21 LATIN AMERICA AND ASEAN: POSSIBLE AVENUES FOR CLOSER ENGAGEMENT IN AN UNCERTAIN GLOBAL CONTEXT

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I. INTRODUCTION

In recent years, interest in the Association of Southeast Asian Nations (ASEAN) has grown considerably in Latin American academic, business and policy-making circles[1]. From an economic perspective, several factors help to explain this, including ASEAN members´ dynamic growth, the attractiveness of their regional market and ASEAN´s key role in the complex array of international production networks known as Factory Asia. From a political point of view, ASEAN is widely seen as a successful integration project, despite the heterogeneity of its members in terms of development levels, economic and demographic size, culture, political and legal systems and almost every conceivable variable. This stands in contrast with the fragmented nature of Latin American regional integration, whose modern origins -same as those of ASEAN- date back to the 1960s.

Against the above background, it is often argued that Latin America should actively seek closer economic, political and cooperation ties with ASEAN, especially given the current global context marked by a weakening of multilateral cooperation, increased economic nationalism and a growing rivalry between the United States and China. This chapter reviews current efforts in that

1 Already in the 1980s some Latin American academics were interested in how the region could strengthen its relations with ASEAN, especially in the economic sphere. See Orrego (1982), Orrego and Reutter (1983), Wilhelmy and Gutierrez (1992) and Wilhelmy (1994).

direction and offers some ideas on the content of a possible agenda going forward, with a focus on the economic sphere.

The remainder of this chapter is organized as follows. Section 2 briefly characterizes both regions in demographic and economic terms and examines their institutional arrangements for economic integration. Section 3 provides an overview of their trade and foreign investment links. Section 4 reviews existing initiatives for dialogue and cooperation and proposes some lines of work going forward. Section 5 concludes.

II. TWO REGIONS IN PERSPECTIVE

Latin America and the Caribbean (henceforth LAC) and ASEAN have a similar demographic size, as each one accounts for just over 8% of the world´s population. However, LAC is much less densely populated, as its land area is 4.5 times that of ASEAN (see table 1). In terms of economic size, LAC´s Gross Domestic Product (GDP) in 2018 was 84% higher than that of ASEAN (measured in current dollars), and its per capita GDP was 89% higher. This reflects the fact that the three most populous ASEAN countries (Indonesia, the Philippines and Vietnam), which in 2018 represented 72% of the bloc´s population, had in that year a per capita GDP of less than $4,000 (in Indonesia and the Philippines) and lower than $3,000 (in Vietnam). In addition, three ASEAN members (Cambodia, Lao People´s Democratic Republic and Myanmar) belong to the group of least developed countries (LDCs). In contrast, three of the four most populous LAC countries (Brazil, Mexico, and Argentina) have a GDP per capita above the regional average, and only one country (Haiti) is classified as an LDC.

TABLE 1. LATIN AMERICA AND THE CARIBBEAN (LAC) AND ASEAN: SELECTED DEMOGRAPHIC, GEOGRAPHIC AND ECONOMIC VARIABLES, 2019 OR LATEST AVAILABLE YEAR

VARIABLE	LAC	ASEAN
Population, 2019 (Millions)	644	661
Land area (Millions of square kilometers)	20.33[A]	4.49
GDP, 2018 (Trillions of current dollars)	5.46	2.97
GDP per capita, 2018 (Current dollars)	8,566	4,543
Average annual GDP growth, 2010-2019	2.0%	5.4%[B]
FDI stock, 2019 (Trillions of current dollars)	2.26[C]	2.69
Share in world goods exports, 2019	5.6%	7.5%
Share of world goods imports, 2019	5.6%	7.2%
Openness ratio, 2018[D]	40.4%	96.8%
Share of intragroup exports in total exports of goods, 2018	16.4%	24.1%
Share of intragroup imports in total imports of goods, 2018	14.8%	21.8%

SOURCE: Created by the author based on information from UNCTAD (UNCTADSTAT database and World Investment Report 2020), International Monetary Fund (World Economic Outlook database, October 2019), ASEAN 2019 and ECLAC 2019a.

[A] Excluding the Caribbean.

[B] Simple average of all ASEAN members except Singapore.

[C] Excluding the financial centers of the Caribbean.

[D] Corresponds to the sum of goods exports and imports divided by GDP.

Although the ASEAN economy is smaller than that of LAC, it has been closing that gap since it grew 2.7 times as fast in the last decade. ASEAN has also a greater stock of foreign direct investment (FDI) and a higher share of world merchandise trade. In fact, ASEAN is a much more trade-dependent region: in 2018, its openness ratio was close to 100% of GDP, more than doubling that of LAC. Its members also show greater trade interdependence than LAC countries, as reflected in their greater weight of intra-group trade in total trade.

