



An Action Plan For Re-Launching Latin American Integration After the Pandemic

Executive Summary

In recent years, Latin American integration has shown stagnation and disregard for the commitments established in its founding documents. A worrying political polarisation that disqualifies forms of integration different from a certain ideological line affecting the development of multidimensional integration, has also been noticed. In May 2017, the Reflection Group on Integration and Development in Latin America and Europe (GRIDALE) was set up to search for academic proposals to reformulate and deepen Latin American integration, taking the progress made by European integration as a reference point. The group has held two conferences and published eight books in its own collection.

The II Congress, held virtually in March 2021, agreed on "An Action plan to re-launching Latin American integration after the pandemic" with measures for the short and medium-term, considering the worsening poverty and inequality in the continent exacerbated by the COVID-19 pandemic, and the lack of solidarity and consensus among countries through integration processes.

The post-pandemic era is an opportunity for Latin American integration to renew itself and adjust its objectives to the new global realities that will require major modifications in the globalising context. The text of the Action Plan is presented below.

Written by **General Coordination of GRIDALE**

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Introduction

The serious global and especially Latin American situation, caused by the COVID-19 pandemic and its consequences for the post-pandemic world, made it advisable to present a proposal for an **"Action Plan for relaunching Latin American integration after the pandemic"** at the **II Congress of the Reflection Group on Integration and Development in Latin America and Europe (GRIDALE)**.

In addition to addressing the recovery from the negative impacts of the pandemic in the post-pandemic period, the Action Plan will contribute to clarifying the relevance of Latin American integration through convergent actions comprising elements of classical integration (Balassa, Prebisch and others) and new conceptual components of integration including the new realities of the 21st century.

The world is facing two alternative behavioural practices during, and post the pandemic: the individualistic, "every man for himself" action or the multilateral, cooperative, solidarity-based action, where integration can play an important role.

The great challenge for Latin American integration, then, is how to think about the immediate short- and medium-term future during the uncertainty generated by this pandemic. Since, the dilemma is whether to consolidate nationalist and populist

authoritarianism in our hemisphere and assume a presidential integration that ignores society and the market; or to react jointly and in solidarity with a plan to reformulate and relaunch Latin American integration ensuring democratic governance.

According to various international organisations (IMF, ECLAC, UN), Latin America will barely return to the point of development it had before the pandemic by 2024, which means that it is advisable to work on an Action Plan with short-term measures in the time frame between 2021 - 2024 and some, that require more time for their development, in the present decade.

The Great Recession Caused by the Coronavirus and the Reactivated Role of Integration

The stagnation of Latin American integration is now being compounded by the serious and worrying consequences of a pandemic. This is marked by slowdown and backwardness in their economies, high levels of external debt, high unemployment rates, increased inequalities in income distribution, a shrinking middle class and generalised impoverishment, a larger informal population, backwardness and desertion at different levels of education, limitations in hospital conditions due to insufficient public health policies, possible mental health problems in some sectors of the population, and the acceleration of new

technological processes and increased security controls (securitisation) on the movement of goods and people contributing to higher levels of unemployment, among others.

ECLAC has made the following forecasts for Latin America:

The poverty rate would increase from 30.3% to 34.7%, which means an increase of 28.7 million people below the poverty line; extreme poverty would increase from 11.0% to 13.5%, which represents an increase of 16 million people (ECLAC, 2020, Economic Impact Report, p.16).

In 2020, 37.6 million people who in 2019 belonged to the non-poor low strata (between 1 and 1.8 poverty lines per capita) would fall into poverty and 4 million into extreme poverty. There will be a sharp deterioration in the position of the middle sectors: 33.5 million people would move out of the middle sectors (13% of the total number of people in the middle sectors) and into the low-income sectors. 32.8 million people who were in the lower-middle income strata before the pandemic would move into the low-income strata. Of these, 2.1 million would fall directly into poverty or extreme poverty. (ECLAC, 2020, Special Report Covid-19 No.5, p. 21).

The harsh reality is that the coronavirus is the first pandemic in a context of global interdependence and communication, which took many countries by surprise. These

countries reacted belatedly and in isolation, some more responsibly than others, when they could have used integration processes to confront the pandemic in a cooperative, complementary, and supportive manner.

