

The Next APEC Membership from Latin America: A Contextual Approach

Won-Ho Kim

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Executive Summary

For most of the countries in Latin America, the Asia-Pacific region is still an unexploited market. The dynamic aggregate demand of the countries of the Asia-Pacific region, especially China, offers Latin America and the Caribbean unprecedented production and export opportunities, both in commodities and in manufactures and services. Colombia actively promoted their interest and position in the Asia-Pacific regional cooperation with President Alvaro Uribe participating as the sole president of a non-member economy in 2008 APEC Summit. Colombia signed FTA with Canada, and the Bilateral Investment Treaty (BIT) with China on the sidelines of APEC. Colombia's trade and investment links with the Asia-Pacific is still limited although dynamic and ambitious in recent years. Considering the Uribe government's efforts for the APEC's two causes of regional integration and open economy, and for the sake of another locking-in effect, however, it will be appropriate that Colombia be admitted to APEC to enhance its momentum. This will give implications not only for future political and economic policymaking in Colombia but also for other countries' in the region.

JEL Classification: F13, F14, F15, F53, F59

Key Words: APEC, Colombia, Ecuador, moratorium, regional integration.

국문요약

대부분의 중남미 국가들에게 있어서 아시아태평양 지역, 특히 역동적인 성장을 거듭해온 동아시아 경제는 아직도 개척이 덜 된 시장이다. 그러나 최근 중국 경제의 부상으로 대표되는 아태지역의 수요증가는 중남미국가들에게 원자재, 중간재, 서비스 부문등 전례없는 생산과 수출의 기회를 제공하고 있다. 이에 중남미 국가들은 전통적인 유럽 및 미국시장 편중으로부터 벗어나 아태지역으로의 무역구조 다변화를 지향하고 있다. 현재 APEC에는 멕시코, 칠레, 페루 등 3개국 만이 가입되어 있다. 2010년으로 모라토리움이 연장된 신규가입 건과 관련, 중남미 국가중 콜롬비아는 그간 실무그룹 참여 등 적극적인 추가가입 노력을 펴왔으며 알바로 Uribe 대통령은 2008년 APEC 회의에 유일한 비회원국 정상으로 초청받아 이 기회를 활용해 캐나다와 FTA, 중국과는 BIT에 서명하였다. 콜롬비아의 아태지역과의 무역투자 규모는 최근 비약적으로 늘고는 있으나 아직 미미한 편이다. 그러나 중남미 지역의 일부 주도국들이 글로벌화에 역행하는 경제정책 노선을 택하는 기류 속에서도 Uribe 정부는 지역통합과 개방경제라는 APEC의 두 대의명분에 합치되는 노력을 펴왔다는 점에서, 그리고 이러한 노력이 국내적 개혁을 이끌 수 있도록 모멘텀을 제공하기 위한 방편으로도 콜롬비아의 APEC 가입을 받아들이는 것이 적절하다고 판단된다. 이는 콜롬비아 뿐만 아니라 중남미지역의 다른 나라들에게도 정치적 및 경제정책적으로 시사하는 바가 클 것이다.

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Won-Ho Kim*

I. Introduction

None of Latin American countries were the founding members of Asia Pacific Economic Cooperation (APEC). From the region, Mexico, Chile and Peru joined APEC by mid-1990s: 1993, 1994, and 1997 respectively. Mexico's membership in the North American Free Trade Area (NAFTA), where the United States and Canada were partner members, importantly helped her with her endeavors to join APEC, particularly through the strategic support by the US. In contrast, Chile's and Peru's East Asia-focused trade structure and their market-oriented reforms accelerated their interest in joining APEC and secured support by existing members of APEC.

Despite APEC's repeated moratorium for further new membership, several Latin American countries consistently demonstrated their interest in joining APEC: Colombia, Ecuador, and Panama, among others. While there has been dynamic expansion of exports by more South American countries to China in recent years, the Asia-Pacific

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region and APEC as an institutional channel suddenly emerge as a new frontier of trade policy and regime for the increasing number of Latin American countries. It may not be ruled out that even non-Pacific-rim major South American countries including Argentina and Brazil may present their interest in APEC. On the other hand, APEC's immediate mandate and agenda may not look relevant with the expansion itself while it still struggles to search for more sustainable liberalization and facilitation mechanisms and programs after the Bogor goals looked astray. This means that current APEC members may not be immediately ready to accept more members from Latin America. The 2008 APEC Summit held in Lima, Peru, however, highlighted the neighboring Colombia's promotion to become a member of APEC, among other topics of agenda. This confirms the continuing interest of the region to join APEC.

The purpose of this paper is to identify the increasing interest of more Latin American countries in joining APEC, its background and strategies. This paper will explore the "stand-by" Latin American aspirants' policy interest in APEC focusing on Colombia, and whether their membership will ultimately serve for their real interests, and how far it may contribute to the APEC goals. In doing so, the author first relied on APEC's and several countries' official documents. Then, he conducted interviews with key trade ministry officials of Colombia and Ecuador, and was kindly provided relevant follow-up documents to be analyzed.

