The contradictions and compatibilities of regional overlap: the dynamics of Mexico's complementary membership in NAFTA and the Pacific Alliance

Clarkson, Stephen

Erstveröffentlichung / Primary Publication
Arbeitspapier / working paper

WORKING PAPER

KFG The Transformative Power of Europe

The Contradictions and Compatibilities of Regional Overlap:

The Dynamics of Mexico's Complementary Membership in NAFTA and the Pacific Alliance

Stephen Clarkson

No. 72 | June 2016

Freie Universität Berlin

KFG Working Paper Series

Edited by the *Kolleg-Forschergruppe* "The Transformative Power of Europe"

The KFG Working Paper Series serves to disseminate the research results of the Kolleg-Forschergruppe by making them available to a broader public. It means to enhance academic exchange as well as to strengthen and broaden existing basic research on internal and external diffusion processes in Europe and the European Union.

All KFG Working Papers are available on the KFG website at www.transformeurope.eu or can be ordered in print via email to transform-europe@fu-berlin.de.

Editorial assistance and production: Darya Kulinka, Jan Westerbarkei

Clarkson, Stephen 2016: The Contradictions and Compatibilities of Regional Overlap: The Dynamics of Mexico's Complementary Membership in NAFTA and the Pacific Alliance, KFG Working Paper Series, No. 72, June 2016, Kolleg-Forschergruppe (KFG) "The Transformative Power of Europe", Freie Universität Berlin.

ISSN 1868-6834 (Print)
ISSN 1868-7601 (Internet)

This publication has been funded by the German Research Foundation (DFG).

Freie Universität Berlin
Kolleg-Forschergruppe
"The Transformative Power of Europe:
The European Union and the Diffusion of Ideas"
Ihnestr. 26
14195 Berlin
Germany
Phone: +49 (0)30- 838 57033
Fax: +49 (0)30- 838 57096
transform-europe@fu-berlin.de
www.transformeurope.eu

Foreword: In Honor of Stephen Clarkson

We are very sad that Stephen Clarkson, our highly regarded colleague, passed away on February 28, 2016. He stayed at the KFG "The Transformative Power of Europe" as a Senior Fellow in 2012, 2014, and 2015 and we were expecting Stephen to be with the KFG again this spring as recipient of the prestigious Konrad Adenauer Research Award of the Alexander von Humboldt Foundation.

We first met him at the European University Institute in Florence in the mid-1990s. At the time, he was one of the few scholars who were already working on comparative regionalism, pioneering comparisons of the European Union with other regional organizations, particularly the North American Free Trade Area (NAFTA). When the KFG started in 2008, Stephen got in touch with us and we invited him to join as a senior fellow. During his time at the KFG, he focused on the extremely timely subject of diffusion of foreign-investment-protection norms and investor-state dispute settlement institutions between Europe, North America, and Latin America as well as the impact of globalization on the Canadian state with particular interest in NAFTA and the WTO. This KFG Working Paper on the contradictions and compatibilities of regional overlap is published in honor of Stephen's outstanding contributions.

We will miss Stephen Clarkson dearly. At the KFG he always was an extremely engaging colleague and friend.

Tanja A. Börzel and Thomas Risse

The Contradictions and Compatibilities of Regional Overlap:

The Dynamics of Mexico's Complementary Membership in NAFTA and the Pacific Alliance

Stephen Clarkson
with Jeff Cui, Isabel Duchesne, John Pan, Beom-Jun Park, Alissa Saieva, and Amy Tieu

Abstract

When a state joins two regional organizations (ROs) pursuing such different objectives in the same region as integration and security, international relations scholarship focuses on whether the obligations defined by the one organization are compatible with those laid down in the other. On the other hand, when a state belongs to two ROs with the same policy scope but in different regions, the possibility that this "regional overlap" creates conflicts between differing normative and institutional commitments that can generate contradictions rather than complementarities for the government involved is considerably more challenging for analysts. These dilemmas were raised in 2012 by Mexico when, already a member of the North American Free Trade Agreement since 1994, it founded the Pacific Alliance with three far-off countries, Chile, Colombia, and Peru. This paper tackles four puzzles that the resulting regional overlap presented: Why, when its trade was overwhelmingly directed at the North American market, did Mexico join the Pacific Alliance offering poor prospects for increasing its foreign commerce? How, as a third world rule-taker on trade issues, did it become a first world rule-maker which urged the new Alliance to adopt NAFTA's foreign direct investment protection norms and institutions? In border security matters, was Mexico finding allies who could help the country resist overbearing US demands for collaboration in its "wars" on drugs and terrorism or was it diffusing Washington's norms southwards to its fellow member states in the Andes? Were the geopolitical implications of Mexico's regional overlap to reaffirm its credentials in Latin America or to support the United States' efforts to offset the consolidation there of China's trade, investment, and security presence? Our discussion of these four puzzles will reveal a surprising set of complementarities rather than contradictions between Mexico's policy obligations, actions, and prospects in these two distinct ROs.

Stephen Clarkson (1937-2016) was Professor of Political Economy at the University of Toronto. He was one of Canada's most preeminent scholars, focusing on the evolution of North America as a continental state and the impact of globalization and trade liberalization on middle powers. As fellow of the Canadian Royal Society and member of the Order of Canada, he received many awards and grants over the course of his career.

Contents

1. Introduction: Four Dimensions of Mexico's Regional Overlap 6

2. The Trade Challenges Presented by Membership in the PA 7

   2.1 Chile 9
   2.2 Peru 9
   2.3 Colombia 10
   2.4 Mexico 11

3. Mexico as Rule-Maker on Foreign Direct Investment 14

4. Informal Rule-Making: Mexico's as a Narcotics Security Fulcrum 18

5. The Geostrategic Significance of Mexico as the Prime Standard Bearer of US Values in the Spanish-Speaking Americas 21

   5.1 The PA as an Instrument for Mexico's Strategic Realignment in Latin America 21
   5.2 Mexico's Regional Overlap as an Instrument for a US Realignment in the Pacific 22

6. Conclusion: Lessons from a Single Case 23

References 25

Appendix 29

1. Introduction: Four Dimensions of Mexico's Regional Overlap[1]

As any student of the global political economy well knows, world regions come in all shapes and sizes. Within this universe of nation states' efforts to advance their interests by joining multi-member entities, the notion of "regional overlap" has acquired a pejorative connotation by evoking governments which form or join multiple regional organizations (ROs) that espouse not just diverse objectives but establish different rules, which may lead them to be committed to implementing contradictory policies.

That ROs tend to focus on one issue – say, expanding their economic integration – suggests a more rational explanation for states' multiple membership strategies. They link up with an additional RO for such valid considerations as enhancing their own domestic security through collective defense systems and contributing to the social and border security necessary for their economic development to proceed. Theoretically speaking, a state already belonging to and so overlapping with a new RO may, intentionally or not, contribute to a shift in the regional balance of power by diffusing its own norms and institutions to the new RO's other member states. In doing so, it may not just increase its own influence in the new region where it may aspire to greater status; it may also bolster a global hegemon's influence if the latter's hard or soft power is enhanced in the process.

With these issues in mind, this Working Paper aims to unpack four distinct puzzles raised by Mexico when, after almost two decades of integrating in the North American economy under the North American Free-Trade Agreement (NAFTA, 1994), it surprised most observers by cooperating with three distant Andean states to found the Pacific Alliance (PA, *Alianza del Pacífico*, 2012) which boasted:

- an offensive, formally declared, economic integration strategy focusing first on trade, then on foreign direct investment;

- a defensive, if informal, quest for strengthening security governance not only in its own attempt to regain its credentials as a Latin American power but also those of the United States as a power still promoting its neo-liberal values around the Pacific Rim in the face of an expanding China's rival hegemony on the western edge of the Pacific.

Trade. Our first question interrogates why, despite already having deepened its integration in its own geographical continent through NAFTA with the contiguous United States and, further north, with Canada, Mexico would want to link arms with three Andean states that offer it relatively poor prospects for quick trade gains.

1 Thanks to the financial support of the Faculty of Arts and Science, University of Toronto, this paper was researched with Jeff Cui, Isabel Duchesne, John Pan, Beom-Jun Park, Alissa Saieva, and Amy Tieu during a field trip to Mexico City in February 2014, when we held discussions with the sixteen officials and experts identified in Appendix 1. It builds on Clarkson et al. (2014). Funding from the Canadian Social Science and Humanities Research Council made possible the interviews in Chile identified in Appendix 2, and a generous award from the Alexander von Humboldt Stiftung supported my interviewing in Berlin as detailed in Appendix 3. The text has profited greatly from the discussion following my presentation of its argument at the German Institute of Area and Global Studies in Hamburg and has benefited from the critiques and suggestions of peer reviewers, particularly those of Thomas Risse.

Foreign investment. Secondly, we want to establish in what way or ways Mexico, having been a rule-taker on trade issues, became a rule-maker in the new Alliance on foreign direct investment protection and investor-state dispute prevention.

Security. Thirdly, comes a security query: what lay behind its establishing formal links with three Latin American states traditionally skeptical about Washington's excessive security obsession with its seemingly simplistic "wars" on drugs and terrorism? Was Mexico taking back, with its left hand, some of Latin America's long-standing efforts quietly to resist the United States' imperial reach into the Southern Hemisphere or was it, with its right hand, informally extending the US trans-border security system?

