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Debates and Controversies Regarding Economic Complementation Agreements

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Abstract

The topic of debates and controversies regarding economic complementation agreements is situated within the context of trade negotiations between countries and regional blocs. These agreements aim to promote trade and economic cooperation among the involved parties, but they also generate discussions and divergences in different aspects.

The objective of the research is to identify and analyze the main points of dispute between the different actors, as well as their foundations and possible solutions. Among the main findings of the research is that the debates and controversies surrounding these agreements focus on issues such as: market access, protection of sensitive sectors, intellectual property, labor rights, environment, and dispute resolution mechanisms. Regarding market access, some countries argue that economic supplementation agreements benefit more powerful economies and leave weaker countries at a disadvantage.

There is discussion about the protection of sensitive sectors, such as agriculture, where some countries seek to safeguard their local production against foreign competition. In relation to intellectual property, there are actors who argue that these agreements impose rules and regulations that may favor transnational corporations at the expense of local producers. Debates also arise regarding labor rights and the environment, where efforts are made to reconcile economic growth with the protection of workers and natural resources.

Regarding dispute resolution mechanisms, there is discussion about the effectiveness and impartiality of these mechanisms, especially in situations where the involved parties have unequal economic power. In conclusion, the debates and controversies surrounding economic supplementation agreements cover a wide range of topics and positions. These results reflect the interests and power differentials among the involved actors. However, the importance of finding equitable and consensus-based solutions that promote economic growth and cooperation among countries is emphasized, taking into account the particularities and needs of each one.

Keywords: Economic Complementation Agreements, Debates and Controversies, Market Access, Trade Negotiations, and Regional Blocs.

Introduction

Economic Complementation Agreements (ACEs) emerged in Latin America as instruments to promote regional integration and free trade among countries [1]. However, in recent years, debates have arisen regarding their true impacts and benefits.

Despite the wide range of existing studies on ACEs, there are still gaps and areas for further investigation that require more attention. Independent research critically analyzing these agreements beyond official rhetoric is insufficient [2]. Therefore, it is essential to delve into the most controversial aspects of these agreements to better understand their effects and implement appropriate policies in response to them.

Questions arise such as: What have been the tangible results of ACEs for the involved economies? Have they truly contributed to closing inequality gaps? Which sectors have been most affected? What is the impact of ACEs on national productive sectors? How do these agreements affect labor markets and employment in the involved countries? What are the real benefits of these agreements for citizens and businesses? This article aims to analyze the main current debates and controversies surrounding ACEs in Latin America.

Aspects such as asymmetries among partners, impacts on employment and deindustrialization, Latin America as an exporter of natural resources, among other topics that have sparked controversy, will be addressed. Criticisms and defenses of ACEs will be discussed, citing perspectives from economists, sociologists, activists, and policy makers themselves. The importance of the article lies in providing clarity and a broad view on a topic that is insufficiently researched and has serious implications for regional economic development (Malamud, 2005). The results could be used to reformulate existing agreements or design more equitable ones.

Purposes of ACEs

ACEs are trade and political treaties between countries aimed at liberalizing and facilitating trade, promoting regional economic integration, and stimulating cooperation and development among the involved countries [3]. These agreements are based on principles of reciprocity and mutual benefit, focusing on eliminating tariff and non-tariff barriers, as well as promoting investment and cooperation in areas such as trade facilitation, transportation, energy, and services [4]

One of the main advocates of ACEs was Raúl Prebisch, a prominent Argentine economist and one of the main theorists of economic development in Latin America. He argued that developing countries needed to promote industrialization and diversification of their economies through regional integration and economic cooperation. In his work "The Economic Development of Latin America and Some of its Main Problems," Prebisch (1950) advocated for the creation of ACEs as instruments to achieve greater regional economic integration and overcome economic and social imbalances.

An institution that has supported the importance of ACEs is the Economic Commission for Latin America and the Caribbean (ECLAC). It has advocated for promoting regional economic integration as a tool to overcome the region's countries' dependence on raw material exports and foster a more equitable and sustainable economic development. In its report "Foreign Investment in Latin America and the Caribbean," ECLAC (2020) highlights that ACEs are a way to promote regional economic integration and attract foreign direct investment, which can contribute to the growth and development of the involved countries.

