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The Pacific Alliance: Regionalism and Geopolitics

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บทความนี้ศึกษาบริบททางภูมิรัฐศาสตร์และบริบทโลกที่ก่อให้เกิดการก่อตั้งกลุ่มพันธมิตรแปซิฟิก (Pacific Alliance) โดยพยายามแสดงให้เห็นว่าพัฒนาการเหล่านี้ได้ก่อให้เกิดการรวมตัวครั้งใหม่ในภูมิภาคนิยมที่มีความคล้ายคลึงกับเปรูบางประเทศในลาตินอเมริกาที่มีความคล้ายคลึงกันบางประการโดยเฉพาะความได้เปรียบด้านเศรษฐกิจของเปรูอย่างไรก็ตามกลุ่มพันธมิตรแปซิฟิกและรัฐบาลเปรูในการส่งเสริมกลุ่มความร่วมมือดังกล่าวยังคงมีค่าสำคัญ

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Abstract

This paper discusses the global and geopolitical contexts which pave the way for the formation of the Pacific Alliance (PA). It attempts to show how these development contributed to the basis of the newest bloc in Latin America that brings together countries that have certain commonalities, especially the desire towards economic growth. The paper explains the objective and strategies of the Pacific Alliance and also of Peruvian government as a founding member of this regional grouping.

Keywords: the Pacific Alliance, regionalism, geopolitics, Peru
1. Introduction

Geopolitics and the Globalization

At the turn of the twenty-first century, some very profound changes were produced in the world in a very rapid fashion. Among the most important developments were the end of the Cold war; the age of economic globalization; and the continuous wave of regionalism.

After the end of the Cold war in the 1990s, the international arena survived a short period of the ‘Unipolar Moment,’ which lasted until the beginning of the twenty-first century. Now it becomes a stage of “Bipolarity” or “Multipolarity” depends on how one sees it.

After this brief period the G-20, as well as the BRICS, an acronym for Brazil, Russia, India, China and South Africa which are currently new actors entering the central stage of world politics, were established. Meanwhile China has reemerged to the forefront of global community by becoming the second largest world economy. In the same vein one can easily notice how the relative economic power of Europe began to decrease in favor of the economies of countries that are now members of BRICS or G-20, resulted in these countries playing
more significant roles in the post-Cold war world.

One also saw the dynamic appearance of the emerging economies from countries formerly considered underdeveloped. A significant economic growth helped them fight against poverty and fortify their middle class. The most evident case was China, but there were many other countries in different regions, including Latin America, that had a relatively rapid economic growth.

Thanks to the triumph of the market economy that supplanted the planned economy, after the collapse of the Berlin Wall and the fall of communism in the Soviet Union and Eastern Europe, this change was accompanied by the intensification of economic globalization, implying that processes from production of manufactures and investments to the creation of culture were no longer limited to a particular location or country but moving beyond the domestic and national markets and have become widespread all over the world. Therefore borders in this new context had a new meaning and have become more porous.

The immediate problem was how governments respond to the strong current of globalization. What are the options available to governments when boundaries are crossed constantly by mobility and volatile capital flows, by production,
communications, culture, and especially people? Let alone an increasing volume of trade and competition that comes with it. Almost simultaneously, non-state actors have also engaged in an extensive network of cross-border relations in such diverse fields, including economy, environment, society, education, and even healthcare.

In a world where states, particularly in regions where have no great powers, are facing a changing condition of their sovereignty, be it in political-security, economic, culture, or other in other spheres, such as civil society, governments are expected have to come up with solutions and methods to strengthen their capacities and to promote their development in this new context. In this regard the framework of regional cooperation is considered by many countries as an effective way of dealing with such circumstances.

In a system with “complex and diverse threats and challenges, where state power is inadequate and existing multilateral institutions face severe overload or whose agendas are heavily skewed to favour key states, regionalism is both desirable and necessary. Geographically, ideationally and functionally it is well suited to address questions of regional governance.”

