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The Foreign Policies Convergence as a Factor of the Establishment of the Pacific Alliance

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Abstract

This article explains the possible drivers behind the establishment of the Pacific Alliance (PA) in South America focusing on foreign economic policies and explaining the extent of policy convergence as a possible factor. In so doing, it examines on what basis these countries try to engage collectively with key Asian partners. A brief historical explanation might allow us to verify how non-legal elements have been politically and successfully networked with perfect timing. Policy convergence over strategies such us internationalization and negotiation was a milestone in the creation of the PA itself, presidentially led by Chile, Colombia and Peru. However, Chile and Peru share a pro-Pacific profile in economic and political terms, while Colombia's elites have traditionally ignored the Pacific Coast. These differences not necessarily impede on the articulation of a collective cooperation strategy with Asia-Pacific, but it might slow down the Chilean eagerness to reach prompt accords with Asian partners. This article suggests that taking non-legal factors into consideration might allow a wider understanding of the reasons behind economic alliances' formation. In so doing, International Political Economy' theoretical richness might fill the gap that International Economy Law has to explain such phenomena.

Keywords: Pacific Alliance, South America, Asia-Pacific, China, policy convergence, internationalization strategies.

Introduction

The South American regionalization process, thus far, might be categorised as a series of frustrated attempts to reach and implement agreements. The Andean Group was set up in 1969 – by Bolivia, Chile, Colombia, Ecuador and Peru – with the aim of establishing a common market under a supranational scheme; however it currently works as an imperfect custom union. The Southern Common Market (Mercosur in Spanish), meanwhile, was set up in 1991 by Argentina, Brazil, Paraguay and Uruguay. Mercosur adopted an inter-governmental mechanism to reach agreements. Despite this group being considered the most successful integration scheme in the region,[1] it

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[1] Andrés Malamud, "Mercosur Turns 15: Between Rising Rhetoric and Declining Achievement," in *Cambridge Review of International Affairs* 18, no. 3 (2005): 421–36.

has not been able to perform as a common market – yet it is still working on developing a supranational model.

For the very first time, in 2008, all South American states joined in the Union of South American Nations (UNASUR in Spanish), a political bloc whose main objective is to strengthen political dialogue between its members in order to reinforce integration through policy coordination between the Andean Community (AC) and Mercosur. Thus, UNASUR's novelty lies in its core mission of facilitating intra-blocs convergence strictly on political terms. However, it has not been able to materialise thus far,[2] due to the ideological divergences between insiders;[3] furthermore, specific projects such as integration in infrastructure and energy cooperation has not been achieved.[4]

In 2010, the Peruvian President Alan Garcia (2006–2010) led the creation of the Pacific Alliance (PA) through a secrete invitation to Chile, Colombia and Ecuador with the aim of creating a group of South American states whose foreign economic policies reflect pragmatism and openness shown in its net of trade agreements; therefore facilitating and enhancing trade accords convergence. It does not suggest that the PA's main objective consists of creating a foreign investment promotion platform, but it supports the fact that Chile, Colombia and Peru have previously met (2007-2010) at the failed Latin American Pacific Basin Forum (ARCO in Spanish).[5]

The PA seems to be opposed to other South American regionalism schemes, therefore its creation should be interpreted within a South American political context characterised by the questioning of neoliberalism. First, Mercosur a politically driven bloc led mainly by Argentina (Nestor Kirchner and Cristina Fernandez de Kirchner's regime: 2003–2015) and Brazil (Ignacio Lula Da Silva: 2003–2011) and then later joined by Venezuela as a full member state (2012) – thus representing the "leftist political activism"[6] bloc in South America. Second, the Bolivarian Alliance of The Americas–Trade Agreements of The People (ALBA-TCP in Spanish), an anti-neoliberal bloc devoid of United States influence and led by Venezuela that plays an "anti-globalization"[7] role within the region. Finally, the Andean

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[2] Amado Cervo and Antônio C. Lessa, "An Assessment of the Lula Era (Editorial)," in *Revista Brasileira de Política Internacional* 53, no. SPE (2010): 5–6.

[3] Gian Luca Gardini and Peter Lambert, "Introduction: Ideology and Pragmatism in Latin American Foreign Policy," in *Latin American Foreign Policies: Between Ideology and Pragmatism,* ed. Gian Luca Gardini and Peter Lambert (New York: Palgrave, 2011), 1–12.

[4] According with Babjee Pothuraju, "UNASUR and Security in South America," Institute for Defence Studies and Analyses, New Delhi, 2012, accesed June 12, 2017, http://www.idsa.in/backgrounder/UNASURandSecurityinSouthAmerica.

[5] ARCO consists on an intergovernmental forum that meet all Latin American countries bordered by the Pacific Ocean (Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Salvador). It was established in 2007 and lasted up to 2010 when Chile, Colombia and Mexico accepted the Peruvian government invitation to create the PA.

[6] Malamud, "Mercosur Turns 15," 425.

[7] Patrick Heller, Dietrich Rueschemeyer, and Richard Snyder, "Dependency and Development in a Globalized World: Looking Back and Forward," in *Studies in Comparative International Development* 44, no. 4 (2009): 287–95.

Community (AC), formerly Andean Group,[8] whose members follow two opposing approaches. While Colombia, at a lesser extent, and Peru acknowledge the importance of following GATT/WTO rules, Bolivia and Ecuador reject the US' presence in both foreign and economic policies and are thus more aligned to ALBA-TCP. Taking into account the South American context, this paper focuses on the PA. Once the idea of building an alliance became concrete in 2011, Chile, Colombia, Mexico and Peru aimed to collectively engage through policy coordination and cooperation. To that end, policy convergence allows Bogota, Lima and Santiago de Chile (capital cities of Colombia, Peru and Chile, respectively) to acknowledge each other as like-minded partners, which enables them to subscribe to their commitment to liberal values, democracy as an ideal government regime, neo-liberalism as an economic model to follow, and full compliance with the World Trade Organization's (WTO) rules and international investment standards. Thus, the PA emerges when President Hugo Chavez (1998-2013) enacted an anti-globalization role that has a spill-over effect on two key regional schemes in South America (Mercosur and Unasur); while Mexico keeps aligned to the US during Obama's administrations. Meanwhile, UNASUR's existence is currently at stake, so the Colombian government is proposing a new group (Parlasur).[9]

This contribution investigates what lies behind both domestic agendas and international agreements? Certainly, there are not only economic and legal reasons for these – key political interests are also translated into timely strategies and institutional structures, as well as into ideas by which to support these goals. What factors best explain the decision of states (actors/agents) to play certain roles regionally? Is it the international scenario? Or, is it possible that a more domestic approach allows us to shed light on these inquiries? And, last but not least, which input drives the PA's performance: is it economics, is it politics, or is it both?

This article argues that the PA is a presidential project based on foreign economic policy convergence of its South American members (Chile, Colombia and Peru) expressed in an intra-regional network of international investment agreements (IIAs).[10] To develop this argument, the article adopts an inter-

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[8] Without Chile (1976) and Venezuela (2006).

[9] UNASUR's ideological basis promoted by Venezuela (Hugo Chávez, 1999-2013), once followed unquestionable by Bolivia and Ecuador, has currently no floor. Antidemocratic practices and economic and political chaos spread throughout the Venezuelan territory pushed some countries (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru and Uruguay) to quit UNASUR as a protest against Caracas' decisions. South American presidents play back and forth with ideas of integration though different groups. This explains that the Colombian government, with the support of Chile, suggests a new scheme, named Parlasur that safeguards democracy and promotes cooperation in South America.

[10] IIAs include free trade agreements (FTAs), with a specific chapter that deals with foreign (both direct and indirect) investment and its handling. IIAs equally include those bilateral

disciplinary theoretical framework that links the empirical richness that international law and economics has with the theoretical richness that international political economy offers, adding key historical junctures and internationalization strategies of foreign economic policies of said countries aimed towards Asia.

Most of the literature of international law and economics explains legal provisions on specific sectors[11] and the politics of law making in international trade, investment and dispute settlement[12] on a global scale,[13] but less attention goes to the politics behind assembling regional groups. Likewise, some efforts wonder about policy convergence as an input and/or output for further negotiations.[14] However, generally speaking, international law and economics has not been able to cope with a theoretical approach that helps to explain neither the role that policy convergence plays in sub-regional settings or the importance of non-legal reasoning behind such phenomena. It seems that some international law and economics scholars tacitly agree on policy convergence as a non-political spectrum.[15] In spite of that, non-legal key elements might explain why some governments eventually decide to engage in collective understandings.