One key difference between ASEAN and LAC is that the former not only embodies a geographically delimited region, but is also a grouping with common rules, procedures and institutions applicable -at least in principle- to all its members. By contrast, the concept of Latin America is much looser. It is often understood to encompass the countries of South America and Central America, plus Cuba, the Dominican Republic, Haiti, and Mexico. Nineteen of those 20 countries were Spanish or -in the case of Brazil- Portuguese colonies for over three centuries[2]. Consequently, their populations speak Spanish or Portuguese, two mutually intelligible Latin languages[3]. For the same reason, Latin American countries also share numerous political, cultural, ethnic, and religious features. The boundaries of Latin America do not always coincide with those commonly used in geography. The main example is Mexico, Latin America´s second most populous country (and the world´s largest Spanish-speaking country) but which is regularly considered a part of North America along with Canada and the United States.

Owing in part to the vast size of Latin America, as well as historic reasons and cultural affinities, the regional economic integration initiatives that started to form in the 1960s quickly adopted a sub-regional nature. Although there have been some attempts to form a Latin American single market, they have not succeeded. Currently the regional space is fragmented in four main economic integration blocs, which differ in terms of their size, goals, governance, achievements, and underlying philosophies (see table 2). Thus, unlike South East Asian countries with ASEAN, there is no single forum where

2 Haiti, which shares the island of La Hispaniola with the Dominican Republic, was a French colony. The anglophone countries of the Caribbean conform a separate, distinct category, which will not be covered here.

3 The main tongue spoken in Haiti is Creole, a mix of French and languages brought by African slaves. Several pre-Hispanic languages are also in common use today across Latin America.

all Latin American countries can adopt common undertakings relating to their own regional economic integration process or relations with the rest of the world[4].

TABLE 2. MAIN LATIN AMERICAN ECONOMIC INTEGRATION BLOCS

NAME	YEAR OF CREATION	MEMBERS	JOINT GDP, 2018 (US$ TRILLION)	POPULATION, 2018 (MILLIONS)	TYPE OF ECONOMIC INTEGRATION ACHIEVED	PERMANENT SECRETARIAT
Central American Common Market	1960	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama	0.27	49	Customs union with elements of a common market	Yes
Andean Community	1969	Bolivia (P. S.) Colombia, Ecuador, and Peru[A]	0.70	110	Incomplete customs union with elements of a common market	Yes
Common Market of the South (MERCOSUR)	1991	Argentina, Brazil, Paraguay, Uruguay, and Venezuela (B.R.)[B]	2.69	293	Incomplete customs union with elements of a common market	Yes
Pacific Alliance	2011	Chile, Colombia, Mexico, and Peru	v2.07	227	Free trade area with elements of a common market	No

SOURCE: Created by the author based on information from UNCTADSTAT database and the different blocs´ websites.

[A] Colombia and Peru are members of both the Andean Community and the Pacific Alliance.

[B] Venezuela was a member of the Andean Community between 1973 and 2006. It joined MERCOSUR in 2012 but its membership has been suspended since 2017 on both economic and political grounds.

The Pacific Alliance (PA), the newest among Latin America´s economic integration blocs, stands out because of its *sui generis* nature (Herreros, 2016). Firstly, it is Latin America's only integration mechanism that explicitly includes among its goals strengthening links with another region (the Asia-Pacific). Secondly, it aims to create a "deep integration area" while avoiding the goal of creating a customs union. It thus departs from the traditional notion, pursued elsewhere in the region, according to which deeper forms of integration are usually preceded -or implemented in parallel with- the adoption of a common external tariff and a common trade policy towards non-members. Thirdly, its membership does not correspond to any discernible region (aside from its four members sharing coasts on the Pacific Ocean).

4 The Community of Latin American and Caribbean States (CELAC), was created in 2010 with a view to serving as a forum for regional (mostly political) coordination. However, in practice it has not delivered on that goal due to national differences.

Because of its explicit Asian focus, the PA should play a leading role in bridging Latin America and ASEAN, as discussed in section 4.

Same as Latin America´s early economic integration initiatives, ASEAN was born in the 1960s. However, unlike its Latin American counterparts, ASEAN´s main goals in its early decades were ensuring peace and security in a region rife with conflict (Menon and Lee, 2019). Intraregional trade liberalization only began in earnest in 1992 with the signing of the ASEAN Free Trade Area (AFTA), which required the then six member states[5] to lower tariffs to trade in goods with each other over a 15-year period (Elms, 2020). Several milestones have followed, with the adoption of an agreement on trade in services in 1995 and one on foreign investment in 1998.

In 2003 ASEAN members set themselves the goal of establishing the ASEAN Economic Community (AEC) by 2020, and in 2007 they decided to bring forward that deadline to 2015. According to the ASEAN Secretariat, *"The AEC is the realisation of the region's end goal of economic integration. It envisions ASEAN as a single market and production base, a highly competitive region, with equitable economic development, and fully integrated into the global economy. Once AEC is realised, ASEAN will be characterized by free movement of goods, services, and investments as well as freer flow of capital and skills."*[6]

Despite significant progress in the elimination of tariffs (ASEAN had eliminated 98.6% of import duties on intra-ASEAN trade by 2019)[7], members did not meet many of the AEC commitments on non-tariff barriers, services and other areas (Elms, 2020). In 2015 they adopted the AEC Blueprint 2025 with the goal of implementing pending commitments from the 2015 Blueprint. However, progress remains uneven across ASEAN member states, owing largely to their widely different development levels and implementing capacities.

