

Globalization and the Pacific Alliance Regional Trade Bloc

Jorge Riveras

College of Business
Framingham State University
Framingham, USA

Michael Kantor

College of Business
Framingham State University,
Framingham, USA

Jesús Arteaga-Ortiz

Edificio Departamental de Empresariales, Módulo C,
University of Las Palmas de Gran Canaria
Campus de Tafira
Spain

ABSTRACT

Globalization is a difficult topic to analyze due to the numerous areas and metrics encompassed, which scholars have used many methods to define and assess. Attempting a broadly based, thorough, and systematic analysis of globalization is convoluted and warranted due to the narrowly focused body of research tailored to the researcher's specific academic discipline. The shortcomings of a narrow focus on globalization analysis are reduced by employing a system approach with a multidisciplinary and multidimensional globalization model. This research employs a globalization model to examine the Pacific Alliance regional economic integration bloc established between Mexico, Colombia, Chile, and Peru in 2011. The study includes a historical examination of the impact the Pacific Alliance has had on each member country and its current level of integration. It examines changing trends, potential expansion, and concludes that policies and initiatives have promoted the spread of globalization, while countering recent protectionist policies in nations around the world.

Keywords: Globalization model, pacific alliance, regional blocs, systems analysis, economic integration

1. INTRODUCTION

1.1. OVERVIEW/HISTORY OF THE PACIFIC ALLIANCE

The Pacific Alliance (PA) (in Spanish, la Alianza del Pacífico) regional economic integration bloc is a free trade area that was established between the member countries of Mexico, Colombia, Chile and Peru on April 28, 2011, in the Declaration of Lima. The primary objectives of the PA are to “stimulate the growth, development, and competitiveness of its members by increasing the free movement of goods, resources, and people” and to [b]ecome a platform of political articulation, economic and commercial integration and projection to the world, with emphasis on the Asia-Pacific region” (What is the Pacific Alliance? 2017, para. 1). This goal is broad, despite addressing specific areas of concern. “As an economic bloc, the Pacific Alliance is the 5th most populated sub-region in the world, with approximately 225 million people” (What is the Pacific Alliance? 2017, para. 2). One of the main goals of the PA was to expand commerce with the Asia-Pacific region; this strategy

makes good economic sense since the member countries each have coasts along the Pacific Ocean and various shipping routes already exist. In addition, the member nations sought to counter global protectionism, such as recent foreign policy of the United States under President Donald Trump. Furthermore, the PA likely formed as a counterbalance of another regional trading bloc, Mercosur (Mercado Común del Sur in Spanish), which adopted a protectionist approach. The PA was formed, in part, thanks to divergence (against the left-wing policies and protectionism of the Mercosur Common Market), and the bloc has been able to turn their common stance against these policies into convergence within their bloc. Recently, there is the possibility of a future convergence between the two trade blocs. *The Economist* proclaims that “[t]he Pacific Alliance’s aim is to create an area of ‘deep integration’ involving the free movement of goods, services, capital and people among its members. [...] [I]ts members abolished tariffs on 92% of their trade in goods and harmonised rules of origin (ie, the amount of local content required to qualify) to encourage the creation of value chains among their countries,” (No Brussels Here, 2016, para. 6) all of which occurred in May of 2016. In the short time since its inception, the free trade agreement has had resounding success compared to similar areas of regional integration such as Mercosur, which has been decidedly less successful. According to an article by the Inter-American Development Bank, “the remaining 8% [of tariffs] will reach full liberalization over the next 3 to 7 years, except for [a] small group of products with tariff elimination schedules over 10 years” (The Pacific Alliance: Consolidating, n.d., para. 5). Although “the merger of the allies’ stock markets has been hampered by tax and regulatory differences [and like] Mercosur, the alliance members have abolished tourist visas within the bloc, and adopted mobility for people who enter their territories for up to six months, as long as the activities they perform are of an unpaid type, such as tourist travel, transit or business. Work visas are still required, though normally granted” (No Brussels Here, 2016, para. 6).

Despite potential setbacks, the countries continuously strive for more convergence, as evidenced by the number of trade bloc meetings and proposals, as well as the creation of technical groups to facilitate mutual economic progress. The European Union (EU) was formed as a result of war and for lasting peace, as well as for European nations to hold their own on the world and political stages. The EU was formed in a belief that the countries are stronger together than separated, which has served as the model of many other blocs, including the PA.

The impact of the PA is evident due to the serious commitment observed by its members and the great economic returns that have been rapidly accomplished on policy initiatives. This indicates the group’s incremental influences and progress. This is especially true when compared to older trading blocs that are struggling through the same integration attempts. “The bloc represents a real convergence effort between existing bilateral trade agreements, establishing itself as an extended economic zone relevant to regional and world trade,” (The Pacific Alliance: Consolidating, n.d., para. 2) and the actions being taken by policymakers of the countries have positioned the PA as a globally relevant bloc. In Latin America and the Caribbean, the PA countries represent 38% of the GDP, 50% of the total trade and 45% of the foreign direct investment (FDI). The four countries encompass a population of 225 million persons and have an average per capita GDP of USD 18,000. “The Alliance thus becomes the eighth [largest] economy in the world and the seventh largest world exporter,” (The Pacific Alliance: Consolidating, n.d., para. 2) if the countries were combined into one. This sheer volume entices many countries to trade with the PA.

The Pacific Alliance has not only worked bilaterally with countries such as Canada, Spain and Japan, with whom it has joint cooperation declarations, but has also created work agendas with regional integration blocs such as the Association of Southeast Asian Nations (ASEAN), the European Union, the Organization for Economic Cooperation and Development (OECD), and the Eurasian Economic Commission (10 Years Alianza del Pacifico, 2021)

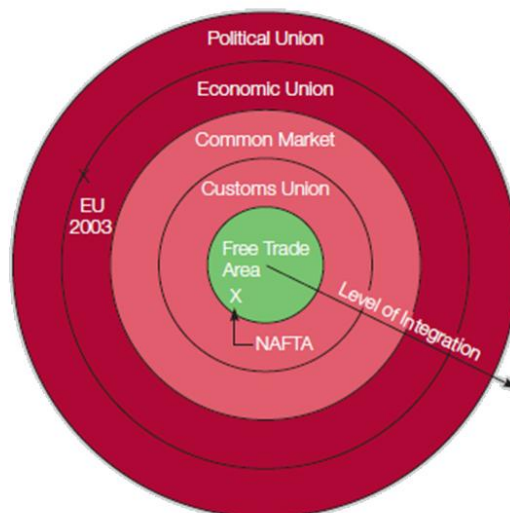
Despite recent political changes and some commotion marked by protests in Peru and Chile, the PA bloc has maintained its goals and stable synergies in its political economy. The PA is positioning as a conduit to generate larger integration in the Latin America region thanks to strong political will within the alliance members. The concept of a political economy refers to the political, economic, and legal systems of various countries which govern economic successes or failures of various businesses. Hill (2021) proposes that “the political, economic, and legal systems of a country are interdependent; they interact with and influence each other, and in doing so, they affect the level of economic well-being” (Hill, 2021, p. 40). To summarize: generally, for all four member countries, the political systems are democratic, the economic systems are mixed economies leaning towards

market economies (or more simply free market economies), and the legal systems are relatively reliable and speedy while protecting property and intellectual rights. All of these elements foster an environment where businesses are likely to succeed, which can likely attract FDI. A strong link can be reasonably assumed between countries with favorable political economies and a higher level of inwards FDI. The political economies of the PA countries are pro-trade and thus are targeted by companies abroad as suitable opportunities for investment and expansion. An appropriate political economy, as exists within the bloc, will positively impact the economy and development of member countries. In effect, when a group of countries forms an alliance and all share similar political economies with the elements mentioned earlier supporting trade, FDI, and stable business environments, the result is positive development within the bloc from both internal and external sources. During 2020, the four PA countries were responsible for 40 percent of the total FDI in the region (Economic Commission, 2020). If the PA model works, more countries will be interested in joining while the member countries are converging and integrating further.

1.2 TWO MODELS

An applicable model for this study of the PA would be incomplete without defining the different levels of regional economic integration. The model and defining features (Hill, 2021) are shown in the diagram (Figure 1). The levels are listed in order from least to most integrated: free trade area, customs union, common market, economic union, and political union. Each successive level has all the elements of the previous level, as well as specific features that set them apart. A free trade area (FTA) is a group of countries committed to removing all barriers to the flow of goods and services among member countries. A customs union is differentiated by the pursuit of common external trade policy, while a common market allows the factors of production to move freely among member countries. In addition to the previous factors, an economic union requires the adoption of a common currency, harmonization of members' tax rates, and a common monetary and fiscal policy. Lastly, a political union has central political group coordinating economic, social, and foreign policy.

Figure 1. Levels of Economic Integration (Hill, 2021, p. 263)



If the PA was to be classified according to the five-level model, it would be categorized as a hybrid model. It is indeed a free trade agreement, which forms an FTA, but it also shows more integration than a simple free trade agreement, such as that of a common market. A potential benefit from this model is an increased chance of further integration without being bound to complete the level of integration steps in order to achieve full integration. Yet a potential drawback of this strategy is a chance of slowdowns or stagnation within the integration process, such as has been the case with APEC (the Asia-Pacific Economic Cooperation). This bloc started similarly, but has not achieved much integration since its inception with its 21 Pacific Rim Member countries, and this lack of progress is one of the reasons why the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trade agreement between 11 nations, seems to have emerged as a response.

When allowing the factors of production to move freely among members, there is a “cumulation of origin for trade between the four countries, so that the content of another country of this region is considered as national” (Álvarez, 2017, para. 5). The PA is pursuing a way to allow the factors of production to move freely among members. This would lead to the assumption that the bloc has the defining element of a common market, or the third level of regional economic integration. Yet this is not the case, due to the hybrid model of integration and lack of a common external trade policy. In pursuing the removal of barriers to the free flow of goods and services, an element of a free trade area, the region has already removed 92% of tariffs among member nations and is on its way to achieving 100% in coming years.

Despite evidence suggesting that the PA is a common market, there is an element precluding this level of integration. Though the bloc possesses elements of both a free trade area and common market, “the Alliance is in many ways different from other regional blocs, such as Mercosur,” (Tvevad, 2014, p. 17) the Comunidad Andina (Andean Community or CAN) and the Mercado Común Centroamericano (Central American Common Market or MCCA). “Unlike these groups, the Alliance does not seek to adopt a common external tariff, which is a characteristic of the previous level of integration known as a customs union; and that is part of the features of a common market. In line with the 'open regionalism' followed by its member states, membership in the Alliance is thus compatible with existing or future FTAs with other countries” (Tvevad, 2014, p. 17). The PA does not exactly fit into the mold of one of these other levels of integration and instead seeks to pioneer something unique: a level of convergence that has not been seen before. Jean Carlos Santos Lima (2018) calls the PA an example of “open regionalism”. Member states have greater freedom to formulate external trade policies, whether on a multilateral, preferential (regional or bilateral) or unilateral basis (Lima, 2018). This goal, and lack of a common external trade policy, have, in effect, left the rest of the world on notice, closely watching in order to potentially replicate the approach if the bloc succeeds. According to a 2014 directorate by Jesper Tvevad, the Directorate-General for External Policies of the European Union, “one of the defining attributes of the Alliance is the large number of FTAs its members have concluded with third countries. The concept of 'Alliance' is in itself an indicator of this. Similarly, the Alliance lacks a juridical personality and can therefore not conclude international agreements on behalf of its member states” (Tvevad, 2014, p. 17). The countries believe that this lack of bureaucracy will enable them to succeed in their goals.

When analyzing the PA from a globalization perspective, one must consider the ambiguity of the term globalization. Many write publications and articles on the subject, but there is no consensus on its definition. Additionally, analyses of globalization are normally accomplished with a limited perspective in one field of discipline, or when it is convenient for the researcher or suits their agendas. Concerning the definition of globalization, Nayef and Al-Rodhan (2006) published an article with 114 different definitions of globalization, sixty-seven of which “make some reference to the economic dimension” (Al-Rodhan, 2006, p. 6). Al-Rodhan (2006) claims “[g]lobalization is a process that encompasses the causes, course and consequences of transnational and transcultural integration of human and non-human activities” (p. 5). But globalization is diverse and this definition is too broad, as “no matter what definition you adhere to, globalization is complex and multifaceted” (Al-Rodhan, 2006, p. 5). Researchers from a wide range of occupations have written about globalization and each definition relates specifically to their field of study or expertise. Even business textbooks have a narrow definition of globalization, only encompassing changes in markets or factors of production. Gopinath (2012) uses a systems model based on the perspectives of a general system view, a world system view, and an autopoietic system, claiming “globalization represents the continuing efforts of peoples of the world to interact and share transnationally in the pursuit of their objectives” (Gopinath, 2012, p. 7). Gopinath’s view includes the following domains: social, political, economic, business, and physical. Neither Gopinath’s nor Al-Rodhan’s definition is all-encompassing.