The next section will review the history of APEC new membership decision-making to lay the setting of the issue. The following section examines Latin American countries' interest in the Asia-Pacific region and APEC, and particular economies' positions. The Section IV takes

the particular case of Colombia as the *de facto* next candidate from the region. Colombia's macroeconomic situation and trade and investment relations with the Asia-Pacific region will be explored. Section V analyzes the current international political economic context in Latin America to be considered in decision-making over relations with the Asia-Pacific. Then, conclusion follows.

II. The Issue of the Admission of New Members

The original founding members of APEC were 12 countries: Australia, Brunei, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States. The 2nd APEC Ministerial Meeting in July 1990, the three Chinese “economies,” i.e., People’s Republic of China, Hong Kong, and Chinese Taipei were invited. Then the paramount challenges that APEC faced to facilitate trade and investment facilitation throughout the region made members shy to accept more members for the time being. In November 1993, the APEC Ministerial decided to defer consideration of new members for three years, practicing APEC’s first membership moratorium. Before this three-year moratorium, however, Mexico, Papua New Guinea, and Chile, had applied to join APEC, and were recommended for membership. Finally, Mexico and Papua New Guinea entered APEC in 1993 and Chile, in 1994.

Instead, APEC permitted non-member participation in working groups and other APEC fora. In 1995, the first set of criteria for non-member participation was adopted. In essence, the criteria stipulated that individual working groups decided on the participation of non-members through a consensus of the working group members. Each application was considered on its own merits with primary weight given to geographic location, and some consideration to specific expertise or information that the applicant brought to the meeting. It was further stipulated that participation in working groups did not in any way imply future membership or observer

status in the organization as a whole.¹⁾

Such participation in working groups just added to the exiting demonstration of applicants' interest in joining APEC. Above all, the membership in the Pacific Economic Cooperation Council (PECC) was an important indicator. Colombia, Russia, Peru, Vietnam, and Ecuador among non-APEC members joined PECC. PECC is a tripartite organization established in 1980, and was widely seen as a source of inspiration for the creation of APEC in 1989. Thus membership in PECC can be considered as a stepping-stone to membership in APEC. As a business organization, the Pacific Basic Economic Council (PBEC) plays a similar but minor role in implying interest in joining APEC. Russia, Peru, Ecuador, and Colombia were also members of PBEC.

However, the international political economy of new membership did not produce a smooth coordinated result. There were intensive exchanges of different opinions among the existing members over new members and over "the question of whether broadening the focus by admitting more members would inhibit deepening the economic integration of the existing member economies" such as by tariff reductions in selected sectors under the Early Voluntary Sectoral Liberalization Agreement (EVSL) at the Leaders' Meeting in Vancouver in 1997. Finally, Russia, Peru, and Vietnam were accepted to join the following year.

This episode preceded the second, but ten-year moratorium on new members starting in 1997. This decision was based on the consideration that that APEC needed time to work with a fixed

1) Woo (2004).

number of members in establishing short and long-term goals for the organization. It was not unrelated with the 1997 Asian Financial Crisis, either. Yet this decision accompanied new guidelines for non-member participation in APEC working groups. A revised set of guidelines was issued in 2002, specifying the categories of non-member guests, procedures for approving non-members, and the terms of participation. This document identifies the Senior Officials Meeting (SOM) as the final authority for nonmember participation.²⁾

In 2007, the APEC leaders agreed to touch upon the membership issue in 2010 when they met in Sydney. It was not clear whether the new moratorium was for a three-year or five-year extension, but it was reported that the three years' timeframe was agreed to by the members.³⁾ By the time of this writing, no further serious mention or discussion has been made regarding new membership.

The failed applicants from 1997 and 2007 – India, Colombia, Ecuador, Macao, Mongolia, Pakistan, Panama, Sri Lanka, Cambodia, Laos, and Myanmar – possible will be the next candidates for new membership. There are several points of arguments against expansion. Efficiency and open regionalism are the main cases. The former stance argues that a smaller number of members can decide easier and that APEC should rather concentrate on the deepening aspect than expansion. The latter stance suggests that non-APEC members still enjoy the same benefits of APEC liberalization as its members do because of its open regionalism nature. On the other hand, there can be reduced interest on the part of those applicants because APEC has apparently lost its momentum while there arose several other regionalist mechanisms

2) APEC (2002).

3) PTI (2007); APEC (2007).

in East Asia and Asia in general including East Asia Summit, and in Latin America including the Union of South American Nations (UNASUR).