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treaties that only deal with the promotion and protection of foreign (direct and indirect) investment. Such agreements are called bilateral investment treaties (BITs).

11 Rohan Kariyawasam, "International Telecommunications," in *Research Handbook in International Economic Law*, ed. Andrew T. Gusman and Alan O. Sykes (Cheltenham and Northampton: Edward Elgar Publising, 2007), 533–74. See also Scott Hal S., "International Finance: Rule Choices for Global Financial Markets," in *Research Handbook in International Economic Law*, ed. Andrew T. Gusman and Alan O. Sykes, 361–417.

12 It is well exemplified in Dimascio and Pauwelyn's work. Nicholas Dimascio and Joost Pauwelyn, "Non Discrimination in Trade and Investment Treaties: Worlds Apart or Two Sides of the Same Coin?", in *The American Journal of International Law* 102, no. 1 (2008): 48–89. It is also the case of Alan O. Sykes, "The Economics of 'Injury' in Antidumping and Countervailing Duty Cases," in *Economic Dimensions in International Law: Comparative and Empirical Perspectives*, ed. Jagdeep S. Bhandari and Alan O. Sykes (Cambridge: Cambridge University Press, 1997), 83–125. See also: Alan O. Sykes. "Trade Remedy Laws" (Chicago: Olin Law & Economics Working Paper, 2005).

13 Lauge Skovgaard, "The Politics of South-South Bilateral Investment Treaties," in *The Politics of International Economic Law*, ed. Tomer Brounde, Marc L. Busch, and Amelia Porges (New York: Cambridge University Press, 2011), 186–210.

14 For example: Reeve T. Bull, Neysun A Mahboubi, Richard B Stewart, and Jonathan B Wiener, "New Approaches to International Regulatory Cooperation: The Challenge of TTIP, TPP, and Mega-Regional Trade Agreements," in *Law and Contemporary Problems* 78, no. 1 (2015): 1–29.

15 For example: Tomer Broude, Marc L. Busch, and Amelia Porges, "Introduction: Some Observations on the Politics of International Economic Law," in *The Politics of International Economic Law*, ed. Tomer Brounde, Marc L. Busch, and Amelia Porges (New York: Cambridge University Press, 2011), 1–18. See also: Arie Reich, "Threat of Politicization of the WTO," in *Journal of International Law* 26, no. 4 (2005): 779–814.

On the other hand, international political economy helps to fill this gap in the sense that it offers different approaches to understand why public actors adopt some decisions and, in so doing, whether structural, domestic or cognitive explanations offer a better understanding of empirical facts.[16] Nevertheless, it should be taken into account that international law and economics offers specificity and empirical grounds to theoretical explanations searched for in other disciplines.

Incorporating domestic and ideational pieces into the analysis[17] increases the possibility of unravelling key explicative elements. Therefore, I suggest an inside-out understanding within international political economy that helps to round out the dynamics playing out between international settings (structure) and states. Furthermore, international political economy theoretical insights allow to grasp the political elements that lie behind decisions presidentially driven. For so doing, I suggest focussing on domestic elements; such as the role that presidents play when seeking to explain how these actors announce to take advantage of policy convergence already identified, as well as, correlations between different actors and mechanisms.

In order to do so, this article focuses on foreign economic policy (FEP), understood as an "assemblage of official decisions and plans employed by a state to interact with the international economic environment in order to meet the demands of domestic economic development as perceived by the ruling class or group."[18] With the aim of understanding FEP convergence, this paper takes briefly into account key historical junctures of Chile (in the 1960s) and Colombia and Peru (in the 1980s); as well as their investment negotiations, strategies and outputs.

This article is structured into four sections. The first section presents a theoretical inter-disciplinary framework wherein international law and economics interpretations regarding policy convergence literature and international political economy analysis are introduced. Following on, the second section focuses on empirically establishing the occurrence of policy convergence in internationalization and investment strategies between Bogota, Lima and Santiago – linking it with key drivers, such as historical junctures and presidentially driven foreign policies. The third section then sheds light on the centrality of political input to explain the PA's approach to Asia-Pacific, being

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[16] Benjamin Cohen, "The Political Economy of International Trade," in *International Organization* 44, no. 2 (1990): 267.

[17] In this sense, see: John Ravenhill, "International Political Economy," in *The Oxford Handbook of International Relations*, ed. Christian Reus-Smit and Duncal Snidal (New York: Oxford University Press, 2010), 551.

[18] Philip Nel and Matthew Stephen, "The Foreign Economic Policies of Regional Powers in the Developing World," in *Regional Leadership in the Global System: Ideas, Interests and Strategies of Regional Powers*, ed. Daniel Flemes (Farnham: Ashgate Publishing, 2010), 72.

based on an inter-governmental cooperative and mandatory scheme. The fourth section summarises the preliminary insights.

International Economic Law and International Political Economy Approaches to Explaining Policy Convergence

International political economy literature defines policy convergence as "the tendency of policies to grow more alike, in the form of increasing similarity in structures, processes, and performances."[19] I suggest that policy convergence can play distinct roles in alliances' formation – as a departure point (input) thereto or as an output thereof, or indeed both. Policy convergence can also facilitate further commitments being made between states through different mechanisms of understanding – cooperation and coordination. In such cases policy convergence functions as an input. On the other hand, policy convergence might also be either an intentional or unintentional outcome of proceedings. In the first case, decision makers look forward to coordinating policies or regulations; yet it is also possible that even without any coordination agents can still share similar policies.[20] Whether intended or not, policy convergence has been scarcely studied by international economic law; regulatory convergence in very specific disciplines has, meanwhile, drawn more attention. International political economy offers a theoretical framework that is particularly useful for understanding the dynamics underpinning alliances' formation and policy convergence.

Policy convergence from an international economic law perspective

Regarding policy convergence and the politics behind it, some scholars explore to what extent political elements might drive policy convergence as an input, the policymaking process itself and subsequent implementation – despite they have taken pride in its de-politicization.[21] Most of international economic law scholars' interest focuses on the politics of law making in international trade, investment and dispute settlement, but less attention goes to the politics behind the preferential trade

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[19] Clark Kerr, *The Future of Industrial Societies: Convergence or Continuing Diversity?* (Cambridge: Harvard University Press, 1983), 3.

[20] For example, emerging economies such as Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa; known as CIVETS.

[21] Broude et al., "Introduction: Some Observations," 1; Reich, "Threat of Politicization of the WTO," 779.

agreements (PTAs) and regional trade agreements (RTAs)[22] concluded between developing countries of the Global South. This equally applies to the making of new regionalism schemes, or to the fact that the number of international investment agreements worldwide continues to grow.[23] In this case, for example, some Latin American emerging economies[24] keep playing active roles as host states, even when the decision to perform as such and to engage in new forms of alliances is linked to political drivers. This is the case of Brazil (despite its political crisis: US$ 64.6 billion), Mexico (US$ 30.3 billion), Chile (US$ 20.2 billion), Colombia (US$ 12.1 billion) and Argentina (US$ 11.7 billion).

Other international economic law scholars' wonder about the political reasoning behind governments signing RTAs and bilateral investment treaties (BITs), but their explanations are constrained to only the scope of each kind of agreement (market access for FTAs and non-discrimination for BITs) or to the remedies that are available in case of breach (compliance/compensation).[25] Some researchers focus on the political dimensions behind trade remedies[26] and the impossibility to differentiate between technocratic reasons vis-à-vis political factors, as well as the pressure faced in specific case studies.[27] Adopting a more combative line of reasoning, some scholars highlights the need for classical economic theory to isolate international trade issues from politics – but also the impossibility of doing so due to globalization, the higher interdependency of states[28] and the nature of power. Within such a milieu, smaller states adjust their

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[22] Here RTAs include FTAs and custom unions (CUs). I personally keep in line with the GATT/WTO narrative – according to which, these agreements can be reached regardless of physical geographic proximity.

[23] In 2017 eighteen new IIAs were concluded, bringing the total number of agreements to 3,322. UNCTAD, World Investment Report 2018. Investment and New Industrial Policies (Geneva: United Nations Publications, 2018), accessed May 9, 2019, https://unctad.org/en/PublicationsLibrary/wir2018_en.pdf.

[24] Emerging economies characterized by rapid economic growth; domestic policies favouring economic liberalization; and, adoption of a free-market system. Arnold and Quelch 1998 cited by Robert E. Hoskisson, Lorraine Eden, Chung M. Lau, and Mike Wright, "Strategy in Emerging Economies," in *The Academy of Management Journal* 43, no. 3 (2000): 249–67.

