

Latin American Economic Integration in the XXI Century: An analysis of the impact of the pink tide on the trends of MERCOSUR's current member states

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1. Introduction

Regional Integration has for long been a widely debated topic, especially since the intensification of European integration and enlargements of the European Union. Most of the academic debate surrounds the European experience of integration, due to the uniqueness of the European Union, but despite its protagonism in the literature, the EU is not the only regional bloc with a solid and worth-analyzing functioning; the Southern Common Market (MERCOSUR) is portrayed as the fifth largest global economy and is displayed as one of the world's most relevant regional blocs considering its GNP generating capacity which is in 70% for South American total (International Monetary Fund, 2014). Another relevant aspect of MERCOSUR is its institutional inspiration in the European Union as a regional bloc aiming for political and economic integration (Mukhametdinov, 2019). Due to the above cited reasons, the common market plays a unique role in the dynamics of Latin American regionalism.

Since the signature of the Treaty of Asunción (MERCOSUR, 1991), Argentina, Brazil, Uruguay and Paraguay have been developing the process of economic integration to achieve the goal of accessing international markets and investment opportunities with extended competitiveness (MERCOSUR, 2024). As every regional bloc is susceptible to, the Southern Common Market has suffered membership changes related to the geopolitical dynamic in the region throughout its 33 years of existence: (i) Venezuela became a member in 2006 and was later suspended in 2017 due to the breakage of the democratic compromise established in the Ushuaia Protocol and (ii) Bolivia adhered to the bloc in 2015, with its full membership being signed in 2023.

MERCOSUR is only one out of the many regional organizations existing in the region, but it is a solid representation of the objectives pursued by Latin American regionalism, which is marked by economic cooperation aiming common development, the fortification of voices to address third actors and influence global policy making (Birle, 2020). The practical shortcoming with Latin American regionalism in the XXI century, however, is the slow pace of institutional functionality due to a certain ideological bias: as explained by Birle (2020), the region finds it hard to unify itself under one same voice since ideological differences among the national governments, divided in the polarized political spectrum, generates institutions that are mostly able to act administratively rather than politically.

The high volatility of Latin American leadership is a consolidated fact throughout the region's recent political history, and since regional organizations are the basis of political and economic integration, the ideologically biased organizations within a dynamic political pendulum raise questions regarding the sustainability of integration trends within a context of political spectrum changes. The creation of new regional organizations in accordance with ideologically driven purposes – see example of UNASUR – might create an inconsistent scenario, propitious for inefficiency and little time remaining for achieving the traced objectives.

Within the described political cycles, one interesting phenomena of Latin American politics is the so-called pink tide, understood as the wave of leftist governments throughout the region in the beginning of the XXI century. Some argue that after the return of the right and emergence of far-right movements in the region, there would be forming a new pink tide from 2022 onwards. In this study, the pink tide is taken as the first wave of left-wing governments which had its peak from 2010 to 2014. The recurrent appearance of regional integration in the discourse and agendas of leftist leaders and the strategies of power strengthening from part of those in power during the referred years bring up the interest in analyzing the practical achievements in terms of integration.

By bringing light to regional economic integration in the current full member states of MERCOSUR (Brazil, Argentina, Uruguay, Paraguay and the recently adhered Bolivia), this paper is guided by the question: Has the pink tide altered the pre-existing trends of regional economic integration of MERCOSUR's current member states? As for the hypothesis, it poses that the turn to the left has generated concrete but limited alterations on the integration trends within MERCOSUR's current member states. The influence is noticeable in the increasing number of multilateral cooperation organizations and in the number of signatures of bilateral investment treaties, which are understood as a reflection of the ideological alignment between leftist governments in a collaborative moment within the region as an alternative to enhance an autonomous economic development in a context of neoliberal US-led principles refusal. Nonetheless, such normative alignment was limited to accomplishing long-lasting integration due to the ideological bias that based the intergovernmental organizations emerged in the period.

It is also projected that the pink tide's influence on intraregional trade did not generate substantive changes due to the incapacity of overcoming external factors. Such factors include

the productive profile of the region, which is based on the export of commodities and import of high added value products, creating a dependency on extra-regional partnerships. The asymmetric power dynamics amongst regional actors and the fragmentation of sub-regional blocs chasing for cohesion is another contributing factor to the impossibility of achieving tangible intraregional economic results beyond the integration rhetoric pursued by the leftist agendas.

The paper is structured as follows. Section 2 provides a literature review focusing on the theoretical debate of regional integration, left-wing populism and the pink tide, with the objective to conceptualize the turn to the left in XXI century Latin America as a phenomenon of regional widespread populism and establish the connection between the pink tide and regional integration, the latter in which was used as an instrument to achieve the domestic goals desired by the left-wing leaders in power during the analyzed time frame. Section 3 sets out the methodological tools chosen to operationalize this research and provides details on the selection of indicators. Section 4 consists of the analysis of the collected data on regional integration indicators, with the aim to understand the trends and numerical impacts of the pink tide in each indicator of integration. The paper closes with the key findings of the analysis and concludes by testing the hypothesis and finally answering the research question.

2. Literature Review

The dynamics of regional integration in Latin America reflect the region's political complexity, and regional integration theory can help us analyze the most important elements of it. During the pink tide, with the rise of the new leftist leaderships in the region, the interpretation of how integrated the member states of regional organizations such as MERCOSUR became is still an open question. This literature review critically revises three areas of research that theoretically surround the central question addressed in this paper: regional integration theory, (left-wing) populism and the pink tide. The purpose behind this review is to build a conceptual framework for the subsequent analysis, hence, by the end of this section the chosen conceptualizations of the key terms (integration, populism and the pink tide) are stressed out.

Free trade areas and regional organizations in general are set up as an instrument to overcome possible challenges existing in the international arena. Keohane (1984) proposes looking at cooperation within the context of international institutions regarding its practices and expectations. The author mentions that although political cooperation is not easily achieved,

international policy coordination is highly beneficial in a context of interdependency in the world economy. What makes cooperation possible is the establishment of institutions which enable the convergence of expectations from different nation-states.

Cooperation as the basis of Keohane's (1984) proposal must be distinguished, nonetheless, from integration. While cooperation relates to a volunteer compliance of established agreements or even simply sharing common goals and possible solutions to achieve them, integration demands giving one step further: it is related to opening (at least part of) one's sovereignty under specific conditions that include defining competences, exchanging resources and accepting one supranational leadership (Malamud, 2011a).

Integration is a multifaceted concept with diverse interpretation. Haas (1976) examines it from the perspective of neofunctionalism, based on the European Union experience. The author explains it as a process in which different national political actors converge their activities and loyalties into one center with institutional jurisdiction towards all the nation-states involved. Within a supranational institutional context, the transference of authority happens to ensure the dynamic of linkage between distinct policy areas: member states of a supranational institution that strives for integration may choose to cooperate in certain areas and not include some others in their agenda. The sustainability of this type of decision is rooted in the definition of shared interests.

Another important aspect of Haas' (1976) theorization on integration is the functional spillover effect of economic cooperation: defined on grounds of neofunctionalism, this effect is based on the idea that one dimension of integration – for example economic – can generate integration in other areas. In the case of the European Union, the economic cooperation, justified by the shared interest in trade, triggered the opportunity of integrating other policy areas, which consequently lead to political regional integration.

Political integration as a concept is explored by Nye (1968), who argues that discussing solely “integration” does not lead to the construction of a clear theory. According to the author, there is a natural implication that the outcome of integration would be a positive value, however, this is not necessarily true. To overcome the theoretical challenge, Nye (1968) proposes the disaggregation of the concept into three dimensions: economic, social and political. The author focuses on the political dimension, which is based on the construction of institutions and

decision-making bodies that unify divergent political entities under supranational or intergovernmental structures. Within such a dynamic, political integration generates (and is generated by) interdependence among member states, who rely on each other for different policy reasons.

Despite the theoretical difference between political and economic integration, these dimensions are interdependent in practice. From the economic standpoint, Balassa (2012) proposes a gradual framework of integration that predicts an evolutionary aspect, which might start from a purely economic motivation and end up, as the most developed stage of integration, politically linked. The economic integration process proposed by the author follows the sequence: (i) free trade areas, (ii) customs unions, (iii) common market, (iv) economic (and monetary) union, (v) full economic integration (or political union). The reason why the most developed stage of integration is political is because a total economic integration can only happen under the existence of unified policies that are coordinated by a supranational or intergovernmental authority with legitimacy to decide in the name of the member states.

From a political science perspective, Nye (1968) criticizes Balassa's (2012) conceptualization of economic integration by arguing that although the idea might be reasonable for economists, it lacks profundity for political science since higher integration on trade, for example, does not mean higher welfare. From this, Nye (1968) also discusses the difficulty of measuring integration, especially the political dimension of it. For him, being politically integrated implies developing a sense of community, which is an abstract and ambiguous term that cannot be indexed. From a measurement standpoint, the economic dimension of integration is the most tangible one that can be measured in numerical terms, different from the political dimension of integration.

So far, we have discussed the theorization of integration from a Eurocentric standpoint, since the roots of regional integration theory are found in the European Union experience. Krapohl (2017) warns that the logic behind integration in the Global South is quite different from the European, mainly due to the extra-regional rationale faced by regional integration efforts. While European integration is justified by a comprehensive approach of cooperation to maintain stability in the region, integration in the Global South aims to foster economic development and gain benefits in the global competition regarding investment and trade.

