

Asean-Latin America Bilateral Relations: Symbiosis or Antagonist?

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Abstract: In the context of Southeast Asia, Singapore (since 1970s) was the earliest country that established a serious bilateral relations with Latin American region, particularly with the countries known as Latin America-Bloc 6 States. Ever since, a bilateral relation between the two regions has become increasingly strong as Chile and Peru accelerate free trade talks with several Southeast Asian countries such as Vietnam, Singapore, Thailand and Malaysia. Thus, based on the latest bilateral development between the two regions, it is a very significant to study a comprehensive roadmap of bilateral relations between the region in the context of the present international political developments, either globally or regionally. This article will sketch the nature and form of the bilateral relations between the region (read Southeast Asia and Latin America, in particular to examine whether the positives bilateral relationship that has taken place between the region for the past two decades is a symbiosis or antagonistic in nature.

Key words: Bilateral-relations • Southeast Asia • Latin America • Symbiosis • Antagonistic

INTRODUCTION

Generally not much writing has been done or carried out either in the academic circles, popular writing or in the form of journalist report pertaining to the bilateral relations between the region of Southeast Asia and Latin America in general or Malaysia-Latin America in particular. The cause of the seeming lack is not known clearly. Due to such situation, it is quite difficult to write scientifically (especially once considering the lack of data and facts) about bilateral relations of individual countries in the Southeast Asia region with individual countries in the Latin American region. Some quarters said, this is likely due to the lack of either a low level interaction between the governments of both regions and coupled with unfamiliar social interaction, particularly at the civil society level between the two regions.

However, since the last two decades (1990-2010), beginning to show some aggressive growth in the context of bilateral relations between the two regions in various dimensions. Malaysia, for example, especially towards the end of the Tun Mahathir Mohamad administration in 2002, began to show its political economic interest on Latin

American region. The said interests has been further strengthened through the establishment of various research units and centers pertaining to Latin American region, such as ones established in Universiti Malaya and also Universiti Kebangsaan Malaysia. While at the Universiti Malaysia Sabah, a specific undergraduate course called Latin America International Politics has been offered and made it compulsory to all students study under the disciplines of international politics (Universiti Malaysia Sabah) for them to be awarded the degree. Thus, according to the scenario mentioned above, the authors takes the position that in order to understand, analyze and examine the Malaysia bilateral relationship with countrieunderstood through the framework of the "region" between ASEAN and the United States Latin.

In the context of Southeast Asia, since 1970s, Singapore is the earliest country that established a serious bilateral relations as one of the major investors with Latin American region, particularly with the countries known as Latin America—Block 6, namely Argentina, Brazil, Chile, Colombia and Peru. A bilateral relation between the two regions has become increasingly strong as Chile and Peru accelerate free trade talks with several

Southeast Asian countries such as Vietnam, Singapore, Thailand and Malaysia. Thus, based on the latest bilateral development between the two regions, is a very significant to study a comprehensive roadmap of bilateral relations between the region in the context of the present international political developments, either globally or regionally.

This article will sketch the nature and form of the bilateral relations between the region (read Southeast Asia and Latin America—Block 6), in particular to examine whether the positives bilateral relationship that has taken place between the region for the past two decades is a symbiosis or antagonistic. This article will also examine the Free Trade Agreement (FTA) that was signed between the two regions and how these agreements facilitate the process and the implementation of two-way relationship that has been developed. In doing so, this article consists of three main parts; the first part will discuss the structure and direction of bilateral relations [particularly in terms of trade] between the two regions. Part II will examine the FTA entered in terms of roles and opportunities. The third part will try to throw some recommendations and future prospects of bilateral relations between the two regions.