In terms of the classical hierarchy of economic integration types, ASEAN can be considered a free trade area in goods with some elements of a common market. There is no common external tariff and members are free to negotiate individually trade agreements with third parties. Progress towards implementation of the AEC could accelerate as a result of commitments made by ASEAN members in the context of the Regional Comprehensive Economic Partnership (RCEP). This is a plurilateral trade and investment agreement negotiated between 2012 and 2019 by all ASEAN members and

5 Brunei Darussalam, Indonesia, Malaysia, The Philippines, Singapore, and Thailand.

6 See http://investasean.asean.org/index.php/page/view/asean-economic-community/view/670/newsid/755/about-aec.html.

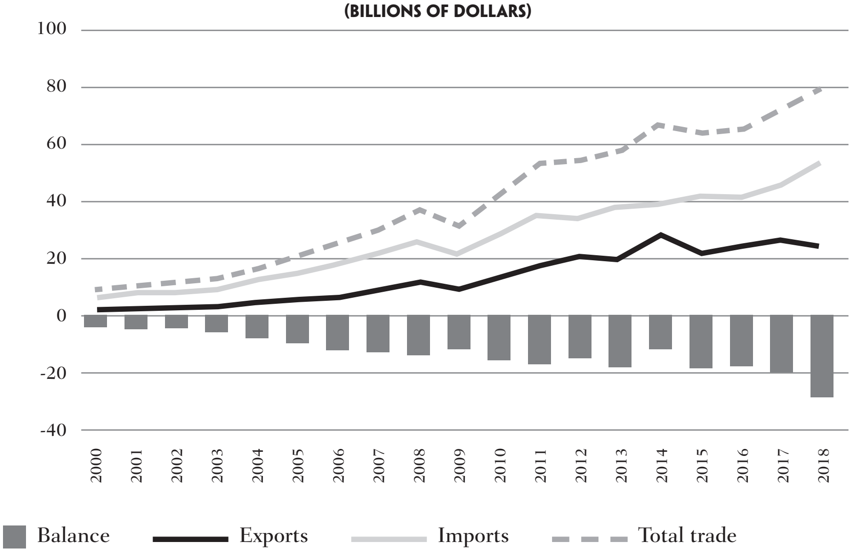
7 See ASEAN Economic Ministers´ Joint Statement, September 6, 2019: https://www.asean2019.go.th/en/news/the-51st-asean-economic-ministers-aem-meeting/.

six other Asia-Pacific countries (Australia, China, India, Japan, New Zealand, and the Republic of Korea). The RCEP was signed on 15 November 2020 by 15 of the 16 participating countries (India eventually did not join the agreement, although the possibility of its later accession remains open).

III. TRADE AND FOREIGN INVESTMENT LINKS

Despite substantial improvements in transport and communications technology over the last four decades, distance remains a formidable barrier to economic exchanges between LAC and ASEAN: 16,600 kilometers separate Mexico City from Singapore[8]. Trade is a case in point. Two-way merchandise trade grew 8.5-fold between 2000 and 2018, from $9.3 billion to $78.7 billion, with a steady -and growing- deficit for the LAC region (see figure 1).

FIGURE 1. LATIN AMERICA AND THE CARIBBEAN: MERCHANDISE TRADE WITH ASEAN, 2000-2018 (BILLIONS OF DOLLARS)

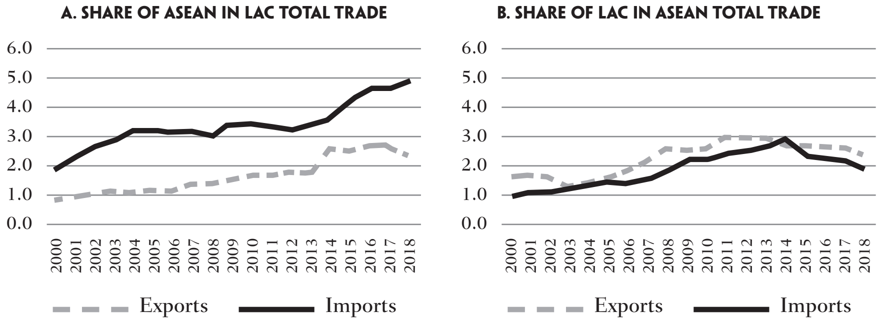


SOURCE: Created by the author based on information from the UN COMTRADE database.

