# ASEAN and EU/OAS:

## ความเหมือนและความต่าง-ข้อพึงสำเหนียกจากเอเชียและยุโรปกับลาตินอเมริกา

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## Similarities and Differences

# The ASEAN - Pacific Alliance: Opportunities and Obstacles

Chaowarit Chaowsangrat

# The ASEAN - Pacific Alliance: Opportunities and Obstacles

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## Abstract

The year 2015 brought much attention to the Pacific Alliance (*Alianza del Pacífico*), the most recent regional integration initiative in Latin America. Building on the existing free trade agreements between them, the four members of the Alliance – Chile, Colombia, Mexico and Peru – have set the goal of advancing towards the free movement of goods, services, capitals and people, with the objective of creating an "area of deep integration" to stimulate economic growth and competitiveness. Since it was formally constituted in June 2012, the Pacific Alliance has come to seen as the most promising and dynamic regional group in Latin America. Adopting a free-market approach to regional integration, it is widely perceived as an alternative to the "stagnating" and "increasingly protectionist" Mercosur bloc. In this regard, the Pacific Alliance has led to hopes for a new momentum for regional integration and cooperation in Latin America, as well as to concerns about a possible fracture in the region.

The ASEAN, which has long-standing institutionalized links, liberalized trade and good relations with the members of the Pacific Alliance, has welcomed the Alliance as a promising initiative. The evolution of the Alliance could have direct or indirect consequences for the ASEAN's relations with other regional blocs in Latin America. This article compares trade interactions between six selected ASEAN economies with the Alliance's members. Interregional engagement between Asia and Latin America has largely taken on a bilateral approach. To deepen interregional trade, it may be best for both regions to transcend country-level engagements and consider connecting on a wider process, which is on a regional front. In this respect, the ASEAN – Pacific Alliance connection offers an option for linking both regions.

**Key words**: ASEAN, Latin America, Pacific Alliance, Interregional Trade.

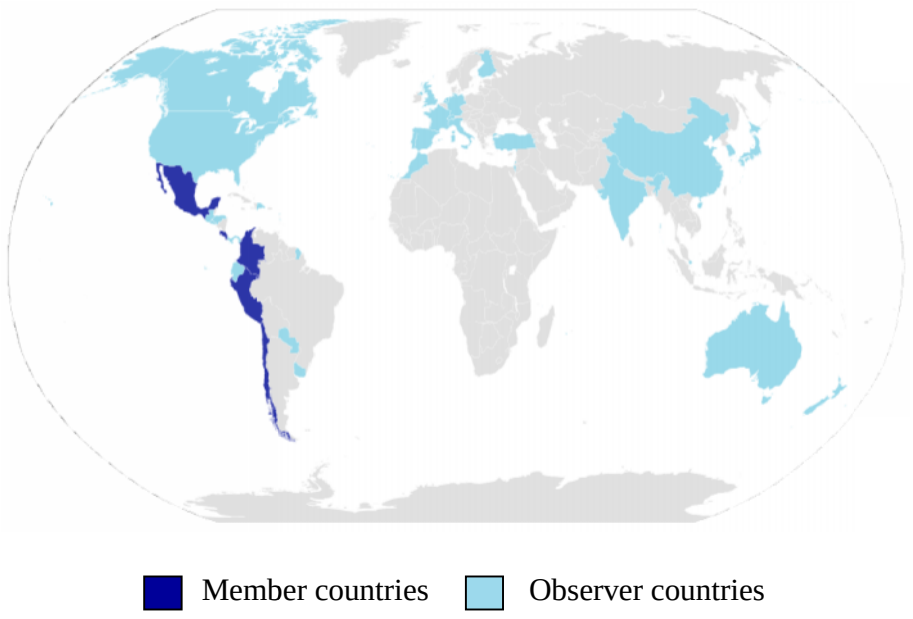
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## Introduction

There is a paradox when it comes to the relations between countries in Latin America and Asia. Although both regions have a long history of cultural, diplomatic, and economic engagement, Asia-Latin American ties have tended to be subdued – at least when compared to the pivotal relationship the United States has with other states across the Pacific.

Of course, no one should expect "superpower pivot" from countries in Latin America and the Caribbean (Latin America), a region that is still developing politically and economically. However, given the prominence of international trade in a globalized economy and the rise of Asia as a source of global demand, Latin American countries have been keen to take advantage of these trends for the benefit of their own economic development. A recent manifestation of these desires is the Pacific Alliance (Alliance), a new trade bloc in Latin America that has been watched closely in the region and abroad.

**Figure 1**: Pacific Alliance member and observer countries




**Source**: http://alianzapacifico.net/en/.

The Alliance was formally established in June 2012 by its current members – Chile, Colombia, Mexico, and Peru[2]. The Alliance's objectives are to:

1. Build, in a participatory and consensual manner, an area of deep economic integration and to move gradually toward the free circulation of goods, services, capital and persons;
2. Promote the larger growth, development and competitiveness of the Parties' economies, aiming at achieving greater welfare, overcoming socio-economic inequality and achieving greater social inclusion of their inhabitants;
3. Become a platform for political articulation, and economic and trade integration, and project these strengths to the rest of the world, with a special emphasis on the Asia-Pacific region[3].

The Alliance's mission is to deepen commercial and economic integration among its members, who are required to be democracies that respect human rights. Furthermore, the Alliance members (or those countries that aspire to join) are required to have trade agreements with all other members. The four Latin American countries that currently make up the Alliance, all of which have expansive Pacific Ocean coastlines, together account for over a third of Latin America's GDP and 47 percent of total Latin American exports (see Table 1), meaning the Alliance rivals the economic size of the Association of Southeast Asian Nations (ASEAN)[4], which was US$2.395 trillion in 2013[5]. The Alliance is the world's ninth-largest economy.

