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The Pacific Alliance: A Mexican Perspective*

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บทคัดย่อ

กลุ่มพันธมิตรแปซิฟิก (Pacific Alliance) ก่อตั้งขึ้นเมื่อ พ.ศ. 2554 ในฐานะกลไกการบูรณาการแห่งใหม่ระหว่าง 4 ประเทศในลาตินอเมริกา (ชิลี โคลอมเบีย เม็กซิโก และเปรู) ที่มีวัฒนธรรมและประวัติศาสตร์ร่วมกัน มีทิศทางการพัฒนาและการค้าเสรีเหมือนกัน รวมถึงเห็นตรงกันถึงเป้าหมายในการสร้างเวทีที่สามารถยกระดับความสามารถในการแข่งขันของภูมิภาค สมาชิกทั้ง 4 ประเทศมุ่งมั่นจะขยายการเจริญเติบโตและส่งเสริมการค้าเสรีในภาพรวมผ่านการบูรณาการที่เป็นรูปธรรม ครอบคลุม และเปิดกว้าง

กลุ่มพันธมิตรแปซิฟิกก้าวหน้าเกินกว่าที่ตั้งใจไว้และกลายเป็นหนึ่งในการบูรณาการที่ประสบความสำเร็จที่สุดในลาตินอเมริกายามาระยะเวลาอันสั้น ภารกิจต่างๆ ที่เกิดขึ้นจริง อาทิ มาตรการอำนวยความสะดวกให้กับ การเคลื่อนย้ายของผู้คน การค้า และทุนอย่างเสรี รวมถึงแนวคิดริเริ่มใหม่ๆ เช่น การยกระดับความร่วมมือแบบพหุภาคีและการบูรณาการตลาดหลักทรัพย์ ช่วยทำให้กลุ่มพันธมิตรแปซิฟิกเจริญรุดหน้าอย่างรวดเร็วและสร้างผลประโยชน์ที่จับต้องได้ให้กับประเทศสมาชิก

หากพิจารณาในภาพกว้าง กลุ่มพันธมิตรแปซิฟิกทำหน้าที่เป็นกลไกในการสนับสนุนการหารือและความร่วมมือกับภูมิภาคอื่นๆ ได้อย่างมีประสิทธิภาพ กลุ่มพันธมิตรแปซิฟิกได้สถาปนาความร่วมมือระหว่างภูมิภาคกับอาเซียนและเอเปค (APEC) นอกจากนี้ยังเปิดรับรัฐ

ผู้สังเกตการณ์อีก 42 ประเทศ ซึ่งรวมถึงประเทศอาเซียน 3 ประเทศ (อินโดนีเซีย สิงคโปร์ และไทย) บทความนี้ศึกษาภาพรวมของลักษณะอันโดดเด่นของกลุ่มพันธมิตรแปซิฟิกและเน้นย้ำถึงความสำคัญของพันธมิตรทั้ง 4 ประเทศ (โดยเฉพาะเม็กซิโก) และความสัมพันธ์กับภูมิภาคอื่นๆ ของโลก

คำสำคัญ: ลาตินอเมริกา เม็กซิโก การบูรณาการ การค้า ภูมิภาคนิยม

Abstract

The Pacific Alliance was launched in 2011 as a new integration mechanism between four like-minded Latin American countries (Chile, Colombia, Mexico and Peru) that share many cultural and historical features, have similar visions on development and free trade, and agree on the goal of creating a cohesive platform that can enhance the competitiveness of the region. Through an open, inclusive and pragmatic integration approach, the four members are seeking to boost overall growth and promote free trade.

In a very short period of time, the Pacific Alliance has developed well beyond the initial expectations and become one of the most successful integration efforts in Latin America. It is widely regarded as a realistic undertaking that has made rapid progress and delivered tangible benefits for the member countries, including measures to facilitate the free movement of people, trade and capital, as well as some very innovative ideas, such as the establishment of common missions abroad, enhanced multilateral cooperation, and integrated stock exchanges.

From a wider perspective, the Pacific Alliance has served as an effective mechanism to encourage dialogue and cooperation with other regions. In the Pacific sphere, inter-regional relations have been established with ASEAN and with the Asia-Pacific Economic Cooperation forum (APEC). Also, 42 countries have been admitted as observer states, including three ASEAN members (Indonesia, Singapore and Thailand). This article makes an overview of the major features of the Alliance and underscores their relevance for the four members (especially Mexico) and their relation with other regions of the world.

Keywords: Latin America, Mexico, integration, trade, regionalism

1. Introduction

The Pacific Alliance is a regional grouping of four Latin American countries (Chile, Colombia, Mexico and Peru) that has made quite an impression in world affairs since its official launch in 2011. This article delves on the major features of the Alliance from a Mexican perspective, referring its main goals and reasons why countries from the entire globe (including Thailand) have taken notice of the achievements of the group in its short history.

