Article

Challenges for Latin America: The Agenda for Sustainable Development and Negotiations in the Twenty-First Century

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Abstract
This paper discusses some of the challenges related to integration and cooperation in Latin America: the 2030 Agenda for Sustainable Development, a clear platform that involves every country in the region, as well as various actors, and trade negotiations in the twenty-first century, in particular, mega-regional agreements whose scopes are limited to a few countries. Latin America is currently exploring the possibilities of convergence and cooperation in a context of diverse geopolitical interests. This will require adopting a flexible and inclusive approach. The experiences of Asia and Africa in this arena will undoubtedly be relevant. Achieving convergence will be crucial to fostering cooperation and coordinating policies to respond to the challenges of globalization. The region will also have to find new resources and models for national and international funding.

Key Words: Sustainable development, 2030 Agenda, funding, regional integration and cooperation, trade and development.

INTRODUCTION

Latin America has a long road ahead of it to confront the global challenges set forth in the 2030 Agenda for Sustainable Development (hereafter referred to as the 2030 Agenda), an ambitious and universal platform in which every country will be involved (ONU, 2015), as well as trade negotiations in the twenty-first century, particularly at the mega-regional level where only a few countries are included. The hope is that the 2030 Agenda, with its 17 sustainable development goals (SDG) (ONU, 2014a), will bring about a profound transformation towards sustainable development to meet the needs of people. To do so, the world requires a new approach to sustainable development, the global financial architecture, the trade system, and the conditions for transferring knowledge and technology to developing countries (Cepal, 2015a: 5). The foregoing will have an impact on the trade agendas and commitments into which developing countries enter, which will require clear policy guidelines, both nationally and regionally.

Although Latin America and the Caribbean (LAC)[1] have made some strides forward in socioeconomic development, the majority of countries in the region continue to face far-reaching inequality, resulting from such factors as: the concentration of income and wealth in the hands of the few, heterogeneous production structures, and limited access to goods and services: "Improving the social conditions in which the population lives is essential to achieving structural change and sustainable economic development…" (Cepal, 2016). The 2030 Agenda is therefore of the utmost importance to these nations.

The SDGs must involve all stakeholders, rather than only the governments, in order to spur feelings of "shared accountability for a common future" (ONU, 2014b: 13). Efforts must be made to adapt the policy priorities of each country and regional bloc to global challenges. One guiding principle of current debates in LAC is to achieve convergence in diversity, accept the existence of different integration and cooperation models, and explore spaces for coordination (Cepal, 2014), which will contribute significantly to the 2030 Agenda. The Community of Latin American and Caribbean States (CELAC, 2010), a policy forum that involves all of the (33) countries in the region, analyzes, coordinates, and fosters dialogue about geopolitical, economic, and social matters whose objectives are aligned with the 2030 Agenda. In addition, the 7th Summit of the Americas (Panama, April 2015), whose theme was, "Prosperity with Equity: The Challenge of Cooperation in the Americas," hosted a number of delegations from various countries, including a representative from Cuba, for the first time. Attendees agreed on actions in such topics as education, health, migration, security, citizen participation, and democratic governability. The presence of the United States and Canada at this latest summit set it apart from previous CELAC meetings with only LAC countries, which, therefore, represented only their own interests.

In order to take on new and changing global challenges, Latin American countries must explore spaces for and develop common policies. The diversity of natural resources, human capital, evolving regional institutions, and ambitious trade and development agendas are all valuable points of departure for debates about convergence, integration, and regional cooperation. This diversity is similarly found in regions throughout Europe, Asia, and Africa; the latter two are included by way of comparison.

One of the major challenges resides in improving institutional channels that connect productive systems and working on cooperation initiatives between countries, pursuant to the criteria of "…variable geometries and speeds…" (Peña, 2014: 1). LAC countries are involved in diverse bilateral, regional, and extra-regional agreements, whose commitments frequently overlap, which means that it would be possible to explore synergies between these agreements and cooperation initiatives. In parallel with policy dialogue, CELAC fosters debate about such topics as trade, investment, and productive transformation. For this purpose, it has been made clear that the path to convergence must not stand in the way of member countries honoring and/or entering into their own commitments and/or agreements with partners both within and outside of the region. In general,

[1] Throughout this paper, LAC refers to the integration of countries that speak Spanish and Portuguese, with the exception of a few Caribbean countries.

countries must preserve their own political spaces, freedoms, and opportunities to explore the right combination of economic and social policy that will lead to "…achieving equitable and sustainable development in their national contexts…" (UNCTAD, 2014: 16).