[25] Dimascio and Pauwelyn, "Non Discrimination in Trade and Investment," 48.

[26] This is the case of Alan O. Sykes: "The Economics of 'Injury'," 83 and "Trade Remedy Laws".

[27] Angélica Guerra-Barón, "Medidas de Salvaguardia : ¿Defensa o Protección Comercial? Un Análisis Jurídico a la Luz del Caso de la República Popular China con el Perú en Materia de Textiles," in *Agenda Internacional* 26 (2008): 199–230. Also: Angélica Guerra-Barón, "La Aplicación de Medidas de Salvaguardia: Un Instrumento de Defensa Comercial con Profundas Implicaciones Jurídicas desde la Perspectiva del Derecho Internacional Económico: La Experiencia de China y Perú," in *Colección Enrique Low Murtra VII* (2010): 75–184.

[28] Candido García, "Establishing the Rules of the Game: Domestic Structures and Unfair Trade Instruments," in *Regional and Global Regulation of International Trade*, ed. Francis Synder (Portland: Hart Publishing, 2002), 97–130. This author brings in here the

policies and domestic regulations to the demands of larger countries so as to be able to enter the market.[29]

Policy convergence as an input that facilitates further negotiations over rules has been expressly acknowledged by some researchers.[30] Likewise such phenomena has been empirically tested as an outcome in specific domains.[31] A recent eclectic form of reasoning, meanwhile, has incorporated convergence as both an input and an output. For example, international regulatory cooperation among mega-trade agreements (such as TPP) is politically led by the former US administration (of Barack Obama) through institutional structures (in the legal sense) and techniques.[32] Therefore, it is shown that the US uses its own standards to create a de facto global standard.

Following that reasoning, some international law and economics scholars wonder if the popularity of South–South BITs imply a sort of convergence between the norms of developing countries and the norms of the developed world (EU, US).[33] In so doing, Skovgaard argues for the need to investigate eventual differences in investment rule making. Despite he does not focus on rule making per se but rather on the output thereof, he recommends further research on the ideas and strategies of key actors involved in investment treaty rule making.[34]

From a broader and general perspective, Jeswald Salacuse wonders about the significance of the increasing number of IIAs worldwide over the last six decades and the eventuality of referring to an international investment regime. In so doing, he borrows from International Relations (IR) literature the concept of "regime" to develop his argument and embraces, without referring explicitly to it in his paper, the interpretation of regime first made by one of the founders of the American version of international political economy.[35] According to Keohane, the concept of international regime is a complex one because its components (principles, norms, rules and decision-making procedures) affect states' behaviour. Following Keohane's concept of international regime, Salacuse thus concludes that the significant number of

works of International Relations scholars such as Robert O. Keohane and Joseph Nye, "Introduction" in *Governance in a Globalizing World*, ed. Joseph Nye and John Donahue (Washington: Brookings Institution Press, 2000), 1–41.

29 This is called "reverse convergence". See: García, "Establishing the Rules," 107.

30 Such as Stephen Woolcock, "Making Multi-Level Rules Work: Trade and Investment Rules in Regional and Bilateral Agreements," in *Regionalism and Bilateralism in Trade and Investment*, ed. Philippe De Lombaerde (Dordrecht: Springer, 2007), 37–58.

31 Such as those of telecommunications and finance. See Kariyawasam, "International Telecommunications," 533; Hal, "International Finance," 361.

32 Bull et al., "New Approaches," 1.

33 Particularly on investment treatment and protection standards Skovgaard, "The Politics of South-South," 186.

34 Additionally, he reaches the conclusion that South–South BITs are "typically less comprehensive in scope" than North–South ones are. See Skovgaard, "The Politics of South-South,"186.

35 Keohane and Nye, "Introduction," 1.

BITs "would seem [to be] an international regime […] of investment [with] significant differences from other international regimes."[36]

So far, it is an established fact that political issues lie behind the increasing number of IIAs, but international law and economics scholars have scarcely acknowledged this. Likewise, such interconnections have been poorly considered when exploring regionalism schemes from a broader perspective. As Baldwin states, "the key issues surrounding RTAs […] turn on political issues, not economic ones, but the politics is driven by economic effects."[37] Furthermore, twenty-first century trade dynamics currently respond to the de-localization of factories through deep RTAs, a matrix of BITs, and to massive unilateral tariff-cutting by developing nations (Baldwin 2014). In that sense, Baldwin sees twenty-first century regionalism as a politically – and thus not only economically – driven answer to global trade gaps. However, policy and regulatory convergence from an international law and economics scholarship perspective are still unresponsive to explain the drivers that facilitate policy convergence; as such, the proposal to explain the PA here is indeed worthwhile.

International political economy approaches to explaining agents' decisions and policy convergence

What lies behind both domestic agendas and international agreements? Certainly, there are not only economic and legal reasons for these – key political interests are also translated into timely strategies and institutional structures, as well as into ideas by which to support these goals. What factors best explain the decision of states (actors/agents) to play certain roles in the global economic arena? Is it the international scenario? Or, is it possible that a more domestic approach allows us to shed light on the drivers that lead emerging economies' policies in a given direction? And, last but not least, which input drives the PA's performance: is it economics, is it politics, or is it both?

To address these questions, international political economy offers theoretical tools to examine how a state interacts through its foreign economic policy (FEP) and "the issue of what it is that fundamentally motivates states in their international economic relations."[38] That approach aims to analyse "the

[36] Jeswald W. Salacuse, "The Emerging Global Regime for Investment," in *Harvard International Law Journal* 51, no. 2 (2010): 463.

[37] Richard Baldwin "Preferential Trade Agreements," in *The Oxford Handbook of the World Trade Organization*, ed. Amrita Narlikar, Martin Daunton, and Stern Robert (Oxford: Oxford University Press, 2014), 632.

[38] Cohen, "The Political Economy of International Trade," 267.

interplay of economics and politics in the world arena"[39] and the "interactions among governments and markets across countries."[40]

International political economy uses different lenses to focus on and grasp those interactions. Cohen's work shows scholars' preference for emphasizing structural level explanations (outside-in) rather than domestic (inside-out) and cognitive factors to explain a state's decision.[41] In so doing, some take into account the centrality of the state as the main player in the international economic system – but also the influence of private interests in the state's foreign policy vis-à-vis economic issues.[42] The growing interdependence between economies and the presence of both state and non-state actors when determining economic outcomes led to the term "complex interdependence" to be coined.[43] From another perspective, some international political economy scholars include ideas and beliefs[44] within trade studies as a reaction to the need for identifying "the role of political ideas or ideologies […] in complex interaction."[45]

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39 Jeffry Frieden and D. Lake, *International Political Economy: Perspectives on Global Power and Wealth* (New York: St Martin's Press, 2000), 1.

40 Abdelal, Rawi, "Constructivism as an Approach to International Political Economy," in *Routledge Handbook of International Political Economy*, ed. Mark Blyth (Abingdon: Routledge, 2009), 62.

41 For example, Cohen, "The Political Economy" as well as Benjamin Cohen, *International Political Economy: An Intellectual History* (New Jersey: Princeton University, 1990); Benjamin Cohen, "The Multiple Traditions of American IPE," in *Routledge Handbook of International Political Economy (IPE): IPE as a Global Conversation*, ed. Mark Blyth (Abingdon: Routledge, 2009), 23–35. Even though IR scholars do include ideas to explain "the role of belief systems and perceptions in foreign policy decision-making", as was the case with Snyder, Bruck and Sapin in 1954. In this sense, Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999). Thus an intense and escalating debate exists among mainstream IR theories (realism, neorealism, neoliberal institutionalism, Marxism) over what drives (and thus explains) states' conduct within the international economic environment. For explanations regarding politics, see: Robert Gilpin, *War & Change in World Politics* (New York: Cambridge University Press, 1981); Robert Gilpin, *The Challenge Af Global Capitalism: The World Economy in the 21st Century* (New Jersey: Princeton University Press, 2000); Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (New Jersey: Princeton University Press, 2001). Topics such as private interests, transnational enterprises and international regimes, see: Peter J. Katzenstein, Robert O. Keohane, and Stephen D. Krasner, "International Organization and the Study of World Politics," in *International Organization* 52, no. 4 (1998): 645–85. The role that politics may play in the global economy, see Frieden and Lake, "International Political Economy," 1. See also Jeffry Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," in *International Organization* 45, no. 4 (1991): 425–51.

42 Peter J. Katzenstein, "International Relations and Domestic Structures: Foreign Economic Policies of Advanced Industrial States," in *International Organization* 30, no. 1 (1976): 1-45.

