹⁷ this project finally collapsed, mainly due to political reasons.

- 7 Also during the 1990s, several Latin American States began integrating their economies via bilateral free trade agreements, some formally agreed upon under the institutional umbrella that ALADI provided, however, this was done without creating new international organisations.
- 8 The Pacific Alliance arguably represents the most recent manifestation of this integrative effort as it combines the trends already mentioned. Upon the foundation of their previous bilateral free trade agreements, Chile, Colombia, Mexico and Peru signed the Pacific Alliance Framework Agreement¹⁸ in 2012. Importantly, the Pacific Alliance is an attempt to create a regional integration area that is open to any other State that has already signed a free trade agreement with each of the Pacific Alliance's parties (Article 11.1 Pacific Alliance Framework Agreement). Thus, it is designed to be able to transcend the geography of Latin America, heeding appeals to be able to engage in so-called 'mega-regionalism'. This has yielded tangible results as, in July 2021, the Pacific Alliance and Singapore concluded negotiations on a free trade agreement.¹⁹ Thus, the Pacific Alliance is seemingly proving to be a useful tool that has infused open regionalism with renewed spirit and energy.
- 9 Almost in parallel to the Pacific Alliance, several Latin American States participated in negotiations for the Trans-Pacific Partnership (TPP) which, after the USA withdrew, later became the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Like the Pacific Alliance, it aims at integrating developed and developing economies into an ambitious and open project. The CPTPP includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

17 CEPAL. (1999). *La Conformacion del Área de Libre Comercio de las Américas (ALCA): Aspectos institucionales y comerciales*. Ciudad de México: CEPAL. Retrieved from <https://www.cepal.org/es/publicaciones/2729-la-conformacion-area-libre-comercio-americas-alca-aspectos-institucionales>.

18 Acuerdo Marco de la Alianza del Pacífico (2012). Not available at UNTS. Available at http://www.sice.oas.org/Trade/PAC_ALL/Framework_Agreement_Pacific_Alliance_s.pdf

19 Organization of American States Foreign Trade Information System. Pacific Alliance (Chile, Colombia, Mexico and Peru) – Canada, Australia, New Zealand and Singapore. Retrieved from Foreign Trade Information System: http://www.sice.oas.org/TPD/CAN_PAC/CAN_PAC_e.ASP.

The following sections will take a closer look at four different Latin American economic integration projects that offer sometimes different, sometimes coinciding, answers to the question of how Latin American States, despite their relatively small and peripheral economies, should insert themselves into the global economy. The Andean Community and MERCOSUR represent the preference for cooperation and integration among Latin American States and political de-coupling from the Global North, while the Pacific Alliance and the CPTPP are the tools of choice for Latin American governments' efforts towards development and economic insertion into global trade flows. 10

III. The Andean Community

The Andean Community is an international governmental organisation and a trade bloc. It was created in 1969 by Bolivia, Chile, Colombia, Ecuador and Peru. Venezuela acceded in 1973 and withdrew in 2006 while Chile withdrew in 1976. Thus, as of 2023, the community's four Member States are Bolivia, Colombia, Ecuador and Peru. 11

It was founded on a historical context driven by dependency theory, a perspective that proposed Latin American States would benefit from being less reliant on the USA.²⁰ During the 1990s, Andean Community Member States unilaterally opened their economies, became members of the World Trade Organization and signed free trade agreements, mainly with the Global North.²¹ The Andean Community formally adopted an 'open regionalism' approach in 2004 under its Decision 598.²² Those free trade agreements gradually eroded the Andean Community's originally unified trade preferences, leading to fragmentation. Ultimately, the Andean Community was divided into two pairings, with Colombia and Peru (who would later

20 Prado Espinosa, M. (2018). La Comunidad Andina: las fuerzas centrífugas ejercidas por los Estados Unidos sobre un régimen comercial en formación. *Desafíos*, 30(1), 135–172. Retrieved from <https://doi.org/10.12804/revistas.urosario.edu.co/desafios/a.5774>, p. 137.

21 Fairlie, A., Collantes, E., & Castillo, L. (2021). El rol de los acuerdos intra y extrarregionales en los flujos comerciales: el caso de la Comunidad Andina de Naciones. *Problemas del Desarrollo*, 54(204), 165–188. Retrieved from <https://doi.org/10.22201/iiec.20078951e.2021.204.69603>, p. 169.

22 Andean Community decisions are available at <https://www.comunidadandina.org/normativa-andina/decisiones/> and <http://www.sice.oas.org/trade/JUNAC/junaind.asp>.

become parties to the Pacific Alliance) each signing a discrete free trade agreement with the USA in 2006²³, while Bolivia and Ecuador decided not to follow them down that path.²⁴ Largely due to that fracture, the Andean Community entered a period of organisational redesign under the auspices of UNECLAC (see, for instance, Andean Community Decisions 773 from 2012 and 792 from 2013). In 2015, Andean Community Decision 805 indefinitely suspended the project of a common external tariff, thus formally reverting the Andean Community from a customs union into a free trade area in the sense of Article XXIV.8 GATT.

13 For present purposes, we may distinguish the effects of the Andean Community regarding economic integration among its Member States and the effects vis-a-vis third parties. On the one hand, most authors are pessimistic about the economic results experienced by the Member States as they stress, for example, that while the Andean Community's institutional structure is robust it has failed to increase regional trade flows, mainly because of the lack of political will to implement national and regional economic integration policies.²⁵ Others argue that the economies of the Andean Community are not complimentary as they are heavily reliant on the same or similar commodities. This has led to economic competition and conflict among them and essentially means the Andean Community is a union of competitors.²⁶ However, some studies have emphasised that regional value chains do exist and, in fact, benefit from the Andean Community.²⁷

14 On the other hand, we may refer to the effects of the Andean Community regarding third parties. Some authors argue that free trade agreements between individual Andean Community Member States and the Global North have not had a significant bearing on trade flows.²⁸ In addition, instead of regional integration, trade flows show that the Member States

23 Peru – United States Trade Promotion Agreement. Not available at UNTS. Available at http://www.sice.oas.org/Trade/PER_USA/PER_USA_e/Index_e.asp
Colombia – United States Trade Promotion Agreement. Not available at UNTS. Available at http://www.sice.oas.org/Trade/COL_USA_TPA_e/Index_e.asp

24 Prado Espinosa (n20), pp. 147-150.

25 Prado Espinosa (n20), p. 138; Fairlie, Collantes, & Castillo (n21), p. 169.

26 Prado Espinosa (n20), pp. 160-163.

27 Durán Lima, J., Cracau, D., & Saeteros, M. (2018). Integración productiva en la Comunidad Andina: Cadenas de valor entre Colombia y el Ecuador. Santiago de Chile: CEPAL. Retrieved from <https://www.cepal.org/es/publicaciones/43360-integracion-productiva-la-comunidad-andina-cadenas-valor-colombia-ecuador>.