[2] Costa Rica and Panama are candidates to join and Guatemala has expressed an interest in becoming a member. At the end of June 2015, the Pacific Alliance has 32 observer countries including Australia, Belgium, Canada, China, Costa Rica, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Honduras, India, Israel, Italy, Japan, Morocco, The Netherlands, New Zealand, Panama, Paraguay, Portugal, Singapore, South Korea, Spain, Switzerland, Trinidad and Tobago, Turkey, The United Kingdom, The United States, and Uruguay.

[3] See the Alliance website at http://alianzapacifico.net/en/home-eng/the-pacific-alliance-and-its-objectives/.

[4] The ASEAN member countries are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, The Philippines, Singapore, Thailand, and Vietnam.

[5] See the ASEAN selected key economic indicators at http://www.asean.org/news/item/selected-key-indicators/.

**Table 1**: Key economic indicators for the Pacific Alliance's countries in 2013

| Member | Chile | Colombia | Mexico | Peru | Alliance | Latin America | Alliance as % of Latin America |
|---|---|---|---|---|---|---|---|
| Population (millions) | 18 | 49 | 116 | 31 | 214 | 593 | 36 |
| Nominal GDP (US$ billions)* | 277 | 378 | 1,261 | 207 | 2,123 | 5,937 | 37 |
| Nominal GDP (US$ billions at PPP)** | 395 | 529 | 2,095 | 344 | 3,363 | 8,008 | 42 |
| Per capita GDP (PPP)** | 19,067 | 11,189 | 15,563 | 11,124 | | | |
| Exports of Goods & Services (US$ billions) | 90 | 67 | 401 | 48 | 606 | 1,280 | 47 |
| Imports of Goods & Services (US$ billions) | 91 | 74 | 409 | 50 | 624 | 1,361 | 46 |
| FDI stock (US$ billions) | 215 | 128 | 389 | 74 | 806 | 2,569 | 31 |
| FDI inflows (US$ billions) | 20 | 17 | 38 | 10 | 85 | 292 | 29 |

**Source**: Calculated from the Economist Intelligence Unit (EIU) online database.

* Nominal GDP is calculated by EIU based on figure from the World Bank and World Development Indicators.

** PPP refers to purchasing power parity, which reflects the purchasing power of foreign currencies in U.S. dollars.

The Alliance has two unique and significant characteristics that have added to the fanfare surrounding the new bloc. First, given the fact that the organization seeks to build upon its members' current trade agreements, one of its core objectives is to serve as an institutional bridge between Latin America and Asia. The effort to deepen economic ties with Asia meshes well with the fact that a number of the Alliance's members already have free trade agreements with several Asian countries, including China, Japan, and South Korea.

**Table 2**: The Pacific Alliance – extra-regional free trade agreements

with the Asia-Pacific countries

(year of signature/entry into force)

| | Chile | Colombia | Mexico | Peru |
|---|---|---|---|---|
| China | 2005/2006 | | | 2009/2010 |
| Japan | 2007/2007 | * | 2004/2005 | 2011/2012 |
| South Korea | 2003/2004 | 2013/ | # | 2011/2011 |
| P-4 (Brunei, New Zealand, Singapore) | 2005/2006 | | * | * |
| Australia | 2008/2009 | | * | * |
| New Zealand | 2005/2006 | | * | * |
| Malaysia | 2010/2012 | | * | * |
| Singapore | 2005/2006 | | * | 2008/2009 |
| Thailand | 2013/ | | | 2006/2011 |
| Vietnam | 2011/2012 | | * | * |

**Source**: SICE, the Organization of American State's Foreign Trade Information System.

* Under negotiation

# Exploratory talks

The other key factor of the Alliance is that all of its members are considered to be the most economically dynamic and market-oriented countries in Latin America. Historically, the region has been home to a fierce economic debate between neoliberalism and statism. Seeking a "third way" between these two models, Latin American countries have opted to forge their own development strategy, best characterized by the "Brazil Model".

The Alliance's emergence on the scene is also well-timed as Latin America's traditional dominant economic bloc—known as the Common Market of the South (Mercosur), which consists of Argentina, Brazil, Paraguay, Uruguay, and most recently Venezuela—has stumbled in recent years over political squabbles and protectionist policies. As Mercosur loses its shine and its members increasingly look inward, the Alliance is seeking to go in the opposite direction with big strides in liberalization and outward engagement. If the Alliance proves successful, it could put pressure on Brazil and other Mercosur countries to adopt more outward-looking and open trade policies. At a Bloomberg event on September 22, 2014, the four Pacific Alliance presidents expressed interest in meeting with officials from Mercosur. Later, the two groups' foreign affairs ministers met in Cartagena, Colombia on November 1-2, 2014, for a first round of talks on integration mechanisms and the potential for specific alliances. The idea of the meeting was first launched by Chile with the purpose of a "convergence" of interests and a possible future integration.

**Figure 2**: Argentina's foreign minister Hector Timerman, speaking for Mercosur underlined the willing of two groups to continue discussions in Cartagena, Colombia



**Source**: *MarcoPress*, November 3, 2014.

At the eighth Alliance summit in Cartagena, Colombia on February 10, 2014, the Alliance announced an agreement to remove tariffs on 92% on the goods traded within the bloc, increased 2% from the previous summit's announcement, and gradually will phase out the remaining 8% of tariffs over a seven-year period. During the ninth summit in Punta Mita, Mexico on June 19-20, 2014, the four presidents signed the Declaration of Punta Mita, by which they seek to strengthen the objectives and guidelines of the Alliance, including free movement of goods and services, capital and people. They announced the approval to incorporate the Mexican Stock Exchange into the common stock exchange, the Latin American Integrated Market, or the *Mercado Integrado Latinoamericano* (MILA) which was made official in December 2014. The integration of Stock Exchanges Markets and Depositories of Chile, Colombia, Mexico and Peru, aims to promote the growth of the trading activity of the member countries, providing an efficient and competitive infrastructure, better and greater exposure of their markets and better offer of products and opportunities for local and foreign investors.

