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NOTAS Y COMENTARIOS

**INCREASING COMPLEXITY: AUSTRALIA'S
FOREIGN POLICY LINKS WITH LATIN AMERICA,
1973 TO 2019**

*COMPLEJIDAD CRECIENTE: VÍNCULOS DE LA
POLÍTICA EXTERIOR DE AUSTRALIA CON AMÉRICA
LATINA, 1973 A 2019°*

*Alexis Esposto**
*Malcolm Abbott***
*My Tran****

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Abstract

This paper provides an analysis of the evolution of engagement and trade between Australia and Latin America. These regions are seen as competitors, but trade and engagement has recently increased. We examined this growth from the 1970s, by analysing trade, foreign direct investment, and migration and tourism flows. This article investigates how both parts of the world have engaged and dealt with international conflicts, either in terms of diplomatic or multilateral cooperation. The paper concludes that there are many possible channels for cooperation and further trade and engagement open to both.

JEL Codes: F01, F13, F14, F21, F42, F50.

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Resumen

Este documento proporciona un análisis de la evolución de la cooperación y el comercio entre Australia y América Latina. Estas regiones se consideran competidoras, pero el comercio y la participación han aumentado recientemente de una manera significativa. Los autores examinan el crecimiento del comercio y los distintos tipos de intercambios desde la década de 1970, mediante el análisis del comercio, la inversión extranjera directa y los flujos migratorios y turísticos. El documento investiga cómo ambas partes del mundo se han comprometido diplomáticamente y han participado en los conflictos internacionales, ya sea en términos de cooperación diplomática o multilateral. El estudio concluye que hay muchas vías abiertas para la cooperación y un mayor comercio y participación disponible para ambos.

Códigos JEL: F01, F13, F14, F21, F42, F50.

INTRODUCTION

The foreign policy of Australia has tended to concentrate on this nation's relation with its traditional allies (the United Kingdom and the United States) and with its immediate neighbours in the Asia-Pacific region. Research on this matter has also followed this vein¹ (Watt, 1967; Millar, 1978). This study has addressed diverse fields such as trade, aid, defence, immigration, and other political issues (Miller, 1983; McDougall, 2009). Compared to these relations, Australia's links with other countries have generally attended to trade-related matters (McDougall, 2009, p. 377). This emphasis applies to Australia's relations with Latin America, which, in recent times, have developed as trade and investment has grown between the two regions (Abbott & Esposto, 2016; Kenyon & van der Eng, 2014; Esposto & Pereyra, 2013).

This expansion in trade and investment is accompanied by an increasing recognition of the importance of diplomatic relations between Australia and Latin America. These relations have a long history and, despite an emphasis on trade, have been influenced by diplomatic and political issues. In particular, there has been a long participation among the countries in multinational organisations like the United Nations (and its affiliated bodies), commodity agreements, and other international associations. Until the 1970s, these relations tended to be non-significant in nature, but they gradually intensified over time.

The purpose of this paper is, therefore, to provide an analysis of the development of foreign policy and other links between Latin America and Australia since 1973. The paper applied a thematic approach and considered a number of aspects of the relation between these territories. The first two sections describe the general context of development of these regions, as well as the expansion in trade and investment between them. This is followed by a discussion on the effect of the growth of migration and tourism between the two regions. The paper then presents an explanation of the nature of diplomatic representation between Australia and Latin America and participation in multilateral organisations. In the final section, some conclusions are provided.

¹ 1. See Alan Watt, *Evolution of Australian Foreign Policy 1938-1965*. CUP Archive, 1967 and Thomas Bruce, Millar, *Australia in Peace and War: External Relations, 1788-1977*. (1978).

I. GENERAL DEVELOPMENT

In order to understand the evolution of the relations between Latin America and Australia, it is necessary to be able to appreciate the general development of the two regions. This development has encouraged Australia to consider that there are increasing prospects to promote relations between this country and Latin America.

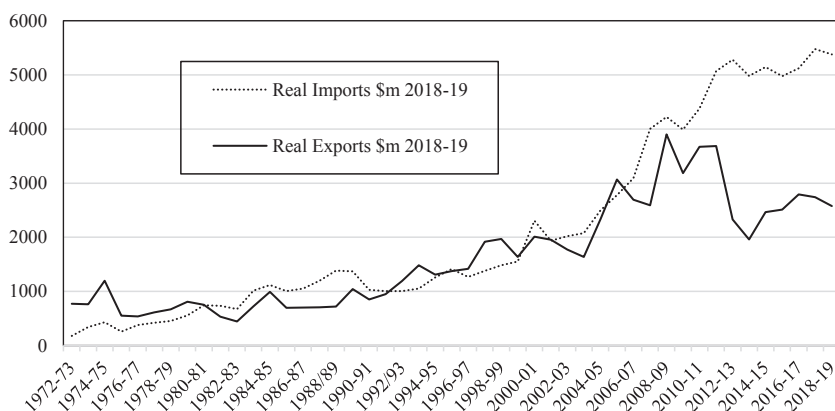
In 2012, the Australian government explicitly acknowledged that Latin America provided many opportunities for engagement (Commonwealth of Australia, 2012). Although trade between the two regions had been occurring for many decades (Abbott & Esposto, 2016; Esposto & Pereyra, 2013; see also Figures 1 and 2), no clear recognition was obtained until the *Australia in the Asian Century* White Paper was published (Commonwealth of Australia, 2012). The argument made therein was that Australia needs to be open to a range of opportunities in order to position itself as part of a network of regional trade agreements. Furthermore, it is also a strategic way to strengthen and change its status as a 'soft power' in a region where the influence of this country has not been strong. As part of this process in recent times, Australia has tried to promote agreements throughout the Pacific in order to create a connection between the markets of Asia and the open trading countries of Latin America (Commonwealth of Australia, 2012, pp. 208–209). Despite the new changes in the United States administration that have led to a more sceptical view of multilateral agreements, the Australian government still believes that Latin America offers a space for a new commercial network of collaboration in order to engage with this region that is currently reducing trade barriers.

To begin with, Table 1 provides population and GDP information on eight selected Latin American countries. Together, these nations have a total population of more than 540 million and an average per capita income of US\$ 18,147. The combined total GDP of these economies is almost 8 times that of Australia and provides a considerable market for investment, goods, and services of this country. Furthermore, Latin American middle classes have been growing rapidly in size in recent years (see, for example, Ferreyra et al., 2013 and Calderon, 2012). Moreover, compared to other regions, Latin America was able to navigate relatively well through the global financial crisis.