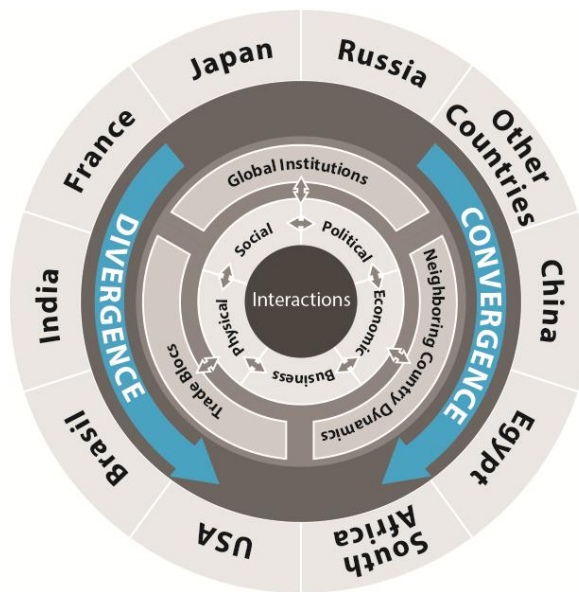


Figure 2. Restructured Model of Globalization (Riveras & Harrison, 2016, p. 374)

Due to the ambiguity of these definitions, a more encompassing and defined model must be used. Riveras and Harrison (2016) designed a new definition of globalization in a model combining elements from Gopinath and Al-Rodhan, claiming that “[g]lobalization is a multidimensional process that encompasses the causes, course and consequences of transnational and transcultural integration of human and non-human activities and represents the continuing effort by the peoples of the world to interact and share transnationally in the pursuit of their objectives” (p. 374). Interactions between individuals, businesses, or governments, are central to the model.

Outside the interactions lie the inner domains from Gopinath’s model (economic, business, political, social, and physical) with arrows between each of the domains representing interactions. The restructured model adds arrows between the inner domains and “3 newly added outer domains; global institutions, trade blocs and neighboring country dynamics” (Riveras & Harrison, 2016, p. 374), showing the plethora of integrated interactions between the various areas. Outside the outer domains are two encompassing arrows representing convergence and divergence. At the outermost edge of the model are the names of various countries. “The restructured model illustrates the complexity of the interactions and interchanges between the inner and out[er] domains and countries that results in convergence or divergence between individuals, organizations and countries” (Riveras & Harrison, 2016, p. 374). This new multidimensional model supports a multidisciplinary study of globalization.

The new model defines each domain as a separate entity. Gopinath describes the political domain as “communications and actions related to governance; how power is generated and distributed through society; the freedoms that people enjoy in the country; the legal/court sub-system; the freedom of the press; rules and structures within which people solve public conflicts and problems; the constitution, how laws are framed and enforced; the political parties and how they operate; the nature of bureaucracy that administers public functions” (Gopinath, 2012, p. 323). The economic domain is “factors related to the nature and direction of the economic activity; the growth and performance of various economic units; trade and investment issues; markets and intervention; state policies regarding price and money supply; production and consumption of goods and services, their exchange, and the allocation of resources accordingly” (p. 323). The social domain is “the structure of society including how humans organise themselves; intragroup and inter-group relations; existence and size of ethnic groups; migration patterns; class divisions, families, kin groups; tribal and racial distinctions; the culture encompassing attitudes, values and beliefs; and the learned norms in a society. Basic value systems (good versus evil, acceptable and unacceptable behaviour, and rational versus irrational), religion, language systems, feelings of nationalism and ethnic identities” (p. 323). The business domain is “the nature of industries and the operations of organisations within them; their decisions and actions; managerial practices; competitive

activity, and supply chains” (p. 323). The physical domain is described as “the non-living such as the land mass; geological resources (oil, minerals, etc.), water, atmosphere; the living but non-human (plants, animals, and insects); the technological issues connected with fundamental knowledge, basic research, invention, innovation, or the improvement/new way of doing things” (p. 323). Global institutions are multilateral organizations with many member countries, whose rules must be adhered to and abided by in order to take part in the services and arbitration they offer. “Neighboring country dynamics often play a role in trade agreements and are a significant influence on global divergence or convergence,” (Riveras & Harrison, 2016, p. 376) while also pressuring neighboring countries to counteract. Trade blocs, already defined, represent economic integration and coordination between countries. Convergence relates to factors that seem to integrate the world as one place, and divergence represents countervailing forces seeking to maintain a world comprised of separate and distinct entities.

1.3. METHODOLOGY

To define the PA, the term “trade bloc” must be defined first, as well as the reasons for why different countries would look to form one. According to Dr. Charles Hill from the University of Washington, “[t]he past two decades have witnessed a proliferation of regional trade blocs that promote regional economic integration” (Hill, 2021, p. 262). Hill argues that trade blocs are the base units of regional economic integration when countries seek to work together in a positive-sum game, where “agreements designed to promote freer trade within regions are believed to produce gains from trade for all member countries” (Hill, 2021, p.262). This belief leads to organizations such as the World Trade Organization (WTO), which seeks to reduce trade barriers; however, it can be difficult to attain a consensus from the 164 member countries. Therefore, “[b]y entering into regional agreements, groups of countries aim to reduce trade barriers more rapidly than can be achieved under the auspices of the WTO. This has become an increasingly important policy approach in recent years given the failure of the WTO to make any progress with its latest round of trade talks, the Doha Round,” (Hill, 2021, p. 262) which was originally started in 2001 but has stagnated over time. Because of this, some believe that multilateral agreements can accomplish more policy objectives in a quicker timeframe than they would take through the WTO. Thus, regional agreements seem a viable alternative for furthering countries’ trade agendas.

The redefined globalization model of Riveras & Harrison (2016) offers an encompassing framework with a multidimensional approach. Making use of the model involves researching the origins, causes, consequences, and impacts of globalization on the domains. The relatively recent creation of the PA, and its subsequent economic successes while maintaining the interest of many nations who want to join, provides an opportunity to employ the model and study the trade bloc’s relationship to globalization. The model will be used to focus analysis on both inner domains (relating to internal economic, political, social, business, and physical factors) and outer domains (relating to factors concerning neighboring country dynamics, trade blocs, and global institutions). Employing the model comprehensively will involve moving from the center to the outermost rings and analyzing each of the domains.

2. ANALYSIS

Overall, the PA can be classified as a great success, because it has succeeded in so many different policy objectives in a short time. A fitting comparison can be made to the Mercosur trade bloc, even though the bloc was founded in 1991, and how internal politics and bureaucratic strife have been a hindrance in accomplishing Mercosur policy objectives.

Many of the positive economic numbers observed that follow within the inner domains are strong indicators of success of the PA, especially considering that most of the bloc’s trade has been foreign trade with non-member nations. There is potential for trade growth between the PA countries, especially since the countries have yet to realize the potential of fully free trade within the bloc. The PA “gathers a group of like-minded countries that focus their efforts on improving competitiveness as a means to achieve strong growth, reach higher levels of social cohesion, and alleviate poverty” (The Pacific Alliance: Consolidating, n.d., para. 1). Thus, strong performance is realized in both tangible and intangible benefits.

According to the World Bank’s (WB) Economy Rankings in the Doing Business Rankings category, there are more favorable business environments within the four PA countries than Mercosur. 190 countries were surveyed during the study. Statistics are compiled by sending standardized surveys to local experts on the legal and

regulatory policies in the economies tested. The surveys are verified through several rounds of testing, and averaged against each other. For ease of doing business rankings, Mexico is 60th, Chile is 59th, Peru is 76th, and Colombia is 67th. Meanwhile, the five Mercosur countries are: Brazil 124th, Argentina 126th, Paraguay 125th, Bolivia 150th and Uruguay 101st, which shows that the overall business environment is much more supportive within the PA. This indicator describes the overall business environment and holds some weight when foreign firms are deciding where to invest in FDI. Good rankings mean more companies opened, and more entrepreneurship taking place, which results from higher levels of innovation within the Alliance economies. The countries are ranked within the top 31 for getting credit, when excluding Chile. This should attract companies looking for financing and looking to expand or purchase additional assets.

Solely focusing on economic indicators misses some social aspects of development. Based on this, employing The Human Development Index (HDI) by the United Nations Development Programme is an important indicator that shifts the focus of development economics from national income accounting to people-centered policies. HDI is based on three measures: “life expectancy at birth (a function of health care); educational attainment (measured by a combination of the adult literacy rate and enrollment in primary, secondary, and tertiary education); and whether average incomes, based on purchasing power parity (PPP) estimates, are sufficient to meet the basic needs of life in a country (adequate food, shelter, and health care)” (Hill, 2021, p. 68). The measure is, in essence, a study of various factors in a country impacting the quality of human life. Over the years, however, some modifications and refinements have been made to the index” (Measuring Human Development, n.d. para. 13).

In 2020, Chile is ranked 43th in HDI, Mexico is ranked 74th, Peru is 79th, and Colombia is 83rd (HDI, 2021). Meanwhile in the Mercosur bloc, Argentina is ranked 46th, Uruguay is 55th, Brazil is 84th, Paraguay is 103rd, and Bolivia is 107th. With the highest ranking of any country in Latin America, Chile is ranked as having very high human development, while Mexico, Peru, and Colombia have high human development. All these numbers show that the basic human freedoms are present and available to average citizens of PA nations.

2.1. THE GLOBAL INNER DOMAINS

2.1.1. Economic Domain

The PA is a relatively large bloc, both economically and in terms of trade. In 2020, the PA was the eighth economic power and the eighth export force worldwide. In Latin America and the Caribbean, the countries represent 38% of the region’s GDP, 50% of the total trade, and 45% of the Foreign Direct Investment (Pacific Alliance, para. 2).

The countries of the PA together exported roughly US \$608 billion in 2020, almost twice as much as Mercosur (World Bank, 2020). The pre-pandemic 2020 growth outlook projections for Latin economies forecasted the PA at 2.95% with Chile at 3.1%, Colombia at 3.2%, Mexico at 1.8%, and Peru at 3.7%, and considered Latin America as a whole growing at 2.4%, according to the June 2019 by Focus Economics (2019). In comparison, Mercosur was projected at 2.3%.

Pre-pandemic projections showed strong GDP growth percentages corroborating that the economies of the four PA member countries had some of the brightest outlooks of any Latin American countries. The members were outperforming other South American countries in terms of GDP growth and the attraction of inward FDI, and even the older trade bloc of Mercosur, which is further along in the integration process, but it has been impeded due to political infighting. The expected GDP growth rates for the PA were 1.6% and 2.3% for 2017 and 2018, as compared to 0.8% and 1.7% for the rest of Latin America. According to Australian Trade Minister Steven Ciobo, “[t]he six-year-old alliance accounted for gross domestic product of more than \$1.8 trillion in 2016 and the four countries account for 38% of the region’s population and 57% of its total imports” (quoted in Stewart, 2017, para. 5). These indicators show that the member countries have been just as focused on imports as exports and have been taking advantage of the free trade area with other countries. The Alliance “has decreased inflation in member countries to approximately 3% [,] decreased extreme poverty rates from 13.8% to 4.7%, and promoted economic stability” (Economic Impact of the Pacific, n.d., para. 4). The government representatives of these countries have also been prioritizing economic initiatives that will help their citizens be freer economically.

The Latin American region has suffered tremendously during the pandemic with a GDP drop of 7.7%. Nevertheless, the outlook for 2022 shows GDP growth of 2.5 % or above for all PA countries (Oliveros-Rosen, 2021).