Geopolitics. Lastly, comes a less empirical, more analytical set of issues dealing with the implications of Mexico's regional overlap for the hemisphere's – and possibly the globes – power system. For instance, in its unavoidable engagement with the United States' own economic and security demands, was Mexico unwittingly contributing to expanding or resisting US influence throughout the Western Hemisphere? In this process, was it affecting the global balance of power by supporting or blocking Washington's efforts to build a partial Free Trade Area of the Americas along the continent's Pacific Coast that could withstand the intrusion there of the fast-growing Peoples' Republic of China?

These four issues of trade prospects, incentivizing foreign investment, security building, and global power re-balancing are clearly linked to each other. In the pages which follow, we will proceed from the formal and explicit (Mexico's overlap role in transmitting its NAFTA experience on foreign investment protection and investor-state dispute settlement to its new Andean associates, Part 3), through the informal and more covert (security concerns, Part 4) to the most speculative (interrogating the hemispheric and global power implications of Mexico's participation in the PA as a Spanish-speaking apostle for US values which it had adopted as its own, Part 5). Part 2 is devoted to outlining the challenges which membership in this new Alliance presented both to its three Andean members and to Mexico concerning their ambition to expand intra-regional trade.

2. The Trade Challenges Presented by Membership in the PA

In 2013, when added together, Chile, Colombia, Peru, and Mexico made the Pacific Alliance a potentially impressive economic power. With a population of some 215 million, it comprised roughly one-third of Latin America's inhabitants. Were the four member-states in fact to have an integrated economy, the PA would have counted as the world's eighth largest group, its $1.1 trillion of exports making up 50 percent of Latin America's foreign trade. At the same time, with an average per capita income of $10,250, the new region's members were already attracting 45 percent of Latin America's foreign direct investment (FDI).

If actions speak louder than words, the new Alliance's four presidents delivered many deeds in its first years to make their new venture significant. They took a number of steps towards establishing a deeper inter-member economic integration despite their refusal to create formal decision-making institutions for fear of bureaucratizing their new organization: they instituted a common customs form, abolished visas for business travelers, and promoted tourism through a business council organization (Nolte/Wehner 2013: 8). More institutional evidence of inter-governmental cooperation were such cooperative initiatives as beginning to share embassy premises (Ghana) and trade commissions (Vietnam) (George 2014: 28), and the agreement for each country to sponsor 200 student exchanges at the university level.

The *Alianza del Pacífico* was also different from other regional organizations in its bifurcated geographical and structural characteristics – and so the cause for doubt about its long-term economic prospects. On the one hand, the three neighboring Andean members together constituted but 45 percent of the PA's population, 40 percent of its GDP, and 31 percent of its total trade. Their colonially imposed, but still predominantly raw-material-exporting trade profiles had generated great riches for the ruling elites, but great poverty for their working and indigenous populations, and a startling commercial isolation from one another. Some 7,000 kilometers away to the north, Mexico stood alone. Although it accounted for 55 percent of the PA's population, 60 percent of its GDP, and 67 percent of its total trade, its economy was oriented to the US and Canadian markets for which it supplied third-world labor rates and a first-world technical capacity but generated little trade with its fellow PA members. Before turning to Mexico's complex realities, we will identify the Andean trio's common characteristics, differing interests, and shared paradox: as a grouping of enthusiastic states bent on developing an economically integrated region among themselves, the PA's expressed ambition to expand its intra-regional trade in the near- to medium-term future was close to unachievable.

The lack of meaningful intra-member trade is structurally anchored in the three Andean states' historically grounded trade patterns that privileged overseas exports – originally to their imperial masters, now to any industrialized economy that needs the raw materials they have to offer – but all at the expense of trade with their neighbor countries that now share the common ambition of integration with each other. Here we explain – first for the Andean members, then for Mexico – the structural reasons for the PA's minimal trade integration and consider the obstacles that stand in the way of making the significant changes that would be needed to rectify this bleak situation.

<u>The Andean Trio's Difficult Challenge: Trade Integration.</u> As impressive as the enthusiasm, commitment, and achievements of the four countries' leaders may have been, the challenges facing each Andean country in expanding its economic integration within the PA are daunting, particularly if this be achieving the quite conventional objective of increasing their economies' intra-regional trade. For it is the incompatibility of their trade structures, rather than their complementarity that characterizes the PA's three Andean economies when grouped together as a nascent sub-region.

Table 1: The Pacific Alliance in Aggregate Economic Figures (in US$)

Indicator Year 2011	Mexico	% of PA Total	Colombia	Chile	Peru	Pacific Alliance
Population (million)	119	56	47	17	30	213
GDP (billion)	1,158	60	336	251	177	1922
Exports (billion)	357	65	61	83	47	548
Imports (billion)	280	75	22	43	28	373

Source: Data from World Bank 2012; OEC 2014.

2.1 Chile

Having followed the same outward oriented, FTA-friendly strategy since 1984 and having joined all possible state groupings in order not to be isolated internationally, Chile views the PA as just one – and not necessarily the most important – of its international associations. Santiago's long-standing commitment to trade liberalization is manifest in its having twenty-two trade agreements covering sixty countries worldwide, notably implementing the Chile-United States free trade agreement in 2004 (George 2014: 28). Although ranking merely 30th in the world by economic size, it is first in Latin America in terms of business competitiveness (World Economic Forum 2009: 1) and notable for its high level of foreign trade (Index Mundi 2013a), with exports of raw materials and agricultural products constituting more than one-third of its GDP (Index Mundi 2013a).

<u>Economic Base and Trade Complementarity.</u> Chile is rich in mineral resources, whose mining has energized the country's economic growth for the past 150 years (Poverty Environment Net n.d.: 1). Although Santiago has striven for four decades to diversify its economic structure, its export sector remains primarily dependent on copper (CIGI 2013), which accounts for 52 percent of Chile's total exports (OEC 2016a) and 20 percent of its total GDP (The Economist 2013). Chile's intra-regional trade integration challenge in the PA can be seen in the fact that copper makes up less than one percent of Mexico's total imports (OEC 2016b). This low degree of trade complementarity between Chile and the PA's largest member suggests that the government in Santiago faces relatively poor prospects for increasing its intra-regional exports to Mexico even in the long run unless it shifts to value-added manufacturing or services – sectors that are much more marketable in Mexico.

<u>Infrastructure.</u> Chile's overland transport costs are actually a greater barrier to trade with its Andean neighbors than are border tariffs. Although it has invested more in infrastructure than has any of its Pacific Alliance counterparts to the point that its ports are ranked the best in Latin America and the Caribbean, its land transport infrastructure deficit blights these achievements. Thus, Chile's economic integration with the PA's Andean members not only depends on whether it can diversify its export capability away from its mining industry, but also on whether it can significantly improve the quality of its land transportation infrastructure. Even maritime transportation costs are problematic if Santiago expects to make a breakthrough in trading with Mexico: it requires a voyage of over 4,000 nautical miles to move goods by sea between Val Paraíso, one of Chile's better ports and Lazaro Cardenas, Mexico's largest West Coast harbor.

2.2 Peru

Once the seat of the Spain's empire in the Western Hemisphere, Peru is still referred to as "fourth world" because of its extremely high level of income inequality. Although its climate zones facilitate large-scale agriculture and the Pacific Ocean makes commercial fishing viable, it is its abundant natural resources whose exports serve as the economy's main engine. Peru's resulting high level of overseas trade has delivered one of the world's fastest rates of economic growth but also vulnerability to vacillations in global market demand and prices for raw materials.

Economic Base and Trade Complementarity. Fifth largest in the world (Latin Resources 2013), Peru's gold production (World Gold Council 2013) makes up 21 percent of total Peruvian exports, by far the most important Peruvian export sector (OEC 2016c). Lima's immediate hope for increasing its exports to Mexico largely depends on the latter's demand for gold which is very low, making up only 2.2 percent of its total imports. But its regional economic integration prospects remain bleak, whether with its Andean partners or with Mexico which imports very little copper, Peru's second-largest export commodity (OEC 2016c).

Infrastructure. As with its PA counterparts, the poor quality of Peruvian transport infrastructure has had a restraining impact on the country' productivity and competitiveness. Infrastructure investment for the past decades only amounted to roughly half a percent of its GDP, a deficiency that can be attributed to insufficient government funding, insufficient human capital, and systemic corruption: out of 144 countries, Peru has one of the highest rates of public funds being diverted into private hands – a deviance which in turn discourages private investment and contributes to the inadequate prioritization of national projects. Beyond purely economic measures, Peru is constrained intra-regionally by having fought with all its neighbors over their conflicting boundary claims. Even today, the country is wrangling with Chile over a disputed land boundary. As early as in the 1960s, it joined all the regional groupings it could, but its right-leaning politics excluded it from Mercosur and its membership in other ROs yielded few tangible economic results over the decades, including the *Alianza del Pacífico*'s predecessor region, the *Arco del Pacífico*.

2.3 Colombia

Colombia is a rather isolated country for several reasons: much of its territory is under the control of narcotics organizations; it is situated next door to a hostile Venezuela, but receives massive military aid from the United States. Therefore, Colombia sees the Pacific Alliance as hope of accessing the thriving economies around the Pacific Rim despite having been excluded from the Trans-Pacific Partnership negotiations which were finalized in 2015.

Economic Base and Trade Complementarity. Having shifted from a protectionist to an export-oriented policy paradigm based not on resisting but on welcoming the world economy's integration processes, Colombia has experienced considerable economic growth since 2007 despite the major security threats which various forms of narcotics organizations present (Index Mundi 2013b). Its large coal production (US Department of State 2008), and its high quality oil reserves, crude, and refined petroleum serve as its economic base but provide few grounds for increasing its integration with its PA associates (OEC 2016d).