The comparative success of Latin America in the last few years is evidenced by considering the income per capita growth in the GDP figures shown in Table 2 for the same eight Latin American countries and Australia between 1970 and 2018 using international Geary-Khamis dollars. It is noteworthy the significant level of income

convergence experienced in the short and long term. Of the eight Latin American countries, five (Chile, Colombia, Peru, and Uruguay) obtained relative income convergence with Australia, especially after the global financial crisis, having grown by an average of around 3.5% compared to Australia's 3.3% annual growth between 2010 and 2019. For Argentina, Brazil, and Venezuela, this same period was characterized by a relative income divergence (negative growth), where these economies expanded, but by much smaller margins. Between 1970 and 2015, four of these economies' income converged to that of Australia's, namely, Brazil, Chile, Colombia, and Uruguay.

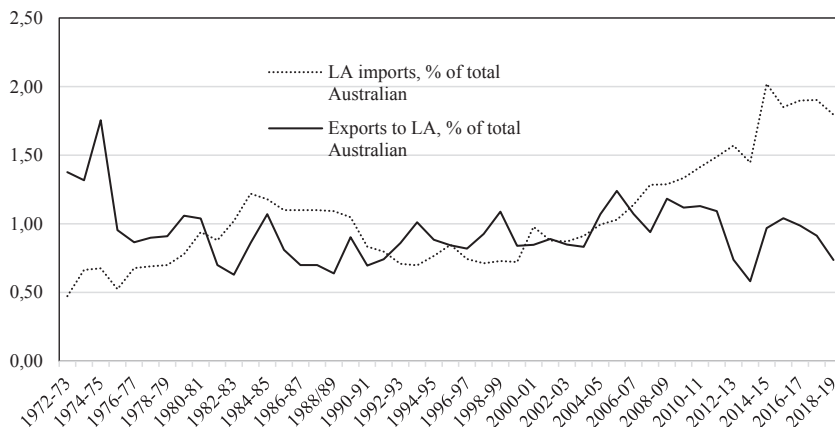
Figure 1. Real value of Australian exports to, and imports from, Latin America 1972/73 to 2018/19 (\$A 000s 2018/19)



Source: Australian Bureau of Statistics, *Consumer Price Index Australia*. Cat. No. 6401.0 (1972/73-2019/20); *Overseas Trade Australia*. Ref. No. 8.11 (1972/73-1973-74); *Overseas Trade part I - Exports and Imports*. No. 5409.0 (1974/75-1976-77); *Foreign Trade Australia* no. 5409.0; *International Trade in Goods and Services, Australia*. Cat no. 5368 (1988/89-); *Balance of Payments and International Investment Position Australia*. 5302.0 (1961-2019).

Since the 1960s, the average annual growths of GDP in Latin America and Australia have been relatively similar. However, that of Australia has been more stable over the years, experiencing lower levels of fluctuations as compared with the eight Latin American countries, as shown in Table 3. It is perhaps this higher level of volatility in growth trends that gives Latin America a 'bad reputation' for not having consistent growth rates. An explanation for this inconsistency can be attributed to the poor institutional performance of Latin American countries in contrast with that of Australia (e.g., Robinson & Acemoglu, 2012; Esposto & Thomé, 2009; Gerchunoff & Fajgelbaum, 2005).

Figure 2. Proportion of Australian exports to, and imports from, Latin America as a percentage of all Australian exports and imports: 1972/73 to 2018/19



Source: Australian Bureau of Statistics, *Consumer Price Index Australia*. Cat. No. 6401.0 (1973-2020); *Overseas Trade Australia*. Ref. No. 8.11 (1972/73-1973/74); *Overseas Trade Part I - Exports and Imports*. No. 5409.0 (1974/75-1976/77); *Foreign Trade Australia* no. 5409.0; *International Trade in Goods and Services, Australia*. Cat no. 5368 (1988/89-); *Balance of Payments and International Investment Position Australia*. 5302.0 (1973-2019).

In spite of this, Latin American countries have pursued a policy towards opening up trade opportunities with the rest of the world in the period from the mid-1980s. One way to analyse this is by comparing average tariff levels over time and the growth in trade as a percentage of GDP. Table 4 provides this analysis by detailing the decline in tariff impositions for both Australia and Latin American countries. This table has two sections. The first part shows the percentage of the level of tariff rates applied to the mean of all products imported between 1989/93 and 2019. All countries with the exception of Uruguay reduced their tariff rates by up to 29.5% (Brazil) and 3.1% (Colombia). The second part of the table evidences the growth in trade as a percentage of the total GDP between 1961 and 2019. In terms of increasing trade patterns, all countries, including Australia, raised their presence in world markets. Of the countries listed in the table, the greatest opening to world trade as a percentage of GDP was recorded in Argentina (from 11.9% to 32.6% of GDP) and Mexico (from 19% to 77.9% of GDP).

In summary, both Australia and the selected Latin American countries have pursued similar policies of trade openness. The opportunities for these regions to continue an open policy of trade and international cooperation are in their early

stages, and sustained engagement is required to ensure higher levels of trade. There has been a long-term increase in the volume of trade between the two regions since the 1970s (Figures 1 and 2), and it is expected to extend in the future and, in addition, economic relations will be intensified by a rise in investment flows as well.

Table 1. Population, GDP, and per Capita GDP of Australia and a selection of Latin American countries 2019 (number and current PPP \$US)

	Population	GDP \$US billion	GDP per capita \$US
Argentina	44,938,712	1033.5	22,997
Australia	25,365,745	1324.2	52,203
Brazil	211,049,519	3247.7	15,388
Chile	18,952,035	492.3	25,975
Colombia	50,339,443	786.4	15,621
Mexico	127,575,529	2608.6	20,448
Peru	32,510,462	435.6	13,397
Uruguay	3,461,731	83.1	24,007
Venezuela	28,515,829	209.4	7,344

Source: World Bank website <http://data.worldbank.org/>

CIA, World Factbook website, <https://www.cia.gov/library/publications/resources/the-world-factbook/>

Table 2. Per Capita GDP of Australia and a selection of Latin American countries from 1970 to 2018 (2011 International Geary-Khamis dollars)

	1970	1980	1990	2010	2018
Argentina	11,639	13,080	10,254	18,980	18,556
Australia	19,166	22,972	27,373	45,400	49,831
Brazil	4,635	8,249	7,842	14,216	14,034
Chile	8,195	9,024	10,203	18,910	22,105
Colombia	4,932	6,786	7,693	11,192	13,545
Mexico	6,873	9,929	9,699	14,697	16,494

Peru	6,143	6,795	4,795	9,508	12,310
Uruguay	8,030	10,546	10,305	16,416	20,186
Venezuela	15,289	16,270	13,251	17,106	10,710

Source: Maddison, *Statistics on World*.