From a complementary perspective, Fink & Rempe (2017) explore that extra-regional trade is more important for countries belonging to the Global South than intra-regional trade. This is given by the fact that trade networks in developing regions face power asymmetries, which normally leads the regional hegemony to have more relevant extra-regional trade partners and prioritize such relations in detriment to the regional counterparts, since the benefits of extra-regional partnerships are more elevated. One clear example of such dynamic is Brazil within the context of MERCOSUR: as a regional hegemony in terms of economic production, the country has the basis of its trade focused on non-Latin American partners, such as China and the US.

In Latin America specifically, Herrera (1973, p. 18) mentions that the process of integration is defined by a “political-economic coexistence”, but here the political dimension brings a certain connotation that was not perceived in the previously analyzed political integration theories based in Europe. The author claims that Latin American relations are based on the international reaction to the various nationalisms in the component states, in a sense that there is no economic bond without political motivation and economic integration is likely to be politically, not to say ideologically, driven.

Moving to the practical sphere of integration in Latin America, Bond (1975, p. 404) describes it as marked by the formation of fragile supranational organizations lacking autonomy, resources and authority. On the analysis of MERCOSUR s one supranational organization, Tockman (2009) highlights the asymmetric power relation in the bloc, with Brazil and Argentina as dominant powers. Regarding policy results, Tockman (2009) affirms that integration in the region was so far able to achieve economic results but failed in addressing social and welfare solutions, which is perceived as problematic by the author since the relevance of a regionalist agenda should not be attached solely to the importance of intra-regional trade, but rather to the attempt of engaging in solidarity, ownership and rejection of U.S neoliberal hegemony in the region.

Quiliconi and Espinoza (2017, p. 18) suggest that Latin America developed a certain *à la carte* regionalism of which regional institutions are established with the primary objective of cooperating with the political objectives of leaders in power. In this sense, ideological-political movements play a crucial role in Latin American regionalism and in the observable integration

trends, which justifies the exploration of political developments that shaped the region's recent history when building on the discussion of regional integration. The challenges faced by intergovernmental organizations regarding the ideological influence in political and economic integration set the stage for examining the effect of different political and economic contexts to the integration efforts. The turn to the left, analyzed here as a broad phenomenon in the XXI century, was characterized by the dominance of left-wing leadership across Latin America. Such phenomenon equated with the rejection of neoliberalism in the aftermath of the Cold War, which fostered a propitious moment for the promotion of leftist economic agendas and populist discourses.

Among the many possible facets of the pink tide's analysis, populism is one of the most prominent ones. Baldrighi (2022) argues that Latin American left-wing leaders empowered during the pink tide approached a type of economic populism, marked by the emphasis on national economic growth concomitantly with the goal of reducing socioeconomic inequalities. Leaders that composed the pink tide throughout the region made use of similar anti-neoliberal discourses and created promises to politically integrate previously excluded parts of society into the political arena and relied on each other regionally to build their national political capital. Examining the theoretical background of populism is crucial for the analysis of regional integration during the chosen political moment in Latin America, because it potentially generates new insights when later analyzing the logics of the leftist economic and foreign policy in a newly autonomous region looking for economic ascension without external interference, which also sets part of the logic of Latin American regional integration efforts. In this regard, conceptualizing populism is taken here as a first step to the full understanding of the pink tide as a regional populist phenomenon downplayed nationally.

Mudde (2004) classically defines populism as an ideology that considers society to be detached into opposite groups - the pure people and the corrupt elite - and that argues that politics should express the supreme will of the people. The author explains that populist discourses are built over the rhetoric of 'us-versus-them' and it is not exclusive from one political ideology. Laclau (2005) further explores the conceptualization of the term "populism" and defends the legitimization of its use to cover different movements. In his words, populism is "a type of movement found among those aware of belonging to the poor periphery of an industrial system;

in this sense, it may be taken as a reaction to industrialism” (Laclau, 2005, p. 11). The author also contraposes the idea that populism makes political space simpler by creating imprecise dichotomies with the fact that political action works within the condition of simplification.

From the above definitions of populism, we can affirm that this expression is not exclusive from one or another pole of the political spectrum. In effect, right-wing and left-wing populism pursue quite different goals by using very similar tools. Tushnet (2019) explores such differences from the understanding of populism as a mere political activity without value judgment regarding its consequences. As a general activity, the author explains that populism emerged in a context of increasing inequality due to the failure of the elites in following social welfare constitutionalism, which gave strength to anti-elite movements. The instrument of left-wing populists is the creation of economic programs to accomplish the social welfare in which neoliberalism failed. The displacement of political elites is key to realizing such promises, and within the “us” vs. “them” logic, the neoliberal elites are opposed to the people.

The reasons behind the different shapes of populism are also explored by Rodrik (2018), who considers Laclau’s perspective of populism as a reaction to industrialization and globalization. For Rodrik (2018), globalization has divergent effects depending on the region we analyze. While in the European context globalization was the driver for increasing immigration – which led to a far right-wing populist discourse based on cultural perspectives –, in Latin America the effect of globalization was represented through an investment and trade shock due to the consequences of the Washington Consensus and therefore made the context more susceptible to the emergence of left-wing populist force, which took a narrative advantage of the neoliberal failure.

The practical impact of left-wing populism in Latin America in terms of social accomplishment is, nonetheless, questionable. De la Torre (2007) suggests that populism has been a driven force to incorporate ordinary people into political communities and, in Latin America, populism has incorporated these people into mass rallies. The problem, according to the author, is that the incorporation into the mass rallies did not go together with the institutionalization of popular participation, which means that leftist populist actions during the pink tide did not generate autonomy to the groups that were previously excluded from politics. De la Torre (2007) explains that the wave of left-wing populists in Latin America in the first half

of the millennium is associated with the rejection of neoliberal policies executed in the previous years. Although populism does bring political inclusion to previously excluded masses and entails the reinforcement of rights, the lack of institutionalization of such autonomy can be questioned.

Concerning the rationale behind the mobilizing forces of left-wing populism in Latin America, it is important to understand how the economic events that affected the region have influenced the reformulation – and emergence of new – leftist parties in the region. Madrid (2010) explores that old leftist parties in Latin America used to be moderate and market-oriented since they were created in a moment of economic pressures to embrace such type of approach, while new leftist parties tend to be much less market-oriented, once they came together in a context of discredit of neoliberalism specially after the 2008 financial crisis, which divided those parties into two main groups: liberal-left (prior to 2008) and interventionist left (after 2008). When we analyze the parties that came to power in Latin America during the first ten years of the XXI century, we can find a certain hybridity regarding their policy priorities. Despite the interventionist, and to a certain degree protectionist, approach towards the economy, the social projects of these parties were overall focused on the reduction of inequalities rather than the promotion of a certain socialist or communist agenda, which sets their parameters as more center moderate left than radical left parties (Shifter and Binetti, 2016).

The rise of social protection and push for social reduction and redistributive policies are described by Polanyi (1944) as not only normal but predictable after intense moments of marketization of the economy; for this process was attributed the label of 'double movement'. Silva (2009) uses this approach to explain that populist periods in Latin America tend to set patterns of political inclusion, address socioeconomic disparities and extend social rights. The prioritization and protection of domestic industries is one economic policy tool included in leftist agendas to stimulate economic growth, the increase of GDP, generation of employment and consequently diminish the troubles brought by previous neoliberal policies (marketization). The author argues that through this double movement, Latin American leftist populists could create a more inclusive and balanced socioeconomic policy framework in the beginning of the XXI century after an intense moment of liberalization in the region in the 1990s with the Washington Consensus.

Such leftist strategic exploration of the double movement approach extends beyond domestic policies, in a way that the promotion of regional integration serves to counterattack the broader effects of neoliberalism: through the mutual collaboration and reliance among Latin American nation-states, it is established and legitimized the collective action to respond to the challenges posed by marketization. Added to that, there is the fact that by enhancing integration and creating interdependency, the rejection of the US hegemony and influence in the region is also justified – at least on a discursive ground. Within the pink tide context, regional economic integration serves to enhance regional autonomy, strengthen economic resilience, reduce the dependency on external forces and create a unified front against the (recently failed) neoliberal pressures.

As a final theoretical remark on the pink tide as a political phenomenon that characterizes the recent political history of Latin America, Lievesley and Ludlam (2009) call attention to the homogenization that this concept might entail: policies priorities were different across the region and political action had its focus on domestic necessities, which means that the pink tide was actually colored with multiple shades of leftism. The authors also alert to the fact that the pink tide is sometimes mistakenly associated to an undemocratic wave; although some governments demonstrated later on their compromise to the autocracy (for example Venezuela), those must be taken as exceptions among the majority of the Latin American governments elected during the pink tide period, which did not have undemocratic tendencies or aimed to diminish well established institutions.

In this paper, regional integration is recognized as a process composed of multiple dimensions that encompasses economic, social and political aspects. It is chosen to analyze the economic dimension of integration, relying on Nye's (1968) proposition that this is more feasible to be measured than the political dimension. The process of integration is looked at within the political dynamic of populism, in which I rely on Mudde's (2004) approach that enables the probation of how populist strategies intersect with regional integration efforts, particularly in the context of leftist governments during the pink tide. This approach of populism is used to identify how the stages of integration in a concrete reality of the Global South, given the specificities described by Krapohl (2017), can be detected in Latin America in the first twenty years of the XXI century. Finally, as the phenomenological interest of this work, the pink tide is understood as

a heterogeneous experience, echoing Lievesley and Ludlam's (2009) caution against homogenization. The acknowledgement of the diverse policy priorities and inclinations within the broader turn to the left leads to the aim to uncover the impacts of left-wing populism on regional integration initiatives across Latin America, without disregarding the region's political historical development and specificities.