The trade promotion agencies of Chile, Colombia, Mexico, and Peru (ProChile, Proexport Colombia, ProMéxico, and PromPerú) are combining their efforts to promote exports, attract foreign direct investment, and promote tourism in the Alliance countries. They have worked together to program activities in 18 countries, including Australia, Canada, China, Colombia, France, Germany, India, Japan, Mexico, the Netherlands, Peru, Russia, South Korea, Spain, Switzerland, Taiwan, Turkey, and the United Arab Emirates. These activities include major business forums for entrepreneurship and innovation, meetings of tourism operators for the design of products and packages, educational seminars, trade fairs with emphasis on agribusiness, and other trade promotion activities, many of which involve small and medium sized businesses. These efforts have involved approximately 5,858 entrepreneurs in 24 countries (Pacific Alliance, 2014).

The Declaration of Lima of 2011 established that the Alliance would prioritize the movement of business people and the facilitation of migration transit. This provision is intended to facilitate not only the movement of business people, but also tourists and those in transit between the member countries. Alliance members view the free movement of people as a tool for achieving deeper integration, growth, and competitiveness. In November 2012, Mexico announced the elimination of visas for nationals from Colombia and Peru for stays of up to 180 days. Chilean nationals were already able to travel to Mexico without visas. Mexico's removal of visa requirements includes any activities for which they have received no income such as

tourism, transit, or business travel. In May 2013, Peru announced the elimination of visas for business people from Chile, Colombia, and Mexico for up to 183 days, provided that they carry out an unpaid activity in the country. Member countries also adopted measures for greater mobility of people from member countries for periods up to six months, provided that the activities they carry out are unpaid. Alliance members are currently working on expanded facilitation measures for migration transit, agreements for the greater mobility of young people to travel and work, and mechanisms for consular cooperation.

This move has attracted attention from small and large states like; nearby and across the Atlantic. The then Costa Rica's Trade Minister, Anabel González, said that the Alliance could be "*a stepping-stone for small countries… to integrate faster into other multilateral agreements, such as the Trans-Pacific Partnership (TPP)*[6]." With Spain serving as an observer member of the Alliance, the then Chilean President Sebastian Piñera said that "*the Pacific Alliance may become a great platform for Europe to project itself towards the Asia-Pacific region* (The Economist, 2013)."

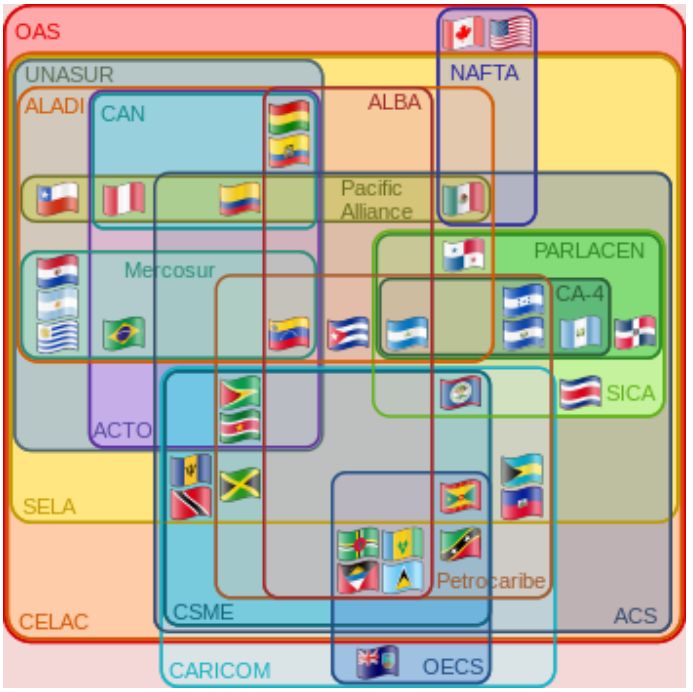
Despite the Alliance's pragmatism and outreach to the Asia-Pacific, there will still be a number of obstacles for the nascent group to overcome. Although the member countries enjoyed steady economic growth during the first decade of the 21st century, they continue to struggle with inadequate infrastructure and a deficit in educational opportunities. Furthermore, they all have a degree of dependence on commodity exports which are vulnerable to disruption and exacerbate tension regarding the environmental impact of Latin America's mining boom. The IMF expects Latin American GDP growth of just 0.9% in 2015, which would be the fifth successive year of deceleration. Many economists are talking of a new normal of growth of only 2% or so a year—less than half the region's pace during the boom as the great commodity supercycle triggered by the industrialization of China is over. Rising exports of minerals, soya beans and fuels lifted many Latin American economies. Without that fillip the region has converged downwards to 2.4% long-term growth rate of Mexico, which is not a big commodity exporter.

[6] The current members of the Trans-Pacific Partnership are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

The commodity bonanza prompted distortions that may limit new sources of growth. Many Latin American currencies became overvalued, wounding the competitiveness of non-commodity firms. To overcome a boom-bust continent, Latin America especially the Alliance must boost its abysmally low rate of productivity growth and diversify its economies. The obvious causes of an under level of productivity are the lack of transport, the paucity of innovation and of skills; and a swollen informal sector. Dealing with this requires more than just education and infrastructure. The lack of appropriate housing and urban-planning policies, for instance, means that many workers must spend hours a day commuting. Many do not bother, preferring to set up subsistence businesses in their own back yards. Similarly, improving child care or tackling violent crime would boost growth. The second priority is to take regional integration seriously. Economies become more diversified and sophisticated when their businesses join regional supply chains. That process has powered the Asia-Pacific's growth. (The Economist, 2015).