Back in 2017, Latin America's economy as a whole was looking bright for the coming years. One factor that helped explain this was the low volatility in financial markets, due to a favorable global environment. Because of this development, "risk premiums have adjusted downward and stock markets have posted gains. However, Brazil's performance was worse than expected due to political uncertainty resulting from corruption charges brought against President Temer" (Latin America Slowly Returns, 2017, para. 6). Prior to this, his predecessor, Pres. Dilma Rousseff, was impeached and removed from her position for her role in manipulating the government's budget. Mrs. Rousseff succeeded Pres. Luiz Inacio Lula Da Silva who started the leftist movement in Brazil that Rousseff followed. Pres. Lula was in jail for his role in the corruption scandal involving the state-owned oil company Petrobras. This unfavorable circumstance will still have a positive effect on the PA and affect the economic fortunes of businesses within the member countries.

Another factor that will help the Latin America's region is that "[i]nflation continue[s] to decline in most of the countries in the region, thanks to weak internal demand, relative exchange rate stability, lower oil prices and more favorable dynamics in food prices" (Latin America Slowly Returns, 2017, para. 7). As a consequence, banks cut interest rates and monetary policy was more relaxed. There was an expectation that Mexico's central bank, Banxico, would have stopped the trend of increasing interest rates. Strong economic performance has resulted in a trend of decreasing risks. Despite this, Alliance countries, specifically Peru, have to be cognizant of delays in investment projects like infrastructure, which could negatively impact the economy. Additionally, "[o]n the external side, while the risks linked to US economic policies have diminished, the medium-term risks associated with the vulnerabilities of the Chinese economy have increased," (Latin America Slowly Returns, 2017, para. 9) according to Banco Bilbao Viscaya Argentaria (BBVA), a multinational Spanish banking group. Being mindful of these risks will propel the strong economic performance of the PA while guarding against potential setbacks.

The economic successes of the member countries are not limited to economic indicators, but include other initiatives as well. The countries are outward-looking, "and with eyes on Asia, the PA seeks to function externally as a unified commercial entity instead of a mere agglomeration of countries. A key example is the integration of the four member states' stock markets into MILA [(in Spanish Mercado Integrado Latinoamericano)]. The Santiago Stock Exchange, the Colombia Stock Exchange, and the Lima Stock Exchange signed an agreement of intention on September 2009. The first transaction of this integrated market with bourses and depositories of Chile, Colombia and Peru occurred on May 30, 2011. Later, in June 2014, the Mexican Stock Exchange and INDEVAL (The Institute for the Deposit of Securities) officially joined MILA, making the first transaction with this market, December 2, 2014 (MILA | Mercado Integrado Latinoamericano, n.d.). Nowadays, the MILA is the region's largest bourse in terms of capitalization" (Flannery, 2016, para. 3).

The bloc has achieved success by taking decisive steps to incorporate more complex stages of integration and not simply focusing on trade. The integration of the stock exchange markets is very important in many instances. This strategic move affects global capital markets (with companies from member countries having more access to capital from other nations), supports the integration of economies, and allows for mergers and acquisitions of businesses in an easier manner within the bloc.

According to the Heritage Foundation's Rankings of Economic Freedom, Chile ranks #19 in overall level of economic freedom, Colombia ranks #49, Peru ranks #50, and Mexico ranks #65 out of 180 nations surveyed (2021 Index of Economic, 2021). This is a good indicator about the member countries, with Chile falling into the range of Mostly Free, and the other three in the category of Moderately Free. This is compared to the Mercosur countries of Uruguay #44, Paraguay # 84, Argentina # 148, Brazil #143, and Bolivia #172 (2021 Index of Economic, 2021). In terms of regional rankings in North, Central, South America, and the Caribbean, Chile ranks 2nd (ahead of the United States), Colombia ranks 6th, Peru ranks 7th, and Mexico ranks 11th out of 32 nations. These two sets of rankings show that the citizens of the PA nations are moderately free economically, and this is an important metric to consider when analyzing consumer spending habits and companies looking to invest in FDI within the four countries. (2021 Index of Economic, 2021). These rankings, as well as the other economic indicators, show that the PA countries are overall better positioned when compared to other countries

in the region, including those in Mercosur. The Heritage Foundation bases these findings on four factors: rule of law (relating to property rights, government integrity, and judicial effectiveness); government size (government spending, tax burden, and fiscal health); regulatory efficiency (business freedom, labor freedom, and monetary freedom); and open markets (trade freedom, investment freedom, and financial freedom).

The member countries have done well economically, with Chile being a high performer. An op-ed of the New York Times claims, “[t]he Chilean economy has grown 4 percent on average over the past 10 years, largely on the back of growing trade, while the poverty rate has decreased steadily to 11.7 percent in 2015 from 39 percent in 1990, when under a restored democracy Chile began negotiating trade deals” (Muñoz, 2017, para. 5). Six of the ten referenced years included Chile’s participation within the PA, and it is logical to assume some of the gains came from the country sharing in the success of the trade bloc.

2.1.2. Business Domain

The PA countries are rated relatively highly for having supportive business environments. According to Nathaniel Flannery, “in such a short period of time, Chile, Peru, Colombia, and Mexico all rank within the World Bank’s top 60 countries for ease of doing business” (Flannery, 2016, para. 4). “None of [Mercosur’s] members rank in the top 90” (Flannery, 2016, para. 4). The PA has attracted 59 observer nations due to its economic successes and supportive business environment. Startup Chile is a startup community formed by the government for entrepreneurs to set up their startup businesses within Chile. “Starting in late 2010, the Chilean government spent \$880,000 (\$40k/company) to initiate Startup Chile’s pilot round, bringing 22 startups comprised of 33 entrepreneurs to Santiago. [Over the period of a year] 400 more startups have arrived over four more Startup Chile rounds” (Lustig, 2012, para. 1). This program, along with other government initiatives, facilitates the spread of innovation and entrepreneurship.

In addition to the ease of doing business in the bloc’s member countries, there is a strong consensus of providing for a brighter future within the countries. There are movements within the bloc to combat youth unemployment, which are being spearheaded by policymakers. Another initiative is working towards greater gender equality within the workforce, especially when considering these countries have traditionally rated high on the Hofstede (2011) scale of masculinity. The Latin American member countries have traditionally been male-dominant and they are working on equality policies focused on correcting this.

Another aspect to consider is innovation. According to the World Intellectual Property Organization (WIPO), and its Global Innovation Index 2021, the PA countries support innovation, according to the leading rankings of the PA countries. Among the Latin America and the Caribbean region, Chile is ranked first in the region, while Mexico is ranked second, and Costa Rica (which is in the process of joining the bloc) is ranked third in the region. Globally, these countries are ranked 53rd, 55th, and 56th, respectively (Global Innovation Index 2021, 2021). This ranking examines the innovative activity and the resulting growth in the business domain.

Moreover, unemployment rates within the member countries of the trade bloc are falling. According to the WB, Chile’s unemployment fell from 7.34% in 2011 to 6.99% in 2017, Colombia’s from 10.19% to 8.96%, and Mexico’s from 5.19% to 3.5%, while Peru’s rose from 3.44% to 3.68%. Despite the small increase in Peru’s unemployment since the origins of the PA, the other countries have performed well and decreased unemployment. This indicates a strong economy and affects businesses in varying ways, such as the size of the labor pool and the compensation workers seek in exchange for their services. By comparison, in the same time period, the Mercosur countries’ unemployment had risen in Argentina from 7.05% to 8.74%, in Brazil from 6.69% to 12.88%, in Paraguay from 4.67% to 5.8%, in Bolivia from 2.22% to 3.11%, and in Uruguay from 6.31% to 8.13% (International Labour Organization, 2017). If Venezuela was included in the comparison, the overall statistics would be much worse – the country was evicted from Mercosur in August of 2017 as a result of trade and human rights violations. This evidence proves that PA countries are outperforming other Latin American countries, and even the more well-established trading bloc, Mercosur. The increase in unemployment in Mercosur countries shows a weaker business environment when juxtaposed to the PA, and could even result in worker migration. In 2021, many of these figures have been affected; Colombia 14.5%, Brazil 13.8%, Uruguay 10.4%, Argentina 10%, Chile 9.1%, Peru 8.7%, Bolivia 7.8%, Paraguay 6.1%, and Mexico 4.1% with the lowest level of them all. The projections for 2026 are very positive (Romero, 2021).

The bloc offers great business potential, with a good environment for large, reputable firms to be firmly established. Baker McKenzie, a multinational law firm, states “[we] have a dedicated task force focused on the

Pacific Alliance that keeps our clients up to date on developments” (The Most Important Latin, 2017, para. 2). In another statement, the company explains why the regional bloc might attract investment: “[t]he Pacific Alliance has the potential to become Latin America's largest economic and trade bloc” (The Most Important Latin, 2017, para. 1). The PA’s strong economic foothold and economic gains lead to more FDI, and this repeats in a systematic cycle, which should nurture growth.

2.1.3. Political Domain

Since its formation, the PA members have faced several political changes. Among these are several presidential changes which in Latin America have dramatic repercussions in economic and foreign policy. In June 2019, during the Lima Summit, the group reaffirmed its commitment to the principles of free trade (Foster, 2020).

The Alliance has survived power transitions in Peru and Colombia, a shift from right- (Pres. Pinera 2010-2014) to left-leaning (Pres. Michelle Bachellet 2014-2018), and back to right-leaning Pres. Pinera in 2018 (Foster, 2020). The situation in Peru was complicated as well: Pres. Vizcarra (2018-2020) moved to dissolved congress to fight corruption, sparking a political crisis. The two previous presidents who fought hard for the Alliance, Pres. Humala (2011-2016), and Pres. Kuczynski (2016-2018), found themselves under lock and key, accused of corruption. President Garcia (2006 – 2011), who spearheaded the Alliance, took his own life rather than face charges (Foster, 2020). President Castillo (2021-), took office on July 28th, and ran on a far-left leaning platform. He is a former rural primary schoolteacher, farmer and union activist who lacks any political experience and never before held political office. The first few months of his presidency have been marked by highly criticized appointments, resignations and a strong opposition in congress, where his party doesn’t hold a majority.

Probably, the greatest of all political concerns within the Alliance has been Mexico. Current Pres. Lopez (2018-) was preceded by Pres. Pena (2012-2018) and Pres. Calderon (2006-2012), both strong supporters of free trade and the PA. Pres. Lopez is habitually described as a center-left progressive populist and economic nationalist (Rodrigues, 2018), which does not augur well for the PA’s future. Pres. Lopez didn’t attend the Lima Summit and dispatched emissaries to represent him, creating serious concerns (Foster, 2020). Nevertheless, on December 11, 2020, Pres. Lopez participated virtually in the XV Summit of the Pacific Alliance, along with the heads of state of Chile, Colombia, and Peru; dissipating previous concerns (Presidencia de la Republica, 2020). Perhaps the actions by Pres. Trump and his intention to abandon the North American Free Trade Agreement (NAFTA) ended up helping PA obtain support from Pres. Lopez. Ultimately, the Alliance follows his goals of increasing trade with Latin America, opening up to China and Asian markets, and diversifying Mexican export markets away from the United States (Foster, 2020).

Corruption is prevalent in the governments of developing nations, and ranking countries based on the perception of corruption helps indicate the political environment within the countries. Collectively, the PA nations are rated within the top 124 countries in terms of corruption. Chile is ranked 25th, Colombia 92nd, Peru 94th, and Mexico is ranked 124th (Corruption Perceptions Index 2020, 2021). In this ranking, if a country is ranked closer to #1, or near the top of the rankings, it means that the country is less corrupt. These metrics are according to Transparency International’s Corruption Perceptions Index 2020. Chile’s higher ranking is a positive sign of a government that is relatively free of corruption and which could positively influence the rest of the bloc, but Mexico’s corruptness is well-known and its low ranking brings the overall bloc’s ranking down as a whole. Colombia and Peru’s high rank aren’t comforting, but there traditionally has been a high amount of corruption within Latin American governments. Within the Mercosur countries, Uruguay is ranked 21st, Argentina is ranked 78th, Brazil is ranked 94th, Bolivia is ranked 124th, and Paraguay is ranked 137th (Corruption Perceptions Index 2020, 2021). The countries of the two blocs are relatively similar in comparison.

Government representatives within the PA are proactively introducing progressive measures that will aid in the rapid growth of the bloc: "two positive initiatives already underway [include] progress in the creation of a Pacific Alliance-wide debt fund (Pacific Alliance Infrastructure Investment Fund) and the harmonization of the regulatory framework for public-private partnerships" (Álvarez, 2017, para. 8). The debt fund will foster creation of infrastructure, which will assist both businesses and people. Harmonization of the framework will have implications within the business domain. The debt fund could be used for a variety of other municipal purposes as well, such as the creation or support of schools and other public projects in underdeveloped areas.