What is the Alliance, and what does it pursue? According to the Ministry of Foreign Affairs of Mexico, it is “a mechanism of deep integration, open and inclusive that seeks to achieve the free movement of people, goods, services and capital.”¹ Apart from this objective, a second goal was identified from the outset: the alliance would serve as a “window to promote the member countries and which would allow us to place particular emphasis on the Asia-Pacific region.”²

¹ Secretaría de Relaciones Exteriores, “El canciller Meade encabezó reunión ministerial Alianza del Pacífico-Mercosur,” *Comunicado* 496, <http://saladeprensa.sre.gob.mx/index.php/es/comunicados/5150-496> (accessed September 23, 2015).

² José Antonio Meade, “The Pacific Alliance Countries and Asia,” *International Institute for Strategic Studies*, <http://www.iiss.org/en/events/>

Following this definition, the first thing to underscore is that the Pacific Alliance pursues a “deep integration” among its members. That is, the countries are involved in a regional initiative which aims to bring together not only governments, but the private sector and societies of all parties with specific policies that have a direct impact in the short term. Moreover, in an international environment in which emerging economies have an increasing weight in the world economy and in multilateral fora, the Pacific Alliance represents an opportunity for Mexico and its partners to join forces and, together, form a coherent platform to enhance the relations with other regions, especially the Asia-Pacific.

The four countries have taken big steps towards integration via the liberalization of trade, movement of capitals and goods without embarking in the formation of any supranational body or even a permanent coordinating organization. It is pertinent to mention that, in this regard, the Alliance has notable differences with other regional formations, such as the Association of South East Asian Nations (ASEAN), the European Union, or Mercosur in Latin America.³ From the outset,

[cartagena%20dialogue/archive/2015-8d0d/plenary-1-1a23/meade-daca](#) (accessed October 2, 2015).

³ Mercosur, the “Southern Common Market”, is formed by Argentina, Brazil, Paraguay, Uruguay and Venezuela. Bolivia is on track to become a full member.

the Pacific Alliance has been conceived as a mechanism with a much lighter institutional infrastructure: there is no permanent Secretariat, and the bureaucratic work is largely undertaken by officials of the Foreign Affairs Ministries (especially by the rotating President of the Alliance). Moreover, agreements are taken with an active participation of the direct stakeholders to ensure their feasibility, especially representatives of the private sector.⁴

All this underscores a vital philosophy behind the Alliance, which can explain its rapid development: its focus on deliverables which can be attained effectively and that can keep the momentum of the initiative in the short term. All this has resulted in a rapid succession of actions, both internal and inter-regional, that have been well received by international actors who have remarked on the good and tangible results.

It will certainly be a matter of further discussion whether the Pacific Alliance can continue its work with a small institutional infrastructure (especially in light of the possible enlargement to other Latin American countries). In any case, to date, the approach has served well and has been credited, along with the political will of the four governments, for the efficiency of

⁴ In all summits of the four Heads of State, there is a parallel meeting of the business groups to further enhance the coordination with the governments to promote the competitiveness of the bloc.

the group in its first five years of existence.

2. A Fresh Approach to Latin American Regionalism

The Pacific Alliance has accomplished remarkable things since its little-publicized birth in Lima, Peru, in 2011, being lauded from the beginning for its pragmatic approach towards regional integration. It is certainly the case in international relations that great initiatives are set up to promote lofty principles and ends, sometimes with disappointing results that are in a stark contrast with the rhetoric surrounding their birth. In the case of the Alliance the opposite seems to be the case. Born with little fanfare, in just a few years it has become one of a handful of regional integration efforts with very concrete results to show. And the achievements are quite substantial, as they have not only consolidated a free trade area between their members, but also set the foundations for a process of *deep integration* that involves very practical matters. To name a few: in less than five years, the remaining visa requirements within the bloc were lifted, a unique common stock market was set up, scholarships and cooperation schemes have been multiplied, and a common front *vis-à-vis* other regions has been initiated.

Therefore, the model pursued by the Pacific Alliance represents a paradigm shift in the history of regionalization in

Latin America: from the very beginning, the focus of the work in the Alliance has been to grab the “low hanging fruits” that could more easily be harvested and, in a progressive (but in the end, no less ambitious) fashion, deliver specific results based on the convergence of public policies and a true conscience of the realistic possibilities of success at each stage. In this regard, the four countries have been very clear to emphasize the non-ideological character of the Alliance, and to focus on concrete policies, based on shared values, that can bring about tangible and immediate results to the productive sectors and, more generally, to the populations of the member states.