ASEAN-Latin-American-Block 6 Bilateral Relations: Structure and Form: At the beginning of the 21st century, particularly during United States and European Union facing a challenge to resolve internal turmoil of their critical trade performance, trade flows between ASEAN and Latin America-Block 6, showed a very positive performance. Between 2002 and 2012, for example, a time when most markets industrial countries reduce their dominant role as a major exporter and importer to Latin America-Block 6 states; ASEAN emerged as a major trading partner of Latin America, especially in Latin America-Block 6 countries. For example, ASEAN exports to Block 6 has increased by five-fold between 2002 and 2012, while total imports of ASEAN countries form Blok 6 counties increased by three fold from USD 8 billion in 2002 to USD 25 billion in 2012. By 2012, ASEAN has emerged as the third largest trading partner countries of Latin America-Block 6, after the United States and the European Union [1].

The above facts are indirectly providing a structural description that ASEAN is an important source of imports to the Latin American region as against export destination. Of the total imports of Latin America, the sum of total imports from ASEAN indicates an increased from 16% in 2002 to 29% in 2012 and as far as the total exports is concerned, the statistics show that total exports from

ASEAN has increased from 9% in 2002 to 19% in 2012. The trade flows recorded consistently between the two regions is very much associated with the increase in Latin America's trade deficit. Based on the trade data reported by the Block 6 states in 2012, total exports to ASEAN countries reached an export value of USD16.7 billion, while the value of imports amounted to USD 25.2 billion [2].

Argentina, Brazil and Mexico are the three main countries of Latin America-Block 6, which has a very significant role in the context of increasing exploration and trade flows between the two regions. Chile, Peru and Colombia also contributed actively to the development, although the scale of the trade is relatively small. As can be observed in Table 3 below, between 2002 and 2012, exports of Brazil to ASEAN countries reached a turnover of USD 53.5 billion, followed by Argentina, which accounted for USD 25.5 billion, Mexico USD 8.85 billion, Chile USD 28.8 billion, Peru USD 2.56 billion and Colombia billion USD 1.8 billion. ASEAN countries such as Singapore, Indonesia and Thailand are the country's largest buyer of products from the Latin-American Block 6.

With regard to the flow of imports from ASEAN countries, Mexico is seen as the largest importers of products from ASEAN countries as far as Latin America-Block 6 market is concerned. Mexico imports and buys majority of ASEAN products from Malaysia, Thailand and Singapore, while the rest were from countries other ASEAN. For the past decade, the Mexico total value of imports and trading activities is estimated to reach USD 115 billion, which is twice the value of Brazil's imports from ASEAN, vis-à-vis, USD 52.1 billion. The amount or percentage of the total value of Mexican imports from ASEAN up to 72% of the total imports of ASEAN countries to Latin America-Block 6. Based on the size of the Mexican economy and the country's ability to deal with the global financial crisis, particularly in terms of macro-economic policy and fiscal stability and strong in managing the problem of intra-regional trade, the situation is understandable.

When examined the level of trade on individual countries of ASEAN, it was reported that the annual growth or increase trade between Singapore and Latin America ranges between 17% since a decade ago. For instance, in 2012 alone, the value of trade between Latin America and Singapore reached around USD 29.3 billion [3]. Meanwhile, the Latin American trade with Malaysia is also reportedly amounted to USD 1.5 billion in 2012 and increased by 10% in 2013 [4].

Table 1: Exports of Latin America-Block 6, 2002-2012 (USD Billion)

Region	2002	2004	2006	2008	2010	2012
Africa	3.8	7.3	11	16	14	18
America	214	271	368	444	437	466
European Union	38	56	85	122	110	107
Middle East	5.1	7.4	11	16	20	21
ASEAN	3.1	4.4	6.7	11	13	16

Source: Asian Development Bank Report 2013

Table 2: Source States of Import for Latin America-Block 6 Countries, 2002-2012 (USD Billion)

Region	'02	'04	'06	'08	'10	'12
Africa	3.5	8.2	11	21	14	17
America	164	195	251	338	323	343
European Union	42	55	74	116	111	121
Middle East	2.3	3.7	5.2	10	8.7	12
ASEAN	8.1	12	17	22	24	25

Source: Asian Development Bank Report 2013

Table 3: Value of Trade between Block 6 and ASEAN, 2002-2012 (USD Million)