2. Regionalism in a changing world

Regionalism is a response to globalization and a reaction to the diverse aspects of global processes in their entirety. Regionalism emerges from internal dynamics of a region and motivations of regional actors to start creating a new dynamic of their own. In that context governments create strategies to strengthen their sovereignty and promote the development of their societies or else they can see their capacities to elaborate autonomous policies diminish. As Katzenstein points out:

“There is a tendency, and indeed a danger in comparative regionalism of being tempted to use ‘the European model’ as a benchmark against which all other forms of regionalism are judged, and as a consequence found wanting in terms of legal, institutional, political or social arrangements. Of course, this results in a less than adequate understanding of what is actually going on in a particular regional grouping, what processes are in fact evolving, and what actors are involved in the construction of a regional community.”

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2 Ibid, 13.
Therefore the development of regionalism “is necessarily informed by geographical, political, economic, strategic, and cultural concerns that are region specific, they also take place in an environment that is in turn informed by norms, trends, values and practices that relate to different regional and global settings.” There is thus no model of regionalism that can be applied universally.

Our understanding of regions naturally flows into a concept of regionalism as a policy and project whereby states and non-state actors cooperate and coordinate strategies within a given region. Here, aspects of regime theory are helpful in identifying actors’ convergence. The aim of regionalism is to pursue and promote common goals in one or more issue areas.

As Katzenstein puts it, “A truly successful regionalist project today presupposes eventual linkages between state and non-state actors, but also cooperation across regions creating an interlocking network of regional governance structures, such as those already found in Europe, and parts of the Americas,” and particularly their participation in the creation of a network of value global chains.

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3 Ibid, 21.
5 Ibid.
Regionalism can only develop in a stable environment, where the rule of law prevails and there is legal and economic security. The absence of stability has prevented different regions to create a regional system according to its needs. These needs could be economic, political, or security among the most important. “The point is to discover and develop those functions which particular regional groups are most adept at performing at a given time. It is also appropriate to think of different ways to improve regional capacity; and there is a role for the international community in this regard.”6

3. Responses of Latin America

As a result of the end of Cold War and globalization, Latin America has tried and managed to develop new relations, that is to diversify and to create regional and autonomous mechanisms, to respond to new demands in a changing world, internal demands

“[t]o readjust its place in the world. As the second decade of the 21st century progresses, Latin American countries belong to the Group of 20 (G20); Peru, Mexico, and Chile belong to APEC (the Asia-Pacific Economic Cooperation);

Brazil belongs to the BRICS (Brazil, Russia, India, China, and South Africa) and the IBSA (India, Brazil, and South Africa) groups; Chile, Peru, and Mexico belong to the Trans-Pacific Partnership (TPP). In the region, Venezuela and Cuba formed ALBA; Brazil created UNASUR (Union of South American Nations); Mexico and Brazil promoted the Community of Latin American and Caribbean Countries (CELAC); Chile, Colombia, Mexico, and Peru belong to the Pacific Alliance; and Argentina, Brazil, Uruguay, Paraguay, and Venezuela formed MERCOSUR (Bolivia is in the process of affiliation).”

To date, Latin America is a commodity producer region, for example, in Brazil, one of the main industrialized countries in the region, 95 per cent of total exchange between Brazil and China are commodities, while 98 percent of imports from China are manufacturing products. The case of Mexico is different. Being a member of NAFTA, the country has allowed

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to enter the industry value chains and its factories have been established on either side of the border. In the recent years, Mexico has become one of the main producers of cars.

The structure of their exports is as follows:

<table>
<thead>
<tr>
<th>US$billions</th>
<th>Brazil</th>
<th>Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary products:</td>
<td>113</td>
<td>Manufactured goods 314.6</td>
</tr>
<tr>
<td>Manufactured goods</td>
<td>92.9</td>
<td>Crude oil 49.6</td>
</tr>
<tr>
<td>Semi-manufactured</td>
<td>30.5</td>
<td>Agriculture products 11.3</td>
</tr>
</tbody>
</table>


4. The Pacific Alliance

a new bloc in a new context

The Pacific Alliance is the newest bloc in Latin America that brings together countries that have certain common interests and decides to grow economically so as to bring to their people a higher level of living standard.
These countries consider that the great challenge of the bloc is not to focus on the production of final goods for export, but to participate actively in the global value chains (GVCs) and manufacture “value-added” products. Traditional trade blocs have been oriented towards intra-commercial facilitation by tariff reduction, creating regional free trade zones, or trying to come close to that ideal. The Pacific Alliance is not only tariff-oriented but also a product of sharing agreement aiming at “the production-sharing aspects lock in disciplines that facilitate the internationalization of production – especially between high-tech and low wages nations,” and becoming part of an international production network.

