Impact of the Formation of the Pacific Alliance in South America and its Importance as a Platform for Relationship with ASEAN

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บทคัดย่อ

บทความนี้มุ่งวิเคราะห์ผลกระทบที่อาจเกิดขึ้นกับกลุ่มพันธมิตรแปซิฟิก (Pacific Alliance) ในกระบวนการบูรณาการของภูมิภาคเอเชีย-แปซิฟิกและการบูรณาการระดับภูมิภาค อเมริกาใต้ และชี้ให้เห็นว่ากลุ่มพันธมิตรแปซิฟิกสามารถเป็นเวทีที่มีความสำคัญต่อความสัมพันธ์ของชาติสมาชิกภูมิภาคเอเชีย-แปซิฟิกและอาเซียนได้อย่างไร บทความอภิปรายปัญหาของการบูรณาการในอเมริกาใต้และแสดงให้เห็นถึงข้อจำกัดบางประการของปรับใช้โมเดลของสหภาพยุโรปเพื่อเป็นต้นแบบของการบูรณาการระดับภูมิภาค นอกจากนี้ บทความยังวิเคราะห์ความขัดแย้งที่เกิดขึ้นจากการบูรณาการต่างกล่าว โดยเฉพาะความขัดแย้งกับบราซิล

คำสำคัญ: กลุ่มพันธมิตรแปซิฟิก อาเซียน การบูรณาการระดับภูมิภาค
Abstract

This paper makes a critical analysis of the potential impact of the Pacific Alliance in the South American integration processes and how it can become an important platform for the relationship of their member states with the Asia-Pacific and especially with ASEAN. The paper examines the problems of the realization of South American integration processes and shows the possible limits for the application of the European model in the integration of South America. Then, it analyzes the integration model promoted by the Pacific Alliance and how the integration generates friction within the region, especially with Brazil.

**Keywords:** Pacific Alliance, ASEAN, regional integration
1. Introduction

Problems for the Materialization of the South American Integration

The process of economic and political integration has deep historical roots dating from the same period of independence at the beginning of the nineteenth century. It was, however, not until 1960s that the proliferation of processes and organizations for integration has started. Latin American economic integration in the strict sense began with the creation of the Economic Commission for Latin America and the Caribbean (ECLAC) in 1951. The first concrete steps towards integrating contributions were designed between 1951 and 1957 by a group of experts from the Central American states. As a result, the first two zones of Latin American integration were the Latin American Free Trade Association (ALALC) and the Central American Common Market (CACM), both established in 1960. Then came the Andean Community of Nations (CAN, 1969) and more recently Mercosur (1991), the Bolivarian Alliance for the Peoples of Our America (ALBA, 2005), and ultimately, the Pacific Alliance (2010).

Although there have been different attempts and initiatives to achieve economic and political integration
through the creation of various agreements and organizations, the success of the integration processes have been belated because the objectives have only been partially achieved. The realization, progress and consolidation of integration has been limited due to an inability to meet the objectives of the agreements, especially when the integration processes failed to establish a common market, which is an objective of CAN and Mercosur.¹

There are various reasons why the integration in Latin America has not advanced. One could mention the lack of political will, institutional incapacity, poor dynamics of the internal market, technical barriers, etc.² It should also be noted that Latin America is not and has never been a political unit, but a region where states have different interests and strategies regarding the international affairs.


Each state has its individual interests as an absolute priority over the common or community’s interests. It can be seen that member states’ economic and political interests influence the process of South American integration. The integration failed due to different and multiple national interests. South American countries seek to protect their own interests and thus the building of cooperation and development of the integration process has been obstructed.

Generally, South American states have different opinions on some fundamental principles of the integration. For example, one can identify three respective visions that could cause tensions for the development of the integration. Firstly, the leftist governments want to develop a regional grouping which is an alternative to or containment of a pure neoliberal model. Secondly there is the Brazilian model of integration that seeks to achieve integration with the model of Suramericanism. And finally there are countries like Colombia, Peru and Chile who support the opening and liberalization of markets.

At the beginning of the twentieth-first century the integration went through a phase when commercial aspects lost its centrality. The drivers of these changes were especially leftist

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governments, who have managed the model of the integration in the region since 2000. These South American governments advocated political more than economic integration. This new regionalism, which seeks for the emancipation from the Washington Consensus, is called postliberal regionalism. It aims at being a political dialogue amongst the South American states. The Union of South American Nations (UNASUR) is the prime example of this new regionalism, whose main actor is Brazil.4

The South American region is divided between trade integration and political integration. It is emphasized that Venezuela withdrew from CAN on the grounds that it was more political than economic integration. It can thus observe a division in the region among countries interested in political integration and economic integration. However it should be noted that both are promoted by the governments of ALBA and the suramericanism begin to find their own limits during the decline of leftist governments and the gradual loss of Brazil’s leadership in the region.