Export to ASEAN	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Total
	25, 488	49, 368	6, 812	1, 827	8, 325	2, 095	93, 915
Brunei	3.3	7.4	0.0	0.2	8.2	3.5	23
Cambodia	59	38	2	3	2	1	105
Indonesia	6, 415	10, 311	1, 826	103	670	443	19, 768
Laos PDR	0.1	1.8	3.9	0.0	1.3	0.6	8
Malaysia	6, 014	8, 603	1, 142	87	1, 124	104	17, 074
Myanmar	3.1	89.0	0.3	0.2	4.6	3.3	101
Philippines	4, 038	4.1	1.5	0.7	0.5	0.4	4, 045
Singapore	384	14, 968	766	1, 403	4, 451	97	22, 087
Vietnam	4, 111	3, 256	1, 115	34	487	515	9, 518
Thailand	4, 460	12, 072	1, 955	196	1, 577	927	21, 187

Source: Asian Development Bank Report 2013

Table 3 (continued): The Trade between Block 6 and ASEAN, 2002-2012 (USD Million)

Import to ASEAN	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Total
	12, 145	52, 150	7, 437	5, 420	114, 852	5, 490	197, 494
Brunei	0.1	16	0.1	0.1	1.4	0.0	18
Cambodia	44	67	37	10	320	13	491
Indonesia	2, 129	10, 483	1, 638	1, 101	9, 395	1, 014	25, 760
Laos PDR	0.9	5.6	0.1	0.4	4.2	0.6	12
Malaysia	2, 670	13, 302	1, 357	1, 167	45, 357	1, 382	65, 235
Myanmar	79	9	2	2	57	1	150
Philippines	450	3, 360	292	119	13, 170	161	17, 552
Singapore	1, 474	9, 426	576	588	18, 526	387	30, 977
Vietnam	762	2, 699	652	490	5, 718	422	10, 743
Thailand	4, 536	12, 783	2, 883	1, 943	22, 303	2, 109	46, 557

Source: Asian Development Bank Report 2013

Table 4: Bloc 6 and ASEAN Trade, 2002-2012 (USD Million)

Products	Bloc 6 Exports to ASEAN by Sector	Bloc 6 imports from ASEAN by Sector	Total
Food & Beverage	USD 19.122	USD 6.484	USD 25.607
Mineral fuels, lubricants & Related materials	USD7.594	USD4.323	USD11.937
Manufactured goods	USD14.720	USD13.780	USD28.501
Machinery & transport equipment's	USD11.868	USD129.742	USD141.610

Source: Inter-American Development Bank (IADB), 2013

Products such as food and drink are a product that became the main focus of the Latin America-Block 6 country's export to the ASEAN region. The trading value of this product is of USD 19 billion a year. This is followed by the export of manufactured products totaled of USD 14.7 billion; while the trading value of machinery and transport equipment and products amounted to USD 11.8 billion a year (Table 4). Singapore is the ASEAN country that shows the most interest in high trade (especially imports) products such as manufacturing and high quality food. Coffee and bananas are reported to produce 1/3 of the total food and drink exports to ASEAN countries. Other important export products were vegetables, vegetable oils, fruits, sugar, orange juice and tobacco [5].

The last decade has also witnessed a significant trade surplus in the category of 'machinery and transport equipment (MTE)'. Trade between the regions in this category was reported valued to more than half of the total value of trade between the two regions, *vis-à-vis*, as much as 68.2 percent. Ships, automobiles, electronic equipment, equipment engineering are among the main import product of the MTE categories. Total imports from ASEAN countries Block 6 in category MTE is 12 times higher than total exports (Table 4); in which Malaysia is the main source of import from ASEAN region to Latin American-Block 6. Malaysia maintained its position as the country's second largest source of imports for Brazil among ASEAN countries after Thailand. By 2012, the value of imports of MTE products from Malaysia to the Latin America-Block 6 is estimated at USD 2 billion, an increase of 312% compared to 2002 [6].