28 Fairlie, Collantes, & Castillo (n21), pp. 181-183.

are still spokes on a wheel where the USA is the hub.²⁹ Having recognised this, one would expect that Andean Community Member States would seek to take advantage of the increased strength provided by negotiating as a bloc,³⁰ however, they have done so only sporadically.

Economic relations with the European Union are worth highlighting. 15 The second largest market for Andean Community exports is the European Union (after the USA), although the Andean Community market is negligible for European Union exports.³¹ In 1993, the Andean Community signed a framework agreement with the European Economic Community³² (Andean Community Decision 329) that entered into force in 1998. In 2003, the Andean Community and the European Community signed a Political Dialogue and Cooperation Agreement³³ (Andean Community Decision 595). In 2007 they agreed on a general framework for the negotiation of an Association Agreement between the Andean Community and the European Union (Andean Community Decision 667), however, that project did not succeed due to differences among Andean Community Member States.³⁴ As a result, Colombia, Peru and the European Union eventually signed a free trade agreement in 2012³⁵ which, in its Article 10.5, expresses the desire that all Andean Community Member States become parties to the agreement, an option Ecuador exercised when it acceded to the free trade agreement in

29 Prado Espinosa (n20), pp. 152-159.

30 Fairlie, Collantes, & Castillo (n21), p. 170.

31 Pérez Chávez, F. (2019). El comercio entre la Comunidad Andina y la Unión Europea: Materias primas versus manufacturas. *Revista Universitaria Europea*(31), 131-166. Retrieved from <http://www.revistarue.eu/RUE/112019.pdf>, pp. 139-155.

32 Framework Agreement on Cooperation between the European Economic Community and the Cartagena Agreement and its member countries, namely the Republics of Bolivia, Colombia, Ecuador, Peru and Venezuela. OJ L 127, 29.4.1998, p. 11-25. http://data.europa.eu/eli/agree_internation/1998/278/oj

33 Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its member countries, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part. COM/2003/0695 final – CNS 2003/0268. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52003PC0695\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52003PC0695(02))

34 Quispe-Remón, F. (2020). Las relaciones entre la Unión Europea y la Comunidad Andina de Naciones: los tratados de libre comercio. *Iberoamerican Journal of Development Studies*, 9(2), 110-140. Retrieved from https://doi.org/10.26754/ojs_ried/ijds.413.6, p. 123.

35 Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part. OJ L 354, 21.12.2012, p. 3-2607. http://data.europa.eu/eli/agree_internation/2012/735/oj

2016,³⁶ however, Bolivia has not yet done so. As a result, Bolivian exports to the European Union are not covered by a free trade agreement but still benefit from the European Union's Generalised Scheme of Preferences.³⁷

16 The Andean Community Member States have also recognised that negotiating as a bloc need not be confined to dialogue with the Global North, as evidenced by the Andean Community and MERCOSUR signing a free trade agreement in 2003,³⁸ although its results have been disappointing.³⁹

17 Thus, one can observe how Colombia and Peru, and to a lesser extent Ecuador, have gradually shifted from preferring cooperation and integration among Latin American States, towards insertion into global trade flows with the Global North. For a variety of reasons that are beyond the scope of this chapter to detail, Bolivia has not, and such internal conflicts are one of the main challenges that the Andean Community currently faces.

IV. MERCOSUR

18 MERCOSUR is an international governmental organization and a trade bloc. It was created in 1991 and, as of 2022, its members are Argentina, Brazil, Paraguay and Uruguay. Since 2012, Bolivia has sought to achieve MERCOSUR membership. Venezuela became a member in 2013 but was subsequently suspended in 2016.

19 MERCOSUR was born from the historical context of open regionalism, however, at its inception, it was not fully compatible with that notion as it served to protect certain industries from external competition.⁴⁰ From

36 Protocol of Accession to the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part, to take account of the accession of Ecuador. OJ L 356, 24.12.2016, p. 3–1456. <http://data.eropa.eu/eli/prot/2016/2369/0j>

37 Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008. OJ L 303, 31.10.2012, p. 1–82. <http://data.eropa.eu/eli/reg/2012/978/0j>

38 Acuerdo de Complementación Económica Número 56 entre la Comunidad Andina y MERCOSUR. Not available at UNTS. Available at <http://www.sice.oas.org/Trade/MRCSR/ACMerAns.asp>

39 Neira Orjuela, F. (2014). Características actuales de la integración económica entre MERCOSUR y los países de la Comunidad Andina. *Revista Dimensión Empresarial*, 12(1), 46–58. Retrieved from <https://doi.org/10.15665/rde.v1i1.70>.

40 Peixoto Batista, J., & Perrotta, D. (n9), p. 94; Pose, N., & Bizzozero, L. (2019). Regionalismo, economía política y geopolítica: tensiones y desafíos en la nueva búsqueda

about 2003–2004, MERCOSUR was embedded in a regime of ‘post-liberal’, ‘post-hegemonic’ Latin American regionalism.⁴¹ Around 2012–2014, that ‘post-liberal’, ‘post-hegemonic’ project ultimately collapsed and MERCOSUR again opted for increased commercial liberalization.⁴² Thus, MERCOSUR has shown remarkable flexibility to exist in different political contexts⁴³ where the dynamics of economic competition and cooperation between Argentina and Brazil have been MERCOSUR’s driving force.⁴⁴

The long-term economic results of MERCOSUR have been modest in terms of relative economic integration and openness to agreements with third parties.⁴⁵ So far, it has not effectively fulfilled its goal of creating a customs union and creating a framework for political convergence. Indeed, it still is floundering to create an effective free trade zone and has resulted in a very defective customs union, while political convergence has not achieved real results and exists only in rhetoric,⁴⁶ indeed, dissatisfaction with that situation is one of the few things all the State parties to MERCOSUR agree on.⁴⁷

MERCOSUR faces an important choice regarding trade with parties outside Latin America, namely whether to strengthen its ties with Europe, with the Asia Pacific, or both. MERCOSUR has traditionally had strong cultural and (declining) economic ties with Europe⁴⁸ and in 1995 MERCOSUR and the European Community signed an Interregional Framework Cooperation Agreement.⁴⁹ Arguably, MERCOSUR’s most important recent outcome has been the trade agreement signed in 2019 with the European

de inserción internacional del Mercosur. *Revista Uruguaya de Ciencia Política*, 28(1), 249–278. Retrieved from <http://dx.doi.org/10.26851/rucp.28.1.9>, p. 255.

41 Peixoto Batista & Perrotta (n9), pp. 94-100; Pose & Bizzozero (n40), pp. 255-260; Caetano (n10), pp. 52-68

42 Caetano (n10), pp. 60-65, 78-80.

43 Peixoto Batista & Perrotta (n9), pp. 115-120.

44 Pose & Bizzozero (n40), pp. 251-252.

45 Peixoto Batista & Perrotta (n9), pp. 100-108.

46 Caetano (n10), p. 49.

47 Rozemberg, R., Campos, R., Gayá, R., Makuc, A., & Svarzman, G. (2019). Informe MERCOSUR: hacia un cambio necesario. Washington, D.C.: Inter-American Development Bank. Retrieved from <http://dx.doi.org/10.18235/0001732>, pp. 9-13.