3. Methodology

The instrumentalization of this research is based on quantitative methods, with the objective to assess the influence of the pink tide on the regional economic integration trends of the selected countries. The choice for MERCOSUR member states for this research is based on the significance and consistency of the bloc as a regional multilateral organization with solid institutions that survived throughout the innumerable political changes that took place in Latin America in the last 30 years. Although the analysis is not about intra-MERCOSUR integration (the total regional scope is defined as Latin America and the Caribbean), considering MERCOSUR member states allows us to explore countries with common ties and yet different political and economic landscapes that cooperate among each other, bringing complementary insights on the experience of regional integration.

As for the timeframe, it goes from 2000 to 2022, allowing the capture of the evolution of integration dynamics over the pink tide period and beyond, until the last year that data is fully available. It is acknowledged that other countries such as Venezuela could also bring valuable insights to this research giving its prominent involvement in integration policies during the pink tide, however, the unavailability of data for this country after 2013 due to the political institutional crisis restricted the consideration of Venezuelan reality.

The paper aims to initiate a prototype of a regional integration index suitable to the Latin American experience, with an emphasis on the economic dimension of integration. Such attempt relies on Babbie's (2007, p. 173-185) framework for index constructions in social sciences. Assessing this theoretical framework, we draw upon the African Regional Integration Index (ARII) as a methodological reference, since the inexistence of a regional integration index for Latin America brought up the methodological opportunity for a certain cross regional application of the ARII as a regional integration measurement tool, albeit in simplified terms, into the analysis of Latin American integration reality. As the ARII is understood to be an already

validated index that follows the necessary framework for its construction, the operationalization of this research relies on the dimensions and indicators of the ARII to collect the needful data to assess the performance of regional integration for Latin America in the selected period. Due to the limitation of data coverage for the studied region, not all the indicators present in the ARII could be applied to this; while the ARII comprehends sixteen indicators grouped into five dimensions, our analysis of Latin American integration relies on four indicators grouped in three dimensions: trade integration, macroeconomic integration, and multilateral cooperation.

Through the described quantitative process, the objective is to explore the first step of index construction described by Babbie (2007), and compile the data for the chosen indicators reflecting all the five countries within the 22 years of analysis. The second step consists of interpreting the numbers and variations separately by indicator, connecting to the political and economic contexts of each country. Below, there is the description of each indicator used in this research:

Dimension 1: Trade Integration

a) Intraregional exports:

It refers to the intraregional exports of goods by countries of origin, in percentages of intraregional exports with respect to total exports. The data source is the Statistical data base from the Economic Commission for Latin America and the Caribbean (CEPALSTAT, 2024). This indicator is inspired by the “Share over intraregional exports over GDP” from the ARII, which also composes the trade integration dimension. The data regarding the share over GDP was not available for the analyzed countries, which justifies the selection of “intraregional exports”. From the assessment of percentual intraregional exports, the annual percentage variation (V%) was calculated with the objective of understanding the changes on an annual basis and facilitating the assessment of changes of trends.

b) Intraregional imports:

It refers to the intraregional imports of goods by countries of origin, in percentages of intraregional imports with respect to total imports. The data source is also the Statistical data base from the Economic Commission for Latin America and the Caribbean (CEPALSTAT, 2024) and the same regional scope is applied. This indicator is inspired by the “Share over intraregional

imports over GDP” from the ARII, composing the trade integration dimension. Concerning the justification of choice and the calculation of annual variation, the same rationale from the previously described indicator is applied.

Dimension 2: Macroeconomic Integration

a) Regional Bilateral Investment Treaties (BITs) Signed:

This indicator refers to the number of bilateral investment treaties (BITs) signed in the corresponding year by the analyzed country with other countries from Latin America or the Caribbean. The data source for this indicator is the Investment Hub of the United Nations Conference on Trade and Development (UNCTAD, 2024). What justifies the use of this indicator, as described in the ARII (2024), is the need to replace the impossibility of reaching the data for regional Foreign Direct Investment (FDI). It has been chosen to analyze the number of BITs signed rather than BITs in force in each year because the focus of the analysis is to assess how much the country has put efforts into regional integration initiatives throughout the period; BITs in force would include treaties signed in periods that are not the focus of this analysis and many treaties that were signed were never put into force concretely.

Dimension 3: Multilateral Cooperation

a) Regional Organizations Membership:

It refers to the number of regional organizations that the country was part of as a full member in each year. In this sense, all the organizations that the states were part of as associate members are not counted. The relevance of assessing this information relies on the fact that Latin American multilateralism is marked by the existence of (and the creation of new) multiple organizations for different, although sometimes overlapping, purposes. The organizations considered for this indicator are described in Appendix 7, containing each country’s year of accession (and suspensions and comebacks for some special cases) to each organization with a regional focus. This table is the guide for the numbers described in this indicator.

4. Analysis of the Regional Integration Indicators

In this section, the data collected for the five countries is presented and analyzed by indicator, separated into the dimensions concerned. The lists of presidents and political parties for

each country, separated per year, were elaborated by the author and can be found in the Appendix (Appendices 1 to 5). The cells of each table are colored according to the following rule: pink for the year in which a left-wing government was in power, blue for the year in which a right-wing government was in power and gray for the year in which a center government was in power.

4.1 Trade Integration: Intraregional exports and imports

4.1.1 Intraregional exports

Table 1: Intraregional export flows (%) for each MERCOSUR member state (2000-2022)

Year	Argentina		Bolivia		Brazil		Paraguay		Uruguay	
	Intraregional exports (%)	V(%)	Intraregional exports (%)	V(%)	Intraregional exports (%)	V(%)	Intraregional exports (%)	V(%)	Intraregional exports (%)	V(%)
2000	48,3%	-	44,1%	-	25,1%	-	91,1%	-	54,7%	-
2001	46,4%	-3,93%	62,7%	42,18%	22,8%	-9,19%	88,2%	-3,18%	51,5%	-5,85%
2002	42,4%	-8,62%	63,0%	0,48%	19,1%	-16,56%	90,8%	2,95%	42,8%	-16,89%
2003	38,5%	-9,20%	66,4%	5,40%	20,4%	6,88%	87,6%	-3,52%	41,2%	-3,74%
2004	39,9%	3,64%	65,6%	-1,20%	23,9%	17,53%	85,4%	-2,51%	36,6%	-11,17%
2005	40,6%	1,75%	68,9%	5,03%	25,6%	6,98%	85,3%	-0,12%	35,1%	-4,10%
2006	42,6%	4,93%	67,7%	-1,74%	26,4%	3,09%	82,8%	-2,93%	37,5%	6,84%
2007	40,9%	-3,99%	64,1%	-5,32%	25,7%	-2,46%	75,1%	-9,30%	41,4%	10,40%
2008	39,8%	-2,69%	66,0%	2,96%	25,9%	0,43%	72,2%	-3,86%	40,8%	-1,45%
2009	43,1%	8,29%	60,4%	-8,48%	23,1%	-10,79%	71,0%	-1,66%	39,3%	-3,68%
2010	43,1%	0,00%	61,2%	1,32%	23,7%	2,82%	60,4%	-14,93%	42,9%	9,16%
2011	42,2%	-2,09%	61,7%	0,82%	22,8%	-4,01%	57,4%	-4,97%	42,3%	-1,40%
2012	44,0%	4,27%	71,2%	15,40%	21,3%	-6,55%	59,5%	3,66%	39,8%	-5,91%
2013	42,0%	-4,55%	71,6%	0,56%	21,3%	0,24%	53,6%	-9,92%	37,4%	-6,03%
2014	39,7%	-5,48%	69,4%	-3,07%	21,1%	-1,27%	52,4%	-2,24%	35,7%	-4,55%
2015	36,1%	-9,07%	62,6%	-9,80%	21,2%	0,71%	53,3%	1,72%	32,2%	-9,80%
2016	32,1%	-11,08%	53,2%	-15,02%	21,2%	-0,24%	58,5%	9,76%	33,6%	4,35%
2017	33,4%	4,05%	52,9%	-0,56%	20,6%	-2,60%	58,8%	0,51%	32,1%	-4,46%
2018	36,8%	10,18%	55,9%	5,67%	19,0%	-7,57%	67,5%	14,80%	31,5%	-1,87%
2019	33,2%	-9,78%	57,4%	2,68%	16,5%	-13,18%	69,5%	2,96%	28,2%	-10,48%
2020	31,6%	-4,82%	58,9%	2,61%	14,3%	-13,37%	74,4%	7,05%	30,1%	6,74%
2021	32,6%	3,16%	52,6%	-10,70%	15,7%	9,78%	72,4%	-2,69%	31,2%	3,65%
2022	33,0%	1,23%	59,7%	13,50%	17,1%	8,52%	73,7%	1,80%	31,6%	1,28%

Elaborated by the author. Source for intraregional exports (%): CEPALSTAT (2024).

When looking at the export flows throughout the 22 years, there is an overall decreasing trend in intraregional exports, immediately meaning the unshown increase of extra-regional exports. This can be understood through the lenses of globalization, trade liberalization and the rise of new extra-regional trade partners that demanded the import of Latin America products. The reason behind this trend is a double facet diversification: first of production, related to the decreased dependency on low added value export products – with a certain increase of industrialization, seen for example on the enhancement of the automobilist industry in countries such as Brazil and Argentina –, and secondly the diversification of markets and partners abroad.