Benefits of Economic Complementation Agreements

Economic complementation agreements between countries offer a series of benefits in terms of trade, investment, and economic development. Among the most notable benefits are the elimination of tariff and non-tariff barriers, the promotion of business competitiveness, the diversification of markets, and the attraction of foreign direct investment.

In the realm of trade, economic complementation agreements facilitate access to new markets by reducing or eliminating tariffs and other trade restrictions. This results in an increase in exports, which fosters productive specialization and allows countries to take advantage of their comparative advantages. According to Paul Krugman (1993), Nobel Prize in Economics, trade liberalization through free trade agreements generates gains in terms of income and employment.

Regarding investment, economic complementation agreements provide a stable legal and regulatory framework that promotes investment flows between the signatory countries. This implies guaranteeing protection for investors, facilitating procedures, and promoting cooperation in investment matters. According to Michael E. Porter (1998), a renowned expert on competitiveness, free trade agreements attract foreign direct investment by improving market access and reducing uncertainty.

In terms of economic development, economic complementation agreements can contribute to the diversification of the economy and job creation. By expanding access to international markets, opportunities open up for local productive sectors to develop and modernize. In addition, competition and the transfer of knowledge and technology between countries stimulate innovation and productivity. According to economist Jeffrey Sachs (2000), free trade agreements promote economic development by allowing for specialization and increasing productive efficiency.

Challenges and Controversies

While economic complementation agreements can bring benefits, they also generate debates and controversies related to economic inequalities, the impact on workers, and the loss of sovereignty. It is necessary to consider these aspects and seek strategies to maximize the benefits and mitigate the negative effects.

Balance between the interests of different economic and social sectors

One of the main challenges is achieving a balance between the interests of different economic and social sectors. By favoring trade openness, some sectors may be harmed, especially those with lower competitiveness. To face this challenge, it is important to implement support policies and productive reconversion, as well as social protection programs for the most vulnerable sectors. According to Dani Rodrik (2006), Professor of International Political Economy, free trade agreements must be designed carefully to minimize negative effects on certain sectors.

Asymmetries between the economies involved

Another criticism is related to the asymmetries between the economies involved in the ECAs and the negative impacts that some agreements may have on weaker and less competitive partners. If the levels of development and productive capacities are very different, there may be a lack of equity in the benefits and costs of the agreements.

This can generate political and social tensions, as well as trade imbalances. To address this challenge, it is important to promote development policies and strengthen cooperation between countries. According to Joseph Stiglitz (2004), Nobel Prize in Economics, trade agreements must consider power imbalances and promote reciprocity and equity.

Access to Markets

It is true that access to markets remains one of the most controversial and disputed issues in the negotiations of economic complementation agreements [5, 6]. Asymmetries and non-tariff barriers persist that limit such access despite the rhetoric of reciprocal openness. For example, studies such as that of Jenkins (2014) suggest that in Latin America the elimination of tariffs within the framework of regional agreements has mainly facilitated exports of commodities and manufactures based on natural resources. But various sectors still face obstacles to placing value added and services in trade partners.

These obstacles can take the form of excessively strict sanitary and phytosanitary measures, complex rules of origin, prolongation of lists of exceptions to tariff reduction, public procurement without due openness, among others [6, 5]. In view of this scenario, progress is needed towards deeper integration that reduces discretion in the use of non-tariff barriers. There is also room to improve customs cooperation and policy coordination between partners [5]. The challenge is to overcome internal political tensions and set aside protectionist rationales that hinder real access to the region's expanded markets.

Inequality in Development

Inequality in development is a widely discussed topic in academic and economic literature. The participation of countries in Preferential Trade Agreements (PTAs) can exacerbate these inequalities if richer countries obtain more benefits than poorer countries. According to several authors, ECAs can generate an increase in inequality in development due to economic and power asymmetries between the participating countries.

A study conducted by Vijil and Saborío (2020) found that participation in ECAs increases exports from richer countries, which can result in an increase in income inequality between the participating countries. These authors argue that richer countries have a greater capacity to take advantage of the benefits of ECAs, through greater diversification of their exports and the adoption of technology.

On the other hand, Gámbaro et al. (2017) argue that ECAs can accentuate inequalities in development due to the lack of productive capacities in poorer countries. These authors indicate that richer countries have a comparative advantage in high-technology sectors, which allows them to benefit more from ECAs. They argue that the lack of productive capacity in poorer countries prevents them from fully taking advantage of the benefits of ECAs, which in turn increases inequalities in development.

