



BERGISCHE  
UNIVERSITÄT  
WUPPERTAL



UNIVERSITY OF WUPPERTAL  
BERGISCHE UNIVERSITÄT WUPPERTAL  
EUROPÄISCHE WIRTSCHAFT  
UND  
INTERNATIONALE MAKROÖKONOMIK

Title:  
**Snapshot of MERCOSUR and the EU**

Natalia Cordoba  
[natalia.cordoba@uni-wuppertal.de](mailto:natalia.cordoba@uni-wuppertal.de)

19-07-2012  
(Final Version)

Europäische Wirtschaft und Internationale Wirtschaftsbeziehungen  
European Economy and International Economic Relations

## Content

Figures.....	IV
Tables .....	V
Abbreviations .....	VI
Introduction .....	7
1 MERCOSUR.....	9
1.1 Mercosur at a Glance.....	9
1.2 Fast Facts .....	10
1.3 Phases of the Integration Process .....	11
1.4 Timeline.....	13
1.5 Administrative Structure and Decision-Making Process.....	15
1.5.1 Structural Convergence Fund (FOCEM) .....	20
1.6 Affiliations with other Countries and International Organizations .....	20
1.7 How does Mercosur affect other trade negotiations? .....	21
1.8 Economic Performance Snapshot.....	22
1.8.1 Population, Surface Area, GDP.....	22
1.8.2 Intrazone and Extrazone Trade Flows 1990-2009.....	22
1.8.3 Exports to other Economic Blocs 1990-2009.....	23
1.8.4 Imports from other Economic Blocs 1990-2009 .....	25
1.8.5 Exports by Major Product Group 2010 .....	27
1.8.6 Imports by Major Product Group 2010 .....	28
1.8.7 Macroeconomic Outlook of the Member States.....	29
1.9 The impact on Trade of Member States .....	35
1.10 Successes and Setbacks .....	36
2 MERCOSUR-EU .....	41
2.1 Overview of Economic Relations.....	41
2.2 The FTA .....	42
2.3 Financial Cooperation 2000-2013 .....	44
2.4 Trade & FDI Flows .....	45
2.5 Mercosur vs. EU.....	48
2.5.1 Comparative Macroeconomic Indicators .....	49

3	Mercosur ICT, R&D and Innovation Key Indicators .....	52
3.1.1	International Indices .....	52
3.1.2	Mobile, Fixed Lines, Broadband & Internet .....	53
3.1.3	Trade Flows of ICT Goods & Services .....	54
3.1.4	Research & Development Activity .....	55
3.2	Mercosur- EU relations as regards ICT, Innovation, R&D .....	55
4	Latest News .....	59
4.1	Mercosur .....	59
4.2	Mercosur-EU .....	59
5	Outlook & Concluding Remarks .....	61
6	References .....	62
	Appendix .....	66
App. A1	Additional Online Resources .....	66

**Figures**

Figure 1.1: Mercosur's Common Market Council (CMC) .....	17
Figure 2.1: Mercosur's Common Market Group (GMC).....	18
Figure 3.1: Mercosur's Trade Comission, Parliament, Secretariat and Tribunal.....	19
Figure 4.2: The Mercosur-EU FTA .....	42

## Tables

Table 1-1: Mercosur at a Glance .....	10
Table 1-2: Mercosur Phases of Integration Process 1991-2012.....	12
Table 1-3: Mercosur Timeline 1979-2012 .....	14
Table 1-4: Mercosur Administrative Structure and Decision-Making Process .....	17
Table 1-5: Overview of FTA and other Trade Negotiations of Mercosur .....	21
Table 1-6: Mercosur Main Economic Indicators .....	22
Table 1-7: Mercosur Trade Flows 1990-2009.....	23
Table 1-8: Mercosur Exports to other Economic Blocs 1990-2009.....	24
Table 1-9: Mercosur Imports from other Economic Blocs 1990-2009 .....	26
Table 1-10: Mercosur Exports by Major Product Group 2010 .....	27
Table 1-11: Mercosur Imports by Major Product Group 2010 .....	28
Table 1-12: Country Profile: Brazil .....	30
Table 1-13: Country Profile: Argentina .....	31
Table 1-14: Country Profile: Venezuela .....	32
Table 1-15: Country Profile: Paraguay .....	33
Table 1-16: Country Profile: Uruguay .....	34
Table 1-17: Mercosur Impact on Trade of Member States 1985-2005.....	35
Table 1-18: Mercosur Intrazone Trade Flows by Country 2002-2010 .....	36
Table 2-1: Summary of Financial Cooperation EU with Mercosur 2000-2013.....	44
Table 2-2: Mercosur- EU Trade & FDI Flows 2008-2011 .....	46
Table 2-3: EU Trade with Main Partner Regions 2011 .....	47
Table 2-4: Mercosur vs EU Macroeconomic Indicators 2010 .....	50
Table 2-5: Mercosur vs EU Evolution of Macroeconomic Indicators 2000-2010.....	51
Table 3-1: Mercosur Rankings ICT International Indices.....	52
Table 3-2: Mercosur Mobile Fixed Lines, Broadband & Internet Statistics .....	54
Table 3-3: Mercosur Trade Flows of ICT Goods & Services 2000-2010.....	54
Table 3-4: Mercosur Research & Development Activity 2000-2009 .....	55
Table A-1: Additional Online Resources .....	66

## Abbreviations

@LIS	Alliance for the Information Society
ALADI	Latin American Association for Integration/ Asociación Latinoamericana de Integración)
CACM	Central American Common Market
CARICOM	Caribbean Community
CET	Common External Tariff (Mercosur)
CMC	Common Market Council (Mercosur)
CMG	Common Market Group (Mercosur)
EC	European Commission
EU	European Union
FDI	Foreign Direct Investment
FOCEM	Mercosur Structural Convergence Fund/Fondo para la Convergencia Estructural del Mercosur)
FTA	Free Trade Agreement
FTAA/ALCA	Free Trade Area of the Americas/Área de Libre Comercio de las Américas
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IMF	International Monetary Fund
LA	Latin America
MERCOSUR	Mercado Común del Sur/ Southern Common Market/Common Market of the South
NAFTA	North America Free Trade Agreement
RECyT	Specialised Meeting for Science and Technology
R&D	Research and Development
UNASUR	Union of South American Nations (Union de Naciones Del Sur)
US\$/USD	United States dollar
WB	World Bank
WTO	World Trade Organisation

## Introduction

At present a globalized reality confronts us with a complex system of relations that can no longer be described by a unique theoretical approach. Globalization, regionalization, and consequently, interregionalization are rapidly becoming external challenges for all states by making them establish regional economic integration schemes in order to increase their power and face the growing complicated interdependence. Mainly since the 1990s the network of regional and interregional relations has grown quickly and has integrated almost every economic actor. A good example of this upward trend, it is the European Union (EU). However, outside Europe, other regions have also started dynamically to expand their interregional relations, especially ASEAN and LA (Valle, 2008).

Although the EU is still the system that has developed the biggest number of interregional relations and has probably achieved the most deepened integration phase, LA is the region in the world where regionalism has the longest tradition and sophisticated forms. Most of the Latin American countries seem to have realized the advantages of combining efforts on a regional basis and thus, they have been relatively active participants in regional integration initiatives; though most of the arrangements have made insufficient progress (Gardini, 2009).

Integration patterns can be observed for instance, since Central American Common Market (CACM) appeared in 1960, then Andean Community (CAN) in 1969, Caribbean Community (CARICOM) in 1973, the **Common Market of the South (Mercosur)** in 1991 and lately the establishment and significance of the Union of South American Nations (UNASUR) in 2008 has been also analyzed (Musiałkowska, 2010).

Concerning Mercosur, it is a comparatively recent integration project of so called developing/emerging countries, which was created in 1991 by the Treaty of Asuncion with the signature of four member states<sup>1</sup> Argentina, Brazil, Paraguay and Uruguay, and institutionalized in 1994 by the Protocol of Ouro Preto. Its key objective is to bring about freedom in trade between member countries and to enhance the exchange of goods, people, and currency between them.

---

<sup>1</sup> Venezuela's full membership was approved in the presidential summit held in Mendoza, Argentina from 28<sup>th</sup>-29<sup>th</sup> of June. See: <http://en.mercopress.com/2012/mercotur-announced-admission>

The trading bloc has been comparatively successful in its initial stage in reducing tariff and non-tariff barriers, increasing trade flows mainly intra-bloc trade. Besides, the group as a whole has reduced tariffs and non-tariff barriers to trade with other non-member countries and has moved steadily in the direction of a customs union, though it has not yet been accomplished, mainly as the result of adverse international economic environment and due to the complexity of integrating countries with asymmetric economic, political, social and cultural characteristics, which have delayed the overall integration process several times (Paiva & Gazel, 2004)

In order to understand Mercosur as a whole and the interregional relations between the bloc and the EU, it is important first to establish a theoretical framework and the context where they are settled. Therefore, this report has been organised as follows:

Section 1 gives a brief description of Mercosur bloc main facts, administrative structure, affiliations with other countries and organizations, macroeconomic indicators and economic performance, trade impact on Members States and its identified successes and setbacks up to now. Section 2 reviews the dynamics of Mercosur and the EU economic relations, their flows of trade and FDI and contains a short comparative analysis of both integration arrangements. Section 3 offers a snapshot of ICT key indicators in Mercosur and it also describes Mercosur-EU relations as regards ICT, innovation and R&D. In Section 4 the latest news about both blocs are listed. Finally, Section 5 identifies some of the opportunities and challenges facing Mercosur in the near future and includes a few general conclusions.

# 1 MERCOSUR

Argentina, Brazil, Uruguay and Paraguay founded the Common Market of the South (Mercosur) by the Treaty of Asuncion which was signed in 1991 by four member states, and institutionalized in 1994 by the Protocol of Ouro Preto.

The setting up of Mercosur was inspired by the success of other regional economic integration groups (mainly the EU). Members decided to adopt a gradual approach to integration, starting from a free trade area to an eventual customs union and from a contractual agreement to a structured international organization (UNCTAD, 2003, p. 20).

The key objective for the formation of the bloc is to bring about freedom in trade between member countries and to enhance the exchange of goods, people, and currency between them. The agreement has both economic and political implications. Its first phase (the free trade area) has already been achieved. The second phase (the customs union) is currently in progress, and the third phase (the common market) has not yet been accomplished (European Commission, 2012).

## 1.1 Mercosur at a Glance

LATIN AMERICAN REGIONAL TRADE BLOC AGREEMENT	
<b>Official Name(s):</b>	<i>Mercosur- Mercado Común del Sur (Spanish), Mercosul- Mercado Comum do Sul (Portuguese), Southern Cone Common Market, Common Market of the South, Southern Common Market (English)</i>
<b>Current Coverage:</b>	<i>Goods &amp; Services</i>
<b>Integration Phase:</b>	<i>Customs Union (not completed)</i>
<b>Establishment:</b>	<i>26th of March, 1991 under the Treaty of Asuncion and then expanded under the 1994 Treaty of Ouro Preto</i>
<b>Main Objective:</b>	<i>To bring about the free movement of goods, capital, services, and people among its member states</i>
<b>Region:</b>	<i>South America</i>
<b>Member States:</b>	<i>5</i>
<b>Full Member States:</b>	<i>Argentina, Brazil (major players), Paraguay ,Uruguay and Venezuela<sup>2</sup> (from 31st of July 2012)</i>

<sup>2</sup> Venezuela's admission process began in 2006. It waited approval by the Paraguayan Congress until 29th of June 2012 when its full membership was finally approved in the presidential summit held in Mendoza, Argentina from 28<sup>th</sup>-29<sup>th</sup> of June. See: <http://en.mercopress.com/2012/mercotur-announced-admission>

<b>Have Requested Full Membership:</b>	<i>Bolivia, Ecuador</i>
<b>Associate States<sup>3</sup>:</b>	<i>Bolivia, Chile, Colombia, Ecuador and Peru</i> <i>As associate members, they are able to join free-trade agreements but do not receive the benefits of the customs union</i>
<b>Official languages:</b>	<i>Spanish, and Portuguese</i>
<b>Headquarters:</b>	<i>Montevideo, Uruguay</i>
<b>Composition:</b>	<i>Plurilateral</i>
<b>Motto:</b>	<i>"Our North (goal, route) is the South"</i>
<b>Official Web Site:</b>	<a href="http://www.mercosur.int/">http://www.mercosur.int/</a>
<b>Population:</b>	<i>Full members: nearly 280 million people (2011) (Incl.Venezuela)</i> <i>Brazil is the largest country in the trade pact, it accounts for close to 75% of the total population</i>
<b>Area Total:</b>	<i>12,791,000 km<sup>2</sup> (Incl.Venezuela)</i>
<b>GDP Total:</b>	<i>€2397 billion (2011) (Incl.Venezuela)</i>
<b>Average Annual GDP Growth:</b>	<i>exceeded 5% over the past 7 years ( 2011)</i>

**Table 1-1:** Mercosur at a Glance

**Source:** Author's elaboration based on: (IDB, 2011); (VEDP International Trade, 2009); (European Commission, 2009); (EUROSTAT, 2012); (Wikipedia, 2012).

## 1.2 Fast Facts<sup>4</sup>

MERCOSUR...

- has virtually eliminated tariff and non-tariff barriers to trade on most intraregional trade between members. Associate members enjoy tariff reductions, but are not subject to the CET system<sup>5</sup>;
- is a market of nearly 280 million consumers and has a combined GDP of nearly €2,4 billion<sup>6</sup>;
- is South America's leading trading bloc<sup>7</sup>,
- accounts for almost three quarters of total economic activity in South America<sup>8</sup>;

<sup>3</sup> Associate Members: do not enjoy full voting rights or complete access to the markets of Mercosur's full members. They receive tariff reductions, but are not required to impose the common external tariff that applies to full Mercosur members.