43 Keohane and Nye, "Introduction," 12.

44 Judith L. Goldstein, "Ideas, Institutions, and American Trade Policy," in *International Organization* 42, no. 1 (1988): 179–217. See also: John S. Odell, "Understanding International Trade Policies: An Emerging Synthesis," in *World Politics* 43, no. 1 (1990):

In the 1990s, the theoretical debate moved towards international political economy theories versus cognitive analysis. This meant that agents' decisions could not only be rationalised by analysing power and "interests expressed in terms of material preferences and goals",[46] but that it was also possible to include ideas and consensual knowledge as potential explanations. This cognitive approach is known as constructivism, and it first came into IR literature through a few seminal works.[47]

The role of ideas in building institutions has been acknowledged as a variable of analysis[48] that can be tackled at three levels; domestic, bilateral, and multilateral. At the multilateral one, the incidence of global political-economic structures[49] might explain the ways in which liberal ideas are reproduced through transnational policy networks. This perspective, however, overlooks the domestic drivers that (also) foster states' decisions.[50]

More recent international political economy literature has called for the inclusion of the "missing middle: when and how ideas and norms matter" to explain government's decisions within sub-regional economic scenarios.[51] This inside-out approach helps to clarify the understanding of norms and economic ideas without omitting systemic factors (international commitments), instead putting emphasis on cognitive aspects. The influence of domestic ideas and

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139–67. Additionally, Rohrlich's work: Paul Egon Rohrlich, "Economic Culture and Foreign Policy: The Cognitive Analysis of Economic Policy Making," in *International Organization* 41, no. 1 (1987): 61-92.

45 John Ikenberry, "Conclusion: An Institutional Approach to American Foreign Economic Policy," in *International Organization* 42, no. 1 (1988): 242.

46 Cohen, "The Multiple Traditions," 32.

47 Wendt, *Social Theory,* 429. From an international law and IR perspective, see: Nicholas G. Onuf, *World of Our Making: Rules and Rule in Social Theory and International Relations* (Columbia: University of South Carolina Press, 1989). See also: Michael Barnett and Martha Finnemore, "The Power of Liberal International Organizations," in *Power in Global Governance,* ed. Michael Barnett and Raymond Duvall (New York: Cambridge University Press, 2005), 161–84.

48 Goldstein, "Ideas, Institutions, and American Trade Policy," 242.

49 Odell, "Understanding International," 139.

50 Goldstein, "Ideas, Institutions, and American Trade Policy," 179. Authors such as Odell sheds light on inside-out analysis, using cognitive approaches to explain why states engage in RTAs (as we do here). Odell, "Understanding International," 139. This enriches as well theoretical and empirical case studies related to trade, which have been poorly explored thus far – as Odell acknowledges. Furthermore, an inside-out analysis, benefits research on policy and regulatory convergence. In this sense, see: Daniel W. Drezner, "Policy Convergence," in *International Studies* 3, no. 1 (2001): 53–78. See also: Daniel W. Drezner, *All Politics Is Global: Explaining International Regulatory Regimes* (Princeton and Woodstock: Princeton University Press, 2008).

51 Ravenhill, "International Political Economy," 551.

interests[52] and of "social identities, norms, and other collectively shared ideas and beliefs"[53] is thus making its way into current international political economy research.

Despite the theoretical trends in international political economy already described, scholars still recur to systemic or structural explanations when analysing policy and regulatory convergence. Mainstream scholars follow the logic of international institutions (structural lens) when exploring why "different national policies are homogenised into one global policy."[54] This is also true for seminal studies in Political Science.[55]

Key Drivers of Policy Convergence and Strategies of Chile, Colombia and Peru

Emerging economies focus on compliance with trade and investment objectives on two levels. At the domestic one, these economies design policies and strategies in order to make their geographical territories attractive to the transnational business community. To this end, states promote regulatory compliance with international trade standards and principles established by GATT/WTO (no discrimination, transparency, predictability), alongside continuously revising and improving the investment climate. In the process, states demand technical assistance on investment issues from the United Nations Conference on Trade and Development (UNCTAD).

At the international level, emerging economies mould their foreign policies- or own isolated strategies to interact in bilateral and multilateral scenarios - specifically through the recognition of WTO principles in the form of FTAs and BITs. As such, they contribute to the enlargement of the already complex network of international investment treaties.[56] Furthermore, host and home states are compelled to comply with the rules of the game already set.

Following a similar trend to international political economy's theoretical explanations, policy convergence is tackled through different lenses too.

[52] Stefan Schirm, "Ideas and Interests in Global Financial Governance: Comparing German and US Preference Formation," in *Cambridge Review of International Affairs* 22, no. 3 (2009): 501–521.

[53] Abdelal, "Constructivism as an Approach," 63.

[54] Cohen, "*International Political Economy*," 57.

[55] These studies contemplate the causes of policy convergence, focusing on the international setting mainly. For example, Colin J. Bennett, "Review Article: What Is Policy Convergence and What Causes It ?," in *British Journal of Political Science* 21, no. 2 (1991): 215–33. See also: Katharina Holzinger and Christoph Knill, "Causes and Conditions of Cross-National Policy Convergence," in *Journal of European Public Policy* 12, no. 5 (2005): 775–96.

[56] Salacuse, "The Emerging Global Regime," 427.

Systemic reasoning that focuses on the pressure exerted by the international system; a domestic approach that focuses on the way internal factors facilitate such convergence; and, cognitive reasoning that consider leaders' ideas and backgrounds as possible explanations for their chosen behaviour.

I argue that emphasizing domestic explanations rather than structural level ones helps to round out the dynamics playing out between international settings (structure) and states (through its leaders). For a better understanding, I suggest the exploration of domestic policies presidentially driven, when seeking to explain how to take advantage of policy convergence already identified, as well as, correlations between different actors and mechanisms.

This article adopts the concept of foreign economic policy (FEP), an "assemblage of official decisions and plans employed by a state to interact with the international economic environment in order to meet the demands of domestic economic development as perceived by the ruling class or group."[57] Thus, FEP convergence shall be explained by taking briefly into account key historical junctures of Chile (in the 1960s) and Colombia and Peru (in the 1980s); as well as their investment negotiations, strategies and outputs of those emerging economies.

Broadly speaking Colombia and Peru have traditionally participated as full members of sub-regional schemes,[58] while Chile has privileged an extra-regional and bilateral approach. Bogota seeks to align its foreign policy to that of the US in a straight way. Lima also aims to align to Washington while diversifying its political and trade agenda with Asian partners. Chile, however, has intended to forge a foreign policy of its own; one that does not trouble its political and trade relations with the EU and the US but also one that allows the country to become a bridge country for Asian companies interested in entering the South American market as well as for South American companies aiming to enter the Asian market. Chile's role as a trans-Pacific state between two continents is a long-term domestic project with regional political and trade effects. From a comparative perspective, Colombian and Peruvian foreign economic policies might be better understood by taking into consideration the cost of dealing with the 1980s debt crisis.

During the 1980s debt crisis, Bogota and then Lima promoted positive political relations with the international financial institutions (IFI) and the US Department of the Treasury – thus adopting 'recommended' financial and economic measures. The adoption of stabilization packages and structural adjustment measures (Washington Consensus) by Colombia and Peru triggered policy convergence on economic grounds. On the contrary, the Chilean case

[57] Nel and Stephen, "The Foreign Economic Policies," 72.
[58] Both countries have been member states of the AC since 1969.

seems to follow its own track. Santiago adopted the neoliberal formula (1973–1982) during Pinochet´s authoritarian regime – an experiment.[59]

Behind the 1980s debt crisis experienced by Colombia, Chile and Peru lay not only economic causes (the impossibility to comply with a balance of payments problem), but also political factors. It also explains the pro-market "Washington Consensus" on development that ruled nearly hegemonically during the last decade of the twentieth century.[60] In fact, these political factors are better understood if one considers that foreign economic policy making engages different entities in "the political apparatus of a government which identifies, decides and implements foreign policy" and they have the ability to commit public resources as well as make decisions that cannot be readily reversed.[61] However as such entities vary across countries, it is possible that the president may act as the ultimate decision-making unit – administering foreign relations personally. Herein other governmental entities assume more marginal roles. In this case, a presidential foreign policy model is in motion.[62]

Such a model is shared by Colombia, Chile and Peru. Their negotiating teams continue to set IIAs not only to reassure their commitment to international investment rules[63] and even to enlarge the set of trade facilitation provisions via FTAs[64] with common partners (EU, US), but also to build an intra-regional set of rules deeper than those of an ordinary FTA model. In the Latin American case, a cognitive explanation that takes into account worldviews and beliefs is worthy of exploration given that most countries there do indeed have presidential systems in place.[65]

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59 Ricardo Ffrench-Davis, *Entre el Neoliberalismo y el Crecimiento con Equidad: Tres Décadas de Política Económica en Chile* (Santiago de Chile: J. C. Sáez, 2003). In that sense, the Chileans experienced radical liberalization. Barbara Geddes, "The Politics of Economic Liberalization," in *Latin American Research* 30, no. 2 (1995): 195–214.