Elimination of Trade Barriers

Associated with the previous analysis, one of the criticisms of economic complementation agreements (ECAs) is that, by eliminating trade barriers in an accelerated or asymmetric manner, they can harm domestic productive sectors that are abruptly exposed to competition from cheaper or more competitive imports [7, 8].

The argument is that these agreements tend to favor large export-oriented companies, while sacrificing the protectionist interests of small and medium-sized industries destined for the domestic market, generating risks of premature deindustrialization and re-primarization of economies [9, 7]. When trading partners have marked asymmetries in size, competitiveness and productivity, indiscriminate openness can lead to a virtual "invasion" of products from the stronger country and the displacement of local firms [7].

For this reason, it is proposed that economic complementation agreements should contemplate transition periods, gradual tariff reduction, safeguards, local content rules, and other measures that provide temporary protection to sensitive sectors, giving them time to adapt before facing full external competition [10]. They should also go hand in hand with active industrial policies that promote the systemic competitiveness of economies. Otherwise, there is a risk of generating crises in sectors not prepared for an abrupt exposure to global competitors.

Limited Increase in Intraregional Trade of Value-Added Goods

Another current debate revolves around the limited increase in intraregional trade of value-added goods, as what has mostly been promoted is the exchange of primary goods with little processing [2].

An emblematic case is the difficulties faced by manufacturing sectors in Central America after the entry into force of the agreement with Mexico in the 1990s, since they could not compete with the strong penetration of Mexican products and were displaced [2]. Furthermore, there are political obstacles to advancing deeper agreements, such as customs unions, due to internal resistance to further ceding of sovereignty [1].

Loss of Sovereignty

As mentioned, one of the main challenges of ECAs is the loss of sovereignty that they may imply for the participating countries. Various authors who have analyzed the implications of ECAs in terms of the political and economic autonomy of countries have addressed this aspect. In this sense, Robert Keohane (1984), renowned political scientist and expert in international relations, argues that economic integration can limit the ability of nation-states to make autonomous decisions.

In his book "After Hegemony: Cooperation and Discord in the World Political Economy," Keohane argues that economic cooperation can lead to a loss of sovereignty, as participating countries must adhere to jointly established norms and regulations, which limits their ability to make decisions independently.

On the other hand, economist Dani Rodrik (2011) in his book "The Globalization Paradox: Democracy and the Future of the World Economy," presents the paradox of globalization, arguing that economic openness can undermine the democracy and sovereignty of countries. Rodrik argues that economic integration through agreements such as ECAs implies the acceptance of rules and regulations imposed by other countries, which can restrict the ability of national governments to implement economic and social policies that they consider necessary for their development. This raises the debate about the importance of balancing economic integration and the preservation of national sovereignty.

Lack of Transparency

Lack of transparency is a common concern in Economic Cooperation Agreements (ECAs), as these agreements can often be opaque and difficult for citizens of the participating countries to understand. This lack of transparency can have negative consequences, as it hinders citizen participation in the decision-making process and makes it difficult to monitor the impact of the agreements.

According to Franck Galtier and Karine Latouche (2016), the level of transparency and understanding of trade agreements can vary significantly depending on the country and the parties involved. In many cases, agreements are negotiated confidentially and are only disclosed once they have been finalized, which limits the opportunity for citizens and civil society groups to express their concerns or influence the process. Additionally, these agreements are often written in technical and complex language that makes them difficult for the public to understand.

The lack of transparency can also hinder the monitoring and follow-up of the impact of the agreements. According to Antoni Estevadeordal and Arminio Fraga (2021), citizens must have access to clear and accessible information about trade agreements in order to assess their social, economic, and environmental impact. However, in many cases, the detailed information needed to carry out a comprehensive assessment is not available or is difficult for the public to obtain.

This lack of transparency in ECAs has negative consequences for democracy and citizen participation. As mentioned by Josué Medellín-Azuara and Frank Howitt (2020), transparency in the policy-making process is essential to ensure that citizens have the opportunity to express their concerns, opinions, and suggestions. Without proper access to information and a clear understanding of trade agreements, citizens may feel that their voices are not being heard and that their interests are not being taken into account in decision-making.