Table 3. Average annual growth of real GDP of the Australian and Latin American economies. % pa

	Australia	Latin America (8)
1960s	5.1	5.3
1970s	3.7	5.8
1980s	3.4	0
1990s	3.6	2.9
2000s	3.5	3.6
2010s	2.7	4.0

Source: Maddison, *Statistics on World*. Latin American countries include: Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay, Venezuela.

II. TRADE AND INVESTMENT

II.1. Trade

Trade relations between Australia and Latin American nations are generally seen as being incompatible due to their competitiveness in the export of primary products. This is in spite of the fact that both regions belong to the same hemisphere and have had similar economic histories (Gonzalez et al., 2015). In comparison to Asia, Australian trade with Latin America has not been strong, but it has had a long history, mainly in terms of specialised products and those related to the development of the agricultural and mining sectors (Abbott & Esposto, 2016). In the beginning of the 20th century, Australia's most important trading partners in Latin America were Chile and Peru, which purchased coal and wheat in large proportions. Australian imports from Latin America consisted mainly of backward trade in the form of fertilisers and nitrates from Chile and rubber from Peru (Abbott & Esposto, 2016, pp. 5-6).

Table 4. Indicators of the openness of the Australian and Latin American economies

	<i>Tariff rate, applied mean all products %</i>	<i>Trade</i>			
	<i>(% of GDP)</i>				
	<i>1989-93</i>	<i>2019</i>	<i>1961</i>	<i>1980</i>	<i>2019</i>
Australia	20.1	2.03	27.4	32.4	45.7
Argentina	14.2	12.18	11.9	11.5	32.6
Brazil	42.9	13.43	14.6	20.4	28.5
Chile	11	1.04	28.1	43.2	56.9
Colombia	6	2.85	26.8	27.3	37.5
Mexico	14.3	3.28*	19	23.6	77.9
Peru	17.9	1.27	44	42	46.8
Uruguay	7	9.94	30	36	49.6
Venezuela	17.1	11.9	44	50.6	-

Source: World Bank, World Development Indicators.

*2018

As both Latin American countries and Australia began to open up from the early 1970s (see Table 4), the share of Australian exports to, as well as imports from Latin America as a percentage of the total trade began to grow. Table 5 shows that during the periods 1973/4, 2004/05, 2014/15, and 2019/20, the trade proportion of exports and imports increased, but the pattern of growth was not constant for both imports and exports. In relation to Australian imports, the greatest proportional expansion occurred for Mexico and 'other Latin American countries,' while the sharpest decline for imports occurred for Brazilian imports (see Table 5). The period between 2014/15 and 2019/20 shows decreases in the proportion of trade, perhaps due to Australia's close trade relation with China² and the rest of Asia.

² The trade relation between Australia and China has deteriorated lately, offering major trade opportunities with Latin America.

Table 5. Proportion of Australian exports to and imports from Latin America as a percentage of Latin American countries

	1973/74	2004/05	2014/15	2018/19
Imports				
Argentina	10.1	10.9	15.2	13.9
Brazil	54.7	33.8	11.9	15.9
Chile	10.7	6	17.7	12.3
Mexico	18.2	40.6	43.9	47.6
Peru	2	4	3.2	6.9
Other	4.3	4.7	8.1	3.4
Total	100	100	100	100
Exports				
Argentina	7.7	6.2	9.1	10.8
Brazil	8.6	35.6	49.8	47.5
Chile	43	9.4	10.9	12.5
Mexico	16.5	38.5	19.2	8.8
Peru	17.5	3.4	3.6	3.9
Other	6.7	6.9	7.6	16.5
Total	100	100	100	100

Source: Australian Bureau of Statistics, *Overseas Trade Australia*. Ref. No. 8.11 (1973-74); *Foreign Trade Australia* No. 5409.0; *International Trade in Goods and Services, Australia*. Cat no. 5368 (1988/89)

It can be argued that the reduction in the proportion of imports from Brazil have occurred for four reasons. The first one takes place in a context of decreasing imports from Brazil resulting from a decline in world trade driven by what Eggertson et al. (2016) described as “conditions of secular stagnation” that arose out of the global financial crisis. These conditions are characterised by a below target inflation and a sluggish world output growth, a phenomenon that is impacting strongly on the world economy, but more so on the developed world and, as a corollary, on countries such as Brazil. Second, Brazil has entered a period of deep recession in which domestic aggregate demand has fallen considerably, thus causing a sharp

drop in Australian imports, as well as a slowdown in trade in the region. Third, the crisis has been further accentuated due to revelations of a series of corruption scandals, which have also reduced confidence in Brazil's economy and, therefore, in its output and domestic demand. The last reason is that, as Australia's trade relation with Latin America has deepened, both the types of goods imported in Australia and the countries of origin have diversified. In terms of exports, Australia's proportions are larger for Brazil, Mexico, and Chile.

II.2. Foreign Direct Investment

Besides trade, another way of strengthening international integration and engagement between Latin America with Australia is through foreign direct investment (FDI). FDI takes many forms and comprises the acquisition of overseas firms, joint ventures, the creation of new overseas subsidiaries or branches, and greenfield investments (Eiteman et al., 2016).

Worldwide flows of FDI increased, but at a very low rate, between the 1970s and 1980s; however, this rate has accelerated since the 1990s. Although this growth has been persistent, it has not been even, thus mainly favouring the developed countries of the Organisation for Economic Co-operation and Development (OECD). In addition, the share of FDI directed to emerging economies rose between 1985 and 2015, with China being the main beneficiary (see Krugman et al., 2015). More recently, however, due to weak worldwide economic development, the pattern of growth in FDI has been massively affected, particularly in developing countries. According to UNCTAD:

Economic recession in *Latin America and the Caribbean*, coupled with weak commodities prices for the region's principal exports, factored heavily in the decline in FDI flows to the region (down 19% to US\$135 billion). In South America there were sizable falls in Brazil (from US\$65 billion to an estimated US\$50 billion) and Chile (from US\$16 billion to an estimated US\$11 billion). In Central America, despite its relatively stronger economic performance, flows also fell led by a 20% reduction in Mexico (from US\$33 billion to US\$26 billion). (UNCTAD, 2017, p. 5)

In spite of the falls, FDI provides a mechanism for economic integration. Such economic integration may be achieved through sound policy structures that provide financial strength and stability and can "promote economic development and enhance the well-being of societies" (OECD, 2008, p. 3).

