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Integration Processes in Latin America

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Introduction

Latin America and the Caribbean (LAC) comprise a heterogeneous space with 34 countries, more than 600 million inhabitants, and a territory five times bigger than the European Union (EU). Within this space, continental-sized countries such as Brazil live together with tiny archipelagic states such as Saint Kitts and Nevis. It is a continent where mid/high-income states such as Mexico and Chile coexist with countries where the poverty rates are over 70 per cent such as Haiti. There are many different ethnic communities and cultures, including aborigine people and descendants of people from Europe, Africa and Asia, having arrived through several migratory waves. Consequently, there are tremendous asymmetries and enormous contradictions, making the path toward the construction of a regional space a hard one.¹ Nonetheless, in the last decade, the number of integration projects has risen.

In fact, LAC as a regional space has been recently institutionalized by the creation of CELAC (Community of Latin America and the Caribbean States) in 2010. Additionally, there are cooperation and regional integration mechanisms with different features, origins, and history, which exist side-by-side and also generate geopolitical convergence and sometimes divergence and even competition.² The

1. Annex 2 shows tables with GDP and GDP per capita of the main regional processes of member states.
2. Bierman et al., "The Fragmentation of Global Governance Architectures: A Framework for Analysis," *Global Environmental Politics* 9, no. 4 (2009).

main aim of this paper is, firstly, to present a brief overview of regionalism in Latin America. Second, the paper will describe the current situation and analyze some of the obstacles that face regional integration processes. Finally, problems facing deeper integration will be mentioned against the background of parallel situations that both LAC and GCC (Gulf Cooperation Council) are currently tackling.

The Evolution of Regionalism in LAC

Leaving behind the first regional cooperation initiatives related to the de-colonization process,³ the first modern integration projects were heavily inspired by the European experience after the Second World War. However, these projects developed in LAC in many different ways. According to scholars, from an historic/ideological perspective, there are three different periods in LAC integration: developmentalist regionalism (1950s to 1970s); open regionalism (1980s to 1990s) and 21st century regionalism, which is currently under construction.

The first integration projects of the second half of the last century were strictly related to the national industrialization process through the imports-substitution model. During the 1960s, most national economies in Latin America adopted the import-substitution model to boost development. This implied a strong government intervention in the economy, preventing normal competition among companies. In addition, strong protectionist policies were adopted to prevent harm to the national economy and avoid an excessive import rate. This kind of regionalism was put in practice as a defensive system against extra-regional (and more industrialized) markets through the idea of creating a larger regional market. This model includes, among others, the Central American Common Market (MCCA in Spanish) established in 1958, the Latin American Free Trade Association (ALALC in Spanish⁴) created in 1960, and the Andean Pact of 1969. The ALALC was designed as a Free Trade Area which gradually should have become a Common Market. An ambitious and strict timetable was set in order to progressively reduce tariffs, and, at the beginning, good results were obtained: the intra-regional trade grew from 6 percent to 12 percent in six years.⁵ However, due to the huge differences among the national economies,

3. For instance, the so-called “Patria Grande” as a desire of regional leaders such as Simón Bolívar or José de San Martín, or the creation of the Federal Republic of Central America between 1824 and 1839.
4. It was created by the Montevideo Treaty in 1960 and initially there were seven member states: Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Between 1961 and 1967, Colombia, Ecuador, Venezuela and Bolivia joined the group.
5. Diana Tussie, “América Latina en el sistema mundial de comercio,” Working Paper 132, LATN, April 2011.

the impossibility for some members to comply with the ALALC tariff reduction schedule, in addition with the worldwide economic crisis of the early 1970s, led not only to the crisis of the national economies, but also to a flexibilisation of the regional project. In 1980, the second Treaty of Montevideo was signed, creating the ALADI⁶ and putting in practice a less structured and more flexible regional model, based mainly in bilateral and multilateral agreements.⁷ The ALADI was established to be a kind of “umbrella” under which two or more member states could sign regional integration agreements – completely compatible with the WTO framework – in order to give its partners some privileges or tariff reduction.⁸

In the early 1990s, a new wave of regionalism appeared: it was the so-called open regionalism, strictly related to a pro-liberalization process. The oil crisis in 1973 and the accumulation of public debt created an external debt crisis which triggered a change in the national economic models. The new objectives were to reduce the number of protectionist measures, to make the economies more flexible, and to integrate them in the world economy. This model was linked to the so-called “Washington Consensus”⁹ which aimed for trade openness, liberalization, and privatization of the Latin American economies in order to bring them into the world market.¹⁰ Regional integration was understood as a tool to promote international competitiveness, increasing the bargaining power vis-a-vis industrialized countries.¹¹ Export-led growth was heavily promoted, but this resulted in more external vulnerability. The launch of this model damaged the national industry in some countries (especially within ALADI), which registered unsustainable growth rates and increasing rates of unemployment, meaning that the integration effort ended in the so-called end-of-the-century crisis.¹²

From the beginning of the 21st century, new regional bodies with different features have been created. This, in the view of many scholars, has led to the emergence of a new wave of Latin American regionalism, born from the open regionalism¹³