Even if member states of the Alliance overcome their domestic challenges, they still must contend with politics beyond their borders. Latin America already has an "alphabet soup" of regional organizations, most of which have failed to meet any initial promise they held, and merely devolved into talking shops. Although the Alliance has had an ambitious start, it is possible that it might run into the same problems faced by Mercosur or even the TPP as it expands and evolves. On the other hand, the Alliance may instead succeed in its own right and even give momentum to the TPP and other integration initiatives.

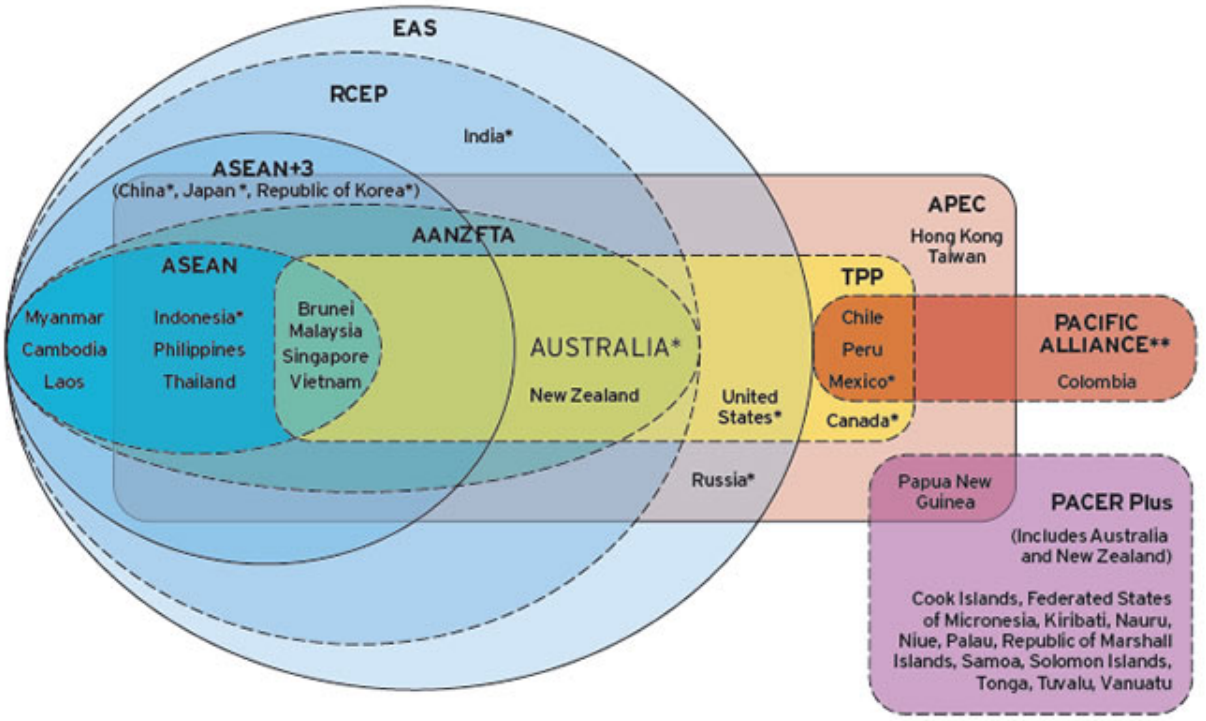
**Figure 3**: The Americas regional economic cooperation




**Source**: http://www.theatlantic.com/international/archive/2014/02/the-most-important-alliance-youve-never-heard-of/283877/.

Latin American governments and organizations have long sought enhanced economic ties with countries in the Asia-Pacific for the opportunities that the other side of the Pacific has to offer. As Latin American countries have dithered and struggled on their own, especially when it comes to China, the Alliance's unique and multilateral approach may be the answer that Latin America has been looking for. Should the Alliance succeed, it may prove to be a pivotal bridge linking Asia and the Americas for decades to come.

**Figure 4**: The Pacific regional economic cooperation




**Source**: http://dfat.gov.au/trade/topics/Pages/international-and-regional-economic-architecture.aspx/.

## The ASEAN – Pacific Alliance

The transpacific economic relationship has become a major issue in recent years as a result of the economic transformation in Asia and Latin America. Some of the changes that have shaped this evolution include the impact that the U.S. economic meltdown had in the world economy, which redefined the economic and political linkages between the two regions; the proliferation of free trade agreements and other trade liberalization initiatives intended to boost trade across the Pacific; and the increasing trade between Asia and Latin America.

The economic crisis evidenced the trends of greater international involvement of emerging economies, particularly in Asia and Latin America. Most of the economies in Asia and Latin America have overcome the economic crisis. While Latin America was also hit by the global economic crisis, this time the region has been able to withstand the severe external shock, coming back on track to achieve a solid recovery ahead of other regions. Furthermore, Latin America became an interesting partner for Asia and other countries throughout the world.