In their most recent declaration, after the December 2020 summit, the PA Presidents signed the Pacific Alliance Presidential Declaration on Gender Equality and Regional Digital Markets. The first one created a roadmap to

identify priority areas for action and goals to design, implement, and evaluate public policies and initiatives to promote the economic and social development of women in the region. This includes the adoption of regulations to eliminate barriers to women's access to capital and credit; to implement actions that ensure that men and women have equal rights and opportunities in the workplace; to increase the regional balance of women in decision-making positions; and to increase the regional balance of women graduates in science, technology, engineering and mathematics. In addition, the Presidents declared their firm intention to advance the implementation of the Strategy for a Regional Digital Market to improve access to digital commerce, promote digital commerce, and boost the digital economy to generate new sources of growth and productivity (With Declaration, 2020).

The PA created multiple working committees to further policy objectives, without undue bureaucracy. As an example, "the Alliance has established 30 technical bodies that work to advance areas such as trade facilitation, innovation, trade in services, regulatory cooperation, tourism, movement of people, export, and investment promotion, among others" (What is the Pacific Alliance?, 2021). These groups help the bloc run more efficiently, and create a 'separation of duties' that allows for greater productivity and for issues to be resolved in a timely manner.

One of these efficiency/policy groups is the Committee of Experts CEAP (The acronym CEAP, in Spanish, stands for 'El Consejo Empresarial de la Alianza del Pacífico,' or the Pacific Alliance Business Council.). The Council "promotes actions to enable the [Pacific Alliance] to effectively coordinate industry efforts, with a strong focus on innovation and production linkages, so as to take advantage of opportunities offered by emerging markets in Asia and other continents" To maintain equal interests for all of the countries, "[t]he CEAP is formed by representative chapters of each member country, which in turn are formed by four prominent business leaders and representatives from the national private sector" (The Pacific Alliance: Consolidating, n.d., para. 4). This system is both simple and efficient due to its design.

There have been other political initiatives within the bloc. The PA is focused on the joint promotion of collaborative trade and investment "including through the establishment of joint promotion agencies in third countries. In 2013 the countries agreed to create the figure of shared diplomatic Headquarters" (The Pacific Alliance: Consolidating, n.d., para. 8). in Turkey, Ghana, Morocco, Algeria, Azerbaijan, Vietnam, Singapore, and France (the OECD in Paris). These actions represent further convergence which will have an effect on the economic, business, and social domains. In June 2017, the members reached "a tax agreement for pension funds operating in the bloc to stimulate investment in infrastructure projects. The maximum tax rate charged on pension fund investment returns will be 10 percent" (Pacific Alliance to Admit, 2017, para. 9). This initiative to increase spending on public infrastructure will be beneficial for citizens and businesses, both of whom gain from these projects.

2.1.4. Social Domain

Within the PA, social indicators of the quality of life within member countries are relatively high. There is a high level of education across all four countries. The social structure is collectivistic, meaning that there is a large focus on groups, both within family life, and in work life, as citizens within these countries are very close and value relationships to a higher degree than citizens from collectivist countries like the United States. There are also initiatives to correct gender equality within the workforce.

In terms of the Gross National Income (GNI), according to a report by the United Nations Development Programme, the GNI per capita (2011 PPP) in Chile is \$21.7K, in Colombia is \$12.8K, in Peru is \$11.3K, and in Mexico is \$13.3K; for the same metric in the Mercosur bloc Argentina is \$20.9K, Uruguay is \$19.1K, Brazil is \$14.1K, Paraguay is \$8.2K, and Bolivia is \$6.2K (Table 1: Human Development, n.d.). Chile's overall rank of 38 in global HDI is the highest of any Latin American country. The PA countries compare favorably to the Mercosur countries in GNI per capita adjusted for PPP. The CIA World Factbook reports that there are very high literacy rates in the bloc: 97.5% in Chile, 94.2% in Colombia and Peru, and 94.5% in Mexico, and the five Mercosur countries average out to a 95.36% literacy rate (The World Factbook: Literacy, n.d.). This provides evidence that the population is well-educated, and citizens are informed about their rights and not suppressed by their governments. In the educational realm, scholarships have been awarded to university students so "that they may study in other member countries, thus fostering the development of highly trained professionals and strengthening cultural exchanges between member countries" (The Pacific Alliance: Consolidating, n.d., para. 9).

This initiative, paired with policy allowing workers to freely travel to improve their job prospects, indicates successful social policy enacted within the PA.

The PA is currently exploring a single passport for citizens of its member nations to encourage tourism and world trade. This is significant due to the recent string of protectionist policies around the world. “Alliance members are among the keenest proponents of free trade in the Americas and have backed Mexico after U.S. President Donald Trump threatened to scrap the North American Free Trade Agreement and tightened immigration controls” (Pacific Alliance Explores Single, 2017, para. 3). Having a progressive stance on trade and migration of workers and consultants constitutes a great incentive for an influx of skilled workers to the PA countries. This also gives the PA an element of the common market form of regional trade integration, and shows the high level of convergence the member countries are working towards. “One of the instructions, the commitments you want to achieve in the development of this great Pacific Alliance is the ease of migratory mobility” (Pacific Alliance Explores Single, 2017, para. 4), Christian Kruger, head of Colombia’s migration agency, told reporters at the PA summit in Cali. But a massive undertaking such as this is both complex and capital-intensive, as “[s]uch a move would require an improvement in cross-border information to maintain security and prevent crime,” (Kruger, quoted in Pacific Alliance Explores Single, 2017, para. 5). Allowing people to move freely is no small task and requires many resources.

One social impact caused by the PA has been increased tourism from member nations. According to a report from Colombia’s Industry, Business, and Tourism Industry, “15% of Colombia’s international visitors came from fellow members of the Pacific Alliance (Chile, Peru, and Mexico) from January to February 2013” (15% of Colombia’s Visitors, 2013, para. 1). This is a shift towards the flow of tourism and workers across the borders of the member countries will help businesses thrive by connecting management and labor in something more akin to a common market level of regional integration. With a higher emphasis on tourism following the creation of the Cooperation Agreement for Tourism in 2012, “Peruvian became the 5th most-numerous travelers to Colombia, while Chileans came in 6th, and Mexicans came in 9th. Chile was the highlight, among Alliance members, for tourist flows to Colombia. In 2011, 56,090 Chileans entered Colombia. In 2012, this grew by 35%, to reach 76,154 visitors” (15% of Colombia’s Visitors, 2013, para. 8). The formation of the PA bloc has had further implications in how tourists are traveling between the countries in the bloc, and surely the increased tourism will lead to tourists from outside the PA as well. The tourism committee has coordinated strategic actions to facilitate mobility, the realization of promotional events, or specialized business conferences; all this with the aim of generating a growing and constant movement of intra or extra regional people.

The social result from the PA’s convergence in tourism is becoming readily apparent. “In recent years, this [tourism] sector has generated a significant economic impact on each of its member states. In the case of Peru, foreign exchange earnings from inbound tourism have increased from USD 732 million in 2011 to USD 1.022 million in 2013” (Silva, 2015, para. 2). A May 7, 2013 meeting of the Tourism Working Group of the PA focused on joint projects and actions aimed at sharing best practices and experiences, supporting the member nations in multilateral relations, and facilitating free flows of tourists.

A social initiative within the PA has increased travel to and from the region. The member states have prioritized visa facilitation within the Alliance. According to the World Economic Forum, “the elimination of tourist visas from Mexico and Peru, in 2012, which has contributed to a significant increase in Mexican tourists to Peru; from 46,005 in 2011 to 67,016 in 2014 (+ 46%)” (Silva, 2015, para. 4). This proves how much the Alliance members value convergence, with the belief that the visa program will have significant effects both on the economies and businesses of the alliance. There has also been an increase in travel from the Pacific Alliance. According to an article from the British Columbia (BC) Council for International Education, “BC has roughly 4,320 international students from the Pacific Alliance markets, which combined make up the 7th largest source of international students studying in BC. This is an increase of 39% between 2010 and 2015 with some of the largest increases coming out of Colombia and Peru” (Moore, 2017, para. 6). This illustrates increased mobility within the bloc, and increased prioritization of quality schooling.

After the PA’s Santiago Summit in 2020, the joint declaration clearly established future objectives: “[a]dvance in the evaluation for the implementation of the “Pacific Alliance Visa” as an element that allows promoting tourism and boosting the mobility of business people and entrepreneurs from third countries who wish to establish business contacts with the countries of the Pacific Alliance” (Grupo Técnico de Movimiento de Personas, n.d)

In November 2012, Mexico announced the abolition of visas for nationals of Colombia and Peru, since Chilean nationals did not require visas to enter Mexico. The facility granted by Mexico is broad and includes any unpaid activity. In May 2013, Peru announced the abolition of visas for businesspeople from Chile, Colombia and Mexico for up to 183 days as long as they carry out an unpaid activity in the country. With these decisions, the member countries of the Pacific Alliance adopted mobility for people who enter their territories for up to six months, as long as the activities they carry out are unpaid, such as tourist trips, transit or business.

In relation to mobility, the implementation of the PA's Student and Academic Mobility Platform, has been an effective cooperative mechanism. The Platform has favored human-resource training in public and private universities in the four participating countries, through the granting of some 400 grants annually for student and research exchanges that enable beneficiaries to travel to any of the three receiving countries. This "Alliance Erasmus Program" seeks to bring university students and professors closer together and thereby strengthen personal and professional ties among the countries the basis for future relationships of greater significance. Some 2000 people have benefited from these incentives (Briceño-Ruiz, Legler, & Prado, 2021).

2.1.5. PHYSICAL DOMAIN

In the last 5 years, the PA created framework to fight climate change. During the Santiago Summit in 2020, the PA pledged to deal with plastic waste more sustainably. The declaration also indicated "the approval of the Roadmap of the Presidential Declaration on Sustainable Management of Plastics, signed in Lima in July 2019, which will allow the implementation of actions aimed at reducing the impact of single-use plastics on our environment" (With Declaration, 2020).

The economies of Chile and Peru are focused on green energy initiatives, looking toward a more sustainable future. A WB article says three of the member countries (excluding Peru) "have already implemented carbon taxes, and Mexico has gone even further, agreeing to link to the Western Climate Initiative in the near future. Moreover, in several declarations and statements, the Alliance has confirmed its commitment with both climate mitigation and market based instruments" (Pizarro, 2017, para. 2). Being one of the leaders in the sustainable energy movement could have potential benefits to the PA in both future FDI investments and in cost reductions. The group formed a cooperation fund "formed with monetary contributions from each member country with the aim of guaranteeing financial resources for existing and future projects, particularly those related to environment and technological development issues, thus ensuring long-term sustainability" (The Pacific Alliance: Consolidating, 2017, para. 11). The cooperation fund funds solutions to environmental and technological issues, and will help increase these areas of viability within the PA in the future.

The PA countries also committed to environmental initiatives. In the summer of 2017, in Cali, Colombia, the PA's government representatives made a commitment to promote a green growth strategy to counter climate change; in part, because "moving towards a regional market necessarily requires agreement on an institutional infrastructure that allows for trading or crediting emissions reductions" (Pizarro, 2017, para. 4). They are also working towards a voluntary carbon market for the region, "including a common system to monitor, report and verify (MRV) emission reductions. Specifically, the Cali declaration asserts the leaders' conviction to pursue a green growth strategy 'as the only avenue to face the challenges of climate change that especially affects the region'" (Pizarro, 2017, para. 3). The need for consensus cannot be understated because a carbon market is complex to implement. This is why the bloc's government representatives formed the Pacific Alliance Environment and Green Growth Group (PAEGGG) to work on proposals for MRV and carbon markets in July of 2016.

The PA countries are committed to preserving their natural resource reserves and instituting a more sustainable future through various climate policy initiatives. Large international institutions like the International Emissions Trading Association (IETA) and the Climate Markets & Investment Association (CMIA) have noticed. The IETA and the CMIA associations announced the PA as the final winners of the Carbon Pricing Champion Award at COP23, 23rd United Nations Climate Change Conference in November 2017 in Bonn, Germany. The award was in recognition of the June 30 Cali Declaration. "The four nations announced their intent to increase efforts to measure and report emissions and to establish a voluntary regional emissions trading market. This move to explore a market is a significant step for the region, and the cross-border collaboration of the four nations could

act as a model for other countries in Latin America” (Kouchakji, 2017, para. 2). The award recognizes the group’s focus towards long-term sustainability and thinking.