Indeed, the lack of interest in using the instruments of regional integration processes to unify actions, maximise the use of budgets and international aid and programme post-pandemic measures is worrying, as there are many measures that could be developed into instruments. An example being the Hipólito Unanue Agreement for health issues of the Andean Community or Mercosur, which had an institutional framework for social issues. There has also been a lack of regional political leadership on the part of the continent's major nations, such as Brazil and Mexico. The Central American Integration System (SICA) mobilised collective action with the approval of a regional contingency plan.

The damage caused by the pandemic makes it foreseeable that the next ten years will be a lost decade for Latin America, as was the decade of the eighties in the twentieth century due to the foreign debt crisis. Faced with this situation, governments and integration processes have a great responsibility: to use the tool of integration as one of the variables that can contribute significantly to partially tackle the difficulties of the post-pandemic years, where a slow recovery is foreseen. The pandemic is

therefore, an opportunity for integration to respond to the main problems caused by the coronavirus and to reflect on the paths and actions that should be adopted to reactivate the region with new strategies and policies.

Among the problems and differences to be resolved are those of defining whether to pursue a simple "development cooperation" or to resume an integration that serves as a development tool adjusted to the 21st century. Other choices that need to be made include, whether to continue with processes biased towards the economic-commercial or the political-social or to develop a multidimensional integration that assumes not only the instrumental, but also the harmonisation of policies; whether to persist with an ideological integration divided by different political conceptions or to work towards a "convergence in diversity", linking integration to a global purpose of a sustainable development model; whether to maintain an integration built from the exercise of national sovereignties or to work towards an integration that manages common objectives of shared sovereignty; whether to continue with an integration dominated by centralism/presidentialism or to implement an integration that deepens multilevel governance, more participatory approaches at the regional level and the role of civil society;

and whether to continue with the deterioration of multilateralism or to reinforce it accompanied by joint strategies for the articulation of regional processes in a multipolar world.

In fact, there are many possible and expected changes in the post-pandemic period. If the world were to evolve towards more communitarian and solidarity-based mechanisms, Latin America, acting as a bloc, would have better access to and would take advantage of international aid conditions. An important change would be to adjust the globalisation process, so it does not continue to be based on a free market system without any supervision of the speculative actions of the financial system, which have had a negative impact on income distribution. It would be favourable, for example, to reaffirm a post-Keynesian welfare state that restores and consolidates regional public health policies for the generation of regional public goods and that addresses the ravages of global recession and unemployment caused by the coronavirus through the revaluation of social and employment policies. Additionally, to give greater importance to the commitments of the 2016-2030 sustainable development agenda; to adopt the development of alternative clean energy as a priority policy facing the serious consequences of climate change; to converge different commitments that liberalise the trade of goods existing in different integration processes; to stimulate joint investments in

science and technology, and productive changes that generate value in the region's exports; to consider the harmonisation of macroeconomic and social policies in a multidimensional integration; to revalue the multilateral policies in which the different trade agreements are framed to increase exports and reconstitute economies that consider it pertinent to have an operational institutional framework to produce credibility. Furthermore, analysing the reforms to be carried out for this purpose that restore conditions for the political management of integration with a leading role for Latin American presidents and regional parliaments with effective functions to be fulfilled, accompanied by the defence and guarantee of a democratic environment for the development of integration.

It is important to insist that integration can be a fundamental tool for community and consensual work, in the spirit of solidarity that the post-pandemic measures invite. Latin American integration has the historic opportunity to respond to the pandemic and position itself in a united manner in the post-pandemic era, reconsidering objectives and action plans aimed at consolidating a multidimensional integration that equates economic-commercial aspects with aspects of profound social and political reforms. This is set against the context of a more solidarity-based economy that allows for overcoming national egoisms in favour of the common good.

The Action Plan

For these reasons, the Reflection Group on Integration and Development in Latin America and Europe - GRIDALE, during the II Congress, adopted an **"Action Plan for the relaunching of Latin American integration in the post-pandemic period"**, with concrete actions to be developed in the short term (about four years) and in the medium term (the present decade), presented below.