Unfortunately, detailed trends in FDI are difficult to quantify and analyse, because sources of data are not sufficiently convincing and informative (McKissack & Xu, 2016, p. 1). This problem is further accentuated when trying to analyse and quantify FDI flows between Australia and Latin America for three specific reasons. Firstly, a major limitation is that foreign direct investment series have been subject to numerous revisions over the years due to methodology changes. Secondly, not all countries present available data for all years. Thirdly, a lot of data is not reported correctly or is not totally disclosed due to issues of confidentiality (Esposto & Fien, 2016, pp. 114-116). Furthermore, a work by van der Eng and Kenyon concluded that it is problematic “to provide a comprehensive overview of business interactions between Australia and Latin America” (2014, p. 121). These authors argued that many Australian multinationals tend to organise the takeover or purchase of Latin American businesses by their overseas subsidiaries, in which case the FDI component is not recorded in Australia’s investment position.

Thus, these data and information constraints pose serious difficulties in relation to the analysis of two-way FDI investment not only in Latin America, but also in Australia, as well as other parts of the world. Even despite these difficulties, there is little doubt that, in recent years, there has been a growth in FDI flows between the two regions, especially focused on the investment of Australian mining companies in Latin America (van der Eng & Kenyon, 2014). Therefore, it is possible that the future development of FDI flows will be the most important part of the growing economic relation between Latin America and Australia. However, measuring or estimating flows correctly will continue to be a major challenge.

III. MIGRATION AND TOURISM

In addition to trade and investment flows, migration and tourism are also indicators of two-way engagement between nations and groups of nations. One way of understanding how this engagement has increased is through tourism and migration movements over time. In this analysis, we begin with permanent arrivals to Australia from Latin America and the Caribbean (LAC). Engagement between Australia and LAC has had a long history (Abbott & Esposto, 2016). According to Del Río, the first recorded migration of Latin Americans to Australia dates back to 1837 (2014, p. 169) and was a well-known Chilean politician who was forced into exile, a not uncommon practice in Latin American events. Ramón Freire “played a key role in Chile’s history. Freire arrived in Sydney on 3 July 1837, after being ousted from his position as President of Chile and exiled by a military coup” (Del Río, 2014, p. 169).

Trying to describe Latin American migration is not simple. Most attempts have centred on the idea of grouping them in terms of the sharing of the Spanish language (Urribarri et al., 2016, p. 18). Since then, several waves of immigrants arrived to Australia at different historical periods. López succinctly described the waves of Hispanic migration as follows:

Historically, there have been four successive immigration waves from Hispanic countries to Australia. The first wave consisted of Catalan migrants from the mid 1800s to around 1933. This was followed by a significantly larger wave of Spanish migrants during the early 1960s to the mid 1970s. The third wave originated from South America during the early 1970s to the late 1980s. The fourth wave arrived from Central America during the 1980s to the early 1990s. (López, 2005, p. 103)

Table 6 and Figure 3 detail the number of settler arrivals from LAC from 1970/71 to 2018/19. Over time, the migration levels from LAC have been steady as shown in Figure 3, indicating that the flows have been consistent with the immigration policy between 1970/71 and 2018/19. Migrations peaks occurred in 1975-76 (6.4% of settler arrivals) and in 1985-86 (4.2% of settler arrivals). Clearly, the migration of the mid-1970s occurred as military juntas seized political power in South American countries, namely Argentina (1975), Chile (1973), and Uruguay (1973). These juntas created a reign of terror and forced many people to flee their countries. These groups of political migrants and refugees were also joined by specialist and technical workers from the same countries (Urribarri et al., 2016, p. 20).

The second strong wave of settler arrivals began in the late 1980s and was accentuated in the first decade and a half of the new 21st century. Salvadoran refugees fleeing the civil war during the 1980s constituted a large part of the Latin Americans who settled in Australia. During the 1990s, this second wave of migration started to change. According to Del Río (2014) and Urribarri et al. (2016), most of this migration was due to a shift from a government policy of family reunification towards one of skilled migration. A major component of this rise in migration of highly skilled migrants also included a large number of students arriving in Australia from Brazil, Colombia, and Mexico. These new migrants from Latin America came to Australia with language skills and educational profiles that allowed them to obtain new occupations and employment, often comparable to the opportunities available in their home countries (but with higher remuneration) (Urribarri et al., 2016, p. 29).

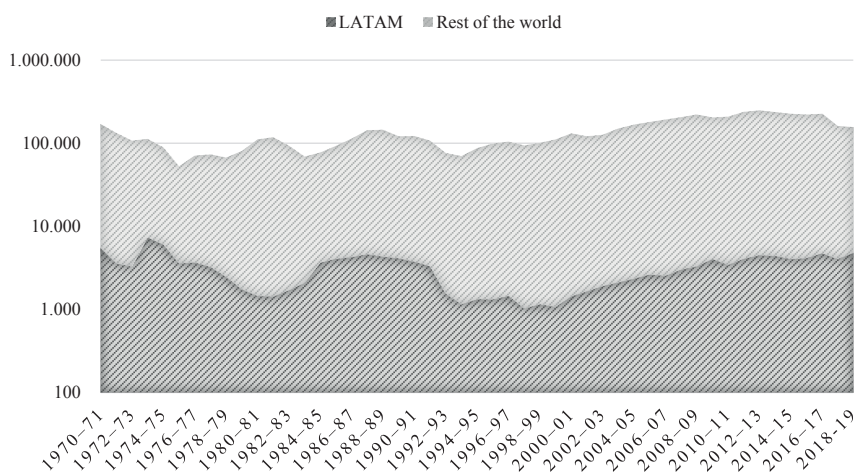
Table 6. Number and percentage of permanent additions*, 1970 to 2019, persons

Region	1970-71	1975-76	1980-81	1990-91	2000-01	2009-10	2014-15	2018-19
LATAM permanent additions	5,188	3,592	1,451	3,745	1,438	4,084	4,046	4,807
Rest of the world permanent additions	164,823	49,160	109,238	117,943	129,724	204,837	221,873	151,598
Total	170,011	52,752	110,689	121,688	131,162	208,921	225,919	156,405
% LATAM of total permanent additions	3.05%	6.81%	1.31%	3.08%	1.10%	1.95%	1.79%	3.17%

*Permanent additions consist of settler arrivals and onshore migration.