6. ALADI stands for “Asociación Latinoamericana de Integración” (Latin American Integration Association).
7. CEPAL, *30 años de Integración Comercial en la ALADI*, June 2012.
8. For example, the ACE (Economic Agreement) no.18 between Argentina, Brazil, Paraguay and Uruguay is the ALADI agreement which created MERCOSUR.
9. The Washington Consensus is the name given to a set of economic-aimed public policies proposed by some financial institutions with headquarters in Washington, and published by John Williamson in his paper “What Washington Means by Policy Reform” in November 1989.
10. Roberto Bouzas and Peter Knaack, *El BID y medio siglo de integración regional en América Latina y el Caribe*, Revista de Instituto para la Integración de América Latina y el Caribe (BID-INTAL), no. 29, January-June 2009.
11. José Antonio Sanahuja, *Regionalismo e integración en América Latina: balance y perspectivas*, Instituto Complutense de Estudios Internacionales, Revista Pensamiento Iberoamericano, February 2007.
12. CEPAL, *30 años de Integración Comercial en la ALADI*. Clear examples could be the Mexican crisis in 1994, the Brazilian crisis in 1998/9, and the Argentine crisis in 2001.
13. Sanahuja, 2010; Luk Van Langenhove and Ana-Cristina Costea, “The EU as a Global Actor and the Emergence of ‘Third Generation’ Regionalism,” UNU-CRIS Occasional Papers

crisis. These new initiatives shaped the most recent wave of regionalism, variously called: post-liberal regionalism¹⁴ – in reference to a more political and less economic approach; post-hegemonic regionalism¹⁵ – demonstrating more autonomy for Latin American countries; strategic regionalism¹⁶ – as an adaptation to the increasing globalization and interdependence; or heterodox regionalism¹⁷ because they do not follow a common pattern. Within these categories, ALBA (2004), UNASUR (2008), CELAC (2010) and SICA and Mercosur with some internal reforms emerged.¹⁸ A common feature of this regionalism was the pragmatism and the emphasis put on social policies and not merely on trade-related issues. However, the trade-focused integration processes have not been abandoned. A clear example of this is the development of the Pacific Alliance (2012). Therefore, today one could say that there is a regional multilateralism structure composed of several layers which are inter-related, generating synergies, cooperation, and conflicts.¹⁹

These several initiatives are closely related to different models of development and international projection. The weakness of the neo-liberal initiatives led to the replacement of this model in several Latin American countries. At the same time, other countries decided to go further in the trade openness model. In Brazil, Argentina, Venezuela, Bolivia, Ecuador, and Nicaragua, its leaders fostered policies basically aimed at removing the effects the neoliberal period had caused, proposing new economic models mainly focusing on poverty reduction. The common rejection of the US-initiated Free Trade Area of the Americas (FTAA)²⁰ ended in the failure of the project. In general, this group of countries were determined not to sign FTAs with

2005/14, United Nations University, 2005.

14. Sanahuja, *Regionalismo e integración en América Latina: balance y perspectivas* and; Viega Da Motta and Pedro y Sandra Rios, “O Regionalismo pós-liberal na América do Sul: origens, iniciativas e dilemas,” Santiago de Chile, CEPAL, serie comercio internacional, no. 62, July, 2007.
15. Diana Tussie and Pia Riggiozzi, *The Rise of Post-hegemonic Regionalism: the Case of Latin America*, Springer, 2012.
16. Jorge Briceño, “El regionalismo estratégico en las interacciones entre Estados Unidos y el Brasil en el ALCA. Un análisis desde el liberalismo intergubernamental,” In *Nuevas dimensiones y estrategias de integración en el Continente Americano: Del regionalismo latinoamericano a la integración interregional*, Madrid, Siglo XXI, 2008.
17. Alberto Van Klaveren, “América Latina en un nuevo Mundo,” *Revista CIDOB d’Afers Internacionals* no. 100, (2012): 131-150.
18. See Annex 1 for more information.
19. Detlef Nolte, “Latin America’s New Regional Architecture: Segmented Regionalism or Cooperative Regional Governance?” Paper presented at the XXXI International Congress of the Latin American Studies Association (LASA). Washington, D.C., May-June 2013.
20. While the IV Americas Summit, held in Mar del Plata (Argentina) in 2005, determined the failure of the ALCA project, the opposition was already clearly visible in the III Summit held in Quebec in 2001.

industrialized countries in order to better protect their national industries. Another common feature is the presence of strong leaders such as Lula Da Silva (Brazil), Néstor Kirchner (Argentina), Hugo Chávez (Venezuela), Rafael Correa (Ecuador) or Evo Morales (Bolivia). However, the vision of each one remains different on many fronts.

On the other hand, countries such as Chile, Mexico, Colombia, Peru, Costa Rica, Panama, and some Caribbean economies went further with the liberalization model, concluding a significant number of extra-regional FTAs, including with the US and the EU. The constant growth during the first decade of the century and the growing level of international trust and the security given to foreign investors have boosted these economies. In spite of this, Mexico and the Central American countries, due to their strong economic links with the US, suffered more than the others the effects of the 2008/09 financial crisis, thereby underlining again the need to continue the process of diversifying their economies.