In the late 2000s, guerilla warfare with the FARC that controlled almost half of the country's territory not only strained Bogotá's political relations within Latin America because of its military dependency on Washington; it also shattered its bilateral trade ties with anti-American Venezuela (Monsalve 2012: 1), an interruption of its commerce that pushed it to target substitute PA markets, particularly Mexico's (Monsalve 2012: 6).

Infrastructure. Meanwhile, the country's raw material export potential faces one of the worst transport infrastructures in Latin America (Nieto-Parra et al. 2013: 9). The deficiency is explained less by the insufficiency than by the ineffectiveness of its infrastructure investment (Nieto-Parra et al. 2013: 9) because of policies designed without concrete goals (Nieto-Parra et al. 2013: 43), without proper preliminary analysis, without sufficient monitoring (Nieto-Parra et al. 2013: 42f), and without coordination between agencies and ministries at the national and sub-national levels (Nieto-Parra et al. 2013: 42). It follows that Colombia's medium-term prospects for economic integration with its two Andean neighbors and Mexico not only hinge on whether it can dramatically improve its transportation infrastructure but on actually transforming its economic structure. More immediately, Colombia's major regional hope is for the PA to open up access to the Pacific Rim's Asian economies, particularly China's, by conferring on it a new status as a "hot" economy in a newly launched region. Since Colombia's exports of crude and refined petroleum amount to little more than one percent of total Mexican imports, its potential to augment the Alliance's intra-regional economic integration also appears to depend on an internal structural diversification of its export sectors away from unprocessed natural resources towards value-added manufacturing and services.

2.4 Mexico

While the Andean states' structural rigidities limit the extent to which they can aspire to increase trade with each other, Mexico's parallel problems suggest similarly low prospects for increased trade with these new regional partners under existing rules, as we will now explain with historical data which highlight its overlap problem regarding trade expansion.

A Marginal Engagement with Trade as Rule-Taker in the PA. For the federal government in Mexico City, the Pacific Alliance is the offspring of two types of dissatisfaction. First came its general disappointment with the ineffectual regional associations to which it has belonged in Latin America and the Caribbean. To this malaise was added Mexico's specific unhappiness with the results of its radical policy shift in the 1990s to commit its government to North American integration under a trade-focused neo-liberal paradigm. Here we go on to examine the extent to which a grouping of Andean states dedicated to their regional integration can provide Mexico's economy a way out from its already deeply rooted integration in North America.

Motivating Regional Overlap: Mexico's Excessive Integration in North America. Mexico's prime motivations for co-founding a new regional organization were a combination of its mixed economic experience with North America, its concern about Asia, and its partial foreign-policy pivot back to reclaiming its primordial Latin American identity. Due to the failure of NAFTA's institutional mechanisms – despite the three signatory governments' official trilateral solidarity rhetoric – to constrain the United States' post-9/11 Rambo behavior (which imposed anti-terrorism measures that markedly inhibited the growth of cross-border flows of commerce and labor), Mexico's expectations of rapid economic development through continental integration had been frustrated. At the same time, its economy's competitive, low labor cost advantages in manufacturing were compromised by the rise of major Asian competitors, above all China, which offered still cheaper manpower and presented still richer investment opportunities for transnational corporations whose direct investments Mexico was also courting.

While Mexican government officials repeatedly declare NAFTA an unqualified success, the country's economic data since implementing NAFTA revealed a much more qualified reality. Under its previous, protectionist development model based on import substitution, Mexican GDP had grown satisfactorily (at an average rate of 6.7 percent per year in the 1970s). Despite the fact that outgoing Mexican exports and incoming foreign investments grew impressively after 1994, these apparent successes had not translated into the expected economic bonanza. In the 1990s, the GDP's rate of growth fell to an annual 2.7 percent (Zarsky/Gallagher 2004: 2), a measure of economic performance which dropped even further to 1.96 percent per annum in the years from 2000 to 2009 (World Bank 2014). Over the whole free-trade period from 1994 to 2013, Mexico's GDP per capita grew at the disappointing average annual rate of 0.89 percent, a weaker performance than that of almost every other Latin American country (Kolhatkar 2014).

Aside from its low aggregate growth rate, Mexico experienced little improvement in jobs and wages during this time. Even in the first six post-NAFTA years before 9/11 (1994-2000), fewer than 12 percent of its 6.5 million new workers found jobs in the manufacturing sector. From 1994 to 2014, employment in the Mexican automotive sector doubled, but most of the jobs paid very poorly. Indeed, the wage gap between American and Mexican workers from 1993 to 2013 defied NAFTA's proponents' original predictions. Rather than the gap closing, it remained constant, with Mexicans' manufacturing wages actually falling 13 percent between 1994 and 2002.

Mexico's agricultural imports more than doubled from 1993 to 2003, pushing its trade deficit in this sector to over $4 billion by 2013 and resulting in widespread rural unemployment. Particularly drastic in both its economic and cultural consequences, heavily subsidized US corn flooded the Mexican market, causing millions of Mexican *campesinos* to leave their villages. That almost half of the population found itself living under the poverty line helps account for the major exodus of Mexico's potential growth makers, its young manpower, to the United States during this period.

Of course, Mexico's economic performance could not be solely attributed to NAFTA. Nevertheless, when the linked phenomena of increased economic regionalization (deepening market integration in North America), combined with minimal institutional regionalism (non-existent trinational governance), left Mexico helpless in the face of the United States' self-induced sub-prime financial crisis of 2008 which caused Mexico's GDP in the fall 6.5 percent, the government undertook a serious re-evaluation of its excessive dependence on the North American market and concluded it needed to diversify.

Two decades after Mexico seemed to have turned its back on Latin America, it began to reactivate its Iberian engagement by helping establish the Pacific Alliance. Along with its "like-minded" partners, Mexico had internal and external hopes for its new region. The second-largest Latin American region after Mercosur by GNP and population, a successfully integrated Alliance could in theory offer its own members growing trade opportunities. As a consolidated region, the PA could be expected to present itself to Asian economies in general and particularly to China as considerably more than the sum of its individual parts for trading.

In short, the failure of their bold, post-Cold War strategy of pivoting to North America to deliver the results that Mexican policy-makers had originally envisioned provided them a motivation to pivot back to Latin America. In this context, it responded enthusiastically when the opportunity arose to join the three Andean countries which shared a common aspiration to promote their own economy's development through advancing their intra-regional integration along their common frontage on the Pacific Ocean and that offered a direct sea route to their most dynamic trade and investment partner (and Mexico's competitor), China.

Mexico as Rule-Taker on Trade. Although it is possible that regional overlap can generate conflicts between the rules and obligations undertaken by states when they belong to more than one regional organization, such overlapping memberships do not necessarily force a member state to choose between conflicting rules or regulations. It is also conceivable that, when a country belongs to two separate regional organizations, its economic goals in the one can be pursued in parallel with its participation in the other. Such appears to be the case with Mexico's engagement in promoting an integrated regional economy with its PA partners. Their currently unpropitious trade data notwithstanding, Mexican officials insist they will build an intra-regional market by expanding their common trade and mutual investments along with strengthening their institutional and physical infrastructure.

The potential for increased internal regional trade between Mexico and the PA's Andean countries can be estimated by the extent to which their export and import structures actually complement each other. As Table 2 shows, Mexico's combined exports to Colombia, Chile, and Peru amounts to a mere 2.5 percent of its total sales abroad. Such low levels of trade comprise a dauntingly tiny base on which to grow a major economic region.

Table 2: Mexico's Exports to Other PA Member States as Share of its Total Exports, 2012

	From Mexico	From Colombia	From Chile	From Peru
To Mexico	-	1.4%	1.7%	0.9%
To Colombia	1.5%	-	1.2%	2.0%
To Chile	0.6%	3.6%	-	4.4%
To Peru	0.4%	2.6%	2.3%	-
Total	2.5%	7.6%	5.2%	7.3%

Source: Tvevad 2014: 13.

In order for Mexico to sell the goods and services in which it enjoys a comparative advantage, its prospective partners would have to generate a significant level of import demand. Mexico has a leading automotive sector in which skilled workers not only assemble imported parts but produce complex technical equipment (Gereffi/Martinez 2008: 128, 142). Vehicle production accounts for three percent of Mexico's total GDP, 14 percent of its manufacturing output, and 23 percent of its total exports, over 80 percent of which typically went to the United States (Global Strategy Group 2011: 4f). However, the US economic downturn in the late 2000s led to such a drastic decline in Mexico's automotive exports that the federal government resolved to diversify its automotive export markets (Global Strategy Group 2011: 10). The petroleum industry is also a crucial sector which accounts for 14 percent of total Mexican exports, most of which flow northwards as well (OEC 2016b). Because the United States is becoming more energy-independent, Mexico is also trying to diversify its foreign oil markets, hoping for instance to double its crude oil exports to China and to boost India-bound oil shipments (Alire Garcia 2013).

This desire to diversify into international markets raises the question whether Mexico can realistically expect to augment its auto and oil exports to PA members. Crucial to this ambition is the fact that automobiles and crude petroleum make up both Chile's and Peru's top two imports (OEC 2016a, 2016c), a potential trade complementarity suggesting that some growth for increasing Mexico's exports in the PA region for these two sectors is feasible.