Despite the expansion of trade in absolute terms since 2000, trade interdependence has only grown modestly, and from very low initial levels. The share of ASEAN in total LAC merchandise trade grew from 0.8% of exports and 1.8% of imports in 2000 to 2.3% of exports and 4.9% of imports in 2018. In the case of ASEAN, the share of LAC in total merchandise trade has grown even less, from 1.6% of exports and 0.9% of imports in 2000 to 2.4% of exports and 1.9% of imports in 2018 (see figure 2).

8 See Distance Calculator, www.distancecalculator.net.

FIGURE 2. LATIN AMERICA AND THE CARIBBEAN (LAC) AND ASEAN: RECIPROCAL SHARES IN TOTAL MERCHANDISE TRADE, 2000-2018 (PERCENTAGES)



SOURCE: Created by the author based on information from the UN COMTRADE database.

Trade between both regions is mostly of the inter-industry variety, with LAC exporting mostly primary commodities and importing mainly manufactures, especially from the electronics industry (see table 3). This pattern is similar to that prevailing between LAC and all its main Asian partners (China, Japan, and the Republic of Korea).

TABLE 3 MAIN PRODUCTS TRADED BETWEEN LAC AND ASEAN, 2018
A. TOP 10 LAC EXPORTS TO ASEAN

RANK	HS CODE[A]	DESCRIPTION	AMOUNT EXPORTED (US MILLION)	SHARE (%)
1	230400	Oilcake and other solid residues, resulting from the extraction of soya-bean oil	5,064	20.2
2	271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel	2,649	10.5
3	100590	100590 - Maize (excluding seed for sowing)	2,019	8.0
4	260111	Non-agglomerated iron ores and concentrates	1,297	5.2
5	030617	Frozen shrimps and prawns	1,266	5.0
6	890590	Light-vessels, fire-floats, floating cranes and other vessels	1,248	5.0
7	520100	Cotton, neither carded nor combed	732	2.9
8	270900	Petroleum oils and oils obtained from bituminous minerals, crude	698	2.8
9	120190	Soya beans	622	2.5
10	260300	Copper ores and concentrates	608	2.4
		TOP 10 PRODUCTS	**16,203**	**64.5**

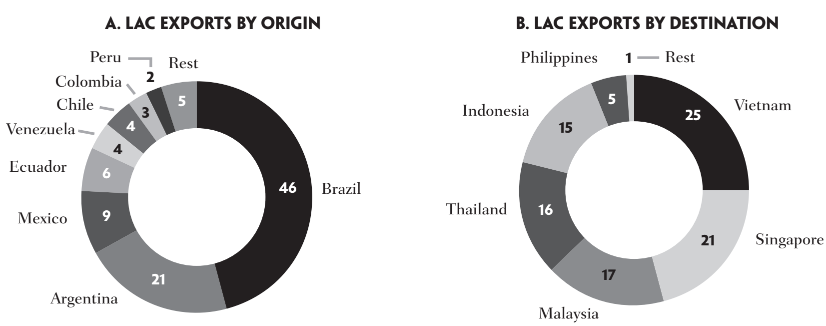
B. TOP 10 LAC IMPORTS FROM ASEAN

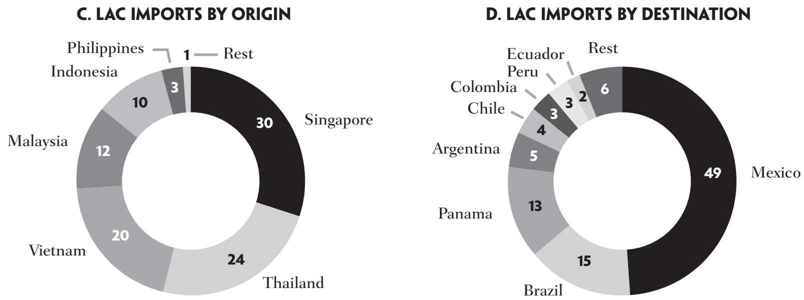
RANK	HS CODE[A]	DESCRIPTION	AMOUNT IMPORTED (US MILLION)	SHARE (%)
1	854231	Electronic integrated circuits as processors and controllers	7,122	13.3
2	999999	Commodities not elsewhere specified	5,441	10.2
3	847170	Storage units for automatic data-processing machines	3,282	6.1
4	851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data	1,555	2.9
5	851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks	1,296	2.4
6	854239	Electronic integrated circuits	1,124	2.1
7	870322	Motor cars and other vehicles for the transport of persons, with internal combustion engine of a cylinder capacity > 1.000 cm^3 but <= 1.500 cm^3	995	1.9
8	870421	Motor vehicles for the transport of goods	966	1.8
9	852990	Parts suitable for use solely or principally with transmission and reception apparatus	937	1.7
10	292249	Amino-acids and their esters; salts thereof	936	1.7
		TOP 10 PRODUCTS	**23,654**	**44.2**

SOURCE: Created by the author based on information fromTrade Map database
[A] Harmonized Commodity Description and Coding System.