However, the inherent nature of regionalism that may affect non-members tends to induce constant or never-disappearing interest in joining and whose goals and visions may be attained and fulfilled by as many regional economies as possible should dictate ever-larger membership. Particularly, in the time of expansion of economic relations between East Asia and Latin America like today, geared by China's enormous demand for food and mineral resources from Latin America, more Latin American countries' interest in engaging themselves with Asian economies grows bigger. This interest has been translated in their need for further linkage with the so-call "Asia-Pacific," which connotes the dynamism of East Asian economies.

III. The Asia-Pacific, Latin America, and APEC

The expansion of trade and investment between Latin America and the Asia-Pacific region have left two points of reflection for Latin American economies. One is an enthusiasm with and discovery of new markets across the Pacific. The other is the realization of the lack of linkages and schemes for engagements with the dynamic region.

Following the debt crisis in the 1980s, most Latin American countries changed their development models from the so-called protectionist Import Substitution Industrialization to the outward, export-promotion strategy. As their international linkages were inclined toward the United States and European countries, it was an immediate necessity for them to diversify their international trade relations to see their new development strategy work properly.

However, for most of the countries in Latin America, the Asia-Pacific region is still an unexploited market despite its impressive record in areas such as growth, international trade, foreign direct investment (FDI), technology upgrading and innovation capacities, as well as its enormous foreign reserves. The dynamic aggregate demand of the countries of the Asia-Pacific region, especially China, offers Latin America and the Caribbean unprecedented production and export opportunities, both in commodities and in manufactures and services. Although a number of important events have been organized in recent years to address the nature and scope of cooperation between the two regions, these initiatives have stopped short of institutionalizing high-level political talks or implementing plans and programs aimed at strengthening economic, political and

cultural ties.⁴⁾ Such efforts were spontaneous, occasional, sporadic, piecemeal, and limited in terms of local promoters and participants. There is a lack of awareness about the importance of biregional trade and investment, and there have been few coordinated strategies between countries or regional groupings for seeking closer trade and investment links with the Asia-Pacific region.

On the other hand, the conclusion and negotiation of bilateral free trade agreements was evaluated as successful initiatives. The promoting countries include Chile, Mexico, Peru, some Central American countries and Panama to engage themselves with the Republic of Korea, Japan, China, Chinese Taipei, India, Brunei, Singapore, Malaysia, Thailand, Australia and New Zealand. By these FTA initiatives, the new awareness

Figure 1. Trans-Pacific Network of FTAs in Force or Negotiation



Source: CEPAL (2008).

4) CEPAL (2008).

of linkage with the Asia-Pacific has grown.

The United Nations Economic Commission on Latin America and the Caribbean (CEPAL) has recently advised that, to take full advantage of Asian trade-cum-investment dynamics, Latin America and the Caribbean must, as a matter of urgency, reorient and realign its relations with the Asia-Pacific region in order to sustain its commodity exports while producing more value added and more technologically complex manufactures for that market. CEPAL suggests that the strategy in this regard should be to: (i) promote the Latin American and Caribbean region's participation in Asian supply chains with a view to boosting the value added and technology/knowledge content of its exports (including its exports of resource-based products; and (ii) forge closer trade relations by such means as joint export promotion campaigns, trade alliances among enterprises in the two regions and free trade agreements in order to address market-access problems. Latin American and Caribbean companies should endeavour to build ties with successful Asia-Pacific firms and to form part of the supply chains for their production and distribution units, including those of the natural-resource-based manufactures that are currently being exported to the Asia-Pacific region.⁵⁾

CEPAL also suggests that Chile, Mexico and Peru, the existing regional members of APEC, should play a key role in coordinating positions and working together on different fronts, not only within APEC-related forums but also within and between the intra-regional integration schemes. Further specific recommendations include: (i)

5) *Ibid.*

Creation of a trade bloc in East Asia to promote further trade liberalization in the framework of APEC, possibly through a free trade area of the Asia-Pacific (FTAAP). ii) Promotion of intra-APEC trade and investment, by simplifying and harmonizing the rules of origin (ROOs) contained in most of the FTAs signed by APEC members and increasing flexibility in accommodating ROOs among the different integration schemes and FTAs in the region; (iii) Possible enlargement of the Trans-Pacific Strategic Economic Partnership Agreement (P-4 FTA), widening its geographic coverage for future negotiations; (iv) Coordinated support by the three existing Latin American APEC member countries to seek APEC membership for other countries in the region; (v) The possibility that the three Latin American APEC member countries – Chile, Mexico and Peru – may seek to negotiate a free-trade agreement with ASEAN, which could subsequently be joined by other Latin American Pacific-basin countries, and (vi) Strengthening of the Forum for East Asia-Latin America Cooperation (FEALAC).⁶⁾