Infrastructure. A less hopeful part of the ledger, the low quality of Mexico's infrastructure, has important implications for its economic integration prospects within the PA. Infrastructure underdevelopment raises transport costs and so impedes a country's ability to compete, and inadequate transport infrastructure has indeed been a major handicap for Mexico's international trade. The extent and quality of its roads, railways, airports, seaports, and pipelines pale in comparison with those of its northern neighbors. Mexico's annual spending on transportation infrastructure, including rail, air transport, and sea transport, actually declined significantly from 1995 to 2003 (Inotai 1991: 25). Despite some increase in road infrastructure expenditures during this period, highway quality has actually deteriorated due to the government's road-improvement policies, which leave the country (Drake 2008: 94f) ranked below the fiftieth percentile of the World Economic Forum's Infrastructure Competitiveness Report (Terry 2008).

Situating this analysis within the broader context of its overlapping regional membership, Mexico faces very different challenges as the poorest and weakest member of NAFTA from those it confronts in the Pacific Alliance in which it is the dominant economy in terms of population, GDP, trade volume (Table 1), and sectoral balance. Nevertheless, the Andean members' infrastructure deficits and their generally low trade complementarity present serious obstacles to achieving the economic integration to which they aspire and could ultimately jeopardize the PA's value to Mexico as a region whose markets help it break out of its NAFTA trap.

Mexico's serious market-based trade problems and its position as a rule-taker in global commercial institutions offer it few opportunities to exploit the trade potential of the regional overlap which the PA offers it. This is far from the case in the second field of economic policy thinking to which the Alliance is dedicated and in which Mexico plays an active role as proselytizer for US-style norms and institutions. If the PA's prospects for economic integration via trade are so dim, we need to ask whether its members have another type of integration in mind. The answer is Yes.

3. Mexico as Rule-Maker on Foreign Direct Investment

More promising for its member-states than intra-regional trade enhancement is the expectation that the Alliance will enhance all four members' prospects for attracting foreign direct investment (FDI). While Mexico's direct investments are small in the United States and remain negligible in Canada, the government clearly hopes to attract the investments of major international firms to build new value chains in the Alliance's manufacturing, services, and even mining sectors.[2] In its member-states' concentration on enticing transnational corporations (TNCs) to locate in the PA, Mexico's NAFTA experience with rules protecting foreign investment has played a central role. From their first meetings, the four governments made it very clear that their hope for economic progress as a collectivity lay more in attracting FDI than in expanding their mutual trade. Indeed, the four presidents' widely trumpeted proclamation of their hope to integrate more deeply in the global economy through attracting FDI caused the world to take note of their exceptional friendliness towards international business. This right-leaning "like-mindedness" was not purely rhetorical, as could be seen both at the pragmatic level of the first steps they had taken domestically towards generating a more economically integrated region and also at the normative level of the many, business-friendly international investment agreements that the four governments had negotiated.

Pragmatically speaking, the initiation of global branding tours to generate awareness of the PA and promote its logo could not be dismissed as mere bluster. In 2013, the PA managed to mount no less than 33 promotional events abroad which attracted considerable local business interest in the countries where these events were staged. But the most notable achievement economically and politically has been the private-sector-led establishment of the *Mercado Integrado Latinoamericano* (MILA, The Latin American Integrated Market). The program links the four capital markets to create Latin America's largest stock exchange which both enables foreign investors to streamline their operations in the four countries and allows local investors to use their national currencies when building their value chains in their neighbors' economies (George 2014: 29; Nolte/Wehner 2013: 11).

Foreign Direct Investment Norm Diffusion from NAFTA via Mexico. With these formidable obstacles blocking the realization of the three Andean states' regional integration objectives, they concentrated from the outset on attracting foreign investors in the hope that TNCs' investments would help them achieve their hoped-for economic transformation. In these circumstances, it was understandable that they looked to Mexico for leadership, given its deep experience with the strong investor-protection provisions entrenched in NAFTA's Chapter 11.

The most striking action of the four PA governments in defining what constituted their organizational characteristics was to have made it a necessary condition for membership to have ratified a strong investment protection agreement with every other PA member. On February 10, 2014 during the PA leaders' eighth summit, the four governments went one step further by signing a Supplementary Protocol to the Framework Agreement (*Protócolo Adicional del Acuerdo Marco*). Its investment provisions, the Pacific Alliance Investment Agreement (PAIA, Chapter 10 of the Protocol), were distinct in form but strikingly similar in content to the demanding standards for protecting TNCs against host government measures that Mexico had already negotiated in NAFTA and that its regional overlap with its new regional partners promoted along two policy paths. First came a common model for attracting FDI data derived from NAFTA's Chapter 11 and American bilateral investment treaties. Its high number of disputes with foreign corporations caused Mexico simultaneously to share its experience in preventing damaging conflicts with the TNCs concerned.

2 That this was not a vain hope was confirmed in January, 2016 by Scotiabank declaring Mexico to be its "biggest single opportunity" and emphasizing its operations in the Pacific Alliance whose members' economies are "competitive, relatively open, and less susceptible to the commodities downturn than many of their emerging-market peers" (Berman 2016).

Rather than establishing a unique normative or dispute settlement system for the Alliance, Mexico has helped diffuse and entrench NAFTA's investment protection regime down the western coast of the Americas, as can be seen from the PAIA's specific content.

National Treatment (NT) and Most-Favored Nation (MFN). The NT standard equalizes conditions for domestic and foreign investors by assuring the latter the same treatment as domestic investors who are operating similar businesses (Muchlinski 2009: 46). For its part, MFN prevents favoring foreign investors from third countries. The degree of protection offered by these standards can be stronger (taking effect "pre-establishment," namely before an investment is actually made) or weaker (taking effect "post-establishment," namely after a foreign enterprise is established).[3]

Fair and Equitable Treatment (FET) and Full Protection and Security (FPS). FET obliges the host country to act "in a consistent manner, free from ambiguity and in total transparency, without arbitrariness and in accordance with the principle of good faith" (Muchlinski 2009: 49). Failure to follow these injunctions can constitute a violation of the standard (Muchlinski 2009: 49). Often bundled with the FET principle, FPS obliges the host country to take all reasonable measures to protect the investment and investor from threats, civil strife, physical violence, and attacks (Subedi 2012: 67). The PAIA incorporated NAFTA's strong commitment to include both FET and FPS and specified that FPS obliges each Party to provide police protection as required by customary international law (The PA 2014a: Art. 10.6.2a, 10.6.2b).

Direct or indirect expropriation. In international economic law, governments are entitled to enact such direct expropriation as the seizure of an investor's factory and its transference to the state (Hagan 2000: 41). In these regards, the PAIA also closely mirrors NAFTA by recognizing indirect expropriation (government measures that severely diminish the investment's value or that progressively deprive investors of their investments' economic benefits) and entrenching the Hull formula which called for "prompt, adequate, and effective compensation" (The PA 2014a: Art. 10.12.1; NAFTA 1994: Art. 1110.1; Subedi 2012: 17).

Financial transfers. Financial transfers are yet another subject in which NAFTA's and the PAIA's strong wording are nearly identical, providing for the investor's right to transfer "profits, dividends, interest, capital gains" and "proceeds from the sale or liquidation" of the investment into a freely convertible currency (The PA 2014a: Art. 10.11.1, NAFTA 1994: Art. 1109.1).

Performance requirements. Host governments have long negotiated conditions with potential foreign investors in order to achieve such specific economic development goals as hiring local employees, purchasing a certain part of its inputs locally, or "exporting a given level of goods or services" (The PA 2014a: Art. 10.8.1a; NAFTA 1994: Art. 1106.1a; Echandi/Vandevelde 2006: 40). The PAIA adopts NAFTA's tough position by restricting the imposition of such performance requirements.

Investor-state dispute settlement. The institutional mechanism for foreign investment protection is dispute resolution, which is chiefly provided through forums for international arbitration that short-circuit

3 For a more sophisticated, five-level set of distinctions among foreign investment protection agreements see Haslam (2010: 1203).

domestic courts' alleged propensity for delays and even corruption. In the event of a claimed breach of an investment treaty, investors have the right to trigger dispute settlement mechanisms and seek damages before special international arbitration institutions typically under the aegis of the World Bank's International Convention for the Settlement of Investment Disputes (ICSID) – a dispute settlement mechanism that Mexico's economic officials strongly endorse (Schneiderman 2010: 911).

Investor-State Dispute Prevention. In contrast to many Latin American and Caribbean governments' hostility to these investor-state dispute processes, the "like-mindedness" of Mexico and the other PA members appears in their common effort to augment dispute prevention – rather than reduce investor rights – as the best tool to mitigate the potential costs of investor-state dispute arbitrations (Constain 2013: 1). The Mexican government was the first to move in this direction by establishing the Investment Promotion and Prevention of International Disputes project, which provides relevant agencies with training on the country's investment commitments, distributes pertinent educational materials, and strengthens communication among all involved parties (Constain 2013: 26). The Secretariat of the Economy has styled its website as a resource for interested parties and provides training at all levels of government (Constain 2013: 29). ProMéxico acts as an accessible partner for foreign investors, beginning in the pre-establishment phase (Constain 2013: 29). Despite the fact that Colombia is the only member-state never to have faced an investor-state dispute, it has recently developed, following policy advice from Mexican officials, the PA's most comprehensive dispute-prevention platform (Constain 2013: 14-17). Peru has a similar program in place, while Chile's prevention efforts are less developed, given its happier overall experience with FDI.