One of the biggest challenges the PA faces is high dependence on commodities some of its country’ members have. Price stagnation or decline greatly affects the economies of countries like Peru and Chile. Both countries’ main export is copper, with its main destination being China. When the Chinese economy started to slow down it affected Latin America, which has become too dependent on China. As a consequence of this dependency, the Latin American region has the lowest growth rate of any region in the world (Foster, 2020).

2.2. THE GLOBAL OUTER DOMAINS

2.2.1. Trade Blocs

The administration of President Donald Trump renegotiated NAFTA into the USCMA which includes Mexico, withdrew from the Trans-Pacific Partnership (TPP), and started a trade war with China. After all these events, Mexico, Peru and Chile helped to pick up the pieces of TPP to form the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) (Foster, 2020). The continued, harsh rhetoric of the Trump administration against trade and in favor of protectionism, coupled with the rise of the PA, does not mean positive outcomes for the United States. This provokes a separation from the United States and an approximation to Asia (Foster, 2020). The USCMA negotiations opened the possibility for both Mexico and Canada to use the PA as a vehicle to continue expanding and increasing their international ties due to their individual memberships within the bloc.

Protectionist rhetoric is losing supporters in the United States, but there are also implications for the Mercosur countries, who will seek alliances and potential convergence with the PA after recent political changes and be moving away from their own protectionist leaders. In terms of being active in other trade blocs, Chile, Colombia, and Peru are all associate states of the Mercosur Common Market, while Mexico is an observer state.

Members of the PA may legally negotiate their own free trade agreements externally, which has permitted the nations to consider the formation of other trading blocs. Three of the four AP member countries joined a trade bloc that was originally called the Trans-Pacific Partnership, or TPP, now the CPTPP. Chile hosted a meeting for the group in Viña del Mar, in March 2017. At that meeting, “[t]he 15 Pacific Rim nations in attendance [...] signaled a strong and stable consensus across the Asia Pacific region that open economies, free trade, and regional integration represent the way forward for achieving inclusive and progressive development” (*Muñoz, 2017, para. 4*). *The PA is spearheading a movement of increasing both the amount and reach of trade blocs in its region. The bloc as a whole began trade negotiations with the other nations present, striving to meet the standards of the TPP, “such as improved services access, stronger labor rights, enhanced environmental protections and common guidelines for e-commerce. This commitment represents a major shift, as the emphasis is no longer on what will happen to the T.P.P. but on advancing its vision by using the Pacific Alliance as the platform for future trade agreements” (Muñoz, 2017, para. 6). Alliance countries have been arguing for this vision all along, and they are progressing with agreements for expanded trade. The TPP is now known as the CPTPP, as was signed on March 8, 2018, by 11 countries.*

Due to its success and the supportive environments for growth in member countries, the PA has, in essence, become a counterbalance to Mercosur. The fact that it has 59 observer states, 2 states in the process of becoming full members (Costa Rica and Panama), and 6 candidate countries for Associated States (Australia, Canada, South Korea, Ecuador, New Zealand and Singapore) after only ten years of existence serves as a testament to its strategic leadership, potential, and success.

As of July 21, 2021, the PA and Singapore have concluded negotiations for the Pacific Alliance-Singapore Free Trade Agreement (PASFTA). Singapore and the PA will work towards a formal signing during the Pacific Alliance Summit in December in 2021, in Colombia. Singapore will become the first Associate State of the Pacific Alliance upon signing of the PASFTA (Pacific Alliance, 2021). Once the negotiation with Singapore concludes, similar deals with South Korea and Ecuador will follow.

Canada has comprehensive and ambitious bilateral free trade agreements (FTAs) with all four Pacific Alliance members. In October 2017, Canada launched FTA negotiations with the Pacific Alliance, with a view to becoming an Associated State. Canada’s total merchandise trade with Pacific Alliance countries totaled a value of \$44.8 billion in 2020—76.5% of Canada’s two-way trade with Latin America (excluding the Caribbean).

Canada also has major investments in the four countries, with \$72.6 billion of Canadian direct investment in 2020—77.3% of Canada’s total investment in Latin America, excluding the Caribbean (Canada, n.d.).

The countries within the bloc are looking for further convergence and expansion. The addition of associate nations is one means to this end. The goal for inducting these associate nations is to broaden the reach of trade flows and investments within the Alliance. An article from the non-profit International Centre for Trade and Sustainable Development (ICTSD) highlighted how the PA meeting in October 2017 “follow[s] on an invitation extended this summer by the Pacific Alliance to four observer nations – Australia, Canada, New Zealand, and Singapore – to become associate members. The ‘associate member’ status is designed to allow for the Pacific Alliance coalition to negotiate trade deals as a bloc with other interested countries” (Pacific Alliance, Associate Members Kick, 2017, para. 3). Many other nations are interested in the PA and lucrative non-taxed trading rights. Further discussions ending on February 2nd, 2018 were conducted and the “goal of last week’s talks, officials confirmed, was to help pave the way for the future exchange of market access offers and advance discussions on future rules. The accord, if reached, would aim to go beyond existing arrangements, open up new market opportunities, and significantly deepen regional relationships” (Pacific Alliance, Associate Members Advance, 2018, para. 3). Discussed trade topics included goods market access, tariff reduction, investment, environment and labor rules, temporary visas for business people and other services-related issues, rules of origin, customs, technical barriers to trade, regulatory cooperation, competition policy, gender equality in the workforce, and a system to support small and medium-sized enterprises (SMEs), among other issues. The next round of negotiations is scheduled for March 5th of 2018 in Santiago, Chile, and expected to be completed in July. The discussion of proposed new associate nations will start in August of 2018.

The PA is attempting to further define the role of new associate nations. At a 2017 PA summit in Cali, Colombia, Chilean President Michelle Bachelet said that “[t]his category will be obtained by countries with which the Pacific Alliance as a bloc subscribe to ambitious and high-standard economic-trade agreements with the purpose of consolidating and expanding integration as an instrument of economic development” (Pacific Alliance to Admit, 2017, para. 4), adding that the block would fight against protectionism. But the interest for this status in the PA is not just beneficial to the member countries, but mutual for every party involved. At the same summit, Colombian President Juan Manuel Santos claimed, “[w]e are going to open the alliance to associate members so that we can establish different relations with interested observers to affiliate in some way with the four countries that have the most dynamic economies in Latin America” (Pacific Alliance to Admit, 2017, para. 7). The four current associate members are looking for new markets to sell their products in the PA. The commercial director of PromPerú, Luis Torres, commented that the presence of associate nations “will create conditions for stronger and deeper value chains in the 8 countries” and that he would not be surprised to see other countries willing to join as the negotiations progress” (Garcia, 2017, para. 7). The bloc hopes “for the U.S. to join their [trade bloc], with the ultimate aim of creating an FTA zone that spans the Americas. The U.S. has already inked agreements with each member of the Alliance. [...] Further, ASEAN was invited to join as an observer in November 2012. While observers do not enjoy full privileges, they do gain increased access to the trade links of the group’s members” (DeHart, n.d., para. 25). The People’s Republic of China is also an observer nation of the group. The increased trade links for observer countries are very important and help explain the dynamism of the PA.

Bringing in associate members is in line with the goals of the trade bloc. “Proponents of bringing on associate members note that this could boost regional trade, along with allowing participants to develop deeper trade rules than what is currently included under the Pacific Alliance framework” (Countries Sign Pacific Rim, 2018, para. 27). Government representatives involved foresee deeper integration for associate nations. The virtual meeting on March 6th included a “‘strategic vision’ from [2018] through 2030, including in relation to the Sustainable Development Goals (SDGs). They also reviewed their approach to the trade talks with prospective associate members,” (Countries Sign Pacific Rim, 2018, para. 28) as well as market access and small and medium-sized enterprises (SMEs). The goals of these meeting are reach further than trade. Ricardo Meléndez-Ortiz, the Chief Executive of the International Centre for Trade and Sustainable Development (ICTSD), said that the upcoming “July meeting [(July 24-25 in Mexico)] would be a key opportunity to consolidate and lock-in integration trends and shield them from political changes taking place in the region, and also to set off Pacific Alliance – Mercosur integration dynamics” (Countries Sign Pacific Rim, 2018, para. 29). The potential for an integration between the two trading blocs would bring a lot of attention and focus to Latin America with a potential expansion on business and investments.

2.2.2. Global Institutions

If a country is a part of a global institution such as the WTO, then it has to comply with the institution's rules and policies. Signatories of any multilateral organization must consider the organization when making policy decisions. According to the official website, "[t]here are a number of ways of looking at the WTO. It's an organization for liberalizing trade. It's a forum for governments to negotiate trade agreements. It's a place for them to settle trade disputes. It operates a system of trade rules" (What is the World, n.d., para. 1). The WTO acts as a negotiating forum for resolving disputes between countries. One of the requirements is that "members are required to notify the WTO of any regional trade agreements in which they participate. By 2014, nearly all members had notified the WTO of participation in one or more agreements. The total number currently in force is more than 500" (Hill, 2021, p. 256). The WTO keeps track of the various regional organizations a country belongs to and keeps other countries informed of presence in these organizations.

The PA trade bloc has been recognized on the world stage by the WTO for its sale of catastrophe bonds. "(PA) issued the largest sovereign risk insurance transaction ever seen and the second-largest catastrophe bond in history. And according to two officials at the World Bank, the bond sale potentially opens the market for other sovereign issuers. The bloc, comprising Chile, Colombia, Mexico, and Peru, jointly printed \$1.36bn across five tranches of earthquake coverage" (Agra, 2018, para. 2). Catastrophe bonds are debt instruments which raise money in case of potential catastrophes like hurricanes and earthquakes, to help the countries taking the bond out to recover from these potential disasters. These bonds are an alternative to traditional insurance. "Antonio Davila-Bonazzi, a lead financial officer at the World Bank treasury said there was "no question" the PA's efforts would generate heightened demand. He also said the transaction proved new sovereigns could issue these instruments in today's market conditions" (Agra, 2018, para. 10). Paul Schultz, CEO at AON Securities, said the CAT bond paves the way for governments to develop risk management programs, particularly for uninsured exposures, in addition to raising the required capital to cope with the disasters. Davila-Bonazzi describes why these catastrophe bonds are necessary: "PA members' geography leaves them open to potential natural disasters. In the last 18 months alone [as of February 2018], Peru has been hit by mudslides, while Mexico experienced two earthquakes in 2017. In Colombia, a landslide in April left more than 250 people dead and Chile is placed on an active earthquake zone" (Agra, 2018, para. 13). The geography of the member countries leaves them vulnerable to various potential natural disasters, and Chile and Peru are at risk of tsunamis. The bonds of Chile, Colombia, and Peru will provide coverage for three years, while Mexico's bonds will only provide coverage for two years.

The PA nations are not only members of the WTO but of many other global institutions. All four of the PA countries are members of the International Labor Organization (ILO). On its website, the organization describes itself as "[t]he only tripartite U.N. agency, since 1919 the ILO brings together governments, employers and workers of 187 member States, to set labour standards, develop policies and devise programmes promoting decent work for all women and men" (About the ILO, n.d., para. 1). Similarly, all four countries are members of the International Monetary Fund (IMF), Chile and Mexico are part of the 34 OECD (Organisation for Economic Co-operation and Development) countries and Colombia and Peru are two of the 12 non-member countries which have signed up to implement the OECD Guidelines. The OECD was established in 1961 and is "a forum of 34 industrialised countries that develops and promotes economic and social policies. Its mission is to 'build strong economies in its member countries, improve efficiency, home market systems, expand free trade, and contribute to development in industrialised as well as developing countries'" (OECD Guidelines, n.d., para. 1). In essence, the organization promotes free-market policies and trade. The PA countries are also members of the Asia-Pacific Economic Cooperation (APEC) with the exception of Colombia. All are members of the Inter-American Development Bank (IADB), the International Bank for Reconstruction and Development (IBRD), the Community of Latin American and Caribbean States (CELAC), the International Fund for Agricultural Development (IFAD), the Organization of American States (OAS), the Union of South American Nations (UNASUR), the United Nations (UN), and the International Olympic Committee (IOC) (The World Factbook: International, n.d.). Member country participation in all these organizations shows a mindset of convergence and integration.