Although this path sounds optimistic, the Latin American trade dynamic was marked by severe deficits through the first twenty years of the XXI century: LLorente & Cuenca (2017, p. 3-4) explain that Latin American global exports showcased a decline of the commodities prices and also of the demand of the region's most important extra-regional partners including China, United States and the European Union.

Regarding the type of products exported by the analyzed countries, the profile is mostly composed of commodities, including soya beans, meat of various types, sugar cane, oilcake, petroleum, maize, wheat and similar (WITS, 2024a). The country with the most diverse and unique list of exports amongst MERCOSUR is Bolivia, due to its richness in natural resources, including gold (non-monetary), natural gas, zinc and silver. The abundance of resources and the composition of climate and fertility of the land provides South America with the comparative advantage (Ricardo, 1819) to specialize and produce and therefore export this type of product. Although the export profile is similar, intraregional trade serves a role of complementarity, with the exchange of goods and resources from the sectors in which each country has the best advantage.

When comparing the numbers of the MERCOSUR member states, there is a noticeable asymmetry related to the countries' regional dependency; such asymmetry is highly linked to the economic size (numerically represented in terms of GDP – see Appendix 6) and the countries' international competitiveness: the higher the national economy size, the less it tends to rely on intraregional exports. Brazil, the largest economy in the region, is the country with the lowest levels of intraregional exports, while Paraguay, the smallest economy, indicates the highest levels of intraregional dependency.

Looking at Paraguay, the lowest GDP among the five MERCOSUR member states, it reports the highest numbers for intraregional exports, despite its decreasing trends. During Lugo's administration, it is possible to check a considerable decrease (a negative variation of 17,6% from 2008 to 2012), indicating that the strategy of partnership diversification beyond the region collected some results, at least to what concerns exports. New countries pictured Paraguay's top export partners between 2008 and 2012, as is the case of the Russian Federation, which used to be the only non-Latin American country between the top five export partners of Paraguay, ranked

in 4th position with a 5,13% share, and became the 2nd most important partner reaching a 9,73% share of Paraguayan exports (WITS, 2024b).

Other two new extra-regional partners composed to the Paraguayan ranking: Germany and Italy. Despite the changes, Brazil remained as the first most important partner to Paraguay, justified by the energy import and the reliance of Brazil on Paraguayan production from Itaipu. On the other hand, the ascendent position of Russia as an importer of Paraguay can be perceived as a consequence of the Itaipu renegotiation and the newly established possibility for Paraguay to renegotiate its remaining production with third partners. In this sense, through this indicator it is possible to affirm that Lugo's strategy of diversification and internationalization of Paraguay beyond Latin America is judged as successful, albeit the relation of importance with Brazil, one of the regional hegemonies in which Paraguay under Lugo pursued a commercial independency from, remained unchanged.

In an opposite direction, Bolivia showcases an increasing trend in intraregional exports, with two highlighting years for the annual variations: from 2000 to 2001 (42,18%), and from 2011 to 2012 (15,4%). The earlier is justified by the loss of the United States as the top one export partner of Bolivia, which was moved to third place and replaced by Brazil followed by Chile; but due to the crisis that affected the global economy in 2001, this scenario becomes of less importance, once there was a decreased of the demand on agricultural goods, the main export category for Bolivia (Unidad de Análisis de Políticas Sociales y Económicas, 2002). The latter, however, shows an interesting point to what concerns the efforts towards multilateralism implemented during the pink tide: while Brazil and Argentina remained the most prominent export partners of Bolivia, Japan, an extra-regional partner, lost the fourth position to Peru (WITS, 2024d). This year also marked the first of operation of CELAC, and the intensification of trade cooperation Bolivia-Peru could be assessed as a sign of CELAC's success.

Brazil, as the most diversified exporter in the region, did not indicate major changes throughout the years. The intensification of intraregional exports in the first years of Lula's administration are justified by a slight increase of exports to the only Latin American partner that takes a spot among the top five Brazilian export partners: Argentina. Throughout the 13 years of the *Partido dos Trabalhadores* administration, what is traceable is a considerable ascension of importance of China as a partner moving from the fourth position in 2002 to the first destination

of Brazilian commodities in 2015 (WITS, 2024c), but this tells more about the ascension of China in the international scenario than about any efforts taken by the Brazilian side. To what concerns Brazilian exports, it did not grow internally, because no Latin American economy has the demand to overcome the Brazilian usual export partners, placed beyond the region. However, when checking the exports of the other four MERCOSUR member states, Brazil had an ascending position in their rankings, which indicates that the country contributed, in a way, to the trade balance of its neighbors and boosted their economic growth as an importer.

Argentina demonstrated a certain trend of stability despite the overall decrease throughout the period. During Kircherist times, the highest annual variation is found in 2008-2009 (8,29%), in a moment in which China and the United States lost their positions to the ascendancy of Chile as an importer of Argentinian products. Despite China's ascendancy through the century, in a similar movement to what is analyzed for the Brazilian exports, Brazil is kept as the first destination for Argentinian exports (WITS, 2024e). The turn to the right in Argentina marked by Mauricio Macri's election in 2015 raised effects on the intraregional exports: there was a negative variation of 11,08%, that can be related to the distancing from leftist-identified Latin American partners and an attempt of partnership diversification, but this decrease was recovered in the two years that follows, showing that despite the possible ideological distancing, the Argentinian dependency on the region to what concerns the composition of its export market, persisted.

Uruguay brings no news when it is seen that during the first two years of the *Frente Amplista* governments (2006-2007), there was a positive variation on the intraregional export flows. The United States, previously the top one export partner for Uruguay, lost relevance to Brazil, which became the first partner (WITS, 2024f). One important aspect of Uruguayan exports is the existence of Free Zones, areas within the country that allow foreign companies to repatriate their incomes without tariffs or customs (Uruguay XXI, 2023a). Under such mechanism, the exports to Free Zones increased their share within the top five destinations for Uruguayan exports during the *Frente Amplista* governments, reaching the first position in 2014 (WITS, 2024f). The existence of the Free Zones shows a unique aspect of export dynamics in Uruguay and showcases one of the projects for the country of despite the interaction on intraregional trade, keeping up with the competitiveness within the global market, given the importance that these zones have for foreign extra-regional companies installed in the country.

The existence of the Free Zones and the increase of its importance in the export incomes of the country can help us elaborate on the fact that despite the leftist project in place, in practice it showed traces of not being compelling to the neoliberal pillar of trade liberalization.

All in all, the analysis of intraregional exports across the period reveals some unchanged trends in Latin American exports dynamic. The overall decrease indicates a shift to diversification related to production and partners outside the region, and such diversification can be assessed as the impact of globalization, liberalization and the emergence of new extra-regional relevant trade partners. Commodities dominate the export profiles of the MERCOSUR member states, but the specificities of each country's productive profile and natural resources mark their unique advantages. There is a clear difference in the level of intraregional dependency among the analyzed countries, of which larger economies tend to export less intraregionally (Brazil) while smaller economies are more dependent on regional partners (Paraguay). The trade dynamics of the region is also marked by extra-regional events, above all the ascension of China and its enhancement of ties with Latin America.

4.1.2 Intraregional imports

Table 2: Intraregional import flows (%) for each MERCOSUR member state (2000-2022)

Year	Argentina		Bolivia		Brazil		Paraguay		Uruguay	
	Intraregional imports (%)	V(%)	Intraregional imports (%)	V(%)	Intraregional imports (%)	V(%)	Intraregional imports (%)	V(%)	Intraregional imports (%)	V(%)
2000	34,3%	-	51,6%	-	23,0%	-	56,8%	-	54,7%	-
2001	35,0%	2,04%	57,7%	11,82%	20,0%	-13,04%	61,0%	7,39%	51,5%	-5,85%
2002	36,9%	5,43%	57,4%	-0,52%	20,0%	0,00%	59,9%	-1,80%	42,8%	-16,89%
2003	42,0%	13,82%	58,8%	2,44%	20,0%	0,00%	64,6%	7,85%	41,2%	-3,74%
2004	43,2%	2,86%	62,2%	5,78%	18,0%	-10,00%	61,8%	-4,33%	36,6%	-11,17%
2005	47,3%	9,49%	59,5%	-4,34%	18,0%	0,00%	53,9%	-12,78%	35,1%	-4,10%
2006	43,9%	-7,19%	58,2%	-2,18%	20,0%	11,11%	46,1%	-14,47%	37,5%	6,84%
2007	42,2%	-3,87%	56,6%	-2,75%	19,0%	-5,00%	49,0%	6,29%	41,4%	10,40%
2008	41,4%	-1,90%	57,9%	2,30%	18,0%	-5,26%	46,7%	-4,69%	40,8%	-1,45%
2009	40,2%	-2,90%	56,6%	-2,25%	19,0%	5,56%	44,8%	-4,07%	39,3%	-3,68%
2010	40,7%	1,24%	54,6%	-3,53%	18,0%	-5,26%	42,3%	-5,58%	42,9%	9,16%
2011	40,1%	-1,47%	53,1%	-2,75%	18,0%	0,00%	44,0%	4,02%	42,3%	-1,40%
2012	38,5%	-3,99%	53,1%	0,00%	18,0%	0,00%	41,1%	-6,59%	39,8%	-5,91%
2013	39,1%	1,56%	46,0%	-13,37%	18,0%	0,00%	41,1%	0,00%	37,4%	-6,03%
2014	34,9%	-10,74%	43,4%	-5,65%	17,0%	-5,56%	43,2%	5,11%	35,7%	-4,55%
2015	32,6%	-6,59%	45,7%	5,30%	17,0%	0,00%	41,3%	-4,40%	32,2%	-9,80%
2016	34,3%	5,21%	46,1%	0,88%	18,0%	5,88%	41,1%	-0,48%	33,6%	4,35%
2017	36,8%	7,29%	46,9%	1,74%	17,0%	-5,56%	38,7%	-5,84%	32,1%	-4,46%
2018	35,6%	-3,26%	45,5%	-2,99%	16,0%	-5,88%	38,1%	-1,55%	31,5%	-1,87%
2019	32,7%	-8,15%	45,8%	0,66%	15,0%	-6,25%	49,8%	30,71%	28,2%	-10,48%
2020	34,1%	4,28%	46,6%	1,75%	14,0%	-6,67%	37,4%	-24,90%	30,1%	6,74%
2021	31,9%	-6,45%	52,5%	12,66%	15,0%	7,14%	37,6%	0,53%	31,2%	3,65%
2022	31,1%	-2,51%	52,3%	-0,38%	13,0%	-13,33%	35,2%	-6,38%	31,6%	1,28%

Elaborated by the author. Source for intraregional imports (%): CEPALSTAT (2024).