This internal norm diffusion among its member states on dispute prevention suggests that the Alliance made its debut as a venue for collaboration and exchange of best practices among members. Furthermore, it confirms that PA members shared a consensus on the issues related to foreign investment whose promotion was clearly a prime objective of the group which boasts three of Latin America's top five FDI recipient states: Mexico, Chile, and Colombia.[4]

Intra-regional investment is also aided by numerous seminars hosted by the Alliance to encourage FDI among its members, particularly in proposing major infrastructure projects.[5] In 2014, the member states' various investment-promotion agencies announced they would join forces to attract FDI, along with promoting exports and tourism. Their goal for 2014 was to conduct at least forty events in eighteen countries including China, Taiwan, and the UAE (The PA 2014b). The active promotion of investment allows member states to attempt to direct FDI flows to specific sectors, even if they have relinquished the ultimate say on these matters through renouncing the imposition of performance requirements.

In sum, far from offering an alternative to the North American model for investment protection, Mexico's early experience with the heavy costs involved in disputes over foreign investment protection has functioned to help diffuse NAFTA's investment protection regime down the Andes to the southernmost tip of

4 Argentina, 2011 = $9.8; 2012 = $12.6; Brazil, 2011 = $66.7; 2012 = $65.3; Chile, 2011 = $22.9; 2012 = 30.3; Colombia, 2011 = $13.4; 2012 = $15.8; Mexico 2011 = $21.5; 2012 = $12.7 (figures in trillions of US$). Data from US Department of State 2013; UNCTAD 2014.

5 Confidential interview, Mexico City, 21 February 2014.

the Americas. This diffusion, along with the accompanying investor-state dispute settlement institutions that empower transnational corporations to discipline the governments which host their international operations, has flowed entirely from the North to the South from the time of decolonization through to the early 1990s. However, the diffusion of new policy models to prevent investor-state disputes has been from South to South, with Mexico – the Western Hemisphere country that has had the most investor-state disputes to deal with – taking the lead both in innovating dispute-prevention processes and in sharing its approach with its PA counterparts. The answer to our second puzzle thus lies in Mexico's deep experience with and yet continuing faith in offering TNCs ironclad rights and accessible dispute arbitration institutions.

4. Informal Rule-Making: Mexico as a Narcotics Security Fulcrum

As had NAFTA's proponents two decades previously, Pacific Alliance members' official statements insist on the new region's single-minded focus on economic liberalization objectives. But, as Osama bin Laden showed North America, the wild card of Washington's circle-the-wagons approach to national security can instantly trump such dreams of economic solidarity. Indeed, the PA's commitment to intra-regional flows of labor unconstrained by visas flies in the face of North America's US-driven anti-terrorist, anti-narcotics, trade-constricting, border security policy paradigm. Although anti-terrorism and anti-narcotics policies traditionally had a low priority in Latin America, the violence accompanying the cross-border spread of drugs throughout the hemisphere has caused PA member states in recent years to take anti-narcotics policies far more seriously. While the Alliance has no explicitly regional security policies, its members are increasingly engaging in cooperation, as they aim to introduce similar kinds of "smart" borders to what Washington required Mexico City to develop in the wake of the Al-Qaeda attacks on New York City and Washington on September 11, 2001 (9/11).

When Mexico reoriented itself towards Latin America at the beginning of this decade, its overlap challenge in the security domain seemed to lie in reconciling the two regions' contradictory approaches. First came the US governance model, which did not merely dominate security discourses at the domestic and regional levels but permeated hemispheric security thinking. Second was Mexico's geographical position as the transit zone between the world's largest markets for the production and consumption of narcotics. Given the failure of the United States' decades-long "War on Drugs" to curb narcotics consumption and violence either at home or in Latin America, Mexico's membership in the new PA raised the question whether the Alliance would consolidate the existing network of security cooperation between its four countries and the United States or whether it would construct a separate security community guided by less draconian normative and institutional goals, policies, and practices. Mexico's considerable political and economic weight in the PA, the centrality of its geographical location on the narcotics route from Latin America to North America, and its overlapping membership in both regional organizations confirmed it would be the pivotal actor in either scenario.

This part of our analysis explores whether regional overlap has entailed a clash for Mexico between NAFTA's post-9/11 border-tightening paradigm and the PA's economic liberalization objectives. It will then consider whether Mexico is more likely to facilitate the southward diffusion of security norms from North America or develop approaches derived from the PA's specific, less militarized needs that could conflict with the former. The security problem of Mexico's overlapping regionalism was a functional tension between the two regions' approaches. This differentiation produced governance gaps that could theoretically be resolved in three ways: (1) by the overlapped state coordinating its practices in the two regions through norm diffusion and policy harmonization; (2) by keeping them separate through disengaging from one region's governance regime in preference for the other; or (3) by maintaining two approaches, each applied to one or other of the two regions' members.

Mexico's security role in North America as both a buffer zone for and a combatant against US-bound narcotics has steadily increased since 9/11. The 22-Point US-Mexico Border Partnership Action Plan signed in 2002 ushered in the era of the "smart" border with its two apparently contradictory objectives of improving border security while maintaining cross-border commercial flows. These measures directly countered NAFTA's trade liberalization, border-thinning objectives by thickening US borders with greatly enhanced security controls that increased inspection delays and intra-regional transportation costs. As a result, the annual growth rate for US-bound Mexican goods fell from 15 percent between 1990 and 2000 to 3.7 percent between 2001 and 2011.

Mexico's need for technical and financial assistance to meet US requirements resulted in the US-Mexico program known as the Mérida Initiative (2007), the primary instrument through which Washington funded the technical expertise and military resources required to support its security programs in Mexico (Ribando Seelke/Finklea 2013: 6). Although many Mexican cartel leaders have been arrested or killed since the Initiative's inception, these high-profile triumphs did not reduce narcotics' relentless northward flow. US policy makers have accordingly diverted the Mérida Initiative's funding to the Central American Regional Security Initiative, while the Peña Nieto government has shifted its national security strategy from Felipe Calderón's militarized war against the cartels towards reducing corruption through structural reforms in education, social welfare, and the criminal justice system (Hope 2013). Whether this strategic shift reduces poverty enough to shrink its attendant crime culture or merely relieves pressure on the cartels remains to be seen.

Based on recent commercial and migratory trends, the Alliance's liberalized flows of goods, capital, and people do not seem to conflict with Mexico's role as the United States' southern security buffer. The volume of northbound migration from or through Mexico has been declining (Cave 2014), because the PA's liberalized intra-regional movement of people is drawing more migrants from Central America southwards (Suro/Zenteno 2012). Cocaine traffic to the United States is estimated to have declined 30 to 40 percent since 2006 (O'Neill McCleskey 2013; UNODC 2013: 39-41). This phenomenon is partly attributable to disruptions in trafficking operations caused by law enforcement intervention and inter-cartel violence, but another factor is the growing local drug markets within Latin America – most notably in Chile, Argentina, and Brazil – which are absorbing a greater proportion of the available supply (Southwick 2013; UNODC 2013: 41f). In short, the PA's economic liberalization measures do not directly contradict the United States' security goals. They even seem to have raised awareness among PA members about their integrated borders' vulnerability to being exploited by transnational criminal organizations (El Siglo de Torreon 2014), an understanding which is pushing them towards seeking greater technical and logistical assistance from both the United States and Mexico. This cooperation in turn promotes the diffusion of common norms and institutions of border security integration, both among its members and with their neighbors (Isacson et al. 2013; Muggah 2013).

Over half of all the cocaine produced in Peru and Colombia is trafficked to or through Mexico (Latin American Herald Tribune 2009), whose cartels have achieved virtually unimpeded access to major transportation hubs including the Mexico City Airport and the seaports of Manzanillo and Lazaro Cardenas (Corcoran 2012; Stevenson 2013). Mexico's role as a highway for narcotics has further spillover consequences at both the national and regional levels. Laundered money's estimated share of national GDP amounts to 1.3 percent in the United States, 3.6 percent in Mexico, five percent in Colombia, four percent in Peru and Chile, and a staggering 22 percent in Costa Rica, possibly the Alliance's next member (Gamboa Montejano/ Valdes Robledo 2013: 6). This crime's high prevalence has deepened corruption at all levels of government and policing in all countries (Matalon 2014).

Trans-border narcotics challenges are not restricted to the Western Hemisphere. Deepening trade relations with China have opened up new routes through which precursor chemicals for methamphetamines, currently the drug with the fastest growing demand in the Americas (UNODC 2013: 49), are transported to Mexico (Dussel Peters 2013: 88). Due to language barriers and the lack of close institutional ties between Chinese and Mexican authorities, Chinese companies offer the ideal cover for Mexican cartels to launder their illicit cash and arrange deliveries of illegal merchandise (Dussel Peters 2013: 88; Ruvalcaba 2013).

Meanwhile the Gulf and Los Zetas cartels have set up new bases deep within Central America, Peru, and Colombia, where they have entrenched their power thanks to the local paramilitary narco groups having fragmented into smaller and weaker entities (Beckhusen 2013). Since Peru surpassed Colombia as the world's largest cocaine producer, the Sinaloa cartel has taken a renewed interest in the country's drug cultivation, production, and shipping facilities. Thus, the Alliance's integration efforts and the dispersal of transnational criminal organizations caused by the Mérida Initiative's partial successes have generated greater mobility for illegal persons, capital, and goods across the PA and resulted in an increasingly volatile security environment with which the four governments are trying to cope. In the light of Andean America's substantial internal narcotics problem, Mexico responded to these challenges more by helping to transfer North America's security practices southwards than by supporting the PA's originally less muscular approaches to security.