4 Ibid.
2. The Failed of the European Model in South America

The Latin American integration has had European integration as a model to build and reflect on their own integration. The model of the European Union has served not only as a comparative model for Latin America but for everyone, for example, it has been used to analyze and understand the process of ASEAN. In this regard, it is noted that ASEAN shares with the European process the idea of formation and consolidation of an economic community.

The European model of integration has always been used to analyze, compare and evaluate the progress of Latin American integration and frequently to measure their success compared to Europe. It is also shown that Latin American integration is weaker. Also, many literatures have seen the European Union as the model to be followed in order to achieve progress in Latin American integration. This situation can be observed not only in the literature of the CAN, but also Mercosur. The European integration model is characterized especially by the transfer of sovereignty, shared sovereignty and the creation of supranational institutions.

It was necessary to overcome the idea of state and classical sovereignty to lead to shared sovereignty and supranationality
in post-war Europe. Thus sovereignty ceased to be understood as an absolute power, and came to be seen as an attribution for interstate cooperation. Consequently, the European process is based on the idea that states should share their sovereign prerogatives in a supranational level to facilitate integration and cooperation.

In its infancy, the EU was first established to promote peace and prevent war among European powers. So it contributed to the establishment of regional peace in Europe. Both the Schumman Plan and the European Coal and Steel Community (ECSC) represented first-line alternatives to peace in Europe and constituted a postwar order. European states merged within the framework of the ECSC, sharing part of its sovereign rights in independent public bodies which can take decisions autonomously and binding them together. This fusion of sovereignties has been maintained since then. Today it is embodied in the last encoding of the European treaties, namely, the Treaty of Lisbon (2007).

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5 Mario Arroyave, “De la soberanía compartida para la consolidación de la paz regional en Europa al constitucionalismo multinivel; una configuración no aplicada en los procesos de integración suramericana,” in Los Procesos de Paz como factor de paz, ed. Eric Tremolada (Bogotá: Universidad Externado de Colombia, 1994), 199.
The EU, the Andean Community and Mercosur have their own foundations and political, historical and legal context. A specific feature of the integration process in Latin America is that it does not come as an answer or solution to a war, which means that the integration is not an immediate need to build peace as in the case of the European Union and ASEAN. Unlike Europe, Latin American integration did not aim to create a postwar order, but was intended to promote the development of Latin American countries. The Latin American integration emerged in the 1960s as ongoing integrations of the CAN and Mercosur are not intended, at first, to contribute to regional peace, but to contribute to regional development (development in a broad sense, i.e. the social, cultural, political, legal and economic, etc.).

Another feature of South American integration processes is that the discussion is not about to overcome the classic sovereignty through the introduction of shared sovereignty and the creation of supranational bodies. By contrast, the South American states have traditionally avoided the transfer of sovereign rights to any regional integration. Therefore a shared sovereignty and supranationality in the region did not develop. So far the Hispanic American treaties included articles that claimed the respect for the whole sovereignty and independence of states.
On the contrary, the integration in Latin America has traditionally been considered as a mechanism to ensure national sovereignty and independence of each state. This trend is evident in the three Latin American congress, for the creation of the Latin American confederation should not compromise the independence of the new republics nor its national sovereignty. Finally, many Latin American politicians believe that the transfer of rights destroy the sovereignty.

Now, the replication or reproduction of the model of European integration in Latin America is not possible because the European process was inevitably bound to its own historical process. The success of the Europe was a response to its own historical necessity. That is, it was the historical and political context and the needs of post-war Europe which have allowed the integration process to advance and consolidate. Regional integration in Europe and South America have their own historical experience, leading to different ways of perceiving the integration and sovereignty. It is precisely these historical

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6 Ibid, 209.
particularities that prevent a simplistic application of the European experience in the American or South American continent. Nevertheless this situation inevitably invites both legal and cultural comparison.

3. The Decline of the Andean Community

The Andean Community (CAN) is a supranational organization that has attempted to replicate the European model of integration in Latin America. In this sense, some features of shared sovereignty and supranationality are evident. However, the development of supranationality within the CAN is still very limited since the court has powers restricted to fulfilling their community work. So in CAN, the term supranationality does not develop.9 Also, breaches of the Andean legal system allow the member states to dominate the principle of intergovernmentalism. For this reason, the CAN is an example of classic international organization, because it is still subjected to the sovereignty of its own members.10


The CAN has gradually become less important as a means to advance the regionalization processes and economic internationalization, because the states have chosen other alternatives. Slowly the CAN has been losing its importance in foreign and economic policies of the member states.\textsuperscript{11} For example, both Colombia and Peru pursued the way of free trade agreements, hence they have signed unilaterally free trade agreements with the U.S. and the EU, along with Mexico and Chile, the Pacific Alliance, all of which are outside the CAN. The abdication to negotiate trade agreements jointly under CAN could represent the definitive end of this process, as this demonstrates the impossibility of creating a customs union and adopting a common external tariff (CET).