The huge ideological difference between both models of regionalism produced a sort of “regional clash” among the states which chose one or the other type. This constant tension sometimes resulted in strong reactions to political crisis, as seen in Honduras (2009), Paraguay (2012) or Venezuela (2013/14). While seeking to understand how these economic models work, each state has proceeded on a different path of regional integration. For example, the Pacific Alliance can be seen as a fast lane of economic integration, in addition to physical integration and free movement of people.

The New Map of Latin American Regionalism

The division among the development models followed in Latin America has redrawn the regional map of the sub-continent. New mechanisms coexist with regional bodies developed in a former historical context, with a variety of themes included among its objectives. Different spaces where states can cooperate, solve internal crises, and develop higher levels of regional governance were created. However, the first big hurdle to further advance the integration process is the strong inter-governmentalism seen in almost every regional integration process, given that Latin American states have rejected any kind of sovereignty transfer.

Today, there are more than 15 regional cooperation organizations. Depending on their objectives, levels of institutionalization, and development, two groups can be defined: the first one supports those integration processes aiming to progressively

establish a Free Trade Area and then gradually set up a Customs Union. The second group covers a diversity of organizations, ranging from merely sectoral organizations to classic intergovernmental cooperation bodies.²¹

Within the first group, one could place SICA,²² CAN,²³ CARICOM,²⁴ Mercosur and the Pacific Alliance. Both SICA and CAN are derived from integration processes that formally established an institutional framework similar to the European project. Mercosur was primarily a product of the strategic bilateral relations between Argentina and Brazil once both countries returned to democracy in the mid-1980s.²⁵ The process was institutionalized by the signature of the Asuncion Treaty in 1991, also subscribed to by Paraguay and Uruguay.

Currently, CAN and Mercosur are experiencing some difficulties to carry forward the integration process. In the case of CAN, internal struggles have led to the current situation: Venezuela left the Community in 2006 and is now a member of Mercosur, and Bolivia is on the way to becoming a Mercosur member as well. Whereas Colombia and Peru are part of the Pacific Alliance and have trade agreements with the United States and the European Union. Ecuador is starting to negotiate its accession to Mercosur, but, at the same time, is trying to sign a commercial agreement with the EU. The creation of the Pacific Alliance strongly highlighted the political differences among the four remaining members of the CAN. Even though CAN remains active, it has gradually lost power and dynamism. In addition, sources of tension, fragmentation, and lack of convergence have affected the whole South American region. The best proof of this tension is the fact that Uruguay became an observer of the Pacific Alliance, and Paraguay (the poorest Mercosur member) is now demanding a more comprehensive and fair treatment of the intra-regional asymmetries within Mercosur.²⁶ Both countries could be tempted to enter the Pacific

21. In Annex 1 there are some references and figures relating to the main regional organizations.

22. SICA stands for Sistema de Integración Centroamericana (Central American Integration System). SICA comprises Belice, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Dominican Republic,

23. CAN means Comunidad Andina (Andean Community). Currently CAN is formed by Bolivia, Colombia, Ecuador and Peru.

24. CARICOM stands for Caribbean Community, which gathers 15 Caribbean countries: Antigua and Barbuda, Bahamas, Barbados, Belice, Dominica, Guyana, Grenada, Haiti, Jamaica, Montserrat, Santa Lucia, Saint Kitts and Nevis, Saint Vincent and Granadines, Suriname, Trinidad and Tobago.

25. Brazil was under military rule from 1964 to 1985, while military rule in Argentina extended from 1976 to 1983.

26. Paraguay was temporarily suspended from its membership of Mercosur after the impeachment of President Fernando Lugo by the Congress in 2012. After the 2013 elections, Paraguay's membership was restored.

Alliance as a pathway to further diversify their economies, but their strong historical and economic links with Argentina and Brazil cannot be left behind. In Central America, two of the most dynamic SICA members, Panama and Costa Rica, have also started the negotiation process to enter the Pacific Alliance.²⁷

It could be said that the enlargement process of the Pacific Alliance and Mercosur could help build better understanding and a stronger trade convergence among the states. But in the short run, an imaginary East-West line is being drawn: the Pacific side of the region is widely open to world markets, whereas the Atlantic side, led by the Argentina-Brazil-Venezuela axis, is still against a full liberalization process and rejects liberalization policies. This scenario is different from the one in the 20th century, where the division was marked by ties with the US: stronger in Central America (including FTAs) and weaker in South America (except Chile) with Brazil as a regional leader. Nowadays, in the Caribbean and Central America, the US still is the main trade partner and the first investor. Those small economies need to be integrated into the world markets and even more with their main partners. Therefore, SICA members have signed FTAs with the US and more recently an Association Agreement with the EU. CARICOM member states receive preferential treatment from the EU and, under the framework of the Cotonou Agreement, an Economic Partnership Agreement (EPA) was signed with CARIFORUM, a political dialogue body which comprises all CARICOM member states (except Montserrat) plus the Dominican Republic.