The current mix of bilateral security relationships that Mexico has developed with each PA member suggests that its regional security outlook is built more on a bilateral basis than as a commitment to its new regional organization. Quite apart from whether Costa Rica joins the Alliance, Mexico has signed important pacts with it which allow for extensive intelligence sharing, joint law enforcement operations, and an accelerated extradition process. With Chile, the PA partner farthest from Mexico and the least affected by drug-related violence, Mexico has no substantive security cooperation agreement. While it is not playing an overt leadership role in the region as its rule maker, Mexico supports the PA adopting such US-type regulatory mechanisms as a regional trusted traveler program and a real-time information exchange on migration flows. This shows that Mexico is managing the overlap between NAFTA and the PA by facilitating the latter's adoption of the former's security norms. It also indicates the other PA states' increased receptiveness to the North American policy model, as mediated through Mexico, which is overcoming their traditional reluctance to bend to Washington's will.

As its members build shared programs and deepen their mutual trust, the PA appears to be developing a coherent security framework. An Alliance consensus to become a partner in the US-led fight against organized crime throughout the region was made public in its eighth summit in Colombia in February 2014, when the four presidents announced that they would work on a regional security agenda that will address transnational crime. At the same time as they have increased their security spending, they are taking steps aimed at reducing domestic levels of violence through judicial reforms and improved social services.

In short, the answer to our third puzzle shows Mexico to be a security norm diffuser from the USA to Latin America. Its overlapping membership in NAFTA and the Pacific Alliance allows it to facilitate this process by diffusing southwards the lessons it has learned about security in North America, by supporting US objectives in Central America, and by deepening its relationship with Colombia, processes which confirm its emerging role as the region's informal security norm diffuser (Tickner 2014: 1-10).

5. The Geostrategic Significance of Mexico as the Prime Standard Bearer of US Values in the Spanish-Speaking Americas

Although governments are generally loath to reveal the true geostrategic objectives that underlie their economic or security initiatives, policy observers can often piece together from state's actions the deeper meaning of its formal or informal agreements with other governments. This turns out to be the case both at the level of Mexico's overarching foreign-policy goals and of the United States' own objectives.

5.1 The PA as an Instrument for Mexico's Strategic Realignment in Latin America

At its face value, the Pacific Alliance appears to have been Mexico City's best option for giving substance to its decision to rebrand itself after two decades of being vilified for having forsaken its Iberian loyalties as a Latin American state in good standing by joining the *Norte Americanos* in NAFTA. Brazil's long-time rivalry with Latin America's second largest state kept Mexico's joining Mercosur out of the question. Even had it wanted to identify with the radically anti-imperialist *Alianza Bolivariana* (ALBA, the Bolivarian Alliance for the Peoples of Our America), Venezuela's overt hostility left no doubts that such an initiative was not in the cards. Playing a freelance role as the hemisphere's largest Spanish-speaking state would have encountered pitfalls that were not easy to foresee. While the PA's three Andean members had adopted right-wing policy paradigms that were severely criticized by more radical governments and intellectuals, Mexico's solidarity with them through a properly constituted regional organization gave it a legitimate presence south of Panama. The fact that this new membership overlapped its continuing engagement with the *Norte Americanos* through NAFTA seems not to have been held against a government that has invested real political capital in supporting the PA's policy initiatives.

As a mid-sized power with the ambition to play a role on the global stage, the Mexican government considered membership in the Pacific Alliance "to make up for not being in BRICS," as one diplomat put it to us.[6]

6 Confidential interview with Mexican official, summer 2014.

Indeed, whereas BRICS (Brazil, Russia, India, China, and South Africa) had no policy content, the PA's president-led decision-making activism had already changed Mexico's economic environment for the better.

5.2 Mexico's Regional Overlap as an Instrument for a US Realignment in the Pacific

Resistance to US dominance in Latin America had once been Mexico's strategic goal for its hemispheric policy, as was demonstrated by its single-handed but successful opposition to the Organization of American States' endorsement of an American invasion of Fidel Castro's Cuba and by its later attempts to block support for Central-Intelligence-Agency-trained "contras" in their attempt to crush Central America's emerging left-wing movements.

The Mexican government orchestrated a sea change in its economic philosophy by abandoning its post-World-War-II industrial strategy based on heavy state regulation and control of almost all sectors of the economy by adopting the market-driven premises of US neoliberalism. This had already given the United States – which analysts were generally deeming to be in decline – a lift in 1993-94 as it arm-wrestled the European Union and Japan into accepting many of its demands for the then-gestating World Trade Organization. When the Americas' largest Spanish-speaking economy ratified NAFTA, it signified a notable expansion of the American economic paradigm southwards into the hemisphere. Whether Washington considers that Mexico's co-founding the Pacific Alliance drove this process one step further by diffusing US generated rules or one step backwards by excluding the United States from the PA's policy development process cannot be resolved until further research is executed. Unless proven to the contrary, Mexico's support for extending neoliberal economic norms and US border security practices southwards cannot but broaden the areas in Latin America which endorse and practice the general thrust of the United States' policy paradigm.

The Pacific Alliance is clearly less spectacular and definitely less controversial than the Trans-Pacific Partnership (TPP) negotiations which were under pressure from the United States Trade Representative to accept a broad spectrum of "gold-standard" rules, including the more powerful intellectual property rights which its brand-named drug companies demanded. Indeed, if successfully adopted, the TPP would function as an extension of Washington's policy propagation efforts for the most significant Pacific Rim countries on the Pacific Ocean's western coasts, excluding China. In this case, the PA's economic-integration program would pale in significance for Washington. If the TPP comes to grief in its ratification process, the PA would at least represent an extension of American international trade and investment norms and institutions from Mexico into Latin America's flourishing Andean states that – excepting Ecuador – stretch from Panama to Tierra del Fuego along the Pacific Ocean's eastern coastline.

Given the uncertainties of the global power system that have been stoked by Vladimir Putin's Russian revanchism, by the unresolved warfare and terrorist violence in the Middle East, and by China's mix of economic friendship with smaller countries and periodic saber rattling in the direction of Tokyo and Washington, the American pivot seems insecure and tentative. In the United States' global thinking, three relatively small economies cannot loom large, but they would loom positive given Mexico's leadership through its overlapping membership between the PA and NAFTA in spreading what are in effect US interests but expressed in Spanish.

In these senses, we find the answer to our fourth puzzle in Mexico's regional overlap whose bridging of NAFTA with the Pacific Alliance has served both its own and the United States' international power interests in rebuilding the two countries' once-dominant positions in Latin America.

6. Conclusion: Lessons from a Single Case

Having presented our four-fold analysis, we can now address an obvious methodological concern. That this paper has investigated only one case means we were able to address certain important questions raised by Mexico's regional overlap without being able to address broader themes in the literature about regional overlap in general. All we can claim is to have pointed out particularities of the Mexican case in NAFTA and the Pacific Alliance, questions that could be pursued by further research executed on other instances of regional overlap in more comprehensive studies which would no doubt reveal different realities. On the question of the consistency between policy domains, for instance, Japan's projected membership both in the US-led Trans-Pacific Partnership and the China-led Regional Comprehensive Economic Partnership, Tokyo's goal of increased economic integration with both the American and the Asian economies could conflict with its considerable security cooperation agreements with Washington that are aimed at containing military threats emanating from Beijing.

Of course, the specificities of any regional overlap are sui generis. In Mexico's case we can point, for instance to:

- The identity need, which it is implicitly seeking to achieve, is restoring its historical, linguistic, and cultural claim to be a *Latin* rather than a *North* American power.

- The explicit motivational energy which drives its policy thrust in the PA is an ideological commitment to the neoliberal policy paradigm that is shared by its like-minded three partners.

- It is separated geographically by thousands of kilometers of land or sea from the other three PA members which are contiguous with each other.

- Although the more industrialized Mexican economy is theoretically complementary with the three Andean members which export raw materials, the persistently low level of trade among these four countries heralds little immediate pay-off in terms of economic integration.

- Norm and institutional diffusion has not just taken place North-to-South with Mexico mediating the adoption of American norms by its PA partners. Diffusion has also occurred South-to-South with Mexico again taking the lead in proselytizing its PA brethren for its home-grown dispute prevention programs.

Even if general affirmations concerning regional overlap cannot be inferred from one example, Mexico's single case does allow us to affirm certain negative conclusions.

Although different regional organizations can invest the same policy area with quite different internal content, it is *not* a foregone conclusion that the country whose membership overlaps with more than one RO has to cope with such negative externalities as policy contradictions between the norms of one organization and those of the other.

Inconsistency does *not* necessarily characterize the formal foreign investment protection norms and arbitration institutions mandated by both NAFTA and the Alliance with the informal norms governing trans-border security.

As for the question of the inter-regional diffusion of norms and institutions, our study showed that, when rules promoting economic integration and norms aimed at enhancing trans-border security migrate from one RO to another, they do *not* ipso facto generate significant friction. By the same token, our research revealed that contradictions between norms in one policy area and those in another – for instance, investment and security – are *not* a necessary component of regional overlap, even if they characterize this phenomenon on other continents where the phenomenon of states belonging to ROs with conflicting commitments is not at all unusual. In a word, the single case of Mexico's regional overlap has a good deal to tell scholars researching this issue in other continents where the policy implications of organizational overlap may be considerably less productive. Regional overlap clearly presents economic, security, and political challenges, but the Mexican case suggests these problems can be successfully overcome so that joining a new regional association complements rather than contradicts its participation in the original organization.

And to conclude with one of regionalism scholarship's original hypotheses, overlap is less well explained by the progress of neo-functionalism than by its opposite. It was NAFTA's failure to increase the benefits for Mexico neo-functionally that drove the government to set up another regional organization, but this time not with countries that were contiguous with it but with governments which agreed with it on their basic economic philosophies. In this way, the PA's like-mindedness trumped for Mexico NAFTA's less consensual neighborliness.