60 Miguel A. Centeno, Atul Kohli, and Deborah Yashar, "Unpacking States in the Developing World: Capacity, Performance, and Politics," in *States in the Developing World*, ed. Miguel Angel Centeno, Atul Kohli, and Deborah J Yashar (Cambridge and New York: Cambridge University Press, 2017), 1-34.

61 Margaret Hermann, Charles Hermann and Joe Hagan, "How Decision Units Shape Foreign Policy Behavior," in *New Directions in the Study of Foreign Policy*, ed. Charles Hermann, Charles Kegley and James N. Rosenau (Boston: Allen and Unwin, 1987).

62 Arlene B. Tickner, Oscar Pardo, and Diego Beltrán, *¿Qué Diplomacia Necesita Colombia?: Situación, Diagnóstico y Perspectivas de la Carrera Diplomática y el Servicio Exterior* (Bogotá: Universidad de Los Andes-CESO, 2006).

63 Angélica Guerra-Barón, "¿Gobernanza Multinivel o Intergubernamentalismo en Inversión?" in *Suramérica en el Escenario Global: Gobernanza Multinivel y Birregionalismo*, ed. Eduardo Pastrana and Hubert Gehring (Bogotá: Editorial Javeriana, 2014), 327–65.

64 ECLAC, *Latin America and the Caribbean in the World Economy. The regional trade crisis: assessment and outlook* (Santiago: United Nations, 2015), accesed at March 13, 2019, http://repositorio.cepal.org/bitstream/handle/11362/39011/4/S1501141_en.pdf.

65 Gardini and Lambert, "Introduction: Ideology and Pragmatism," 1.

Yet one striking difference might become apparent on this issue. While the Colombian and Peruvian foreign policies seem to be unquestionably aligned with that of the US, wherein Bogota is an extreme case, Chilean foreign policy during the democratic governments known as "La Concertación" (mainly centre-left coalitions) was strategically market oriented. For example, Chile-US trade relations aimed to create a large FTA (from Alaska to *Tierra de Fuego*), Santiago promoted ALCA's initiative and tried to become a NAFTA member. Despite neither ALCA nor NAFTA succeeded, Chile negotiated an FTA with Canada and Mexico. Surprisingly, some argue that since the presidency of Patricio Aylwin (1990-1994), "democratic internationalism" language was designed with the clear goal of reducing foreign policy dependence on the US.[66]

Diversification of the Chilean FEP was President Eduardo Frei's initiative (1994-2000). Instead, political and trade relations were formally intensified with Asia, by becoming an APEC economy (1994), and a less distant relation with the sub-region, by reaching an agreement with Mercosur. Meanwhile, NAFTA's invitation to Chile to become a member was impossible to concrete.

This gives a particular character to the Chilean international approach, in economic terms – and particularly with the Asian countries. Peruvians followed the Chilean example and engaged in pro-Asian relations in the nineties. Instead, the Colombian presidencies played back and forth with US alienation (*respice polum*) and US attempt of detachment by interacting more with the neighbours (*respice similia*).

Comparing internationalization strategies

Foreign policy elites of Chile, Colombia and Peru shared a collective vision when they met at the Andean Group back in the sixties; while the PA currently represents leaders' acknowledgement of policy convergence and like-mindedness as a platform to partake as a group with Asia-Pacific.

In the first case, that of Colombia. While Colombian strategies to diversify the national economy began in the twentieth century, special emphasis being placed on FDI promotion through domestic changes and trade and investment negotiations is only a recent development.[67] The Colombian foreign policy of the twenty-first century transformed the country away from an isolated

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[66] Joaquín Fermandois, "Pragmatism, Ideology, and Tradition in Chilean Foreign Policy Since 1990," in *Latin American Foreign Policies: Between Ideology and Pragmatism,* ed. Gian Luca Gardini and Peter Lambert (New York: Palgrave, 2011), 35–52.

[67] Angélica Guerra-Barón and Álvaro Méndez, "A Comparative Study of Foreign Economic Policies: The CIVETS Countries," in *LSE-GSU Working Paper Series* 3: London, 2015, 1-23.

era (1980s and 1990s) to a more interconnected one, through IIAs negotiations[68] in charge of technocrat institutions.[69]

During Alvaro Uribe's regime (2002–2010), Bogota's economic strategies remained aligned with the US' "(a demarche known in Classical times as *respice polum*: look to the metropole [i.e. the capital of the Empire: in today's world, metaphorically, the North])."[70] Thus, Colombian foreign policy turned even more presidential and focused on attracting FDI through the negotiation of FTAs, a Multi-Parties Agreement with the EU and many BITs[71] – herein the relationship with the US was a national priority.

President Uribe's foreign policy implemented along with domestic measures that included the signing of legal stability contracts and strong reforms to the investment climate so as to make Colombia more competitive. Ironically, this was a conservative approach compared with that of Peru and Chile.

It has rather been under the presidency of Juan Manuel Santos (2010–2018) that strategic pillars were built more coherently. Trained as an economist and enterprise manager, with post-graduate studies completed in English and American universities, as well as being the grandson of former President Eduardo Santos (1938–1942), J. M. Santos has not only inherited Uribe's trade negotiating agenda but also knew how to beneficially exploit the image of Colombia as an emerging economy.

President Santos was convinced of the necessity to implement the FTA negotiated with the US and so he managed to get a green light from that country's Congress for it, while the agreement with the European Free Trade Association (EFTA)[72] also came provisionally into effect. Colombian economic performance under President Santos surpassed the levels of previous decades of economic growth, reaching 4.8 per cent on average (3.5% in the 1980s; 2.8% in the 1990s; 4.0% in the twenty-first century), the highest rates of investment (30% GDP) and a low inflation rate (1.94%).

The Colombian foreign policy model looks forward to a more dynamic participation in the WTO, the Organization for Economic Cooperation and

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68 In fact, many of Colombia's FTAs and BITs (with China and Japan) were negotiated in the early twenty-first century, and a Multi-Party Agreement (MPA) and SP were signed with the EU.

69 The leading entity in trade and investment negotiations is the Ministry of Trade, Industry and Tourism (MCIT in Spanish), while other agencies (viz. foreign affairs and finance) have only secondary roles. MCIT, along with a public body in charge of promoting FDI inflows and outflows (Proexport, currently named PROCOLOMBIA), articulates a public–private dialogue. Congreso de la República de Colombia, Ley 7 de 1991, "Normas generales para regular el comercio exterior," January 6, 1991, accesed May 9, 2019, http://www.procolombia.co/sites/default/files/ley_0007_1991.pdf.

70 Guerra-Barón and Méndez, "*A Comparative Study of Foreign Economic Policies*," 8.

71 Ibid.

72 Iceland, Liechtenstein, Norway and Switzerland.

Development (OECD), the Asia-Pacific Economic Cooperation (APEC), the Trade in Services Agreement (TISA) and the World Intellectual Property Organization (WIPO). The government equally shows a clear interest in becoming an OECD economy, achieved in 2018, increasing trade and services with its traditional political partners, such as the US and the EU, with its more recent partners of the Pacific Alliance[73] and in managing to and strengthening Colombian participation in global value chains. However, Colombia is still waiting to be accepted into APEC.

A more territorial understanding of Colombia's performance shapes the country's presidency. In that sense, both punctual and transversal strategies have already shown themselves to have at heart the aim of being executed at a sub-national level – such as in the Colombian Pacific Region. Despite its richness, that zone is locally known for its low environmental development[74] and the country's high social inequalities, its low institutional capacity and its middling to high insecurity levels brought about by the armed conflict.

President Santos' view of the Pacific is that of a high-potential zone, wherein market sustainability should be tackled from a multi-dimensional perspective. This is due to the fact that the Colombian government looks forward to incrementing connectivity throughout the Pacific Region, so as to transform it into both a platform of trade within the territory and of exchange with Asia. Thus, President Santos aims to empower the region vis-à-vis trade, transforming it into a geo-strategic hub wherein Asia becomes Colombia's new "East Pole".[75]

In the second case, that of Peru, despite the complex scenario left behind by Alan Garcia after his first presidency (1985-1990)[76] Peru still secured membership of the Pacific Basin Economic Council (PBEC) and of the Pacific Economic Cooperation Council (PECC) in 1991.