Trade between both regions is highly concentrated in a few LAC countries (see figure 3). While Brazil accounts for almost half of total exports, Mexico absorbs almost half of total imports. Just three countries were responsible for over three quarters of LAC exports to, and imports from, ASEAN in 2018. Trade is more diversified from the ASEAN side, with Vietnam, Singapore, Malaysia, and Thailand all showing substantial shares of both exports and imports.

FIGURE 3 STRUCTURE OF LAC-ASEAN MERCHANDISE TRADE BY ORIGIN AND DESTINATION, 2018 (PERCENTAGES)

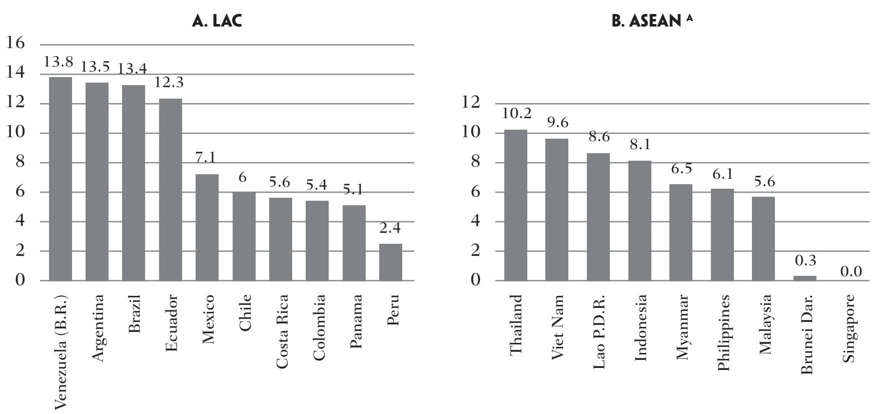




SOURCE: Created by the author based on information from the UN COMTRADE database.

Most LAC-ASEAN trade is conducted on a Most Favored Nation (MFN) basis since there are few preferential trade agreements (PTAs) in force between both regions and they do not cover the main interregional flows. Average MFN tariffs are generally lower among ASEAN members, only nearing 10% in Thailand and Vietnam. By contrast, they approach 14% in Brazil and Argentina, the second and fourth most important Latin American export markets for ASEAN (see figure 4). Moreover, MFN tariffs in those two countries can reach 35% for several industrial products exported by ASEAN to LAC.

FIGURE 4. LAC (SELECTED COUNTRIES) AND ASEAN MEMBERS: AVERAGE MOST FAVORED NATION TARIFF, 2019 (PERCENTAGES)



SOURCE: Created by the author based on information from WTO-ITC-UNCTAD, World Tariff Profiles 2020.
A No information was available for Cambodia.

Foreign direct investment (FDI) links between both regions are even less developed than trade relations[9]. Historically the only relevant Asian investor

9 The analysis of FDI flows and stocks excludes the financial centers of the Caribbean, such as the Cayman Islands and the British Virgin Islands. For tax reasons, these jurisdictions are often used to channel investments originating in and going to third countries.

in Latin America was Japan, followed more recently by the Republic of Korea, India and China. In 2018 no ASEAN country featured among the top 10 investors in LAC by FDI stock, a list led by the United States and completed by six European countries, Canada, Chile, and Japan (UNCTAD 2020, p 46). The only Latin American country that has an ASEAN member among its main sources of FDI in recent years is Uruguay, which between 2015 and 2017 received FDI inflows from Singapore amounting to US$ 891 million (ECLAC 2019, table I.A1.3).

There is no ranking of FDI stock by origin publicly available for ASEAN. However, preliminary data from the ASEAN Secretariat reveal that foreign investment from Latin America is minimal. In 2018, FDI inflows from the Pacific Alliance and MERCOSUR were US$ 36 million and US$ 99 million, respectively (ASEAN Secretariat 2020a and 2020b). Combined, both blocs -which include Latin America´s largest foreign investors- accounted for barely 0.09% of ASEAN´s total FDI inflow in that year (ASEAN-UNCTAD 2019). In the case of Singapore, ASEAN´s main FDI receiver and foreign investor, stock data are available. Its FDI stock from LAC by the end of 2018 reached 19.4 billion Singaporean dollars, equivalent to just 1.1% of its total inward FDI stock. In the same year, its FDI stock in LAC reached 18 billion Singaporean dollars, just 2.1% of its total outward FDI stock[10].

No PTAs have ever been negotiated between a LAC country or bloc and ASEAN as a group, something ASEAN has only done with its Dialogue Partners from Asia (see section 3 below)[11]. Indeed, only a handful of LAC countries -all of them with coasts on the Pacific Ocean- have negotiated PTAs with ASEAN individual members. Chief among them is Chile, while Singapore is the most frequent ASEAN partner (see table 4)[12]. The closest to a plurilateral PTA between both regions is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), signed in March 2018 and which includes three LAC countries (Chile, Mexico and Peru[13]) and four ASEAN members (Brunei, Malaysia, Singapore, and Vietnam)[14].