<sup>4</sup> Data and figures excluding Venezuela

<sup>5</sup> (VEDP International Trade, 2009) at: [http://www.exportvirginia.org/fast\\_facts/](http://www.exportvirginia.org/fast_facts/)

<sup>6</sup> (EUROSTAT (a), 2012) See: Section 1.8.1 [Population, Surface Area, GDP](#) p 24

<sup>7</sup> (BBC, 2012) at: <http://news.bbc.co.uk/2/hi/americas/5195834.stm>

- is the world's fourth-largest trading bloc after the European Union (EU), North American Free Trade Agreement (NAFTA), and the Association of South East Asian Nations (ASEAN);
- is the fifth-largest economy in the World<sup>9</sup>;
- encompasses roughly 50% of LA's GDP, 43% of its population, 59% of its total landmass, 50% of its industrial production and intra-regional trade, and 33% of total Latin American foreign trade. Its nations' per capita income is 30% higher than that of LA as a whole<sup>10</sup>;
- is one of the most important producers and exporters of a wide range of agricultural products in the world<sup>11</sup>
- has a strong relationship with the EU as it is its trading bloc's leading donor, prime investor, and second trading partner;
- has the EU as its first market for its agricultural exports;
- ranked 8th among EU trading partners, accounting for 2.7% of total EU trade in 2009<sup>12</sup>;
- with the implementation of a Common External Tariff (CET) system, it has started to evolve into a customs union similar to the European Union (EU) but unlike the EU, it does not have a common currency or a coordinated monetary policy yet;
- lacks of supranational authority. Despite its international organization, its founding Member States do not transfer any part of their sovereignty to its institutions<sup>13</sup>;

### 1.3 Phases of the Integration Process

The process of economic integration contemplated in the Treaty of Asuncion included the three following phases:

- i. **First phase: *Free Trade Area*** – has already been achieved, as the free movement of goods and the elimination of internal tariffs among the Members is now a reality.
- ii. **Second phase: *Customs Union*** –which provides the application of a common external customs tariff, is still in progress.

A common external tariff has been established since 1994. However, a significant list of exceptions has been also adopted, due to considerable competition among Members, causing Mercosur to be considered by many economists as an imperfect customs union.

---

<sup>8</sup> Canadian Foreign Affairs website at: [http://www.international.gc.ca/media\\_commerce/comm](http://www.international.gc.ca/media_commerce/comm)

<sup>9</sup> Brazilian Foreign Affairs website at: [www.mre.gov.br](http://www.mre.gov.br)

<sup>10</sup> (VEDP International Trade, 2009) at: [http://www.exportvirginia.org/fast\\_facts/](http://www.exportvirginia.org/fast_facts/)

<sup>11</sup> (European Commission, 2006) at <http://trade.ec.europa.eu/doclib>

<sup>12</sup> (European Commission, 2012) at: <http://ec.europa.eu/trade/regions/mercotur>

<sup>13</sup> (UNCTAD, 2003) at: [http://unctad.org/en/Docs/edmmisc232add28\\_en.pdf](http://unctad.org/en/Docs/edmmisc232add28_en.pdf)

- iii. **Third phase: Common Market-** has not yet been accomplished. This is expected to go beyond the customs union by adding to it the free movement of capital and labour.

In overall, the integration process which has taken place so far can be summarized as follows:

PROGRESS OF MERCOSUR INTEGRATION
<p><b>1991-1998→</b> phase characterized by substantial increase in trade, and FDIs both intra-regionally and with the rest of the world. Intra-regional trade nearly quadrupled, while imports from the rest of the world nearly tripled. See: Section 1.8 <b>Economic Performance Snapshot</b> p.23</p>
<p><b>1998-2002→</b> phase characterized by stagnation in deepening the reform process. Intra-regional trade fell significantly due to a worldwide economic slowdown, declines in commodity prices and the crises that affected the economies of the Member States, namely: Asiatic, Brazilian, Russian and Argentinean. The share of intraregional exports in the sub-region's total exports dropped from 25% in 1998 to 11.5% in 2002, and the share of intra-regional imports from 21% to 17%. See: Section 1.8 <b>Economic Performance Snapshot</b> p.23</p>
<p><b>2003-Present→</b> phase characterized by revitalization of integration processes within the bloc. New instruments to rebuild the custom union and strategies to create the common market were introduced. Intra-regional trade started to recover in 2003 however as a percentage of total Mercosur trade it is still below that of 1998. Main groups of traded goods are still agriculture and raw materials that can be easier traded outside the bloc. Hence, Mercosur is currently trying to finish a customs union and complete the common market.</p>

**Table 1-2:** Mercosur Phases of Integration Process 1991-2012

**Source:** Author's elaboration based on: (UNCTAD, 2004, p. 9) ; (Musiałkowska, 2010, p. 3); (IDB, 2011)

## 1.4 Timeline

	YEAR	MILESTONE
Preliminar NEGOTIATIONS & SIGNATURE	1979	Signature of the tripartite agreement between Argentina, Brazil and Paraguay
	1984	First informal talks about integration between Argentina and Brazil
	1985	Argentina and Brazil committed to integration
	1986	Argentina and Brazil signed the Program for Economic Integration and Cooperation (PICE)
	1988	Signature of the Treaty of Integration, Cooperation and Development between Argentina and Brazil. The treaty establishes a common economic space and introduces the concept of common market as an aspiration for the future.
period of INNOVATION & SUCCESS		
	1990	Signature of the Buenos Aires Act that provided the establishment of a bilateral common market by December 1994. A diplomatic campaign to attract new members to the future common market started. Negotiations began on to two parallel tracks: bilateral and multilateral.
	1991	Signature of the Treaty of Asuncion, establishing the Common Market of the South (Mercosur) between Argentina, Brazil, Paraguay and Uruguay.
	1994	The Treaty of Ouro Preto, amended the Treaty of Asunción from a Free Trade Area to a Customs Union among Argentina, Brazil, Paraguay, and Uruguay.
	1996	Chile joined as an associated member.
	1997	Bolivia joined as an associated member.
	1999	The EU and Mercosur bloc agreed to form a new free-trade zone.
	2000	South Africa planned to begin negotiations to join the trading block.

	YEAR	MILESTONE
period of STAGNATION & REVITALIZATION	2003	Peru, Colombia and Ecuador joined as associate members.
	2004	Mexico was granted observer status.
	2005	The Structural Convergence Fund (FOCEM) a financial instrument was created to spur cooperation and integration among the four full members
	2006	Venezuela is accepted as a member but it is still waiting on recognition of full membership from Paraguayan parliament. Bolivia filed its request to be admitted as a full member.
	2007	Member States met in Rio for a 2-day summit of the fractured economic bloc. Leaders pursued to refocus Mercosur on the social needs of the region's community.
	2008	In Brazil 12 South American leaders gathered to set up a Union of South American Nations called UNASUR. It was expected to replace the South American Community, and unite the Mercosur and Andean Community free trade areas (CAN).
	2009	EU-Mercosur trade represented nearly as much as EU trade with the rest of LA taken together. Mercosur ranked 8th among EU trading partners, accounting for 2.7% of total EU trade.
	2011	Palestinian foreign affairs minister signed a free trade agreement with Mercosur during the organization's presidential summit in Uruguay. Ecuador solicited its incorporation as a full member.
	2012	Venezuela is finally admitted as a new full member (from 31 <sup>st</sup> of July).

**Table 1-3:** Mercosur Timeline 1979-2012

**Source:** Author's elaboration based on: (European Commission, 2006); (IDB, 2011); (Musiałkowska, 2010); (TimelinesDb, 2012); (MercoPress, 2012); (EUROSTAT, 2012)

## 1.5 Administrative Structure and Decision-Making Process

Mercosur is an international intergovernmental organization, but without supranational institutions or authority. As a result, the negotiation and conclusion of agreements require the consensus of all full Members. In addition every agreement entered into by the bloc are not directly applicable in the territory of its Members; they require first approval or ratification at the national level by each Member in order to become binding (UNCTAD, 2003).

It is also important to note that all decisions in Mercosur are taken by unanimity and no other voting system is envisaged at the moment. (European Commission, 2009)

**Member states** are part of the integration agreement as full members and consequently have the right to speak and vote in decision-making spaces. They must also transpose all regulations and agreements signed by them into their domestic law.

**The status of associate member** is established under bilateral agreements called Economic Complementation Agreements, signed between the bloc and each country who decides to join the group. Under these agreements, a schedule is established to create a free trade zone and a gradual reduction in tariffs between the bloc and the signatory countries. To become associate members, the countries are required, among other things, to be members of the Latin American Association for Integration (ALADI – Asociación Latinoamericana de Integración) and execute the Ushuaia Protocol on Democratic Commitment. Moreover, associate states such as Colombia, Peru, Ecuador and Bolivia at this moment, may take part in meetings of the bodies with the right to speak but not to vote and may participate in the signing of the different protocols (Luna Pont, 2011).

**The presidency** rotates between member states every six months in alphabetical order for a period of six months. Currently Argentina holds the rotating chair and Brazil is getting prepared to take over during the second half of 2012 in July (Mercopress (b), 2012)

The trade bloc holds regular Summits for all signatories (members and associate members). The last Summit was held in June 2012 in the city of Mendoza, Argentina (Mercopress (c), 2012)

**Mercosur's organs** are mainly deliberative, and their powers are generally limited to their own sphere of operation. Although the decisions of the three principal intergovernmental organs are binding, they have no power to enforce them among the Members.

The institutional structure of Mercosur comprises the following six main organs:

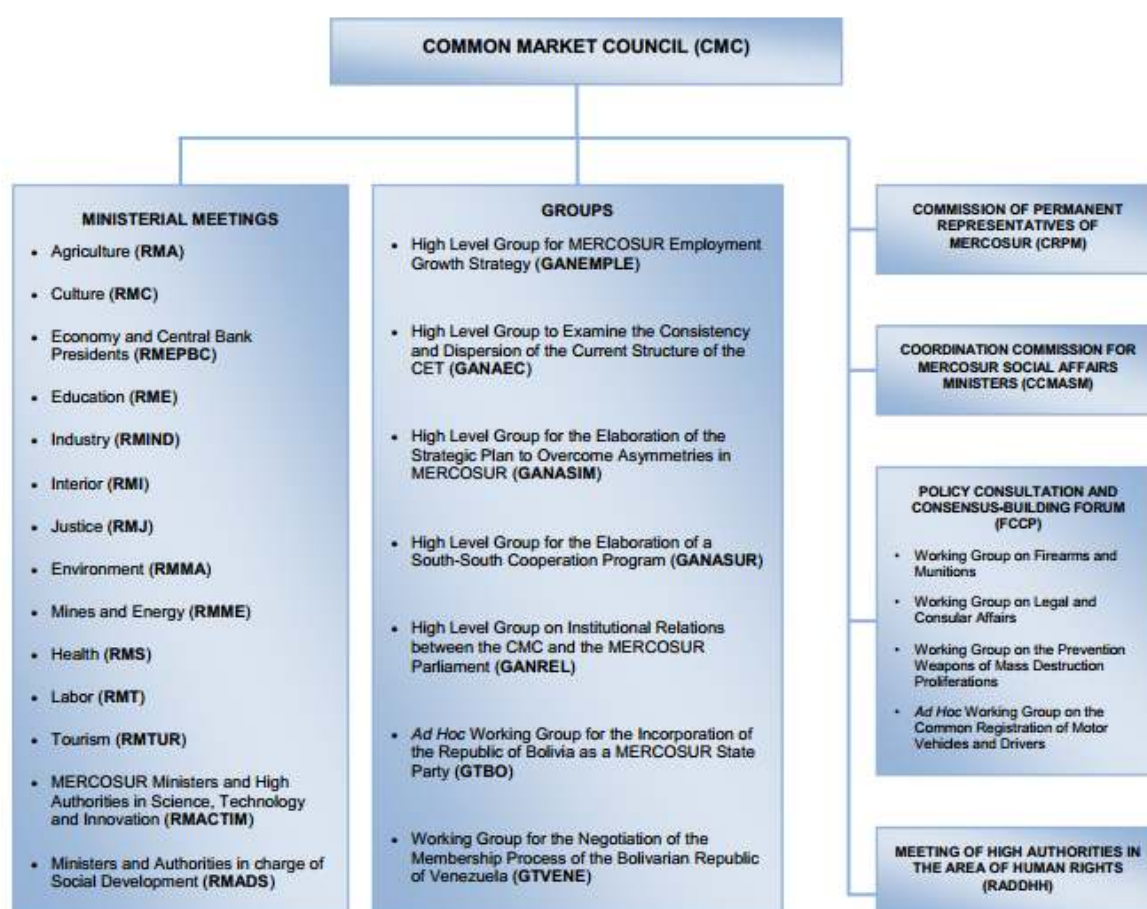
ORGANIZATIONS WITH DECISION POWER		
1. <i>The Common Market Council (CMC)</i>	is the political body which issues decisions; it rules the political orientation of the bloc	The Council is given the highest-level status. Members of these councils are the Ministers of Foreign Affairs and Finance Ministers of the member countries.
2. <i>The Common Market Group (MCG)</i>	is the executive organ which issues resolutions and monitors compliance with the council's decisions	The MCG and MTC are of an intergovernmental nature, as they are composed of representatives of each Member and decisions must be taken by consensus.
3. <i>The MERCOSUR Trade Commission (MTC)</i>	is the central organ for trade policy which issues implements directives and proposals	
ORGANIZATIONS OF POPULAR REPRESENTATION		
4. <i>The Joint Parliamentary Commission (JPC)</i>	acts as a liaison between the bloc and the parliaments of the Members, it was inaugurated in December 2006 and began meeting in May 2007. Initially it does not have no power other than persuasion. Official web-site: <a href="http://www.parlamentodelmercosur.org/">http://www.parlamentodelmercosur.org/</a>	
5. <i>The Economic and Social Consultative Forum (ESCF)</i>	is the channel between civil society and the private sector on the one hand, and Mercosur on the other.	