Peru becoming an APEC economy (1998) brought with it an adjustment period to the organization's principles, especially for the productive sector, as

[73] Departamento de Planeación Nacional. *Plan Nacional de Desarrollo* 2014–2018: Todos por un Nuevo País (Bogotá: Carmen Villamizar and Carmen Forero, 2015), accesed May 7, 2019, https://colaboracion.dnp.gov.co/CDT/PND/PND%202014-2018%20Tomo%201@20internet.pdf.

[74] Departamento de Planeación Nacional. *Plan Nacional de Desarrollo* 2014–2018: Todos por un Nuevo País Segundo Volumen (Bogotá: Carmen Villamizar and Carmen Forero, 2015), accesed at May 7, 2019, second volume, https://colaboracion.dnp.gov.co/CDT/PND/PND%202014-2018%20Tomo%202%20internet.pdf.

[75] It means that Colombian decision makers promote a narrower political relation with Asia, rather than solely with the USA.

[76] The Alan García presidency (1985–1990) brought about a number of negative consequences – such as its default in 1990 (US$ 20,000 million) with social outcomes: low salaries, diminishing of social expenditure and higher poverty rates (43.1% in 1985 up to 53.6% in 1991).

well as a way to share with other APEC countries. Fujimori's idea to transform Peru into a bridge country between South America and Asia-Oceania was prominent. Therefore the Peruvian elite designed a trade-driven strategy to enhance trans-Pacific interactions.[77] Fujimori's economic ideas were adopted by his successor Alejandro Toledo (2001–2006), who dealt with the economic challenges ensuing from membership in APEC and Borgor's goal to become a more liberalised economy on trade and investment issues by 2020.[78]

Having in mind Peru's image as a bridge country,[79] most governmental efforts at the time focused on the diversification of international relations. For example, during the 1990s Peru thus entered into a race of negotiating BITs with Asia-Pacific key partners (China, Japan, Malaysia and Thailand).[80] The trend towards FTA negotiations with Asian countries (China, Japan, Singapore and South Korea) came to light during Alan Garcia's second administration.[81] In a nutshell, it is clear how Fujimori's economic ideas irradiated Peruvian FEP in the long term – leading to an aggressive negotiating agenda of IIAs, one much more active than the Colombian approach was.

Furthermore, Lima's decision to enact its role as a South American key "trade player" with Asia was politically and economically executed in stages. First, by re-positioning itself as an Asian South American bridge. Second, by abandoning its image of a development assistance recipient country in order to adopt that of a trade partner.[82] However, some state that the active participation of Peru in the twenty-first century global setting is an outcome specifically of the FTA negotiations carried out with the US.[83]

When Alan Garcia came to power for a second time (2006–2011), Lima's foreign policy was conducted via FTAs (Canada, South Korea, Costa Rica, Chile, China, Singapore, EFTA countries) and BITs (Belgium and Luxembourg). Garcia's

77 Fernando González, "Relaciones de Comercio e Inversión del Perú con el Asia-Pacífico," in *Veinte Años de Política Exterior Peruana (1991-2011)*, ed. IDEI (Lima: Fondo Editorial PUCP), 209–41.

78 Robert Scollay and Fernando González-Vigil, "Los Acuerdos Comerciales en El Asia-Pacífico de Cara a los Objetivos de APEC," in *Revista de Estudios Internacionales* 36, no. 144 (2004): 7–29.

79 Alejandro Toledo, *Plan de Gobierno* 2011-2016: más y mejor educación (Lima: Presidencia de la República, 2011), accesed at May 7, 2019, http://www.archivoelectoral.org/documentos/plan-de-gobierno/285.

80 More than 95% of all BITs had already been signed prior to 1998 (China: 1995, Malaysia: 1995, Thailand: 1991), while its FTAs negotiating campaign came to light only in the twenty-first century.

81 Guerra-Barón, "¿Gobernanza Multinivel o Intergubernamentalismo en Inversión?," 327.

82 Such as the Generalized System of Preferences (GSP), GSP plus (GSP+), the Andean Trade Preference Act (ATPA) and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).

83 Philip I. Levy, "Free Trade Foreign Policy: How Trade Myths Impede a Key US Policy Tool," in *Harvard International Review* 33, no. 3 (2011).

initiative of creating a group of Latin American countries geo-strategically located in the Pacific Region that share economic and political perspectives perhaps represents the peak of his political career. Garcia's leading role in breathing life into the PA idea ended once his successor came to office. President Ollanta Humala (2011–2016) is a career army officer and former President of the Union for Peru (UP), co-founder of the Peruvian Nationalist Party and a close ally of Hugo Chavez's socialist project.[84] Despite Humala's background, he aligned with his predecessor pro-foreign investors narrative emphasising Peru's protagonist role as a host country in multilateral and sub-regional summits.[85] Therefore, Humala's ideological affinities did not reflect upon Peru's positive economic performance;[86] suggesting that this is a natural output of recent macroeconomic policies previously arranged as state policy.

Recently elected President Pedro Pablo Kuczynski, PPK, (2016–2018), openly proclaims himself to be a believer in neoliberalism, as a tool to fight inequality. The Peruvian leader first worked at the World Bank, the Peruvian Central Bank and then for key ministries (Energy and Mines in the 1980s, and Economy and Finance from 2001–2002 and 2004 to 2005). PPK held bilateral meetings with key IFIs such the Inter-American Development Bank (IDB) and the Development Bank of Latin America (DBLA), as well as with Chilean and Peruvian entrepreneurs. In order to strengthen political dialogue and to identify key sources of investment in infrastructure, PPK made China its first official international visit as president; meanwhile in the Peruvian bilateral agenda an FTA with Australia, India and Indonesia is also on its way. As expected, PPK's impeachment did not interfere with the Peruvian foreign economic policy as according to its ministry of trade. PPK had to resign (March 23, 2018) due to his involvement in the Odebrecht (a Brazilian construction company) scandal for the paying of bribes to prominent South American officials.

In what concerns the third case, that of Chile, after the coup d'état of the 11th of September 1973, the dictatorship of Pinochet (1973–1989) turned the

[84] Jorge Castañeda, "Latin America's Left Turn," in *Foreign Affairs*, no. May-June (2006). See also: Robert, Kaufman, "Political Economy and the New Left" in *Democratic Governance in Latin America*, ed. Cynthia Arnson and Raúl Perales (Washington: Woodrow Wilson International Center for Scholars, 2007). In this sense, see: Hector E. Schamis, "A 'Left Turn' in Latin America?," in *Journal of Democracy* 17, no. 4 (2006): 20–34.

[85] "Message to the Nation given by President Humala to Congress on 28 July 2015," accessed May 10, 2017, http://www.educacionenred.pe/noticia/?portada=78062.

[86] Peru will be one of the most dynamic economies in the region by 2021, with an accumulated national growth of 55% – being followed by Colombia, Chile and Ecuador. CEPlAN, "Perú 2021: País OCDE. Peru 2021: OECD Member Country," Serie: Avance de Investigación, No. 1, 2015, accesed January 1, 2017, http://www.rree.gob.pe/Documents/2017/OCDE_2021.pdf.

focus of Chilean foreign policy towards the Asia-Pacific region.[87] The Chilean way of implementing its trade and foreign policy was carried out by a group of technocrats. They achieved concrete short term results,[88] as well as positive outcomes such as closer relations with the IFIs and a welcoming message to potential foreign investors.[89] The democratic governments (1990–2007) not only adopted similar responses to other Latin American partners[90] so as to deal in a very constructive way with the IFIs, but also reinforced trade commitments such as FTAs and complementary agreements on specific sectors thorough complementary economic agreements.

Pinochet's rule triggered its policymakers to engage in a strategy vis-à-vis trade partners, who were indifferent to the country's political climate. Therefore, stronger trade relations were launched with the Asia-Pacific region (Japan, ASEAN+4,[91] China and other NICs).[92] The Chilean regional isolation equally explains their aspiration of becoming a bridge between South America and Asia – particularly Japan. The cultivation of that image first emerged with the Chilean–Japanese Entrepreneurship Committee (1994) – wherein much of the momentum came from the Asian side. Such a strategy was regionally acknowledged by South American countries as pragmatic yet effective and efficient.[93]

Once Pinochet's regime came to an end (1990), the Chilean approach was bilaterally oriented through different kinds of trade accords as a tool to be acknowledged as a liberal democracy in which territory open trade is embraced.