The Pacific Alliance has three main objectives. First, it aims to build in a participatory and consensual way an area of deep integration to move progressively towards the free movement of goods, services, resources and people. Then it looks forward to drive further growth, development and competitiveness of the economies of its members, focused on achieving greater well-being, overcoming socioeconomic inequality and promote the social inclusion of its inhabitants. Lastly, the Alliance also strives for becoming a platform of political articulation, economic and commercial integration and projection to the world, with

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emphasis on the Asia-Pacific region.

Drawing on these objectives, the strategies of the Pacific Alliance are as follows:

- To seek deeper integration of services, resources, investments and movement of people.

- To provide an open and inclusive integration process, comprised by countries with similar visions of development and of the free trade.

- To be a dynamic initiative with a high potential and business projection.

- To offer competitive advantages for international businesses, focusing on Asia-Pacific region.

Against this background, the Pacific Alliance is an open bloc where its members keep a network of trade agreements among them and with the most developed and dynamic economies in the world. The Pacific Alliance also promotes commercial, investment, innovation and technological exchange with the most competitive regions around the world. It has the potential to attract new investment in the region. The Pacific Alliance has competitive advantages in mining, forest resources, energy, agriculture, automotive, fishing and
manufacturing. Thus the economies of member countries rank, altogether, eighth place worldwide.

Regionalism has expanded to meet new demands. Economic liberalization is pursued as a way to counter marginalization in the global economy, and at the same time to meet individual countries’ concerns over regional security and financial stability.

The four countries of the Pacific Alliance have FTAs with United States, and Mexico is also a member of NAFTA so it can become a bridge between the other three and the North American Global Value Chain, that has links with Asia and Europe.

Following the logic of participating of the global value chains, three members of the Pacific Alliance have recently finished the negotiations of the Trans Pacific Partnership (TPP), involves 12 countries that represent 40 percent of the world economy and 33 per cent of global trade. It should be underlined that in spite of Colombia’s aspiration to participate in the TPP, it was only members of APEC that were initially invited to join the trade negotiations.

There are news from the recent meeting of the International Monetary Fund and the World Bank held in Lima that is worth mentioning. On one hand, this year Peru has become the fifth
economy in Latin America, overcoming Venezuela, so it is very hopeful that this trend will continue if the country can keep up its integration into the global economy. On the other, the economies of Latin America will have a negative growth of 0.3 percent due to the impact of international economic slowdown. At the same time, however, there is a difference reaction of the economies. The Pacific South America will keep on growing, even though at slower rates, but the Atlantic is finding more difficulties in time of hardship.

5. Peruvian objectives

As a founding member of the Pacific Alliance, the government of Peru has developed through the years (five governments) a policy of turning towards the Asia Pacific. Such a policy has an elaborate structure and defines important aspects of Peruvian foreign policy since Peru has become a member of the Asia-Pacific Economic Cooperation (APEC) in 1997. Until now, it has already signed free trade agreements with 5 countries in Asia, including China, Japan, Korea, Singapore and Thailand, and has participated in the negotiations of the TPP. A strong emphasis on its relationship with the Asia Pacific region is also a major element of Peru’s projection towards global politics through the establishment of the Pacific Alliance,
which was a Peruvian initiative.

One of the strategic objectives of Peru is to be able to break the middle income trap, and it realizes that it is impossible to do so by the exploitation of commodities or import substitution industrialization relying only on a national market. Therefore, it is important not only to belong to a trading bloc but also to be part of an economic bloc that is opened to more possibilities. Only by doing so can it find better opportunities for economic growth, employment, human capacities, and development of infrastructure. Those aspects are parts of the demands for the continuous process of enhancement and economic development that will help consolidating the Pacific Alliance. Without them it would not be able to compete internationally.
References