The translation of these actions into mechanisms for Latin American integration processes should be carried out with **flexibility and at different implementation speeds**.

Short-Term Actions (three to four years)

1. Strengthening **PUBLIC HEALTH AND EDUCATIONAL POLICIES** in Latin American integration processes, restoring a social component to integration, and linking the idea of health regionalism. As specific actions, agreeing on common guidelines for the distribution of vaccines, transferring surpluses and exchanging of health professionals, reconfiguring agreements related to public policies and seeking to reactivate UNASUR's South American Institute of Government in Health (ISAGS). In higher education, prioritising mechanisms aimed at improving the quality of Latin American education and ensuring the free and full mobility of professionals in sectors such

as health, engineering, and education (speeding up the recognition of professional qualifications) and prioritising specialised training in science and technology.

2. REGULATORY CONVERGENCE OF TRADE EXCHANGE

that contributes to overcome the recession left by the pandemic through the creation of a single Latin American trade space, by liberalising the exchange of goods agreed in the different integration processes. This would be complemented with measures to allow the accumulation of origin, operation of trade facilitation instruments, elimination of technical measures that hinder intra-regional trade, financing of intra-Latin American trade with measures such as the updating of the ALADI Reciprocal Payments and Credit Agreement, and an active promotion of the development of global and regional value chains.

3. EMPLOYMENT AND MIGRATION REGULATION PROGRAMMES

with mobility between countries accompanied by social security and human rights protection mechanisms. Moreover, incorporating new technologies for the mapping of migration data and their respective disaggregation into development data by migration status; designing innovative mechanisms to regulate labour migration to reduce the gap between supply and demand; overcoming the internal

limitations established by professional associations for the validation of professional qualifications; providing urgent alternative training to mitigate the impact of technologies 4.0 technologies and taking advantage of employment and productive opportunities in cross-border integration with the active participation of local cities and societies.

4. Prioritisation of Latin American commitments on the **ENVIRONMENT aimed at a comprehensive transition to sustainable development** and related to the Paris Agreement, the Sustainable Development Agenda, the Amazon Cooperation Treaty, and the Escazú Agreement. This transition should be made with the articulation and acceleration of environmental and energy policies on renewable bases in integration agreements, with the problems of climate change, cooperation in comprehensive risk management, control of illegal mining and the protection of species and natural resources, especially water resources, moorlands, forests, and socio-diversity. Possible actions include implementing periodic reports at the regional bloc level on progress on the Paris Agreement and the Sustainable Development Agenda; strengthening the bodies or agencies that ensure compliance with the SDGs and the 2030 Agenda with a cross-cutting approach; promoting courses at all educational levels related to sustainable development, in addition

to the pattern of consumption and its environmental impact, setting concrete targets to reduce deforestation.

5. **Establishment of science and technology programmes** for the incorporation and development in Latin America of **TECHNOLOGIES OF THE FOURTH INDUSTRIAL REVOLUTION** to take advantage of technological innovations. Among the possible actions, use of the latest technologies - *blockchain* for the interoperability of customs operations; use of new web platform technologies to reduce costs and time for the revalidation of qualifications; development of a plan for digital connectivity in the continent; creation of forums for coordination among countries, companies and science and technology groups and regional integration of science and technology institutions in the countries and legislation on intellectual property and digital sovereignty to safeguard Latin American developments and innovations.

6. Accentuate the necessary efforts for the development of **PHYSICAL CONNECTIVITY** between the countries of the region and each of its sub-regions and seek the complementation of connection and logistics systems. In this regard, propose a high-level regional meeting to define the future or continuity of current or future projects.

7. Formation of **INTER-INSTITUTIONAL WORKING GROUPS OF INTERNATIONAL AND ACADEMIC ORGANISATIONS OF THE REFLECTION GROUP** to propose adjustments to **LATIN AMERICAN INTEGRATION**. The participation of organisations such as ECLAC, IDB-INTAL, CAF, SELA, Fonplata, the Association of Caribbean States (ACS), the Amazon Cooperation Treaty Organization (ACTO), CELAC; and by spokespersons of integration organisations such as ALADI, CAN, MERCOSUR, the Pacific Alliance (PA), SICA/SIECA, CARICOM, ALBA, the European Union, the African Union, and ASEAN would be sought when the experience of other regions is necessary.