Source: Australia, Department of Immigration and Border Protection, Historical Migration Statistics, *Department Immigration and Border Protection Website*: <http://www.border.gov.au/>

Figure 3. Settler arrivals to Australia, LATAM and rest of the world: 1970/71 to 2018/19.



Source: Department of Immigration and Border Protection, Historical Migration Statistics, *Department Immigration and Border Protection Website*: <http://www.border.gov.au/>

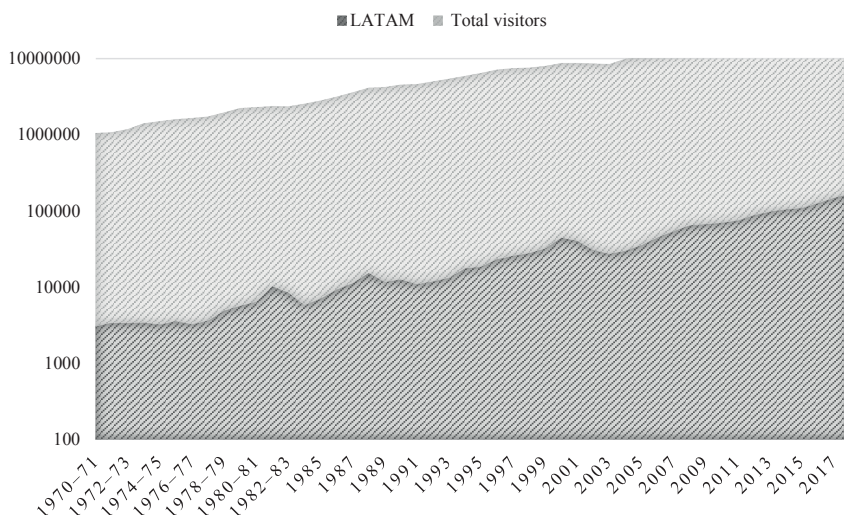
In terms of tourism, data on these flows are obtained from questionnaires in the form of outgoing and incoming passenger cards that have to be completed by people arriving in or leaving Australia. The cards provide detailed information to the Australian Department of Immigration and Border Protection Affairs. These data are the main source of statistical information of overseas arrivals and departures.

Figures 4 and 5 show the evolution of engagement between Australia and Latin America over almost five decades. The striking feature is the strong increase of arrivals and departures from Australia for short-term periods. From 1971/2 to 2019, the rise of short-term movement, visitor arrivals to Australia was thirty times greater, from a paltry 3,416 visitors in 1971/2 to a substantial 104,600 in 2014. Similarly, the number of departures from Australia to Latin America grew 79 times, from a meagre 1,353 to more than 110,000 Australian visitors. A major cause of this expanding engagement has been the increase in flights between Australia and Latin America. Direct flights between these regions did not exist until the 21st century. The first was an Aerolineas Argentinas flight on June 7th, 1980, which was later discontinued in 2014 (Potenze, 2014). LAN, now LATAM, had its first flight to Sydney via Auckland in 2002. Qantas flights from Sydney to Buenos Aires began in 2008 and to Santiago, in 2012. In 2015, Air New Zealand established a flight connection between Buenos Aires in Argentina and Auckland, later linking to centres in Australia. These links promoted travel between the two regions, but were also encouraged by the growth in migration, which created a market for travel for family reasons.

This increase in engagement is further supported by the work of Gonzalez et al. (2015), who investigated reciprocity in terms of trade flows between Latin America and Australia using the pairwise Granger causality test. Results from this study indicate that reciprocity can be considered as a market penetration strategy. This phenomenon is further substantiated by the great surges in flows of visitors to and from Australia and Latin America.

As tourism links grew, so did sporting ones. This type of links between Australia and Latin American countries did not exist until the introduction of wide-body aircrafts in the 1960s. One exception to this was the 1956 Olympic Games held in Melbourne, Australia, and in which most Latin American countries participated. Although there were no direct flights between any of the Latin American nations and Australia in the last decades of the twentieth century, improved air passenger transportation did allow some links after 1973.

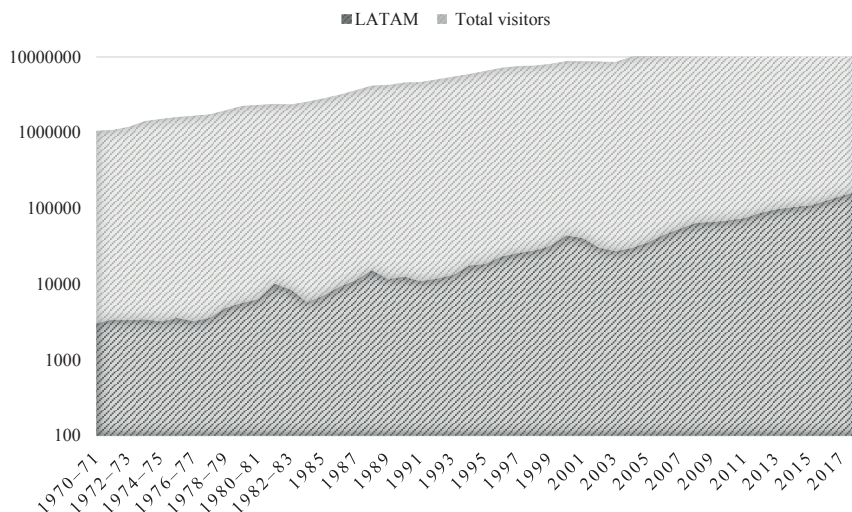
Figure 4. Total visitor arrivals, 1971-72 to 2019, persons.