Although it is pronounced by an independent international organization, CEPAL's report, which was prepared on occasion of Peru's hosting the 2008 APEC Summit, significantly implies the region's interest in, and enthusiasm with APEC. It is also significant to find such seemingly consensus on the role of the existing Latin American APEC members. On several occasions, they actually announced support of their neighbors' endeavors to join APEC. In September 2007, Peru's Vice Foreign Minister Gonzalo Gutierrez said, "We believe APEC should be reinforced with Latin American countries. We are

6) *Ibid.*, p. 98.

scarcely three: Chile, Mexico and Peru; and, surely Ecuador and Colombia are countries that can perfectly adjust themselves to APEC's parameters and requirements."⁷⁾

This was in line with the proposal made back in 2004. In October 2004, an initiative to boost the Andean Community of Nations' (CAN)⁸⁾ presence in the Asia-Pacific was launched. When Chile hosted APEC in 2004, APEC's former Executive Director, Mario Artaza, agreed with CAN leader, Allan Wagner, to improve APEC-CAN ties. For his part, Wagner stressed that strengthening the presence of the Andean countries in the Asia-Pacific "was an important goal that could not be accomplished on an individual basis, but rather as the Andean Community as a whole." The CAN-APEC link was originally presented as a program which aimed at integrating Andean nations interested in APEC membership. At that level, CAN may have begun a process of steps to integrating Ecuador and Colombia, who are interested in being integrated into APEC. The efforts to integrate have continued by Peru's invitation of Colombia and Ecuador as observers at the 2008 APEC meeting.⁹⁾

Taking advantage of this invitation, Colombia actively promoted their interest and position in the Asia-Pacific regional cooperation with President Alvaro Uribe participating as the sole president of a non-member economy. Colombia signed FTA with Canada, and the Bilateral Investment Treaty (BIT) with China on the sidelines of APEC. Peruvian foreign minister Jose Antonio Garcia Belaunde was

7) Chinaview (September 1, 2007).

8) The Andean Community of Nations is composed of Bolivia, Colombia, Ecuador and Peru.

9) BCN Chile Asia-Pacific (October 20, 2008).

quoted as supporting Colombia for having “the same philosophy and principles as APEC does.” Rounding up the mission, Colombian foreign minister Jaime Bermudez asserted that US, Japan, Russia, China and Peru were supportive of Colombia’s admission in 2010, when the issue of membership is reconsidered.¹⁰⁾

As compared with Colombia, Ecuador was not so aggressive at least in APEC 2008. In 1987, Ecuador established the Ecuatorian Pacific Basin Committee (CECP), composed of the government, business and academic representatives. Since late 1990s, Ecuador became more active in PBEC and PECC. But these years Ecuador appears not so enthusiastic joining APEC as a full member. It is just interested in being “invited” to assist the APEC meetings of their interest.¹¹⁾ This may be explained by the Rafael Correa government’s nature of political orientation. His Government Plan for 2007-2011 consists of “Constitutional and Democratic Revolution, Anti-Corruption Revolution, Economic and Productive Revolution, Educative and Health Revolution, and Revolution for Dignity, Sovereignty, and Latin American Integration.” Its trade policy also is so influenced by the grand political scheme that its bilateral and multilateral trade negotiations should be carried out in a “dignified, clear and sovereign position.” Further, it would not support “bad treatment in foreign investment accords and of other kind that would project negative balances not only from the economic and commercial viewpoint, but also social, environmental, judicial, food security and sovereignty viewpoint.” Foreign trade should not jeopardize food sovereignty, energy

10) ANDINA (2008a).

11) Special document provided for the author by the Office of Vice Minister of Foreign Trade and Integration, Ecuador, Oct. 24, 2008.

sovereignty and employment of the country.¹²⁾ This may give the significant impression of being passive and protectionist regarding the globalization agenda. Under the circumstances, one cannot easily assert that Ecuador is ready to support APEC's vision and contribute to facilitation of international trade and investments.

Thus this paper, in the following sections, will further review the relationship of Colombia with the Asia-Pacific to envision their stance toward APEC, and their strategy to join APEC.

12) *Ibid.*

IV. Colombia and the Asia-Pacific Region

Colombia applied for APEC's membership as early as in 1995, but its bid was halted as the organization stopped accepting new members from 1993 to 1996, and the moratorium was further prolonged to 2007, and again to 2010. As part of the country's efforts to join APEC, Colombian foreign minister visited Chile and Peru to secure the two countries' pledge to support Colombia's bid for the membership. During his presidential inauguration for a new term on Aug. 7, 2006, Colombian President Alvaro Uribe met with Chilean President Michelle Bachelet and Peruvian President Alan Garcia respectively, and reached common ground on the issue with the two leaders.¹³⁾ Colombia has participated in APEC as a member of two APEC working groups. Colombia also has sought to play a role in all important Asia-Pacific organizations, like PBEC and PECC.