The second group of regional organizations in LAC is more heterogeneous and comprises, as stated before, several initiatives and integration mechanisms from merely sectoral bodies to classical intergovernmental cooperation organizations. Some of them have certain institutional level cooperation mechanisms in the field of security or social policies such as UNASUR and ALBA.²⁸ ALBA has also become a power-balance organization between Brazil and the pro-liberalization bodies.

Within these political entities, the creation of CELAC²⁹ has been a relevant step forward to become a sort of counterpart to the Organization of American States (OAS), through which the US has carried out its Latin American policy, since it includes all OAS members, except the US and Canada, but also Cuba. However,

27. Panama is currently an observer country, like Costa Rica, which is also negotiating its full membership.

28. This initiative is led by Venezuela and brings together a group of countries identified as part of the XXI Century Socialism (Sanahuja 2014).

29. CELAC is the legacy of the Rio Group and the Latin American and Caribbean Summits on Integration and Development (CALC in Spanish) which took place from 1987 and 2008, respectively.

within CELAC Summits (as well in UNASUR) there has been tension when discussing the models of integration and development to follow, both at the regional and national level. All these organizations have underdeveloped institutional and legal frameworks and are mainly based on three pillars: political consensus, the promotion of a deeper regional interdependence, and the increase of interconnections.

It is yet unknown if these entities will contribute to a progressive convergence with the ongoing regional integration processes (our so-called “first group”), cooperating with them by building a more comprehensive integration, or if they will only coexist as they do today. Another pathway to follow could be the so-called “light regionalism”³⁰ which is the step beyond “open regionalism,” mainly based in consensus and voluntary cooperation, more like the Asian regional model and unlike the European model. However, more important is to understand how Latin American regionalism will deal with the current and future challenges and how regional exchanges could be better fostered.

Obstacles in the Path of Deeper Integration

The status of regionalism in Latin America outlined here makes it clear that there are many overlapping initiatives. In most cases, it is not yet clear whether they are related or not, or whether, at least, they are not incompatible with one another. This lack of political convergence hinders common external action and a common position when negotiating with other regions or countries.

The first common feature that can be noted is the lack of supranational institutions. In all the regional entities mentioned previously, there are different internal institutions. However, those institutions are strictly intergovernmental and not supranational. That means those institutions are, in most of the cases, politically influenced by national interests and decisions are taken by consensus or by unanimity. The European experience clearly showed that supranational and democratic bodies are necessary in order to leave behind a classic Free Trade Area and to move forward to a stronger Custom Union and later to a Common Market.³¹ But the so-called “Summit Diplomacy” prevails in LAC,³² and it is one of the reasons why it is hard to further develop integration only based in intergovernmental decisions, taken by strong political bodies and in most cases by unanimity.

30. Sanahuja 2010.

31. Sanahuja, *Regionalismo e integración en América Latina: balance y perspectivas*.

32. Francisco Rojas Aravena, *Diplomacia de cumbres, El difícil camino hacia un multilateralismo cooperativo, proactivo y eficaz*, FLACSO, 2012.

CAN, SICA, and Mercosur share similar institutional and structural characteristics. Their most important institution is the presidential summits, complemented by regular meetings of foreign ministers. These three entities have Parliamentary Assemblies where members are not directly elected but are members of national Parliaments.³³ Also, they have a General Secretariat, similar to the Pacific Alliance and CARICOM. The absence of institutions to ensure common interest and compliance with the agreements, the delay in the incorporation of the common law into domestic law, and the recourse to unilateral measures are other challenges to the deepening of integration.

At the beginning of this paper, the tremendous geographic, economic, and social asymmetries within LAC countries were highlighted. Due to these divergences, some countries will be more motivated than others to go further in the integration process, bearing in mind advantages and disadvantages of being tightly integrated. In order to reduce those asymmetries, it is necessary to have mechanisms to deal with the present internal imbalances and avoid potential ones, trying to guarantee an equal distribution of the integration-generated wealth. These could include a more favorable treatment of poor countries and social, economic, and territorial cohesion policies.³⁴ In Latin America, disparities among countries are more visible than, for example, in the EU and that is one of the reasons why the integration process is far from being completed.

Economically speaking, one of the main aims of almost every regional integration entity is to foster trade among its member states. This can be carried out, among other measures, by reducing tariffs, avoiding non-tariff barriers, simplifying customs procedures and adopting common or harmonized trade rules. It is known that the more structured and harmonized the regional market is, the more economic convergence there will be among its members. For example, in the EU, inter-regional trade is around 60 percent and within NAFTA it is nearly 55 percent, whereas in Latin America those figures are, in comparison, extremely low. Table 1 indicates the convergence (average) of member states with their own regional entity:³⁵

33. With the exception made for Colombia, Ecuador and Peru, other members of CAN Parliament are directly elected.

34. Anna Ayuso, "Integración con Equidad. Instrumentos para el Tratamiento de las Asimetrías en América del Sur" en Cienfuegos, M. y J. A. Sanahuja. Una región en construcción. *UNASUR y la Integración de América del Sur*, CIDOB, Barcelona, 2010.

35. For the country-based tables, see Annex 3.

Table 1: Economic Convergence

PACIFIC ALLIANCE	7.6%
CAN	8.8%
CARICOM	19.5%
MERCOSUR	26.2%
SICA	13.7%

Source: Based on data from DG Trade.

