



Sistema Económico
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Latin American and Caribbean
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Sistema Econômico
Latino-Americano e do Caribe

Système Économique
Latinoaméricain et Caribéen



Conclusions and Recommendations

Extra-Regional Relations

*Regional Seminar on economic relations between Latin America and the Caribbean
And Southeast Asian countries
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Conclusions and Recommendations

1. The Regional Seminar on economic relations between Latin America and the Caribbean and Southeast Asian countries, held at the headquarters of the Permanent Secretariat of SELA in compliance with the mandate set forth in Decision No. 521 of the Latin American Council, was aimed at analyzing and preparing policy proposals to boost economic relations between Latin America and the Caribbean and the emerging countries in East Asia.
2. The Permanent Secretariat of SELA submitted the document "A new boost for relations between Latin America and the Caribbean and Southeast Asian countries" (SP/SRREALCPSA/DT No.2-12/Rev.1) to the delegates of its Member States, who also heard two presentations, one of them delivered by the representative of the Economic Commission for Latin America and the Caribbean (ECLAC) and entitled "Towards further development of economic links between Latin America and the Caribbean and Southeast Asia", and the other one by CAF-Development Bank of Latin America, entitled "Economic relations between Latin America and the Caribbean and Asia." The meeting also allowed for gaining knowledge about the experiences and realities of inter-relations of East Asia with the Member States of SELA, particularly Chile, Peru, Colombia and Mexico, through presentations delivered by representatives of those countries in the Seminar.
3. Based on the analyses and the exchanges of views during the meeting, the following conclusions and recommendations were drawn:
 - 3.1 Southeast Asia is a region that preserves a great diversity in spite of its strong sense of identity. In view of that reality, it is not recommendable to deal with those countries under uniform criteria.
 - 3.2 Thanks to its strategic location and its coordination with the most important economies in East Asia, the Southeast Asian region has become a key actor in the main core of current world economic growth, with an increasingly stronger impact on the generation of global Gross Domestic Product (GDP).
 - 3.3 It was only recently – after the 1990s financial crisis – that Southeast Asia was considered as a relevant and interesting counterpart for Latin American and Caribbean economies. The attempts of Latin America and the Caribbean to strengthen economic relations and cooperation with the Southeast Asian region have been marred by the fact that it lacks a consensus-based vision of its common interests and the most appropriate ways to promote them. This is in sharp contrast with the shared approach to regional integration and extra-regional economic relations under the aegis of the Association of Southeast Asian Nations (ASEAN).
 - 3.4 The process to create an ASEAN Economic Community (AEC) by the year 2015 raises important challenges for Latin America and the Caribbean, both from the standpoint of the single market which it aims to establish and from the point of view of the participation of such a Community in the global economy and the modalities for the preferential relations that would underpin it. There is every indication that regional integration in Southeast Asia will continue to expand gradually under this process and that, despite their broad economic and social asymmetries, the economies of that region will grow steadily.
 - 3.5 In this connection, there is a clear influence from the rapid and significant transformation of the economies of China and India, which have positioned at the

2

very centre of a broad network of global value chains that have Southeast Asian countries as major providers in their supply and assembly lines, and developed countries as their end markets. In turn, this is underpinned by their openness to regional and extra-regional Foreign Direct Investment (FDI) flows, channelled mainly through transnational enterprises. Links within East Asia will also continue to get stronger thanks to the preferential agreements on economic cooperation.

3.6 In this process of recovery and growth, Latin American and Caribbean countries have a very low relative share in trade exchanges with Southeast Asia. LAC exports to Southeast Asia consist mostly of raw materials and manufactured goods based on natural products. They depend heavily on cyclical factors and have a very low contribution to value chains in that region. Moreover, FDI flows from Southeast Asia to LAC are practically inexistent. Thus, the challenge for Latin America and the Caribbean is to change this reality and start taking advantage from the opportunities offered by the development and growth prospects in Southeast Asia.

3.7 To make progress in that direction, the Member States of SELA need to work within the context of the growing political and economic coordination taking place in East Asia and Asia-Pacific, where ASEAN plays a central role as a means for inclusion and linkage. They also need to define the most appropriate strategies for that purpose, particularly in view of the proliferation of intra-Asian and trans-Pacific free trade agreements which have redefined the current scenario.