In recent decades, Colombia has enjoyed virtually uninterrupted constitutional and institutional stability. President Uribe won the 2002 presidential elections on a conservative independent campaign platform. Uribe was re-elected to the Presidency in the first round of the elections held in May 2006, with 62 per cent of the vote, and he will remain in power until 2010. He is expected to continue the disciplined macroeconomic policies initiated during his first term aimed at improving public finances, reducing inflation and boosting growth. The election also gave him a strong public mandate for his tough policies on security and drugs. The strong relationship with the USA has delivered significant political and economic benefits, but an FTA

13) Xinhua News Agency (September 6, 2006).

concluded with the US on February 27, 2006 has not yet been approved by the US Congress due to human rights concerns among Democrats.¹⁴⁾ Colombia is also increasingly focusing on strengthening relations and seeking economic opportunities with the broader Asia Pacific region.

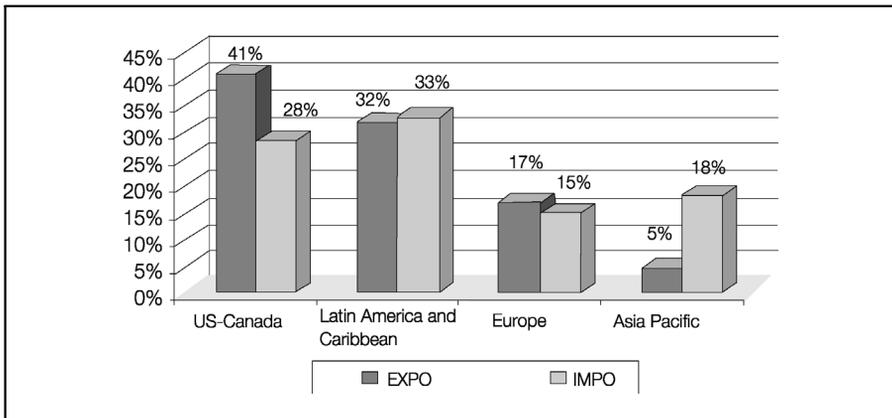
As for Colombia's economic and trade policy, President Uribe implemented a number of tough macroeconomic policies during his first term in office that improved public finances, reduced inflation and boosted growth. Disciplined, austere macroeconomic management has continued during Uribe's second term in office. President Uribe visited China in April 2005 to promote Colombian coal sales, as well as to discuss financing for an oil pipeline that would run through to the Pacific coast from the east of Colombia. The Colombian delegation to China also sought Chinese investment in several proposed Colombian hydro-electric plants. Colombia is committed to the Cairns Group and further agricultural liberalization. It is at the forefront of the development of regional trade agreements and groupings such as the CAN and the G3 (Colombia, Mexico and Venezuela).

As of 2002, Colombia only had two FTAs with Mexico and CAN, practicing free trade with five countries. It concluded FTA negotiations with US and Chile in 2006, with the Northern Triangle of Central America (El Salvador, Guatemala, and Honduras) in 2007, and Canada, and EFTA in November 2008. It is currently negotiating with EU and hope for an FTA with Korea soon. Colombia has a goal of having more than 45 countries as FTA partners by 2010.¹⁵⁾

14) The US Congress has been negative due to its concerns about political violence in Colombia, especially against trade unionists and the lack of investigations and prosecutions. James M. Roberts (2007).

Colombia's trade with the Asia-Pacific is still low: 18 percent in imports and 5% in exports out of its total trade, as shown in Figure 2. Yet it has increased steadily in recent decade as shown in Figure 3. Among other Asian export destinations, China, Japan and Korea account for 88 percent, as shown in Figure 4. Taiwan and Singapore follow suit as important partners in the Asia-Pacific. Imports from the region also have drastically increased in recent years. Its share out of the total imports from the world has risen from 13.3% in 2001 to 18.1% in 2006, as shown in Table 1, and Figure 5. Again, China, Japan, and Korea are the major import sources with 83% share, as shown Figure 6. All this left Colombia with increasing trade deficit with the region, amounting US\$3.6 billion in 2006, as shown in Figure 7.

Figure 2. Colombia's Trade with the World

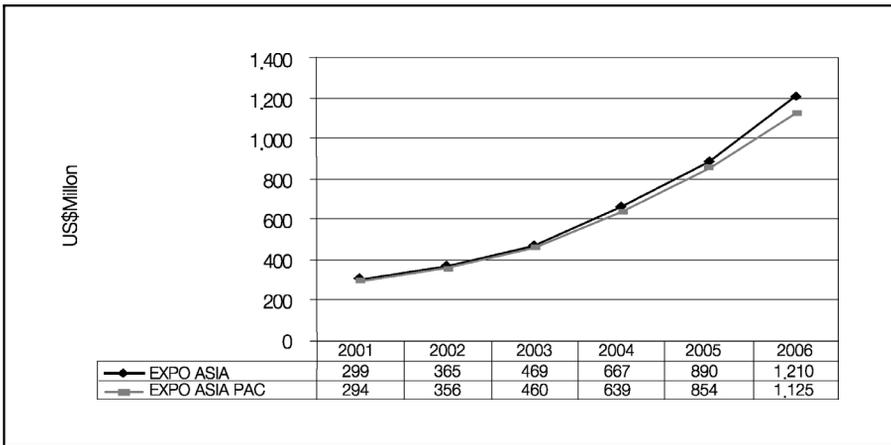


Source: Colombian Ministry of Trade, Industry and Tourism (2007).