3. Sound Economic Foundations

Among Latin American nations, Mexico, Chile, Colombia and Peru are distinguished by some common attributes that make them a natural match. They are countries that have achieved a noteworthy degree of macroeconomic stability (with the best credit ratings in the region and low inflation), and have attained praise for their sound public policies and excellent business environments. In general, the four countries are committed to market-friendly policies and have a shared view of free trade.⁵

⁵ Presidencia de la República (México), “Sesión la promesa de la Alianza del Pacífico,” *Youtube*, <https://www.youtube.com/watch?v=Yl-FLxY6LGeQ>, 12:20.

Pacific Alliance: relevant economic indicators

	Mexico	Chile	Colombia	Peru
GDP	2,220.13	424.29	664.98	385.38
GDP growth	2.31	2.26	2.49	2.40
Inflation	2.6	4.1	4.2	3.3
GDP per capita	18,334	23,563	13,793	12,076
Population	121.08	18.00	48.20	31.91

Source: International Monetary Fund, *World Economic Outlook Database*, <http://www.imf.org/external/pubs/ft/weo/2015/02/weodata/index.aspx> (accessed February 14, 2016), Figures on GDP and GDP per capita are based on Purchasing Power Parity (PPP) calculations

Together, the gross domestic product (GDP) of the four countries represents 41% of the GDP in Latin America and the Caribbean; they also account for more than 50% of foreign trade in the region,⁶ with a combined population of 219 million people (more than a third of total population in Latin America). Chile, Colombia, Mexico and Peru, united in the Pacific Alliance, constitute the eighth economic power in the world and the eighth export force worldwide.⁷ These strengths, combined with a largely young and skilled labor population, make the Alliance an economic bloc with enormous potential, which has begun to transform into successful projects since its establishment in 2011.

Of course, Mexico's relationship with Chile, Colombia and Peru, was well established before the foundation of the Pacific Alliance. It has a historic friendship with these three Latin American countries practically without interruption shortly after the four states gained their independence from Spain in the nineteenth century.⁸ Likewise, there are deep societal links

⁶ Secretaría de Relaciones Exteriores, "El canciller Meade encabezó reunión ministerial Alianza del Pacífico-Mercosur."

⁷ The Pacific Alliance, "What is the Pacific Alliance?," <https://alianzapacifico.net/que-es-la-alianza/#la-alianza-del-pacifico-y-sus-objetivos> (accessed September 23, 2015).

⁸ From a Mexican perspective, the only major exception was when our country broke diplomatic relations with the military government of

among them: they share a common language, and their peoples have been enriched by the permanent contact of the arts, culture and ideas. Actually, it is interesting to remind that the nations of the Pacific Alliance (and of Latin America for that matter) share more common cultural traits than other countries that have pursued successful integration processes, such as the European Union, or ASEAN.⁹

In more recent times, the four countries have also shared a common economic perspective based on market-friendly policies, free trade and a commitment with macroeconomic stability. In this regard, we should not forget that in its brief history, domestic interest in the Pacific Alliance has remained solid, regardless of changes of government in three of the four countries.¹⁰ In the case of Mexico, membership in the Alliance was signed by then President Felipe Calderon, who ended his term in 2012. From then on, the government of President Enrique

Chile under Augusto Pinochet. Relations were severed between 1974 and 1990. Nevertheless, during this period there was a very significant contact between both societies, as Mexico received thousands of Chilean refugees. It must be noted that relations took off very rapidly after the end of Pinochet's regime.

⁹ The Pacific Alliance countries share one common language (Spanish), and have similar socioeconomic, historical and cultural backgrounds. In comparison, the European Union has 24 official languages.

¹⁰ Chile, Peru and Mexico

Peña Nieto (from a different political party) has continued the Mexican commitment to consolidate the Alliance.

The international orientation of the four countries is also, not surprisingly, full of common interests that reflect the overall aspirations of this group: Mexico, Peru and Chile are full members of APEC (Colombia is interested in joining as soon as possible) and signatories of the Trans-Pacific Partnership (TPP). Mexico and Chile are full members of the Organization for Economic Cooperation and Development (OECD). Mexico, being the second largest economy in Latin America (after Brazil) is also a member of the G-20. On this point, it should not be forgotten that during its chairmanship, Mexico invited the Chilean and Colombian presidents to attend the 7th Summit of the Group, that took place in the resort of Los Cabos, in 2012, as a way to signal the close relations of Mexico with these countries and underline the relevance of the Pacific Alliance to the leaders of the world's largest economies.