Various integration and cooperation approaches co-exist in Latin America. On the one hand, the Pacific Alliance, a market- and free trade-oriented trade bloc consisting of four countries (Colombia, Chile, Mexico, and Peru), all of which have signed Free Trade Agreements (FTA) including partners from outside of the region. On the other hand, groups of heterogeneous countries cooperate on trade matters with a vision oriented towards solidarity, cooperation, complementarity, and reciprocity, as seen in the cases of the Common Market of the South (Mercosur), the Bolivarian Alliance for the Peoples of our America – Peoples' Trade Agreement (ALBA-TCP), and the Union of South American Nations (UNASUR), which include, among other topics, initiatives related to infrastructure development to connect the region, as well as contributions to social development and a sustainable economy. At the end of 2015 and the beginning of 2016, some Latin American countries were in the midst of major political transformations (presidential elections in Argentina, parliamentary elections in Venezuela, and the results of the referendum in Bolivia), which had an influence on cooperation agreements. It is expected that both integration and cooperation approaches, with all their variations, will persist in the medium term, which will require closer collaboration among all LAC countries, because the global challenges of sustainable development require a unified effort from everyone involved. The various integration groups and cooperation initiatives are introduced in the table attached at the end of this document.

In Latin America, countries continue to negotiate with partners outside of the region. Proof of that is the strategic alliance between CELAC and China. At the First Forum held in January 2015 with the support of ECLAC, representatives discussed the strengths of economic and trade relationships between the partners (Cepal, 2015b). Similarly, countries are making progress in setting up bilateral cooperation initiatives with China, Russia, and India, among other partners outside of the region.

In light of the diversity of bilateral and regional negotiation agendas, and the need to face both domestic and global challenges, Latin America's experience raises some important questions. How will these countries find points of convergence to improve intra-regional trade, integration, and cooperation, while also developing strategic partnerships? How will mega-regional agreements have an impact on Latin American countries, both those that are included and those that are not?

This paper sets out to explore precisely these types of questions. Section 1 presents some experiences related to integration and cooperation in Latin America; it also examines integration in African and Asian countries as a way to continue to the debate on comparative regionalism. Section 2 addresses mega-regional negotiations and their impact on the countries left out of them. In particular, the Trans-Pacific Partnership (TPP), led by the United States, and including a few Latin American countries; it is also worthwhile to mention the Regional Comprehensive Economic Partnership (RCEP), thought to be China's response to the TPP. Finally, I present some final thoughts about Latin America in light of the 2030 Agenda challenges.

I. A COMPARATIVE APPROACH TO INTEGRATION AND COOPERATION IN LATIN AMERICA

The region of Latin America is endowed with significant natural wealth, including agriculture, mining, oil, and some of the largest river basins in the world. These resources, both renewable and non-renewable, vary from country to country. It is necessary to keep this heterogeneity in mind when assessing the region's productive potential, as well as economic strategies and policies. At stake in this discussion are natural resources, sovereign policies, and the institutions that regulate the ownership and distribution of natural resources to maximize their contribution to sustainable development. These efforts require stronger national and regional institutions, regulatory frameworks, and instruments to optimize the yields obtained from these natural resources in development, as well as to strive for convergence and articulation between countries and integration mechanisms to manage resources and guarantee better living conditions for their citizens, as laid out in the SDGs.

Attempts to achieve convergence among regional blocs are not exclusive to Latin America. European countries have had to confront cultural, language, religious, economic policy, and geopolitical differences in order to establish the European Union (EU). Similarly, Asia and Africa have faced challenges not only in terms of economic discrepancies, but also in varied social, political, religious, cultural, ethnic, linguistic, geographical, and governmental systems.

In Africa, negotiations to set up the Continental Free Trade Zone of Africa (CFTA), entail the pursuit of convergence and cooperation in a region of unequal economic development. For this purpose, the African Union (AU) recognizes eight Regional Economic Commissions (REC), which must harmonize their agendas as required by the CFTA. Moreover, the region of Asia has managed to overcome differences between countries and cooperate pragmatically, as will be discussed below.