Dependence on Imports

Dependence on imports is an important issue to consider when analyzing a country's participation in ECAs. These agreements can generate greater dependence on imports from other countries, which can be problematic for those countries wishing to develop their own industries. One of the main arguments against dependence on imports is that it can hinder the development of domestic industries.

According to Robert Solow (1956), Nobel Prize in Economics in 1987, countries need to develop their own industries in order to be competitive internationally and achieve sustainable economic growth. However, if a country becomes dependent on imports, it can make it difficult for its own industries to grow, as imports could directly compete with local products.

Dependence on imports also has a negative impact on employment. According to economist Dani Rodrik (2007), trade openness and economic liberalization can lead to job destruction in domestic industries, especially those that are not internationally competitive. If a country becomes dependent on imports, it risks losing jobs in key sectors of its economy.

Another author who supports this argument is Ha-Joon Chang (2002), who argues that dependence on imports can lead to deindustrialization of a country and loss of productive capacity. According to Chang, industrialization is essential for economic development and job creation, so it is important for countries to protect their domestic industries from external competition.

Job Losses

Job losses are a real concern in countries participating in ECAs. When foreign companies establish themselves in these countries, there is a possibility that they will displace local companies and, consequently, lead to job losses. According to a study by Robert E. Scott et al. (2011), there is empirical evidence supporting this concern. The study examined the United States' trade agreements with several countries and found that there was a significant loss of employment due to the importation of low-cost manufactured goods from these countries. This suggests that greater trade openness can have negative effects on local employment.

Howard (2000) also indicates that the entry of foreign companies can negatively affect local companies. According to the author, foreign companies often have competitive advantages, such as advanced technology or economies of scale, that allow them to produce at lower costs. This, in turn, can lead to a decrease in the demand for local workers and, consequently, job losses.

Another author who supports the idea that ECAs can lead to job losses is Gary Clyde Hufbauer (2005). In his research, Hufbauer found evidence that trade agreements can have negative effects on certain sectors of industry, especially those facing greater competition from imported products. According to the author, competition from foreign companies can lead to a reduction in production and, consequently, job losses.

Marginalization of Vulnerable Economic Sectors

The marginalization of vulnerable economic sectors is one of the adverse effects that can result from a poorly planned insertion into economic complementation agreements (ECAs) between countries with marked asymmetries in their levels of development [7, 8]. When these agreements eliminate trade protections without considering periods of adaptation or measures to improve the competitiveness of less productive firms, a shock is generated that leads to the displacement of smaller domestic companies by more efficient external competitors. This is what has happened to many South American manufacturing SMEs after signing agreements with Asian countries, for example [9, 7].

Similarly, trade liberalization in agriculture tends to favor large, specialized exporting companies, but harms small producers who struggle to compete on prices, scale, and access to financing and innovation barriers. As a result, phenomena such as rural exodus and disorderly migration to urban centers are accentuated [11]. Poorly managed economic integration under strict market rationales has the potential to widen gaps between modern and lagging sectors, contravening the goals of equitable development implicit in such initiatives [10]. Compensatory measures and supranational institutions are therefore required to ensure minimization of disparities.

Technology Transfer

Technology transfer is a phenomenon that involves the transmission of technological knowledge, processes, or products from one country to another. In the context of ECAs, this transfer can generate certain ambivalences for countries seeking to develop their own technologies. One of the main arguments against technology transfer through ECAs is that it can hinder the autonomous development of technologies by recipient countries.

As Stiglitz (2002) points out, ECAs can impose barriers to the entry of foreign technologies and favor the adoption of more advanced technologies from richer countries. This can result in technological dependence, thus limiting the ability of poorer countries to develop their own industries and compete in the international market.

Ha-Joon Chang (2007) notes that technology transfer through ECAs may be biased towards obsolete or low-productivity technologies, rather than cutting-edge technologies. This is because companies in richer countries may have incentives to transfer less advanced technologies in order to protect their competitive advantage. As a result, recipient countries may fall behind in terms of innovation and technological development.

On the other hand, it is argued that technology transfer through ECAs can have positive effects in recipient countries. For example, Lall (2000) points out that technology transfer can help improve the productive capacity and efficiency of recipient countries, which in turn can stimulate economic growth. Consequently, technology transfer can facilitate access to international markets and promote the integration of countries into global value chains.