4. The Trade of Mexico with Other Countries in the Pacific Alliance

Mexico has a very open economy and has worked to be fully integrated in the world markets, leading the nation to build one of the largest networks of free trade agreements in the world. With this clear orientation, the country has continued its

efforts to seek new markets, enhance relations with other Latin American countries (and bolster trade within our region which, it can be argued, has been below its potential), and look at ways to better engage with the Asia-Pacific region, the most dynamic in the world.¹¹ Mexican leaders, thus, realized from the outset that the Pacific Alliance was perfectly suited to advance many priorities of the country in the external policy field.¹²

Even though the cultural affinities, the social contacts and the political relations with other countries in Latin America are of central importance for Mexican society and its government, commercial relations have represented a relatively modest share of total foreign trade of Mexico, especially if they are compared with trade with the US, Mexico's first trading partner. This has also been the case of trade with our partners of the Pacific Alliance: in 2014, total imports from Chile, Colombia and Peru reached 3,438.4 billion USD, while Mexican exports to those partners amounted to 8,612.1 billion, that is, together they represent 1.5% of the total trade of the country. These figures are small relative to the overall Mexican foreign trade, and the explanation lies with the concentration of trade with

¹¹ Presidencia de la República (Mexico), "México forma parte de la Alianza del Pacífico," <http://www.gob.mx/presidencia/articulos/mexico-forma-parte-de-la-alianza-del-pacifico> (accessed October 15, 2015).

¹² Presidencia de la República (México), "Sesión la promesa de la Alianza del Pacífico."

Total trade of Mexico 2014: selected partners

Selected partners	Imports (millions USD)	Share of total imports (%)	Exports (millions USD)	Share of total exports (%)	Total
Chile	1,397.6	0.34	2,148.0	0.50	3,545
Colombia	934.5	0.23	4,733.9	1.20	5,668.4
Peru	1,106.3	0.27	1,730.2	0.43	2,836.5
USA	195,278.4	48.82	318,365.6	80.00	513,644.0
China	66,256.0	16.50	5,964.1	1.50	72,220.1
Total trade	399,977.2	100.00	397,128.7	100.00	797,105.9

Source: Please note that “total trade” includes other partners, such as the rest of Latin America, Asia, or Europe which are not shown in detail in this table. Ministry of the Economy of Mexico, “Exportaciones Totales de México,” http://www.gob.mx/cms/uploads/attachment/file/54156/Anual-Exporta_nov_2015.pdf

the United States and other major economies (notably, China).

Although relatively small in comparison to trade with the US and China, one should bear in mind that Mexico is, by far, the largest exporter in Latin America, and that our main trading partners are the two biggest economies in the world. In any case, there is a huge potential for growth with other Latin American partners; precisely, the large trade with North America opens big opportunities for the formation of value chains across the Pacific Alliance countries and increase trade between them (in addition to the attractive size of the domestic market of the four states).

Moreover, it is expected that these figures will show a positive trend in the near future, once all the relevant instruments derived from the Alliance are in place. In fact, with the recent signature of the Additional Protocol to the Framework Agreement of the Pacific Alliance,¹³ 92 % of trade among member countries of the Alliance has been liberalized. Following this milestone, it is expected that the total trade liberalization (which will be completed in a few years) will lead to an expansion and diversification of trade within the four countries,

¹³ Organization of American States, “Protocolo Adicional al Acuerdo Marco de la Alianza del Pacífico,” *Sistema de Información sobre Comercio Exterior (SICE)*, http://www.sice.oas.org/Trade/PAC_ALL/Index_PDF_s.asp

especially in those areas that previously had tariff restrictions.

The relevance of the Pacific Alliance for Mexico is therefore very clear: as President Peña Nieto stated, the Additional Protocol of the Framework Agreement represented the “most innovative integration mechanism that Mexico has signed since the North American Free Trade Agreement,”¹⁴ in 1993. This remark by the Mexican Head of State underscores the importance of the Alliance as an effective instrument of diversification of Mexican trade to Latin America.

In this regard, it is relevant to say that the impulse of trade with other Latin American countries is a priority not only for Mexico, but for the region as a whole. As the Executive Secretary of ECLAC has pointed out, intra-regional trade in Latin America amounts to only 19% of overall trade, as compared to more than 40% in the Asia-Pacific region, or more than 70% in Europe.¹⁵

¹⁴ Georgina Olson, “Enrique Peña Nieto exalta la Alianza del Pacífico,” *Excelsior*, February 10, 2014. <http://www.excelsior.com.mx/nacional/2014/02/10/943049>.

¹⁵ ECLAC is the United Nations Economic Commission for Latin America and the Caribbean. See Presidencia de la República (México), “Sesión la promesa de la Alianza del Pacífico.”

5. The Pacific Alliance: More than Free Trade

The trade liberalization has been a great success, but it would not be enough for a group that aims at achieving a deep integration. To advance that goal, the Alliance has agreed on concrete measures that have, brought down barriers to tourism and have generated a flow of nationals of the four countries, an increase in student mobility, an interconnection of their stock exchanges, and other innovative policies enhancing cooperation among the members, especially in relation to other regions. Some of the most relevant initiatives implemented to date are mentioned below.