15) Luis Guillermo Plata, Minister of Trade, Industry and Tourism (Aug. 22, 2008).

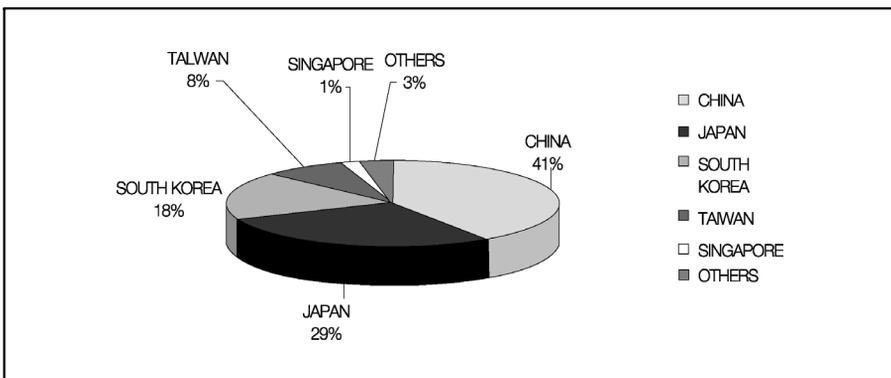
On the other hand, investments from the Asia-Pacific are very low, less than 1 percent, as shown in Table 2. Such low investment performance largely is due to the political and social instability in Colombia characterized by the once broad-based insurgency of the

Figure 3. Colombia's Exports to the Asia-Pacific



Source: Colombian Ministry of Trade, Industry and Tourism (2007).

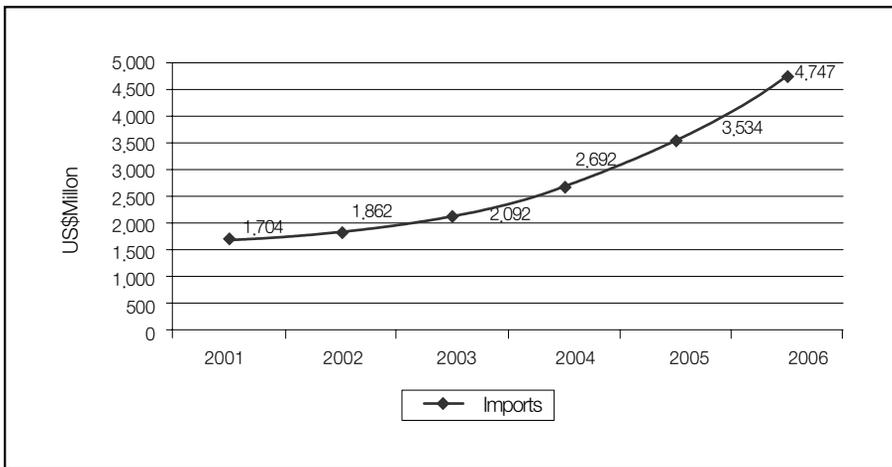
Figure 4. Colombia's Major Market in the Asia-Pacific 2006



Source: Colombian Ministry of Trade, Industry and Tourism (2007).

Colombian Revolutionary Armed Forces (FARC). Yet Colombia is the fourth largest recipient of world FDIs in Latin America after Brazil, Mexico and Chile as shown in Table 3. This has been shored up by its active investment promotion in recent years. Colombia has the Agreements of Investment Promotion and Protection in effect only with Peru (2003) and Spain (2007), and the investment chapter in FTA with Mexico (1995). But it has recently concluded BITs with Belgium, Swiss, and China, and is negotiating with Korea, India, Germany, UK, and France. Investment chapters are included in its

Figure 5. Colombia's Imports from the Asia-Pacific



Source: Colombian Ministry of Trade, Industry and Tourism (2007).

