

Important as that historical legacy may be, Iglesias acknowledges that regional integration is a "subset" of the larger global integrationist movement and development model that the IDB supports. From his perspective and that of neo-liberals generally, "the dynamics of markets induce the integration of markets, regions and people. The larger markets and competition brought on by this process enhance specialization, efficiency and growth with corresponding welfare gains."⁸

As Iglesias notes, part of the Bank's agenda is to ensure that political, economic and institutional barriers in Latin America do not impede the growing market economies. He might add that there are also impediments to such development created more by the major industrial economies than by Caribbean and Latin American nations. For instance, although there have been continued advances in integration, problems remain. The absence of fast-track approval in the United States has delayed Chilean entry into NAFTA. In the absence of initiative from the United States, Chile has pursued bilateral linkages with Canada; Chile and Mexico have undertaken talks with the Asia-Pacific Economic Co-operation Forum (APEC); Chile and Mercosur have signed trade and economic cooperation agreements with the European Union. The deeper fear is that the continued strength of Congressional protectionism in the United States will erode the commitment to liberalization and integration of the past two decades. Peru left the Andean Group in 1992, and although agreement has been reached for its full re-integration into the Group, that will not be completed until 2005. In the interim it continues to hold special status. The small island economies of the Caribbean remain on the margin of the integration initiatives. They are confronted still with high costs of production and transportation as well as inadequate internal markets. A number of the Caribbean economies also are concerned that the trade preferences provided by the European Union in the Lomé IV agreement, which expires in 2000, will not be

⁸Iglesias, "The New Face of Regional Integration in Latin America and the Caribbean," Presentation at the Annual World Bank Conference on Development in Latin America and the Caribbean, Montevideo, June 29-July 1, 1997.