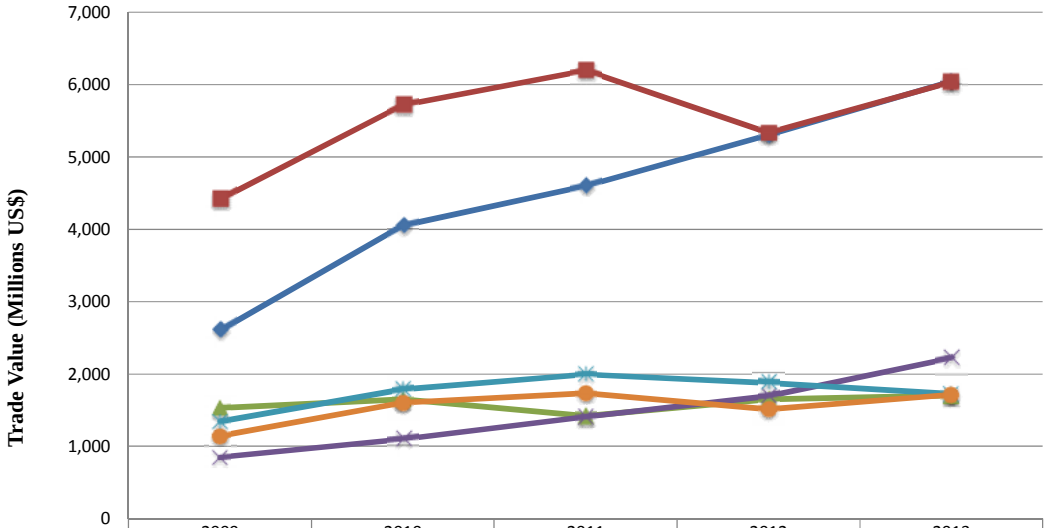
The growing trade between Asia and Latin America has been widely discussed in academic circles and within institutions such as the Economic Commission for Latin America and the Caribbean (ECLAC), the Asian Development Bank (ADB) and authors such as Shafaeddin (2008), Najam & Thrasher (2012), and Dutt (2014). They argue that the proliferation of the bilateral of free trade agreements among countries in both regions has been the result of several factors such as the slow linearization of trade, both within the World Trade Organization (WTO) and the Asia-Pacific Economic Cooperation (APEC), the growing interest of Asia, and particularly of China in Latin America's natural resources, the identification of potential access of Asian products to Latin American markets in recent years, and the conclusion of investment protection agreements among the economies in both regions (ECLAC, 2009; ECLAC, 2010). To deepen interregional trade, it may be best for both regions to transcend country-level engagements and consider connecting on a wider process, which is on a regional front. In this respect, the ASEAN – Pacific Alliance connection offers an option for linking both regions.

Closer ASEAN-Alliance sub-interregional cooperation may in fact be an excellent start to stronger interregional cooperation for the following reasons. First, engagement of the economies within both blocs is already somewhat underway. The Alliance comprises Chile and Peru, two Latin American economies that have already been actively engaged in a number of free trade agreements with individual ASEAN member countries (see Table 2). Further, four ASEAN economies are already linked to three Alliance economies (Mexico, Chile, and Peru) through the TPP agreement. Second, from the Latin American perspective, the lack of integration within the Latin American region is explained by poor connectivity, amongst other factors. Coordination at the sub-regional level is often considered crucial, as interoperability lies at the very heart of such initiatives, particularly when the region is characterized by marked heterogeneity and growing asymmetries. Sub-regional cooperation in the form of the Alliance can therefore be considered a pragmatic solution for Latin America to increase their trade connectivity[7] and subsequently their trade momentum with Asia through ASEAN. Third, from the Asian perspective, the leading regional trade agreement in Asia is the ASEAN Free Trade Area (AFTA). Despite the debate on the centrality of ASEAN, the presence of ASEAN is clearly established in the context of the alternative economic configurations in Asia, ASEAN+1 (ASEAN plus China), ASEAN+3 (ASEAN plus China, Japan, and South Korea) and ASEAN+6 (ASEAN+3 plus Australia, New Zealand, and India).

[7] For example, Chile could provide its know-how on infrastructure to other members of the Alliance.

Apart from the reasons offered above for sub-regional cooperation, it is important to also examine the existing patterns in trade between ASEAN and the Alliance. Tables 3 and 4 report the trade values that the Alliance imported from and exported to ASEAN6[8] (Indonesia, Malaysia, The Philippines, Thailand, and Vietnam) between 2009 and 2013, respectively. Table 5 summaries the trade balances between the Alliance and ASEAN6 during 2009-2013.

**Table 3**: The Pacific Alliance imported from ASEAN6



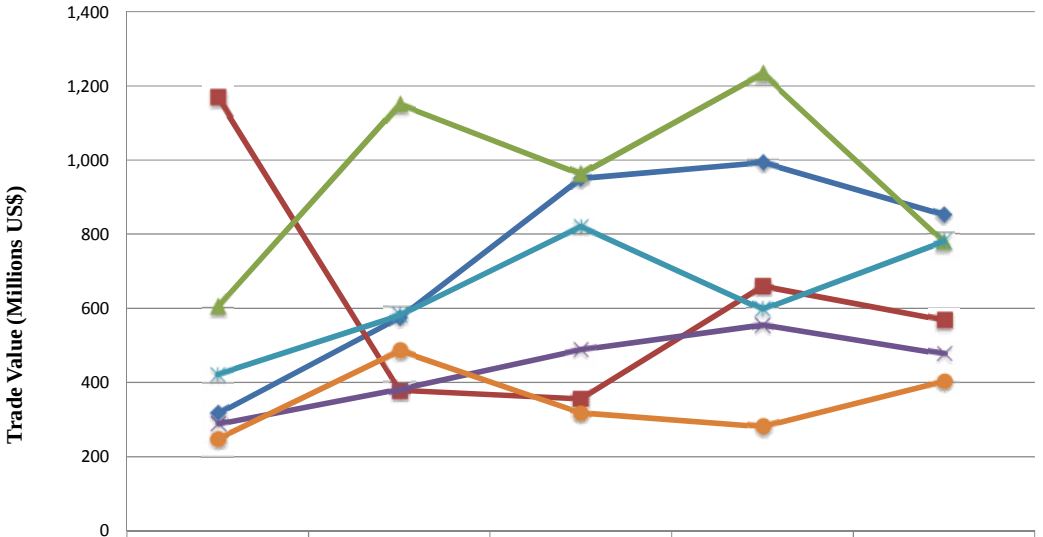

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Thailand | 2,606 | 4,052 | 4,600 | 5,307 | 6,043 |
| Malaysia | 4,413 | 5,717 | 6,196 | 5,335 | 6,038 |
| Singapore | 1,530 | 1,648 | 1,416 | 1,648 | 1,701 |
| Vietnam | 849 | 1,095 | 1,409 | 1,693 | 2,219 |
| Indonesia | 1,347 | 1,789 | 1,994 | 1,875 | 1,726 |
| Philippines | 1,142 | 1,604 | 1,732 | 1,514 | 1,711 |

**Note**: The partner countries refer to ASEAN6.

**Source**: Calculated from the UN-COMTRADE.

[8] The other four remaining ASEAN economies, Brunei Darussalam, Cambodia, Laos, and Myanmar, are not considered here given the negligible/ small trade flows with the Alliance.