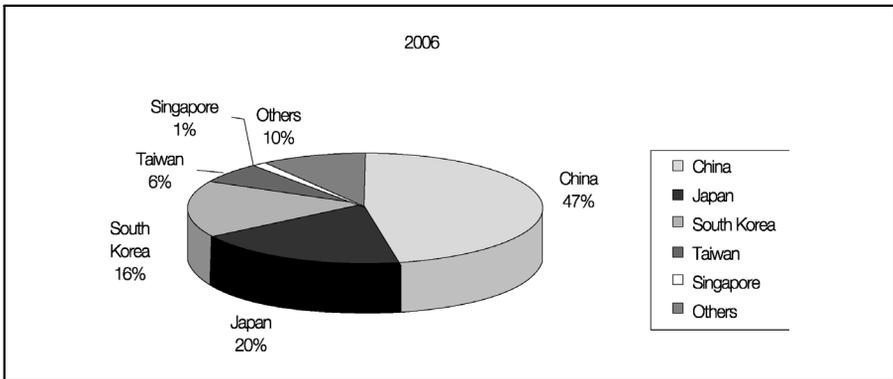
Table 1. Colombia's Imports from the Asia-Pacific

	2001	2002	2003	2004	2005	2006
Imports	1.704	1.862	2.092	2.692.	3.534	4.747
Part vs World	13,3%	14,7%	15,1%	16,1%	16,7%	18,1%

Source: Colombian Ministry of Trade, Industry and Tourism (2007).

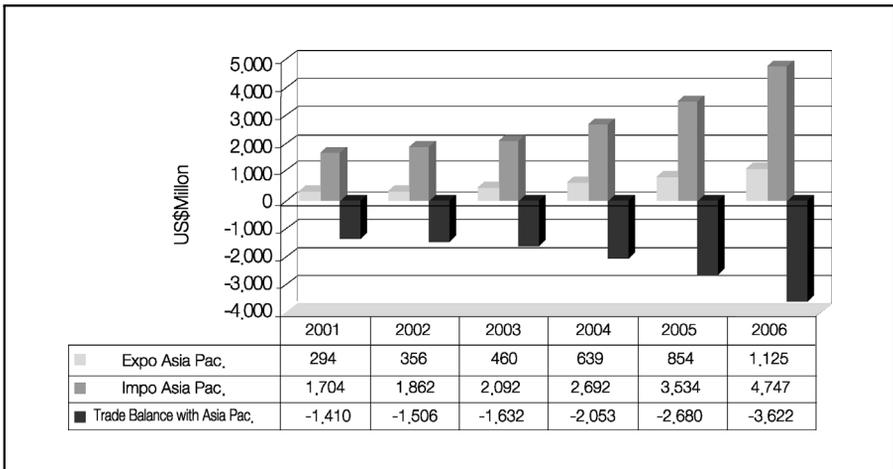
FTAs with US, Chile, the Northern Triangle of Central America, Canada and EFTA. So does FTA with EU under negotiation.

Figure 6. Colombia's Major Import Sources in the Asia-Pacific 2006



Source: Colombian Ministry of Trade, Industry and Tourism (2007).

Figure 7. Colombia's Trade Balance with the Asia-Pacific



Source: Colombian Ministry of Trade, Industry and Tourism (2007).

Table 2. Asian Investments Stock in Colombia

(US\$ million)

PAIS	STOCK 2006	Part. %
JAPAN	156.5	0.44%
KOREA	29.3	0.08%
CHINA	23.3	0.07%
SINGAPORE	1.4	0.00%
TAIWAN	0.6	0.00%
Subtotal	211.2	0.59%
Total*	35,638.6	100.00%

Source: Bank of the Republic of Colombia (2007).

Table 3. FDI in Latin America (2007)

(US\$ million)

Country	Amount	Share
Brazil	34,585	27.4%
Mexico	24,686	19.6%
Chile	14,457	11.4%
Colombia	9,028	7.1%
Argentina	5,720	4.5%
Peru	5,343	4.2%
Others	32,447	25.7%
Total	126,266	100%

Source: UNCTAD.

V. Differentiation of Economic Spectrum in South America

As reviewed in the section above, Colombia's trade and investment links with the Asia-Pacific is still limited although dynamic and ambitious in recent years. To make up for such relatively low links with the Asia-Pacific, Colombia has initiated its own strategy, which may be called Joint Differentiation Efforts.

Colombia hosted the 1st Ministerial Meeting of the Latin American Pacific Basin Forum in Cali, Colombia in January 29-30, 2007. This Forum, known as the Latin American Pacific ARCO and also as FICPLA in Spanish initials, has as members Colombia, Costa Rica, Chile, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru. Its goals are to promote trade and investment among its members as well as to increase trade, investment and cooperation relations with the Asia-Pacific economies. Its second meeting was held in Lima, Peru, in August 2007; the third in Cancun, Mexico, in April 2008; and the fourth in Santiago, Chile, in October 1-3, 2008.