The reality of Latin America is that there are different approaches to trade and development, reflected in the region's efforts at integration and cooperation. On the one hand are countries that abide by the tenets of market liberalization in cooperating with regional partners, as well as in negotiations with partners outside of the region. Proponents of FTAs argue that these agreements promote new markets, innovation, greater competition, job opportunities, investment, and access to more specialized goods and services. In this regard, national effects must not be underestimated, because FTAs can compromise sovereign, economic, and cultural policy, and also constitute an incentive for trans-national companies to the detriment of small and medium-sized enterprises (SME).

An example of an FTA that includes Mexico is the North American Free Trade Agreement (NAFTA). By contrast, the Pacific Alliance, created in 2011, is a profound integration initiative (including harmonization of standards, regulations, and other disciplines, as well as tariff barriers), whose purpose is to advance towards the free circulation of goods, services, capital, and people, with Asia-Pacific projection. The FTA between Central America, the Dominican Republic and the United States (DR-CAFTA) is based on the NAFTA model. Speaking of Central America, the Central American Integration System (SICA) has set up a common external tariff, a customs union in the process of being created, and has taken steps forward in the free movement of people, capital, and services. The Secretariat for Central American Economic Integration (SIECA), enforces legal instruments related to integration, among its other duties.

On the other hand, countries with diverse economic and political interests are trying to boost trade and cooperation with geopolitical ends that go beyond trade matters. Cases such as Mercosur and UNASUR are promoting social, political, and productive integration, while others, like ALBA-TCP, pursue solidarity commitments, from the bottom up.

Mercosur's objectives include, among others, achieving productive integration, promoting free trade, and emphasizing environmental and technology issues, as well as backing SMEs. One particularity of this body is the Mercosur Structural Convergence Fund (FOCEM), which supports the most vulnerable economies in the group. Aiming to strengthen the institution, the Mercosur summit held in Paraguay (December 2015) demonstrated the need to address political questions to make progress in economic and trade matters. Similarly, there are topics pending on the agenda related to institutional reform and the establishment of a supra-national authority, free trade zones, new international trade disciplines, and a common external tariff) (Bartesaghi, 2015a: 2). The free trade negotiations between Mercosur and the EU, which began in 1999, are still ongoing. The launch of the Pacific Alliance marks another challenge, as well, which is part of the aforementioned convergence process.

UNASUR (2008) is part of the ambitious policy agenda of a new regionalism that goes beyond trade preferences. UNASUR provides support to its members in such diverse realms as political dialogue, social policies, education, energy, infrastructure, financing, and the environment, aiming to deal with problems like inequality, social inclusion, citizen participation, bolstering democracy, and reducing asymmetries. One recent proposal is to create a "South American citizenship," which would allow citizens to freely circulate and expand intra-regional trade.

ALBA-TCP promotes social and political cooperation grounded in redistribution and solidarity. The group focuses on three core topics: designating strategic enterprises, products, sectors, and trade and industrial partnerships in which the State is a strategic actor; a multidisciplinary approach that goes beyond economic themes, and a conception of economic policy protected by the idea of sovereignty, which reflects its geopolitical dimension. This is a flexible agreement in which members participate while also taking part in various regional plans, which is why it is "…suitable to conduct an in-depth analysis of potential convergences with other integration schemes…" (Ojeda, 2014). ALBA-TCP includes a virtual currency (SUCRE, the Regional Compensation Unit System), public multi-national enterprises, an intra-regional development bank (ALBA Bank), international partners protected under the scheme of missions, and a special loan system backing soft plans such as the Petrocaribe Agreement, which was created in 2005 to provide secure and reliable access to energy sources for the Caribbean Islands. Petrocaribe is not a condition for belonging to ALBA-TCP.

The Caribbean Community (CARICOM) countries participate in the Africa, Caribbean, and Pacific Agreement spearheaded by the Commonwealth Secretariat, among other schemes supported by the former colonial powers. Some of these countries also belong to ALBA-TCP, while others adhere to liberal trade policies. The CARICOM Strategic Plan encompasses a socioeconomic model for progress, strengthening regional unity, and reforming governability mechanisms (CARICOM, 2014).