The asymmetry regarding the trade regional dependency is confirmed by the trends observed in intraregional imports. In this sense, the higher the national economy size, the less the country relies on intraregional imports. While Paraguay, Uruguay and Bolivia demonstrate higher percentage of intraregional imports, despite the last two countries' decreasing trend, Argentina and Brazil score lower numbers.

Regarding the import profile, we can assess the fact that the region relies on high added value goods, including monolithic circuits, transmission apparatus, accessories of automatic data process, vaccines, automobiles, and herbicides (WITS, 2024a). Natural resources such as petroleum and natural gas also compose the list of imports, since the internal production is incapable of fully covering the domestic demands. The reliance on imported high-value goods highlights the poverty trap in which Latin American countries find themselves stuck on. Due to the limited domestic production capacity and lack of investments in national industry, the countries are trapped in the cycle of dependence of technological imports, with high prices, while the export incomes from commodities have, overall, lower value.

Moving to a country-by-country analysis, Argentina has an overall stable trend, facing an increase during Néstor Kirchner administration and a decrease during Cristina's times. From 2000, Brazil was the top one (and only) Latin American import partner for the country, until in 2012 Bolivia entered the top five partners ranking (WITS, 2024e). The increase of Bolivia's importance as an import partner for Argentina is attached to the longstanding natural gas supply contract signed by the two countries in 2006 (Ministerio de Economía de Argentina, 2022). Another important highlight for Argentina is that Brazil lost its first place of import partner and got replaced by China in 2020.

As for Brazil's import partners, Argentina is the only Latin American country that places the top five partners throughout the whole 22 year period (WITS, 2024c). Due to the high productive capacity of the country, it is possible to say that most of the demand in terms of food, which is what would be imported from Latin American partners, is covered by domestic production. The sector of utmost importance for Brazil when it comes to what is produced within the region is energy: due to the territorial extension and demographic grandiosity, Brazil relies on partnerships for importing energy and the most important players on this are Paraguay and

Venezuela. The decrease on intraregional imports from 2018 onwards had a political contribution of the turn to the right: in the first year of Bolsonaro's administration, the government chose to interrupt the import of electric energy from Venezuela due to the diplomatic disconnection between the two countries (O Tempo, 2023). Concomitantly but in an earlier stage, the partnership with China became of huge importance for the import of sustainable energy, reducing even more the reliance on the intraregional market for Brazilian energetic consumption (Global Energy Monitor, 2022).

Bolivia is the only analyzed country in which the reliance on intraregional imports increased throughout the 22 years and, as a matter of fact, it increased during the first years of Morales ruling. Before Morales, Argentina, Brazil and Chile were part of the top five partners for Bolivia, showing a good level of intraregional diversification of import partners. Brazil was the top one partner for Bolivia until 2014, when it lost its position to China (WITS, 2024d). The placement of Chile as one of the most relevant import partners for Bolivia, which is not encountered for other MERCOSUR member states, can be justified by the CAN and ALBA membership and trade incentives which favored the exchanges between Andean countries.

A similar path is found for Uruguay. From 2006 to 2007, there is the record of the highest variation of the period (+10,40%), when Argentina lost the position of the most relevant import partner of Uruguay and was replaced by Brazil. This movement, however, does not have a clear cause nor is politically related, rather it can be linked to external factors such as exchange rates variation and prices from part of the Argentinian productors. China comes to the picture a few years later as one of the reasons why Uruguayan intraregional imports faced a decline. Since 2013, the Asian giant became the top one partner for Uruguay (WITS, 2024f) and from that moment onwards it is possible to notice a clear decreasing trend on intraregional imports. Once again, the competitiveness of extra-regional partners (China) showed the capacity of overcoming the trade benefits of exchanging with another member of the common market (Brazil).

In Paraguay, China assumed the top one position back in 2008, which is early compared to the trends observed for other MERCOSUR member states. As the main Latin American partners throughout the years, there are Brazil and Argentina, proving the historical dependence of Paraguay on the other two parts of the triple alliance. During Lugo's years, specifically in 2009, a new player came into the picture with a share of 5,19% of Paraguayan imports:

Venezuela (WITS, 2024b). This trade relation was based on fuels and can be justified by an approximation of Lugo and Chavez. In an official statement in August 2008, Chavez promised publicly to fuel Paraguay with “as much oil as they need” (El Pais, 2008). This move must also be analyzed within the strategy of Paraguay to decrease its dependence on Brazil and Argentina, since the fuel imports from Venezuela came as a possibility to decrease the same good imports from Brazil.

All things considered, the assessment of intraregional imports confirms the asymmetric nature of regional trade through MERCOSUR member states: Argentina and Brazil, regional powers in terms of GDP and global competitiveness, show lower levels of intraregional imports compared to Paraguay, Uruguay and Bolivia. The region’s import profile is characterized by high added value goods, especially technological products, in the context of which domestic industries lack investments and a dependency cycle is perpetuated. Concerning the changes during the pink tide, all countries face a decline, though in different levels, due to the ascension of China which could change the intraregional shares.

4.2 Macroeconomic Integration: Signature of Regional Bilateral Investment Treaties (BITs)

Table 3: Number of Bilateral Investment Treaties (BITs) signed with a regional partner annually by each MERCOSUR member state (2000-2022)

Year	Argentina	Bolivia	Brazil	Paraguay	Uruguay
2000	0	0	0	1	1
2001	1	1	0	1	0
2002	0	1	0	0	0
2003	0	0	0	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	0	0	0	0	0
2008	0	0	0	0	0
2009	0	0	0	0	0
2010	0	0	0	0	1
2011	0	0	0	0	0
2012	0	0	0	0	0
2013	0	0	0	0	0
2014	0	0	0	0	0
2015	0	0	3	0	0
2016	0	0	0	0	0
2017	0	0	0	0	0
2018	0	0	2	0	0
2019	0	0	1	0	0
2020	0	0	0	0	0
2021	0	0	0	0	0
2022	0	0	0	0	0

Elaborated by the author. Source for BITs: UNCTAD Investment Hub (2024).

As per the definition of UNCTAD (2024), a Bilateral Investment Treaty (BIT) is “an agreement between two countries regarding promotion and protection of investments made by investors from respective countries in each other’s territory”. Junior (2021, p. 108) explains that BITs increase the level of FDI because they signal the commitment to property rights protection and reduce uncertainty. BITs also cause a spillover effect, as their establishment can expand not only FDI between the signatory parties but also to other countries that have investments in one of the BIT counterparts. Overall, the signature of BITs indicates the safety for foreign investments.

When it comes to the number of BITs signed intraregionally across the period analyzed, we can affirm that the number is, in general, very low. During the pink tide, little was the effect on the trends of BITs signature in most of the countries. Considering all the years ruled by the left in all five countries, only five BITs were signed. One could affirm that this is a sign of leftist governments prioritizing national development and extending control over natural resources, bringing a more selective and critical approach towards this type of treaty. However, it can be argued that despite the protectionist trend of some leftist governments, the attraction of foreign investment was on track to be pursued as one of the goals of regional integration during the pink tide. In this sense, why, despite the potential benefits of BITs in attracting foreign investment,

fostering collective development and engaging in regional integration of capital, did leftist government during the pink tide sign very few intraregional BITs?

The first reason is related to the nature of this type of treaty. Junior (2020, p. 114) explains that when firming BITs, a developing country faces the risk of exchanging “sovereignty for credibility”: through the establishment of a BIT, the protection of the investor becomes a top priority, in the sense that any public policy regulation can be questioned as affecting the interests of the investors even if the regulation concerns to the public interest. BITs also diminish the states’ sovereignty in the sense that disputes related to the treaty are run in international courts, and national legislation has no validity for the solutions. Related to this, there must be considered the propensity of left-wing governments, imbued in their populist style of governance and claiming for the protection of the people, to prioritize the popular desire and defend the national interest over private investors interests with the objective to maintain and increase their popularity among their electoral bases (Kaufman and Stallings, 1991).

The incompatibility of the BITs nature with the left-wing style of governance when it comes to market handling is accompanied by the own market’s perspective over such governments as well, complementing a dual path of rejection. Rode and Stöckl (2021) argue that populist administrations, such as the left-wing present in Latin America, tend to adopt expansive monetary and fiscal policies in pursuit of growth acceleration, which was indeed a common aspect of the “economic populism” pursued by the leaders in power during the pink tide. However, such policies mostly fail to generate sustainable long-term growth outcomes, a mark that is anticipated by the private investors who are aware of the consequences of populist policies and the anti-capitalist rhetoric that follows their national growth strategies.