ORGANIZATION OF TECHNICAL SUPPORT		
6. <i>The MERCOSUR Administrative Secretariat (MAS)</i>	is responsible for providing operational support to the organization and its organs. Located in Montevideo, makes the Uruguayan capital the principal negotiation center for the Member States.	

**Table 1-4:** Mercosur Administrative Structure and Decision-Making Process

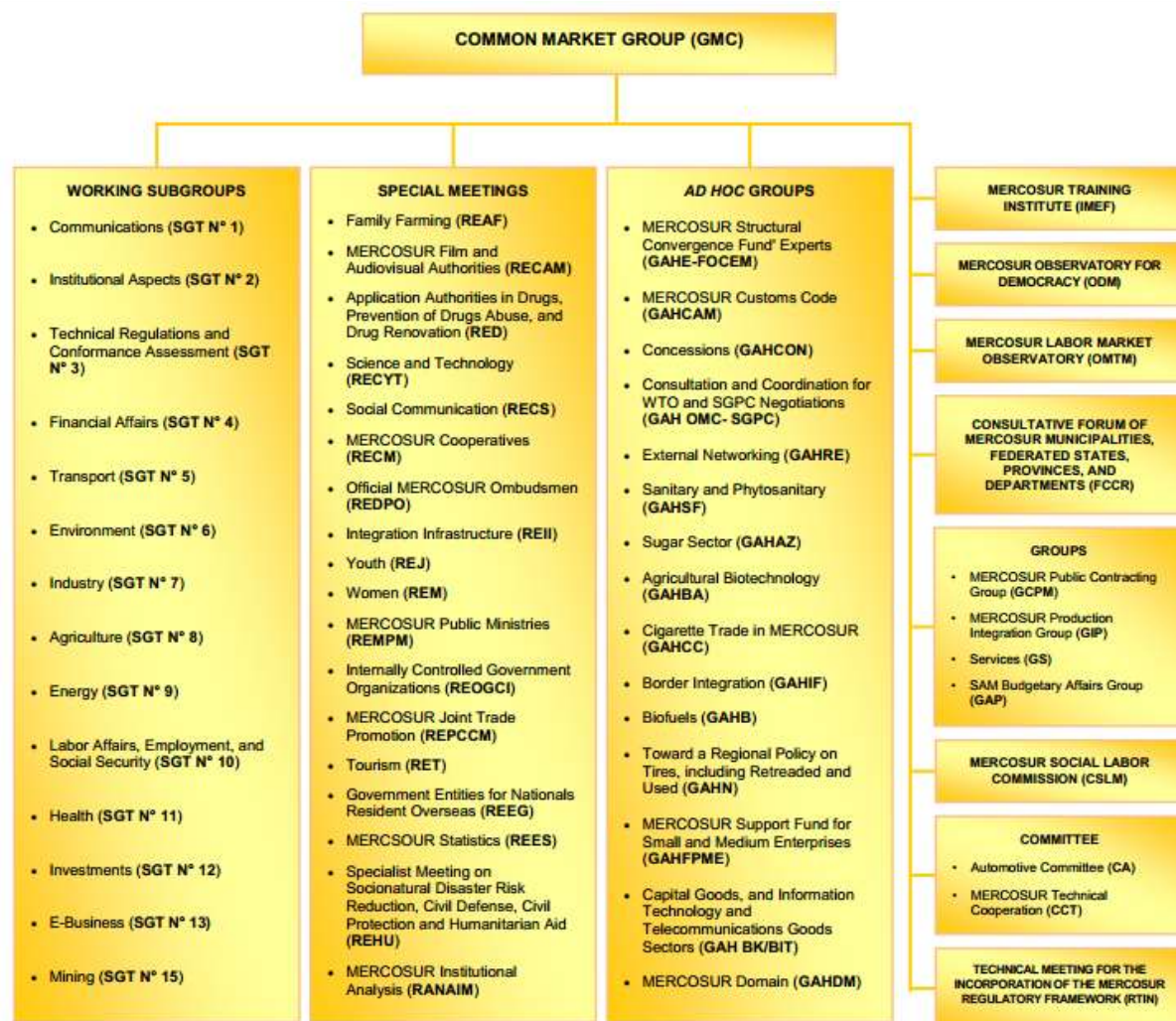
**Source:** Author's elaboration based on: (IDB, 2011)

The following figures provide a visual description of Mercosur's institutional structure:



**Figure 1.1:** Mercosur's Common Market Council (CMC)

**Source:** (IDB, 2011, p. 13)



**Figure 2.1:** Mercosur's Common Market Group (GMC)

**Source:** (IDB, 2011, p. 14)



**Figure 3.1:** Mercosur's Trade Commission, Parliament, Secretariat and Tribunal

**Source:** (IDB, 2011, p. 15)

### 1.5.1 Structural Convergence Fund (FOCEM)

In 2005 a financial instrument - Structural Convergence Fund (FOCEM) that should have helped in structural asymmetries was created to spur cooperation and integration among the full Mercosur members and contribute to the development and structural adjustment of smaller economies and less developed regions. Member States contribute to the fund depending on their wealth measured by GDP level with the richest countries being the biggest contributors and the poorest the recipients. The resources are concentrated in four programmes: structural convergence, development of competitiveness, social cohesion and strengthening of institutional structures and integration processes. They are intended for projects related to infrastructure, increase in competition, promotion of social inclusion and strengthening the institutional structures (Musiałkowska, 2010, p. 18)

The creation of the FOCEM has marked the end of the equality of treatment principle among members to recognise and address the existing structural asymmetries among them. However this was not the result of a concerted effort but rather the outcome of Uruguayan and Paraguayan complaints and threats to undermine or even to leave the bloc.

Nevertheless this project has become in a big paradox. The fund is meant to transfer resources from the richer member states to the poorer. Its budget is practically entirely supplied by Brazil (the country with the highest GDP); however, GDP per capita in Argentina and Uruguay is higher than in Brazil (Hijazi, 2012). See: in this report section 1.8 [Economic Performance Snapshot](#) p. 19

### 1.6 Affiliations with other Countries and International Organizations

Mercosur since its creation has been active in expanding commercial ties within Latin American region as well as with other countries and interregional arrangements.

Relations with single States	Relations with other groups	Relations with other interregional schemes
Mercosur-United States (1991) Mercosur-Chile (1996) Mercosur-Bolivia (1997) Mercosur-Canada (1998) Mercosur-South Africa (2000)	Mercosur-EU (1995) Mercosur-ASEAN (1996) Mercosur-CACM <sup>14</sup> (1998) Mercosur-CAN <sup>15</sup> (1998/2002) Mercosur-ANZCERTA <sup>16</sup> (1999)	EU-LA and the Caribbean Summit (1999/2002/2004/2006) Summit of the Americas (1994-

<sup>14</sup> Central American Common Market (CACM)

<sup>15</sup> Andean Community of Nations(CAN)

Mercosur-Mexico (2002)	Mercosur-ECOWAS <sup>17</sup> (2001)	2005)
Mercosur-India (2003/2004)	Mercosur-SADC <sup>18</sup> (2001)	FEALAC <sup>21</sup>
Mercosur-Peru (2003)	Mercosur-SACU <sup>19</sup> (2004)	(1999/2001)
Mercosur-Japan (2003)	Mercosur-GCC <sup>20</sup> (2005)	GSTP <sup>22</sup> (2004)
Mercosur-Colombia (2004)		UNASUR <sup>23</sup> (2008)
Mercosur-Ecuador (2004)		
Mercosur-Morocco (2004)		
Mercosur-Israel (2005)		
Mercosur-Egypt (2005)		
Mercosur-Pakistan (2006)		
Mercosur-Jordan (2008)		
Mercosur-Turkey (2008)		

**Table 1-5:** Overview of FTA and other Trade Negotiations of Mercosur

**Source:** Author's elaboration based on: (Global EDGE,U.S. Commercial Service, 2007); (Valle, 2008); (IDB, 2011)

### 1.7 How does Mercosur affect other trade negotiations?

Mercosur does not allow its member nations to have FTAs with non-member nations, especially within LA, e.g. the bloc full members are not permitted to be part of the Andean Community of Nations (CAN)<sup>24</sup>. Therefore, when Venezuela decided to join Mercosur in 2006, it was required to resign first from CAN, as Bolivia and Ecuador will have to do if they are admitted.

Moreover, Mercosur played a key role in the failure of the FTAA (Free Trade Agreement of the Americas). Led by the United States, the FTAA was intended to unite LA and North America in one broad trade accord. The Mercosur members and Venezuela rejected the agreement at the Summit of the Americas in November 2005 over concerns it would lead to increased inequality in the region<sup>25</sup>. This blockage of the FTAA and Mercosur's disinterest in trade with the United

<sup>16</sup> Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)

<sup>17</sup> Economic Community Of West African States (ECOWAS)

<sup>18</sup> Southern African Development Community (SADC)

<sup>19</sup> Southern African Customs Union (SACU)

<sup>20</sup> Gulf Cooperation Council (GCC)

<sup>21</sup> Forum for East Asia-Latin America Cooperation (FEALAC)

<sup>22</sup> Global System of Trade Preferences Among Developing Countries (GSTP)

<sup>23</sup> Intergovernmental union integrating two existing customs unions: Mercosur and CAN, as part of a continuing process of South American integration

<sup>24</sup> Smaller trade bloc which includes Bolivia, Colombia, Ecuador, and Peru.

<sup>25</sup> (The Guardian, 2005) at: <http://www.guardian.co.uk/argentina/story>

States has discouraged warm relations between the two and thus, in the United States the bloc is seen “as being an obstacle to the expansion of their trade in Latin America” (CFR, 2009).

## 1.8 Economic Performance Snapshot

### 1.8.1 Population, Surface Area, GDP

Unit	Indicators	Brazil	Argentina	Venezuela	Paraguay	Uruguay
1000 sq km **	Surface Area:	8.514,9	2.780,4	912,1	406,8	176,2
Millions of inhabitants - 2011 *	Population:	194,9	40,9	29,8	6,5	3,4
Billions of euros - 2011 *	Current GDP:	1.808,9	312,6	222,6	16,0	35,5
Euros - 2011 *	GDP per capita:	9.279,4	7.643,6	7.477,6	2.457,7	10.540,1
% (2010) ***	Exports-to-GDP ratio:	9,6	18,4	22,8	24,7	19,7
% (2010) ***	Imports-to-GDP ratio:	9,4	15,2	10,6	56,0	29,7
% (2010) ****	Trade-to-GDP ratio:	19,0	33,6	33,5	80,8	49,3

\* : IMF (World Economic Outlook) ; \*\* : World Bank (World Development Indicators); \*\*\* : IMF (DoTS & WEO); \*\*\*\* : Trade to-GDP ratio = (Exports + Imports) / GDP

**Table 1-6:** Mercosur Main Economic Indicators

Source: Author’s elaboration based on: (EUROSTAT, 2012)

### 1.8.2 Intrazone and Extrazone Trade Flows 1990-2009

Mercosur Trade in millions of USD											
Destination/Origin	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Intra Mercosur Exports</b>	4.228	5.243	7.369	10.057	12.049	14.444	17.037	20.758	20.508	15.401	17.706
<b>Exports to the RoW</b>	42.191	40.669	42.872	44.018	50.066	56.066	57.963	62.796	61.100	59.175	66.892
<b>Total Exports</b>	46.419	45.912	50.241	54.075	62.115	70.509	74.999	83.555	81.608	74.576	84.598
<b>Intra Mercosur Imports</b>	3.606	4.789	7.108	9.024	11.622	13.928	17.112	20.483	20.935	15.846	17.431
<b>Imports from the RoW</b>	23.642	27.357	31.564	36.846	46.459	61.829	66.169	77.021	75.848	64.925	69.191
<b>Total Imports</b>	27.248	32.146	38.673	45.869	58.082	75.758	83.281	97.504	96.783	80.771	86.622
<b>Trade balance RoW</b>	18.548	13.312	11.308	7.172	3.607	-5.763	-8.206	-14.225	-14.748	-5.751	-2.299

Destination/Origin	2001	2002	2003	2004	2005	2006	2007	2008	2009	Var.% 2009/2008
<b>Intra Mercosur Exports</b>	15.151	10.214	12.724	17.313	21.108	25.750	32.429	41.565	32.713	-21,3
<b>Exports to the RoW</b>	72.734	78.669	93.375	118.275	142.697	164.499	191.531	236.809	184.526	-22,1
<b>Total Exports</b>	87.885	88.883	106.099	135.588	163.805	190.249	223.960	278.374	217.240	-22,0
<b>Intra Mercosur Imports</b>	15.331	10.380	13.059	17.600	21.327	25.564	32.730	42.429	31.955	-24,7
<b>Imports from the RoW</b>	65.613	49.322	53.083	73.387	88.014	109.992	143.764	205.765	147.923	-28,1
<b>Total Imports</b>	80.945	59.703	66.142	90.988	109.341	135.556	176.494	248.194	179.878	-27,5
<b>Trade balance RoW</b>	7.120	29.347	40.292	44.888	54.683	54.508	47.766	31.044	36.603	17,9

**Table 1-7:** Mercosur Trade Flows 1990-2009

**Source:** (CEI, 2012) based on CB of Argentina, Mercosur Secretariat, Foreign Trade Secretariat of Brazil, CB of Paraguay, CB of Uruguay and IMF.