10 See Singapore Department of Statistics, https://www.singstat.gov.sg/find-data/search-by-theme/trade-and-investment/foreign-direct-investment/latest-data.

11 In fact, ASEAN did not fully negotiate as a bloc its so-called "ASEAN+1" PTAs (with Japan, China, the Republic of Korea, India, and Australia and New Zealand). While rules commitments in each agreement apply to all ASEAN members, every member has its own individual schedules for goods, services and investment.

12 The four founding members of MERCOSUR (Argentina, Brazil, Uruguay, and Paraguay) have also been conducting FTA negotiations with Singapore since July 2018.

13 Chile, Mexico, and Peru are also the only LAC countries which are members of the Asia Pacific Economic Cooperation forum (APEC). All ASEAN members are APEC members.

14 At the time of writing, the CPTPP was still not in force for Brunei, Chile, Malaysia, and Peru.

TABLE 4. PREFERENTIAL TRADE AGREEMENTS BETWEEN LAC AND ASEAN COUNTRIES AS OF OCTOBER 2020

LAC COUNTRY	ASEAN PARTNER	DATE OF SIGNATURE	DATE OF ENTRY INTO FORCE
Chile	P4[A]	18 July 2005	8 November 2006
	Malaysia	13 November 2010	18 April 2012
	Vietnam	12 November 2011	4 February 2014
	Thailand	4 October 2013	5 November 2015
	Indonesia	14 December 2017	10 August 2019
	CPTPP[B]	8 March 2018	Not in force
Costa Rica	Singapore	6 April 2010	1 July 2013
Mexico	CPTPP	8 March 2018	30 December 2018
Panama	Singapore	1 March 2006	24 July 2006
Peru	Singapore	29 May 2008	1 August 2009
	Thailand	17 October 2003	31 December 2011
	CPTPP	8 March 2018	Not in force

SOURCE: Created by the author based on information from Organization of American States, Foreign Trade Information System: www.sice.oas.org.

[A] Trans-Pacific Strategic Economic Partnership Agreement (Brunei, Chile, New Zealand, and Singapore).

[B] Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Consistent with small two-way FDI flows, there are fewer than 20 bilateral investment treaties (BITs) in force between countries from both regions, and they involve just a few LAC countries (Argentina, Chile, Cuba, Mexico, Peru, Uruguay, and Venezuela). Several of these agreements date from the 1990s, at the heyday of BIT activity worldwide[15]. Some interregional PTAs -notably those with Singapore- include investment chapters with standards equivalent to those of a typical BIT.

IV. TOWARDS A WORK AGENDA FOR CLOSER RELATIONS

The main difficulty in trying to envisage a work agenda for closer relations between ASEAN and Latin America is that while the former is an international actor in its own right, the latter is not. ASEAN members have agreed on a list of 10 Dialogue Partners with which they are interested in forging closer economic and political links (a group made up mostly of ASEAN´s main Asian partners and global powers[16]) and have established a regular dialogue and some form of work agenda with each of them. The centrality of ASEAN in the RCEP project, built from its network of "ASEAN+1" PTAs, is testimony to its influence as a political actor. Today Latin America is far from being able to act in such a concerted fashion in its own regional integration process, let alone its relations with the rest of the world.

15 See UNCTAD, Investment Policy Hub: https://investmentpolicy.unctad.org/international-investment-agreements/by-economy.

16 Australia, Canada, China, the European Union, India, Japan, New Zealand, the Republic of Korea, Russia, and the United States.

The asymmetry noted above conditions economic and political links between both regions going forward. The unavoidable starting point is that no Latin American bloc (or country) features among ASEAN´s Dialogue Partners, evidencing the region´s secondary position in ASEAN´s foreign policy strategy. Arguably this reflects not just low economic interdependence and Latin America´s inability to act cohesively in the international sphere, but also the region´s disappointing growth performance following the end of the commodity super cycle of 2003-2013. Even before the outbreak of the COVID-19 pandemic, the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) noted that in the 2014-2020 period the region would record its lowest growth in seven decades[17]. With the pandemic, the region´s GDP is now expected to shrink 9.1% in 2020 (ECLAC, 2020a), the sharpest contraction among all world regions.

Notwithstanding the above, there are several avenues to deepen relations between both regions. They can be classified in three broad categories: strengthening trade, investment and cooperation links; seeking coordination on global issues of common interest; and learning about each other´s experience in building regional integration. Some possibilities within each category are briefly discussed below.

A. STRENGTHENING TRADE, INVESTMENT AND COOPERATION LINKS

Since trade and especially foreign investment flows between both regions are quite low, there is much room for growth. However, despite increased mutual awareness about business opportunities, the much higher economic dynamism shown by ASEAN and its position as a vibrant manufacturing hub suggest that interest in expanding economic ties is not equivalent on both sides of the Pacific. It is mostly incumbent on Latin American countries and blocs to proactively reach out to ASEAN. The region´s two largest blocs, the PA and MERCOSUR, have taken some initiatives which are summed up below.