However, it is important to note that technology transfer through ECAs does not necessarily guarantee technological development in recipient countries. As mentioned by Rodríguez Gómez and González Tinoco (2018), the capacity to absorb, adapt, and apply transferred technologies is crucial for technological development. Therefore, recipient countries must strengthen their local innovation and technological adaptation capabilities to maximize the benefits of technology transfer through ECAs.

Unfair Competition

Unfair competition is an important issue to consider in ECAs, as it can affect the ability to compete on equal terms and harm less competitive countries. Various authors have addressed this issue and have expressed concern about the negative effects it can have on international trade.

According to Stiglitz (2006), economic complementation agreements can generate unfair competition if one of the participating countries has a significant competitive advantage in terms of production costs. For example, if a country has cheap labor or access to natural resources at low costs, it could produce cheaper goods and harm countries that do not have such advantages. This can lead to a situation where less competitive countries cannot compete on an equal footing and are displaced from the market.

Subsidies granted by some countries can also generate unfair competition. Bown (2015) highlights that subsidies distort the market and give companies an artificial advantage in terms of production costs. This can lead to a disadvantage for countries without subsidies, as their products will be less competitive compared to subsidized products. For example, if a participating country violates international trade rules, such as imposing arbitrary tariff or non-tariff barriers, it can harm other countries and make it difficult for them to compete on equal terms.

Negative Environmental Impacts

ECAs can have negative environmental impacts by promoting greater trade flows and an increase in production on a scale that generates negative externalities on ecosystems [12]. This is because the growth of trade resulting from the elimination of tariffs does not necessarily take into account adequate environmental regulations or standards.

For example, it can bring greater trade in commodities that are usually linked to intensive extractive activities with high water and energy use, with the consequent polluting effects [13]. The same occurs with manufactures that are transferred to the region by virtue of lower environmental controls, which gives rise to the phenomenon known as "pollution haven" [13]. It can also promote the transportation of goods over long distances with the subsequent increase in carbon emissions.

In this regard, Pérez and Hernández (2021) propose the need for an "ecological modernization" of Latin American regionalism, which puts environmental sustainability at the center of trade agreements. This would imply binding environmental clauses, harmonization of upward environmental standards, incentives for innovation in clean technologies, among other measures. Otherwise, Latin America runs the risk of becoming a "green periphery" that deepens its specialization in polluting primary sectors without industrial progress [13]. A central challenge is to reconcile regional economic integration with a just transition towards greener economies in the region.

It is true that most current economic complementation agreements contain generic provisions on sustainable development and environmental care. However, several authors argue that these clauses are not sufficiently effective or legally binding [14, 15].

A frequent criticism is that the environmental chapters in these agreements tend to be "ornamental", i.e., they are included to look good in terms of political discourse, but without real mechanisms to demand compliance or sanction non-compliance [15]. For example, Morin et al (2018) analyze several Latin American trade agreements, finding superficial and ambiguous environmental references, without clear obligations or treatment of sensitive issues such as water, forests or biodiversity.

In view of this situation, there is a need for minimum environmental standards, harmonization of green policies, assessment of eco-social impacts and citizen oversight through transparent sustainability reports of economic agreements [15]. Measures are also required to promote the dissemination of clean technologies and a greater political weight of environmental portfolios in trade negotiations [14]. Only then will it be possible to transition towards an environmentally responsible inter-regional trade system with equitable systemic benefits.

Protection of Labor Rights

Economic complementation agreements (ECAs) have been criticized for not incorporating sufficient safeguards for the protection of labor rights, which can exacerbate problems such as job insecurity, low wages, and the weakening of unions [16]. While these agreements seek to increase intra-regional trade, in practice they can lead to a race to the bottom in terms of labor standards.

It is argued that more open and integrated markets - resulting from ECAs - intensify competition to attract foreign direct investment, which leads countries to reduce regulations that protect wages and working conditions in order to make themselves more attractive to global capital [17]. Thus, instead of harmonizing labor laws upwards, economic integration exerts downward pressure on rights that took decades of struggle for workers [16].

The protection of labor rights has not received sufficient attention within the framework of economic complementation agreements (ECAs) in Latin America. There is concern that increased competition to attract investment and expand exports may lead to pressures to reduce regulations that protect wages, working hours, and decent working conditions [17].