Source: Australian Bureau of Statistics, cat no. 3401.0: *Overseas Arrivals and Departures, Australia, Short-term Movement, Visitor Arrivals, Table 3.*

For instance, in 1974, the Australian Soccer Federation, as part of its preparations for its participation in the Football World Cup finals in West Germany, invited the Uruguayan national team to play matches in Melbourne and Sydney. These matches were the first between the Australian team and the Latin American ones. In the same year, Australia played its first game against Chile in Germany at the 1974 World Cup. Later, in 1988, to celebrate the country's bicentenary, Australia invited Brazil and Argentina to participate in a tournament. This was the first time these countries played against Australia. More and more matches were held between Australia and other Latin American nations: Colombia in 1995, Paraguay in 2005; Mexico in 2000, and Costa Rica in 2013. In addition, in 1979, the Australian rugby team toured Argentina for the first time. Argentina's first visit to Australia was in 1983. Since then, there have been regular contests. The most important of those is that Argentina was invited to join the Tri Nation rugby tournament in 2009 (ESPN Scrum, 2009). In 2012, this tournament took a new format known as "The Rugby Championship" and comprises its original members: Australia, New Zealand, and South Africa, with Argentina being the latest addition.

Figure 5. Total resident departures, 1971-72 to 2019, persons.



Source: Australian Bureau of Statistics, cat no. 3401.0: *Overseas Arrivals and Departures, Australia, Short-term Movement, Resident Departures, Table 7.*

The development of migration of people from Latin America to Australia over the period since 1973 contributed, through the travel of people for family reasons, to establish permanent flights between these territories. This, in turn, has helped foster tourism growth between the two regions. A degree of political stability in Latin America from the 1990s onwards has also favoured the promotion of Australian tourists visiting Latin America, while the increase of income in Latin America has boosted the opposite.

IV. DIPLOMATIC REPRESENTATION AND CONFLICTS

The growth in trade, investment, migration, and tourism has meant that diplomatic ties between Australia and Latin American countries have become more important. Direct diplomatic relations between these regions occurred in two phases: first, the opening of legations immediately after World War II (Brazil and Chile in 1946) and, then, in the 1960s, when Australian embassies were created in Argentina (1962), Mexico (1966), and Peru (1968). From then on, Australian consulates have been opened in Bolivia, Colombia, Uruguay, and Ecuador, with no substantial measures being taken since 1973 to increase the formal representation

of the Australian government in Latin American countries. On one occasion, the Australian government closed its embassy in Peru in 1986, as it considered that the little work conducted in this embassy was not enough to justify its operation. However, this embassy was reopened in 2010, due to an increase in investment by Australian mining companies in Peru after that year (for a list of Australian embassies and consulates in Latin America, see Table 7).

Since 1973, the work of diplomats in Australian-Latin American relations has tended to remain trade-related, beginning with the signing of minor trade treaties between Australia and Peru in 1975 and between Australia and Brazil in 1978 (Table 8). Broader links were fostered with bilateral negotiations after the turn of the century in order to promote scientific and educational transfers between Australia and some Latin American countries (Argentina in 2003, Brazil in 2010 and 2012, and Colombia in 2009). This reflected a growing realisation that, given the variety of similar export mixes of countries, there is probably more scope for transfers of investment and business and scientific knowledge rather than trade between countries. Finally, Australia negotiated a more substantial free trade agreement with Chile in 2009.³

There were not many broader points of cooperation and conflict between Australia and Latin American nations from 1973 to 2019. Despite the periods of turmoil in a number of Latin American countries during that time, these events did not significantly affect diplomatic relations between the countries, although they did influence trade between the two regions from time to time. For instance, the political turmoil associated with the overthrow of the Allende government in 1973 led to a decline in economic activity in Chile and less trade between that nation and Australia until the mid-1980s. Financial crises in countries such as Mexico and Argentina in the 1980s also influenced trade.

Before the 1970s, the Australian government tended not to get involved in Latin American politics and not to comment on the nature of the political turmoil that took place in that part of the world. As immigration from Latin America to Australia before the 1970s was very limited, there was no domestic constituency with a strong interest in Latin American controversies, and the general public in Australia took little interest. There were also no direct flights between Australia and Latin America; therefore, the number of tourists travelling between the two regions was relatively lower.

³ Trade treaties prior to 1973 include minor ones between Australia and Brazil (1939, 1951), Argentina (1950, 1962), Chile (1967), and Mexico (1963) (Table 8).

Table 7. Australian diplomatic representation in Latin America

Embassy in Argentina, opened in 1962
Consulate in Bolivia
Legation in Brazil, opened in 1946, replaced by an Embassy in 1954
Legation in Chile, opened in 1946, closed in 1949, reopened in 1954, replaced by an Embassy in 1968
Consulate in Colombia
Consulate in Ecuador
Embassy in Mexico, opened in 1966
Trade Commission in Peru, opened in 1961, replaced by an Embassy in 1968, closed in 1986, and reopened in 2010
Consulate in Uruguay

Source: Abbott and Esposto (2016) and van der Eng and Kenyon (2014)

Trade between these territories was very small, although it had been increasing since the early 1960s. Even with this limited trade, periodic trade disputes did occur, which involved Australia's diplomatic service. For instance, in November 1992, the Mexican imposition of a tariff on Australian beef exports originated protests by the Australian government (Canberra Times, 1992, p. 4). Increased US imports of beef to Mexico in the 1990s encouraged the Mexican government to take measures against beef from other countries, such as Australia. These types of disputes reappeared from time to time as a result of the protectionist regimes implemented by the various countries.

Australia had little interest in the traumatic political climate of Latin America, although occasional events in Latin America caught the attention of some Australians. After the military overthrow of the Allende government in Chile in 1973, the Australian government made periodic protests for the suppression of human rights. These continued throughout the Pinochet regime in Chile (Canberra Times, 17 June 1983, p. 6). A sit-in of Chilean women took place at the Australian embassy in October 1985 to protest against human rights abuses in Chile (Canberra Times, 9 May 1985, p. 7). Chilean union officials held a similar sit-in in October 1993 to demonstrate against the dismissal of workers by an Australian company in Chile (Canberra Times, p. 19 October 1993, p. 5).