Within Latin America, the PA has gone furthest in trying to expand economic and cooperation links with ASEAN. Since 2014 both groupings host yearly ministerial meetings on the sidelines of the United Nations General Assembly (UNGA), and in 2016 they adopted the ASEAN-Pacific Alliance Framework for Cooperation[18]. This document laid the foundation for cooperation in four priority areas: economic cooperation; education and people-to-people contacts; science, technology and innovation; and (iv) sustainable development. According to the ASEAN Secretariat, *"Significant progress*

17 "El período 2014-2020 sería el de menor crecimiento para las economías de América Latina y el Caribe en las últimas siete décadas", Press communiqué, 12 December 2019: https://www.cepal.org/es/comunicados/periodo-2014-2020-seria-menor-crecimiento-economias-america-latina-caribe-ultimas-siete.

18 Available at https://asean.org/storage/2012/05/ASEAN-PA-Framework-for-Cooperation_FINAL.pdf *has been made in the implementation of the ASEAN-Pacific Alliance Work Plan (2017-2020), which lists down the activities to implement the ASEAN-Pacific Alliance Framework for Cooperation, with 7 out of 12 action lines being addressed since its adoption in 2017"* (ASEAN Secretariat, 2020a). However, no information could be found on the content of the Work Plan or its level of implementation.

At their latest ministerial meeting, held in September 2019, the members of the PA and ASEAN underscored the importance of expanding cooperation to new areas of mutual interest, including several topics related to environmental sustainability: smart cities, disaster management, renewable energy, climate change, and combating plastic debris. The list also included trade facilitation, digital economy, and connectivity. To implement cooperation in these topics, Ministers tasked officials to look into the development of a new Work Plan[19].

Four ASEAN members (Indonesia, the Philippines, Singapore and Thailand) are among the PA´s 59 observer states[20], and Singapore is a candidate to become an associate member. In that capacity, since 2017 it participates in negotiations towards a plurilateral free trade agreement with the PA. These negotiations include Australia, Canada and New Zealand as well, which are also candidates to associate member status.

PA members regularly carry out joint activities in ASEAN countries to promote the bloc´s trade, investment and tourism opportunities. Moreover, two PA members (Chile and Peru) concentrate most PTAs between Latin America and ASEAN, and Chile has even stated its interest in joining the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)[21]. If successful in that effort, it would be ASEAN´s first PTA as bloc with a partner from outside the Asia-Pacific.

At the time of writing no indications exist of interest within ASEAN in launching trade negotiations as a bloc with the PA (or any other Latin American partner). In the coming years, implementation of the RCEP and the AEC Blueprint 2025 is likely to absorb most of ASEAN´s attention and resources in this area. However, an indirect -although partial- route to a plurilateral trade agreement between the PA and ASEAN could result from gradual expansion in the membership of the CPTPP. At present, four ASEAN members and three PA members are CPTPP signatories, although not of all of them have ratified it.

19 See Co-Chairs' Press Release: 6th ASEAN-Pacific Alliance Ministerial Meeting, 30 September 2019: https://www.subrei.gob.cl/2019/09/6th-asean-pacific-alliance-ministerial-meeting/.

20 See Pacific Alliance´s website: https://alianzapacifico.net/en/observant-countries/.

21 This was announced by Chile´s Vice Minister of Trade, Rodrigo Yáñez, at a forum hosted by the University of Chile on 30 July 2020, see (in Spanish): http://www.iei.uchile.cl/videos/1-sesion-ciclo-de-conferencias-en-politica-comercial.html.

MERCOSUR's institutional relations with ASEAN date back earlier than those of the PA but have had less continuity and achieved less. Ministers from both blocs first met officially in November 2008 in Brasilia but did not meet again for nine years. Their second meeting took place in September 2017 at the margins of the UNGA. On that occasion they proposed to develop an ASEAN-MERCOSUR plan of action and explore the possibility of ASEAN-MERCOSUR Secretariat-to-Secretariat cooperation. They also agreed to enhance sustainable development cooperation, tourism, connectivity, innovation and people-to-people links. However, as of April 2020 there had not been any follow up actions to those decisions (ASEAN Secretariat, 2020b).

B. SEEKING COORDINATION ON GLOBAL ISSUES OF COMMON INTEREST

Latin America and ASEAN are mostly middle-income regions. They are also vulnerable to unilateral actions by larger players. Thus, they arguably share an interest in upholding multilateralism and international cooperation in general. This opens several opportunities for coordination on global affairs. Some examples are trade (resisting protectionism, achieving a development-friendly WTO reform), climate change, and financing for implementation of the Agenda 2030 for Sustainable Development. On the latter topic, both regions should share an interest in avoiding a situation where most of their members lose access to official development assistance (i.e. are "graduated") due to their income levels.

