

US Economic Hegemony: Consolidation and Deepening of the Pacific Alliance Trade Bloc

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Region: [Asia](#), [Canada](#), [USA](#)

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In a short period of time, the Pacific Alliance has emerged as one of the leading economic integration projects in Latin America. It aims to succeed where others have failed by creating a gateway to Asian markets and building a Pacific-rim trade deal. The U.S. and Canada are both pursuing deeper ties with the group and have been granted observer status. This is part of efforts to revive and expand their presence in Latin America. In some areas of integration, the Pacific Alliance has surpassed NAFTA. By merging the two together, it could be used to fill the void left by the collapse of the Free Trade Area of the Americas (FTAA).

The [Pacific Alliance](#) was officially launched by Chile, Colombia, Mexico and Peru in June 2012. Its objectives include to construct, “an area of profound market-driven economic integration that will contribute to the free movement of goods, services, capital and persons.” The group also seeks to, “become a platform for economic and commercial integration as well as political coordination with global outreach, particularly towards the Asia Pacific.” A key requirement in joining the Pacific Alliance is to have free trade agreements with all existing member states. Costa Rica recently received approval to become a permanent member. Other countries have also shown interest with a growing number requesting observers status. The goal of the Pacific Alliance is to go beyond traditional free trade deals and pursue even more liberalized economic policies.

The May 23, 2013 [Pacific Alliance Summit](#) in Cali, Colombia marked the next steps in the consolidation and deepening of the Latin American trade bloc. The presidents of the four founding member countries agreed to remove tariffs on 90 percent of the goods traded between them and to gradually eliminate duties on the remaining 10 percent. They also adopted measures to begin visa-free travel between member states and moved closer towards full labor mobility. In addition, the leaders announced the creation of a cooperation fund and ratified agreements to open up joint embassies and trade offices in Asia and Africa. They also pledged to continue to deepen regional financial integration. The stock markets of Chile, Peru and Colombia have already been merged together and Mexico is expected to join them within the next year. While other Latin American countries are seeking to curb U.S. influence, Pacific Alliance members seem to have a willingness to maintain and increase ties with Washington.

Just days after the Pacific Alliance Summit, [Vice President Joe Biden met with Colombian President Juan Manuel Santos](#) where he praised the progress the economic bloc has made and also expressed interest in the U.S. joining as an observer country. On July 19, the Department of State [announced U.S. participation as an observer](#) in the group. While full membership may be far off, the U.S. is expanding cooperation with Alliance members. Over the years, there has been a steady erosion of U.S.-Latin American relations. Some analysts have pointed out that both the [U.S. and Canada’s grip on Latin America is loosening](#). This ties in with an article from [Global Research](#) which noted that the Obama administration

is stepping up its strategy of regime change against the left-of-center governments in the region. The U.S. could use the Pacific Alliance as a means to recover political and economic influence in Latin America.

When Prime Minister Stephen Harper [attended the Pacific Alliance Summit](#) in May, it was expected that he would request full membership. Canada already [achieved observer status](#) back in November 2012. While Harper acknowledged their accomplishments, he said that it was too soon to decide whether Canada should join the trade bloc. During his trip, Harper also took the opportunity to meet with mining company executives. The Conservative government has been criticized for not putting enough emphasis on corporate accountability with regards Canadian mining operations in the region. [Maude Barlow explained](#) that, “The Pacific Alliance, like Canada’s existing trade and investment deals in Latin America, puts the profits of those companies above anything else. The deals, like the Alliance, have nothing to say about the environmental and human rights impact of mining in the region.” The Pacific Alliance appears to be another attempt to accelerate the privatization of natural resources. It goes against the efforts of some Latin American countries that have joined together to [fight the growing problem of investor-state privileges](#) found in NAFTA-style trade agreements. These rules allow foreign corporations to sue for any potential profit losses related to government policies.

A recent article by Eric Farnsworth advocated [linking NAFTA with the Pacific Alliance](#). He recommended that the leaders from both trade groups, “should consider meeting to forge a pragmatic economic agenda for cooperation. This offers an important opportunity to kick-start a common agenda with willing partners that has languished since the FTAA.” Farnsworth also described how, “building out a NAFTA-Pacific Alliance economic relationship would improve the collective regional approach toward the Asia-Pacific region, which currently includes precisely the same Western Hemisphere nations within APEC and the Trans Pacific Partnership (TPP) negotiations except Colombia. It would also offer a means to improve market efficiencies and update NAFTA without the need to re-open or re-negotiate its provisions.” There is an overlap between the Pacific Alliance and the much larger [TPP trade talks](#). Both initiatives seek to bridge the Americas with Asia and create Pacific-based trade blocs. With the possibility of TPP negotiations dragging on and the difficulty the deal might have getting ratified by the U.S. Senate, the Pacific Alliance could open new doors to trade with Asian countries sooner.

In Latin America, there is a growing divide over the future of continental political and economic integration. Some countries have banded together to resist U.S. imperialism and any attempts to destabilize the region. There is also a move to end the destructive cycle of investment treaties and replace it with an alternative economic structure that better respects the sovereignty of nation states. The Pacific Alliance stands as a counterbalance to some of the other regional integration efforts that are trying to protect against the dangers of globalization. It is designed to signal a commitment to free trade and open markets to its neighbours and to the rest of the world. In many ways, the Pacific Alliance represents a resurgence of the failed U.S. initiated FTAA which was part of an agenda to consolidate corporate control.

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