



Latin America and the New Megaregional Negotiations: Between the TPP and the FTAAP ?

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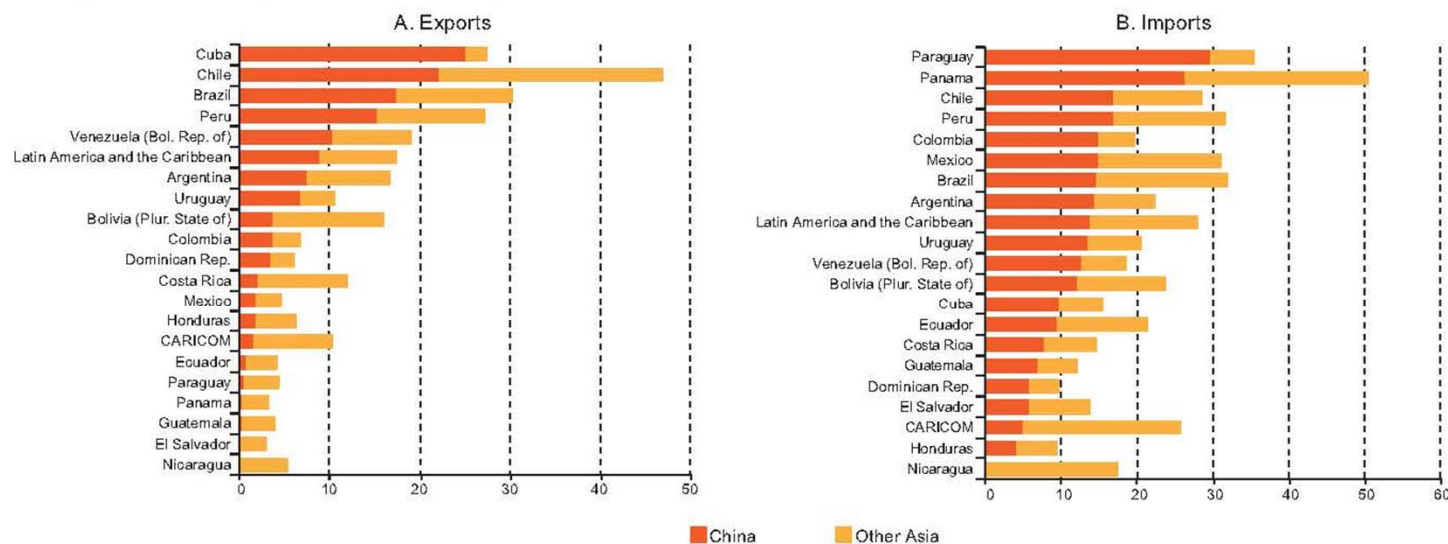


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1. Latin America and Asia in the 2000s

- Trade flows between the Asia-Pacific and Latin America grew by 20.5% a year, reaching US\$ 442 billion in 2011
- China alone accounted for half of it.

Latin America and the Caribbean: trade shares of China and other Asia-Pacific economies, 2011
(Percentages of each country's total exports and imports)

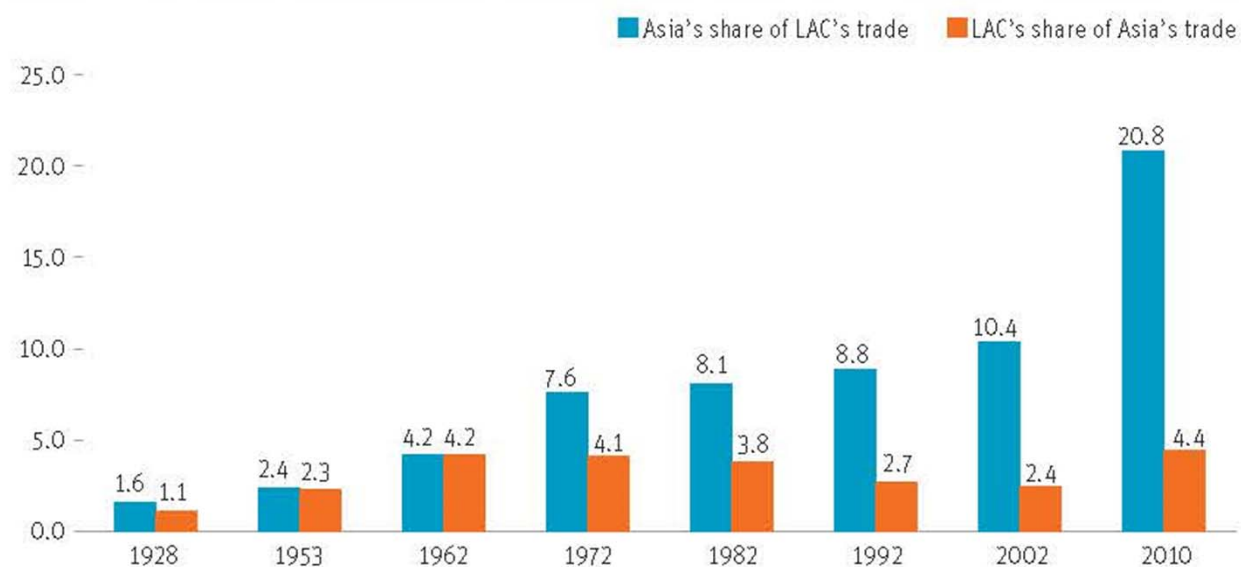


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the countries and International Monetary Fund (IMF), Direction of Trade Statistics (DOTS) database.