There are indications of this. For example, a study by Frundt (2021) on the effects of the agreement between Central America and the United States suggests a very limited compliance with labor commitments by Central American countries. Violations of freedom of association, anti-union discrimination, and wages below a decent subsistence level persist.

In view of these gaps, substantive improvements are required. From labor clauses with clear, multilateral and enforceable obligations; to effective monitoring mechanisms, worker participation in oversight and deterrent sanctions for non-compliance that allow progress towards economic integration with protection of fundamental rights of workers (Frundt, 2021) [17]. This should be an unnegotiable component of any ECA that claims to provide equitable systemic benefits.

Given this problem, there is a need to establish effective labor clauses and proactive monitoring mechanisms for compliance with fundamental ILO standards in economic complementation and foreign trade agreements [17]. It is also crucial to strengthen the participation of unions and civil society in trade negotiations, in order to ensure that the benefits of greater economic openness are distributed equitably without undermining rights.

Tariff Reductions on Agricultural Trade

Economic complementation agreements often include tariff reductions on agricultural trade that, while seeking to expand intra-regional food trade, also have controversial effects on local family farming [18]. Increased competition from cheap imports can lead to the displacement of grain, vegetable, and other basic basket production in which small producers have comparative advantages [11].

By eliminating protectionist tariffs without compensatory measures for affected sectors, complementation agreements exacerbate the difficulties already faced by family farmers with weak economies of scale and limited access to financing, infrastructure, technological innovation, among other structural obstacles [11]. These results in loss of rural employment, impoverishment, migration to urban centers, and a questioning of whether these agreements represent equitable opportunities for a key sector in terms of food production, reduction of rural poverty, and social cohesion [18].

Effective Protection and Compensation Mechanisms for Small Producers

Thus, there is a need to design effective protection and compensation mechanisms for small producers within complementation agreements, along with redistributive policies that allow their adaptation and increased competitiveness in integrated regional markets [11].

Critics of economic complementation agreements argue that they do not necessarily generate an equitable distribution of their potential benefits, favoring large companies and non-traditional export sectors over small producers, family farming, and manufacturing for the domestic market [7, 8].

For example, in cases where these agreements eliminate trade barriers without safeguards or support policies for vulnerable sectors, cheap imports can rapidly displace less competitive firms, which tend to be smaller [10]. Thus, far from fostering convergence, integration can widen gaps between a highly productive modern core and lagging sectors struggling to compete and integrate into global value chains [9].

If redistributive labor and tax policies are not implemented, there is also no guarantee that the potential macroeconomic benefits of complementation agreements - such as increases in productivity and GDP - will translate into improvements in wages and living conditions for all segments of the population equally [7]. Ultimately, these agreements need to be designed while safeguarding the interests of vulnerable sectors and minimizing social disparities, in order to maximize their fruits in terms of shared development [10].

Intellectual Property

Intellectual property has generated intense debate and controversy in the international arena, especially regarding its role in economic complementation agreements between countries. These agreements aim to facilitate the exchange of goods and services between nations, but the protection of intellectual property often becomes a central point of contention.

On the one hand, defenders of intellectual property argue that its protection fosters innovation and creativity by guaranteeing certain exclusive rights to creators and rights holders. For them, these rights are necessary to drive investment in research and development, as innovators are assured, they can profit from their inventions or creations.

However, there are criticisms of this approach, arguing that intellectual property can hinder access to goods and services, especially in developing countries. These criticisms point out that the restrictions imposed by intellectual property rights can limit access to crucial medicines, technology, and knowledge for development.

A prominent author in the debate on intellectual property and economic complementation agreements is Joseph Stiglitz (2006), who has questioned the current intellectual property system, arguing that the monopolies created by these rights can stifle innovation and progress. Furthermore, he has noted that such rights can be particularly harmful for developing countries, as they limit their ability to access technologies and knowledge.

Other relevant authors in this discussion are Susan Sell and Carlos Correa (2003). Sell has researched the social and economic impacts of intellectual property agreements in developing countries and has questioned the effectiveness of intellectual property protection in promoting development. Correa (2000), on the other hand, has addressed the implications of intellectual property on access to medicines, arguing that the restrictions can hinder access to treatments and endanger public health.

Examples of Economic Complementation Agreements that have generated debates.