The second reason behind the low number of BITs signatures comes from the type of investments preferably carried out by the leftist governments during the pink tide. Rather than market-led models, it is possible to consult the existence of state-led development projects of investment throughout the region. Valdez (2011) explains that development projects focused on infrastructure investment were established through the action of development agencies and banks such as the Development Bank of Latin America and the Caribbean (CAF) in the regional level, the Brazilian Development Bank (BNDES) and the Plata Basil Financial Development Fund

(Fonplata), all of which were active during the pink tide on investment projects focused on infrastructure of which contributed to the internationalization of national companies.

Brazil comes in this scenario as an emblematic example of investor in infrastructure projects around Latin America under the *Partido dos Trabalhadores* administrations. Between 2000 and 2015, Brazil through BNDES invested in projects in the following Latin American countries: Argentina, Paraguay, Venezuela, Dominican Republic, Costa Rica and Ecuador (BNDES, 2021). Regarding the number of BITs signed, Brazil stands out during the pink tide (refer to Table 6) with three treaties signed in 2015; Mexico, Colombia and Chile were the counterparts of the reciprocal treaties on Facilitation of Investments (UNCTAD, 2024). Although these treaties had similar content and objective, the only one ratified by the Brazilian Congress was the Mexican treaty, which marked the first BIT in fact ratified by Brazil. The controversies behind the sovereignty issue posed previously help explaining the reason why BITs were not a prominent choice for Brazilian foreign investments. The success of projects carried out by the development agencies seemed to satisfactorily accomplish the Brazilian goal of internationalization and enhancement of regional presence. Moreover, it is important to mention that the investment in infrastructure projects were beneficial for Brazil in the sense that improving railways and ports across the region could benefit the country later by the transport facilitation for the imports and insertion of Brazilian goods to those countries with facilitated costs. The BITs signed by Brazil in 2018 and 2019 included Suriname, Guyana and Ecuador as counterparts, but none of these agreements were ratified by the Brazilian Congress (UNCTAD, 2024), which demonstrates a still weakness related to this instrument effectiveness and reinforces the cautious position of Brazil in receiving such types of investments “at any cost”.

The assessment of BITs for Bolivia is quite different. The country had two regional BITs signed in the years that preceded Morales: Paraguay in 2001 and Costa Rica in 2002 (UNCTAD, 2024), the latter of which was never ratified but the earlier is worth the analysis. The Paraguay-Bolivia treaty was terminated in 2013, unilaterally by Bolivia, within the package of terminated BITs. The justification for the termination is related to the new Bolivian Constitution approved in 2009, of which its Article 320 declares that Bolivian national investments shall be favored in detriment of any type of foreign investment (Ministerio de Relaciones Exteriores Estado Plurinacional de Bolivia, 2013, p. 7). This decision is based on the nature of the treaties,

of which were incompatible with what the new Constitution predicted under the nationalization of economy and natural resources as well as the protectionist approach towards foreign interventions in Bolivia. Romero (2020, p. 10-16) explains that during Morales' times (2005-2019), the nationalization of strategic sectors reflected in public investments surpassing the private ones. To what concerns integration, we can say that even if Morales had good political alliances in the region with other left-wing leaders, the trend of closing the state economically has spoken louder, resulting in the revoke of treaties even with Latin American counterparts, as was the case with Paraguay.

Apart from the Bolivia-Paraguay BIT, Paraguay has also signed one BIT in the year 2000, this time with Cuba. It showcases the oldest BIT on the analyzed timeframe for MERCOSUR member states and brings up interesting perspectives given its counterpart. After the fall of the Soviet Union and the destitution of socialism in its satellite states, Cuba was left with little number of partners to negotiate around the world and invested in the signature of BITs with strategic partners to compensate for this scenario (Rodríguez, 2022, p. 294). The treaty with Paraguay was signed under this context and was the only Latin American country among the counterparts of Cuba.

As for Argentina, the only BIT signed, back in 2001 with the Dominican Republic, has never been ratified and put in force; from the reachable data, no major movements of Argentina to what concerns regional investments could be assessed. Uruguay, on the other hand, had two BITs signed throughout the period: one in 2001 with El Salvador and another in 2010 with Chile. The Chile-Uruguay treaty was a renovation from an earlier treaty signed in 1995, showcasing Uruguay's tendency of fostering long-lasting investment relations and private involvement to the national level as a historical trend. As a matter of fact, beyond (but influencing) the regional perspective, Uruguay is the most open country to FDI when compared to markets in Latin America, due to the low regulations summed to the good level of anticorruption and compliance mechanisms that contribute to the credibility of the country on the international scenario (Uruguay XXI, 2023b, p. 13).

In conclusion, analyzing BITs during the pink tide brings up questions and answers about the leftist approach towards foreign investments. Although some could argue in favor of the potential benefits of BITs in attracting foreign investment and enhancing development, the

number of signatures remained low throughout the period and the trend was not altered during the pink tide. This is understood as a cautious approach with issues concerning sovereignty and the leverage of other types of investment models, mostly state-led financed by development agencies and banks. From this type of investments, we can assess the Brazilian involvement, during the pink tide, in infrastructure investments throughout the region, reaffirming its presence and commitment to integration. The Bolivian case of nationalization and protectionist policies reflected in the engagement of foreign investment and lately on the termination of previously signed BITs. Lastly, the smallest economies of the group, Paraguay and Uruguay, showcased a longer history with BITs: Paraguay's unique case with Cuba draws attention to possible strategic partnerships beyond regional but rather broader geopolitical motives, while in contrast, Uruguay's enforcement of a long-term BIT signalizes the historical openness of the country towards investments despite the influence in public regulations.

4.3 Multilateral Cooperation: Regional Organizations Membership

Table 4: Number of regional organizations that each MERCOSUR member state was part of in each year (2000-2022)

Year	Argentina	Bolivia	Brazil	Paraguay	Uruguay
2000	3	4	4	3	3
2001	3	4	4	3	3
2002	3	4	4	3	3
2003	3	4	4	3	3
2004	3	4	4	3	3
2005	3	4	4	3	3
2006	3	5	4	3	3
2007	3	5	4	3	3
2008	4	6	5	4	4
2009	4	6	5	4	4
2010	5	7	6	5	5
2011	6	8	7	6	6
2012	6	8	7	6	6
2013	6	8	7	6	6
2014	6	8	7	6	6
2015	6	9	7	6	6
2016	6	9	7	6	6
2017	6	9	7	6	6
2018	5	9	7	5	6
2019	5	6	6	5	6
2020	5	9	5	5	5
2021	5	9	5	5	5
2022	5	9	5	5	5

Elaborated by the author. Source for regional organizations membership: CELAC, 2024; PROSUR, 2024; UNASUR, 2024; ALBA, 2024; OTCA, 2024; MERCOSUR, 2024; ALADI, 2024; CAN, 2024; CEPAL, 2024.

Regional Organizations are the operationalization of multilateral cooperation. From the understanding of the organizational capacity, it is possible to describe different aspects of multilateralism in a certain region. Concerning Latin America, the first noticeable trace in terms of multilateralism is the diversity of initiatives, or in other words, the high number of regional organizations in which the same countries are part of. Borbón (2009) named such a dense number of integration initiatives as the ‘oversupply of integration proposals’, a pillar for Latin American contemporary regionalism. This oversupply refers to the existence of multiple initiatives in different areas of cooperation, from culture to security, of which, according to the author, has been one of the main causes for the debilitating integration process in the region.

Aravena (2019, p. 147) argues that multilateralism in Latin America has, since always, demonstrated a fragmentation due to the politicization of agendas and the consequential political polarization. The author also points out that Latin American multilateralism has tried to copy models of integration from other regions, coming up with ambitious objectives in comprehensive integration, which in practice are incompatible to the region’s political, intellectual and financial resources due to historical and geopolitical reasons.

Multilateralism in Latin America has changed over time and highly reflects the regional political scenario. Kan *et al* (2018, p. 18-19) explains that organizations emerged between the 1990s and 2005 pursued the so-called “open regionalism” and were aligned to the globalization trend, focused on trade liberalization and development towards the accession to the global market; overall, organizations from this period were created as an attempt to reunite regional strengths to compete extra-regionally. The focus was driven by financial liberalization, foreign investment attraction and trade. From 2005 until 2015, Latin America developed the “post-liberal regionalism”, in which previously existing institutions were reformulated and new strategies were chased, behind a hub and spoke logic (Villalba, 2020). This second moment of Latin American regionalism included the emergence of UNASUR, ALBA, PROSUR and CELAC, all of which demonstrated a new set of priorities influenced by the widespread turn to the left. In this sense, regional organizations during the pink tide aimed to promote ideological affinities and disseminate similar agendas based on one shared ideology, with an anti-imperialist approach, and contribute to the developmental projects of regional powers, such as Brazil and Venezuela.

Such ideological-political affinity is easily encountered in our numbers (Table 7). The adhesion to regional organizations has, overall, increased throughout the period for all the countries. Within the analyzed time frame, it is noticeable that during the pink tide, especially from 2007 to 2015, all countries extended their participation in organizations. This extension has happened from the adhesion of new countries to already existing organizations, as is the case of Bolivia joining MERCOSUR as a full member in 2015, but also from the creation of completely new organizations during this period. ALBA, UNASUR, PROSUR and CELAC were all created within the period 2004-2011.