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Figure 1 • Asia and LAC's Shares of Each Other's Trade
1928–2010 (%)



Source: Own calculation using UN COMTRADE data, except for 1928 and 1953, which are from UN (1962) preliminary estimates.

Note: See footnote 1 for the definition of the regional groupings.



2. Latin America and China in the new century

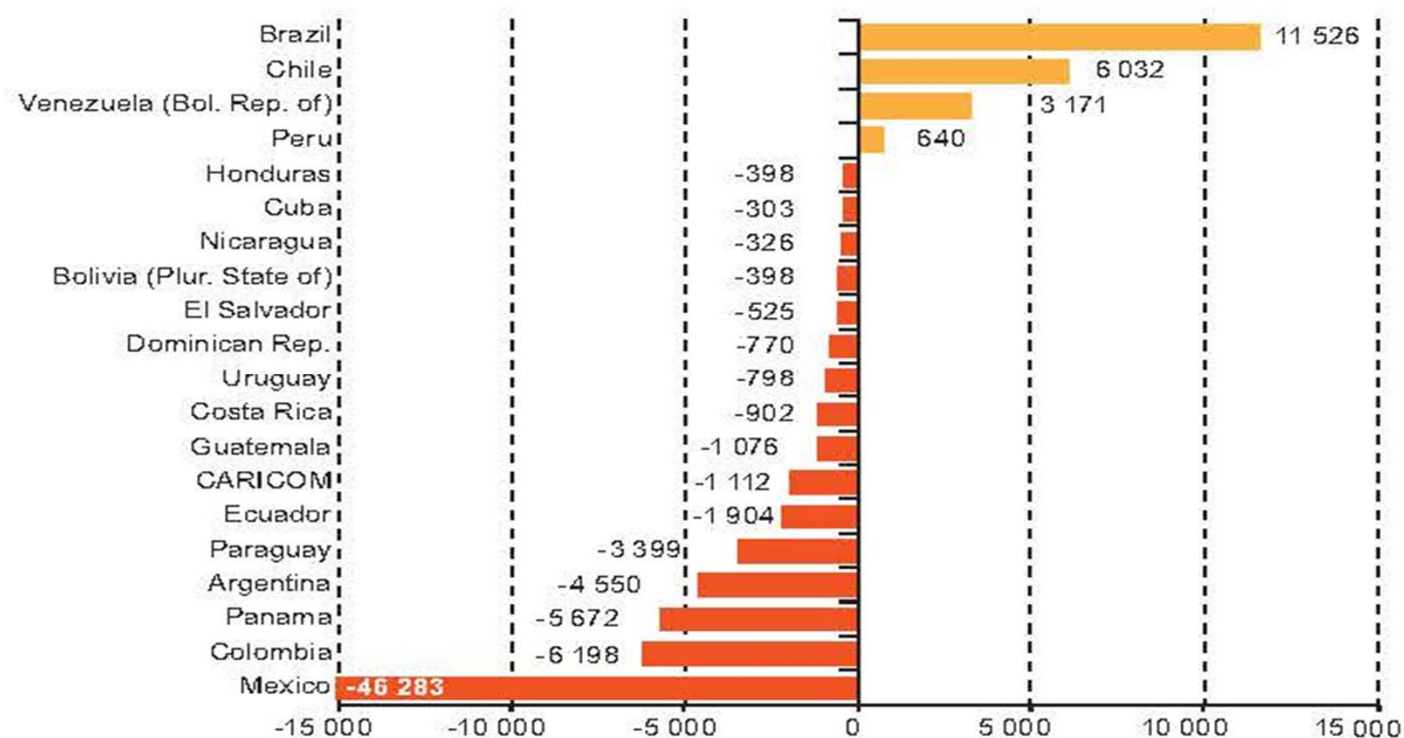
- From US\$ 10 billion in 2000 to US\$ 257 billion in 2013 (2500%)
- By 2011, China became the largest market for Brazil, Chile + Peru
- The second largest for Argentina, Venezuela, Cuba and Uruguay
- Robust growth in Latin America due in no small part due to trade with China



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Countries of Latin America and the Caribbean: trade balance with China, 2011

(Millions of dollars)