The Latin American Association for Integration (ALADI), set up in 1980, has played a crucial role in analyzing the development of regional groups in LAC, maintaining, among other information, updated data on intra-regional trade among its member states. The role of ALADI has been complemented by and extended by CELAC. In January 2015, CELAC approved the Declaration of Belén on economic, political, and social aspects in the region; it is meant to serve as the guidelines for the activities of the forum (Cepal, 2015). Notable is the role of the Andean Community of Nations (CAN), whose members have implemented pilot projects for Participatory Regional Integration with support from the EU. The Latin American Economic System (SELA) has been instrumental as a facilitator of debates among LAC countries about articulation, complementarities, cooperation, and convergence among integration mechanisms in the region. In December 2015, it examined the regulatory frameworks involved in a few integration mechanisms in order to define medium-term strategies.

Looking back at LAC integration mechanisms, it is worthwhile to take into account the role of presidential diplomacy in regional policies, as “Latin American regionalisms rely heavily on interpresidential dynamics rather than supranationality” (Malamud and Gardini, 2012: 123). In many cases, laws and institutions have become subordinated to whomever is in charge. In light of this reality, there is an imminent need to create efficient technical bodies capable of implementing and reinforcing cooperation initiatives and agreements.

In an emerging multipolar world, financial resources to support countries and regions are crucial, as asserted in the 2030 Agenda. The Latin American Development Bank (CAF), which includes 17 LAC countries, Spain, and Portugal, provides credit transactions, non-reimbursable funding, and support for the technical and financial structures of the public and private sector. CAG enjoys financial solidity and stability, which has earned it a high credit rating. The BRICS (Brazil, Russia, India, China, and South Africa) have reaffirmed their commitment to the fundamental principles of international law and have acknowledged the essential role of the U.N. in global affairs. South-south cooperation is seconded by the establishment of the New Development Bank for the BRICS (created in 2014 and reinforced in 2015). The idea is for the BRICS to contribute to achieving 2030 Agenda goals by mobilizing public and private resources (Hackenesch and Heiner, 2013; Chandran and Cooper, 2015: 3-5).

Latin America: The Road to Convergence and Coherence with the Participation of All

Achieving convergence and cooperation in a heterogeneous context, where diverse countries and sub-regional clusters coexist with different approaches, as is the case of Latin America, is a major challenge. Despite efforts to achieve genuine integration processes, the groupings for integration and cooperation initiatives in the region tend to include national and imported models. The European example has served as an unavoidable reference for some of the experiences; however, the LAC region has not gone so far as to emulate the profound integration seen in the EU (Chauffour and Mauro, 2011: 17).

One alternative to achieve convergence and cooperation that would seem plausible consists of recognizing that the countries that comprise integration and cooperation agreements must be permitted to do so at different speeds, pursuant to the idea of variable geometries,[2] allowing countries to participate in regional blocs and/or with the cooperation methods that best meet their needs (Nolte and Wehner, 2013: 211).

Regional efforts in LAC have centered mainly on the gradual phasing out of tariffs, the expansion of national markets, and positioning in the international market. However, the region has not undergone major changes in terms of its role in international trade. In general, the region exports raw materials and is the recipient of manufactured products, similar to other developing countries. Currently, in the framework of the Global Value Chains (GVC) dynamic, the vision for regional integration "…based on a productive paradigm would seem to be gaining relevance over schemes…based on a trade paradigm" (SELA, 2014: 4). The question thus arises: how can regional groups in LAC prepare to achieve productive integration?

There are various factors that can explain the behavior of a region and the as of yet weak results of integration, manifest in the low rate of intra-regional trade (less than 20%), a figure that contrasts sharply with the 54% in the Asian Pacific area, and approximately 70% in the EU. These factors are, one, the persistence of non-tariff barriers and deficiencies in the logistics infrastructure, especially as related to ground transportation, which is essential to fostering trade. Second, the effects of the 2008 financial and economic crisis, exacerbated by national and international financial imbalances that have affected the exporters of commodities, because "…lack of diversification makes their economies vulnerable to exogenous impacts and policy changes" (UNCTAD, 2014: 24). Third, the proliferation of bilateral agreements between LAC countries and partners outside of the region could debilitate the negotiating capacity of some countries in their efforts to achieve profound and wide-ranging regional agreements. Fourth, asymmetric development among countries has stood in the way of productive transformation in the region,

[2] Variable geometry: member states have the option to cooperate with different partners who have common objectives, maintaining the option to exit the agreement if doing so is economic and politically convenient.

which is essential to achieving good insertion in the global economy. In this sense, the smallest economies in the region are particularly affected (*Ibid,* p. 3).