### 1.8.3 Exports to other Economic Blocs 1990-2009

**Mercosur Exports**  
in millions of USD

Destination	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Intra Mercosur Total</b>	<b>4.228</b>	<b>5.243</b>	<b>7.369</b>	<b>10.057</b>	<b>12.049</b>	<b>14.444</b>	<b>17.037</b>	<b>20.758</b>	<b>20.508</b>	<b>15.401</b>	<b>17.706</b>
ANDEAN COMMUNITY <sup>1</sup>	1.437	1.907	2.287	2.507	2.704	3.448	3.144	3.971	3.984	2.827	3.181
Bolivia	254	376	498	613	667	790	829	1.191	1.113	773	655
Colombia	249	243	463	506	537	716	630	696	683	537	657
Ecuador	169	200	209	222	340	297	253	265	344	187	198
Peru	345	442	458	540	661	754	598	712	736	504	678
Venezuela <sup>1</sup>	419	646	659	626	497	891	833	1.107	1.109	826	994
Chile	993	1.235	1.602	1.796	2.072	2.757	2.889	3.223	3.001	2.856	4.026
NAFTA	10.955	9.245	10.328	11.102	12.693	11.839	12.923	13.505	14.219	15.696	19.533
Canada	629	552	471	533	602	559	625	748	797	791	898
United States	9.464	7.670	8.466	9.310	10.717	10.623	11.335	11.674	12.131	13.507	16.509
Mexico	861	1.023	1.392	1.258	1.374	656	963	1.083	1.290	1.398	2.126
European Union	14.784	14.813	15.237	14.479	16.762	18.007	18.101	19.298	20.096	19.061	19.934
China	690	578	679	1.031	1.154	1.614	1.838	2.083	1.665	1.248	1.979
Japan	2.767	3.034	2.703	2.794	3.041	3.578	3.585	3.745	2.943	2.756	2.890
Rest of the World	10.566	9.857	10.037	10.307	11.641	14.823	15.483	16.971	15.192	14.731	15.348
<b>Extra Mercosur Total</b>	<b>42.191</b>	<b>40.669</b>	<b>42.872</b>	<b>44.018</b>	<b>50.066</b>	<b>56.066</b>	<b>57.963</b>	<b>62.796</b>	<b>61.100</b>	<b>59.175</b>	<b>66.892</b>
<b>Overall Total</b>	<b>46.419</b>	<b>45.912</b>	<b>50.241</b>	<b>54.075</b>	<b>62.115</b>	<b>70.509</b>	<b>74.999</b>	<b>83.555</b>	<b>81.608</b>	<b>74.576</b>	<b>84.598</b>

Destination	2001	2002	2003	2004	2005	2006	2007	2008	2009	Var.% 2009/2008
<b>Intra Mercosur Total</b>	<b>15.151</b>	<b>10.214</b>	<b>12.724</b>	<b>17.313</b>	<b>21.108</b>	<b>25.750</b>	<b>32.429</b>	<b>41.565</b>	<b>32.713</b>	<b>-21,3</b>
ANDEAN COMMUNITY <sup>1</sup>	3.839	4.114	3.796	5.993	8.062	11.792	8.114	10.111	7.792	-22,9
Bolivia	629	739	626	858	991	1.110	1.359	1.801	1.520	-15,6
Colombia	825	849	990	1.326	1.783	2.711	2.969	3.166	2.717	-14,2
Ecuador	317	555	495	697	926	1.233	1.078	1.417	1.150	-18,9
Peru	713	963	930	1.171	1.592	2.285	2.708	3.726	2.424	-34,9
Venezuela <sup>1</sup>	1.356	1.008	756	1.940	2.770	4.453	6.008	6.816	4.964	-27,2
Chile	4.309	4.528	5.502	6.475	8.260	8.597	8.753	9.965	7.492	-24,8
NAFTA	20.512	22.556	25.267	31.019	35.513	37.912	38.500	41.007	25.304	-38,3
Canada	846	1.006	1.283	1.487	2.338	2.763	2.799	2.385	2.220	-6,9
United States	17.236	18.446	20.352	24.427	27.809	29.046	29.784	32.817	19.333	-41,1
Mexico	2.429	3.105	3.632	5.105	5.366	6.103	5.916	5.805	3.751	-35,4
European Union	19.961	20.865	24.525	31.059	34.041	39.162	51.669	61.350	45.316	-26,1
China	3.138	3.691	7.128	8.226	10.216	12.140	16.256	23.418	24.448	4,4
Japan	2.374	2.562	2.675	3.161	3.831	1.550	2.356	2.729	2.086	-23,6
Rest of the World	18.601	20.351	24.482	32.343	42.776	53.346	65.883	88.230	72.089	-18,3
<b>Extra Mercosur Total</b>	<b>72.734</b>	<b>78.669</b>	<b>93.375</b>	<b>118.275</b>	<b>142.697</b>	<b>164.499</b>	<b>191.531</b>	<b>236.809</b>	<b>184.526</b>	<b>-22,1</b>
<b>Overall Total</b>	<b>87.885</b>	<b>88.883</b>	<b>106.099</b>	<b>135.588</b>	<b>163.805</b>	<b>190.249</b>	<b>223.960</b>	<b>278.374</b>	<b>217.240</b>	<b>-22,0</b>

<sup>1</sup> Venezuela was a member of the Andean Community (CAN) until 2006.

In May 2004, ten countries acceded to the EU: Cyprus, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic and Slovak Republic, then Bulgaria and Romania in January 2007.

**Table 1-8:** Mercosur Exports to other Economic Blocs 1990-2009

**Source:** (CEI, 2012) based on CB of Argentina, Mercosur Secretariat, Foreign Trade Secretariat of Brazil, CB of Paraguay, CB of Uruguay and IMF.

#### 1.8.4 Imports from other Economic Blocs 1990-2009

##### Mercosur Imports in millions of USD

Source	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Intra Mercosur Total</b>	<b>3.606</b>	<b>4.789</b>	<b>7.108</b>	<b>9.024</b>	<b>11.622</b>	<b>13.928</b>	<b>17.112</b>	<b>20.483</b>	<b>20.935</b>	<b>15.846</b>	<b>17.431</b>
ANDEAN COMMUNITY <sup>1</sup>	944	1.151	1.079	962	1.260	1.697	2.072	2.086	1.724	1.914	2.615
Bolivia	273	274	153	132	159	167	202	166	140	66	162
Colombia	103	93	141	106	126	164	167	221	238	251	478
Ecuador	24	32	59	92	105	168	185	155	178	138	162
Peru	146	171	249	155	214	253	303	323	253	226	244
Venezuela <sup>1</sup>	377	555	444	439	612	896	1.160	1.159	856	1.179	1.509
Chile	626	787	942	988	1.255	1.733	1.599	1.788	1.640	1.460	1.669
NAFTA	6.087	7.569	8.581	10.054	13.217	18.017	20.391	24.565	24.334	20.066	20.967
Canada	483	632	604	862	1.059	1.437	1.568	1.904	1.753	1.317	1.421
United States	5.255	6.502	7.369	8.575	11.518	15.326	17.254	20.802	20.936	17.593	18.151
Mexico	349	436	609	617	640	1.254	1.569	1.859	1.644	1.155	1.394
European Union	6.259	7.489	8.972	10.865	16.380	20.829	22.126	25.334	26.714	23.318	20.752
China	207	324	610	948	1.220	1.684	1.880	2.284	2.358	2.003	2.711
Japan	1.894	2.259	2.782	3.248	3.671	4.321	3.759	4.959	4.919	3.776	4.117
Rest of the World	7.625	7.777	8.597	9.780	9.457	13.547	14.342	16.006	14.159	12.387	16.361
<b>Extra Mercosur Total</b>	<b>23.642</b>	<b>27.357</b>	<b>31.564</b>	<b>36.846</b>	<b>46.459</b>	<b>61.829</b>	<b>66.169</b>	<b>77.021</b>	<b>75.848</b>	<b>64.925</b>	<b>69.191</b>
<b>Overall Total</b>	<b>27.248</b>	<b>32.146</b>	<b>38.673</b>	<b>45.869</b>	<b>58.082</b>	<b>75.758</b>	<b>83.281</b>	<b>97.504</b>	<b>96.783</b>	<b>80.771</b>	<b>86.622</b>

Source	2001	2002	2003	2004	2005	2006	2007	2008	2009	Var.% 2009/2008
<b>Intra Mercosur Total</b>	<b>15.331</b>	<b>10.380</b>	<b>13.059</b>	<b>17.600</b>	<b>21.327</b>	<b>25.564</b>	<b>32.730</b>	<b>42.429</b>	<b>31.955</b>	<b>-24,7</b>
ANDEAN COMMUNITY <sup>1</sup>	1.946	1.565	1.323	1.892	2.744	4.511	4.307	5.984	3.864	-35,4
Bolivia	281	416	547	863	1.274	1.801	1.860	3.050	1.886	-38,2
Colombia	246	132	122	196	195	313	532	1.009	703	-30,3
Ecuador	145	50	60	139	155	106	145	187	186	-0,6
Peru	257	238	264	393	511	850	1.132	1.091	566	-48,1
Venezuela <sup>1</sup>	950	690	288	243	539	1.370	1.193	1.455	1.482	1,9
Chile	1.460	887	1.188	1.901	2.407	3.649	4.324	5.313	3.445	-35,1
NAFTA	19.366	13.918	13.704	17.611	20.039	23.562	31.241	43.459	32.001	-26,4
Canada	1.151	820	850	1.014	1.216	1.404	2.029	3.738	1.896	-49,3
United States	17.028	12.324	12.051	15.089	17.115	19.636	25.761	34.822	25.995	-25,3
Mexico	1.188	775	803	1.509	1.709	2.522	3.451	4.899	4.110	-16,1
European Union	20.190	15.655	15.854	20.741	23.618	26.735	34.974	46.196	36.628	-20,7
China	2.736	2.158	3.215	5.768	8.568	13.020	18.766	28.916	23.605	-18,4
Japan	3.967	2.743	3.017	3.619	4.339	5.301	5.954	8.400	6.692	-20,3
Rest of the World	15.948	12.396	14.783	21.855	26.300	33.214	44.199	67.497	41.688	-38,2
<b>Extra Mercosur Total</b>	<b>65.613</b>	<b>49.322</b>	<b>53.083</b>	<b>73.387</b>	<b>88.014</b>	<b>109.992</b>	<b>143.764</b>	<b>205.765</b>	<b>147.923</b>	<b>-28,1</b>
<b>Overall Total</b>	<b>80.945</b>	<b>59.703</b>	<b>66.142</b>	<b>90.988</b>	<b>109.341</b>	<b>135.556</b>	<b>176.494</b>	<b>248.194</b>	<b>179.878</b>	<b>-27,5</b>

<sup>1</sup> Venezuela was a member of the Andean Community (CAN) until 2006.

In May 2004, ten countries acceded to the EU: Cyprus, Slovenia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Czech Republic and Slovak Republic, then Bulgaria and Romania in January 2007.

**Table 1-9:** Mercosur Imports from other Economic Blocs 1990-2009

**Source:** (CEI, 2012) based on CB of Argentina, Mercosur Secretariat, Foreign Trade Secretariat of Brazil, CB of Paraguay, CB of Uruguay and IMF.

### 1.8.5 Exports by Major Product Group 2010

Mercosur trade by major product group and by origin/destination, 2010 (Billion USD , %)															
Destination	World					MERCOSUR					Other origin/destination				
	Value	Share		Annual		Value	Share		Annual		Value	Share		Annual	
	2010	2005	2010	2009	2010	2010	2005	2010	2009	2010	2010	2005	2010	2009	2010
Exports															
Argentina															
Agricultural products	35	47,5	50,8	-25	22	4	23,4	21,6	-22	25	31	53,2	60,5	-25	22
Fuels and mining products	8	30,4	11,6	-11	2	2	58,5	11,2	-15	-8	6	23,8	11,8	-6	0
Manufactures	22	19,5	31,9	-18	22	11	18,1	67,2	-11	29	10	19,8	20,2	-23	16
Total exports	68	100,0	100,0	-21	22	17	100,0	100,0	-14	23	51	100,0	100,0	-22	22
Brazil															
Agricultural products	69	29,6	34,0	-6	19	1	5,7	5,6	-12	26	67	32,2	37,6	-6	19
Fuels and mining products	56	52,1	27,9	-26	72	2	86,5	11,0	-7	8	54	48,3	30,0	29	0
Manufactures	71	16,0	35,2	-33	22	19	7,7	83,3	-31	50	52	16,9	29,2	-33	15
Total exports	202	100,0	100,0	-23	32	23	100,0	100,0	-27	43	179	100,0	100,0	-22	31
Paraguay															
Agricultural products	4	84,6	88,5	-30	43	2	84,1	85,3	-30	44	2	85,2	91,4	-30	42
Fuels and mining products	0	13,8	0,8	-39	103	0	13,8	0,9	-48	68	0	13,8	0,8	137	0
Manufactures	0	1,4	10,7	-18	42	0	2,1	13,8	-12	39	0	0,5	7,8	-26	48
Total exports	5	100,0	100,0	-29	43	2	100,0	100,0	-28	43	2	100,0	100,0	-30	43
Uruguay															
Agricultural products	5	63,4	72,3	-4	23	1	34,8	43,4	24	24	4	71,9	85,8	-9	22
Fuels and mining products	0	29,6	3,0	-59	131	0	61,2	8,4	-60	405	0	20,2	0,5	-80	0
Manufactures	2	5,3	23,6	-16	24	1	4,1	48,2	-17	37	1	5,6	12,1	-16	5
Total exports	7	100,0	100,0	-9	25	2	100,0	100,0	-4	39	5	100,0	100,0	-11	19
MERCOSUR															
Agricultural products	112	35,3	39,9	-13	21	8	16,6	17,6	-19	29	104	38,0	44,0	-13	20
Fuels and mining products	64	45,9	22,9	-24	59	5	72,3	10,4	-12	4	60	42,0	25,2	24	0
Manufactures	95	16,5	33,8	-29	22	32	11,1	71,9	-24	42	63	17,3	26,7	-32	15
Total exports	281	100,0	100,0	-22	29	44	100,0	100,0	-21	34	237	100,0	100,0	-22	29