Regarding Asia-Pacific, the country's multilateral alignment with key partners and Asia-Pacific, particularly with Malaysia, aimed to count on their support for Chile's acceptance as an APEC member – something achieved at

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87 Japan, the newly industrialized countries (NICs): South Korea, Hong Kong, Singapore, Taiwan; the Association of Southeast Asian Nations (ASEAN) and China. César Ross, "Chile y el Asia Pacífico: La Construcción Histórica del Futuro," in *Si Somos Americanos, Revista de Estudios Transfronterizos* IX, no. 1 (2007): 109–40. See also: Raúl Sanhueza and Ángel Soto, "Chile en el Contexto del Pacífico: Marcos Conceptuales para la Política Exterior de Chile Hacia el Asia Pacífico," in *Revista UNISCI* 21 (2009), 120-136.

88 Such as an increase in the GDP per capita (3.3% for 1985–1990) and a significant diminishing in the country's unemployment rate (21.4% to 5.7%).

89 Fernando F. González, *Dual Transitions from Authoritarian Rule: Institutionalized Regimes in Chile and Mexico, 1970-2000* (Baltimore: Johns Hopkins University Press, 2008).

90 Manfred Wilhelmy and Roberto Durán, "Los Principales Rasgos de la Política Exterior Chilena entre 1973 y el 2000," in *Revista de Ciencia Política* XXIII, no. 2 (2003): 273–86.

91 The Philippines, Indonesia, Malaysia and Thailand.

92 Except for Singapore, which established relations with Chile in 1988. Ross, "Chile y el Asia Pacífico," 109.

93 Ibid.

Blake Island in 1993.[94] Similar to the Peruvian case, Chile committed to comply with the Borgor goals (Indonesia, 1994) as part of it being an APEC economy. Furthermore, the country's bilateral approach through IIAs was mostly intensified through BITs concluded under the presidencies of Eduardo Frei (1994–2000) and Ricardo Lagos Escobar (2000–2006).

Chilean foreign policy has since been pursued on the basis of an aggressive strategy of IIAs negotiations.[95] It equally confirms the Chilean preference of avoiding stronger commitments being made in multilateral South American settings as member of any regional scheme.[96]

The presidency of Michelle Bachelet (2006–2010) openly acknowledged Chile's new political status in the world, and its commitment to building a Latin American identity while also cooperating with UNASUR. Furthermore, Bachelet's foreign policy model clearly strove to search for alliances with countries with which Chile shares matching goals and policies.[97] Consequently the austral state kept up its internationalization strategy, with its natural interlocutors – via IIAs – both within the APEC framework (Australia, China, Japan, Peru, P4[98]) and bilaterally (Colombia, Guatemala, Honduras, India, Nicaragua, Panama). At the end of Bachelet's term, the latent idea of forging an alliance with South American countries that matched Chilean views finally reached completion. However, it was in fact her successor who vigorously promoted Chile's engagement with the PA. President Sebastián Piñera, a congress man (1990-1998), right-wing businessman and a Chilean billionaire with a real time net worth of U$ 2.8 billion according to Forbes List (2019),[99] led his country's foreign policy differently (2010–2014). He continued to pursue both multilateral and bilateral trade agendas, while adding two partners to the Chilean list of IIAs (Malaysia and Turkey).

Piñera's rule was responsible for turning Chilean foreign policy towards different dynamics. Chile participated as a founder and full member of an economically driven scheme alongside those of its Latin American neighbours sharing a border with the Pacific Coast.[100] As such, it now left behind its traditional role of being either only an associated member or just an institutional

94 Wilhelmy and Durán, "Los Principales Rasgos," 273.

95 Guerra-Barón, "¿Gobernanza Multinivel o Intergubernamentalismo en Inversión?," 327.

96 Ibid.

97 Michelle Bachelet, "Programa de Gobierno," 2015, accesed May 9, 2019, http://www.bibliotecanacionaldigital.gob.cl/bnd/646/w3-article-157782.html.

98 Trans-Pacific Strategic Economic Partnership Agreement (P4) with Brunei Darussalam, New Zealand and Singapore.

99 Forbes, "The Billionaires List," May 9, 2019, accessed May 7, 2019, https:/www.forbes.com/profile/sebastian-pinera/#4b87962c7a75.

100 Guerra-Barón, "¿Gobernanza Multinivel o Intergubernamentalismo en Inversión?," 327.

observer.[101] Despite some analysts arguing that Chilean membership of the PA may change during Bachelet's second administration (2014–2018), the austral country has in fact not only stayed in it but also promoted policy and regulatory convergence between the PA and Mercosur.[102] So far, Bachelet's goal of using the PA as a trade platform to interact collectively with Asia[103] continues – while bilaterally Chile was recently invited to sign the Treaty of Amity and Cooperation with ASEAN (August 2016) and to negotiate an FTA with Australia (2017).

Piñera's second administration (2018–2022) in Chile is not expected to include substantial changes neither regarding its relations with Asia nor with the PA as Piñera was key promoter of the scheme back in 2010.

Capitalizing Unilateral Approaches and Outcomes

In 2011, President Santos and Piñera meet with Garcia at the *Palacio de Gobierno* in Lima to make public a presidential project known as the PA. This "novel regionalist scheme" orients towards motivating "deeper trade and investment relations with Asia through intergovernmental understanding" – while avoiding any sort of supranationality" "or a similar requirement that implies giving up sovereignty."[104] This meeting is the PA cornerstone (A. P. Alianza del Pacífico 2011) on which all normative and institutional architecture of the regionalism scheme is based on. In 2012,[105] the group emerged formally through a presidential declaration that recalls economic and political like-

[101] In the South American context, Chile is a member state of UNASUR since its inception until 2019. It is also an associate member of the AC. Comunidad Andina, Gaceta Oficial Año XXIII - Número 1401, Decisión 645, "Otorgamiento de la condición de País Miembro de la Comunidad Andina a la República de Chile," September 21, 2006, http://intranet.comunidadandina.org/Docum entos/Gacetas/Gace1401.pdf. Furthermore, Chile reached a partial economic agreement with Mercosur (1996). DIRECON, "ACE No. 35 Mercosur-Chile," December 6, 1996, https://www.direcon.gob.cl/2017/06/acuerdo-de-complementacion-economica-chile-mercosur-2/.

[102] Gilberto Aranda and Jorge Riquelme, "¿Es Posible la Convergencia en la Diversidad?: Chile entre la Alianza del Pacífico y el Mercosur," in *Revista de Relaciones Internacionales, Estrategia y Seguridad* 10, no. 2 (2015): 155–78. See also: Foxley, Alejandro, "Nuevo Desafío para América Latina: Integración Productiva," in *Alianza del Pacífico: En el Proceso de Integración Latinoamericana*, ed. Alejandro Foxley and Patricio Meller (Santiago de Chile: Uqbar Editores, 2014), 13–26.

[103] Bachelet, "Programa de Gobierno," 2015, 154.

[104] Angélica Guerra-Barón, "China and South America: The Pacific Alliance," in *Impakter*, November 8, 2018, accesed May 8, 2019, https://impakter.com/china-and-south-america-the-pacific-alliance/.

[105] Pacific Alliance Framework Agreement. Alianza del Pacífico, AP. *Acuerdo Marco de la Alianza del Pacífico. Declaración de Lima* (Antofagasta, Chile, 2012).

mindedness that Colombia, Chile and Peru already share (along with Mexico), such as their international core values (respect for democracy and international law), and their prior engagement with common trade partners by virtue of a network of IIAs as well as their need to have closer and deeper relations, primarily but not exclusively, with Asia.[106]

The PA aims to take advantage of FEP and strategies convergence through three main objectives. First, to create an undefined 'deep integration area' (DIA), a sort of free trade zone area that includes not only free movement of capitals, goods and services but also the free movement of people. Second, to engage collectively in a platform to facilitate policy and regulatory convergence and to project a particular image to relevant outsiders (Asia-Pacific). In spite of the lack of definition regarding a DIA, it can be inferred that liberalization of all factors of production is what the presidents aimed to do; without making any reference to create a common market though. Finally, a long-term objective refers to overcoming socio-economic disparity and reaching social inclusion through economic growth, development and competitiveness (article 3).