Lifting of visas

The Mexican Government decided in 2012 to eliminate the visa requirement for Colombian and Peruvian citizens (Chilean citizens already could enter Mexico visa-free). The effect of this policy was immediate: after the elimination of the visa requirement, visitors from Colombia and Peru to Mexico jumped 60% and 40% respectively, an increase that would have an immediate impact on tourism: as the Mexican Foreign Minister reminded a year after the policy was implemented, “amongst the ten countries that generated the most visitors to Mexico in 2014, four were in Latin America and three were

from our Alliance.”¹⁶ Therefore, from a Mexican perspective, the Pacific Alliance is an instrumental in fostering relations with key partners in South America and promoting close cooperation in new areas in order to implement the deliverables agreed upon by the Presidents.¹⁷

Educational mobility

The four countries created a platform for academic exchange in undergraduate and graduate levels and an internship program for teachers, granting initially 100 scholarships annually. Similarly, as a result of the agreements reached at the ninth summit of Punta Mita, Mexico, in June 2014, the “Working Holiday Program” was launched, through which the four nations awarded 1,200 visas (300 per nationality) each year.¹⁸

¹⁶ International Institute for Strategic Studies, “The Pacific Alliance Countries and Asia: José Antonio Meade,” *The IISS Cartagena Dialogue, the Trans-Pacific Summit*, <http://www.iiss.org/en/events/cartagena%20dialogue/archive/2015-8d0d/plenary-1-1a23/meade-daca> (accessed October 2, 2015).

¹⁷ For instance, the minister of Foreign Affairs of Mexico remarked that the free movement of people has to be underpinned by a solid security framework, and that up to that point, previously the four countries had no infrastructure in place to exchange migratory and security information. Ibid.

¹⁸ Secretaría de Relaciones Exteriores, “Comunicado: La Alianza del Pacífico anuncia Programa de Vacaciones y Trabajo que beneficiará a jóvenes,” <http://saladeprensa.sre.gob.mx/index.php/comunica->

Common missions

The establishment of joint missions abroad is one of the most interesting aspects in the history of cooperation between the four countries under the Pacific Alliance. Shared offices between the national trade boards of the four countries (Pro Chile, Proexport Colombia, ProMéxico and PromPerú) were established in Istanbul (Turkey) and in Casablanca (Morocco), and common embassies in Ghana, Azerbaijan, Algeria, Vietnam, and Singapore have been agreed upon by the four countries. This arrangement is flexible and caters to the specific needs of each country, underlining again the sensible character of this and other undertakings of the Alliance.¹⁹

This initiative highlights the pragmatism of the Alliance, as it allows locating missions in a common building, reducing costs and enabling the extension of the diplomatic networks of the four countries. In the case of Mexico, this has allowed our country to open, in a cost-effective way, two embassies and two trading missions in regions where our presence is not as intense

dos/5149-495 (accessed October 8, 2015).

¹⁹ Not all missions are shared by the four countries. For instance, Mexico shares spaces with Colombia in Singapore, while Peru shares the premises of their Embassy in Vietnam with Colombia. The four countries share spaces in Ghana.

as in other parts of the world, like North America.²⁰

Integration of Stock Markets

One notable undertaking that has certainly drawn the attention of other partners was the creation of the Integrated Latin American Market (MILA) in 2011.²¹ Through this market integration venture,²² the stock exchanges of Mexico City, Lima, Bogota and Santiago have joined forces to provide greater liquidity, a larger range of financial products and opportunities for investors and, in general, a more attractive and diversified market. With a joint capitalization of around 1 trillion US dollars, MILA is now the largest exchange in Latin America, both by listed companies and capitalization.²³

²⁰ That is, the Embassies of Mexico in Ghana and Azerbaijan, the Consulate in Istanbul and the Trade Office in Casablanca.

²¹ MILA was initially formed by the stock exchanges of Santiago, Lima and Bogota. The Mexico Stock Exchange joined in late 2014.

²² Mercado Integrado Latinoamericano, “Mila Day,” *Mercado Integrado Latinoamericano*, <http://www.miladay.org> (accessed October 20, 2015).

²³ Mercado Integrado Latinoamericano, “Bolsa Mexicana de Valores conmemora su incorporación al Mercado Integrado Latinoamericano, MILA,” *Mercado Integrado Latinoamericano*, http://www.mercadomila.com/componentes/imagenes/bmv_conmemora_su_incorporacion%C3%B3n_a_mila.pdf (accessed October 21, 2015).

It is well-known that a consolidation of foreign exchanges is a trend that has resulted in the formation of big international financial conglomerates in the United States and Europe. But without a precedent in Latin America, it is noteworthy that the Alliance has provided the political impulse to further enhance the financial competitiveness and standing of the stock markets in the region. In this regard, the gradual conformation of MILA is a good example of the “early harvest” approach pursued by the Alliance. As the well-known Bertelsmann Foundation report points out, rather than “quixotically pursuing an integration of the four bourses,” a three-stage approach was devised to set up a communications infrastructure and ensure soliciting rights; eliminate inefficiencies; and lastly, attain full integration of the brokerage operations.