**Table 1-10:** Mercosur Exports by Major Product Group 2010

Source: (WTO, 2012)

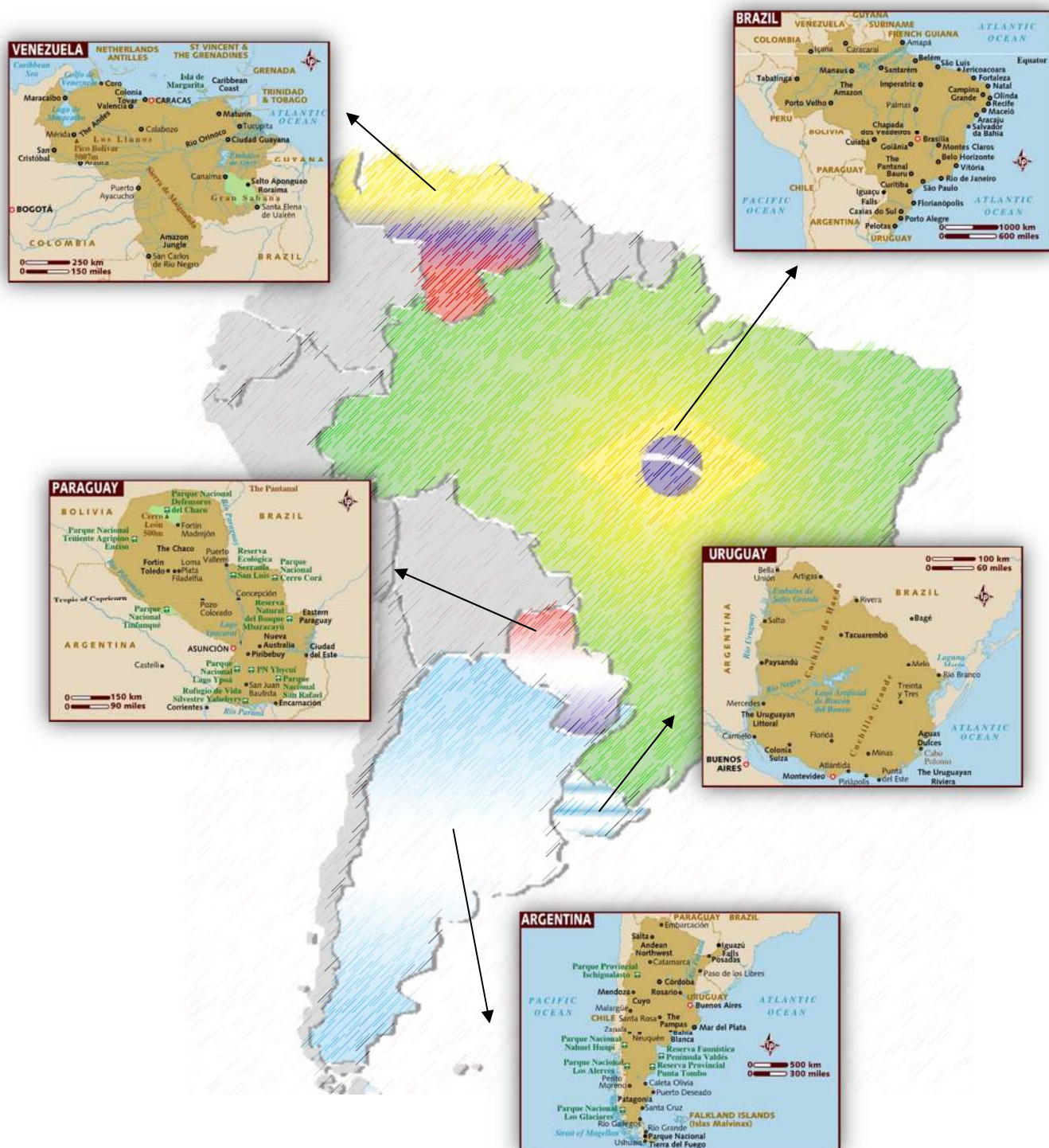
## 1.8.6 Imports by Major Product Group 2010

Mercosur trade by major product group and by origin/destination, 2010 (Billion USD , %)															
Destination	World					MERCOSUR					Other origin/destination				
	Value	Share		Annual		Value	Share		Annual		Value	Share		Annual	
	2010	2005	2010	2009	2010	2010	2005	2010	2009	2010	2010	2005	2010	2009	2010
<b>Imports</b>															
<b>Argentina</b>															
Agricultural products	2	4,3	3,7	-40	9	1	5,5	4,3	-55	-14	1	3,6	3,4	-12	31
Fuels and mining products	6	86,3	10,6	-45	75	2	84,4	10,0	-45	69	4	87,7	10,9	-3	0
Manufactures	48	8,4	84,3	-31	44	16	10,1	85,6	-32	49	32	7,3	83,7	-30	42
<b>Total imports</b>	<b>57</b>	<b>100,0</b>	<b>100,0</b>	<b>-32</b>	<b>46</b>	<b>19</b>	<b>100,0</b>	<b>100,0</b>	<b>-36</b>	<b>46</b>	<b>38</b>	<b>100,0</b>	<b>100,0</b>	<b>-31</b>	<b>46</b>
<b>Brazil</b>															
Agricultural products	11	5,9	5,9	-16	32	5	28,4	26,7	-11	20	6	3,5	3,7	-20	43
Fuels and mining products	38	71,9	19,9	-46	62	2	55,3	9,4	-32	13	36	73,7	21,0	-13	0
Manufactures	142	22,2	74,1	-21	40	12	16,2	63,8	-9	41	130	22,8	75,2	-22	40
<b>Total imports</b>	<b>191</b>	<b>100,0</b>	<b>100,0</b>	<b>-27</b>	<b>43</b>	<b>18</b>	<b>100,0</b>	<b>100,0</b>	<b>-13</b>	<b>32</b>	<b>173</b>	<b>100,0</b>	<b>100,0</b>	<b>-28</b>	<b>45</b>
<b>Paraguay</b>															
Agricultural products	1	9,4	8,1	-4	31	1	15,5	14,4	-5	25	0	4,4	3,6	2	56
Fuels and mining products	1	75,1	12,5	-28	19	1	63,7	21,0	-18	52	0	84,5	6,5	-50	0
Manufactures	8	15,5	79,3	-24	51	3	20,7	64,4	-33	52	5	11,1	89,8	-19	51
<b>Total imports</b>	<b>10</b>	<b>100,0</b>	<b>100,0</b>	<b>-23</b>	<b>45</b>	<b>4</b>	<b>100,0</b>	<b>100,0</b>	<b>-26</b>	<b>47</b>	<b>6</b>	<b>100,0</b>	<b>100,0</b>	<b>-21</b>	<b>43</b>
<b>Uruguay</b>															
Agricultural products	1	11,2	12,0	-6	23	1	18,0	21,3	-4	12	0	6,3	6,8	-12	49
Fuels and mining products	2	62,9	20,1	-36	0	0	71,6	6,5	-31	-74	2	56,7	27,8	-3	0
Manufactures	6	25,9	67,2	-19	34	2	10,5	72,2	-18	27	4	37,0	64,3	-19	39
<b>Total imports</b>	<b>9</b>	<b>100,0</b>	<b>100,0</b>	<b>-24</b>	<b>25</b>	<b>3</b>	<b>100,0</b>	<b>100,0</b>	<b>-20</b>	<b>-1</b>	<b>6</b>	<b>100,0</b>	<b>100,0</b>	<b>-27</b>	<b>46</b>
<b>MERCOSUR</b>															
Agricultural products	15	5,8	5,7	-20	28	7	14,8	15,7	-22	14	8	3,6	3,7	-18	42
Fuels and mining products	47	75,4	17,6	-45	58	5	72,2	10,6	-35	17	42	76,1	19,1	-12	0
Manufactures	203	18,6	76,3	-23	41	33	13,0	73,7	-24	44	171	20,0	76,8	-23	40
<b>Total imports</b>	<b>267</b>	<b>100,0</b>	<b>100,0</b>	<b>-28</b>	<b>43</b>	<b>44</b>	<b>100,0</b>	<b>100,0</b>	<b>-25</b>	<b>35</b>	<b>222</b>	<b>100,0</b>	<b>100,0</b>	<b>-28</b>	<b>45</b>

Table 1-11: Mercosur Imports by Major Product Group 2010

Source: (WTO, 2012)

## 1.8.7 Macroeconomic Outlook of the Member States



## Brazil Country Profile

BRAZIL				
Surface Area:	8.514,9 1000 sq km **	* : IMF (World Economic Outlook) *** : IMF (DoTS & WEO)		
Population:	194,9 Millions of inhabitants - 2011 (estimates after 2010) *	** : World Bank (World Development Indicators)		
Current GDP:	1.808,9 Billions of euros - 2011 (estimates after 2010) *	**** : Trade-to-GDP ratio =(Exports + Imports) / GDP		
GDP per capita:	9.279,4 Euros - 2011 (estimates after 2010) *			
		2008	2009	2010
Exports-to-GDP ratio:	9,6 % (2010) ***	Real GDP growth (% , estimates after 2010) *	5,2	-0,6
Imports-to-GDP ratio:	9,4 % (2010) ***	Inflation rate (% , estimates after 2010) *	5,7	4,9
Trade-to-GDP ratio:	19,0 % (2010) ****	Current account balance (% of GDP, estimates after 2010) *	-1,7	-1,5
			2010	2011
			7,5	3,8
			5,0	6,6
			-2,3	-2,3

### Brazil: Trade flow with MERCOSUR countries at selected periods

Billions of US\$

	2002	2005	2008	2009	% Var. 2009/2008	1st S 2009	1st S 2010	% Var.
<b>Exports</b>								
MERCOSUR/total (%)	5.5	9.9	11.0	10.3	-	8.9	10.9	-
MERCOSUR	3.311	11.746	21.737	15.829	-27.2	6.196	9.697	56.5
Argentina	2.347	9.930	17.606	12.785	-27.4	4.941	7.812	58.1
Paraguay	0.560	0.963	2.488	1.684	-32.3	0.697	1.197	71.7
Uruguay	0.413	0.853	1.644	1.360	-17.3	0.558	0.688	23.3
<b>Imports</b>								
MERCOSUR/total (%)	11.9	9.6	8.6	10.3	-	10.3	9.4	-
MERCOSUR	5.615	7.054	14.934	13.107	-12.2	5.759	7.681	33.4
Argentina	4.744	6.241	13.258	11.281	-14.9	4.985	6.712	34.6
Paraguay	0.383	0.319	0.658	0.585	-11.0	0.212	0.278	31.0
Uruguay	0.485	0.494	1.018	1.240	21.8	0.561	0.691	23.1
<b>Trade balance</b>								
MERCOSUR	-2.304	4.692	6.804	2.722	-60.0	0.437	2.016	361.1
Argentina	-2.397	3.689	4.348	1.504	-0.065.4	-0.044	1.100	-
Paraguay	0.177	0.644	1.830	1.098	-0.040.0	0.485	0.918	89.5
Uruguay	-0.072	0.359	0.626	0.120	-0.080.9	-0.0033	-0.0026	-23.2

### Brazil's Trade with Main Partners (2010)

	Partner regions	Imports from ...		Exports to ...		Trade with...	
		Mio euro	%	Mio euro	%	Mio euro	%
Brazil	EU27	32.552,0	21,9%	32.677,9	21,5%	65.229,9	21,7%
	ACP	7.065,2	4,8%	7.258,4	4,8%	14.323,6	4,8%
	Andean Community	3.554,7	2,4%	4.809,3	3,2%	8.364,1	2,8%
	ASEAN	5.631,3	3,8%	5.002,9	3,3%	10.634,3	3,5%
	BRIC	26.391,9	17,8%	29.243,1	19,3%	55.635,0	18,5%
	CACM	357,7	0,2%	938,1	0,6%	1.295,8	0,4%
	Candidate Countries	568,1	0,4%	954,5	0,6%	1.522,5	0,5%
	CIS	2.509,3	1,7%	3.601,8	2,4%	6.111,1	2,0%
	EFTA	2.970,2	2,0%	1.850,2	1,2%	4.820,4	1,6%
	Latin American Countries	25.039,0	16,9%	31.827,6	21,0%	56.866,5	18,9%
	MEDA (excl EU,Turkey)	3.648,6	2,5%	3.853,1	2,5%	7.501,7	2,5%
	Mercosur	13.822,2	9,3%	17.111,8	11,3%	30.934,0	10,3%
	NAFTA	28.157,8	19,0%	19.304,0	12,7%	47.461,9	15,8%

Table 1-12: Country Profile: Brazil

Sources: (EUROSTAT (b), 2012); (IDB, 2011)

## Argentina Country Profile

ARGENTINA					
Surface Area:	2.780,4 1000 sq km **	*: IMF (World Economic Outlook)    ***: IMF (DoTS & WEO)			
Population:	40,9 Millions of inhabitants - 2011 (estimates after 2006) *	** : World Bank (World Development Indicators)			
Current GDP:	312,6 Billions of euros - 2011 (estimates after 2010) *	**** : Trade-to-GDP ratio =(Exports + Imports) / GDP			
GDP per capita:	7.643,6 Euros - 2011 (estimates after 2006) *				
		2008	2009	2010	2011
Exports-to-GDP ratio:	18,4 % (2010) ***	Real GDP growth (% , estimates after 2010) *			
Imports-to-GDP ratio:	15,2 % (2010) ***	Inflation rate (% , estimates after 2010) *			
Trade-to-GDP ratio:	33,6 % (2010) ****	Current account balance (% of GDP, estimates after 2009) *			
		6,8	0,8	9,2	8,0
		8,6	6,3	10,5	11,5
		1,5	2,1	0,8	-0,3