Exploring opportunities for more concerted action seems especially necessary at a time when multilateral cooperation in many areas has been severely undermined in the last few years. In particular, both Latin America and ASEAN have much to lose from an escalation of current tensions between the United States and China, and neither should be forced to choose between these two key partners (Lee 2020; Fortín, Heine and Ominami, 2020). Actively promoting consensual, rules-based solutions to global problems offers an opportunity for both blocs to avoid being pulled into great power competition.

C. MUTUAL LEARNING ON BUILDING REGIONAL INTEGRATION

There is much that Latin American countries can learn from Southeast Asia´s regional integration process. ASEAN members are more diverse than Latin American countries in terms of their languages, cultures, religions, colonial histories, development levels and political systems, to name just a few dimensions. Moreover, they started their integration efforts under less favorable circumstances because most of them had only recently become independent states, faced several territorial disputes among themselves and were more directly affected by Cold War dynamics. Despite these formidable obstacles, they have built a regional integration project which, although far from perfect, has delivered concrete political and economic benefits to all its members. Acknowledging the vast differences in member states´ circumstances and implementing capacities, flexible participation in economic integration initiatives (the so-called "ASEAN minus X" formula) has been embodied in the 2007 ASEAN Charter[22].

Latin America, starting at about the same time as Southeast Asia, has been less successful in building an integrated regional market. Looking at the possible explanations exceeds the scope of this chapter. However, the region´s vast size and the gravitational pull that the United States (U.S.) economy exercises on Mexico, Central America and the Caribbean have arguably conspired against closer intraregional economic links. Moreover, following the collapse of the Free Trade Are of the Americas (FTAA) project in 2005, a split emerged between those Latin American countries that had been willing to go along with this U.S.-led initiative and those that resisted it (Herreros, 2019). Trade became highly politicized, leaving little room for convergence between the region´s different economic integration blocs. Thus, while much of intra-regional trade in goods is now duty free, significant barriers remain in areas such as trade in services, investment, technical regulations, and government procurement. Intraregional trade, which in 2008 accounted for 21% of the region´s total merchandise exports, has been on a steady downward trend since then and in 2019 represented just 13,9% of total exports (ECLAC, 2020b).

Probably the most important lesson coming out of both region´s different trajectories is the importance of having a long-term vision and of pragmatism and flexibility to implement it. ASEAN members have been able to leave their political differences aside, even integrating former enemies, to build over several decades an integrated economic space. This has allowed them to reap the benefits of scale offered by a 660 million-strong regional market, to become attractive FDI destinations, to achieve rapid economic growth and to carve out a niche for themselves in Factory Asia. ASEAN membership has particularly helped the group´s least developed members (Cambodia, the Lao PDR, Myanmar and especially Vietnam) to integrate into the global economy and reduce income gaps with the founding members (Menon and Lee 2019).

In sharp contrast with Southeast Asia, regional economic integration efforts in Latin America have suffered from diverging political views among governments on the nature and goals of integration. This problem has been compounded by frequent and swift changes of orientation within countries

22 See article 21 (Implementation and procedure) at https://www.asean.org/wp-content/uploads/images/archive/21069.pdf.

as new governments take office. As a result, the Latin American economic space remains highly fragmented. This means that the great potential offered by a regional market almost as large as ASEAN´s in terms of population, and almost double it in terms of GDP, remains largely untapped. It seems clear that applying some of the long-term vision, pragmatism and flexibility shown by ASEAN members would greatly reduce obstacles to regional integration in Latin America, while acknowledging that the experience of one region cannot be mechanically replicated in another.

V. CONCLUDING REMARKS

There are significant parallels between ASEAN's historical evolution and that of several Latin American economic integration projects. They share an early emphasis on joint industrial projects during the 1970s and 1980s against the background of the then prevalent import substitution industrialization strategy. Both regions broke with the past in the early 1990s by focusing on liberalization of intraregional trade, partly in response to external developments such as the formation of the European Single Market and the conclusion of the North American Free Trade Agreement (NAFTA). However, their trajectories diverged in the first two decades of the current century. While ASEAN has kept moving (however slowly) towards an integrated regional market, that has generally not been the case in Latin America.

ASEAN has not always lived up to the expectations raised by the ambitious economic integration initiatives it has launched in the last two decades. The frequent postponement and lack of enforcement of AEC commitments is a prime example. There exists a tension between ASEAN´s ever-expanding agenda and its culture of consensus and absolute deference to national sovereignty. However, the possibly excessive flexibility embodied in the so-called "ASEAN Way" may have been necessary to ensure a group of countries at widely dissimilar development levels move broadly in the same direction (although at different speeds). Flexibility in implementing integration commitments may become less important -and even an obstacle- as ASEAN members´ development levels (and therefore their implementation capacities) become less heterogeneous.

For all its flaws, ASEAN has become an effective actor in the international sphere, a goal that has eluded most Latin American economic integration initiatives. This is testimony to ASEAN members´ political will to stick together despite their considerable differences. The need to look at economic integration as a long-term, strategic project that must transcend circumstantial political differences may well be ASEAN´s most important lesson for Latin America.

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