For its part, Mexico City stock exchange did not participate in the initial stages, but could join later after internal and regulatory reforms were put into place.²⁴ From a Mexican perspective, this is a very important achievement, as integrating the stock markets of the member countries will bring further business opportunities, provide liquidity, diversification, better financing and new financial products for investors. Creating

²⁴ Samuel George, *The Pacific Pumas: an emerging model for emerging markets*, <https://alianzapacifico.net/?wpdmdl=2184> (accessed October 13, 2015), p.29.

spaces to facilitate intra-regional investment is of special interest for Mexico, as Latin America represents the main destination for foreign investment of Mexican companies.

6. Collaboration with Other Partners

From the outset, the Pacific Alliance has been conceived as an open integration mechanism which can accommodate any country that shares its vision and objectives. In other words, the Alliance is not seeking to conform to a political or ideological bloc in world politics, but rather a club of like-minded states with common objectives and practical purposes, that also welcomes an active participation of other (observer) countries interested in enhanced cooperation with the group.

Observer countries

The Pacific Alliance currently has 42 observer countries and is evaluating applications of 10 more countries to join on the same terms.²⁵ These countries can be admitted as observers

²⁵ The 42 observer countries in February 2016 are Austria, Canada, China, Costa Rica, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Georgia, Greece, Guatemala, Haiti, Honduras, Hungary, India, Indonesia, Israel, Italy, Japan, Morocco, Netherlands, New Zealand, Panama, Paraguay, Poland, Portugal, Singapore, South Korea, Spain, Sweden, Switzerland, Thailand,

under the condition that they “share the principles and objectives set out in the Framework Agreement of the Pacific Alliance” and, with that status, can participate in meetings of the Alliance (and express their opinions, but not vote).²⁶ The main objective of the relationship of the Alliance with the observer countries is to generate efficient and dynamic linking processes, with a focus on gradual and specific areas of cooperation such as education, trade facilitation, regulatory reform, promotion of business opportunities for small and medium enterprises, and innovation. It is important to note that, as with the rest of the initiatives of the Alliance, the relation with the observer countries is pragmatic and completely flexible. Rather than a “one-size-fits-all” approach, the four member countries are building relations with the observers on the matters that interest and affect them. As the Minister of Foreign Affairs of Colombia put it, “each observer is seen as a world apart [...] each country chooses how it wishes to work with the Alliance and how we

Trinidad and Tobago, Turkey, Uruguay, United Kingdom, and the United States. See The Pacific Alliance, “Observer Countries,” <https://alianzapacifico.net/en/countries/> (accessed January 30, 2016).

²⁶ See the guidelines for observer countries of the Pacific Alliance in The Pacific Alliance, “Lineamientos sobre la participación de los Estados Observadores de la Alianza del Pacífico,” <https://alianzapacifico.net/wp-content/uploads/2015/07/Lineamientos-Observadores.pdf> (accessed January 31, 2016).

can make progress.”²⁷

Dialogue with other Latin American regional mechanisms

It has to be emphasized (as our leaders have continually pointed out) that the Alliance is not to be construed as one *against* any other regional arrangement. As already mentioned, it is simply a group of four Latin American countries with common political and economic orientations, who have decided to join forces to tackle similar interests in the global sphere. The emphasis is on a down-to-earth approach to public policies, which is one of its major strengths. Also, leaders have emphasized that the Alliance is open to other Latin American countries who share the values and vision of the four founding members.

Of particular relevance is the dialogue between the Pacific Alliance and Mercosur, which has been initiated as a way to dispel any misunderstandings between the two blocs. With this objective, ministers of Foreign Affairs of both mechanisms held a summit in Cartagena, Colombia, in November 2014, with the specific goal of fostering communication and finding

²⁷ International Institute for Strategic Studies, “The Pacific Alliance Countries and Asia: María Ángela Holguín,” *The IISS Cartagena Dialogue, the Trans-Pacific Summit*, <http://www.iiss.org/en/events/cartagena%20dialogue/archive/2015-8d0d/plenary-1-1a23/holguin-21fd> (accessed October 5, 2015).

common ground in different areas of common interest. In that occasion, the Foreign Ministers of the four countries explained the nature, structure and deliverables of the Pacific Alliance to their Mercosur counterparts.

This dialogue is of the utmost importance since it underscores the willingness of the Alliance to work with Mercosur (or any other regional group within Latin America) in projects that could be beneficial for all involved parties. It's worth mentioning that both blocs, together, represent 85% of the population, 91% of GDP and 92% of total trade in the Latin American region.²⁸

7. The Pacific Alliance and Asia

As noted earlier, one of the initial goals of the Alliance was to form an integration mechanism that would serve as a platform to increase trade and investment with other parts of the world, especially Asia. From a Mexican perspective, it is difficult to understate the relevance of Asia for trade and investment in Mexico. Asian countries (especially China) have had in recent years a huge impact on the traditional composition of Mexico's foreign trade, especially imports: for instance, trade from China has grown exponentially, from less than 400 million dollars in

²⁸ Secretaría de Relaciones Exteriores, "El canciller Meade encabezó reunión ministerial Alianza del Pacífico-Mercosur."