Table 8. Trade and other agreements between Australia and individual Latin American countries

Argentina	
Australia-Argentina Trade Agreement	1950
Embassy in Argentina	1962
Memorandum of Understanding between the Department of Education, Science and Training of Australia and the Secretariat of Technology, Science and Productive Innovation of Argentina	2003
Brazil	
Australia-Brazil Trade Agreement	1939
Australia-Brazil Trade Agreement	1951
Australia-Brazil Trade Agreement	1978
Memorandum of Understanding between the government of Australia and the government of the Federative Republic of Brazil for the Consultations on Matters of Common Interest	1990
Memorandum of Understanding between Australia and Brazil for the Establishment of an Enhanced Partnership	2010
Memorandum of Understanding between the government of Australia and the government of the Federative Republic of Brazil on Cooperation on Major Sporting Events	2010
Australia-Brazil Strategic Partnership	2012
Chile	
Australia-Chile Trade Agreement	1967
Australia-Chile Free Trade Agreement	2009
Colombia	
Memorandum of Understanding on Strengthening Bilateral Trade and Investment between Australia and the Republic of Colombia	2009
Mexico	
Australia-Mexico Trade Agreement	1963
Memorandum of Understanding to formalise political consultations between the Mexican Ministry of Foreign Affairs and the Department of Foreign Affairs and Trade.	2009
Peru	
Australia-Peru Trade Agreement	1975

Source: Abbott and Esposto (2016) and van der Eng and Kenyon (2014)

More critically, diplomatic relations between Australia and Argentina were strained in 1982, when the Australian government recalled its ambassador as protection against the Argentinian invasion of the British-controlled Falkland Islands (Canberra Times, 7 April 1982, p. 1). In addition, an Australian embargo was applied to Argentine imports for a time (Canberra Times, 9 April 1982, p. 1). The Argentine government responded with counter measures. The main effect of this dispute was that the Australian government withdrew a proposal to sell surplus military aircraft to Argentina and instead sold them to other countries, mainly New Zealand.

The restoration of democracy in most Latin American countries from the mid-1980s onwards has made these types of incidents gradually disappear. The more open economic policies pursued by the Latin American and Australian governments since the late 1980s also meant that the minor trade controversies that occurred from time to time tended to lose importance as well.

Points of minor conflict did still arise. For instance, in November 1993, the Australian government expressed reservations about Chile's application to join the Asia-Pacific Economic Cooperation (APEC). Prime Minister Paul Keating, who stated that the country was too distant from the other partner nations, decided not to make any major attempt to stop Chilean membership (Canberra Times, 13 November 1993, p. 3). These types of disputes, however, have been rare and the current almost universal practice of democracy and openness to trade in Latin America has meant that there are fewer points of conflict.

V. MULTILATERALISM

One important way in which Australia has interacted diplomatically with Latin American countries during the 20th century has been through this nation's membership in a range of multilateral international organisations. To a large extent, Australia's diplomatic relations with the whole world began thanks to its participation in international arrangements and agreements. These types of international organisations have tended to occur in waves. The first one has been intergovernmental organisations such as the League of Nations and the United Nations; the second wave, through commodity associations and agreements (for a list of these, see Table 8); and the third one, by means of the cooperation of Australia and Latin American countries in multilateral trade agreements like the General Agreement on Tariffs and Trade (GATT), APEC, and the Trans-Pacific Partnership (TPP).

Although Australian participation, along with a few Latin American nations, in international commodity agreements dates back to the 1930s, it intensified in the 1970s and became the major form of engagement between Australia and Latin America. Subsequently, these attempts declined from the late 1980s onwards, with the collapse and cessation of a number of these schemes, and multilateral trade negotiations became more important.

Formally, Australian international diplomacy began with the membership of this country in the League of Nations in 1920. Thanks to this first membership and then to that of the United Nations, the representatives of Australia and Latin America began working together. From this initial interaction, primary producing countries signed commodity agreements, including Australia and some of the Latin American nations, often under the auspices of the League of Nations and, later, of the United Nations agencies. During the 1950s and 1960s, the main ones were in the wheat and sugar industries; but, in the 1970s and 1980s, there were attempts to form other commodity agreements, encouraged by the success of the Organization of the Petroleum Exporting Countries (OPEC) oil cartel in the 1970s. In the post-war years, the United Nations promoted the formation of this control of the international commodity market, with the main concern that the possibility of very low prices might occur, as experienced in the 1930s, attributable to surpluses of supply. The principal instrument of control was the supply management administered through export quotas (Gilbert, 1996, p. 2).

The original negotiations that involved Australian and Latin American participation were in the wheat markets of the 1930s. The accumulation of surpluses in the late 1920s and the collapse in prices in the early 1930s led to the holding of a number of international conferences, which fully or partially addressed the problem of falling wheat prices (Kindleberger, 1986, pp. 78-80; International Grains Council, 2016; Way, 2013, p. 143). Australia and Argentina were important participants in these discussions and constituted the greater part of the international wheat trade at this time, along with Canada and the United States. In 1933, a special conference on wheat was held, in conjunction with the Monetary and Economic Conference sponsored by the League of Nations. A Wheat Advisory Committee was formed, which included Australia and Argentina as members (Way, 2013, p. 129). The committee established export quotas, which remained in effect until the agreement lapsed in May 1935, and the Advisory Committee continued to meet until World War II (Way, 2013, p. 181). After this period, wheat exporting nations negotiated agreements in 1949, 1953, 1956, 1959, 1962, 1967, and 1971 (Farnsworth, 1956). The main driver of these agreements was the cooperation of the four original countries (Australia, Argentina, Canada, and the United States), although, in the late 1960s, it became

increasingly difficult for them to reach new treaties (Cohn, 1979/80, 133). The 1971 agreement was much weaker in its provisions than previous ones and, therefore, in the early and mid-1970s, renewed efforts were made to achieve a more binding pact. The 1978 Conference, which was convened during the Tokyo Round of GATT multilateral trade negotiations, lasted until 1979, and the main areas of dispute were the size of reserves, the minimum prices, the export subsidies, and the special treatment of developing countries. Australia and Argentina ended up coordinating their positions and trying to gain common ground with Canada and the United States. No agreement was reached and, from then on, periodic efforts were carried out to continue negotiations, but without success (McLin, 1979; Cohn, 1979/80).

The other major commodity controversy involving Australia and Latin American countries in the post-World War II period was the International Sugar Agreement. During the depression of the 1930s, exporting nations created the International Sugar Council (1931), which in turn led to the first successful agreement in 1937. This pact expired during WWII, but renegotiations took place in 1953 and again in 1958. Several Latin American countries (Brazil, Peru, Mexico, Nicaragua, Panama), along with Cuba in the Caribbean, and Australia were members (Swerling 1954). The treaty lapsed in 1962 with the withdrawal of Cuba. Attempts by these exporting nations to reach further agreements were without success in the late 1960s and early 1970s, until 1978. Finally, exports from the European Union (which was not a member) undermined the pact that ended in 1985, as the new treaties did not contain market intervention clauses (Gilbert, 1996; Raffaelli, 1995).