### Argentina: Trade flow with MERCOSUR countries at selected periods

Billions of US\$

	2002	2005	2008	2009	% Var. 2009/2008	1st S 2009	1st S 2010	% Var.
<b>Exports</b>								
MERCOSUR/total(%)	22.3	19.0	23.0	24.9	-	22.4	24.7	-
MERCOSUR	5.718	7.689	16.123	13.865	-14,0	6.130	7.969	30.0
Brazil	4.846	6.335	13.272	11.374	-14,3	4.878	6.876	41.0
Paraguay	0.343	0.509	1.088	0.843	-22,5	0.345	0.500	44.9
Uruguay	0.529	0.845	1.763	1.649	-6,5	0.906	0.593	-34.6
<b>Imports</b>								
MERCOSUR/total(%)	32.2	38.0	35.3	33.9	-	33.3	33.3	-
MERCOSUR	2.895	10.909	20.287	13.159	-35,1	5.783	8.270	43.0
Brazil	2.517	10.187	17.977	12.064	-32,9	5.108	7.771	52.1
Paraguay	0.255	0.453	1.783	0.699	-60,8	0.497	0.291	-41.4
Uruguay	0.122	0.269	0.527	0.396	-24,8	0.178	0.208	17.0
<b>Trade balance</b>								
MERCOSUR	2.823	-3.220	-4.164	0.706	-	0.347	-0.301	-
Brazil	2.329	-3.852	-4.704	-0.690	-85,3	-0.230	-0.895	288.9
Paraguay	0.087	0.056	-0.695	0.144	-120,7	-0.151	0.210	-238.3
Uruguay	0.407	0.576	1.236	1.252	1,4	0.729	0.384	-47.2

### Argentina's Trade with Main Partners (2010)

	Partner regions	Imports from ...		Exports to ...		Trade with...	
		Mio euro	%	Mio euro	%	Mio euro	%
Argentina	EU27	7.382,7	17,4%	8.455,5	16,4%	15.838,3	16,9%
	ACP	518,4	1,2%	1.396,8	2,7%	1.915,2	2,0%
	Andean Community	594,4	1,4%	2.677,3	5,2%	3.271,7	3,5%
	ASEAN	1.238,4	2,9%	2.477,9	4,8%	3.716,3	4,0%
	BRIC	20.121,4	47,4%	16.846,2	32,7%	36.967,6	39,4%
	CACM	30,9	0,1%	276,8	0,5%	307,7	0,3%
	Candidate Countries	135,0	0,3%	173,8	0,3%	308,8	0,3%
	CIS	383,4	0,9%	567,9	1,1%	951,3	1,0%
	EFTA	418,4	1,0%	789,4	1,5%	1.207,8	1,3%
	Latin American Countries	17.069,2	40,2%	21.361,4	41,5%	38.430,6	40,9%
	MEDA (excl EU,Turkey)	206,2	0,5%	2.229,8	4,3%	2.435,9	2,6%
	Mercosur	14.378,9	33,9%	13.006,2	25,3%	27.385,2	29,2%
	NAFTA	6.320,2	14,9%	4.738,1	9,2%	11.058,3	11,8%

Table 1-13: Country Profile: Argentina

Sources: (EUROSTAT (c), 2012); (IDB, 2011)

## Venezuela Country Profile

VENEZUELA				
Surface Area:	912,1 1000 sq km **	* : IMF (World Economic Outlook) *** : IMF (DoTS & WEO)		
Population:	29,8 Millions of inhabitants - 2011 (estimates after 2010) *	** : World Bank (World Development Indicators)		
Current GDP:	222,6 Billions of euros - 2011 (estimates after 2010) *	**** : Trade-to-GDP ratio = (Exports + Imports) / GDP		
GDP per capita:	7.477,6 Euros - 2011 (estimates after 2010) *	2008	2009	2010
Exports-to-GDP ratio:	22,8 % (2010) ***	Real GDP growth (% , estimates after 2010) *	5,3	-3,2
Imports-to-GDP ratio:	10,6 % (2010) ***	Inflation rate (% , estimates after 2010) *	30,4	27,1
Trade-to-GDP ratio:	33,5 % (2010) ****	Current account balance (% of GDP, estimates after 2010) *	12,0	2,6
				2011
				2,8
				25,8
				7,3

### MERCOSUR: Trade flows with Venezuela at selected periods

Billions of US\$

	2002	2005	2008	2009	% Var. 2009/2008	Jan-Apr 2009	Jan-Apr 2010	% growth 2010/2009
<b>Exports to Venezuela</b>								
<b>MERCOSUR</b>	0.968	2,778	7,062	4,964	-29.7	1,497	1,539	2.8
Argentina	0.148	0.513	1,420	1,042	-26.6	0.267	0.362	35.3
Brazil	0.799	2,224	5,150	3,610	-29.9	1,132	1,112	-1.7
Paraguay	0.010	0.007	0.257	0.124	-51.7	0.038	0.020	-46.6
Uruguay	0.011	0.034	0.235	0.188	-20.3	0.060	0.044	-25.9
<b>Imports from Venezuela</b>								
<b>MERCOSUR</b>	0.689	0.538	1,576	1,455	-7.7	0.334	0.605	81.4
Argentina	0.007	0.032	0.025	0.015	-38.5	0.003	0.007	158.3
Brazil	0.633	0.256	0.539	0.582	8.0	0.103	0.296	188.0
Paraguay	0.005	0.005	0.365	0.334	-8.4	0.145	0.081	-44.3
Uruguay	0.044	0.245	0.647	0.524	-19.1	0.083	0.221	166.9
<b>Trade balance</b>								
<b>MERCOSUR</b>	0.279	2,240	5,486	3,508	-36.1	1,163	0.933	6.6
Argentina	141	481	1,394	1,026	-26.4	0.264	0.354	34.0
Brazil	166	1,968	4,612	3,029	-34.3	1,029	0.817	-20.6
Paraguay	0.005	0.002	-0.108	-0.210	94.6	-0.107	-0.061	-43.5
Uruguay	-0.033	-0.211	-0.412	-0.336	-18.4	-0.023	-0.177	666.3

### Venezuela's Trade with Main Partners (2010)

	Partner regions	Imports from ...		Exports to ...		Trade with...	
		Mio euro	%	Mio euro	%	Mio euro	%
Venezuela	EU27	3.136,9	13,3%	2.385,4	4,7%	5.522,3	7,5%
	ACP	270,9	1,2%	4.375,7	8,7%	4.646,7	6,3%
	Andean Community	2.185,0	9,3%	679,5	1,3%	2.864,5	3,9%
	ASEAN	131,0	0,6%	2.793,5	5,5%	2.924,6	4,0%
	BRIC	4.621,1	19,7%	8.107,7	16,0%	12.728,8	17,2%
	CACM	922,9	3,9%	500,1	1,0%	1.423,0	1,9%
	Candidate Countries	28,8	0,1%	68,0	0,1%	96,9	0,1%
	CIS	335,9	1,4%	798,1	1,6%	1.134,0	1,5%
	EFTA	337,2	1,4%	9,2	0,0%	346,4	0,5%
	Latin American Countries	7.885,4	33,5%	2.375,6	4,7%	10.261,0	13,9%
	MEDA (excl EU,Turkey)	38,7	0,2%	29,7	0,1%	68,3	0,1%
	Mercosur	3.323,5	14,1%	1.025,8	2,0%	4.349,3	5,9%
	NAFTA	8.744,1	37,2%	20.484,0	40,5%	29.228,1	39,5%

Table 1-14: Country Profile: Venezuela

Sources: (EUROSTAT (d), 2012); (IDB, 2011)

## Paraguay Country Profile

PARAGUAY									
Surface Area:	406,8 1000 sq km **	* : IMF (World Economic Outlook) *** : IMF (DoTS & WEO)							
Population:	6,5 Millions of inhabitants - 2011 (estimates after 2008) *	** : World Bank (World Development Indicators)							
Current GDP:	16,0 Billions of euros - 2011 (estimates after 2010) *	**** : Trade-to-GDP ratio = (Exports + Imports) / GDP							
GDP per capita:	2.457,7 Euros - 2011 (estimates after 2008) *								
		2008	2009	2010	2011				
Exports-to-GDP ratio:	24,7 % (2010) ***	Real GDP growth (% , estimates after 2010) *	5,8	-3,8	15,0	6,4			
Imports-to-GDP ratio:	56,0 % (2010) ***	Inflation rate (% , estimates after 2010) *	10,2	2,6	4,7	8,7			
Trade-to-GDP ratio:	80,8 % (2010) ****	Current account balance (% of GDP, estimates after 2010) *	-1,9	-0,1	-2,8	-3,9			

### Paraguay: Trade flow with MERCOSUR countries at selected periods

Billions of US\$

	2002	2005	2008	2009	% Var. 2009/2008	1st S 2009	1st S 2010	% Var.
<b>Exports</b>								
MERCOSUR/total (%)	54.5	53.9	47.8	48.4	-	51.4	51.5	-
MERCOSUR	0.518	0.893	2.135	1.533	-28.2	0.877	1.228	39.9
Argentina	0.035	0.103	0.727	0.343	-52.8	0.247	0.273	10.7
Brazil	0.353	0.316	0.628	0.656	4.4	0.270	0.298	10.4
Uruguay	0.165	0.474	0.780	0.534	-31.5	0.361	0.657	81.9
<b>Imports</b>								
MERCOSUR/total (%)	56.0	48.9	42.5	40.5	-	39.1	41.8	-
MERCOSUR	0.845	1.502	3.619	2.632	-27.3	1.099	1.745	58.9
Argentina	0.309	0.612	1.216	1.037	-0.014.7	0.426	0.651	52.7
Brazil	0.478	0.841	2.302	1.513	-0.034.3	0.633	1.028	62.3
Uruguay	0.058	0.050	0.100	0.082	-0.0185	0.039	0.066	70.6
<b>Trade balance</b>								
MERCOSUR	-0.327	-0.610	-1.483	-1.099	-0.0259	-0.221	-0.518	134.0
Argentina	-0.275	-0.509	-0.489	-0.694	0.0419	-0.180	-0.378	110.3
Brazil	-0.125	-0.525	-1.674	-0.857	-0.0488	-0.364	-0.730	100.8
Uruguay	0.107	0.424	0.680	0.452	-0.033.5	0.322	0.590	83.3

### Paraguay's Trade with Main Partners (2010)

	Partner regions	Imports from ...		Exports to ...		Trade with...	
		Mio euro	%	Mio euro	%	Mio euro	%
Paraguay	EU27	412,7	5,3%	368,6	10,7%	781,3	7,0%
	ACP	6,7	0,1%	41,1	1,2%	47,8	0,4%
	Andean Community	26,3	0,3%	142,5	4,1%	168,8	1,5%
	ASEAN	117,0	1,5%	52,4	1,5%	169,4	1,5%
	BRIC	4.647,4	59,7%	759,1	22,1%	5.406,6	48,2%
	CACM	7,1	0,1%	13,0	0,4%	20,1	0,2%
	Candidate Countries	17,7	0,2%	54,1	1,6%	71,8	0,6%
	CIS	6,2	0,1%	181,3	5,3%	187,5	1,7%
	EFTA	78,4	1,0%	74,8	2,2%	153,1	1,4%
	Latin American Countries	3.603,8	46,3%	2.316,7	67,4%	5.920,4	52,7%
	MEDA (excl EU,Turkey)	6,4	0,1%	55,8	1,6%	62,1	0,6%
	Mercosur	3.227,7	41,5%	1.656,9	48,2%	4.884,6	43,5%
	NAFTA	423,8	5,4%	60,9	1,8%	484,7	4,3%

Table 1-15: Country Profile: Paraguay

Sources: (EUROSTAT (e), 2012); (IDB, 2011)

## Uruguay Country Profile

URUGUAY				
Surface Area:	176,2 1000 sq km **	* : IMF (World Economic Outlook) *** : IMF (DoTS & WEO)		
Population:	3,4 Millions of inhabitants - 2011 (estimates after 2005) *	** : World Bank (World Development Indicators)		
Current GDP:	35,5 Billions of euros - 2011 (estimates after 2010) *	**** : Trade-to-GDP ratio =(Exports + Imports) / GDP		
GDP per capita:	10.540,1 Euros - 2011 (estimates after 2005) *			
		2008	2009	2010
Exports-to-GDP ratio:	19,7 % (2010) ***	Real GDP growth (% , estimates after 2010) *	8,6	2,6
Imports-to-GDP ratio:	29,7 % (2010) ***	Inflation rate (% , estimates after 2010) *	7,9	7,1
Trade-to-GDP ratio:	49,3 % (2010) ****	Current account balance (% of GDP, estimates after 2010) *	-4,7	0,6
				2011
				6,0
				7,7
				-1,6

### Uruguay: Trade flow with the MERCOSUR countries at selected periods

Millions of US\$

	2002	2005	2008	2009	% Var. 2009/2008	1st S 2009	1st S 2010	% Var.
<b>Exports</b>								
MERCOSUR/total (%)	32.6	22.9	26.9	28.4	-	27.8	29.8	-
MERCOSUR	607	783	1,601	1,529	-4.5	711	964	35.6
Argentina	113	267	507	346	-31.8	170	254	48.9
Brazil	432	460	988	1,099	11.2	498	633	27.1
Paraguay	62	56	107	85	-28	42	77	83.6
<b>Imports</b>								
MERCOSUR /total (%)	48.1	42.0	43.2	45.3	-	48.0	36.6	-
MERCOSUR	944	1,631	3,919	3,130	-21	1,508	1,391	-7.8
Argentina	541	786	2,250	1,628	-27.6	803	646	-19.6
Brazil	390	825	1,618	1,460	-9.8	683	719	5.3
Paraguay	14	20	51	41	-19.1	22	26	16.2
<b>Trade balance</b>								
MERCOSUR	-337	-847	-2,319	-1,600	-31.0	-798	-427	-46.5
Argentina	-427	-519	-1,743	-1,283	-26.4	-633	-392	-38.0
Brazil	42	-364	-630	-361	-42.8	-185	-86	-53.5
Paraguay	48	36	55	43	-22.4	20	51	159.4