Among the most debated and controversial economic complementation agreements in recent years in Latin America are those signed between countries in the region and extra-regional partners such as China and the European Union [7, 10]. For example, the 2006 Chile-China agreement has been strongly criticized for facilitating massive imports of low-cost Chinese manufactures, negatively affecting domestic industrial sectors in areas such as footwear, textiles, and toys. This is due to asymmetries in production scale and labor conditions between the two partners [19].

Meanwhile, the EU-Mercosur multi-party agreement has faced resistance due to alleged environmental impacts derived from greater incentives for agro-export activities such as extensive livestock farming in South American countries, with the consequent deforestation [15].

As can be seen, the controversy over the results and implications of economic complementation agreements is concentrated on those with an inter-regional scope, due to the structural imbalances between such dissimilar partners, where the effects of liberalization can be particularly regressive on local industries or natural environments. Another relevant economic complementation agreement that has generated debates and controversies is the Transatlantic Trade and Investment Partnership (TTIP). This agreement was negotiated between the European Union and the United States with the aim of creating the world's largest free trade area. However, it has been the subject of criticism due to its impact on different sectors and products [20-25].

Firstly, the TTIP has generated controversies in the agricultural sector. According to Kessler et al. (2017), this agreement has been criticized for favoring large farmers and agri-food multinationals, to the detriment of small farmers and local producers. Additionally, the impact of the TTIP on food quality and the use of chemicals in agricultural production has been discussed.

Another sector affected by the TTIP is the pharmaceutical industry. According to Torres and Vivas (2016), this agreement has been the subject of controversy due to its impact on access to medicines and their prices. Some studies suggest that the TTIP could limit the ability of governments to regulate drug prices, which could negatively affect health systems and patients.

Regarding the geographical scope, the TTIP mainly affects the European Union and the United States. However, it has also generated concern in other countries and regions, such as Latin America. According to Bergamasco (2016), this agreement has been the subject of criticism in the region due to its potential impact on Latin American exports to the European Union and the United States, especially in sectors such as agriculture and services [26-30].

Lessons and Learnings

ACEs are trade agreements between countries aimed at promoting the exchange of goods and services, as well as regional economic integration. These agreements often generate debates and controversies, from which several lessons and learnings can be extracted:

- They require a negotiation process between the involved parties. This process involves the search for consensus and dialogue among the different actors to reach mutually beneficial agreements. The ability to engage in dialogue and negotiation is crucial for the success of these agreements.
- The countries participating in ACEs often have different economic realities. It is important to consider these differences when establishing the terms of the agreement, to avoid possible imbalances and disadvantages.
- They seek to promote regional economic integration. These agreements can be an opportunity to strengthen cooperation between the involved countries and advance towards greater regional integration. However, it is necessary to work on strengthening coordination and collaboration mechanisms between countries to achieve effective integration.
- They must consider the protection of national interests. It is necessary to ensure the defense of local industries and productive sectors, so that they are not harmed by trade liberalization. This implies establishing protection and support mechanisms for vulnerable companies and sectors.
- They must be continuously evaluated to verify their effectiveness and make adjustments if necessary. It is important to analyze the results of the agreements, measure their impact, and correct possible deviations or imbalances.
- The debates and controversies highlight the importance of including different perspectives and relevant stakeholders in the negotiation and decision-making stages of ACEs. This can help identify and address diverse concerns, interests, and needs, promoting more equitable and sustainable agreements.
- These debates underscore the need to ensure transparency in the negotiations and effective citizen participation. The dissemination of clear and accessible information on the terms and conditions of ACEs, as well as the active participation of civil society, can foster greater legitimacy and acceptance of the agreements.
- The controversies emphasize the importance of conducting comprehensive impact assessments before, during, and after the implementation of ACEs. These assessments must address economic, social, and environmental aspects, and consider the differentiated effects on different sectors and social groups. This allows for the identification of potential risks and opportunities, and the implementation of corrective or preventive measures.
- Regarding the balance between liberalization and protection, the debates and controversies emphasize the need to find an appropriate balance between trade liberalization and the protection of national and local interests. It is essential to consider the capacities and vulnerabilities of the participating countries, as well as adequate safeguards to protect sensitive sectors and promote equitable economic development.
- It is fundamental to improve transparency in decision-making and ensure access to information about the agreements. This will allow citizens to be informed and participate in an informed manner in the negotiation and monitoring process of the agreements.