Among the main tasks is the analysis of the **INSTITUTIONALITY OF LATIN AMERICAN INTEGRATION**, with a view to establishing minimum conditions for effective operation, assessing the objectives and functions of the existing sub-regional bodies and trying to reduce their dispersion and overlapping, to specify how to achieve an effective articulation of the different Latin American integration processes through **strategies of "convergence in diversity"**, such as the Mercosur-Pacific Alliance format from ECLAC, which takes into account the natural differences in realities, visions and interests, and to identify actions to strengthen Latin American integration from an **existential (why work together)** and

methodological (how to work together) point of view. This should be done in a manner compatible with the multilateral trade system of the WTO and other international organisations and regimes of a political and social nature.

Among the possible actions, consider a specialised meeting on strengthening the multilateral trading system and preferential trade negotiations in the post-pandemic world; a conference to evaluate the future of Latin American integration through ALADI; a study of the elements of the Asian integration scheme of ASEAN; a comparative meeting of the new package of reforms that the European Union will have with the reforms proposed in Latin American integration; and a meeting between Latin America and Africa to compare the progress of integration in the two continents.

8. Contributions to the construction of an **INTEGRATIONIST CULTURE** that accepts differences and facilitates coexistence in a more inclusive integration, re-establishing education programmes on integration that promote knowledge of integration agreements at all educational levels, to build an integrationist culture. This includes the implementation of programmes for the teaching, promotion, and information dissemination on integration, using the available knowledge and communication technologies allowing for the greater

promotion of useful research results on integration and the Latin American identity.

Medium-term Actions (current decade)

1.- Establishment of **DEVELOPMENT AGENDAS AND SOCIAL COHESION** in Latin American integration processes with the aim of reorienting the economic model towards a model of sustainability that incorporates adjustments to the globalisation process to stimulate forms of solidarity economy.

2.- Contemplate on the integration processes and the **HARMONISATION OF POLICIES** for the liberalisation of services, capital, and people; macroeconomic policies: external debt, public spending, among others; incentives for value-added exports, productivity, investment, innovation, and entrepreneurship; and new issues such as the impact and use of disruptive technologies, as well as cybersecurity conditions.

3.- Definition of strategies for the **JOINT INTERNATIONAL INSERTION** of Latin America in an International System of different blocs that preferably considers the United States, the European Union, China and the Indo-Pacific and the African Union for the development of global trade functional for the needs and interests of Latin America.

This insertion will be accompanied by proposals to improve the effectiveness of

MULTILATERALISM AND GLOBAL

GOVERNANCE, particularly in organisations such as the World Trade Organisation (WTO) to increase the effectiveness and efficiency of the multilateral world trade system and the World Intellectual Property Organisation (WIPO), in which the needs arising from technological and productive changes are incorporated. While these changes are being achieved, insertion could be sought in Asia-Pacific mega-projects (CPTPP and RCEP), that propose similar regulatory frameworks; consider the need for a multilateral action framework in view of LAC's entry into the *Belt and Road Initiative* (BRI) led by China and coordinate a regional action framework to take advantage of interregionalism with Asian countries as a vehicle for insertion in Asia-Pacific mega-projects.

In short, the Action Plan seeks to generate credibility and win allies that will make the established goals viable, with the participation of different integration actors. Additionally, to work not only on convergence between schemes but also on the solution of common problems and the generation or deepening of regional development strategies.



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About the authors

The Reflection Group on Integration and Development in Latin America and Europe - GRIDALE has been in existence for four years and operates in five working groups where academics from Latin America and the Caribbean and Europe interact in the identification of alternatives and dimensions of the reforms to be carried out in the reorientation of integration processes, in the cohabitation of different conceptions of development and in a new conceptual underpinning of the integration objectives to be achieved.

It currently has more than 200 academics from 30 countries from over 100 universities and some think tanks.

The overall coordination is carried out by the Director of the Centre for Global Thinking - CEPEG of the Cooperative University of Colombia, supported by a Coordination Council of eight members from the two continents and coordinators in the five working groups.

See: <https://gridale.org/>