### Uruguay's Trade with Main Partners (2010)

	Partner regions	Imports from ...		Exports to ...		Trade with...	
		Mio euro	%	Mio euro	%	Mio euro	%
Uruguay	EU27	1.066,0	11,8%	1.209,8	20,2%	2.275,8	15,2%
	ACP	615,7	6,8%	213,4	3,6%	829,2	5,5%
	Andean Community	56,6	0,6%	155,9	2,6%	212,5	1,4%
	ASEAN	159,5	1,8%	111,0	1,9%	270,5	1,8%
	BRIC	2.607,1	28,9%	2.219,1	37,1%	4.826,2	32,2%
	CACM	3,1	0,0%	113,5	1,9%	116,7	0,8%
	Candidate Countries	26,5	0,3%	120,4	2,0%	146,9	1,0%
	CIS	44,5	0,5%	234,8	3,9%	279,3	1,9%
	EFTA	111,5	1,2%	80,7	1,3%	192,2	1,3%
	Latin American Countries	4.382,6	48,6%	2.514,4	42,1%	6.897,1	46,0%
	MEDA (excl EU,Turkey)	83,0	0,9%	114,7	1,9%	197,7	1,3%
	Mercosur	3.437,1	38,1%	1.710,5	28,6%	5.147,6	34,3%
	NAFTA	1.074,8	11,9%	384,8	6,4%	1.459,6	9,7%

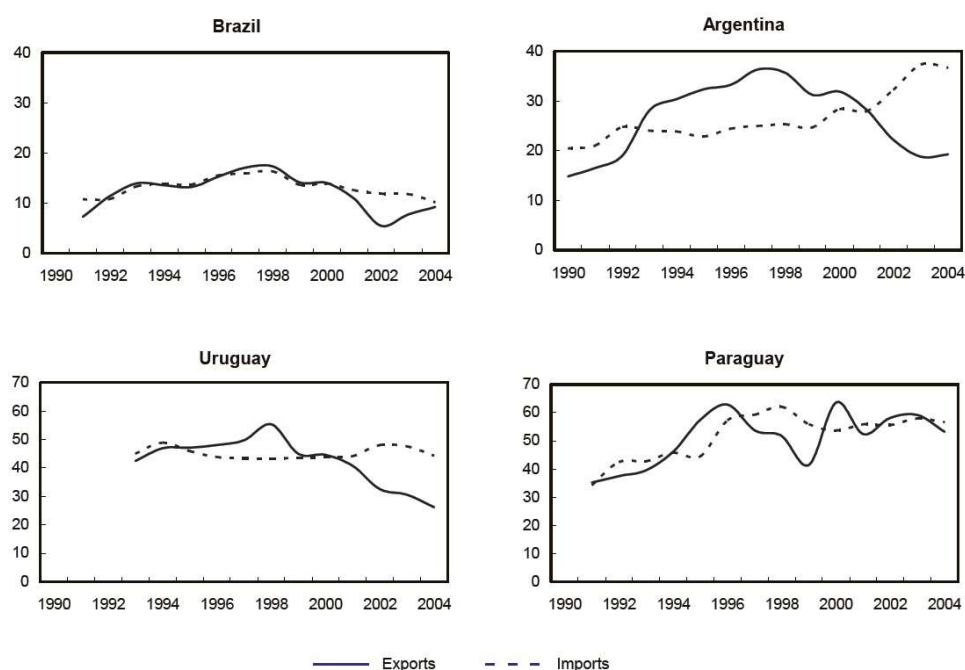
Table 1-16: Country Profile: Uruguay

Sources: (EUROSTAT (f), 2012); (IDB, 2011)

## 1.9 The impact on Trade of Member States

**Intra-bloc imports in total imports**  
(in %)

Countries	1985-1990	1991-1994	1995-1998	1999-2002	2003-2005
<b>Argentina</b>	19.2	24.2	24.6	28.0	37.3
<b>Brazil</b>	8.3	12.2	15.2	13.0	10.3
<b>Paraguay</b>	39.0	36.8	48.5	52.7	53.5
<b>Uruguay</b>	39.8	45.3	44.0	44.2	44.1
<b>Mercosur</b>	12.8	18.7	20.1	18.9	19.4



**Intra-bloc exports in total exports**  
(in %)

Countries	1985-1990	1991-1994	1995-1998	1999-2002	2003-2005
<b>Argentina</b>	12.3	23.6	34.5	28.0	18.9
<b>Brazil</b>	4.5	11.8	15.8	11.0	9.1
<b>Paraguay</b>	37.6	41.5	55.9	54.4	55.1
<b>Uruguay</b>	30.3	39.7	51.0	41.0	25.9
<b>Mercosur</b>	7.6	16.0	23.4	17.4	12.5

**Table 1-17: Mercosur Impact on Trade of Member States 1985-2005**

Sources: (European Commission, 2009, p. 49); (UNCTAD, 2007, p. 6)

**Intrazone trade flows in MERCOSUR by country at selected periods**

*Billions of US\$*

	2002	2005	2008	2009	% Var. 2009/2008	1st S 2009	1st S 2010	% Var.
<b>Exports</b>	<b>10.189</b>	<b>21.111</b>	<b>41.596</b>	<b>32.756</b>	<b>-21.3</b>	<b>13.914</b>	<b>19.857</b>	<b>42.7</b>
Argentina	5.718	7.689	16.123	13.865	-14.0	6.130	7.969	30.0
Brazil	3.311	11.746	21.737	15.829	-27.2	6.196	9.697	56.5
Paraguay	0.553	0.893	2.135	1.533	-28.2	0.877	1.228	39.9
Uruguay	0.607	0.783	1.601	1.529	-4.5	0.711	0.964	35.6
<b>Imports</b>	<b>10.300</b>	<b>21.095</b>	<b>42.758</b>	<b>32.027</b>	<b>-25.1</b>	<b>14.149</b>	<b>19.086</b>	<b>34.9</b>
Argentina	2.895	10.909	20.287	13.159	-35.1	5.783	8.270	43.0
Brazil	5.615	7.054	14.934	13.107	-12.2	5.759	7.681	33.4
Paraguay	845	1.502	3.619	2.632	-27.3	1.099	1.745	58.9
Uruguay	944	1.631	3.919	3.130	-20.1	1.508	1.391	-7.8
<b>Trade balance*</b>	<b>-0.111</b>	<b>0.016</b>	<b>-1.162</b>	<b>0.729</b>	<b>-</b>	<b>-0.235</b>	<b>0.771</b>	<b>-</b>
Argentina	2.823	-3.220	-4.164	0.706	-117.0	347	-301	-186.7
Brazil	-2.304	4.692	6.804	2.722	-60.0	437	2.016	361.1
Paraguay	-0.293	-0.610	-1.483	-1.099	-25.9	-0.221	-0.518	134.0
Uruguay	-0.337	-0.847	-2.319	-1.600	-31.0	-0.798	-0.427	-46.5

**Table 1-18:** Mercosur Intrazone Trade Flows by Country 2002-2010

**Source:** (IDB, 2011, p. 30)

### 1.10 Successes and Setbacks

Mercosur has made considerable progress on commercial questions and it seems to have reached a consensus on the guiding principles of regional development, however, it has not been translated into policies and specific measures, and therefore still has work ahead with regard to the consolidation of the customs union and the constitution of a common market (Gardini, 2009, p. 10).

Statistical data (See: Section 1.8.2 [Intrazone and Extrazone Trade Flows 1990-2009](#) p. 23,24) shows that the bloc was successful mainly in its initial period in achieving its objective of promoting intra-regional trade but to date the customs union continues generating controversy and conflict of interests, and thus the formation of a genuine common market still requires considerable effort and commitment, particularly with regard to flows of services and labor.

In the last decade, Mercosur has become somewhat stagnated (See: Section 1.3 [Phases of the Integration Process](#) p. 12) with its members divided over the future of the organization. Some countries, like Brazil, want to keep the bloc focused on regional trade. Other countries, like Venezuela, have proposed to expand the group's mandate to political affairs. Internal

administrative contradictions, structural asymmetries, divergence of national interests and most of all a huge gap between discourse and practice raise the question to what extent Mercosur at present is a reality and to what extent it is utopia (Gardini, 2009, p. 26).

### **Low institutionalisation**

Institutionalisation by itself does not make any difference, but it is just a sufficient condition to achieve a better crisis management of regional organisations, as well as to improve inter and transregional relations. Many conflicts such as the pulp mill crisis between Argentina and Uruguay in 2005-2007 could have been solved within Mercosur if the integration process had a greater level of institutionalisation but unfortunately this is not yet the case ; Mercosur does not possess a sophisticated environmental legislation (Valle, 2008, p. 18). As there is neither community law nor direct effect, all significant decisions have to be transposed into the domestic legislation of every member country to take effect. Furthermore, policies can only be implemented at the national level by national officials, as there is no regional bureaucracy. Dispute settlement is the only area that has been formally excluded from the requirement for intergovernmental consensus (Malamud, 2010, p. 19)

In addition, exchange rate policies, especially imposed by Brazil and Argentina, have been a constant source of trade imbalances and political tensions between members. The bloc's smaller members, Paraguay and Uruguay, often complain of restricted access to markets in Argentina and Brazil (Paiva & Gazel, 2004, p. 26).

### **Venezuela's status as a Mercosur member state**

There is also the long-outstanding issue of Venezuela's membership. The country signed a membership agreement with Mercosur in June 2006, but it was waiting for ratification by Paraguay until last 29th of June, when its status of full membership was finally given. Venezuela's entrance into Mercosur caused tension within the trade bloc, since the member countries, especially the Paraguayan Government country expressed doubts over the democratic credentials of Venezuelan President Hugo Chavez who is supposed to be philosophically opposed to free trade and has been advocating for a shift in the focus of the bloc for one that prioritizes more social concerns (Gardini, 2009, p. 19).

### **Internal administrative contradictions**

- Unlike NAFTA where the US is the regional driver of economic integration, Brazil has not taken the lead in Mercosur (East Asian Integration Studies, 2010)
- Brazil opposes the idea of providing Mercosur institutions with a level of autonomy that the European Commission or the European Court of Justice possess. Brazil also opposes regional economic solidarity measures.
- Brazil unilateral trade deals (mainly with the US and China) are undermining the significance that Mercosur can have on regional economic integration (Siroen & Yucer, 2012).
- Latin American countries have signed many bilateral FTA's with the US and European countries that weaken the prospects of more integration within Mercosur (Siroen & Yucer, 2012).
- The tradition of presidentialism and the recent focus on securitization are factors that made it harder for Latin American countries to renounce sovereignty (East Asian Integration Studies, 2010).
- The creation of a new regional organization in 2008 between CAN and Mercosur- the Union of South American Nations (UNASUR) has raised further questions about Mercosur's utility and stability. UNASUR is meant to encompass trade, security, and political issues, much like the European Union. Though the agreement must still be ratified by each signing nation, some analysts believe that UNASUR could eventually replace Mercosur (CFR, 2009).

### **Divergence of national interests**

Formation of a regional integration is a highly difficult project because each nation wants its interest to be safeguarded. This is in some way the case of Mercosur which has been struggling with disputes among its members. Disagreements between the member states are common, with each state tending to adopt protectionist measures in accordance with its commercial interests. Argentina, for instance, has been lately accused of growing protectionist practices e.g. nationalisation of the spanish oil firm Repsol-YPF<sup>26</sup>. In general, the consensus regarding the strategic direction for the integration process seems weak (European Comission, 2011).

### **Gap between discourse and practice**

Coordination of macroeconomic and exchange rate policies, which is essential for the success of a common market, is still in its initial stages. In particular, the inability to formulate regional competition policy constitutes a serious obstacle to the progress of the integration process. The

---

<sup>26</sup> (BBC, April 2012). See: <http://www.bbc.co.uk/news/world-europe-17827891>

lack of coordination of macroeconomic policies had very negative consequences for the smaller economies (Hijazi, 2012).

Furthermore, in overall low level of ownership of projects is observed, as well as, a change in political priorities on member nations which in turn leads them to seek other options to increase trade in place of Mercosur regional integration (Paiva & Gazel, 2004).

### **Global downturn**

The global economic crisis has weakened Mercosur in a number of ways: it has divided the bloc by intensifying Brazil's tendency to go alone, provoked deeper intra-bloc trade disputes; especially between Argentina and Brazil and it has generated a wave of protectionism in the region. In Argentina and Brazil, for instance, it was caused by not only intra-bloc asymmetries and the need to protect domestic industries from intra-bloc competition; but also by fears that the drop in demand in Northern countries (Western Europe and the United States) could lead Asian countries to search for new markets for their products (Carranza, 2010).

### **Structural asymmetries among Members States**

The Mercosur countries are very different in terms of their economic size and dimension, their level of development, their population, size of their market, and even of social indicators. See: Section 1.8.7 [Macroeconomic Outlook of the Member States](#) p. 30-35.