In order to modernize production processes, it will be necessary to achieve productive transformation, changes in the structures designed for creating goods and services, and to boost higher technology complexity and regional added value. The benefits of the new production paradigm using regional GVCs could be numerous. Productive integration boosts regional industrial efficiency by incorporating economies of scale and greater complementarities; likewise, platforms could be created to aid local or regional enterprises in going global. Regional blocs must act as a platform to capitalize on the regional assets that are available, whether they be economic, trade-related, historical or cultural. It is about going beyond traditional industrial policies and focusing on a comprehensive and multidimensional development process, designed primarily to bring about the transformation and convergence of the production structures that currently operate in the region. The foregoing must be complemented by a process to transform society itself: "…a movement from traditional relations, traditional ways of thinking, traditional ways of dealing with health and education, traditional methods of production, to more 'modern' ways" (Stiglitz, 1998: 5).

Productive integration through regional value chains requires investment in infrastructure, a process in which it would be valuable to involve national and regional financial institutions. In this sense, CAF provides support for productive integration through the consolidation of regional value chains, harnessing efforts to break down barriers to international trade, encouraging public, private, and academic organizations to share experiences with each other, and implementing trade integration initiatives. The Inter-American Development Bank (IBD), a traditional support body in the region, has developed new productive development policies. The support of national development banks and export promotion organizations, among others, will also be necessary.

The Experience of Integration and Cooperation in Asian Countries

Since 2000, East Asia and the Asia Pacific region have entered into various and diverse bilateral FTAs, which bring with them simultaneous and sometimes overlapping obligations (a situation referred to as the noodle bowl), with diverse trade and investment regulations contained therein, which makes it difficult for countries and companies to deal with them.

In terms of integration, there are two predominant regional blocs. Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN). Both share objectives and priorities in trade matters and liberalizing investment, economic and technical cooperation, food and energy security, disaster management, connectivity, and other topics; however, the two institutions address these questions rather differently and each enforces its own agendas and rules. APEC is a broad organization (21 member countries, including Chile, Mexico, and Peru). Its priorities are set pursuant to the guidelines of the economic

leaders, which are then collated with initiatives and proposals made by the business community, working groups, and capacity-building projects (Basu Das *et al.,* 2013).
ASEAN is composed of 10 members in close geographic proximity to one another. The ASEAN way of cooperation is "…based on principles of sovereignty, non-intervention, the peaceful resolution of conflict, and consultation and consensus decision-making…" (Pek Koon Heng, 2014), which has guided intra-ASEAN relationships since its creation in 1967.
A significant milestone for ASEAN was the establishment of the ASEAN Economic Community (AEC) in 2015, with a market of over 622 million people. The AEC has a mandate for the period between 2016 and 2025 to achieve a competitive, innovative, and dynamic ASEAN, improve connectivity and sectoral cooperation, and promote a global, integrated ASEAN, that is people-oriented and aligned with the 2030 Agenda goals. The ASEAN Free Trade Area (AFTA) has been virtually established. This FTA covers all manufactured and agricultural products. The timeline to reduce tariffs and phase out quantitative restrictions and other non-tariff barriers is variable.
Currently, there is talk about the need to harmonize the agreements set forth in regional treaties. The idea of establishing an FTA for East Asia and the Asia Pacific area was suggested for the first time in 2004 by APEC as a long-term vision. The appearance of RCEP, lead by ASEAN, and the TPP, which incorporates various Asian countries, has breathed new life into the negotiations. At the 2010 APEC Summit, the idea for the Free Trade Area of the Asia-Pacific (FTAAP) was announced, which could be made concrete as a wide-ranging agreement through the constitution of regional enterprises made up of ASEAN+3, ASEAN+6 (combined in RCEP), and the TPP.
The creation of the FTAAP continues to stand as a challenge. It will depend on the final outcomes of potential TPP and RCEP scenarios. Broadly speaking, there could be a merger of the RCEP and the TPP to form an agreement that encompasses the entire Asian and Pacific region. Another option would be to keep the RCEP and TPP separate (Basu Das, 2014). As described, the experience of the Asia-Pacific region is very related to the emergence of mega-regional agreements, which, as will be shown later on, are causing a lot of concern for countries participating in the TPP and third-party countries.