1993, to more than 70 billion dollars in 2014,²⁹ making it the second largest trading partner of Mexico, after the United States. Our trade with more established East Asian partners is also very important and accounted for nearly 42 billion dollars in annual trade in 2014.³⁰

For the rest of the members of the Alliance, the relation with Asia is also very important. Chile has a very active and strong economic relation with East Asia, and a big share of its foreign trade is conducted with that region. Until 2015, 48% of Chilean exports and 31% of its imports came from Asia.³¹ Peru is also fully committed to increase its presence in Asia. China became its first trading partner in recent years. Also, Peru has embarked in an active policy to pursue free trade agreements (China, South Korea, Japan, Singapore and Thailand) and

²⁹ Mexico sustains a very sizable trade deficit with China. <http://www.gob.mx/se/documentos/comercio-exterior-informacion-estadistica-y-arancelaria-importaciones-y-exportaciones-por-pais-1993-2015-por-socios?state=published> (accessed February 4, 2016).

³⁰ Secretaría de Economía, <http://www.gob.mx/se/documentos/comercio-exterior-informacion-estadistica-y-arancelaria-importaciones-y-exportaciones-por-pais-1993-2015-por-socios?state=published> (accessed February 4, 2016).

³¹ Edgardo Riveros, “The Pacific Alliance Countries and Asia,” International Institute for Strategic Studies, , <http://www.iiss.org/en/events/cartagena%20dialogue/archive/2015-8d0d/plenary-1-1a23/edgardo-riveros-9583> (accessed October 5, 2015).

opening of embassies in the region. And in the case of Colombia, it found in the Pacific Alliance a group of three other countries with common interests, free trade agreements with Asian countries and membership in crucial multilateral fora of Asia-Pacific (such as APEC), that presented a very interesting way to enhance Colombian presence in Asia.³²

Against this background, it is clear that the regional Latin American platform which has a focus on Asia is very attractive and has the greatest relevance for the four countries of the Alliance.

The Pacific Alliance and Southeast Asia

Another noteworthy aspect of the Alliance is its increasing interest in Southeast Asia as one of the key focus regions in an effort to expand trade and investment with Asia. The four Latin American countries are not only interested in the dynamism of the South East Asian economies: they also recognize Southeast Asia as a major player in international markets and multilateral fora, and thus acknowledge both its political importance in international affairs, and the increasing relevance of

³² María Ángela Holguín, "The Pacific Alliance Countries and Asia," *International Institute for Strategic Studies*, <http://www.iiss.org/en/events/cartagena%20dialogue/archive/2015-8d0d/plenary-1-1a23/holguin-21fd> (accessed October 5, 2015).

ASEAN as a model for open regional integration.

For its part, the Pacific Alliance has attracted the attention of observer countries from every continent, and Southeast Asia is no exception: Singapore became the first ASEAN nation to gain observer status in the Alliance (in 2014), followed by Indonesia and Thailand (admitted during the Summit that took place in Paracas, Perú, on July 2nd 2015). The successful application of Thailand to formally become one of the 42 observers of the Pacific Alliance was quickly followed by its designation of coordinator for the relations between that Latin American regional group and ASEAN, a role (previously held by Singapore) which Bangkok has played very actively from the outset.

It shouldn't be surprising that a central element in an effort to increase the presence and relations of the Alliance in Asia entailed, from the Latin American perspective, a strengthened dialogue with ASEAN, as the premier regional mechanism, its notable history in the road towards integration, and its work to further pursue this goal in the form of the ASEAN Economic Community (AEC). In 2014, foreign ministers of the Pacific Alliance held the first meeting with their counterparts from ASEAN, in the sidelines of the 69th session of the General Assembly of the United Nations in New York, and agreed to explore further cooperation in different fields, including trade, in-

vestment, education, culture and business. This ground-breaking meeting was followed by a similar gathering next year, and is scheduled to take place again in 2016.³³

Likewise, both groups have also initiated an approach in Jakarta. In May 2015, ambassadors of the Pacific Alliance celebrated the first meeting with ASEAN Committee of Permanent Representatives, and identified areas for possible cooperation between the two blocs to foster economic cooperation, promote exchanges and enhance contacts between peoples of both regions.³⁴

This development underscores two points: the perceived potential of the four Latin American countries, with their strong focus on free trade, international integration and interest in the Asia-Pacific region, and the importance of the Alliance as an attractive partner for ASEAN in its relations as a group

³³ The Pacific Alliance, "Pacific Alliance identifies areas for cooperation with ASEAN," *The Pacific Alliance*, <https://alianzapacifico.net/en/pacific-alliance-identifies-areas-for-cooperation-with-asean/> (accessed November 2, 2015).