From trade patterns point of view, previous studies conclude that trade between the countries of Block 6 with ASEAN, conceptually symbolize a form of international market between regions under the banner of "simple-periphery market", in which the region acting as an "arena" of export-import, especially in terms of trading activities and manufacturing engineering products [7]. Commercialism relationship that has existed between the two regions has found a trade relationship that is "intra-industry (IIT)" in nature, especially in the electronics and automobile sectors. For example, trade relations between the Philippines-Chile and Vietnam-Colombia reportedly has the potential trade of IIT [8]. More than 56% of trade relations between Thailand and Mexico reported to have characteristics that are trading IIT, especially in terms of component production and vehicle equipment [9]. The same situation can be

observed in the context of trade relations between Indonesia-Mexico and Singapore-Mexico; which was reported has a very high IIT characteristic trade relation [10].

Free Trade Agreement (FTA): Tools of Wellness for Trade Relations between Regions?: Based on the empirical and practical evidence of the fraternity, shows that the high cost rates (high-cost) can contribute towards low and weak trade activities among region or intra-regional. High costs rates arising as a result of two main factors: (1) trade barriers such as tariffs and non-tariff; (2) high costs of transport [11]. Drawing on a long geographical distance between ASEAN and Latin America, high costs on transport which is due to the poor state of infrastructure and ineffective will retard and impede the progress of intra-regional trade, particularly in situations of import-export of raw materials and food products from the Latin America-Block 6 countries.

The severity levels of the high cost translates to a rate that is too high price to the customer or end user and give low returns to producers. Thus, in the context of the FTA is seen as an important mechanism or significant tool to address the situation brought about by the networked costs mentioned above. However FTA cannot be viewed as a mechanism of a "one-size-fit-all instrument" in dealing with high-cost phenomenon.

As briefly mentioned earlier, the importance of a "positive-sum-game" between Southeast Asia and Latin America can be traced since the 1990s when Mexico (the first country of Latin America) become a member of Economic Cooperation Asia-Pacific (APEC) in 1993, followed by Chile in 1994 and Peru in 1997 [12]. APEC meeting is seen as a highly suitable arena in setting up and strengthening commercial relations between the countries of the region (Latin America-Block 6) and ASEAN 7 (Singapore, Thailand, Indonesia, Philippines, Malaysia, Brunei and Vietnam). Meanwhile, at regional level, three Latin American countries (namely Chile, Peru and Mexico) are also involved in the process of negotiating the Trans-Pacific Partnership Agreement (TPPA), where Singapore, Malaysia, Brunei and Vietnam are also a member in the negotiation process. TPP has expanded the concept to a Strategic Economic Partnership Agreement Trans-Pacific (TP SEPA or P4). P4 is the only FTA which membership is from both sides of the Pacific region and the only one between ASEAN and Latin American-Block 6. It was seen as a mechanism of strategic

Table 5: FTA between Latin America-Block 6 Countries and ASEAN

Agreement	Year
Active	
Trans Pacific EPA (P4)	2006
Singapura-Peru	2009
Vietnam-Chile	2011
Peru-Thailand	2011
Malaysia-Chile	2012
Chile-Thailand	2013
IN PROGRESS	
Singapura-Mexico	2000
TPP	2009

Source: Asia-Pacific Trade and Investment Agreements Database (APTID), 2013

networks between trading partners within a short distance. P4 is seen as a very significant development because it will improve the trading environment variables among hemisphere situated in West and East as well as the implications that will be triggered by these developments [13].

Simultaneously or in parallel with the developments taking place on the TPP was the launch or the announcement of the establishment of the Pacific Alliance (PA) in 2012, whose members consist of four market oriented Latin American countries, namely Mexico, Chile, Peru and Colombia. Pacific Alliance was trying to tie the ASEAN trading partner on the basis of "bloc to bloc" economy [14]. Recently, it was reported that PA had a meeting in Colombia to discuss the elimination of trade tariffs on almost all goods and products as one of constructive efforts to promote free trade between countries as well as efforts to increase exports to Asia. PA determination is shown and manifested by the establishment of a trade partnership in the Asia office of Proexport Colombia, ProChile and PromPeru. The establishment of a trade partnership is seen as not only a strategic move but also a form of constructive step forward to strengthen the region-line trade between Asia and Latin America [15].