The ideological-political bias can also be assessed in numbers from the decrease in organizations memberships from the turn to the right. In 2018, with the ascension of right-wing governments in the region, half of the countries part of Unasur, including Argentina, Brazil and Paraguay, decided to leave the organization by claiming the incompatibility with the ideological project behind the driven force of this integration mechanism (El Pais, 2018). This scenario of come and go also brings up the question of the feasibility of adhering to a regional organization in Latin America. If we compare the accession criteria that a country shall meet to enter consolidating organizations in other regions (see example of European Union's Copenhagen Criteria - European Commission, 2024), such an extensive list is not found in most of the organizations composing Latin American multilateralism. The ease to join and suspend the membership comes at the price of lacking credibility and, consequently, building policies of governments rather than long-lasting policies of the State capable of generating integration despite the ideological predominance of the region.

Another crucial aspect behind the increasing number of regional organizations throughout the pink tide period is the process of sub-regionalization that marked Latin America regionalism. Due to the lack of a clearly defined integration model (Gragea, 2002, p. 144) and due to the diversity (socioeconomic and cultural) existent throughout the region, there is a process of groupization of countries as an attempt to combine common characteristics and identities. The result of the institutionalization of this process is the creation of overlapping organizations that feeds back the unclear integration model. The problem behind it is the fragmentation of forces, since multiple organizations with undefined goals come to the picture while some have intentional ideological biases that, although it is depicted an increase on the number of channels

for dialogue and formulation of joint policies, the integration effects on the long run are still doubtful.

In sum, the analysis of regional organizations in Latin America reflects the complexity of the region's multilateralism. The shifts in regionalism reflected the changes in the political climate over time: from an open regionalism of the 1990s to the post-liberal regionalism of the 2010s, the intergovernmental organizations have evolved with the trends and reformulated their agendas from trade liberalization to anti-imperialism based. During the pink tide, it is observed an obvious increase in the number of regional organizations membership, signaling a commitment to multilateralism. However, the intrinsic characteristics of Latin American regionalism speak louder than the changes under coursed by the leftist governments of the analyzed period. While the pink tide indeed witnessed an increase of organizations, it was not responsible for creating the issues related to the complexity, overlaps and weakness within Latin American regionalism. Such challenges have deeper and older roots and mark the historical development of the region's integration efforts.

Furthermore, the commitment to multilateralism observed during the pink tide is opposed by the problematic facet of intergovernmentalism in Latin America, marked by the ease of entry and exit from organizations added to the ideological driven forces, characteristics which hinders the sustainable and effective integration mechanisms. Sub-regionalization is another process pursued in Latin American multilateralism, personified by the creation of overlapping organizations that tend to complicate the integration forces and fragment the collective efforts. What allows the statement that the pink tide witnessed a deeper commitment to multilateralism within the scenario of increased number of regional organizations, despite the complex trajectory and historical multiplicity, is the fact that it was within a limited timeframe that different new organizations emerged and all of which demonstrating certain political alignment with the national projects of the leaders in power.

5. Conclusion

The concept of integration is multifaceted, and its measurement requires the comprehension of divergent dimensions. This paper had the goal to assess the economic pillar of integration, as it is understood to be more easily measurable than political integration, by analyzing the dimensions of trade, macroeconomy and multilateralism. Conceptual-wise,

integration has been recognized in this paper, under the context of regionalism, as the process through which countries come together to pursue shared goals, policies and collectively diminish divergences and regional discrepancies. The instruments used to generate integration vary from the creation of intergovernmental institutions, mirroring of social public policies, creation of trade benefits, development projects, intraregional investments and diplomatic alignment. When it comes to the Latin American reality, integration is pursued less as an end and more as a means to achieve national economic development by reuniting the strengths of many middle-income countries to conquer space in the international arena.

Several common threads were observed, offering a comprehensive understanding of the phenomenon. First, to what concerns intraregional trade (exports and imports), the trends punctuate the asymmetric trade nature within the countries, of which larger economies are less dependent on intraregional trade and lower income countries are more dependent. Added to that, the dominance of commodities for exports and on high added value goods for imports stressed the Latin American challenge to overcome the dependency and poverty cycle. Second, the analysis of BITs signatures shows the cautious approach of which leftist governments had towards these treaties, keeping the historical trend. Other types of investment seem to have been chosen, most state-led projects based on development agencies and banks, as an alternative to reassure the country's sovereignty and control over investments, while not letting go of the desire to internationalize national companies relying on the regional markets. Thirdly, the assessment of regional organizations' memberships has clearly been helpful to analyze aspects of Latin American regionalism and attachment between proliferation of intergovernmental bodies and the leftist governments in power during the pink tide. The turn to the left indeed witnessed the increasing number of regional organization membership for the MERCOSUR member states, which is a sign of increasing integration, but the ideological bias behind this movement also showcased the unsustainable and weak pattern of multilateralism.

From the conclusion of the developed analysis, we can affirm that the pink tide did influence the regional economic integration trends of MERCOSUR current member states, albeit in limited terms. The initial hypothesis that the influence was concrete but limited holds true since while there was a notable advancement in terms of participation in multilateral organizations as predicted, but the assumption that the number of intraregional bilateral

investment treaties signature would also increase was proved wrong. Due to factors related to the nature of these treaties and the preferable state-led model of investment, this indicator did not show any influences of the pink tide on concrete regional integration. The overall impact of long-lasting integration was constrained by ideological biases, external dependencies and power asymmetries within the region, as we assessed throughout the analysis.

The low influence on intraregional trade dynamics, coupled with the fragmented nature of Latin American regionalism, marked by sub-regionalization and power imbalances, also emphasizes the complexity in which leftist governments tried to concretely achieve regional economic integration in the same intensity as they made use of “integration” as part of their foreign policy agendas. The legacy of the pink tide concerning the promotion of integration was important, on one hand, to bring light to the usefulness of solidarity, cooperation and autonomy-seeking related to integration agendas, as well as to serve as an example of the capacity of integration efforts of which Latin American countries could make use of. On the other hand, this same legacy brings up doubts about how much Latin American regionalism is capable of sustaining itself beyond any type of ideological-political position.

As a last consideration, it is important to mention that the pink tide marked a significant period of political and economic transformation in the region, implying the proliferation of regional integration efforts in the MERCOSUR member states, in the level of the common market and domestically, nation by nation. While the influence of the leftist governments existed, since they reinforced the diplomatic ties and at least to some extent created more channels for regional dialogues, the limitations found for their continuous effects highlights the opportunity for further researching the quality of integration in the upcoming years within the political and economic transformations in the region.

Looking ahead, the complexities uncovered throughout this paper point towards the need for a continuous investigation. Given the nature of Latin American politics and its historical ideological shifts within the everlasting seeking for economic development, it is crucial to consider the effects that the turn to the right might have caused on economic integration trends and whether the achievements are comparable to those observed during the leftist experience of the 2010s. Similarly, it can be valuable to keep track of the in-progress shifts in the integration strategies through the emerging ‘second’ pink tide from 2022 onwards. Further research can

explore the quality of economic integration initiatives and assess the regional capacity-building for enduring cooperation and collective development beyond projects of ideologically aligned governments. While changing the courses and the effects of the region's political alternance remains a challenge for Latin American politicians and voters, the academia can resiliently contribute to the understanding of regional integration as a measurable and unbiased project that should go beyond the currently observed uncompromised rhetorical strategy.

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Appendices

Appendix 1: List of Presidents and Parties – Argentina

Year	President	Party
2000	Fernando de la Rúa	Unión Cívica Radical
2001	Federico Ramón Puerta / Adolfo Rodríguez Saa / Eduardo Oscar Camaño	Justicialista
2002	Eduardo Alberto Duhalde	Justicialista
2003	Nestor Carlos Kirchner	Justicialista
2004	Nestor Carlos Kirchner	Justicialista
2005	Nestor Carlos Kirchner	Justicialista
2006	Nestor Carlos Kirchner	Justicialista
2007	Nestor Carlos Kirchner	Justicialista
2008	Cristina Elizabet Fernández de Kirchner	Justicialista
2009	Cristina Elizabet Fernández de Kirchner	Justicialista
2010	Cristina Elizabet Fernández de Kirchner	Justicialista
2011	Cristina Elizabet Fernández de Kirchner	Justicialista
2012	Cristina Elizabet Fernández de Kirchner	Justicialista
2013	Cristina Elizabet Fernández de Kirchner	Justicialista
2014	Cristina Elizabet Fernández de Kirchner	Justicialista
2015	Cristina Elizabet Fernández de Kirchner	Justicialista
2016	Mauricio Macri	PRO-Cambios
2017	Mauricio Macri	PRO-Cambios
2018	Mauricio Macri	PRO-Cambios
2019	Mauricio Macri	PRO-Cambios
2020	Alberto Fernández	Justicialista
2021	Alberto Fernández	Justicialista
2022	Alberto Fernández	Justicialista

Elaborated by the author. Data source: Casa Rosada (2024).