2.2.3. Neighboring Country Dynamics

In the case of the PA, the concept of neighboring country dynamics (NCDs) may not be as recognizable as other areas, since the four countries do not all share borders with the others (Colombia and Peru are neighbors and share a border; Chile and Peru as well. But Colombia and Chile, although in the same region, are not immediate neighbors. Mexico is in Latin America but is not an immediate neighbor with Colombia, Peru, or Chile). Nevertheless, the countries may share historical or common-goal convergence. NCDs is not only associated with sharing borders, it also involves dynamics that could be historical in nature or that have to do with the common goals of countries where convergence exists. In the PA case, geographically speaking and by looking at a map, it is easy to locate a geographical and political divide created between the Mercosur and PA countries. Also, NCDs in this case are part of an increasing regionalism. The NCDs of Venezuela (former Mercosur member) and Colombia, which are neighboring countries, pushed them to Mercosur and the PA respectively due to differences in the government systems. Although looking at the Venezuela-Colombia (Mercosur-PA) or Mexico-United States (NAFTA, now USCMA) cases may be simpler NCDs the PA's NCDs are also in stark contrast to those of Mercosur, where group thinking led to stalemates in convergence. If we go back to the original description of neighboring country dynamics:

Neighboring country dynamics are particularly important to consider in the globalization process as they often play a role in trade agreements and are a significant influence on global divergence or convergence. When two countries are neighboring one another, one country's policy may exert pressure on its neighbor to counterbalance the situation. In addition, issues in any given country are most likely to impact the closest adjacent countries first. The situation, depending on its nature, could create a convergence of the two countries bringing them closer together or could create divergence resulting in separation. (Riveras et al., 2018, p.5)

In this particular case, government policies of country members, the goal of convergence, common history, and the fact they are in the same region can be considered to be within the scope of the definition of NCDs. Thus, the PA NCDs can be expanded to include historical ties such as having similar cultures, language, and conquerors, as well as geographic adjacency. The PA countries have a common goal to take advantage of their geographic location and access to the Pacific Ocean to expand their ties with Asian countries.

One NCDs relating to the original divergence between Mercosur and the PA can now be turned into a potential convergence between the two blocs. Bolivia, which is geographically located between the both the PA and the Mercosur blocs, entered the Mercosur Common Market, but has historical ties to the PA. Bolivia, a landlocked nation, lost access to the coast of the Pacific Ocean in 1904, in the War of the Pacific against Chile. Due to the political and historical ramifications of a potential convergence or integration between the blocs, Bolivia could be the key piece in the merger as the joining member between the two. Bolivia could benefit from a connection to both blocs and may possibly regain its free trade access to the Pacific Ocean, which would help ease the tense political situation between Bolivia and Chile. Bolivia unsuccessfully attempted to sue Chile in 2013 over ports and ocean access.

Andrew Tuck's 2014 article published by the National Center for Asia-Pacific Economic Cooperation argues that the region's size and lack of developed infrastructure are harming intramember trade. The passage of what eventually became the CPTPP "won't help the countries develop roads, bridges, ports and airports to increase productivity. The region's transport infrastructure will require billions of dollars of investment to match the level of the world's most competitive economies" (Tuck, 2014, p. 8). He argues that as an "example, shipping a container from Bogotá to the port of Barranquilla (both located in Colombia) is three times the cost of shipping it from Barranquilla to Hong Kong, while Santiago is about as far away from Mexico City as London is from Nairobi" (Tuck, 2014, p. 8). The shipping costs on land have to improve if the Alliance wants to increase intramember trade and exports to other Latin American countries. Tuck also claims "[g]eography partially explains why Latin American countries are not big trading partners with each other. According to the WTO, only 27% of all Latin American exports go to other countries in the region. By comparison, 70% of European exports remain in Europe, and half of all Asian and North American exports are bought by neighboring countries" (Tuck, 2014, p. 8). For the bloc to succeed, infrastructure must improve, to lower shipping costs and make land-based trade a more economical and viable option.

The NCDs within Latin America may be preventing trade between neighboring countries. Deborah Elms, the executive director of the Asian Trade Centre, says “[a]ttempts to engage a larger membership may be motivated by obstacles preventing cross-border trade within their own region” (Jegarajah, 2017, para. 6). Infrastructure could be a potential solution. Elms says the PA nations are at a disadvantage because neighboring countries in the Mercosur bloc “ha[ve] been stuck and protectionist forever. This has left Chile unable to craft a sensible trade strategy in the region. They have instead struck out on their own and signed agreements with anyone else who is willing and started down the PA path to help them cope with their problem” (Jegarajah, 2017, para. 7). This reasoning helps to explain the formation of the PA and the recent agreements by member countries signing FTAs with other nations.

Another aspect of the NCD is how divergence from the protectionist dynamics the US implemented during the Trump administration actually helped the PA become further unified, stronger, and more attractive to new associate and member countries. Colombia, Peru, and Chile stood with Mexico when it was under the attack of the Trump administration, and Mexico knew the PA offered options for expanding to other markets. In addition, it reduced dependence on exports to the US, and created further potential for Latin American integration with Mercosur (Foster, 2020). In essence, the Trump administration inadvertently weakened the US position, and strengthened the PA members’ positions. Ultimately, the NCDs between Mercosur and the PA are immense, and the potential impact of further integration between these two blocs will create a major global player. Ecuador is in the process of joining the PA as well as Costa Rica, and Singapore recently concluded negotiation of a Free Trade Agreement. South Korea and Canada will probably follow.

3. RECOMMENDATIONS

Intraregional trade is still very small, compared to trade with countries outside the bloc “[...] only 4% of the international trade of these four countries is directed within the Alliance. This is due to several factors, such as the different productive structures of the countries and the persistence of obstacles to intraregional trade, an issue that is pivotal,” (Álvarez, 2017, para. 6) according to José Manuel González-Páramo, the executive director of BBVA in Santander. With the goal of promoting trade, he proposes an emphasis on transport and logistics infrastructure, administrative simplification and the reduction of non-tariff barriers.

Among the eight PA economies, including the new Associate members, “[i]ntra-regional exports in Latin America account for 20 percent of total exports, as compared to the 60 percent of intra-regional exports in the EU and 50 percent in the East Asia-Pacific, according to World Bank data” (Mercosur, Pacific Alliance Members, 2017, para. 7). This lack of trade, even with the associate nations included, is a sign that more attention needs to be directed by government representatives to intramember trade. The PA countries seem more eager to trade with other nations than among each other, even with the removal of tariffs and other barriers to the free flow of trade between the countries. Nathaniel Flannery argues that the reason for the low percentage of inter-bloc trade is that “inter-Latin American trade isn't nearly as dynamic and well linked through cross border production as trade along the US-Mexico border, but the Pacific Alliance represents an important effort to foster increasing cooperation moving forward” (Flannery, 2016, para. 1). Such growth potential for further intratrade, and lack of trade barriers, implies a great opportunity that should be tackled. However, lack of appropriate infrastructure hampers trade, which is why investment in better infrastructure to interconnect countries is of critical importance.

Despite the PA’s strong performance in a short span of time, there are still challenges to overcome, especially in the economic domain, due to the pandemic. Latin America as a region has the lowest growth of all regions. Michael Matera, a director at the Center for International & Strategic Studies, says “[m]any of the original initiatives, such as the stock market integration (plagued by a low trading volume), the elimination of all tariffs (which have been stuck at 92 percent for some time), and the push toward joint diplomatic posts (there are only six in the world), have all lost momentum the past couple years” (Matera, 2017, para. 8). Solving these inefficiencies will take work, but luckily, none of these hindrances are economically crippling to the bloc. He also says there is ambiguity about the repercussions of being an associate member and questions their standing in relation to Costa Rica and Panama, which are in the process of becoming member nations. Matera questions the ability of the CPTPP to expand cross-Pacific trade, one of the original goals of the bloc. He concludes that “to further advance its goal of greater trade with Asia [...] The Pacific Alliance needs to be more assertive in its

leadership and intent to trade with Asia. It possesses a golden opportunity to fulfill its founding goal; all it needs to do is act on it” (Matera, 2017, para. 12). With a more focused strategy and set goals, as well as the finalization of the CPTPP, the bloc should be able to mitigate this weakness in the near future.

Overall, the PA countries have been successful and accomplished many of the objectives that had been set out. Nevertheless, José Manuel González-Páramo, the executive director of BBVA, “has pointed to the improvement of the Alliance’s institutions as a key element to promoting integration. To this end, he has recommended the creation of a permanent general secretariat to enhance the coordination of work between the summits held by the countries in the bloc” (Álvarez, 2017, para. 11). This is one possible goal that the countries can work towards to integrate further. There are four areas of focus for the recommendations: continue doing what has been done right, mitigate possible shortcomings, work towards further integration, and further define the bloc.

Following their quickly-achieved successes, member countries need to continue what they are doing correctly and keep meeting expectations. In that vein, the bloc has seen positive results from integrating to such a high degree in such a short span of time, and needs to continue working on further integration and convergence. One of the original goals of the countries was to remove all tariffs and barriers to the free flow of goods, and in a relatively short span of time, the first 92% of these limitations were removed. To continue the success and follow through on promises made by key political figures, the last 8% of tariffs need to be removed, and they are on schedule for removal in the near future. Lastly, the bloc has been a big proponent of green initiatives and a shift towards renewable energy, and efforts need to be maintained and even furthered.

Despite the great successes, and like any bureaucracy representing multiple entities, there have been shortcomings which deserve scrutiny and political management. Increasing the separation of powers and creating solid institutions that will guarantee transparency and monitor corruption could minimize corruption scandals, such as the one that caused the resignation of Pres. Kuczynski in Peru in March of 2018. Areas of concern include lack of intramember trade among the member countries, deficient trading volumes in MILA, integration of the stock market, and influence in the amount of potential company IPOs (Initial Public Offerings on the exchanges to raise capital for startup companies).

To correct these issues, the PA can emphasize increasing the amount of and funding for projects to modernize infrastructure, which would probably have a positive impact in MILA, FDI, and IPOs. Within this area, “[f]ixed income securities [...] account for the majority of member states’ financial transactions, but are not featured on the exchange. Including them would bring a concrete boost in liquidity at low political cost. Another will be capitalizing on potential for energy integration, considering the vast—but diverse—resource reserves of member states” (Flannery, 2016, para. 9). Further integration would improve financial conditions within the countries and raise both consumers’ and businesses’ confidence levels in the governments. The integration of stock markets was a good first step, but adding fixed income securities could make the system more streamlined and efficient. Lastly, a new model of integration has to be defined between the levels of a customs union and a common market, with the lack of a common external trade policy, to describe the PA.

The PA countries should work towards further integration. Three of the four member nations have already joined the CPTPP, and Colombia should seek to follow suit, as its signatories represent 13% of the global economy. There should be a discussion among the bloc’s governments to adopt the elements of an economic union and define the necessary steps towards future integration. The PA should seek to come to an agreement for integration with Mercosur, which could be started by channeling trade through Bolivia as an intermediary at first. The member countries could also seek to revitalize interest in a trading bloc or agreement for the Free Trade of the Americas.

The PA should also prioritize infrastructure projects. One such example could connect Colombia, Peru, and Chile with a modern highway and train system. Ecuador, which is poised to join the Alliance, could benefit, as well as Bolivia, from resulting trade routes passing to, from, and through their countries. This could boost low intramember trading volumes within the bloc and facilitate increased trade. As mentioned, creating a real cargo train line between the countries would be another real step forward towards integration. Global institutions like the WB could be involved in this, and some of these institutions are already promoting a catastrophe bond in case of earthquakes. If they work together, pooling capital from within the whole bloc, the countries could raise the necessary funds. Another recommendation is to lower shipping prices between the countries by improving infrastructure and setting up systems to help facilitate trade between member countries. For future integration

within the bloc, Ecuador should be an important addition, as its addition will create continuous borders for the bloc.

The PA countries also should enhance their energy cooperation. According to the Center for Strategic and International Studies, “[t]here are immense possibilities that have not been tapped in this sector. Even though all four members have endorsed the Paris Climate Change Agreement, there is no initiative within the Alliance to push for innovation in climate change and integration of energy rules or possessions” (Matera, 2017, para. 11). The four Alliance countries have large reserves of energy and other natural resources: “[w]hen combined, the Alliance is the 16th-largest oil producer, the 26th-largest natural gas producer, and the 9th-largest renewable energy producer in the world. There is massive potential in this sector for innovation, development, and integration that the Alliance should take initiative in” (Matera, 2017, para. 11). Energy initiatives will bring the Alliance further convergence and integration.