48 Pose & Bizzozero (n40), pp. 267-272.

49 Interregional Framework Cooperation Agreement between the European Community and its Member States, of the one part, and the Southern Common Market and its Party States, of the other part – Joint Declaration on political dialogue between the European Union and Mercosur. OJ L 69, 19.3.1996, p. 4-22. http://data.europa.eu/eli/agree_internation/1996/205/oj

Union,⁵⁰ which took 20 years of intermittent and protracted negotiations.⁵¹ Whilst this is seemingly a positive outcome, it is tempered by the fact that the agreement has not entered into force yet, in part because it may not have met MERCOSUR's expectations regarding the liberalisation of European agricultural markets.⁵²

22 An interesting aside to the foregoing is that one of the main questions raised regarding MERCOSUR in the last decade has been if it and the Pacific Alliance may converge,⁵³ as this would considerably ease the former's geographic access to the Asia-Pacific region.⁵⁴ In this regard, State parties to MERCOSUR and State parties to the Pacific Alliance signed a joint declaration in July 2018,⁵⁵ which may become particularly relevant if global geo-economic tides ultimately shift towards Asia.

23 Be that as it may, it should be noted that improving MERCOSUR institutions and its internal trade does not currently seem to be a priority for its parties, thus, MERCOSUR and the Andean Community are currently languishing in a critical situation.⁵⁶

V. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

24 The CPTPP is a trade agreement whose roots lie in the Asia-Pacific Economic Cooperation (APEC) Bogor Goals signed in 1994, and in APEC's pro-

50 New EU-Mercosur trade agreement. The agreement in principle. Brussels, 1 July 2019. http://www.sice.oas.org/TPD/MER_EU/Texts/Agt_in_Principle_e.pdf

51 Sanahuja, J., & Rodríguez, J. (2019). Veinte años de negociaciones Unión Europea-Mercosur: Del interregionalismo a la crisis de la globalización. Madrid: Fundación Carolina. Retrieved from <https://doi.org/10.33960/issn-e.1885-9119.DT13>. Caetano, G. (2022). Analysis and foresight of the European Union-Mercosur Association Agreement. Madrid: Fundación Carolina/Fundación EU-LAC. Retrieved from <https://doi.org/10.33960/issn-e.1885-9119.DTFF04en>.

52 Caetano (n10), p. 81; Pose & Bizzozero (n40), p. 272.

53 Rosales V., O. (2014). La Alianza del Pacífico y el MERCOSUR: hacia la convergencia en la diversidad. Santiago de Chile: United Nations Economic Commission for Latin America and the Caribbean. Retrieved from <http://hdl.handle.net/11362/37304>.

54 Pose & Bizzozero (n40), pp. 260-267.

55 Alianza del Pacífico. (2018, July 24). Declaración Presidencial entre los Estados Partes del Acuerdo Marco de la Alianza del Pacífico (AP) y los Estados Partes del MERCOSUR signatarios del Tratado de Asunción. Retrieved from Alianza del Pacífico: <https://alianzapacifico.net/?wpdmld=15483>.

56 Caetano (n10), pp. 53-54.

jected Free Trade Area of the Asia-Pacific (FTAAP) which was first mentioned in 2004.⁵⁷ Regarding the latter, the 2010 APEC Leaders' Declaration mentioned that the "FTAAP should be pursued as a comprehensive free trade agreement by developing and building on ongoing regional undertakings, such as ASEAN+3, ASEAN+6, and the Trans-Pacific Partnership, among others"⁵⁸ and this was reiterated in the APEC Leaders' Declaration in 2015,⁵⁹ essentially abandoning the FTAAP in favour of other projects.

Section 4 of the APEC Bogor Goals called for liberalising trade and investments in the Asia Pacific. In 1998, Australia, Chile, New Zealand, Singapore and the USA discussed negotiating a free trade agreement, but Australia and the USA ultimately abandoned this project. However, New Zealand and Singapore negotiated a Closer Economic Partnership agreement⁶⁰ that entered into force in 2001, started negotiations with Chile in 2002 and these were later joined by Brunei.⁶¹ Out of these negotiations, the Trans-Pacific Strategic Economic Partnership Agreement⁶² (also known as the P-4 Agreement) was signed in 2005 and entered into force in 2006.⁶³ Its Article 1.1.3 explicitly refers to APEC and Article 20.6 states that the P-4

57 Toro-Fernandez, J.-F., & Tijmes-Ihl, J. (2022). *La Alianza del Pacífico y el Tratado Integral y Progresista de Asociación Transpacífico (CPTPP): el marco jurídico para la integración de América Latina y el Asia-Pacífico*. In S. Soto Velasco (Ed.), *El Derecho Público para la modernización institucional*. Santiago de Chile: Tirant lo Blanch.

58 APEC. (2010, November 12–13). 2010 Leaders' Declaration. Retrieved from Asia-Pacific Economic Cooperation: https://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.

59 APEC. (2015, November 15). 2015 Leaders' Declaration. Retrieved from Asia-Pacific Economic Cooperation: https://www.apec.org/Meeting-Papers/Leaders-Declarations/2015/2015_aelm, section 7.b.

60 Agreement between New Zealand and Singapore on a closer economic partnership, 2203 UNTS 129.

61 Herreros, S. (2011). *The Trans-Pacific Strategic Economic Partnership Agreement: a Latin American perspective*. Santiago de Chile: CEPAL. Retrieved from <https://www.cepal.org/en/publications/4332-trans-pacific-strategic-economic-partnership-agreement-latin-american-perspective>, p. 7.

62 Trans-Pacific Strategic Economic Partnership Agreement, 2592 UNTS 225.

63 Organization of American States Foreign Trade Information System. Trans-Pacific Strategic Economic Partnership Agreement. Retrieved from http://www.sice.oas.org/Trade/CHL_Asia_e/TransPacific_ind_e.asp. Organization of American States Foreign Trade Information System. Trans-Pacific Strategic Economic Partnership Agreement (P4) Chile–Brunei Darussalam–New Zealand–Singapore. Retrieved from http://www.sice.oas.org/TPD/CHL_Asia/CHL_Asia_e.ASP. See also Elms, D. (2016). The Origins and Evolution of the Trans-Pacific Partnership Trade Negotiations. *Asian Survey*, 56(6), 1017–1039. Retrieved from <https://doi.org/10.1525/as.2016.56.6.1017>; Nakagawa, J. (2017). TPP-II as a Means to Revive the TPP

Agreement is open to accession by any APEC economy or other State. A crucial detail is that the P-4 Agreement does not include a chapter on investments, but its Article 20.1 states: “Unless otherwise agreed, no later than 2 years after entry into force of this Agreement the Parties shall commence negotiations to include a chapter on investment in this Agreement on a mutually advantageous basis”. In 2008, the USA, then later Australia, Peru and Vietnam, expressed their interest in participating in those negotiations.⁶⁴ As a result, instead of enlarging P-4 membership via accessions, the parties to the P-4 Agreement decided to negotiate a new agreement⁶⁵ that would later become the Trans-Pacific Partnership (TPP).