References

Alire Garcia, David 2013: Mexico Ramping up Oil Exports to China, India, in: Reuters, 9 August, http://in.reuters.com/article/mexico-oil-idINDEE97809B20130809; 28 April 2016.

Beckhusen, Robert 2013: As Colombian Drug Gangs Collapse, Mexican Cartels Get Tons of Cheap Coke, in: Wired, 11 April, http://www.wired.com/2013/04/colombian-bacrim-gangs; 19 April 2014.

Berman, David 2016: Banking on a rate cut? Don't expect mortgage rates to match, in: The Globe and Mail, 19 January, http://www.theglobeandmail.com/report-on-business/economy/economic-insight/banking-on-a-rate-cut-dont-expect-mortgages-to-fall/article28267199/; 12 May 2016.

Cave, Damien 2014: For Migrants, New Land of Opportunity is Mexico, in: New York Times, 21 September, http://www.nytimes.com/2013/09/22/world/americas/for-migrants-new-land-of-opportunity-is-mexico.html?pagewanted=all&_r=1; 17 April 2014.

Centre for International Governance Innovation (CIGI) 2013: Is Chile's Economy Too Reliant on Copper Exports?, 21 May, http://www.cigionline.org/articles/2013/05/chiles-economy-too-reliant-copper-exports; 28 April 2016.

Clarkson, Stephen/Cui, Jeff/Duchesne, Isabel/Pan, John/Park, Beom-Jun/Saieva, Alissa/Tieu, Amy 2014: Looking South While Looking North: Mexico's Engagement with Overlapping Regionalism, in: Brunelle, Dorval (ed.): L'ALENA à 20 ans: un accord en sursis, un modèle en essor, Montréal: Éditions IEIM, 441-500.

Constain, Silvia 2013: Investor-State Dispute Prevention Strategies: Selected Case Studies, in: Report for APEC Technical Assistance and Training Facility Program, June 2013, APEC.

Corcoran, Patrick 2012: Shooting Highlights Mexico City Airport as Hub for Drug Trade, in: InSightCrime, 4 July, http://www.insightcrime.org/news-analysis/shooting-highlights-mexico-city-airport-as-hub-for-drug-trade; 19 April 2014.

Drake, Matthew J. 2008: The Current State of Mexican Logistics Operation, in: The Journal of International Management Studies 3/2, 92-97.

Dussel Peters, Enrique/Hearn, Adrian H./Shaiken, Harley (eds) 2013: China and the New Triangular Relationships in the Americas. China and the Future of US- Mexico Relations, in: http://dusselpeters.com/62.pdf; 18 April 2014.

Echandi, Roberto/Vandevelde, Kenneth 2006: International Investment Arrangements: Trends and Emerging Issues, in: UNCTAD Series on International Investment Policies for Development, UNCTAD/ITE/IIT/2005/11, Geneva: United Nations.

The Economist 2013: Mining in Chile: Copper Solution, 27 April, in: http://www.economist.com/news/business/21576714-mining-industry-has-enriched-chile-its-future-precarious-copper-solution; 28 April 2016.

El Siglo de Torreon 2014: Refuerza Seguridad Alianza del Pacifico, 11 February, http://www.elsiglodetorreon.com.mx/noticia/961556.refuerza-seguridad-alianza-del-pacifico.html; 20 April 2014.

Gamboa Montejano, Claudia/Valdes Robledo, Sandra 2013: Lavado de Dinero. Estudio Teórico Conceptual, Derecho Comparado, Tratados Internacionales y de la nueva ley en la materia en México, México, DF: Dirección General de Servicios de Documentación, in: http://www.diputados.gob.mx/sedia/sia/spi/SAPI-ISS-01-13.pdf; 28 April 2016.

George, Samuel 2014: The Pacific Pumas. An Emerging Model for Emerging Markets, Berlin: Bertelsmann Foundation.

Gereffi, Gary/Martinez, Martha A. 2004: Mexico's Economic Transformation under NAFTA, in: Crandall, Russell/Paz, Guadalupe/Roett, Riordan (eds): Mexico's Democracy at Work: Political and Economic Dynamics, Lynne Rienner Publishers: Boulder, 119-152.

Global Strategy Group 2011: Assessing an Investment in the Mexican Automotive Industry, Mexico: KPMG Cardenas Dosal, in: http://www.oesa.org/Doc-Vault/Knowledge-Center/Intl-Markets-and-Trade-Content/KPMG-Assessing-an-Investment-in-Mexico-Report.pdf; 17 March 2013.

Hagan, Sean 2000: Transfer of Funds, in: UNCTAD Series on Issues in International Investment Agreements, UNCTAD/ITE/IIT/20, New York/Geneva: United Nations.

Haslam, Paul A. 2010: The Evolution of the Foreign Direct Investment Regime in the Americas, in: Third World Quarterly 31/7, 1181-1203.

Hope, Alejandro 2013: Peace now? Mexican Security Policy after Felipe Calderon, in: Working Paper, Latin America Working Group, January 2013, Washington, DC: Inter-American Dialogue, http://www.thedialogue.org/PublicationFiles/Mexico_Security_Hope.pdf; 17 April 2014.

Index Mundi 2013a: Chile Economic Profile, in: http://www.indexmundi.com/chile/economy_profile.html; 12 October 2013.

Index Mundi 2013b: Colombia Economic Profile, in: http://www.indexmundi.com/colombia/economy_profile.html; 12 October 2013.

Inotai, Andras 1991: Regional Integration among Developing Countries, Revisited, in: The World Bank Working Papers 643, April 1991, Trade Policy Division, Country Economics Department, Washington, DC: World Bank.

Isacson, Adam/Haugaard, Lisa/Poe, Abigail/Kinosian, Sarah/Withers, George 2013: Time to Listen: Trends in U.S. Security Assistance to Latin America and the Caribbean, Washington, DC: Center for International Policy/Latin America Working Group Education Fund/Washington Office on Latin America, in: http://lawg.org/storage/documents/Time_to_Listen-Trends_in_U.S._Security_Assistance_to_Latin_America_and_the_Caribbean.pdf; 20 April 2014.

Kolhatkar, Sonali 2014: After 20 Years, NAFTA Leaves Mexico's Economy in Ruins, in: Truthdig, 9 January, http://www.truthdig.com/report/item/after_20_years_nafta_leaves_mexicos_economy_in_ruins_20140109; 27 March 2014.

Latin American Herald Tribune 2009: Mexico's Drug Seizures Total $10.9 Billion, AG Says, in: http://laht.com/article.asp?CategoryId=14091&ArticleId=380668; 18 April 2014.

Latin Resources 2013: Peru Gold Exploration, in: http://latinresources.com.au/peru_gold_exploration; 8 October 2013.

Matalon, Lorne 2014: Mexico City Police Arrest Former Anti-Money Laundering Czar for Extortion, in: Fronteras Desk, 23 January, http://www.fronterasdesk.org/content/9466/mexico-city-police-arrest-former-anti-money-laundering-czar-extortion; 28 April 2016.

Monsalve, Mauricio H. 2012: Economic Watch. Colombia: New Export Markets, but for the Same Products, in: Economic Analysis, July 2012, Bogota: BBVA.

Muchlinski, Peter 2009: The Framework of Investment Protection: The Content of BITs, in: Sauvant, Karl P./Sachs, Lisa E. (eds): The Effect of Treaties on Foreign Direct Investment: Bilateral Investment Treaties, Double Taxation Treaties, and Investment Flows, Oxford: Oxford University Press, 37-72.

Muggah, Robert 2013: A New Standard for Security, in: OpenCanada.org, 2 August, https://www.opencanada.org/features/a-new-standard-for-security/; 28 April 2016.

Nieto-Parra, Sebastián/Olivera, Mauricio/Tibocha, Anamaría 2013: The Politics of Transport Infrastructure Policies in Colombia, in: OECD Development Center Working Paper 316, April 2013, Paris: OECD.

Nolte, Detlef/Wehner, Leslie 2013: The Pacific Alliance Casts Its Cloud over Latin America, Hamburg: German Institute of Global and Area Studies.

The North American Free Trade Agreement (NAFTA) 1994, opened for signature 17 December 1992, entered into force 1 January 1994.

O'Neill McCleskey, Claire 2013: Will Meth Overtake Cocaine on the Southwest Border?, in: InSightCrime, 3 April, http://www.insightcrime.org/news-analysis/meth-cocaine-trafficking-mexico-us-southwest-border; 18 April 2016.

The Observatory of Economic Complexity (OEC) 2014: Learn More About: Trade, in: http://atlas.media.mit.edu/country/; 12 May 2014.

The Observatory of Economic Complexity (OEC) 2016a: Learn More About: Trade in Chile, in: http://atlas.media.mit.edu/country/chl/; 12 May 2016.

The Observatory of Economic Complexity (OEC) 2016b: Learn More About: Trade in Mexico, in: http://atlas.media.mit.edu/country/mex/; 12 May 2016.

The Observatory of Economic Complexity (OEC) 2016c: Learn More About: Trade in Peru, in: http://atlas.media.mit.edu/country/per/; 12 May 2016.

The Observatory of Economic Complexity (OEC) 2016d: Learn More About: Trade in Colombia, in: http://atlas.media.mit.edu/country/col/; 12 May 2016.

The Pacific Alliance (PA) 2014a: Protócolo Adicional al Acuerdo Marco de la Alianza del Pacífico [Additional Protocol to the Framework Agreement of the Pacific Alliance], signed 10 February 2014, entered into force 1 May 2016.