These numbers could be explained by the special features of Latin American economies, based mainly on agricultural products and mining, and heavily dependent on extra-regional manufactured products. The main issue in Latin America is to develop the regional industrial sector in order to stimulate regional value chains and to increase added value of exports. The import-substitution model put in practice in during the 1960s required direct government intervention in the economy, mainly through protectionist policies, harming the normal competition. Since all these measures were not taken by the region as a whole, but by each country, internal tensions appeared. Some of those tensions remain today and prevent the creation of common markets.

Another significant hurdle to further integrate the region is the lack of infrastructure for the transport of goods. Many Latin American companies produce goods or obtain raw materials at a very competitive price but the freight cost to regional or extra-regional markets is so high that it prevents them from exporting at a reasonable price. These high costs sometimes represent a significant part of the final price, which discourages the company from exporting. Additionally, the lack of investment and regional planning of multinational infrastructures have forced the enterprises to be highly concentrated in areas where the communication and transport is more efficient, thus, generating internal imbalances within countries.

An additional challenge for Latin American integration is the enhancement of income and the access to public services. In many countries, policies aimed at poverty reduction were implemented in the last decade with very good results, for example, in Brazil. But at the regional level, mechanisms designed to reduce inter-state imbalances are still quite limited. Leadership is a necessary element in every regional integration model, as an engine for the whole process. The lack of leadership can be seen from two points of view: political - lack of willingness to push forward the regional entity - and economic - lack of resources to face the expenses of regional

institutions or cohesion funds.³⁶ In order to fix the lack of economic leadership, regional organizations used to create regional funds to face exceptional spending or to develop regional projects (e.g., transnational roads). However, in Latin America, these funds (e.g., FOCEM in Mercosur or the Structural Fund for Social Cohesion in the SICA) are not enough to become strong pillars of the integration process.

Shared Troubles, Parallel Situations

Economic interdependence (convergence) within the GCC states is still low. From its creation in 1981 to 2000, intra-regional trade only rose by 2 points (from 5 percent to 7 percent).³⁷ Even after 2003, when the GCC Customs Union was launched, this figure has not risen significantly. In comparison, with LAC integration mechanisms, Mercosur is the only one above 25 percent of internal trade, but mostly due to the previous relations between Brazil and Argentina. Interdependence is vital for any integration process, and in both GCC states and LAC this is still a pending subject.

Both in the LAC countries and GCC states the construction of supranational institutional structures is one of the major challenges. Definitely, the sovereignty question acquires more importance than going further on the integration road. As the former Secretary-General Abdullah Bishara stated, "...if there is a discussion, the word that is always raised is sovereignty. It's sacrosanct..."³⁸ Strictly related to this point is the fact that the vast majority of important decisions are taken by consensus or by unanimity. Neither in the LAC integration processes nor in the GCC is there a mechanism of decision taking by majority, or qualified majority, giving the veto power to any member of the regional body.

In addition, the LAC and GCC countries share another hurdle towards integration: a lack of common infrastructure. Despite the fact that in the last few years transnational projects are being developed in the GCC, this is only the beginning. It is important to generate regional/cohesion funds to encourage the creation of highways, railways, harbors, and airports, and to reduce economic and social disparities among countries or regions. In LAC we have a good example – the FOCEM – which is a convergence fund developed in Mercosur, but is still too small to cover all the necessities.

36. Bouzas, *Crisis y perspectivas de la Integración en América del Sur*.

37. Robert Looney, "Economic Integration in the Gulf Region: Does the Future Hold More Promise than the Past?" Center on Contemporary Conflict, 2003, available at <http://calhoun.nps.edu/handle/10945/25405>.

38. Cited in Neil Partrick, "The GCC: Gulf State Integration or Leadership Cooperation?" Kuwait Programme on Development, Governance and Globalisation in the Gulf States, London School of Economics and Political Science, November 2011.

Like in the LAC region, in the GCC too there is a lack of political integration. Even when the origins of LAC integration processes were mostly trade-aimed, going deeper in the integration pathway necessarily implies political commitments. The GCC was born to cope with security issues and then economic matters were gradually included, but political integration needs to be fostered. As King Abdullah mentioned at a GCC ministers' meeting in October 2002, inter-state military integration in the GCC would not occur without political integration.³⁹

In general, it could be said that the GCC and some LAC regional bodies face the same obstacles: lack of economic interdependence, lack of infrastructure, lack of political willingness to transfer sovereignty, strong nationalism, weak institutions, and inefficient – or inexistent – regional funds, among others. Some of these challenges have been comprehensively discussed and are very well known; however, until today national leaders in both regions are reluctant to move from regional cooperation to real regional integration.

Nevertheless, and taking into account these common features, it would be interesting to foster links and cooperation between LAC and the GCC. Despite the Summits of South American-Arab Countries, it is interesting to highlight that the Ministerial “troika” of GCC and CELAC's Foreign Affairs Ministers held a first meeting in September 2012 at the UN headquarters. Moreover, in 2014, the Secretary General of the GCC Abdullatif Al-Zayani took part in the opening session of CELAC's Second Summit, held in Cuba in January. These initiatives could be very fruitful to share common experiences and boost trade and investments.