The Pacific Alliance (PA) is not necessary incompatible with the CAN agreement and it is not the replacement of the latter. However, the appearance of the PA intensifies the crisis of the CAN and makes it even more difficult and almost impossible to creat a CET. In addition, the PA is imposed on the CAN as a regional platform and begins to take over the CAN role, especially in political consultation meetings with third countries and other organizations. This means that the CAN and its organizational structure has become less important as a means for integrating into regionalization and

\textsuperscript{11} Ibid, 429.
internationalization. In this regard, the PA was presented as a bloc in the seventh summit of Europe with Latin American states, held in Santiago de Chile in January 2013\textsuperscript{12}, while the CAN did not represent their member states.

The PA can then mean the definitive stagnation of the CAN and the model of the transfer of sovereignty and supranationality.\textsuperscript{13} This situation has side effects on the Andean institutions that can lead to its decline and, incidentally, shows that the model of EU integration has lost its momentum as a model for construction of integration in Latin America.\textsuperscript{14} The PA shows the trend of the Andean countries, especially Colombia and Peru, to leave behind the idea of transferring part of their sovereignty for the construction of regional integration. So the decline of the CAN reveals the reluctance to accept the idea of shared sovereignty and supranationality in Andean integration.


\textsuperscript{13} Mario Arroyave, “La Alianza del Pacífico y el ocaso de la Comunidad Andina: hacia una nueva configuración interregional en Latinoamérica.”

\textsuperscript{14} Susanne Gratius und Detlef Nolte, “Die EU und Lateinamerika: Partnerschaft auf Augenhöhe?,” 1.
4. Mercosur: the Original Model for Integration

South American integration processes differ in the fact that the CAN has certain supranational features while Mercosur is a purely intergovernmental organization. In this sense, in Mercosur the shared sovereignty has not been introduced because the process is fully based on an intergovernmental framework. Mercosur promotes integration which is different from European model, since it gives precedence to intergovernmental agreements while the principles of the transfer of sovereignty and the creation of supranational institutions are rejected. Mercosur does not introduce (as the UNASUR) supranationality or shared sovereignty, but strengthens the national logic state.15

Mercosur is the intergovernmental organization, because states’ parties have avoided transferring sovereign rights to common bodies.16 States can not be forced against their will, because Mercosur rules must be adopted unanimously and in the presence of all member states (Art. 37 Ouro Preto Protocol).

15 Eduardo Pastrana Buelvas, “Why Regionalism has failed in Latin America: lack of stateness as an important factor for failure of sovereignty transfer in integration projects.”

Mercosur organs are dependent on national governments, and therefore do not act according to common, but national interests.

The Mercosur model is derived especially from Brazil’s projection on how economic integration should be done. According to Brazil, Mercosur should be an *sui generis* organization, namely, it should not be a copy of the European model. Therefore Mercosur should be a new model or integration scheme. During the selection of the model institution of Mercosur, the integration scheme of CAN was taken into account. However, this model was rejected because the CAN possessed a very complex structure (similar to that of the EU), which had little success.\(^\text{17}\) In this sense, the CAN represented a copy of the European Union and its failure was related to the adoption of the European model. As a result, the success of Mercosur should be sought in the establishment of flexible institutions.\(^\text{18}\)


\(^{18}\) Deisy Ventura, *Las asimetrías entre el Mercosur y la Unión Europea: los desafíos de una asociación interregional* (Sankt Augustin: Konrad Adenauer Stiftung, 2005), 19.
Brazil has always obstructed the development of any integration that involves the establishment of supranationality and the partial transfer of sovereignty. Thus, Mercosur is developed under an intergovernmental model that leaves the process in the hands of the states and the instability of successive governments. Also, the problems within a state can block the development of the process. Finally, the intergovernmental nature of the Mercosur is reflected in the limited capacity to generate and meet standards. It makes the integration process dependent on the domestic governments.

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20 Lincoln Bizzozero y Tabaré Vera, El Mercosur en funcionamiento: de Asunción a Ouro Preto (Montevideo: Universidad de la República, 1995) 12.