A supportive business environment within the PA could have many positive impacts on companies and businesses established within the bloc. Trade integration could result in benefits such as “improving competitiveness by integrating firms into production structures at the regional level, known as regional value chains, so that the four countries can project themselves more competitively towards other international markets. The goal would be to make the companies of the four countries of the Alliance integrate into global production structures, also called global value chains” (Álvarez, 2017, para. 10). Doing this could result in increased FDI by foreign firms in the PA countries. Alternatively, this would strengthen the business environment within the four countries and allow domestic companies to succeed. Álvarez also concludes that focusing on trade would let companies take advantage of broader commercial links in the countries with supplier companies and provide a boost to various businesses.

The last area of recommendations concerns defining and expanding the bloc. The currently ambiguous roles of associate nations must be clearly defined. The next round of talks concerning associate member status will kick off in August, and sights have to be set on other potential members. The two states currently in the process of joining the PA as full members, Panama and Costa Rica, need to be fully integrated into the bloc. Also, as a suggestion, the PA could provide incentives for observer nations to start the process of joining and integrating, allowing further coordination to occur. For example, they could promise improved interconnectivity and other tactics to increase trade, FDI, and the economic freedom enjoyed by citizens in member countries. Further integration resulting in one common Alliance passport, common institutions, incentives for private companies of the countries to consolidate, and actions to integrate the value chains within member countries would all make joining the bloc more attractive to potential members. Furthermore, if Panama and Costa Rica fully join the Alliance, this could attract the rest of the Pacific countries in Central America, such as Ecuador, a nation that is already bordering multiple bloc countries and would expand the bloc’s chain of uninterrupted geographic coverage.

Due to the geographically superior locations of the PA countries, they are poised for a shift of world trade from the Atlantic Ocean to the Pacific. This could be enabled with a merger between the PA and Mercosur trade blocs. In addition to this, “there is already suggestive talk about building ties between the Alliance and Mercosur. In that case, Pacific Alliance states could help to facilitate the enormous amounts of trade between Asia and Brazil, Argentina, and Venezuela. Shifts in Brazilian and Argentine political landscapes tell us this may indeed become a reality in the not-so-distant future” (Flannery, 2016, para. 6). Talks of integration between the PA and Mercosur are taking place, and the two sides are getting closer to convergence. This could potentially lead to the creation of a Free Trade Area of the Americas, which was derailed in the past by protectionist rhetoric coming from within Mercosur, and specifically from Venezuela. If, the United States would have a potentially easy way to enter into those markets where it has not signed a free trade agreement yet and where the two blocs are already conducting business.

3.1. LIMITATIONS

Data for this paper has been limited and distorted by the pandemic. Other limitations could include author bias, broad use of domains more suited to one specific discipline, and the inherent limits of a model describing complex concepts and theories of real-world globalization. An additional limitation is the amount of information available about the bloc started in 2011. A series of new studies based on primary data, on specific topics from

each of the domains, would expand the knowledge and research base on topics related to the PA. Larger-scale studies and publications from larger organizations were difficult to find because not enough time had passed from the inception of the Alliance to track shifts in economic and social indicators over time. As a result, most of the information gathered about policies and initiatives came from newspapers and websites of groups with a special interest in the trading bloc. A larger base of unbiased information would provide concrete evidence and results for each of the inner domains, without having to rely as much on articles for information.

Another limitation was finding trends over time. Specifically, it was a challenge to find how membership within the PA has specifically changed or had an impact in the shifting of statistics due to the bloc's newness. Similar trading blocs, such as Mercosur, which was formed in 1991, and NAFTA in 1994, have more available information. There is proven evidence of a shift in migration between Mexico and the United States due to economic indicators in NAFTA, and how protectionism and bureaucracy have hindered convergence and integration in Mercosur. Potentially having access to longer-term information (such as in a study ten years from now), would be a significant aid in analyzing the setting and meeting of the PA's goals over time and understanding the results within a shifting political landscape.

Another area that would be interesting to study for a future paper would be the interrelating dynamics of the trading blocs on the American continent as a whole, including North, South, and Central America. It would be illuminating to cohesively tie together a study of the relationships of trade blocs among each other over time. This study would be very interesting for economists and political groups looking for examples and methods of successful change. The study could investigate why past blocs have stagnated or what impediments prevented further integration. It would be interesting to see how large global events have different effects on the various blocs. Analyzing these effects against each other and comparing their differences would help researchers understand globalization.

Collectively, these limitations impact the depth of the study within the bloc by hindering the number of details that can be included.

4. CONCLUSIONS

Employing a globalization model allows for a comprehensive analysis of the PA considering many domains. The PA's policies and initiatives have promoted the spread of globalization, while countering recent protectionist policies in nations around the world. The acceptance of new associate members is promoting integration and providing a viable model for the benefits of convergence. Following recent protectionist policies internationally, countries looking to expand the reach of their trade and commerce have been negotiating their own new trade agreements and furthering their commitment to globalization as a result. In line with this, the PA countries have each been expanding into other agreements.

The PA continues to do well because the different political groups and governments are not simply content with what they have accomplished, but have further initiatives to pursue and have a road map with specific goals to achieve. Associate Membership status is easier to obtain than is Full Member status, which requires a country to have existing trade deals with at least half of the Pacific Alliance's full members. For new associate members, there is growth potential in New Zealand, Australia, and Canada, which are looking for new markets to expand to. Nevertheless, the deep-integration objective is far from being achieved, and untapped potential remains for intratrade, intraregional trade, and infrastructure. Despite some of the problems, the PA is still an attractive option; Ecuador becoming an official candidate, Singapore signing a trade agreement, and Australia, Canada, New Zealand, and South Korea sustaining serious dialogues to acquire the status of associate members are probe of such attraction.

We agreed with the assertion made by Briceño et al. (2021) which summarized three critical factors that could impact the PA's future: the ongoing transformation of the global order and Asia-Pacific; trends within the Western Hemisphere, including Latin America; and developments within the member states themselves. Hopefully, the PA will extract advantageous concessions from the United States when pressured to take sides since the world is becoming a bipolar global system. Going forward, proposals and decisions of all PA countries should be coordinated for the bloc to speak with one voice.

BIBLIOGRAPHY

- 10 years of a more connected and integrated Alliance with the world | Alianza del Pacífico. (2021, April 10). Alianza Del Pacifico. <https://alianzapacifico.net/en/10-years-of-a-more-connected-and-integrated-alliance-with-the-world/>
- 15% of Colombia's foreign Visitors came from Pacific Alliance, in first two Months of 2013. (2013, May 22). *Mincomercio Industria y Turismo*. Retrieved April 19, 2018, from http://www.mincit.gov.co/englishmin/publicaciones/6582/15_of_colombias_foreign_visitors_came_from_pacific_alliance_in_first_two_months_of_2013
- 2021 Index of Economic Freedom: Country Rankings. (2021). *The Heritage Foundation*. Retrieved July 20, 2021, from <https://www.heritage.org/index/ranking>
- About the ILO. (n.d.). *International Labour Organization*. Retrieved May 3, 2018, from <http://www.ilo.org/global/about-the-ilo/lang--en/index.htm>
- About the IMF. (n.d.). *The International Monetary Fund*. Retrieved May 3, 2018, from <http://www.imf.org/en/About>
- About us. (n.d.). *The Inter-American development Bank*. Retrieved April 19, 2018, from <https://idblegacy.iadb.org/en/topics/trade/about-us,1267.html>
- Aceves, R. (2016, January 19). Latin America Economic Outlook January 2016. *Focus Economics*. Retrieved April 19, 2018, from <https://www.focus-economics.com/regions/latin-america/news/latam-economic-outlook-jan-2016>
- Agra, P. (2018, February 7). Investors flock to Pacific Alliance's multi-tranche CAT bond. *Latin Finance*. Retrieved April 19, 2018, from <http://www.latinfinance.com/web-articles/2018/2/investors-flock-to-pacific-alliance-s-multi-tranche-cat-bond>
- Al-Rodhan, N. (2006). Definitions of Globalization: A Comprehensive Overview and a Proposed Definition. Geneva Center for Security Policy 2006. Retrieved April 19, 2018, from http://www.wh.agh.edu.pl/other/materialy/678_2015_04_21_22_04_13_Definitions%20of%20Globalization_A%20Comprehensive%20Overview%20and%20a%20Proposed%20Definition.pdf
- Álvarez, C. (2017, July 25). The Pacific Alliance, a success story in Latin American integration. *Banco Bilbao Viscaya Argentaria*. Retrieved April 19, 2018, from <https://www.bbva.com/en/pacific-alliance-success-story-latin-american-integration/>
- Barnes, J. E., & Pop, V. (2018, April 21). EU, Mexico Agree to Upgrade Trade Pact. *The Wall Street Journal*. Retrieved May 6, 2018, from <https://www.wsj.com/articles/eu-mexico-agree-to-upgrade-trade-pact-1524341298>
- Briceño-Ruiz, J., Legler, T., & Prado Lallande, J. P. (2021). Growing up as the new kid on the block: The Pacific Alliance turns 10. *Latin American Policy*, 12(1), 193–204. doi:10.1111/lamp.12214
- Canada, G. A. (n.d). Canada and the Pacific Alliance. GAC. Retrieved September 15, 2021. https://www.international.gc.ca/world-monde/international_relations-relations_internationales/pacific_alliance-alliance_pacifique/index.aspx?lang=eng
- Chaudhury, D. R. (2016, October 21). Pacific Alliance: India's key bridge to Latin America. *The Economic Times*. Retrieved April 19, 2018, from <https://economictimes.indiatimes.com/news/politics-and-nation/pacific-alliance-indias-key-bridge-to-latin-america/articleshow/54981397.cms>
- Chile leads Global Talent Competitiveness Index in Latin America. (2018, January 30). *InvestChile*. Retrieved April 19, 2018, from <https://investchile.gob.cl/chile-lidera-indice-global-de-competitividad-del-talento/>
- Chile: STI Outlook 2016 Country Profile. (n.d.). *The Innovation Policy Platform*. Retrieved May 10, 2018, from <https://www.innovationpolicyplatform.org/content/chile>
- Corruption Perceptions Index 2020. (2021, August 21). *Transparency International*. Retrieved October, 25, 2021 from <https://www.transparency.org/en/cpi/2020/index/nzl>
- Countries Sign Pacific Rim Trade Deal, Call for “Expeditious” Ratification Process. (2018, March 15). Bridges. *The International Centre for Trade and Sustainable Development*. Retrieved April 19, 2018, from <https://www.ictsd.org/bridges-news/bridges/news/countries-sign-pacific-rim-trade-deal-call-for-“expeditious”-ratification>
- DeHart, J. (n.d.). Pacific Alliance: New Kid on the Latin American Bloc. Retrieved April 19, 2018, from