Conclusion

Since the last decade, Latin America has sustained growth rates, better social figures, and improved incomes. Additionally, it has enormous sources of raw materials and water. The whole region has also consolidated democratic governments all along the continent and armed conflicts between neighbors are now history. Despite all these developments and recent improvements in the quality of life in LAC, many troubles still face the region, preventing a deepening of the integration process.

As it is hard to elaborate real common regional policies, it would be beneficial, at least, to harmonize and complement national policies with regional interests. This is extremely necessary to foster solidarity among member states. In addition, this would be a step forward to clearly distribute competencies between regional and national levels of government. Also, this is vital to encourage participation of different actors

39. Ibrahim Al-Duraiby, “Saudi Arabia, GCC and the EU,” Gulf Research Center, Dubai, 2009.

in the decision making process, in order to expand democratic ways. However, these measures should be taken depending on each sub-regional context, and will differ in each case.

Latin American integration processes do not have a common origin and they did not develop following the same rules. As mentioned previously, the emergence of two different integration models, such as the Pacific Alliance and Mercosur, represents an ideological divergence that could deepen differences between these countries.

Convergence levels are low due to the hurdles previously explained: lack of infrastructure, low rates of industrialization, lack of sufficient cohesion funds, lack of regional leadership, and lack of supranational institutions. High levels of inter-governmentalism are seen not only at the institutional level, but also in the decision making processes. Deeper integration means more interdependence, and that is where a solid legal framework is needed especially taking into account the enormous asymmetries Latin America is facing nowadays. To address these problems, it is necessary to better identify the incentives each country may have to demand more integration, and this depends on the benefits and disadvantages that integration would bring in each case.

Annex 1: Integration organizations (so-called “first group”)

CARICOM	
Creation	Chiaguaramas Treaty (1973)
Member States	Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Santa Lucia, Saint Kitts and Nevis, Saint Vincent and Granadines, Suriname, and Trinidad and Tobago
Headquarters	Georgetown (Guyana)
Main Institutions	Conference of Heads of State Council of Ministers Parliamentary Assembly
GDP	US\$ 71,726 (2012)
Population	16.5 million (2010)
Andean Community	
Creation	Cartagena Agreement (1969) – Trujillo Protocol (1996)
Member States	Bolivia, Colombia, Ecuador and Peru
Headquarters	Lima (Peru)
Main Institutions	Andean Presidential Council Andean Parliament Andean Council of Foreign Affairs Ministers Andean Community Commission
GDP	US\$ 677,825 (2012)
Population	103 million (2012)
MERCOSUR / Mercosul	
Creation	Asuncion Treaty (1991)
Member States	Argentina, Brazil, Paraguay, Uruguay and Venezuela (2012)
Headquarters	Montevideo (Uruguay)
Main Institutions	Council of the Common Market Common Market Group Mercosur Trade Commission Parlasur
GDP	US\$ 3,179,045 (2012)
Population	275 million (2011)
SICA	
Creation	Central American States Organization (San Salvador Agreement-1951) Charter of the ODECA (Panama - 1962) Protocol to the Charter of the ODECA (Tegucigalpa Protocol - 1991)
Member States	Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Dominican Republic
Headquarters	San Salvador (El Salvador)
Main Institutions	Central American Presidents Summit Central American Parliament Council of Foreign Affairs Ministers
GDP	US\$ 243,896 (2012) ¹
Population	55 million (2013)
Pacific Alliance	
Creation	Framework Agreement to establish the P.A. (Antofagasta, Chile 2012)
Member States	Chile, Colombia, Mexico and Peru
Main Institutions	Head of State Summits Council of Ministers
GDP	US\$ 2,012,894 (2012)
Population	216 million (2012)

1. Does not include Belize.

Annex 1, continued:

Integration organizations (so-called “second group”)

ACS-AEC	
Creation	ASC Agreement (Cartagena de Indias, Colombia -1994)
Member States	Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, El Salvador, Granada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Dominican Republic, Saint Kitts and Nevis, Santa Lucia, Saint Vincent and Granadines, Suriname, Trinidad and Tobago, Venezuela
Headquarters	Port of Spain (Trinidad and Tobago)
Main Institutions	Heads of State and Government Summit Council of Ministers Secretariat
ALADI	
Creation	Montevideo Treaty (Uruguay -1980)
Member States	Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama, Paraguay, Peru, Uruguay and Venezuela
Headquarters	Montevideo (Uruguay)
Main Institutions	Council of Ministers Committee of Representatives General Secretariat
ALBA – TCP	
Creation	Joint Declaration to create ALBA (2004)
Member States	Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, Saint Vincent and Granadines, and Venezuela
Headquarters	Caracas (Venezuela)
Main Institutions	Presidential Council Social Council Economic Council Political Council Social Organizations Council
CELAC	
Creation	Summit for the Unity of Latin America and the Caribbean, Playa del Carmen, Quintana Roo, Mexico (2010)
Member States	Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Chile, Colombia, Costa Rica, Cuba, Dominica, Ecuador, El Salvador, Granada, Guatemala, Guyana, Haiti, Jamaica, Mexico, Nicaragua, Dominican Republic, Panama, Paraguay, Peru, Santa Lucia, Saint Kitts and Nevis, Saint Vincent and Granadines, Suriname, Trinidad and Tobago, Uruguay, Venezuela.
Headquarters	
Main Institutions	Heads of State and Government Summits