26 TPP negotiations started in 2010 and, as they progressed, Canada, Japan, Malaysia and Mexico also joined in. Negotiations among the now twelve-strong group of would-be parties concluded in 2015 and the TPP⁶⁶ was signed in 2016.⁶⁷ However, shortly after he came into office, US President Trump announced that the USA would withdraw from the TPP.⁶⁸ This withdrawal took many by surprise, mainly because the TPP would have meant a free trade agreement between the USA and Japan, something both countries had been striving towards for some time.⁶⁹ Unsurprisingly, the US withdrawal meant the death of the TPP⁷⁰ and, as a side note, it also had

after US Withdrawal. *Asian Journal of WTO & International Health Law & Policy*, 12, 405, p. 409.

64 Organization of American States Foreign Trade Information System. Comprehensive and Progressive Agreement for Trans Pacific Partnership Agreement (CPTPP) – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Retrieved from http://www.sice.oas.org/TPD/TPP/TPP_e.ASP.

65 Elms (n63), p. 1023.

66 Not available at UNTS. Available at http://www.sice.oas.org/Trade/TPP/Final_Texts/English/TPP_Index_e.asp

67 Organization of American States Foreign Trade Information System. Comprehensive and Progressive Agreement for Trans Pacific Partnership Agreement (CPTPP) – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Retrieved from http://www.sice.oas.org/TPD/TPP/TPP_e.ASP.

68 Executive Office of the President. (2017, 01 30). US Letter to TPP Depositary. Retrieved from Office of the United States Trade Representative: <https://ustr.gov/sites/default/files/files/Press/Releases/1-30-17%20USTR%20Letter%20to%20TPP%20Depositary.pdf>.

69 Anonymous interview with a former high ranking US Government official.

70 Schott, J. J., & Lu, Z. L. (2017). Asia-Pacific Regionalism after the TPP. In A. S. Posen, & J. Ha (Eds.), *US-China Cooperation in a Changing Global Economy* (pp. 134–144). Washington, DC: Peterson Institute for International Economics. Re-

an impact on NAFTA. According to a United States Trade Representative, the TPP had represented something of a renegotiation of NAFTA.⁷¹ Consequently, NAFTA itself was later renegotiated and finally superseded with the Agreement between the United States of America, the United Mexican States, and Canada⁷² (commonly known as USMCA in the United States and as CUSMA in Canada).

The eleven remaining parties to the TPP soldiered on and resumed negotiations in 2017. They signed a new agreement in 2018, termed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership⁷³ (CPTPP, informally known as TPP-11), which incorporates the provisions of the TPP by reference, although with some exceptions (Article 1.1), and suspends certain TPP provisions, especially those related to Chapter 9 on investments and Chapter 18 on intellectual property (Article 2). The CPTPP Agreement entered into force for Australia, Canada, Japan, Mexico, New Zealand and Singapore in 2018, and in the years since it has entered into force for the other parties.⁷⁴

Accordingly, the history of the CPTPP is a paradigmatic example of how several Latin American States, over a period of some three decades, have proactively and consistently pursued strategies to insert their economies into the global economy and diversify their trade partners beyond Latin America — particularly with economies from the Asia-Pacific. To this end, the CPTPP and the Pacific Alliance may mutually reinforce each other since some of their regulations converge.⁷⁵

trieved from <https://www.piie.com/publications/piie-briefings/us-china-cooperation-changing-global-economy>, p. 134.

- 71 United States Trade Representative. (n.d.). The Trans-Pacific Partnership. Retrieved December 17, 2019, from Office of the United States Trade Representative: <https://web.archive.org/web/20191217063334/https://ustr.gov/tpp/>
- 72 Not available at UNTS. Available at http://www.sice.oas.org/Trade/USMCA/USMCA_Toc_PDF_e.asp
- 73 Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Not registered at UNTS. Available at <https://treaties.un.org/Pages/showDetails.aspx?objid=08000028056a333>
- 74 Organization of American States Foreign Trade Information System. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Retrieved from http://www.sice.oas.org/Trade/TPP/CPTPP/English/CPTPP_Index_e.asp.
- 75 Toro-Fernandez, J.-F., & Tijmes-Ihl, J. (2021b). Pacific Alliance, CPTPP and USMCA Investment Chapters: substantive convergence, procedural divergence. PUC Perú(86), 145–178. doi:10.18800/derechopucp.202101.005.

VI. The Pacific Alliance

29 The ‘post-liberal’ or ‘post-hegemonic’ project was never embraced by Latin American States on the Pacific rim given their preference to open themselves up to the global economy.⁷⁶ Thus, the creation of the Pacific Alliance was in implicit opposition to other regional projects such as MERCOSUR.⁷⁷ The Pacific Alliance is a regional integration area that aims at becoming, among others, a platform for political articulation, economic and commercial integration, and projection towards the world, with emphasis on the Asia Pacific (pursuant to Articles 1 and 3.1.c of the Pacific Alliance Framework Agreement).

30 The Pacific Alliance was born from two broad geographic contexts: one is Latin American and the other is Asian-Pacific.⁷⁸ The Latin American context consists of a closely knit web of economic integration agreements that bound Chile, Colombia, Mexico and Peru, the States that would later become parties to the Pacific Alliance⁷⁹ (see Table 1).

Table 1: year(s) that free trade agreements among Pacific Alliance members entered into force.

	Peru	Mexico	Colombia
Chile	1998/2009	1991/1999	1993/2009
Colombia	2010	1995/2011	
Mexico	1987/2012		

76 Caetano (n10), p. 65.

77 Flemes, D., & Castro, R. (2015). Colombia y Brasil frente a la Alianza del Pacífico y el Mercosur. *Iberoamericana*, 15(60), 200–204. Retrieved from <https://doi.org/10.18441/ibam.15.2015.60.200-204>, pp. 200-204; Giacalone, R. (2016). Conceptualización y marco analítico explicativo del multilateralismo latinoamericano. *Oasis*, 24, 7–25. Retrieved from <https://doi.org/10.18601/16577558.n24.02>, pp. 20-21; Beltrán Mora, L., & Ferrer Toscano, H. (2016). Alianza Pacífico: una perspectiva geopolítica y económica. *Dimensión Empresarial*, 14(1), 79–94. Retrieved from <http://dx.doi.org/10.15665/rde.v14i1.632>, p. 85.