So far, the Forum has focused its work on the following tasks:

- To identify joint actions to strengthen the economic, trade, and cooperation links among the Latin American countries of the Pacific Rim;
- To promote the enhancement of the productive capacities and competitiveness of its member economies;
- To develop initiatives aimed at establishing a closer relationship with the Asia Pacific region;

- To establish an informal platform for political dialogue between the Asia Pacific and the Latin American Pacific Regions. This dialogue will focus on political, social, cultural and environmental issues.¹⁶⁾

This forum ARCO, in short, may be used by Colombia and ultimately others including Ecuador as a cooperative channel to promote joint efforts for new Latin American membership to APEC. This strategy of Colombia but with sufficient support by other members also was concerned with their needs to differentiate themselves from the new leftist tendency in South America. Beginning in early 2006, major elections in the region and the following policy decision have indicated important shift to leftism and nationalism. Venezuela, Bolivia, and Argentina represented such political trend. These Pacific Rim countries felt threat to their strategic interests of globalization because of a possible resentment from the foreign investors who may fear the political swing in the region. The Forum ARCO aimed at the dual effects: solidarity and differentiation.

Such policy was confirmed during the 2008 APEC Summit in Lima, Peru. President Garcia clearly indicated the difference between Pacific-rim Latin American countries and the rest in the region when he mentioned that the Pacific bloc in the region bets on democracy and free trade while the Atlantic one believes in their internal market, state intervention, and administered trade. He called the former “APEC model” vis-à-vis “Atlantic model” for the latter.¹⁷⁾ Colombian President Uribe particularly stressed at the APEC Business

16) Chilean Ministry of Foreign Relations (2008).

17) ANDINA (2008c).

CEO Summit his country's business-friendliness not like "some others in the region, who expel private investment,"¹⁸⁾ apparently indicating the recent nationalization moves in Venezuela, Bolivia and so on.

18) ANDINA (2008b).

VI. Conclusion

This paper has focused on Colombia's case, its efforts and strategy to promote its membership in APEC. Even though it has a long history of involvement in the multilateral schemes in the Asia-Pacific region such as PECC and PBEC, its endeavors to join APEC has not reached full fruits. Although its trade relationship with the Asia-Pacific has been more dynamic than any other major trade partner regions, its performance of FDI inducements from the region has not been fatally limited. Even its efforts to conclude FTA with US has met deadlock in the US Congress. Many of these negative signals have been related with the continuing political and instability in the country. This means that President Uribe's efforts to make more workable peace agreements with FARC and their outcomes will determine Colombia's international, regionalist and globalization performances. APEC membership is not the exception. Besides, the revisit to the new membership in 2010 by APEC Economic Leaders will be another round of complicated process with different stances by regions, levels of development, and so on. That may entail a new mandate to review the mission and vision of APEC. One of the points to consider should be the context in each region.

Colombia's Uribe government takes a far-fetching strategy to differentiate itself from the region's new leftist regimes by encouraging neighboring countries including the existing Latin American members of APEC to join its original Forum ARCO. Mexico, Peru, and Chile have been highly cooperative in its efforts by far. This has been proven by the three countries holding the follow-up meetings of the

Forum ARCO, and their occasional support of Colombia's membership to APEC. Such strategic concern is more important than any other ones under the circumstances of the region. Particularly when Peru hosted the 2008 APEC Summit, it was quite successful and collaborative. Additionally, CEPAL has been supportive of these endeavors through its widely-distributed report.

APEC should take into account the unexpected political and economic impact of membership on its member economies. Peru was admitted to APEC following President Alberto Fujimori's aggressive market-oriented reforms in early 1990s. His two successors, though they were his political enemies, have continued open economic policies. Even the incumbent president Garcia changed his old political economic spectrum from far left to center-right. Mexico is not the exception, starting with Carlos Salinas de Gortari's economic reforms and joining APEC. Throughout political, economic and financial turbulences since then, Mexico's economic openness has been intact. APEC as well as free trade agreements must have the so-called "locking-in" effect in terms of holding on the once-open trade and investment regimes. This is one of the achievements APEC has made for developing economies.

Colombia under President Uribe can be the next candidate in this sense. He emphasizes the three key policies: security, confidence for investors, and social cohesion. This line of policymaking has been hailed by the international business community, which is confirmed by the constantly increasing FDI trend. The 2007 APEC Leaders' communiqué emphasized that new membership should ensure that "the momentum APEC has developed towards regional integration and open economies is enhanced." Considering the Uribe government's

efforts for the two causes, and for the sake of another locking-in effect, it will be appropriate that Colombia be admitted to APEC to enhance its momentum. This will give implications not only for future political and economic policymaking in Colombia but also for other countries' in the region. It is not coincidence that an influential newspaper in the left-leaning Bolivia noted the implications of the APEC Summit held in their neighboring capital of Lima. The daily *La Razon* stressed in its editorial the changing status of Peru as an open economy within the framework of APEC, and argued for Bolivia's benchmarking Peru.¹⁹⁾ Further, Ecuador, Panama and other smaller economies such as Costa Rica may benefit from the implications of Colombia's admission in their future initiatives. Yet they will need more substantive cooperation and support from the side of the Pacific or to the north.

19) ANDINA (2008d).

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