Undoubtedly structural and historic analysis of Chile, Colombia and Peru suggests the existence of policy convergence on internationalization issues through investment strategies at both bilateral and multilateral levels. It does not mean that the PA was presidentially announced (2011) with the aim of creating exclusively a foreign investment promotion platform, but it supports the fact that these countries have previously met at the Latin American Pacific Basin Forum (2007-2010), to take advantage of IIAs convergence. This previous encounter is key in the formation of the PA – not exclusive though. Thus, this is one of the pillars over which the PA builds itself and the one that works as a standing point to further agreements on trade disciplines through different means.

As a unit, the Pacific Alliance members facilitate coordination[107] and cooperation,[108] on an intergovernmental basis mainly, but using policy convergence as a platform. Policy convergence over investment strategies between Chile and Peru particularly, and Colombia to a lesser extent, did indeed

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106 Guerra-Barón, "China and South America."

107 It consists of all the adjustments, such as discussion about the adverse consequences of any decisions taken, and then their effects for other subsequent decisions Charles Lindblom, *The Intelligence of Democracy: Decision Making Through Mutual Adjustment* (New York: The Free Press, 1965). These decisions need to be made by actors (whether individuals or organizations) in order that their actions are brought into conformity with each other, achieved through a process of negotiation. Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, New Jersey: Princeton University Press, 1984).

108 Cooperation "occurs when actors adjust their behaviour to the actual or anticipated preferences of others, through a process of policy coordination." Ibid., 51. Keohane, "*After Hegemony*," 51.

trigger coordination. After, a cooperative inter-governmental scheme to act collaboratively in relation to Asia and its markets emerged – that without either having a common foreign policy or creating an international organization to support this approach. Such a transnational convergence of policies on economic matters is facilitated by domestic drivers. The Chilean image of being a Pacific country respectful of international (economic) norms is a never-ending process, wherein the main strategy is strengthening its diplomatic network and its IIAs map. This strategy has been carried out despite the different political stances of the country's various leaders, the right wing for Piñera, and centre-left for Bachelet.

The Colombian elite of the twenty-first century has insisted on detaching domestic issues from the role that Colombia might play in the international arena. Such a strategy has been presidentially driven and has consisted mainly of structuring a legal and economic framework that includes improving the country's investment climate while playing an active role in concluding IIAs. However, Colombia has not performed as well as its South American PA partners have in terms of its presence in Asia, while its role as a Pacific territory is currently only at an early stage of development.

On the contrary, Peru entered into the global economy after a precarious and critical period in the 1980s. It pushed the Peruvian elite to diversify political and economic partners and to engage with Asia. Similar to the Chilean experience, Peru created and nourished a network of IIAs with Asian interlocutors; meanwhile, it is also currently working on a strategy to transform the territory into a hub geo-strategically situated at the geographical heart of South America. As such the policy convergence of Bogota, Lima and Santiago on FEP, and particularly on negotiating and internationalization strategies, becomes a platform through which to increase cooperation among and between both member states and key observer states.

In this particular sense I argue that the PA sets an example of policy convergence as an output to further understandings with insiders and with relevant outsiders – such as Asia-Pacific partners.

After explaining the PA's objective in forming a relationship with the Asia-Pacific region and the possibility of inter-governmental cooperation being achieved through this institutional body, it is a fact that Bogota, Lima and Santiago have indeed agreed to take advantage of their like-mindedness and policy convergence on economic issues so as to act as a bloc vis-à-vis Asia - mainly but not exclusively.

This does not hide the fact that these countries' interests overlap specifically for economic reasons but not oppose. For example, Chile and Peru are China's main recipients of FDI flows in the primary sector, while both also have FTAs with the Chinese. Even though none of the Latin American countries are either China's main exporter partners[109] or importers,[110] the Asian economy needs from them raw materials for its domestic production (crude oil: 14%; iron: 5.3%; gold: 3.6%). Peru has received the greatest amount of Chinese investment to this end, particularly in the mining and energy sector.[111] In a nutshell production and export concentrates in low-productivity sectors without technological dynamism.[112]

Without any doubt an inter-governmental cooperation scheme such as the PA might be strongly led by its South American members, yet the dependency on the Chinese demand for raw materials must be tackled using the same means that fostered the alliance's creation in the first place.[113] A public–private strategic partnership that promotes non-traditional exports based on services and technologically added value should be politically addressed, economically designed (on domestic and sub-regional grounds and with key stakeholders) and strategically coordinated between the various insiders.[114]

Preliminary Insights

International political economy offers theoretical tools of value to international law and economics scholars engaged in explaining policy convergence. International political economy allows variables that have traditionally been omitted to be introduced, such as the dynamics unleashed by political and economic factors and the relationship between a leader's own economic ideas and the devising of regionalism schemes – as Odell and Ravenhill suggest. International political economy theoretical richness allows us to verify how non-legal elements have been successfully networked into a particular moment of policy. While the Chilean case might be catalogued as an experiment in South America, in the sense that the country was a pioneer in its

109 US (19%), Hong Kong (11%), Japan (8.3%), Germany (4.4%) and South Korea (3.7%). ECLAC, *Latin America and the Caribbean.*

110 Japan (10%), South Korea (9.3%), other Asian countries (8.1%), US (8%) and Germany (6%). Ibid.

111 Amos Irwin and Kevin P. Gallagher, "Chinese Mining in Latin America: A Comparative Perspective," in *The Journal of Environment & Development* 22, no. 2 (2013): 207–34.

112 ECLAC, *Latin America and the Caribbean.*

113 According to the latest World Investment Report, China has a huge presence in South America mainly through greenfield investment in cross-border mergers and acquisitions (M&A sales). Despite the lack of an FTA between China and Brazil, there was a $7 billion rise of Chinese investment in 2017 ($9 billion) compared to 2015 ($2 billion), boosted by megadeals involving China Three Gorges Corporation. Guerra-Barón, "China and South America."

114 In fact, the Entrepreneurship Council of the PA (EC-PA) was created in 2012 as the result of a private initiative.

enacting of the neoliberal formula, Colombia and Peru also followed that trend in the years after the 1980s debt crisis. These three countries carried out domestic changes so as to improve their investment climate and also developed active unilateral, bilateral and multilateral agendas in a sub-regional setting in order to behave as competitive trade partners.

Policy convergence over internationalization and negotiating strategies as experienced by Chile, Colombia and Peru was a milestone factor in the creation of the PA itself. Equally, such policy convergence has allowed these countries to reach innovative and advanced agreements on a number of trade (accumulation of origin) and non-trade (shared commercial and trade offices, diplomatic representation) issues. In this case, policy convergence represents an outcome of policy coordination and cooperation.

One of the elements transversally presented in the Chilean, Colombian and Peruvian policies (particularly on economic issues) refers to historical junctures and the active role that presidencies play in planning and implementation. This reality generates the possibility that the economic ideas of the key decision makers influence the creation and consolidation of inter-governmental cooperative schemes, such as the PA. This is a politically and economically driven scheme whose short-term outcomes are indeed presidentially promoted. After, common interests play a role – along with the economic ideas shared by the different leaders, being well established in their trade protocols.[115] Interests as well as economic ideas converge through inter-governmental mechanisms of understanding, being led by a high-level group (vice ministers) and by technical ones too.[116]

The major challenge for the South American PA states now consists of ensuring the various leaders' commitment to long-term cooperative mechanisms over short-term results. Colombia, Chile and Peru are acknowledged as emerging economies and promissory investment miracles; thus, government efforts should lead to a timely strategy within the Technical Group of External Relations (TGER) towards the Asia-Pacific region, and particularly China. Eventually, as part of that strategy, the PA may become a host investment block in the domains of service industries, technology, information and innovation.

A potential issue may arise between the PA members due to their competition over attracting FDI flows. However, affiliation with the PA does not impede its member states from developing their own individual mechanisms and domestic strategies. As such, the PA's institutional architecture not only allows for but also in fact facilitates agents collaborating with outsiders.

[115] Alianza del Pacífico (AP), "Protocolo Adicional al Acuerdo Marco de la Alianza del Pacífico," February, 10, 2014, http://www.sice.oas.org/Trade/PAC_ALL/PROTOCOLO_COMPLETO.pdf.

[116] Consistent with such a setting, all PA states (including Chile) have been engaged in a race to attract FDI into their territories – as most emergent economies have.

Furthermore, these countries' elites prefer policy coordination and inter-governmental cooperation to rigid institutional architecture. Yet it should be first acknowledged that both Chile and Peru share a pro-Pacific profile in economic and political terms, while Colombia's elites have traditionally ignored the Pacific Coast as a key sub-region within the country. Consequently, its sudden importance to Colombia refers very specifically to the existence of the PA itself. The PA thus offers a good example not only of the role that norms played in the creation of the group itself, but also the impact that policy convergence has on a longer-term basis.