The Pacific Alliance (PA) 2014b: Promotion Entities of the Pacific Alliance, Ready to Travel the World in 2014, 17 March, in: http://alianzapacifico.net/en/promotion-entities-of-the-pacific-alliance-ready-to-travel-the-world-in-2014/; 28 March 2014.

Poverty Environment Net n.d.: Copper-driven prosperity in Chile, in: http://povertyenvironment.net/files/CASE%20Chile.pdf; 21 March 2014.

Ribando Seelke, Clare/Finklea, Kristine M. 2013: U.S.-Mexican Security Cooperation: The Merida Initiative and Beyond, in: Congressional Research Service Report, 12 June, https://www.fas.org/sgp/crs/row/R41349.pdf; 19 April 2014.

Ruvalcaba, Hugo 2013: Asian Mafias in Baja California, in: InSightCrime, 20 August, http://www.insightcrime.org/news-analysis/asian-mafia-in-mexico; 18 April 2014.

Schneiderman, David 2010: Investing in Democracy? Political Process and International Investment Law, in: University of Toronto Law Journal 60/4, 909-940.

Southwick, Natalie 2013: Drug Arrests Highlight Chile Police Corruption, in: InSightCrime, 27 November, http://www.insightcrime.org/news-briefs/drug-arrests-highlight-chile-police-corruption; 28 April 2016.

Stevenson, Mark 2013: Ambitious Mexican Drug Cartels Have Started Exporting Iron Ore to China, in: Business Insider, 29 November, http://www.businessinsider.com/illegal-mining-isnt-the-only-industry-that-mexican-cartels-are-taking-over-2013-11?IR=T; 18 April 2014.

Subedi, Surya P. 2012: International Investment Law. Reconciling Policy and Principle, Oxford: Hart Publishing.

Terry, Lisa 2008: Mexico Paves the Road to Prosperity, in: Inbound Logistics, January 2008, http://www.inboundlogistics.com/cms/article/mexico-paves-the-road-to-properity/; 5 January 2014.

Tickner, Arlene B. 2014: Colombia, the United States, and Security Cooperation by Proxy, March 2014, Washington, D.C.: Washington Office on Latin America, in: http://www.wola.org/files/140318ti.pdf; 28 April 2016.

Tvevad, Jesper 2014: The Pacific Alliance: Regional integration or fragmentation?, in: Policy Briefing, January 2014, Policy Department, Directorate-General for External Policies of the Union (DG EXPO), Brussels, http://www.europarl.europa.eu/RegData/etudes/briefing_note/join/2014/522318/EXPO-AFET_SP%282014%29522318_EN.pdf; 5 February 2014.

United Nations Conference on Trade and Development (UNCTAD) 2014: Foreign Direct Investment Flows and Stock, in: UNCTADSTAT, http://unctadstat.unctad.org; 30 April 2014.

United Nations Office on Drugs and Crime (UNODC) 2013: World Drug Report 2013, Vienna: UNODC, in: http://www.unodc.org/unodc/secured/wdr/wdr2013/World_Drug_Report_2013.pdf; 17 April 2014.

US Department of State 2008: Colombia, in: Colombia Background Note 03/08, US Bilateral Relations Fact Sheets/Background Notes, http://www.state.gov/outofdate/bgn/colombia/101915.htm; 29 April 2016.

US Department of State 2013: Investment Climate Statement - Colombia, February 2013, Bureau of Economic and Business Affairs, in: http://www.state.gov/e/eb/rls/othr/ics/2013/204622.htm; 12 May 2016.

World Bank 2012: Data, in: http://data.worldbank.org/; 21 March 2014.

World Bank 2014: GDP growth, (annual percent), in: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG; 24 April 2014.

World Economic Forum 2009: The Global Competitiveness Report 2009-2010, Geneva: World Economic Forum.

World Gold Council 2013: Peru, in: http://www.goldfacts.org/en/economic_impact/countries/peru/; 7 October 2013.

Zarsky, Lyuba/Gallagher, Kevin P. 2004: NAFTA, Foreign Direct Investment, and Sustainable Industrial Development in Mexico, in: Americas Program Policy Brief, 28 January, Silver City, NM: Interhemispheric Resource Center.

Appendix 1: Officials and Experts Interviewed in Mexico City, 17-21 February 2014

Name	Date	Institution	Position/Department
Hugo Perezcano	17 February 2014	Private law practice	ISDS arbitrator
Vanessa Rubio Marquez	17 February 2014	Secretaría de Relaciones Exteriores (SRE)	Under-Secretary for Latin America and the Caribbean
Alejandro Cruz Sánchez	17 February 2014	SRE	Advisor to the Deputy Under-Secretary for Latin American and the Caribbean
Alejandro Álvarez	18 February 2014	Universidad Nacional Autónoma de México (UNAM)	Professor in the Economics Department
Raúl Benítez	18 February 2014	UNAM	Professor in the Centro para las Investigaciones Sobre América del Norte
Enrique Dussel Peters	19 February 2014	UNAM	Director, Centro de Estudios México-China
Yahir Acosta	19 February 2014	Instituto Tecnológico Autónomo de México (ITAM)	Centro de Derecho Económico Internacional
Ana Luisa Fajer Flores Enrique Rojo Stein	20 February 2014	SRE	Sub-secretaría para América del Norte and Sub-secretario para América del Norte
Sergio Alcocer	20 February 2014	SRE	Sub-secretario para América del Norte
Natalia Saltalamacchia Ziccardi	20 February 2014	ITAM	Directora de la Licenciatura Departamento académico de Estudios Internacionales
Erick Ramírez Torres	20 February 2014	Secretaría de Economía (SE)	DG Ajunto de Información y Estadística de Comercio Internacional
Rosaura Virginia Castañeda Ramírez	20 February 2014	SE	Jefa de Unidad de Negociaciones Internacionales
Selene Magdaleno Durán	20 February 2014	SE	Subdirectora para Centroamérica y ALADI Unidad de Negociaciones Internacionales
Heather Brason	21 February 2014	Embassy of Canada to Mexico	Trade Commission (Trade policy)
Arwen Bobyk	21 February 2014	Embassy of Canada to Mexico	Senior Policy Adviser, Department of International Affairs, Trade and Development

Appendix 2: Officials and Experts Interviewed in Santiago de Chile, 30 July-6 August 2014

Name	Date	Institution	Position/Department
Manfred Wilhelmy	30 July 2014	Fundación Chilena del Pacífico	Director
Alvaro Jana	30 July 2014	Ministerio de Relaciones Exteriores	Official
Edwan Varas	31 July 2014	Ministerio de Relaciones Exteriores	Director, European Union Division
Alberto van Klaveren	31 July 2014	Ministerio de Relaciones Exteriores	Ex-subsecretario
Alfredo Moreno	1 August 2014	Ministerio de Relaciones Exteriores	Minister (2010-14)
Patricia Fuller	1 August 2014	Embassy of Canada to Chile	Ambassador
Rodrigo Álvares Zenteno	5 August 2014	Sociedad de Fomento Fabril (SOFOFA)	Consejero gremial
Daniel Aguirre Azócar	5 August 2014	Instituto de Estudios Internacionales, Universidad de Chile	Professor
Alejandro Foxley	6 August 2014	Ministerio de Relaciones Exteriores	Minister (2006-09)
Ángel Flisfisch	6 August 2014	Facultad Latinoamericana de Ciencias Sociales (FLASCO)	Professor

Appendix 3: Officials and Experts Interviewed in Berlin, Summer 2014

Name	Date	Institution	Position/Department
Patricia Espinosa	12 June 2014	Embassy of Mexico to Germany	Ambassador
Juan Mayr Maldonado	12 June 2014	Embassy of Colombia to Germany	Ambassador
José Antonio Meier Espinosa	12 June 2014	Embassy of Peru to Germany	Ambassador
Silvana Polich	18 June 2014	Embassy of Brazil to Germany	Chargée d'affaires
Aurélio Afrânio Garcia Avelino	18 June 2014	Embassy of Brazil to Germany	Counsellor to the Ambassador
Daniel Afonso da Silva	18 June 2014	Embassy of Brazil to Germany	Diplomat
José Joaquin Chaverri Sievert	19 June 2014	Embassy of Costa Rica to Germany	Ambassador
Dziewezo Polski	23 June 2014	Embassy of Argentina to Germany	Ambassador
Klaus Bodemer	25 June 2014	Institute of Latin American Studies, German Institute of Global and Area Studies (GIGA)	Former Director
Juan Pablo Garcia-Berdoy Cerezo	27 June 2014	Embassy of Spain to Germany	Ambassador
Detlef Nolte	15 May 2014	Institute of Latin American Studies, GIGA	Director

The Kolleg-Forschergruppe - Encouraging Academic Exchange and Intensive Research

The Kolleg-Forschergruppe (KFG) is a funding program launched by the German Research Foundation (Deutsche Forschungsgemeinschaft - DFG) in 2008. As a Research College, it is intended to provide a scientifically stimulating environment for innovative research within a small group of senior and junior researchers.

The Kolleg-Forschergruppe „The Transformative Power of Europe" investigates how ideas spread across time and space. During its first phase of research, from 2008-2012, the KFG studied the diffusion of policy ideas and institutions within the European Union (EU), its candidates and neighborhood. During the second phase, from 2012-2016, the KFG realigns its focus of interest on the diffusion of ideas, policies, and institutions beyond Europe (comparative regionalism) and the analysis of the EU at the receiving end of external influences. Its two main research areas are:

- The EU and Regional Institutions in Latin America, Africa, the Middle East and Asia
- Europe and the EU and Recipients of Diffusion

KFG The Transformative Power of Europe