78 Toro-Fernandez & Tijmes-Ihl (n57).

79 Toro-Fernández, J.-F., & Tijmes-Ihl, J. (2021a). The Pacific Alliance and the Belt and Road Initiative. *Asian Education and Development Studies*, 10(3), 421–432. doi:<https://doi.org/10.1108/AEDS-08-2019-0126>, pp. 424-425.

The Asia-Pacific context is rooted in APEC and, in this sense, the Pacific Alliance shares a background and a certain vision with the CPTPP. Latin American academic debates about economic integration with the Asia Pacific are not simply a recent trend,⁸⁰ however, it took some time until States began to channel their interest in the Asia Pacific through Latin American regional institutions. One highlight was the Latin American Pacific Basin Initiative Forum (*Foro sobre la Iniciativa de la Cuenca del Pacífico Latinoamericano*) signed in 2007, renamed Latin American Pacific Arc Forum (*Foro del Arco Pacífico Latinoamericano*) in 2008, as it aimed at facilitating and promoting trade and investments among several Latin American States.⁸¹ In hindsight, this may now be considered a crucial stepping stone toward the formation of the Pacific Alliance as it was the first attempt at linking several States from the Latin American Pacific coast with Asian-Pacific States.⁸² It countered scepticism about open regionalism that was abounding in, for example, MERCOSUR.⁸³ Paragraph 2 of the Latin American Pacific Arc Forum 2008 Cancún Declaration⁸⁴ stressed that State parties should make a coordinated effort to more fully economically integrate with the Asia Pacific. In 2008 and 2010, UNECLAC echoed that idea and emphasised that the Latin American Pacific Arc Forum should be focused on the Asia Pacific.⁸⁵ However, after 2010, the Forum ultimately lost

80 Moreno Laval, C. (1991). América Latina y la Cuenca del Pacífico. Una Vision Chilena. *Estudios Internacionales*, 24(95), 368–383. doi:10.5354/0719-3769.2011.15528.

81 Novak, F., & Namihas, S. (2015). Alianza del Pacífico: situación, perspectivas y propuestas para su consolidación. Lima: Instituto de Estudios Internacionales de la Pontificia Universidad Católica del Perú & Konrad Adenauer Stiftung. Retrieved from <http://repositorio.pucp.edu.pe/index/handle/123456789/53176>, p. 27.

82 Foro sobre la Iniciativa de la Cuenca del Pacífico Latinoamericano, Declaración de Santiago de Cali. Available at: https://www.gob.mx/cms/uploads/attachment/file/2224/SE_01DeclaracionMinisterialSantiCali2007.pdf

83 Briceño Ruiz, J. (2010). La Iniciativa del Arco del Pacífico Latinoamericano. Un nuevo actor en el escenario de la integración regional. *Nueva Sociedad*, 228, 44–59.

84 Foro del Arco del Pacífico Latinoamericano, Declaración de Cancún. Available at: <https://xdoc.mx/preview/foro-del-arco-del-pacifico-latinoamericano-cancun-5c5356345b85f>

85 CEPAL. (2008). El Arco del Pacífico Latinoamericano y su proyección a Asia-Pacífico. Santiago de Chile: CEPAL. Retrieved from <https://repositorio.cepal.org/handle/11362/29092008>. CEPAL. (2010). El Arco del Pacífico Latinoamericano: construyendo caminos de complementación e integración con Asia. Santiago de Chile: CEPAL. Retrieved from https://repositorio.cepal.org/bitstream/handle/11362/2968/lcr2166_es.pdf

momentum due to differences among its members and due to its lack of institutional structure.⁸⁶

32 In 2010, the Peruvian government invited several Latin American States to create a deep economic integration project that would, *inter alia*, become a shared economic platform oriented particularly towards the Asia Pacific region but also be open to other regions around the globe.⁸⁷ In 2011, the first Pacific Alliance summit was held involving Chile, Colombia, Peru and Mexico, and the Heads of State issued the Lima Presidential Declaration about the Pacific Alliance.⁸⁸ This document is remarkable for two primary reasons: (1) it launched negotiations on a framework agreement built upon pre-existing free trade agreements among these States and (2) it explicitly stated the objective of consolidating the Latin American Pacific Arc to better facilitate political dialogue with and projection towards the Asia Pacific. The declaration implicitly refers to the APEC Bogor Goals and some elements later resurfaced in the Pacific Alliance Framework Agreement.⁸⁹

33 Chile, Colombia, Peru and Mexico signed the Pacific Alliance Framework Agreement in 2012 and it entered into force in 2015.⁹⁰ The Additional Protocol to the Pacific Alliance Framework Agreement⁹¹ was signed in 2014, it entered into force in 2016⁹² and has been subsequently amended twice (once in 2015 and again in 2016). Whereas the Framework Agreement is a briefly worded agreement that simply creates an institutional structure, the Additional Protocol fleshes out the integration project, since it includes

86 Fernández de Soto, G., & Pineda, S. (2012). *El Pacífico: la inserción aplazada. La relación de Colombia con el Asia-Pacífico en el contexto de América Latina*. Bogotá: Panamericana Formas e Impresos SA., pp. 103-106.

87 Novak & Namihas (n81), p. 35.

88 Declaración Presidencial sobre la Alianza del Pacífico (Declaración de Lima). Available at: <https://alianzapacifico.net/download/declaracion-de-lima-abril-28-de-2011/>

89 Toro-Fernandez & Tijmes-Ihl (n57), p. 728.

90 Organization of American States Foreign Trade Information System. Pacific Alliance. Retrieved from http://www.sice.oas.org/TPD/Pacific_Alliance/Pacific_Alliance_e.asp.

91 Protocolo Adicional al Acuerdo Marco de la Alianza del Pacífico (2014). Not available at UNTS. Available at http://www.sice.oas.org/Trade/PAC_ALL/Index_Pacific_Alliance_s.asp

92 Alianza del Pacífico. (2016, May 1). Joint Communiqué of the PA Member Countries on the Occasion of the Entry into Force of the Additional Protocol to the Framework Agreement. Retrieved from <https://alianzapacifico.net/en/comunicado-conjunto-de-los-paises-miembros-de-la-alianza-del-pacifico-con-motivo-de-la-entrada-en-vigor-del-protocolo-adicional-al-acuerdo-marco/>.

subject matters such as market access, trade in goods, trade in services, investment protection, electronic commerce and so forth.

Thus, we can observe that, right from its inception, the Pacific Alliance has not aimed primarily at economic integration among its members (and even less with non-member Latin American economies), but with economies in the Asia-Pacific region.⁹³ This makes sense, as economic complementarity and trade flows among parties to the Pacific Alliance are not high.⁹⁴ Mexico is by no means a small economy, and while it is well integrated with the US this is not the case with its Pacific Alliance partners. Mexican international trade is quite concentrated on the US market and Mexico may need to diversify its trade relations.⁹⁵ In contrast to Mexico, the economies of Chile, Colombia and Peru are small and peripheral in a global context and, as such, these States arguably also need to further insert their economies into global trade flows and supply chains. In short, all the State parties to the Pacific Alliance share the similar goal of wanting to strengthen and diversify their international trade.