- The agreements must consider the needs and realities of all sectors of society, especially the most vulnerable and excluded. This implies taking into account gender, ethnicity, age, and disability, among other dimensions, to ensure that the benefits of the agreement are equitable and distributed fairly.
- It is important to establish effective oversight and control mechanisms to ensure compliance with the agreements and the accountability of the involved actors. This implies strengthening monitoring and evaluation systems, as well as promoting the participation of civil society in this process.
- Consequently, it is of particular importance to ensure the coherence of ACEs with other sustainable development objectives, such as environmental protection, the promotion of labor rights, and the reduction of inequalities. The agreements must be consistent with international and national commitments in these areas, avoiding negative impacts and promoting shared benefits.

Measuring the Efficiency, Effectiveness, and Impact of Economic Complementation Agreements (ACEs)

Measuring the efficiency, effectiveness, and impact of economic complementation agreements is a challenge due to the complexity and diversity of the impacts they can have on different sectors of the economy.

Efficiency refers to the optimization of the resources used to achieve the objectives of the agreement. To measure efficiency, indicators such as the reduction of trade barriers, the elimination of tariffs, and the simplification of customs procedures can be considered. Cost-benefit analyses can also be carried out to assess whether the economic benefits generated exceed the incurred costs.

Effectiveness is related to the degree to which the objectives and goals set out in the agreement are achieved. To evaluate effectiveness, it is necessary to consider indicators such as the increase in bilateral trade, the growth of foreign direct investment, and the promotion of production and export diversification [31-35].

Impact refers to the real impact the agreement has on the economy and society. To measure impact, indicators such as economic growth, job creation, poverty reduction, and improvements in the quality of life of the population can be evaluated. Non-economic indicators, such as sustainable development and environmental protection, can also be considered.

It is important to mention that the measurement of the efficiency, effectiveness, and impact of economic complementation agreements must be carried out in the long term, as it may take several years for the expected impacts to be fully manifested. It is also recommended to carry out constant and periodic evaluations to identify areas for improvement and take corrective measures if necessary.

General conclusions

Debates and controversies surrounding economic complementation agreements are diverse and depend on the interests and perspectives of the involved actors. However, general conclusions can be drawn on this topic:

Economic complementation agreements can generate economic benefits for the countries involved, such as expanding trade, attracting investments, and creating employment. However, these benefits can be unevenly distributed and concentrated in specific sectors, leading to inequalities and tensions among countries.

One of the main controversies surrounding these agreements is the protection of national industry. Liberalizing trade may harm some sectors harmed by foreign competition, leading to job losses and deindustrialization. Therefore, it is necessary to establish mechanisms to protect and support national industry to mitigate these negative impacts [36-40].

Economic complementation agreements can have a significant impact on small producers and farmers, as they may face challenges in competing with cheaper and higher-quality imported products. It is important to implement policies and support programs for these sectors, such as training, investment in infrastructure, and access to financing.

Another controversial aspect is environmental sustainability. As trade increases, so does production and consumption, which can have a negative impact on the environment, such as deforestation, pollution, and depletion of natural resources. It is essential to include environmental clauses and regulations in agreements to ensure environmental protection and promote sustainable practices [41-45].

The lack of citizen participation in the negotiation and decision-making of economic complementation agreements is another source of controversy. It is crucial to promote transparency and civil society participation in these processes to ensure that agreements benefit all sectors of society and not just the interests of large companies and powerful groups.

These learnings and lessons can contribute to improving the governance of economic complementation agreements, strengthening citizen participation, and ensuring that agreements promote inclusive, sustainable, and equitable economic development. Improving the governance of economic complementation agreements involves learning from past lessons and implementing measures that enhance citizen participation and promote inclusive, sustainable, and equitable economic development.
This entails ensuring transparency in the negotiation and implementation of agreements, considering social and environmental impacts, and promoting the participation of different actors in the implementation and monitoring of agreements. By doing so, economic complementation agreements can be effective tools for promoting development and improving people's quality of life [46-50].

Economic complementation agreements are a complex issue that sparks debates and controversies on various aspects. It is necessary to find a balance between economic benefits and the protection of vulnerable sectors, as well as promoting environmental sustainability and citizen participation in these processes.

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