5. The New Model of Integration of the Pacific Alliance

The PA is not an international organization but an economic agreement for the creation of an area of deep regional integration (art. 1 AMAP), which seeks to move progressively towards the free movement of goods, services, people and capital (art. 3 no. 1-a AMAP). This objective complies with the long-standing purpose of the integration of Latin America to create a common market. The PA would then be only a process of integration in the long list that represents the attempt to achieve integration among Latin American countries.

The PA was established by Peru, Colombia, Mexico and Chile through the Presidential Declaration of Lima (2011). With the birth of the PA, Latin America has a new economic bloc with a combined population of about 210 million, a gross domestic product of about two billion dollars and covering a trade volume of 500 billion dollars. The PA is based on two legal instruments, which seek to lay the foundation stones for building integration. These instruments are the Framework Agreement of the Pacific Alliance (AMAP) and the Additional Protocol to the Framework Agreement (MAAP).

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22 Thomas Manz, Die Alianza del Pacífico, ein “neuer Motor” für die Entwicklung Lateinamerikas?
The formation of the PA is the most significant breakthrough in recent years in terms of integration in Latin America, since it involves a break in the way it has promoted the integration in the region since the 1960s, i.e., through the establishment of international organizations and institutional structures. The PA is a commercial agreement with political overtones that could be qualified as an agreement that goes beyond a mere free trade area.

The process of the PA faces the same problems. For example, to build a common market is not an easy task and so far always failed. The ambitious long-term goal of the PA to establish a free community faces, among others, three obstacles. First, it is questioned whether the PA can establish the CETs prior to the creation of a free community. Second, the PA does not have an institutional or organizational structure which is responsible for managing the achievement of the objective. Third, the model of open regionalism, on which the PA is based, is not a model that essentially foster deeper integration required to establish a common market.23

23 Mario Arroyave, “La Alianza del Pacífico y el ocaso de la Comunidad Andina: hacia una nueva configuración interregional en Latinoamérica.”
The PA promotes an open regionalism with the aim that states are integrated in a better way into the globalized world. The preamble to the PA “is to strengthen the different integration schemes in Latin America as areas of convergence, aimed at promoting Open Regionalism.” The PA revived the model of open regionalism from the early 1990s in Latin America and seeks to increase intra and extra regional trade with Asia, the U.S. and Europe.\(^{24}\) In addition, the PA reactives the discussion about the different types of organizations of regional cooperation which represents a return to free trade and openness to international market.\(^{25}\)

The PA is presented as a new model of integration in Latin-America which has not created an international organization or a firm organizational and legal structure, like the CAN and Mercosur. This might look like ASEAN in its beginning. This situation highlights a disruption in the process of creating complex organizational structures which is a requirement to achieve an integration. In other words, it means not to seek an integration by following the European model of sharing sovereignty and creating supranational institutions, but by establishing a loosely structured organization and focused


\(^{25}\) Thomas Manz, \textit{Die Alianza del Pacífico, ein “neuer Motor” für die Entwicklung Lateinamerikas?}, 1.
only especially on trade agreements. The PA is a commitment to economic integration in the style of the North American Free Trade Agreement (NAFTA).

6. Political Frictions between the Pacific Alliance and Brazil

On the political level, the PA creates frictions in the region because it brings Mexico back into the heart of South America, a region seen by Brazil as its area of influence. For Brazil, South America has formed a geopolitical region that stands out from both of Mexico, Central America and the Caribbean. Brazil has sought to boost Suramericanism in order to build integration based on geographical conditions. Brazil intends to build a catchment area in which the Brazilian market could spread and also in which one can control the initiatives of regional projects.

Thus, the PA does not fit with the Brazilian idea of South American integration, especially for Mexico which is a distant partner and the main competitor of Brazil in the region (after

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27 Eduardo Pastrana Buelvas, “Why Regionalism has failed in Latin America: lack of stateness as an important factor for failure of sovereignty transfer in integration projects.”
the U.S.). Under this situation, experts warned of the danger of political and economic fragmentation in Latin America and the appearance of a new rivalry between Brazil and Mexico, the two economic powers in the region.28

The Suramericanism is limited in countries like Colombia, Chile and Peru, because their interests go beyond forming South America just to please Brazil. Mexico’s return to South America disrupts the Suramericanism. Thus a new dynamic of soft balancing in Latin America is generated.29 Therefore, with the advent of the PA, structures of regional governance in Latin America has been rearranged. The PA is ultimately a challenge to the Brazilian project to consolidate the South American regional integration30 as the PA creates an opposite or alternative to alliances of the UNASUR and Mercosur dominated by Brazil.31