Negotiations for an African Free Trade Zone

The African continent is a region rich in natural and human resources, cultural and ecological diversity, and major economic potential. Based on these strengths, the continent has set out to create a unified continental market for goods and services. The Continental Free Trade Area (CFTA) is expected to contribute to, among other things, increasing intra-regional trade, by harmonizing the African Regional Economic Communities (REC), and resolving the issue of overlapping

commitments related to multiple affiliations for REC countries (known as the spaghetti bowl).
CFTA negotiations, which began in June 2015, involve 54 AU member states, whose combined population exceeds one billion people. Negotiations are expected to conclude in 2017 (Muzorori, 2015). The idea is to achieve a *comprehensive* agreement, a new generation (which besides rules for accessing the goods and services market will also include other areas tied to trade), which will help the continent overcome the obstacles of existing regional agreements and will be voluntary for countries.
One aspect that will contribute to CFTA negotiations is the creation of the Tripartite Free Trade Area, in June 2015, consisting of the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the Southern African Development Community (SADC). The latter hosts 26 countries representing 48% of the AU's members, 51% of its Gross Domestic Product (GDP), and 56% of its population. Likewise, there is a proposal to set up an FTA between the Economic Community of West African States) and the aforementioned Tripartite Free Trade Area (COMESA-EAC-SADC 2015).
The formation of the CFTA goes even further harmonizing the policies of the RECs. In fact, African countries agreed (in 2009 to a minimum insertion program, which establishes the activities, projects, and programs for the RECS to accelerate regional and continent integration. The This program takes into account the needs of variable geometries to permit the RECs to advance at difference speeds in their integration processes (UNECA, 2012).

2. LATIN AMERICA AND GLOBAL CHALLENGES: MEGA-REGIONAL AGREEMENTS

In response to the difficulties identified at the Doha Round in terms of adapting trade rules to the current context of globalization, the United States and the EU have come up with new regional trade agreements, including the Transatlantic Trade and Investment Partnership (TIPP) and the TPP. Both entail major changes to regulations. In October 2014, the TTIP unveiled its mandate, participants, and list of themes, including some WTO-related themes (ICTSD, 2014). TPP negotiations were finally completed in October 2015, including 12 countries: Australia, Brunei, Canada, Chile, United Sates, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. These countries together account for 11% of the global population (800 million people), 37% of GDP, 23% of exports, 27% of imports, and 32% of foreign direct investment, making the bloc extremely important for the region (Bartesaghi, 2015b).
The regulatory agendas of the aforementioned agreements include the following topics: trade in goods and services; customs and trade facilitation; health and phytosanitary measures; technical trade barriers; corrective trade measures; investment; services; e-commerce; public sector procurement; intellectual property; labor; the environment; dispute resolution; and institutional exceptions and

provisions. These are rules that right now apply only to member countries and those that have signed FTAs with the United States, but in the future, they will indirectly affect third-party countries because these rules could become global or even multilateral. That is why there is concern among countries in the region, especially from civil society.

The TPP has raised a series of questions, as described below. *i*) Besides earnings on trade and investment flows, countries in the region who take part in the agreement must evaluate its impact on reducing their political leeway, because their regulatory frameworks will have to converge with those of their partners. Realms such as investment, financial services, intellectual property, state enterprises, labor, the environment, and data treatment could be affected (Rosales and Herreros, 2014: 11). *ii*) Member countries will be required to comply with rigorous regulations and liberalize trade policies. This could have repercussions on the fulfillment of bilateral and regional agreements that provide for the preservation of sovereignty of each country. *iii*) LAC countries that are members of the Pacific Alliance and APEC must also take into account that once the TPP is implemented, access will be opened to Asian markets and this will have consequences for local exports. *iv*) Mega-regional agreements represent a unique risk for developing countries in terms of documentation needed for products of origin and inputs. One example of this is the so-called “yarn forward” rule, by which NAFTA and CAFTA-RD members have established value chains that use materials made in the United States and are directed to that market. With the TPP in effect, only those imports to North America that are processed in TPP member countries will receive preferential treatment, which will affect Central American nations. And not only the textile and clothing manufacturing sectors will be affected, but also other industries, such as those tied to plastics, paper and cardboard, chemicals, freight forwarding, and logistics services.