**Table 4**: The Pacific Alliance exported to ASEAN6

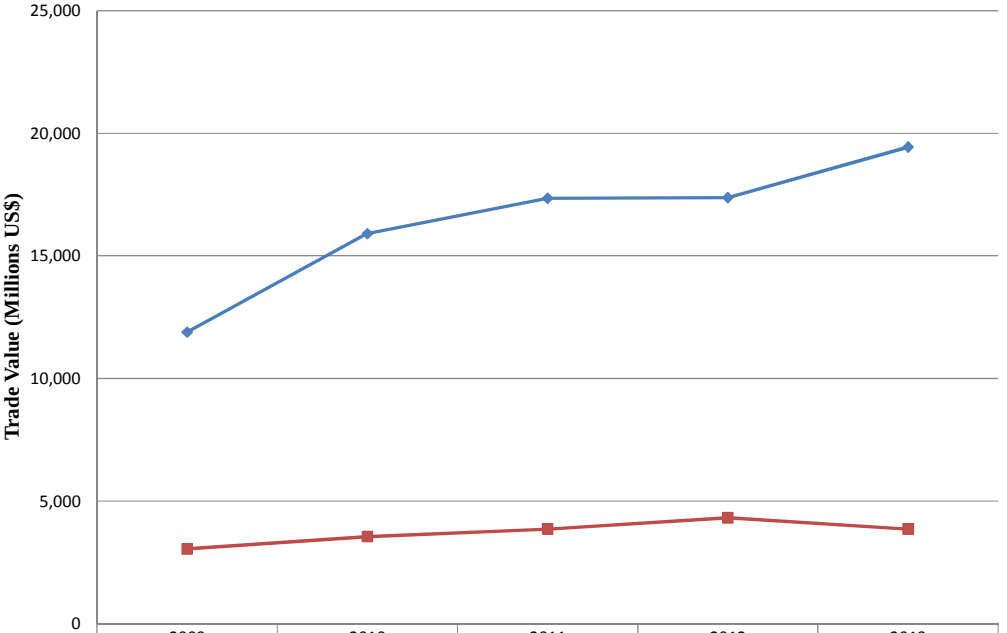



| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Thailand | 315 | 574 | 950 | 993 | 852 |
| Malaysia | 1,167 | 379 | 356 | 660 | 567 |
| Singapore | 604 | 1,150 | 962 | 1,232 | 778 |
| Vietnam | 288 | 382 | 488 | 555 | 476 |
| Indonesia | 422 | 581 | 821 | 597 | 780 |
| Philippines | 248 | 485 | 318 | 281 | 403 |

**Note**: The partner countries refer to ASEAN6.

**Source**: Calculated from the UN-COMTRADE.

**Table 5**: The trade balances between the Pacific Alliance and ASEAN6




| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Import | 11,887 | 15,905 | 17,347 | 17,372 | 19,438 |
| Export | 3,044 | 3,551 | 3,856 | 4,318 | 3,856 |

Note: The partner countries refer to ASEAN6.

Source: Calculated from the UN-COMTRADE.

Two observations are worth noting from the statistics revealed in Tables 3-5. First, the Alliance is generally more important as an export destination relative to an import source for ASEAN economies. This may in fact reflect unexplored potentials in gaining market access in ASEAN from the Alliance perspective. Second, among ASEAN6, Thailand had climbed up to be a top counterpart with the Alliance in term of trade. It may be a result of the growing demand of the Alliance domestic consumption in cars, computers, and electronic machines as the outcome of economic expansion among the Alliance's members (Poapongsakorn & Techakanont, 2008). Thailand's main exports to the Alliance are industrial machinery, electronic integrated circuits, and parts and accessories of the motor vehicles; while import iron, steel, fertilizers, and chemicals from the Alliance.

Given that the Alliance is less important to ASEAN as an import source, there is a critical need to improve market access of the Alliance's exports in Asia. Advocates of the Alliance belief that this bloc can indeed be a Latin American gateway to Asia. One plausible direction in this step is for the Alliance to build intraregional supply chains/networks within the bloc by leveraging on their comparative advantages for specific products, prior to consolidating its presence in ASEAN through interregional networks. Based on Table 6, there is some overlap in the major product groups exported by the Alliance's members to the individual ASEAN6 economies. As such, complementarities can be derived between the Alliance's members, wherein supply chains for specific product groups can be identified through economies of scale or by moving into upstream and downstream activities. Consolidation of the bloc through new intraregional supply chains will increase their leverage to court lead firms that are already present in Asia to the Latin American region and subsequently build interregional supply chains. This will also transcend problems related to transaction costs, given the distance between Asia and Latin America regions, particularly when engagement is confined merely to the bilateral level.