Thus, when the Pacific Alliance was launched, it was not only envisaged as homologating previous free trade agreements between the parties but primarily at becoming a structure for political dialogue and tapping into the Asia-Pacific region.⁹⁶ Indeed, the Pacific Alliance presidential declarations routinely refer to the Asia Pacific, thus mirroring APEC vocabulary, and seldom refer to other Latin American integration projects such as

93 Rodríguez Aranda (n1), pp. 566-567; Giacalone (n77), p. 20.

94 Mora Mora, J. (2016). La Alianza del Pacífico y Mercosur: evidencias de convergencia económica. *Estudios Gerenciales*, 32(141), 309–318. Retrieved from <https://doi.org/10.1016/j.estger.2016.10.005>. Hernández Bernal, J., & Muñoz Angulo, L. (2015). Comercio y evolución de la Alianza del Pacífico. *Equidad & Desarrollo*, 24, 97-118. Retrieved from <https://doi.org/10.19052/ed.3682>, pp. 111-114. Coutin, R., & Terán, J. (2016). La Alianza del Pacífico: ¿apuesta estratégica de la política exterior colombiana? *Estudios Gerenciales*, 32, 346–357. Retrieved from <https://doi.org/10.1016/j.estger.2016.10.008>, p. 351. Ovando-Aldana, W., Canales-García, R., & Munguía, G. (2017). Comercio interregional de bienes manufacturados en los países de la Alianza del Pacífico desde la Teoría de Linder. *Desafíos*, 29(2), 169–197. Retrieved from <https://doi.org/10.12804/revistas.urosario.edu.co/desafios/a.4876>, pp. 191-192.

95 Tijmes-Ihl, J., & Tovar Silva, Y. (2021). The USMCA Sunset Clause. *Brazilian Journal of International Law*, 18(3), 258–271. doi:<https://doi.org/10.5102/rdi.v18i3.7878>, pp. 260-261, 267-268.

96 Alianza del Pacífico. (2011, April 28). Declaración de Lima. Retrieved from Alianza del Pacífico: <https://alianzapacifico.net/download/declaracion-de-lima-abril-28-de-2011/>.

34

35

MERCOSUR or the Andean Community.⁹⁷ However, for several reasons it is dubious if the Pacific Alliance's economies will be able to effectively integrate themselves with Asia-Pacific value chains for a variety of reasons, the most notable being cultural differences, geopolitical costs of escaping the US sphere of influence and their currently low-insertion rates in global value chains (except for Mexico regarding US value chains).⁹⁸ In essence, it boils down to low volumes being confronted with high geographical distances which naturally raises the question: Will these economies' integration with the Asia-Pacific region remain a purely declarative goal?

36 To partially answer this question, it seems that the Pacific Alliance is serving a relevant goal not only in terms of integrating its members' economies with those in the Asia-Pacific region but also as a common negotiating front vis-a-vis third parties. For example, since 2017 the Pacific Alliance has engaged in negotiations with Australia, Canada, New Zealand and Singapore⁹⁹ and in January 2022 the Pacific Alliance member States and Singapore signed a free trade agreement.¹⁰⁰ Hence, it seems Member States will perhaps continue to use the Pacific Alliance to increase their bargaining power vis-a-vis other negotiating partners such as China, the USA and perhaps the EU.¹⁰¹

37 In other words, the Pacific Alliance is probably becoming an institution that will aim at creating a united negotiating front for the Member States to articulate their positions vis-a-vis the Asia-Pacific region. Following Grell-Brisk,¹⁰² we may understand the Pacific Alliance as a regional organisation created by peripheral States to protect their interests, especially regarding China.¹⁰³

97 Toro-Fernandez & Tijmes-Ihl (n57).

98 Toro-Fernandez & Tijmes-Ihl (n57).

99 Organization of American States Foreign Trade Information System. Pacific Alliance (Chile, Colombia, Mexico and Peru) – Canada, Australia, New Zealand and Singapore. Retrieved from http://www.sice.oas.org/TPD/CAN_PAC/CAN_PAC_e.ASP.

100 Tratado de Libre Comercio entre la Alianza del Pacífico y Singapur. Not available at UNTS. Available at <https://alianzapacifico.net/descarga-documentos-alcaps/>

101 Toro-Fernández & Tijmes-Ihl (n79), pp. 427-428.

102 Grell-Brisk, M. (2017). China and global economic stratification in an interdependent world. Palgrave Communications, 3(1), 1-12. Retrieved from <https://doi.org/10.1057/palcomms.2017.87>, pp. 9, 11.

103 Toro-Fernández & Tijmes-Ihl (n79), pp. 421-422.

VII. Trade Statistics

Trade flows strongly vary among the selected Latin American States presented in Table 2: Trade flows, presented below. These figures capture world trade and, as such, are not restricted to trade within Latin America while statistics for 1990 are available only for a subset of States and statistics for 1980 are not available at the United Nations Comtrade database.

When comparing 2000 and 2020 trade flows, one can observe an across-the-board strong increase in exports and imports. Argentina, Mexico and Uruguay performed below average, but in Mexico's case, it is arguably more interesting to compare figures for 1990 and 2000, as they reflect Mexican trade flows before and after NAFTA entered into force and clearly outperformed relative increases of other States with available statistics for 1990. The 1990 and 2020 figures for Brazil and Mexico are quite similar, however, figures for later years show that Mexican trade flows have increased much more rapidly, supporting the notion that Mexican underperformance between 2000 and 2020 is not representative.

Absolute trade figures also differ markedly among the selected States. Mexico is currently the undisputed overachiever among Latin American economies, easily outpacing all the other economies of the region. This is most probably due to NAFTA, as Mexican trade flows are heavily concentrated on the USA, so much so that Mexican trade flows with the USA even exceed those of Canada.¹⁰⁴

104 Tijmes-Ihl & Tovar Silva (n95), pp. 260-261.

Table 2: *Trade flows*

State	1990	2000	2010	2020	Increase 2020/2000
Argentina					
Export	\$26,341,029,193	\$68,174,446,579	\$54,883,822,445	\$208 %	
Import	\$25,280,463,491	\$56,792,378,207	\$42,355,505,399	168 %	
Bolivia					
Export	\$1,456,674,073	\$7,051,433,163	\$7,032,764,187	483 %	
Import	\$1,848,731,517	\$5,603,872,620	\$7,115,199,566	385 %	
Brazil					
Export	\$31,411,237,344	\$54,993,153,735	\$200,433,952,776	\$209,180,241,655	380 %
Import	\$22,458,519,552	\$60,045,621,239	\$193,184,261,936	\$166,336,211,575	277 %
Chile					
Export	\$8,522,023,936	\$18,214,503,759	\$71,106,105,854	\$73,479,930,615	403 %
Import	\$7,022,278,656	\$16,619,725,987	\$59,007,357,610	\$59,215,009,302	356 %
Colombia					
Export	\$13,158,400,847	\$39,819,528,642	\$31,055,810,659	\$236 %	
Import	\$11,757,001,451	\$40,632,507,646	\$43,487,464,166	370 %	
Ecuador					
Export	\$4,821,869,284	\$17,489,921,736	\$20,355,361,438	422 %	
Import	\$3,445,927,694	\$20,590,848,480	\$17,917,997,364	520 %	
Mexico					