28 Thomas Manz, Die Alianza del Pacífico, ein “neuer Motor” für die Entwicklung Lateinamerikas?, 2.

29 Detlef Nolte und Leslie Wehner, “The Pacific Alliance casts its cloud over Latin America,” 1.


All members of the PA have signed free trade agreements with the U.S. The PA members have good relationship with the U.S. and are in line with the agenda of the FTA.\(^\text{32}\) In this regard, members of the Alliance countries share common values, namely, the liberal and neoliberal ideas as a basis of their international economic integration processes.\(^\text{33}\)

The Alliance members share the idea of integration into the international market through the signing of free trade agreements and thus are unmarked the idea of consolidating an integration led by Brazil through Mercosur and the UNASUR and the integration promoted by Venezuela through the ALBA. The PA seeks to promote the integration under the principles of open regionalism, i.e., through agreements that do not prevent states from managing their relationships and international interests.

\(^\text{32}\) Detlef Nolte und Leslie Wehner, “The Pacific Alliance casts its cloud over Latin America,” 1.

7. Construction of the Relations between the Pacific Alliance and ASEAN

The PA has certain features which give it special nuances, for example, it is an agreement clearly intended to become a platform for political coordination and projection to the world with special emphasis on the Asia-Pacific (art. 3 no. 1 -c, AMAP). The agreement seeks to promote mutual relationships with Asia, which has led to the establishment of diplomatic representations of their member states within that region. However, the PA also encourages the creation of a platform for multilateral negotiation. For example, in the 7th European-Latin American summit in 2013 in Santiago de Chile, the PA’s member states strongly promoted the open market and legal certainty for European foreign investors.34

A novelty of the PA lies then in its nature as a trade agreement that is intended to be or become a platform for improving relationship and cooperations between its members and Asian countries. The Pacific Alliance also facilitates relationship and cooperation between Latin America and ASEAN, and provides the possibility of working hands in hands. The ASEAN is important for the PA since many processes and economic cooperations in Asia have revolved around it.

However, the agreement does not indicate how can the PA achieve the objective of establishing a platform for dialogue with Asia. Moreover the institutional framework for mutual cooperation is yet to be built. Then it is not clear whether the PA can sign agreements with other international institutions, without legal personality. It must be remembered that the PA is a mere trade agreement and does not have neither the international legal capacity to conclude treaties not the ability to exercise rights and obligations.

That is why the states must give legal personality to the PA since it needs a strengthened institutional framework. The legal status is important to negotiate with Asian countries and thus realize the mandate of the framework agreement signed in 2012. In this respect, ASEAN is an example of the importance of obtaining a legal personality, since it became an international organization having a legal personality through the ASEAN Charter.

The PA can follow the same path. Similar to the EU and ASEAN, having an institutional framework is necessary for making progress in agreements which can deepen the integration and, in particular, achieve the creation of a common market.
Finally, it should be noted that the PA is a very good opportunity for Colombia to promote their relationship and deepen its cooperation with Asia, since Colombia is now the member of the PA which has a very low-profile relationship with Asian countries. That is why Colombia has some disadvantages compared with other PA partners. It must be remembered as well that Colombia’s external affairs have focused on the special relationship with the United States, so the PA allows Colombia to diversify its foreign relations and apply a multilateral foreign policy.

For this reason the PA is a good opportunity to explore the possibility of closer cooperation with Asia, and especially with ASEAN and its members, such as Thailand. The PA seeks to bring the Asian presence to Latin America. And it can potentiate the connection between two worlds and two cultures which have mutual benefits.

8. Conclusions

Latin America has never been a political unit despite the attempts to integrate. However, economic integration in the region has always struggled to materialize, which is one of other factors that needs to integrate into different views and interests of the members.
The emergence of the PA is a new sign of the loss of importance of the integration model of the European Union. The PA also reflects the attempt to realize regional integration through the trade agreements rather than the creation of international institutions to which member states transfer their sovereignty and are clothed with supranationality.

The formation of the PA causes modifications in South American integration processes and also represents the decline of the Andean Community and the model of transfer of sovereignty and supranationality. Through the PA, the signing of free trade agreements among Chile, Mexico, Peru and Colombia is reaffirmed as a way of advancing their internationalization processes.

Even though it is a new integration process, the PA also faces many similar problems of traditional regional organizations in meeting their goals, such as the inability to form a common market and maintain the unity in the international system.

The PA can be an excellent means of regional and global integration, especially towards Asia and ASEAN. However, for the PA to gain autonomy and become a block of effective negotiation, it is necessary that its members must give their legal personality in order to become an international organization with the ability to manage international treaties and generating bloc-to-bloc negotiations.
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