**Table 6**: Major exports of the Pacific Alliance to ASEAN6 (2011)

| **ASEAN6** | **Chile** | | **Mexico** | |
|---|---|---|---|---|
| | HS | Export Concentration (%) | HS | Export Concentration (%) |
| **Malaysia** | 74 | 84.26 | 85, 87, 3 | 49.11 |
| **Singapore** | 47, 16, 3 | 67.69 | 85, 84 | 68.84 |
| **Thailand** | 74, 3, 47 | 79.47 | 71, 87, 85 | 71.56 |
| **Philippines** | 26 | 80.82 | 55, 85, 39 | 46.47 |
| **Indonesia** | 26, 74 | 71.81 | 72, 39, 74, 52, 84 | 64.95 |
| **Vietnam** | 74, 3, 72 | 84.33 | 85, 3, 72 | 45.68 |
| **ASEAN6** | **Colombia** | | **Peru** | |
| | HS | Export Concentration (%) | HS | Export Concentration (%) |
| **Malaysia** | 9, 38, 21 | 77.67 | 25, 32, 8, 28 | 75.88 |
| **Singapore** | 27 | 86.38 | 9, 16, 61, 84 | 67.15 |
| **Thailand** | 41, 71, 72 | 77.36 | 27, 26 | 79.11 |
| **Philippines** | 38, 29 | 75.42 | 26 | 95.61 |
| **Indonesia** | 30, 72 | 63.70 | 23, 8, 27 | 79.13 |
| **Vietnam** | 27, 30, 38, 2 | 77.42 | 23 | 83.44 |

**Notes**: 1) Export concentration refers to percentage of total exports to the specific ASEAN6 country.

2) Refer to the description of the product group in Appendix 1 for the HS (Harmonized System).

**Source**: Calculated from the UN-COMTRADE.

## Conclusions

To move forward in Asia-Latin America interregional engagement, the ASEAN plays an important role through the ASEAN-Pacific Alliance bloc-to-bloc approach. Trade between the ASEAN and Alliance members has been growing gradually for the last five years. This sub-interregional connection is considered the most pragmatic solution for deepening trade integration. In this context, the Alliance would have to integrate and increase intra-bloc commerce, prior to engaging interregional trade with ASEAN.

There is a positive sign of cooperation between both groups when the Committee of Permanent Representatives to ASEAN (CPR) and the Ambassadors of the Alliance met at the ASEAN Secretariat head quarters in Jakarta, Indonesia on May 25, 2015. The two sides recognized the potential benefit of forging economic ties and agreed to explore cooperation in areas such as trade and investment, agriculture, energy, logistics, small and medium enterprises, financial services, and tourism. The meeting also agreed to further explore other areas such as education, culture, and sports.

**Figure 5**: The CPR - Pacific Alliance Ambassadors meeting




**Source**: http://www.asean.org/news/asean-secretariat-news/item/asean-pacific-alliance-to-explore-potential-areas-of-cooperation/.

## Appendix 1

Description of products

| HS | Product Description | HS | Product Description |
|---|---|---|---|
| 1 | Live animals | 51 | Wool, fine or coarse animal hair; horsehair yarn and woven fabric |
| 2 | Meat and edible meat offal | 52 | Cotton |
| 3 | Fish and crustaceans, molluscs and other aquatic invertebrates | 53 | Other vegetable textile fibers; paper yarn and woven fabric of paper yarn |
| 4 | Products of animal origin, not elsewhere specified or included | 54 | Man-made filaments |
| 5 | Dairy produce; birds eggs; natural honey; edible products of animal origin, not elsewhere specified or included | 55 | Man-made staple fibers |
| 6 | Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage | 56 | Wadding, felt and nonwovens; special yarns, twine, cordage, ropes and cables and articles thereof |
| 7 | Edible vegetables and certain roots and tubers | 57 | Carpets and other textile floor coverings |
| 8 | Edible fruit and nuts; peel of citrus fruit or melons | 58 | Special woven fabrics; tufted textile fabrics; lace, tapestries; trimmings; embroidery |
| 9 | Coffee, tea, maté and spices | 59 | Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use |
| 10 | Cereals | 60 | Knitted or crocheted fabrics |
| 11 | Products of the milling industry; malt; starches; inulin; wheat gluten | 61 | Articles of apparel and clothing accessories, knitted or crocheted |
| 12 | Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder | 62 | Articles of apparel and clothing accessories, not knitted or crocheted |
| 13 | Lac; gums, resins and other vegetable saps and extracts | 63 | Other made up textile articles; sets; worn clothing and worn textile articles; rags |
| 14 | Vegetable plaiting materials; vegetable products not elsewhere specified or included | 64 | Footwear, gaiters and the like; parts of such articles |
| 15 | Animal or vegetable fats and oils and their cleavage products prepared edible fats; animal or vegetable waxes | 65 | Headgear and parts thereof |
| 16 | Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates | 66 | Umbrellas, sun umbrellas, walking sticks, seat sticks, whips, riding-crops and parts thereof |
| 17 | Sugars and sugar confectionery | 67 | Prepared feathers and down and articles made of feathers or of down; artificial flowers; articles of human hair |
| 18 | Cocoa and cocoa preparations | 68 | Articles of stone, plaster, cement, asbestos, mica or similar materials |
| 19 | Preparations of cereals, flour, starch or milk; bakers' wares | 69 | Ceramic products |
| 20 | Preparations of vegetables, fruit, nuts or other parts of plants | 70 | Glass and glassware |
| 21 | Miscellaneous edible preparations | 71 | Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof; imitation jewelry; coin |
| 22 | Beverages, spirits and vinegar | 72 | Iron and steel |
| 23 | Residues and waste from the food industries; prepared animal feed | 73 | Articles of iron or steel |
| 24 | Tobacco and manufactured tobacco substitutes | 74 | Copper and articles thereof |
| 25 | Salt; sulfur; earths and stone; plastering materials, lime and cement | 75 | Nickel and articles thereof |
| 26 | Ores, slag and ash | 76 | Aluminum and articles thereof |
| 27 | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes | 77 | (Reserved for possible future use) |
| 28 | Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes | 78 | Lead and articles thereof |
| 29 | Organic chemicals | 79 | Zinc and articles thereof |
| 30 | Pharmaceutical products | 80 | Tin and articles thereof |
| 31 | Fertilizers | 81 | Other base metals; cermets; articles thereof |