State	1990	2000	2010	2020	Increase 2020/2000
Export	\$26,344,665,088	\$166,294,339,530	\$298,305,075,136	\$416,982,170,486	251 %
Import	\$29,559,513,088	\$174,397,202,141	\$301,481,733,926	\$382,979,895,758	220 %
Paraguay					
Export	\$958,680,512	\$2,200,087,905	\$6,516,534,823	\$8,517,891,386	387 %
Import	\$1,348,617,600	\$2,260,213,919	\$10,033,465,850	\$10,216,357,778	452 %
Peru					
Export		\$6,322,421,097	\$35,807,438,494	\$38,757,234,044	613 %
Import		\$7,414,903,057	\$29,955,750,154	\$36,064,030,332	486 %
Uruguay					
Export		\$2,295,400,680	\$6,724,161,707	\$6,853,089,373	299 %
Import		\$3,465,809,103	\$8,621,757,641	\$7,564,488,840	218 %
Total general	\$127,625,555,776	\$602,633,479,702	\$1,477,392,532,980	\$1,640,350,476,368	272 %

Source: the author, using data from the United Nations Comtrade database <http://comtrade.un.org/data/>, accessed on 2 April 2022. Parameters: Type of product: Goods; Frequency: Annual; HS: As reported; STIC: none; BEC: none; Periods (year): 1980, 1990, 2000, 2010, 2020; Reporters: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Uruguay; Partners: World; Trade Flows: Export, Import; HS (as reported) commodity codes: TOTAL – Total of all HS commodities. Values are given in current US dollar values.¹⁰⁵

41 The following tables will refer to trade flows within the Andean Community, MERCOSUR and the Pacific Alliance. No separate table is provided for the CPTPP as its Latin American Member States are also Pacific Alliance Member States.

Table 3: *Trade among Andean Community Member State*

State	Exports (as a % of the State's total exports)	Imports (as a% of the State's total imports)
Bolivia		
<i>Colombia</i>		
2000	13.2 %	2.4 %
2020	5.3 %	2.1 %
<i>Ecuador</i>		
2000	0.4 %	0.4 %
2020	2.5 %	0.6 %
<i>Peru</i>		
2000	4.2 %	5.0 %
2020	6.6 %	7.9 %
Colombia		
<i>Bolivia</i>		
2000	0.3 %	1.7 %
2020	0.3 %	0.8 %
<i>Ecuador</i>		
<i>Bolivia</i>		
2000	0.1 %	0.2 %
2020	0.1 %	1.5 %
<i>Colombia</i>		
2000	5.4 %	14.2 %
2020	3.9 %	8.3 %
<i>Peru</i>		
2000	6.0 %	2.1 %
2020	2.1 %	3.3 %

105 <https://unstats.un.org/wiki/display/comtrade/Calculation+of+dollar+value+in+trade+statistics+-+Current+value+or+constant+dollar+value>

State	Exports (as a % of the State's total exports)	Imports (as a % of the State's total imports)
Peru		
<i>Bolivia</i>		
2000	1.5 %	0.6 %
2020	1.4 %	1.5 %
<i>Colombia</i>		
2000	2.2 %	5.4 %
2020	1.7 %	2.7 %
<i>Ecuador</i>		
2000	1.5 %	4.4 %
2020	1.7 %	1.2 %

Source: the author, using data from the United Nations Comtrade database <https://comtrade.un.org/data/>, accessed on 2 April 2022. Parameters: Type of product: Goods; Frequency: Annual; HS: As reported; SITC: none; BEC: none; Periods (year): 2000, 2005, 2010, 2015, 2020; Reporters: Bolivia (Plurinational State of), Colombia, Ecuador and Peru; Partners: World; Trade Flows: Export, Import; HS (as reported) commodity codes: TOTAL – Total of all HS commodities. Values are given in current US dollar values.

Table 3: Trade among Mercosur Member States

State	Exports (as a % of the State's total exports)	Imports (as a % of the State's total imports)
Argentina		
<i>Brazil</i>		
2000	26.5 %	25.6 %
2020	14.5 %	20.4 %
<i>Paraguay</i>		
2000	2.3 %	1.2 %
2020	1.6 %	5.2 %
<i>Uruguay</i>		
2000	3.1 %	1.7 %
2020	1.9 %	0.8 %
Brazil		
<i>Argentina</i>		
2000	11.3 %	12.0 %
2020	4.1 %	4.9 %

State	Exports (as a % of the State's total exports)	Imports (as a % of the State's total imports)
<i>Paraguay</i>		
2000	1.5 %	2.4 %
2020	1.0 %	1.8 %
<i>Uruguay</i>		
2000	1.2 %	1.0 %
2020	0.8 %	0.7 %
<i>Paraguay</i>		
<i>Argentina</i>		
2000	15.3 %	25.0 %
2020	24.9 %	9.3 %
<i>Brazil</i>		
2000	64.6 %	23.9 %
2020	35.5 %	23.4 %
<i>Uruguay</i>		
2000	5.6 %	3.6 %
2020	1.2 %	1.1 %
<i>Uruguay</i>		
<i>Argentina</i>		
2000	17.9 %	24.1 %
2020	4.4 %	13.0 %
<i>Brazil</i>		
2000	23.1 %	19.2 %
2020	15.4 %	21.1 %
<i>Paraguay</i>		
2000	3.6 %	0.4 %
2020	1.7 %	1.4 %

Source: the author, using data from the United Nations Comtrade database <https://comtrade.un.org/data/>, accessed on April 02, 2022. Parameters: Type of product: Goods; Frequency: Annual; HS: As reported; SITC: none; BEC: none; Periods (year): 2000, 2005, 2010, 2015, 2020; Reporters: Argentina, Brazil, Paraguay and Uruguay; Partners: World; Trade Flows: Export, Import; HS (as reported) commodity codes: TOTAL – Total of all HS commodities. Values are given in current US dollar values.