³⁴ Association of South East Asian Nations (ASEAN), "Co-Chairs' Statement of the 1st Meeting between the Committee of Permanent Representatives of ASEAN and The Ambassadors/Representatives of the Pacific Alliance," *ASEAN*, May 25, 2015 [http://www.asean.org/storage/images/2015/May/Press_release/CPR-PA%20Co-Chairs'%20State-ment%20\(25%20May%20-%20Final\).pdf](http://www.asean.org/storage/images/2015/May/Press_release/CPR-PA%20Co-Chairs'%20Statement%20(25%20May%20-%20Final).pdf) (accessed January 31, 2016).

with the Latin American region. Of course, their relationship are only at the early stage, and there is certainly much to be done to expand inter-regional trade to its full potential; but it is encouraging to see the interest of the Southeast Asian countries in general, and Thailand in particular, for the Pacific Alliance. The Ministry of Foreign Affairs of Thailand has been very enthusiastic to foster these relations, establishing a formal contact with the Ambassadors of the Pacific Alliance resident in Bangkok, and between them and the rest of representatives of ASEAN in the Thai capital. This excellent disposition will be of the utmost importance for the development of further relations of cooperation between both regions.

Finally, it must be said that the increased dialogue between the Pacific Alliance and Thailand (and the prominent role of the latter as coordinator of relations with ASEAN) is of particular relevance for Mexico, as it highlights the importance of Thailand within ASEAN and the commercial opportunities that could certainly be expanded in the future. Chile and Peru have already signed Free Trade Agreements with Thailand. As for Mexico, our bilateral trade is quite sizable, almost reaching the five billion dollar mark annually, albeit with large deficits for our country. In any case, this points to the great potential of this relation, one that could certainly be fostered with increased contacts in different fora, including obviously an enhanced relation in the framework of the Pacific Alliance.

8. Conclusions

The role of the Pacific Alliance in advancing regional integration in Latin America has been outstanding. The Alliance has received considerable worldwide attention because it is perceived as an agile and effective mechanism that, in contrast with other integration efforts, has delivered concrete results in its short history. In just over four years, this initiative has achieved a momentum that very few could envision when it was launched in 2011. Nowadays not only does it have a wide array of institutional agreements to foster trade and cooperation; but the four countries have attained far-reaching solutions in very sensitive areas of policy making, such as establishing of an integrated stock exchange, achieving the free movement of people, or setting up common missions abroad.

One of the big advantages of the Alliance has been an early harvest approach, by which the four countries implement agreements when they are achieved, and keep the integration process going. In this way, the Alliance has been able to agree on gradual steps that, overall, have made a big impression not only in the Latin American region, but all over the world. This fact is reflected upon the sizable numbers of states that have already signed up to attain observer status.

For Mexico, the Pacific Alliance has been an important platform to pursue many key foreign policy goals: for example, to increase its competitiveness, diversify the trade, foster relations with Asia-Pacific countries, and promote integration with other Latin American countries. Admittedly, commercial relations with partners in the Alliance come from a relatively modest base; but it is expected that economic links will have a dynamic development once many of the foundations are in place, the different programs are up and running and the Alliance consolidates itself. In any case, the active participation in this integration initiative is a very significant sign of the Mexican commitment to further develop our relations with other Latin American countries.

Regarding Mexican interactions with Asia, the Pacific Alliance certainly represents a very interesting forum in which to foster relations with the whole region, and particularly with ASEAN. With the advent of the ASEAN Economic Community, bi-regional relations can reach a whole new dimension, as both blocs strive to form areas of economic integration and, at the same time, achieve an increasing profile in world affairs. Of course there is a notable difference between ASEAN and the Pacific Alliance, as the former is more institutionalized and has a much longer history than the latter. Nevertheless, the governments that form the Alliance do not see this lack of institutionalization as a hindrance and, on the contrary, have

emphasized the substantial, practical outcomes to date.

From the Asian perspective, the appeal of the Pacific Alliance is fairly evident. Our economic principles are shared by our counterparts at the other end of the ocean: free trade, the promotion of exports, membership of regional mechanisms (such as APEC) and market friendly policies make the Alliance a natural partner for like-minded countries in the Asia-Pacific region. For a country like Thailand, this represents a very attractive way to interact with a distant region that lies at the antipodes of the Kingdom, and where its footprint cannot, for obvious reasons, be as extensive as in other regions closer to home.

In the next few years the Alliance will face new challenges, as it will have to live up to the expectations derived from its initial success. Questions like further expansion and institutionalization may have to be addressed. But the success of its first years of existence are certainly encouraging, and give the reason for the hope that all its trials will be tackled in a constructive fashion, reaffirming the reputation of the Alliance as an effective, results-oriented and pragmatic integration effort.

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