As for bilateral relations level, the earliest or the first FTA took place between Latin America-Block 6 member countries with ASEAN was an agreement signed between Singapore and Peru, which came into force in 2009. Since then, some FTAs have been signed and implemented and the number has increased from year to year. In fact, in 2013 alone, a total of six FTA was signed. For example, in 2010, 4 agreements were agreed among ASEAN countries and Latin America (Table 5). The latest FTAs are inked between Chile and five ASEAN member countries such as Brunei, Singapore, Malaysia, Vietnam and Thailand [16].

Two-thirds (i.e. 2 out of 6 including P4 and Singapore-Peru FTA) FTA is currently in force between Latin America-Block 6 states and member countries of ASEAN, which includes aspects of trade liberalization in terms of goods and services. This development is an indication of significant progress towards economic integration that goes beyond the traditional framework of the process. The majority of the FTA agreement will also include the terms of a comprehensive intellectual property such as patents, investment, services and government procurement. The entry of such significant "terms of agreement" which is more comprehensive is also a reflection of another step ahead that is "forward-looking" for the purpose of overcoming any form of obstruction of a "border barriers" in the process of enforcement of the FTA [17]. The entry of meaningful and significant economic-political terms are very important in creating "win-win" atmosphere among FTA member countries, especially in terms of economic prosperity.

From tariff liberalization point of view, the average FTA between ASEAN and Latin America-Bloc 6 countries has eliminated more than 90 percent tariff barriers for a period of 10 years. As far as the FTA exercise is concerned, some member states to take a gradual approach, while others such as P4 and Singapore-Peru FTA, implementing tariff elimination of 90 per cent once the agreement is enforced immediately. For example, Singapore is to establish duty-free access account for each Peru product immediately. At the same time, Peru abolishes about 87 to 98 per cent duty-free access of Singapore products and will eliminate any form of trade barriers between the two countries within 10 years periods of FTA took places [18]. With regard to the liberalization of services, P4 and Singapore-Peru FTA, is viewed as a comprehensive agreement arising from the content of the terms as well as its covering five major sectors of the GATS (General Agreements on Tariff-Services), the professional and business services, communications, finance, transportation and mobility among workers and businesses.

CONCLUSION

Looking back over the last two decades, it is clear that although trade transactions between the two regions is still relatively small in number compared with the number of global transactions, but the potential for expansion in the future is very positive. Entering the world trading based on mutual understanding and equality (economic and also political) that exist between

the two regions would leads toward mutual economic trade that is "win-win" is very significant [19, 20]. This statement is strengthened by economic and political background to the two regions, particularly in terms of natural resources, industry and services which almost identical and similar [21].

Generally, based on the discussions that have been presented, clearly shows us that, ASEAN and Latin American-Block 6, are currently emerge as an important trading partner despite geo-political distance and remote exist between the two regions. From statistical ranking perspective, ASEAN is the third largest trading partner of the Latin America-Block 6 country's after the United States and the European Union. What is more interesting, since a decade ago; ASEAN is a source country for imports for most Latin America-Block 6 major state. In order to strengthen the trade relations that are interwoven, the two regions should move forwards towards establishing a framework for long-term economic cooperation which is more pro-active in nature.

A very active development in the context of the FTA among ASEAN member countries and Latin America-Block 6 states since the last decade, proves also how trade, investment and cooperation has become increasingly important between the two regions. Thus, governments between the two regions is advisable to expand the scope of cooperation in trade and FTAs for not just limited to trade relations with large scale, but also explore the opportunities of economic cooperation in other area such as Small Medium Enterprises (SMEs) in order to improve aspects of competence between the two region. Then, based on the development of the FTA between ASEAN and Latin America since the last two decades as well as the strengthening FTA processes that are taking place, it [at this stage] clearly that the bilateral relations (particularly in trade and economic) is very much symbiotic rather than antagonistic in nature.

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