3.8 There is a significant number of free trade agreements (FTAs) under negotiation or already signed between Latin America and the Caribbean and Asia-Pacific, even though they concentrate on just a few countries of our region. Such agreements have led to a remarkable expansion in trade exchanges; however, the balance still shows a strong deficit for our region.

3.9 With ASEAN countries, in particular, trade reflects low values, concentrated on a few products, and of an inter-industrial rather than intra-industrial nature. A competitive advantage for Latin America and the Caribbean is evident only in agricultural products. In turn, FDI flows still focus on a few countries of origin and a few sectors of destination, in both Latin American and Caribbean and ASEAN countries. Although there is evidence of a growing interest in investing among Asian countries, our region has not capitalized on such interest; therefore, it is necessary to implement a strategy to attract productive capital that allows the region to link with "Factory Asia".

3.10 The Trans-Pacific Strategic Economic Partnership Agreement (TPP), agreed to in 2011, will bring about substantial changes in the reference frameworks of inter-regional relations, including those between the countries of Latin America and the Caribbean and Southeast Asia. In view of the consolidation of Asia-Pacific as a world-class economic core and the new issues concerning intra-regional cooperation within that region, Latin America and the Caribbean must make a choice: either taking the initiative and defining a strategy for relations or assuming a reactive attitude towards the strategies to be adopted by that region. It is necessary to avoid possible undesirable impacts for Latin America and the Caribbean from the progressively increasing economic integration in Asia.

3.11 A consensus-based "Plan of Action", of a comprehensive nature, backed by a strong political will to relate to Asia-Pacific, seems to be indispensable if Latin America and the Caribbean want to make progress towards the construction of

economic and cooperation links that allow for expanding and deepening the current relations with that economic bloc, including India. In this context, ASEAN provides a platform for political and economic relations and for building on a multidimensional cooperation scheme, to which our region needs to adapt itself. In this regard, it is advisable to define a bi-regional working agenda.

3.12 The national cases examined and the analyses made by regional organizations highlight some preliminary recommendations for approaching East Asia. They include: the need to implement the bilateral agreements already signed; to promote stronger commercial ties, among other measures, by differentiating exports from Latin America and the Caribbean, exploring complementarities and market segmentation, and fostering trade facilitation measures so as to overcome distance barriers; to promote business alliances and greater bi-regional investments, among other possibilities, through a better insertion into productive chains, both in Asia – especially in ASEAN – and in Latin America and the Caribbean, particularly in the small and medium enterprise (SME) sector; to exchange experiences; and to define strategies for supporting a specific regulatory and institutional structure in the long-term.

3.13 Similarly, the “Plan of Action” could set the goal of establishing a regular ASEAN-LAC Forum to conduct an institutionalized dialogue, region to region, or revitalize existing initiatives. Such forum would facilitate a more institutional inter-relation (ADB, ESCAP, SELA, CELAC, ECLAC, IDB), greater knowledge and mutual cooperation (FEALAC), and would enhance bi-regional contacts (among political parties, academic institutions, civil society and business sectors), as in the case of the recently held ASEAN-Latin Business Forum. All of these conditions are necessary to identify and develop a bi-regional agenda, focused on global issues of common interest and on the main development challenges in both regions (for instance, competitiveness and productivity, connectivity, infrastructure, science and technology, environment, education and social policies), and based on the respective capacities and potentials of both regions. For this purpose, it would be advisable to define the most appropriate partners for each topic and encourage synergies and complementarities between the competent bodies.

3.14 Immediate efforts in Latin America and the Caribbean should aim to increase coordination and cooperation in terms of economic policies and strategies, as well as trade, scientific and technological strategies to deepen and expand relations between the two regions. In this connection, a recommendation was made for SELA to continue working with its Member States in their pursuit to deepen relations between the two regions. In particular, SELA could set up a space to deal with topics such as productive development and trade facilitation between both regions, the Asian experiences in the SME sector, and the construction of their own monetary and financial space.