Mega-regional negotiations aim to establish governability mechanisms adapted to the changing nature of global production, trade, and investment. International production networks in North America, Europe, and East Asia are visible examples of that transformation. By contrast, the share of Latin American enterprises in GVCs is still marginal, with the exception of Mexico. There have been studies on the improved participation of Costa Rica in GVC sectors (Gereffi *et al.,* 2013). It is estimated that mega-regional rules could have a greater impact on developing countries than tariff cuts (Rosales and Herreros, 2014: 10).

Mercosur and ALBA member countries will hold on to their traditional export destinations (EU, United States), benefiting from widespread tariff preferences, as well as intra-regional trade, and will continue to explore opportunities with China, India, Russia, and other countries, most likely bilaterally. And this does not even take into account the effects of mega-regional negotiations that will likely sharpen differences in the region. The RCEP is still in the negotiations phase.

Mega-regionalism is undoubtedly a challenge for Latin America, spurring the region to deepen its regional integration mechanisms and improve its position in the global economy. Social matters are already on the integration agendas in one way or another. Addressing this challenge will require renewed effort in the trade realm and closer cooperation in such key areas as science, innovation, logistics, and infrastructure regionwide.

BY WAY OF CONCLUSION: THE DEVELOPMENT AGENDA FOR ALL

All countries, regardless of their development models, need to focus on specific indicators and objectives in order to achieve growth, and the international community should support their aspirations. Referring to the 2030 Agenda, the U.N. asserted: “That future is possible if we manage to collectively mobilize political will and the resources needed to strengthen our nations and the multilateral system” (UN A/69/700, 2014: 40).

The 2030 Agenda is a useful platform to shape policy cooperation and coordination at the LAC regional level. Although there are differences between national realities, capacities, and development levels, the SDGs are relevant to all countries. In fulfilling these goals, existing regional mechanisms can serve to support countries without having to sacrifice their political leeway, as has been described in this paper. Likewise, any step forward towards convergence and cooperation must take into account that fragmentation will likely persist among regional mechanisms and that the challenge is to explore convergence and articulation, at different speeds, as well as the various approaches to trade and development. On the one hand, market-oriented countries favor FTAs, and on the other, there are those that would favor solidarity, cooperation, complementarity, and reciprocity in trade relations; these are approaches that come in variants, as as been mentioned. With an eye towards achieving the SDGs in a context of global changes, forums such as CELAC, consisting of only countries in the region, as well as other existing regional mechanisms and forums, can contribute to fruitful dialogue to support the 2030 Agenda. It is clear that the region requires structural reforms that prioritize, for example, industrialization, physical infrastructure development, and better articulation at the regional level.

The experience in Asia has been no less complicated than that of Latin America. Historically, the countries of Southeast Asia and East Asia have been isolated from each other. Recently, they have moved towards integration, with the Economic Community of ASEAN as one tangible example. A pragmatic approach has prevailed, permitting the region to draw up trade agreements followed up by concrete plans for implementation. There are significant differences in the case of Africa, however, where prosperous countries coexist alongside highly vulnerable nations. Negotiations to achieve a continental free trade zone by way of various regional commissions moving at different speeds has made clear the need for commitments reflected in reduced trade barriers and other concrete actions to respond to the priorities and challenges of integration.

The actions taken by LAC countries in response to the 2030 Agenda challenges must involve a wide range of stakeholders both nationally and regionally, including civil society. The potential implications of the standards and regulations proposed in the TPP, which for now only includes a few countries in the region, must not stand in the way of integration in the region and the attempt to find convergence and cooperation. Thus it is imperative to address the role of hegemonic and geopolitical interests in these processes.