## **Appendix 1** (Contd.)

Description of products

| HS | Product Description | HS | Product Description |
|---|---|---|---|
| 32 | Tanning or dyeing extracts; dyes, pigments, paints, varnishes, putty and mastics | 82 | Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal |
| 33 | Essential oils and resinoids; perfumery, cosmetic or toilet preparations | 83 | Miscellaneous articles of base metal |
| 34 | Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modeling pastes, "dental waxes" and dental preparations with a basis of plaster | 84 | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof |
| 35 | Albuminoidal substances; modified starches; glues; enzymes | 85 | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles |
| 36 | Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations | 86 | Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds |
| 37 | Photographic or cinematographic goods | 87 | Vehicles other than railway or tramway rolling stock, and parts and accessories thereof |
| 38 | Miscellaneous chemical products | 88 | Aircraft, spacecraft, and parts thereof |
| 39 | Plastics and articles thereof | 89 | Ships, boats and floating structures |
| 40 | Rubber and articles thereof | 90 | Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof |
| 41 | Raw hides and skins (other than furskins) and leather | 91 | Clocks and watches and parts thereof |
| 42 | Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silkworm gut) | 92 | Musical instruments; parts and accessories of such articles |
| 43 | Furskins and artificial fur; manufactures thereof | 93 | Arms and ammunition; parts and accessories thereof |
| 44 | Wood and articles of wood; wood charcoal | 94 | Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated sign illuminated nameplates and the like; prefabricated buildings |
| 45 | Cork and articles of cork | 95 | Toys, games and sports requisites; parts and accessories thereof |
| 46 | Manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork | 96 | Miscellaneous manufactured articles |
| 47 | Pulp of wood or of other fibrous cellulosic material; waste and scrap of paper or paperboard | 97 | Works of art, collectors' pieces and antiques |
| 48 | Paper and paperboard; articles of paper pulp, of paper or of paperboard | 98 | Special classification provisions |
| 49 | Printed books, newspapers, pictures and other products of the printing industry; manuscripts, typescripts and plans | 99 | Temporary legislation; temporary modifications proclaimed pursuant to trade agreements legislation; additional import restrictions proclaimed pursuant to section 22 of the Agricultural Adjustment Act, as amended |
| 50 | Silk | | |

**Source**: The United States International Trade Commission.

## Appendix 2

Economic ties between the Pacific Alliance and ASEAN: reflections from the Ambassadors

**Figure 6**: The Pacific Alliance's Ambassadors to Thailand



From left: Félix Denegri Denegri (Peru), Andelfo José García González (Colombia), Jorge Eduardo Chen Charpentier (Mexico), and Javier Andrés Becker Marshall (Chile).

### H.E. Mr. Andelfo José García González: The Colombian Ambassador to Thailand

"*The Pacific Alliance is an ambitious initiative aimed at deepening the integration of the four South American countries involving the free movement of not just people, but capital, goods and services as well as investment. The Pacific Alliance also looks towards ASEAN countries, as we want the Pacific Ocean to be not a gap but a bridge between countries and economics across the two regions...*

**Appendix 2** (Contd.)

Economic ties between the Pacific Alliance and ASEAN: reflections from the Ambassadors

*... Bilaterally, trade between Thailand and Colombia has increased six times from US$60 million to US$360 million per year. It is still very small compared with Mexico, Peru or Chile. We also want to increase people-to-people contacts as well as tourism.*"

**H.E. Mr. Félix Denegri Boza: The Peruvian Ambassador to Thailand**

"*The Pacific Alliance was founded with the Lima Declaration with the key objective of promoting economic growth and improving people's lives. We are very much in the dynamics of the globalized world. We are not ideological, as we focus on economic cooperation and commerce. We are all democracies supporting the protection of human rights and the rule of law etc...*

*... Thailand is an important gateway to ASEAN while Peru is at the center of South America. We want more education and student exchanges because we have found that we do not know each other well enough. In a globalized world, we need a lot of networks to diversify the economy and ties when one goes down, the others may be go up. The Pacific Alliance has invited Thailand to be an observer. Now, Peru has an early harvest free trade agreement with Thailand and we are negotiating a more comprehensive FTA.*"

**H.E. Mr. Javier Andrés Becker Marshall: The Chilean Ambassador to Thailand**

"*As a group of four countries with 200 million people, we represent the world's ninth-largest economy. We also account for 50 per cent of Latin America's exports to the rest of world. In terms of GDP, we are one-third of Latin America's combined GDP. The Pacific Alliance wants to take advantage of the ASEAN Economic Community (AEC), which will be effective in 2015. Countries on both sides of the Pacific should be able to join. Thailand and other ASEAN countries should be able to export goods more easily to South America. For us, we expect to do the same to Asia. We are talking about two big regional markets, which are in the process of integration.*"

**Appendix 2** (Contd.)

Economic ties between the Pacific Alliance and ASEAN: reflections from the Ambassadors

**H.E. Dr. Jorge Eduardo Chen Charpentier: The Mexican Ambassador to Thailand**

"*The Pacific Alliance is something of an evolution of the global economy as some members have long-time relations with Asia dating back more than 400 years. Economically, the grouping wants to find new ways to join the global chain of economic values so we approach different regional groupings. To be important actors in this new world, we should focus on our strengths and similarities so we can face the new challenges...*

*... Mexico, which has the biggest economy in the Pacific Alliance, wants to play a role that promotes member countries to work together. We hope to enhance our economic relations with Thailand. Thai-Mexico bilateral trade is now about US$4.2 billion, growing at a rate close to 20 per cent per annum.*"

**Source**: *The Nation*, October 19, 2013.

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