Annex 1, continued:

Integration organizations (so-called “second group”)

OAS	
Creation	Bogotá Treaty (Carta de la OEA) - 1948
Member States	Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Ecuador, El Salvador, United States of America, Guatemala, Guyana, Grenada, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, San Vicente and Granadines, Santa Lucia, Suriname, St. Kitts and Nevis, Trinidad and Tobago, Uruguay and Venezuela.
Headquarters	Washington, D.C. (USA)
Main Institutions	Presidential Summits General Assembly Meeting of Consultation of Foreign Affairs Ministers Permanent Council Inter-American Council for Integral Development
PARLATINO	
Creation	Lima Declaration (Peru -1964) Institucionalization Treaty (Lima, Peru -1987)
Member States	Argentina, Aruba, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Curaçao, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Saint Maarten, Suriname, Uruguay, Venezuela
Headquarters	Panama (Panama Republic)
Main Institutions	Assembly Directive Board Permanent Commissions General Secretariat
SELA	
Creation	SELA Agreement (Panama, 1975)
Member States	Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Suriname, Trinidad and Tobago, Uruguay, Venezuela
Headquarters	Caracas (Venezuela)
Main Institutions	Latin American Council Permanent Secretariat Action Committees
UNASUR	
Creation	UNASUR Treaty (Brasilia, Brazil -2008)
Member States	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay and Venezuela
Headquarters	General Secretariat (Quito, Ecuador) South American Parliament (Cochabamba, Bolivia)
Main Institutions	Council of Heads of State and Government Council of Ministers of Foreign Affairs General Secretariat South American Parliament

**Annex 2: GDP of the countries belonging to the
“first group” regional entities (US\$ million)**

PACIFIC ALLIANCE			
Country / Year	2010	2011	2012
Chile	217,312	250,994	268,188
Colombia	287,018	336,346	369,789
Mexico	1,034,941	1,157,646	1,177,956
Peru	153,545	176,812	196,961
TOTAL ALIANZA	1,692,816	1,921,798	2,012,894
CARICOM			
Country / Year	2010	2011	2012
Antigua	1,136	1,125	1,176
Bahamas	7,888	7,873	8,149
Barbados	4,434	4,369	4,225
Belize	1,398	1,447	-----
Dominica	475	476	480
Grenada	770	780	790
Guyana	2,259	2,577	2,851
Haiti	6,635	7,346	7,843
Jamaica	13,203	14,426	14,840
Montserrat	-----	-----	-----
Santa Lucia	1,200	1,211	1,186
Saint Kitts and Nevis	715	748	749
Saint Vincent	681	691	713
Suriname	4,367	4,304	4,738
Trinidad and Tobago	20,682	23,498	23,986
TOTAL CARICOM	65,843	70,871	71,726
ANDEAN COMMUNITY			
Country / Year	2010	2011	2012
Bolivia	19,650	23,949	27,035
Colombia	287,018	336,346	369,789
Ecuador	67,514	76,770	84,040
Peru	153,545	176,812	196,961
TOTAL CAN	527,727	613,877	677,825
MERCOSUR			
Country / Year	2010	2011	2012
Argentina	368,736	446,044	470,533
Brazil	2,143,035	2,476,652	2,252,664
Paraguay	20,028	26,008	25,502
Uruguay	38,846	46,435	49,060
Venezuela	393,807	316,482	381,286
TOTAL MERCOSUR	2,964,452	3,311,621	3,179,045
SICA			
Country / Year	2010	2011	2012
Belize	1,398	1,447	-----
Costa Rica	36,346	41,072	45,153
El Salvador	21,418	23,139	23,864
Guatemala	41,338	47,689	50,545
Honduras	15,835	17,708	18,528
Nicaragua	8,586	9,636	10,507
Panama	26,590	31,316	36,252
Dominican Rep.	51,748	55,737	59,047
TOTAL CARICOM	203,259	227,744	243,896

Data Source: World Bank

Annex 2, continued:

GDP per capita of the countries belonging to the “first group” regional entities

PACIFIC ALLIANCE				
Country / Year	2009	2010	2011	2012
Chile	10,107	12,671	14,501	15,356
Colombia	5,105	6,180	7,144	7,752
Mexico	7,591	8,779	9,699	9,747
Peru	4,387	5,247	5,970	6,568
Average P.A.	6,798	8,219	9,329	9,856
CARICOM				
Country / Year	2009	2010	2011	2012
Antigua	13,979	13,017	12,757	13,207
Bahamas	22,061	21,881	21,490	21,908
Barbados	16,461	15,812	15,503	14,917
Belize	4,481	4,532	4,577	-----
Dominica	6,791	6,673	6,674	6,691
Grenada	7,395	7,353	7,427	7,485
Guyana	2,593	2,874	3,258	3,584
Haiti	663	670	732	771
Jamaica	4,477	4,888	5,330	5,472
Montserrat	-----	-----	-----	-----
Santa Lucia	6,660	6,762	6,755	6,558
Saint Kitts	13,718	13,667	14,122	13,969
Saint Vicente	6,172	6,229	6,320	6,515
Suriname	7,450	8,319	8,125	8,864
Trinidad	14,557	15,573	17,627	17,934
Average CARICOM	9,104	9,161	9,336	9,837
ANDEAN COMMUNITY				
Country / Year	2009	2010	2011	2012
Bolivia	1,735	1,935	2,320	2,576
Colombia	5,105	6,180	7,144	7,752
Ecuador	4,237	4,501	5,035	5,425
Peru	4,387	5,247	5,970	6,568
Average CAN	3,866	4,466	5,117	5,580
MERCOSUR				
Country / Year	2009	2010	2011	2012
Argentina	7,674	9,133	10,952	11,452
Brazil	8,373	10,978	12,576	11,340
Paraguay	2,514	3,101	3,957	3,813
Uruguay	8,996	11,520	13,724	14,449
Venezuela	11,525	13,552	10,728	12,729
Average MCS	7,816	9,657	10,387	10,757
SICA				
Country / Year	2009	2010	2011	2012
Belize	4,481	4,532	4,577	-----
Costa Rica	6,396	7,783	8,669	9,396
El Salvador	3,341	3,444	3,699	3,790
Guatemala	2,697	2,882	3,243	3,351
Honduras	1,952	2,078	2,277	2,335
Nicaragua	1,420	1,475	1,632	1,754
Panama	6,683	7,229	8,373	9,534
Dominican Rep.	4,732	5,166	5,493	5,746
Average SICA	3,963	4,324	4,745	5,129

Data Source: World Bank

Annex 3: Trade convergence (2011)

PACIFIC ALLIANCE					
Country / Region	P.A.	CAN	MERCOSUR	SICA	CARICOM
Chile	7.2%	5.4%	13.8%	0.6%	0.3%
Colombia	10.8%	5.5%	8.2%	2.1%	2.2%
Mexico	1.7%	1.2%	2.3%	1.9%	0.12%
Peru	10.7%	8.4%	9.2%	0.5%	0.3%
Average P.A.	7.6%	5.1%	7.7%	1.3%	0.7%

CARICOM				
Country / Region	CARICOM	SICA	CAN	MERCOSUR
Antigua	--	--	--	--
Bahamas	1.0%	1.0%	5.2%	2.4%
Barbados	48.5%	1.3%	1.2%	1.3%
Belize	5.8%	7.7%	0.2%	0.4%
Dominica	28.2%	0.4%	3.0%	2.2%
Grenada	48.7%	0.5%	0.3%	1.5%
Guyana	23.1%	0.5%	0.7%	1.7%
Haiti	0.9%	1.4%	3.0%	1.9%
Jamaica	15.1%	1.7%	1.0%	15.8%
Montserrat	--	--	--	--
Santa Lucia	16.1%	0.5%	5.8%	52.7%
Saint Kitts and Nevis	8.4%	0.3%	0.1%	0.3%
Saint Vincent	36.9%	0.2%	0.7%	0.6%
Suriname	9.3%	0.6%	0.5%	2.5%
Trinidad and Tobago	11.5%	1.1%	7.0%	11.3%
Average CARICOM	19.5%	1.3%	2.2%	7.3%

ANDEAN COMMUNITY				
Country / Region	CAN	MERCOSUR	SICA	CARICOM
Bolivia	8.4%	43.1%	0.1%	0%*
Colombia	5.5%	8.2%	2.1%	2.2%
Ecuador	12.9%	7.4%	1.8%	0.8%
Peru	8.4%	9.2%	0.5%	0.3%
Average CAN	8.8%	16.9%	1.1%	0.7%

MERCOSUR				
Country / Region	MERCOSUR	CAN	SICA	CARICOM
Argentina	29.1%	3.9%	0.2%	0.8%
Brazil	11.1%	2.7%	0.2%	0.8%
Paraguay	49.0%	1.5%	0.1%	0.1%
Uruguay	35.5%	1.3%	0.8%	0.1%
Venezuela	6.2%	3.5%	2.5%	1.1%
Average M.S.	26.2%	2.6%	0.8%	0.6%

SICA				
Country / Region	SICA	MERCOSUR	CAN	CARICOM
Belize	7.7%	0.4%	0.2%	5.8%
Costa Rica	6.6%	2.4%	1.4%	0.6%
El Salvador	26.2%	2.4%	6.3%	0.4%
Guatemala	17.2%	2.6%	4.3%	1.1%
Honduras	21.2%	1.9%	4.1%	0.4%
Nicaragua	19.6%	13.1%	1.3%	0.2%
Panama	8.2%	2.4%	3.6%	0.2%
Dominican Rep.	3.2%	8.4%	3.5%	9.1%
Average SICA	13.7%	4.2%	3.1%	2.2%

Data Source: UNCOMTRADE and DG Trade

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