- Economic Commission for Latin America and the Caribbean (ECLAC), Foreign Direct Investment in Latin America and the Caribbean, 2020 (LC/PUB.2020/15-P), Santiago, 2020. Retrieved September, 15, 2021 from https://repositorio.cepal.org/bitstream/handle/11362/46541/1/S2000594_en.pdf
- Economic Impact of the Pacific Alliance in Chile, Colombia, Mexico and Peru: An IDSS/CLASP Panel. (n.d.). *Pardee Rand Graduate School*. Retrieved April 19, 2018, from <https://www.prgs.edu/events/2015/11/19.html>
- Economy Rankings. (2017, July 1). DoingBusiness.org. *The World Bank*. Retrieved April 19, 2018, from <http://www.doingbusiness.org/rankings>
- Focus Economics (2019). LatinFocus Consensus Forecast, June 2019. Retrieve on August 5, 2021 <https://www.scribd.com/document/442418711/LatinFocus-Consensus-Forecast-June-2019>
- Flannery, N. P. (2016, May 30). What Should Investors Know About Latin America's Pacific Alliance? *Forbes Magazine*. Retrieved April 19, 2018, from <https://www.forbes.com/sites/nathanielparishflannery/2016/05/30/what-should-investors-know-about-latin-americas-pacific-alliance/#709008ab4292>
- Garcia, M. (2017, November 17). Pacific Alliance - The Next Big Thing? *Thompson Reuters*. Retrieved April 19, 2018, from <https://tax.thomsonreuters.com/blog/onesource/pacific-alliance-the-next-big-thing/>
- Global Innovation Index 2021 (2021, September 20): Global Innovation Index 2021: Innovation Investments Resilient Despite COVID-19 Pandemic; Switzerland, Sweden, U.S., U.K. and the Republic of Korea Lead Ranking; China Edges Closer to Top 10 *The World Intellectual Property Organization*. Retrieved October 27, 2021 from https://www.wipo.int/pressroom/en/articles/2021/article_0008.html
- Gopinath, C. (2012) 'A systems framework for globalisation', *Int. J. Business and Globalisation*, Vol. 8, No. 3, pp. 316–330.
- Grupo Técnico de Movimiento de Personas | Alianza Del Pacífico. *Alianza Del Pacifico*, alianzapacifico.net/grupo-tecnico-movimiento-de-personas/. Accessed 27 Oct. 2021.
- Harmer, B. (2017, August 15). Pacific Alliance Adds New "Associate Membership" Status. *The International Trademark Association*. Retrieved May 7, 2018, from https://www.inta.org/INTABlog/Lists/Posts/Post.aspx?ID=450#.Wu_Q7YgvxPY
- Hofstede, G. (2011). *Dimensionalizing Cultures: The Hofstede Model in Context*. ScholarWorks@GVSU. <https://scholarworks.gvsu.edu/orpc/vol2/iss1/8/>
- Foster, K. (2020). The Future of the Pacific Alliance. *Harvard International Review* (2020). Spring 2020 pp. 40-45
- Hill, C. W. (2021). *International Business: Competing in the Global Marketplace*. New York, NY: McGraw-Hill Education.
- International Labour Organization. (2017, December 1). Unemployment, total (% of total labor force) (modeled ILO estimate). *The World Bank*. Retrieved April 19, 2018, from <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=UY&page=5>
- Jegarajah, S. (2017, May 21). Pacific Alliance looks to Asia as NAFTA, TPP face uncertainty. *CNBC: Consumer Needs and Business Channel*. Retrieved April 19, 2018, from <https://www.cnbc.com/2017/05/21/pacific-alliance-looks-to-asia-as-nafta-tpp-face-uncertainty.html>
- Kouchakji, K., & Splawn, M. (2017, November 16). Pacific Alliance countries awarded final COP23 Carbon Pricing Champion Award. *The International Emissions Trading Association*. Retrieved April 19, 2018, from <http://www.ietat.org/COP23-News/5589686>
- Latin America slowly returns to growth in 2017. *Banco Bilbao Viscaya Argentaria*. (2017, July 27). Retrieved April 19, 2018, from <https://www.bbva.com/en/latin-america-slowly-returns-growth-2017/>
- LIMA, J. C. (2018). "Latin America's Decentred Economic Regionalism: From the FTAA to the Pacific Alliance". *Contexto Internacional*, 40(2), 339-359.
- Lustig, N. (2012, August 20). Startup Chile Pilot Round Companies: Statistics After One Year. Retrieved May 7, 2018, from <http://www.nathanlustig.com/2012/08/20/startup-chile-pilot-round-companies-statistics-after-one-year/>
- Matera, M. A. (2017, August 1). The Potential of the Pacific Alliance: Will It Rise to the Challenges Ahead? *Center for Strategic & International Strategies*. Retrieved April 19, 2018, from <https://www.csis.org/analysis/potential-pacific-alliance-will-it-rise-challenges-ahead>

- Measuring Human Development: The Human Development Index. (n.d.). *The United Nations Human Development Programme*. Retrieved May 8, 2018, from <http://hdr.undp.org/en/humandev>
- Mercosur, Pacific Alliance Members Push for Deeper Economic Ties. (2017, April 13). *The International Centre for Trade and Sustainable Development*. Retrieved May 6, 2018, from <https://www.ictsd.org/bridges-news/bridges/news/mercosur-pacific-alliance-members-push-for-deeper-economic-ties>
- MILA | Mercado Integrado Latinoamericano. (n.d.). *Mercadomila.com*. Retrieved October 24, 2021, from <https://mercadomila.com/en/who-we-are/our-history/https://mercadomila.com/en/who-we-are/our-history/>
- No Brussels Here. (2016, July 7). *The Economist*. Retrieved April 19, 2018, from <https://www.economist.com/news/americas/21701788-how-latin-america-may-prosper-different-kind-integration-no-brussels-here>
- OECD Guidelines. (n.d.). *OECD Watch*. Retrieved May 3, 2018, from <https://www.oecdwatch.org/oecd-guidelines/oecd>
- Oliveros-Rosen, E (2021). Economic Outlook Latin America Q4 2021: Settling Into The New Post-Pandemic Normal Of Slow Growth. S& P Global Ratings, Retrieved September 28, 2021 <https://www.spglobal.com/ratings/en/research/articles/210927-economic-outlook-latin-america-q4-2021-settling-into-the-new-post-pandemic-normal-of-slow-growth-12122907>
- Pacific Alliance, Associate Members Advance Trade Talks, Eye New Economic Opportunities. (2018, February 8). *The International Centre for Trade and Sustainable Development*. Retrieved April 19, 2018, from <https://www.ictsd.org/bridges-news/bridges/news/pacific-alliance-associate-members-advance-trade-talks-eye-new-economic>
- Pacific Alliance, Associate Members Kick Off Free Trade Negotiations. (2017, November 2). *The International Centre for Trade and Sustainable Development*. Retrieved April 19, 2018, from <https://ictsd.iisd.org/bridges-news/bridges/news/pacific-alliance-associate-members-kick-off-free-trade-negotiations>
- Pacific Alliance explores single passport for member nations. (2017, June 29). *Reuters*. Retrieved April 19, 2018, from <https://www.reuters.com/article/us-pacificalliance-passport/pacific-alliance-explores-single-passport-for-member-nations-idUSKBN19K2R5>
- Pacific Alliance to admit new associate members to expand trade reach. (2017, June 29). *Reuters*. Retrieved April 19, 2018, from <https://www.reuters.com/article/us-pacificalliance-members/pacific-alliance-to-admit-new-associate-members-to-expand-trade-reach-idUSKBN19K38F>
- Pacific Alliance and Singapore conclude negotiations for the free trade agreement (PASFTA) | Alianza del Pacífico. (2021, July 21). Alianza Del Pacifico. <https://alianzapacifico.net/en/pacific-alliance-and-singapore-conclude-negotiations-for-the-free-trade-agreement-pasfta/>
- Pearl, H. (2017, June 30). Australia, New Zealand launch trade negotiations with Pacific Alliance. *Reuters*. Retrieved April 19, 2018, from <https://www.reuters.com/article/us-trade-pacificalliance/australia-new-zealand-launch-trade-negotiations-with-pacific-alliance-idUSKBN19M33E>
- Pizarro, R. (2017, October 17). The Pacific Alliance and climate change. *The World Bank*. Retrieved April 19, 2018, from <https://blogs.worldbank.org/climatechange/pacific-alliance-and-climate-change>
- Presidencia de la Republica. (2020, December 11). *President López Obrador participates in XV Summit of the Pacific Alliance*. Gobierno de Mexico. Retrieved October 25, 2021, from <https://www.gob.mx/presidencia/es/articulos/message-of-the-constitutional-president-of-the-united-mexican-states-andres-manuel-lopez-obrador-at-the-leaders-summit-on-climate-change>
- Pressly, L. (2018, April 22). The largest foreign bribery case in history. *The British Broadcasting Corporation*. Retrieved May 3, 2018, from <http://www.bbc.com/news/business-43825294>
- Riveras, J., Arteaga-Ortiz, J., & Miranda-Martel, M. (2018). Employing a Globalisation Model to Study Special Economic Zones in the United States. *International Journal of Business and Globalisation*. Volume 21- No 2 pp 271-296.
- Riveras, J. & Harrison, M. (2016). Restructuring a Globalisation Model to Reflect Changing Dynamics. 6th International Conference on Restructuring the Global Economy. *The Business Management Review*. Oxford, UK. Retrieved April 19, 2021 from https://cberuk.com/cdn/conference_proceedings/conference_17407.pdf

- Rochabrún, M., & Casey, N. (2018, March 21). Peru's President Offers Resignation Over Vote-Buying Scandal. *The New York Times*. Retrieved April 19, 2018, from <https://www.nytimes.com/2018/03/21/world/americas/peru-kuczynski-resigns.html>
- Rodrigues, F. (2018, June 27). Who is López Obrador, the Progressive Leading Mexico's Polls? Alborada. Retrieved October 24, 2021 from <https://alborada.net/lopez-obrador-mexico-election-left/>
- Romero, T. (2021, October 27). *Unemployment rate in Latin America & Caribbean by country 2024*. Statista. <https://www.statista.com/statistics/1009557/unemployment-rate-latin-america-caribbean-country/>
- Silva, M. (2015, May 8). How the Pacific Alliance is driving tourism. *World Economic Forum*. Retrieved April 19, 2018, from <https://www.weforum.org/agenda/2015/05/how-the-pacific-alliance-is-driving-tourism/>
- Stewart, R. M. (2017, July 1). Australia and New Zealand Start Trade Talks With Pacific Alliance. *The Wall Street Journal*. Retrieved April 19, 2018, from <https://www.wsj.com/articles/australia-and-new-zealand-start-trade-talks-with-pacific-alliance-1498885241>
- Human Development Index and its components. (n.d.). *The United Nations Development Programme*. Retrieved October 23, 2021, from <http://hdr.undp.org/en>
- The Adecco Group, INSEAD Business School, & Tata Communications. (December, 2017). The Global Talent Competitiveness Index 2018. Fontainebleau, France. Retrieved May 3, 2018, from <https://gtcistudy.com/wp-content/uploads/2018/01/GTCI-2018-web.r1-1.pdf>
- The Most Important Latin American Trade Bloc You Likely Don't Know. (n.d.). *Baker McKenzie*. Retrieved April 19, 2018, from <https://www.bakermckenzie.com/en/locations/latin-america/pacific-alliance>
- The Pacific Alliance: Consolidating Regional Integration and Cooperation. (n.d.). *The Inter-American Development Bank*. Retrieved April 19, 2018, from <https://idblegacy.iadb.org/en/topics/trade/the-pacific-alliance-consolidating-regional-integration-and-cooperation,8827.html>
- The World Factbook: Chile. (2018, May 01). *The Central Intelligence Agency*. Retrieved May 10, 2018, from <https://www.cia.gov/library/Publications/the-world-factbook/geos/ci.html>
- The World Factbook: Colombia. (2018, May 01). *The Central Intelligence Agency*. Retrieved May 10, 2018, from <https://www.cia.gov/library/Publications/the-world-factbook/geos/co.html>
- The World Factbook: International Organization Participation. (n.d.). *The Central Intelligence Agency*. Retrieved May 10, 2018, from <https://www.cia.gov/library/publications/the-world-factbook/fields/2107.html>
- The World Factbook: Literacy. (n.d.). *The Central Intelligence Agency*. Retrieved April 19, 2018, from <https://www.cia.gov/library/publications/the-world-factbook/fields/2103.html>
- The World Factbook: Mexico. (2018, May 01). *The Central Intelligence Agency*. Retrieved May 10, 2018, from <https://www.cia.gov/library/Publications/the-world-factbook/geos/mx.html>
- The World Factbook: Peru. (2018, May 01). *The Central Intelligence Agency*. Retrieved May 10, 2018, from <https://www.cia.gov/library/Publications/the-world-factbook/geos/pe.html>
- Tuck, A. (2014). The Road to Integration: the Pacific Alliance, the TPP, and Latin America. *The National Center for Asia-Pacific Economic Cooperation*. Retrieved April 19, 2018, from <http://www.ncapec.org/publications/docs/Andrew%20Tuck%20Guest%20Article.pdf>
- Tvevad, Jesper. (January 10, 2014). The Pacific Alliance: Regional integration or fragmentation? *The European Parliament*.
- What is the Pacific Alliance? (2017, June 29). Retrieved April 19, 2018, from <http://www.encuentroempresarialap2017.co/en/what-pacific-alliance>
- What is the World Trade Organization? (n.d.). *The World Trade Organization*. Retrieved April 19, 2018, from https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm
- With Declaration on Gender Equality and the Digital Market of the bloc concludes the Pacific Alliance Summit / Alianza del Pacífico*. (2020, December 11). <https://alianzapacifico.net/en/with-declaration-on-gender-equality-and-the-digital-market-of-the-bloc-concludes-the-pacific-alliance-summit/>
- World Bank Data (2020). Exports of goods and services (BoP, current US\$)". data.worldbank.org. Retrieved August 18 2021.