Appendix 2: List of Presidents and Parties – Bolivia

Year	President	Party
2000	Hugo Banzer Suárez	Acción Democrática Nacionalista
2001	Hugo Banzer Suárez	Acción Democrática Nacionalista
2002	Jorge Quiroga Ramírez	Acción Democrática Nacionalista

2003	Sánchez de Lozada	Movimiento Nacionalista Revolucionario
2004	Carlos D. Mesa Quisbert	Frente Revolucionario de Izquierda
2005	Eduardo Rodríguez Veltzé	Independent
2006	Evo Morales Ayma	Movimiento al Socialismo
2007	Evo Morales Ayma	Movimiento al Socialismo
2008	Evo Morales Ayma	Movimiento al Socialismo
2009	Evo Morales Ayma	Movimiento al Socialismo
2010	Evo Morales Ayma	Movimiento al Socialismo
2011	Evo Morales Ayma	Movimiento al Socialismo
2012	Evo Morales Ayma	Movimiento al Socialismo
2013	Evo Morales Ayma	Movimiento al Socialismo
2014	Evo Morales Ayma	Movimiento al Socialismo
2015	Evo Morales Ayma	Movimiento al Socialismo
2016	Evo Morales Ayma	Movimiento al Socialismo
2017	Evo Morales Ayma	Movimiento al Socialismo
2018	Evo Morales Ayma	Movimiento al Socialismo
2019	Evo Morales Ayma	Movimiento al Socialismo
2020	Jeanine Áñez	
2021	Luis Arce	Movimiento al Socialismo
2022	Luis Arce	Movimiento al Socialismo

Elaborated by the author. Data Source: Gaceta Oficial del Estado Plurinacional de Bolivia (2021)

Appendix 3: List of Presidents and Parties – Brazil

Year	President	Party
2000	Fernando Henrique Cardoso	Partido da Social Democracia Brasileira
2001	Fernando Henrique Cardoso	Partido da Social Democracia Brasileira
2002	Fernando Henrique Cardoso	Partido da Social Democracia Brasileira
2003	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2004	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2005	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2006	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2007	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2008	Luiz Inácio Lula da Silva	Partido dos Trabalhadores

2009	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2010	Luiz Inácio Lula da Silva	Partido dos Trabalhadores
2011	Dilma Rousseff	Partido dos Trabalhadores
2012	Dilma Rousseff	Partido dos Trabalhadores
2013	Dilma Rousseff	Partido dos Trabalhadores
2014	Dilma Rousseff	Partido dos Trabalhadores
2015	Dilma Rousseff	Partido dos Trabalhadores
2016	Michel Temer	Movimento Democrático Brasileiro
2017	Michel Temer	Movimento Democrático Brasileiro
2018	Michel Temer	Movimento Democrático Brasileiro
2019	Jair Messias Bolsonaro	Partido Social Liberal
2020	Jair Messias Bolsonaro	Independent
2021	Jair Messias Bolsonaro	Partido Liberal
2022	Jair Messias Bolsonaro	Partido Liberal

Elaborated by the author. Data Source: Presidência da República do Brasil (2024).

Appendix 4: List of Presidents and Parties – Paraguay

Year	President	Party
2000	Luis González Macchi	Colorado
2001	Luis González Macchi	Colorado
2002	Luis González Macchi	Colorado
2003	Nicanor Duarte	Colorado
2004	Nicanor Duarte	Colorado
2005	Nicanor Duarte	Colorado
2006	Nicanor Duarte	Colorado
2007	Nicanor Duarte	Colorado
2008	Fernando Lugo	Alianza Patriótica para el Cambio
2009	Fernando Lugo	Alianza Patriótica para el Cambio
2010	Fernando Lugo	Frente Guasú
2011	Fernando Lugo	Frente Guasú
2012	Federico Franco	Partido Liberal Radical Auténtico
2013	Horacio Cartes	Colorado
2014	Horacio Cartes	Colorado
2015	Horacio Cartes	Colorado
2016	Horacio Cartes	Colorado

2017	Horacio Cartes	Colorado
2018	Mario Abdo Benítez	Colorado
2019	Mario Abdo Benítez	Colorado
2020	Mario Abdo Benítez	Colorado
2021	Mario Abdo Benítez	Colorado
2022	Mario Abdo Benítez	Colorado

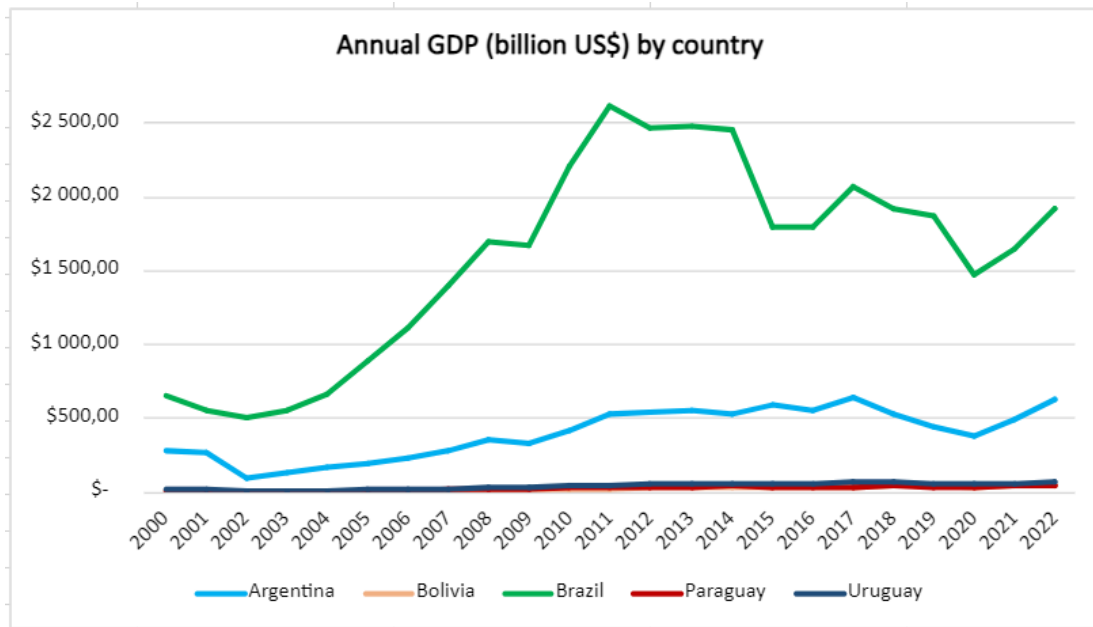
Elaborated by the author. Data Source: Presidencia de la Republica de Paraguay (2024).

Appendix 5: List of Presidents and Parties – Uruguay

Year	President	Party
2000	Jorge Batlle	Partido Colorado
2001	Jorge Batlle	Partido Colorado
2002	Jorge Batlle	Partido Colorado
2003	Jorge Batlle	Partido Colorado
2004	Jorge Batlle	Partido Colorado
2005	Tabaré Vázquez	Frente Amplio
2006	Tabaré Vázquez	Frente Amplio
2007	Tabaré Vázquez	Frente Amplio
2008	Tabaré Vázquez	Frente Amplio
2009	Tabaré Vázquez	Frente Amplio
2010	José Mujica	Frente Amplio
2011	José Mujica	Frente Amplio
2012	José Mujica	Frente Amplio
2013	José Mujica	Frente Amplio
2014	José Mujica	Frente Amplio
2015	Tabaré Vázquez	Frente Amplio
2016	Tabaré Vázquez	Frente Amplio
2017	Tabaré Vázquez	Frente Amplio
2018	Tabaré Vázquez	Frente Amplio
2019	Tabaré Vázquez	Frente Amplio
2020	Luis Lacalle Pou	Partido Nacional
2021	Luis Lacalle Pou	Partido Nacional
2022	Luis Lacalle Pou	Partido Nacional

Elaborated by the author. Data Source: Uruguay Presidencia (2024).

Appendix 6: GDP by country (billion US\$) yearly (2000-2022)



Elaborated by the author. Data Source: World Bank (2024).

Appendix 7: List of Regional Organizations

Organization	Country	Accession Year	Suspension	Comeback
Economic Commission for Latin America and Caribbean (CEPAL)	Argentina	1948		
	Bolivia	1948		
	Brazil	1948		
	Paraguay	1948		
	Uruguay	1948		
Andean Community (CAN)	Argentina	Associated Member since 2005 (not counted)		
	Bolivia	1969		
	Brazil	Associated Member since 2005 (not counted)		
	Paraguay	Associated Member since 2005 (not counted)		
	Uruguay	Associated Member since 2005 (not counted)		

Latin American Integration Association (ALADI)	Argentina	1980		
	Bolivia	1980		
	Brazil	1980		
	Paraguay	1980		
	Uruguay	1980		
South American Common Market (MERCOSUR)	Argentina	1991		
	Bolivia	2015 (signature fulfilled in 2023)		
	Brazil	1991		
	Paraguay	1991		
	Uruguay	1991		
Amazon Cooperation Treaty Organization (OTCA)	Argentina	-		
	Bolivia	1998		
	Brazil	1998		
	Paraguay	-		
	Uruguay	-		
Bolivarian Alliance for the People of Our America (ALBA)	Argentina	-		
	Bolivia	2006	2019	2020
	Brazil	-		
	Paraguay	-		
	Uruguay	-		
South American Nations Union (Unasur)	Argentina	2008	2018	2023
	Bolivia	2008	2019	2020
	Brazil	2008	2018	2023
	Paraguay	2008	2018	-
	Uruguay	2008	2020	-
Cooperation System on Management Information and Industrial Property (PROSUR)	Argentina	2010		
	Bolivia	2010		
	Brazil	2010		
	Paraguay	2010		
	Uruguay	2010		
Community of the Latin American and Caribbean States (CELAC)	Argentina	2011		
	Bolivia	2011	2019	2020
	Brazil	2011	2020	2023
	Paraguay	2011		
	Uruguay	2011		

Elaborated by the author. Data sources: CELAC, 2024; PROSUR, 2024; ALBA, 2024; OTCA, 2024; MERCOSUR, 2024; ALADI, 2024; CAN, 2024; CEPAL, 2024.