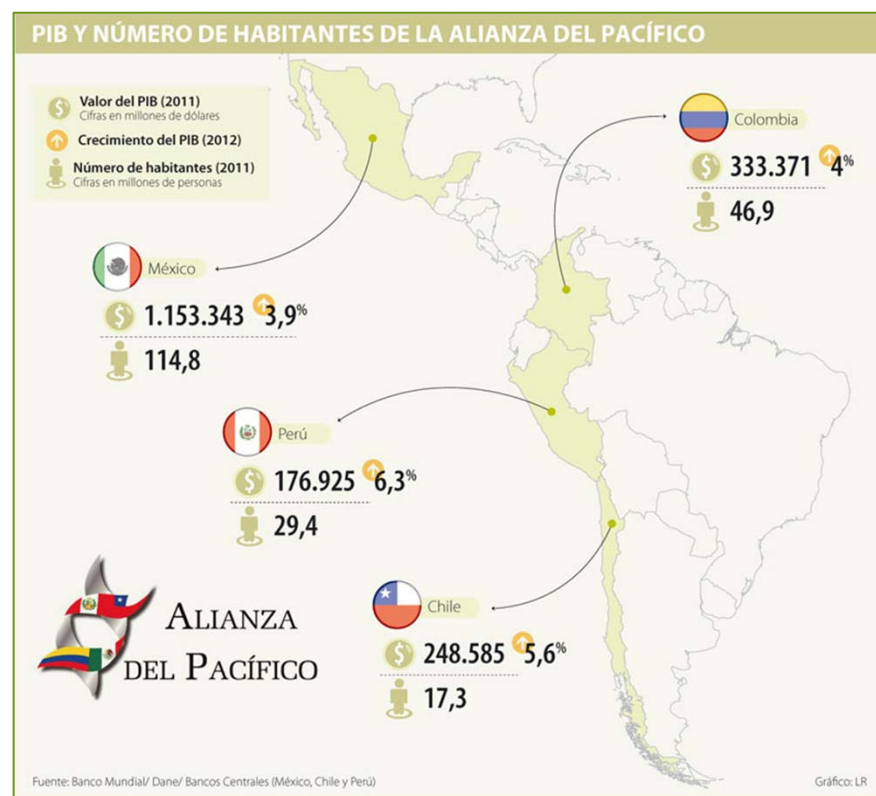
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations Commodity Trade Statistics Database (COMTRADE).



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3. The Pacific Alliance as one response

- Chile, Colombia, Mexico and Peru.
- Launched in 2012. Represents 36% of regional GDP.
- Eliminated visa requirements for its nationals, reduced tariffs and integrated stock markets.





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4. The TPP as an option

- Chile, Mexico and Peru as part of the TPP negotiations
- The state of the TPP negotiations
- What about Colombia ?



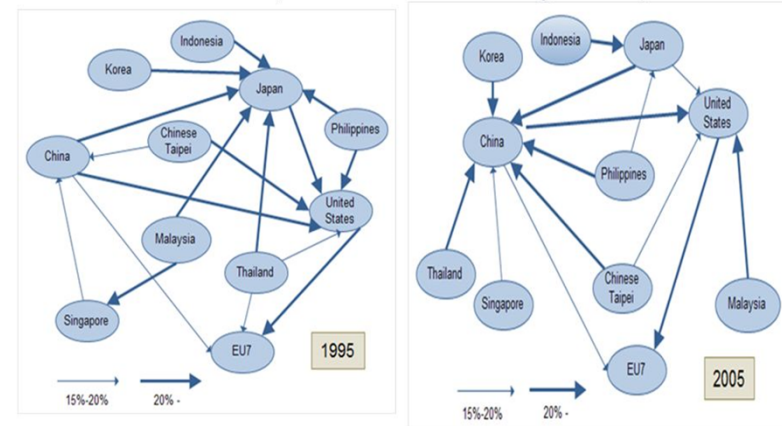


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5. The spread of international production networks

- Complex production chains in which logistics is key
- Regional production hubs as logical response
- “Factory Europe”, “Factory North America” and “Factory Asia”
- The shift from “shallow” to “deep” globalization (Dani Rodrik)

Structural changes in demand hubs in Asia/Pacific (intermediate goods)





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6. The rise of mega-regional agreements projects

- Trans-Pacific Partnership (TPP)
- Trans-Atlantic Trade and Investment Partnership (TTIP)
- Regional Comprehensive Economic Partnership (RCEP) in Asia
- FTA between China, Japan and Korea
- Much larger and more ambitious than FTAs of the past





7. The special case of the TPP

- Origins in the P4 (Chile, Singapore, NZ and Brunei)
- US puts in on the table in 2010. Joined by Australia, Peru and Vietnam, and later by Malaysia, Canada, Mexico and Japan.
- Exceedingly ambitious : “beyond the border” measures
Decision is made that it would supersede all previous agreements of member states.



8. Latin America's predicament and the TPP

- In principle, Chile, Peru and Mexico, should be all for it.
- In practice, things are more complex
- IP and pharma as particularly sensitive issue-areas
- What about SOEs ?



9. Conclusion

- Mega-regional agreements as the result of complex interaction between regional integration and ever-wider production value chains.
- The need to provide smoother circulation of products within continental and transcontinental spaces.
- Set rules not just for international trade, but also for a wide range of domestic public policy domains, some of which have little to do with trade.
- Net result is often to minimize the policy space available to developing countries

Thank you

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