The 2030 Agenda will require additional and novel sources of funding to guarantee the implementation of the SDGs in an inclusive development context. Along these lines, the International Conference on Financing for Development (Addis Ababa, Ethiopia, July 2015), highlighted the importance of adopting new financing initiatives and investment funds that require efforts from public and private, bilateral and multilateral sources, as well as alternative resources. South-south cooperation is, in this regard, of crucial importance, as a complement to north-south cooperation.

The capacity to access public and private international financing varies widely among Latin American countries. Likewise, institutions do not apply the same financial conditions to all countries. Thus the need for countries to mobilize, above all, domestic resources alongside attempts to find international funding. Every country must be, in essence, the mainstay of its own economic and social development.

Table 1. A Selection of Regional Agreements Involving Latin American Countries

Integration/Cooperation Agreement	***Type of Agreement***	***Members***
Latin American Integration Association (ALADI)	Regional integration bloc. Area of economic preferences.	Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Panama (2011), Paraguay, Peru, Uruguay, and Venezuela
Pacific Alliance, 2011	Regional integration bloc.	Chile, Colombia, Mexico, and Peru. Costa Rica and Panama are potential candidates.
Central American Integration System (SICA), 1991 Secretariat for Central American Economic Integration (SIECA)*	Economic integration bloc.	Belize (2000), Costa Rica*, El Salvador*, Guatemala*, Honduras*, Nicaragua*, Panama*, and the Dominican Republic (2013)
Caribbean Community (CARICOM), 1973	Customs union – economic integration bloc.	Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Granada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Associate members:

		Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Turks and Caicos Islands
Common Market of the South (MERCOSUR), 1991	Customs union – economic integration bloc.	Argentina, Bolivia, Brazil, Uruguay, Paraguay, and Venezuela
Community of Latin American and Caribbean States (CELAC), 2011	Regional political coordination, cooperation, and integration mechanism.	Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Dominica, Ecuador, El Salvador, Granada, Guatemala, Cooperative Republic of Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, and Venezuela
Bolivarian Alliance for the Peoples of our America – (ALBA), 2004	Political coordination, cooperation, and integration mechanism.	Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Granada, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Nicaragua, and Venezuela
Union of South American Nations (UNASUR), 2008	Regional political coordination body.	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela
Andean Community of Nations (CAN), created 1969 the oldest in the South American region	Regional integration body. Free trade zone.	Colombia, Bolivia, Ecuador, and Peru
Latin American Economic System (SELA), 1975	Inter-governmental regional body.	Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia,

		Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela
North American Free Trade Agreement (NAFTA), 1994	Free trade area – economic integration area.	Canada, Mexico, United States of America
Trans-Pacific Partnership (TPP), negotiations began in 2010 and concluded in 2015	Mega regional free trade area.	Australia, Brunei, Canada, Chile, United States of America, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam
Transatlantic Trade and Investment Partnership (TIPP), negotiations began in 2013	Mega regional free trade area.	United States of America and the European Union
Free Trade Area of the Asia-Pacific (FTAAP), official start November 2014	Free trade area.	Australia, Brunei, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taiwan, Thailand, United States of America, and Vietnam
Regional Comprehensive Economic Partnership (RCEP), start 2012	Mega-regional free trade area.	Australia, Brunei, Cambodia, People's Republic of China, India, Indonesia, Japan, Laos, Malaysia, Burma, New Zealand, Philippines, Singapore, South Korea, Thailand, and Vietnam
Association of Southeast Asian Nations (ASEAN), 1989	Economic forum.	Australia, Brunei, Canada, Chile, China, Taiwan, Hong Kong, Indonesia, Japan, South

		Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Thailand, United States of America, and Vietnam
ASEAN Free Trade Area (AFTA), 1992	Free trade area.	Brunei, Cambodia*, Indonesia, Laos, Malaysia, Burma, Philippines, Singapore, Thailand, and Vietnam
Tripartite Free Trade Area (COMESA-EAC-SADC), start June 2015	Free trade area.	Angola, Botswana, Burundi, Comoros, Democratic Republic of the Congo, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Swaziland, South Africa, Sudan, Tanzania, Uganda, Djibouti

Source: Created by the author based on information obtained from regional and international entities.

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