Australia and the Latin American countries that were members of the sugar and wheat agreements tended to argue in favour of the continuation and extension of these pacts and often discussed and agreed on joint positions. As countries with similar interests, they often cooperated in making their cases and, through most of the discussions in the 1970s and 1980s, strongly advocated maintaining the treaties. In the 1970s, however, production and exports diversified to a greater number of nations. This diversification, together with the surpluses of wheat in the United States and sugar in the European Union, made it difficult to reach agreements (Gilbert, 1996).

Despite the tendency for the sugar and wheat treaties to come under considerable pressure in the 1970s, there was growing interest in creating additional international agreements in the late 1960s and 1970s, which involved Australia and some Latin American countries. These efforts were encouraged later in the 1970s by the success of the OPEC oil cartel in raising prices after 1973. Commodity

producers like Australia and Latin American nations saw in the example of OPEC the possibility of achieving high and stable prices.

It is worth noting Australia's involvement in attempts to create mineral cartels during the 1970s, in which a number of Latin American countries took part. These included the International Tin Council (first agreement made in 1953), which in turn led to the creation of the Association of Tin Producing Countries (1983). Australia was an original member in 1953 and Bolivia and Mexico of the Latin American nations were intermittent members. The tin agreements tended to be unstable with members leaving and joining the group, but lasted until 1985 when they collapsed in spectacular fashion.

The Association of Iron Ore Exporting Countries (Peru, Brazil, Venezuela, and Australia) was created in 1974 and the Group of Copper Producing States (Australia was an observer; Chile, Peru, and Mexico, members), in 1976. The success of the oil cartel in 1973 influenced the creation of these last two groups⁴. In the case of negotiations between producers of iron ore, the formation of an international cartel was unsuccessful and the organisation subsequently became an information exchange one.

Despite the enthusiasm for international commodity pacts in the early 1970s, most ended during the 1980s, as conflicting interests within them led to difficulties in reaching agreements. This was already happening in the case of the wheat and sugar treaties as early as the late 1960s, but, in terms of Australian-Latin American engagement, the search for agreements was one of the most active areas during the 1970s and 1980s. By the 1990s, negotiations on commodity pacts had lost importance. Australia's relations with Latin American countries tended to shift more generally towards cooperation in multilateral trade negotiations.

During the GATT rounds in the 1950s, 1960s and 1970s, attention had been concentrated on trade in manufactured goods, and Australia and Latin American countries were often not involved in negotiations on these commodities. This meant that, before the 1970s, these regions had almost no reasons to cooperate in these agreements. This situation changed in the 1980s, when Australia and several Latin

⁴ In addition, Australia was, for a time, a member of the Cocoa Producers Alliance (in lieu of its dominance over the cocoa-producing nation of Papua New Guinea until 1975). Brazil was a major member of this group, which operated production agreements between 1972 and the mid-1990s. Australia's participation was, however, strictly limited. It was also the major member of the International Wool Secretariat (created in 1936), a wool promotional and research body; Uruguay also joined in 1969 and Argentina, in 1970. This organisation was dissolved in the mid-1990s.

American nations began trying to use the GATT rounds to open up international trade in agricultural goods.

In order to achieve this, Australia and a number of Latin American countries formed the so-called Cairns Group to lobby for GATT-negotiated reductions in agricultural protectionism. In 1986, the Australian government organised the inaugural meeting of the Cairns Group, consisting of 14 agricultural exporting nations (including Australia along with Argentina, Brazil, Chile, Colombia, and Uruguay). The objective of the group was to include agricultural trade in the Uruguay Round of GATT negotiations (1986-94). Previous rounds, dating back to the late 1940s, had excluded agriculture. The Cairns Group was to make some progress in this round, and has remained intact and has cooperated as part of the ongoing Doha Round that began in 2001.

Difficulties in achieving trade access for agricultural goods through the Uruguay Round led the countries in the Asian-Pacific region (including Australia and some Latin American nations) to lobby for negotiations in trade concentrated in this region. The Asia-Pacific Economic Cooperation group was created in 1989 and, although Latin American countries were not originally members of the organisation, Mexico joined in 1993; Chile, in 1994; and Peru, in 1998. These countries, along with Australia, tended to be among the group of member nations that pressured for a reduction in trade barriers within them. Subsequently, these countries became part of the Trans-Pacific Partnership Group that negotiated an agreement of trade liberalization in 2015. This group includes Australia, Peru, Chile, and Mexico. Its future is now in question due to changes in US policy initiatives introduced by the new presidential administration.

Engagement of Australia and Latin American countries during the 1970s tended to be through the successful (or unsuccessful) negotiation of commodity agreements. This continued with the practice of the wheat and sugar industries, but, throughout the 1980s, these types of commodity pacts gradually lost importance. In contrast, from 1986 on, multilateral trade negotiations became more significant, with the creation of the Cairns Group and the beginning of the Uruguay Round in 1986 being a major turning point. Since then, Australia has cooperated with Latin American countries through membership of the APEC and TPP groups of nations and, together with countries such as Chile and Peru, tends to lobby for freer trade.

SUMMARY AND CONCLUSION

The purpose of this paper has been to provide an analysis of the evolution of engagement and trade between two parts of the world that have traditionally been regarded as competitors, with an emphasis on Australia's foreign policy links in Latin America. Since the 1970s, the growth of both regions has been substantial and trade links as well as engagement have increased in parallel. Moreover, trade links and foreign direct investment have developed following trends that have occurred world-wide, but also as a result of conscious policies designed to open up markets and improve the level of commerce in both parts of the world.

Added to this has been the rapid rise of tourism and, to a lesser extent, the increase in migration to Australia from Latin America, mainly due to a skills-based migration program. The impact of the above has meant that Australia was able to expand the importance of the Latin American region as a trading partner, although this engagement may not be considered strong enough.

Diplomatic representation has increased since the 1970s and relations between the two regions have experienced very few and relatively inconsequential conflicts, which bodes well for future growth in trade and cooperation. It is worth noting that most of the historical engagement between Australia and Latin America has been based on cooperation with a view to liberalizing markets and negotiating free trade agreements, although commodity pacts were also important at one time. The significance of this is that relations between Australia and Latin America will continue to develop because of their complementarities, and further work from diplomatic and commercial efforts will strengthen these already successful yet not fully exploited links.

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