Table 5: Trade among Pacific Alliance Member States (includes Latin American CPTPP Member States)

State	Export (as a % of the State's total exports)	Imports (as a% of the State's total imports)
Chile		
<i>Colombia</i>		
2000	1.3 %	1.2 %
2020	0.8 %	1.9 %
<i>Mexico</i>		
2000	4.5 %	3.7 %
2020	1.4 %	2.7 %
<i>Peru</i>		
2000	2.4 %	1.5 %
2020	2.1 %	1.9 %
Colombia		
<i>Chile</i>		
2000	1.5 %	2.2 %
2020	2.5 %	1.4 %
<i>Mexico</i>		
2000	1.8 %	4.7 %
2020	3.7 %	6.7 %
<i>Peru</i>		
2000	2.8 %	1.2 %
2020	2.8 %	1.6 %
Mexico		
<i>Chile</i>		
2000	0.3 %	0.5 %
2020	0.3 %	0.3 %
<i>Colombia</i>		
2000	0.3 %	0.2 %
2020	0.6 %	0.3 %
<i>Peru</i>		
2000	0.1 %	0.1 %
2020	0.3 %	0.1 %

State	Export (as a % of the State's total exports)	Imports (as a% of the State's total imports)
Peru		
<i>Chile</i>		
2000	4.1 %	5.3 %
2020	2.7 %	3.0 %
<i>Colombia</i>		
2000	2.2 %	5.4 %
2020	1.7 %	2.7 %
<i>Mexico</i>		
2000	2.3 %	3.2 %
2020	1.1 %	4.2 %

Source: the author, using data from the United Nations Comtrade database <https://comtrade.un.org/data/>, accessed on April 02, 2022. Parameters: Type of product: Goods; Frequency: Annual; HS: As reported; SITC: none; BEC: none; Periods (year): 2000, 2005, 2010, 2015, 2020; Reporters: Chile, Colombia, Mexico and Peru; Partners: World; Trade Flows: Export, Import; HS (as reported) commodity codes: TOTAL – Total of all HS commodities. Values are given in current US dollar values.

42 The first and most obvious observation is the level of relative trade among these Latin American economies. Trade among MERCOSUR members (Table 4) is the most integrated, especially Argentinian, Paraguayan and Uruguayan trade flows vis-a-vis Brazil. To a great extent, Brazil is the main hub, Argentina is a secondary hub, while Paraguay and Uruguay are somewhat peripheral. As a consequence, Paraguay and Uruguay are quite dependent on trade with Brazil and Argentina, Argentina depends on trade with Brazil while only a smaller fraction of Brazilian trade involves a MERCOSUR partner. Andean Community (Table 4), Pacific Alliance and Latin American CPTPP Member States (Table 5) show remarkably low levels of relative trade among themselves. Bolivian integration with Colombia and Peru is higher than integration among the other States, nevertheless, the percentages are still quite low and often border on negligible.

43 A second striking feature from the above tables is the declining rates of relative trade flows among those selected States. When comparing trade flows for the years 2000 and 2020, almost all the figures decreased, some of the few exceptions being Bolivian trade with Ecuador and Peru, trade between Colombia and Mexico, and exports from Paraguay to Argentina.

44 Consequently, relative levels of intra-regional trade remain low, the causes of which will not be speculated upon in detail here. However, one can

observe that most of the selected Latin American economies are not complementary. In contrast to the optimism of the 1990s, when Latin American integration was described as a concrete reality instead of mere rhetoric due to rapidly growing intra-regional trade,¹⁰⁶ observations of trade flows since the year 2000 confirm the claim made by other authors that Latin American economic integration remains largely declaratory in nature.¹⁰⁷ Thus, assuming that the aim of such integration efforts has had a regional focus, through South-South cooperation and political autonomy from global powers, one can observe that Latin American integration has, by and large, not been successful in relative terms. In contrast, Latin American States are now on the whole more integrated into global trade flows than they were twenty years ago.

VIII. Conclusions and Recommendations

This chapter has tried to shed some light on how Latin American States, most of which may be termed as having small and/or peripheral economies, have tried to insert their economies into global trade flows and global supply chains. Economic integration projects among Latin American States have proliferated for over five decades, however, after providing an overview of four integration projects here, one may conclude that two related key factors are still lacking to make them successful: coherence and tangible results. Latin American economic integration is incoherent in the sense that these projects partially overlap. Worldwide trade agreements are so intertwined and intermeshed, that they form what Jagdish Bhagwati has termed a 'spaghetti bowl'¹⁰⁸ of sorts. Ultimately, Latin America has cooked up its own 'spaghetti bowl' and, despite a dense net of intertwined trade agreements, the results of Latin American economic integration efforts remain rather unimpressive. This claim is supported by statistics that show

106 Insulza, J. (1999). Discurso pronunciado por el Ministro de Relaciones Exteriores de Chile. In J. Irigoin Barrenne, Chile y el MERCOSUR en América Latina (Vol. 1, pp. 11–18). Santiago de Chile: Editorial Jurídica de Chile, p. 13.

107 Jenne, N., Urdinez, F., & Schenoni, L. (2017). Of words and deeds: Latin American declaratory regionalism, 1994–2014. *Cambridge Review of International Affairs*, 30(2–3), 195–215. doi:10.1080/09557571.2017.1383358; Caetano (n10), p. 49.

108 Bhagwati, J. (1995, April). US Trade Policy: The Infatuation with FTAs. University of Columbia Department of Economics Discussion Paper Series, 726, 1–20. Retrieved from <https://academiccommons.columbia.edu/doi/10.7916/D8QF91BB/download>, pp. 4–9.

most relative trade flows among Latin American parties to integration agreements have clearly diminished during the last two decades. Thus, given that overall trade figures for the region have not seen a similar decline, one may infer that relative trade flows have necessarily expanded with non-Latin American economies. In other words, economic integration has increased faster with economies outside the region than with other Latin American economies.

46 To address this imbalance, a trade strategy for Latin American States should arguably be twofold. Firstly, it seems to makes sense for Latin American States to concentrate their efforts at economic integration via agreements and international organisations that attract a wide membership of both Latin American and non-Latin American economies, such as the CPTPP and the World Trade Organization.

47 Secondly, the Latin American projects reviewed in this chapter are somewhat ineffective in terms of their capacity to bring about regional economic integration. However, they may still have a crucial function, namely to serve as outward-looking political coordination forums when engaging in negotiations with third parties, including with individual States and trading blocs in the Global North. The Andean Community's negotiations with the European Union, MERCOSUR's negotiations with the European Union, negotiations between the Andean Community and MERCOSUR as well as Pacific Alliance negotiations with Singapore are reassuring examples that this has already been recognised as a valuable approach going forward.

Further Reading

Jenne, N., Urdinez, F., & Schenoni, L. (2017). Of words and deeds: Latin American declaratory regionalism, 1994–2014. *Cambridge Review of International Affairs*, 30(2–3), 195–215. doi:10.1080/09557571.2017.1383358

Toro-Fernández, J.-F., & Tijmes-Ihl, J. (2021). The Pacific Alliance and the Belt and Road Initiative. *Asian Education and Development Studies*, 10(3), 421–432. doi: <https://doi.org/10.1108/AEDS-08-2019-0126>