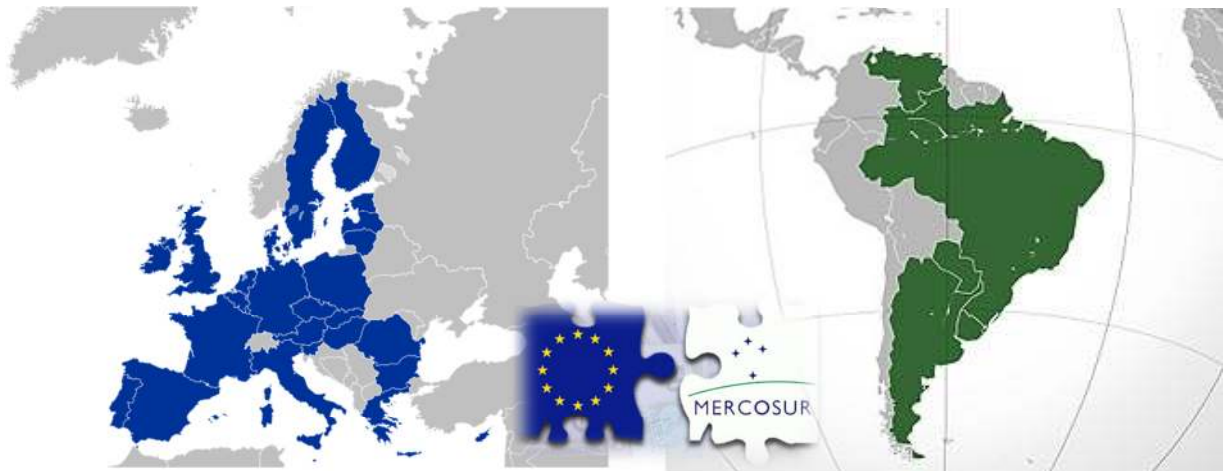
At the same time, there are other political and regulatory differences, such as a lack of coordinated macroeconomic policies and incentive policies. Each member has its own investment promotion policies, as well as policies to support the productive sectors and exports, which alters the conditions for competition. Economies of Brazil and Argentina comprise of a very large proportion of Mercosur economy as compared to Uruguay and Paraguay. At one extreme, Brazil accounts for more than 70% of the territory, is home to nearly 80% of the population and generates almost 73% of GDP in the region (See: Section 1.8.1 [Population, Surface Area, GDP](#) p.23). In contrast, Uruguay and Paraguay hardly exceed 4% of the territory, 5% of the population of the region and 3.5% of GDP. These differences also become evident in the GDP per capita. Argentina is the country with higher GDP per capita, followed by Uruguay, Brazil and Paraguay. This combination of structural and policies asymmetries have been considered a major obstacle to deeper integration within the bloc (Hijazi, 2012) .

Social indicators are also quite different for Mercosur members. These countries vary widely in terms of provision of health, percentage of population living under poverty and degree of unemployment in the region. Especially, in smaller countries of the union, there is a need to improve the standards of living before opening up the borders for free movement of labor

between these countries (Paiva & Gazel, 2004). In many cases educational systems are incompatible, although there is already a scale of equivalent academic standards that eases the transfer of students. There is also a profound legislative gap on pensions. Foreigners are not permitted to count completed years of service towards their pension scheme and in addition, there is currently a prohibition on transfers of contributions to pension funds between countries, limiting this kind of capital flow (Hijazi, 2012).

Even though Mercosur has so far adopted a number of measures to treat these symmetries within the group (See: Section 1.5.1 [Structural Convergence Fund \(FOCEM\)](#) p. 21), many critics consider that the region still lacks a strategic framework of priorities for allocating funds and argue that it is likely that this instrument will become a mechanism for redistribution of resources rather than an instrument to encourage deeper integration (Musiałkowska, 2010).

## 2 MERCOSUR AND THE EUROPEAN UNION



### 2.1 Overview of Economic Relations

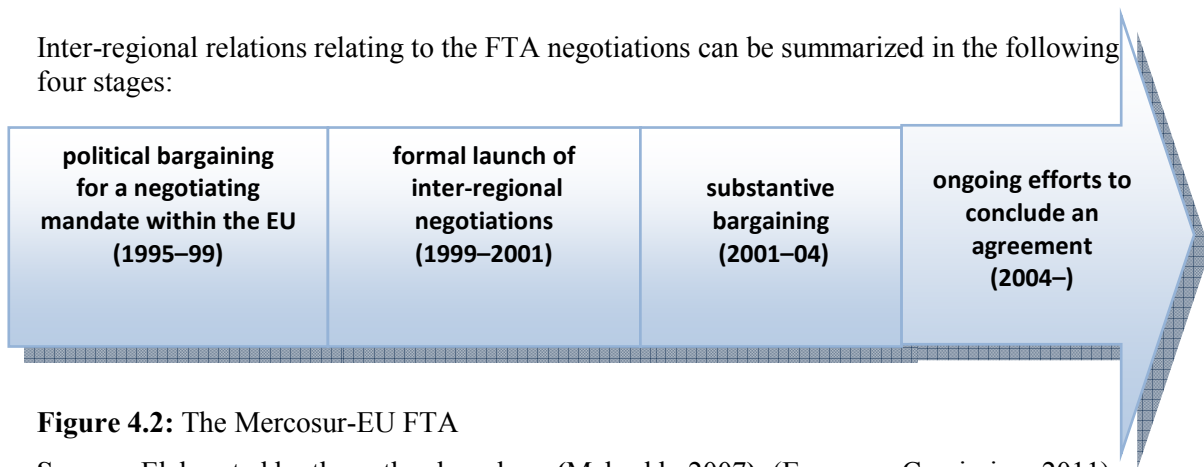
In general, the reason for economic integration within Europe and LA are similar, both being a response to global economic pressure and an effort to consolidate democratic development among member states. The relations between both regions are characterized by “institutionalized and multi-layered” approach (Musiałkowska, 2010). In particular, the European Union and Mercosur started to collaborate from the very beginning of the creation of Mercosur. Since Mercosur was officially launched in 1991, the EU has been supporting the regional integration process, and it continues to do so today with the goal of establishing a close and deep-rooted partnership (Gomez, 2010)

The major role of the EU has been to encourage and facilitate the whole integration process through intensifying political contacts and allocation of financial resources (See: [Section 2.3 Financial Cooperation 2000-2013](#) p. 45-46). For example, the creation of their institutions was helped by the EU officials transferring their know-how and providing funding. Although the development of Mercosur has not lived up to EU expectations, it has been the region where more hope has been placed in following the EU path/example (European Commission, 2009)

The EU currently supports the integration process mainly on three areas: regional integration, political dialogue and trade. The European Commission and Parliament are the EU institutions who set the strategic framework for co-operation. There have been periodic summits between both blocs to discuss trade and political dialogue at the bi-regional level (European Commission, 2012).

## 2.2 The FTA

Inter-regional relations relating to the FTA negotiations can be summarized in the following four stages:



**Figure 4.2:** The Mercosur-EU FTA

**Source:** Elaborated by the author based on: (Mahrukh, 2007); (European Commission, 2011)

The interest of the EU in Mercosur comes from the potential market for exports and for FDI (IDB, 2011). The European Union began free trade negotiations with Mercosur in 1995, when they both signed an Interregional Framework Cooperation Agreement (IFCA) which became effective as from 1999. These negotiations were suspended without agreement in 2004, with subsidies for European farmers and tariffs on industrial goods being among the stumbling blocks. The two blocs agreed to relaunch negotiations in 2010, despite opposition from several key European nations including France. Since then, eight negotiating rounds have taken place. The last one took place in March 2012, in Belgium and the next one is scheduled in Brazil in July 2012 (SICE, 2012).

See: Statement of the Mercosur –EU after the (last) 8th round of negotiations [HERE](#)

The Mercosur-EU negotiations related to the FTA are based on a region-to region approach and aims at an ambitious and balanced result. The main forum for negotiations is the Bi-regional Negotiations Committee (BNC), along with its Subcommittee on Cooperation (SCC), three subgroups on specific cooperation areas and three Technical Groups (TGs) related to trade matters (Luna Pont, 2011)

The agreement currently under negotiation consists of three parts: the political dialogue; trade and economic issues and cooperation (including learning from the EU regional integration experience, cooperation against organized crime, and partnership in the field of ICT) and will have an extensive coverage. It will cover not just goods, but issues such as services, investment, government procurement, trade and sustainable development, intellectual property rights and

effective competition policies among others. Until now, rounds have focused on the normative part of the agreement and both regions are still working on the preparation of their market access offers (European Commission, 2011).

In September 2002, both blocs signed the Regional Strategy Paper (2002–2006) which defined the priorities for cooperation between the regions by sector during that period. In 2007 the EC approved the second Regional Strategy Paper for the 2007–2013 in order to continue assisting Mercosur regional integration and prepare the implementation of future association and trade assistance between both blocs (European Commission, 2009)

See: Mercosur-EU, Regional Strategy Paper 2002-2006 [HERE](#)  
Mercosur-EU, Regional Strategy Paper 2007-2013 [HERE](#)

Substantive progress has been made in all areas, particularly, Mercosur made considerable progress in its own integration since the re-launch of these negotiations: the recent approval of a common custom code, the agreement on direct elections of the Parlasur, are all signs of a renewed regional integration interest. But then again outstanding issues remain. One of the critical issues is the market access for agricultural products. Mercosur countries claim that limited access to the EU market as well as subsidies provided to the EU agricultural sector restrict exports for the bloc agro-business sector. See: Section 4.2 Latest News [Mercosur-EU](#) p.60. Likewise, a Sustainable Impact Assessment (SIA) of the EU-Mercosur trade agreement has been conducted by the EC and the final reports were published in 2009. Reports [HERE](#).

Overall EU-Mercosur FTA negotiations have stalled for years mainly because of trade in the agricultural sector. While Mercosur insists in access for agriculture goods, the EU wants better conditions for manufactured goods and in the field of services. EU regulations on genetically modified (GM) organisms are also a source of contention in the agriculture talks, as Argentina and Brazil are forerunners in world production of GM crops. On a more political focus, Brazil and Argentina's growing protectionist practices have delayed negotiation results. More recently the Falklands' issue has also emerged since Argentina enlisted Mercosur countries in its campaign against British sovereignty by persuading them to avoid purchasing UK products (Mercopress, 2012)

## 2.3 Financial Cooperation 2000-2013

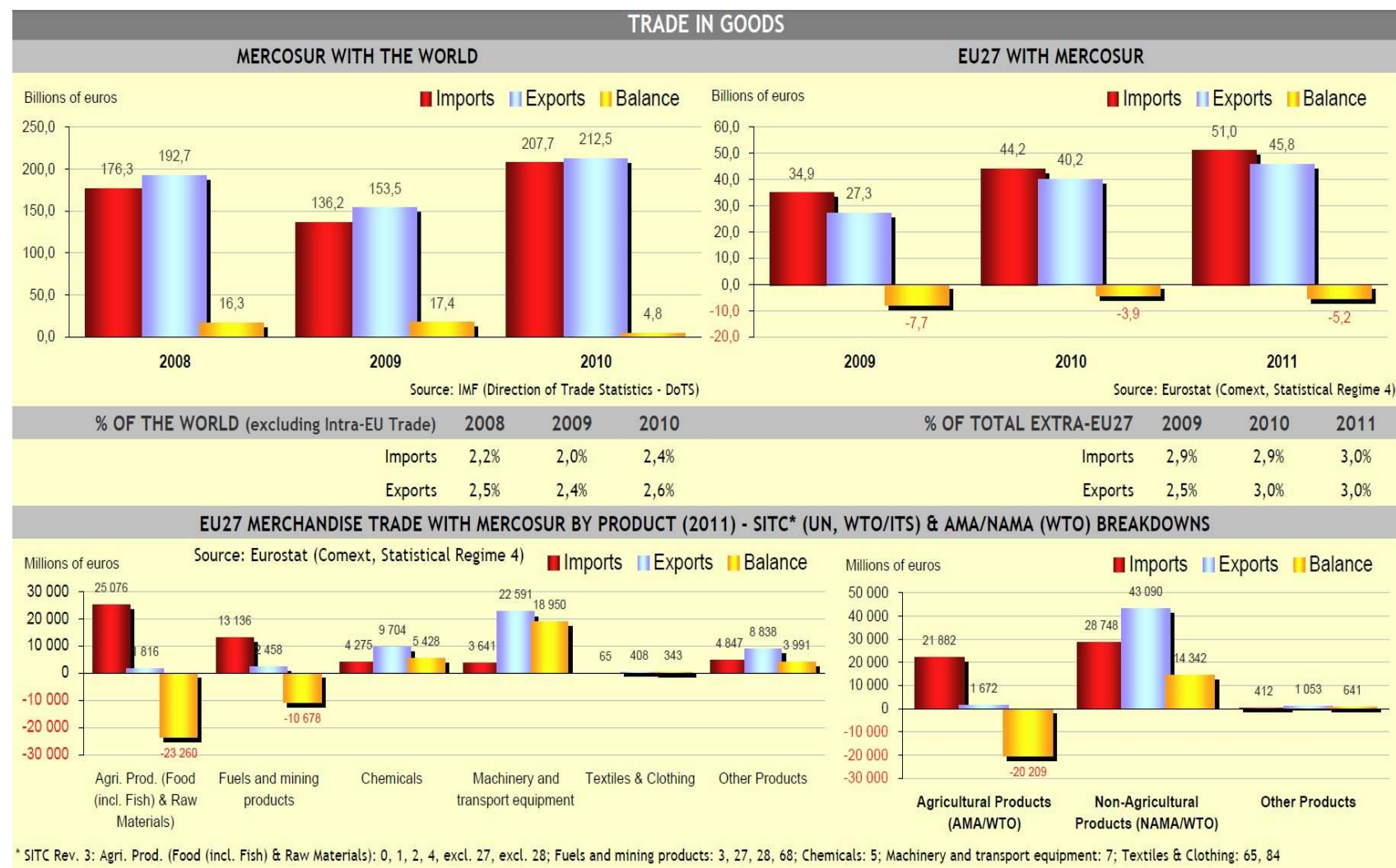
The total amount of the European contribution for cooperation with Mercosur in 2002-2006 was €48 million, and a new allocation of €50 million has been allocated for Mercosur in the period 2007-2013 (European Commission, 2009, pp. 64,43-44). Table 2.1 shows these amounts given Mercosur by the EU for regional integration.

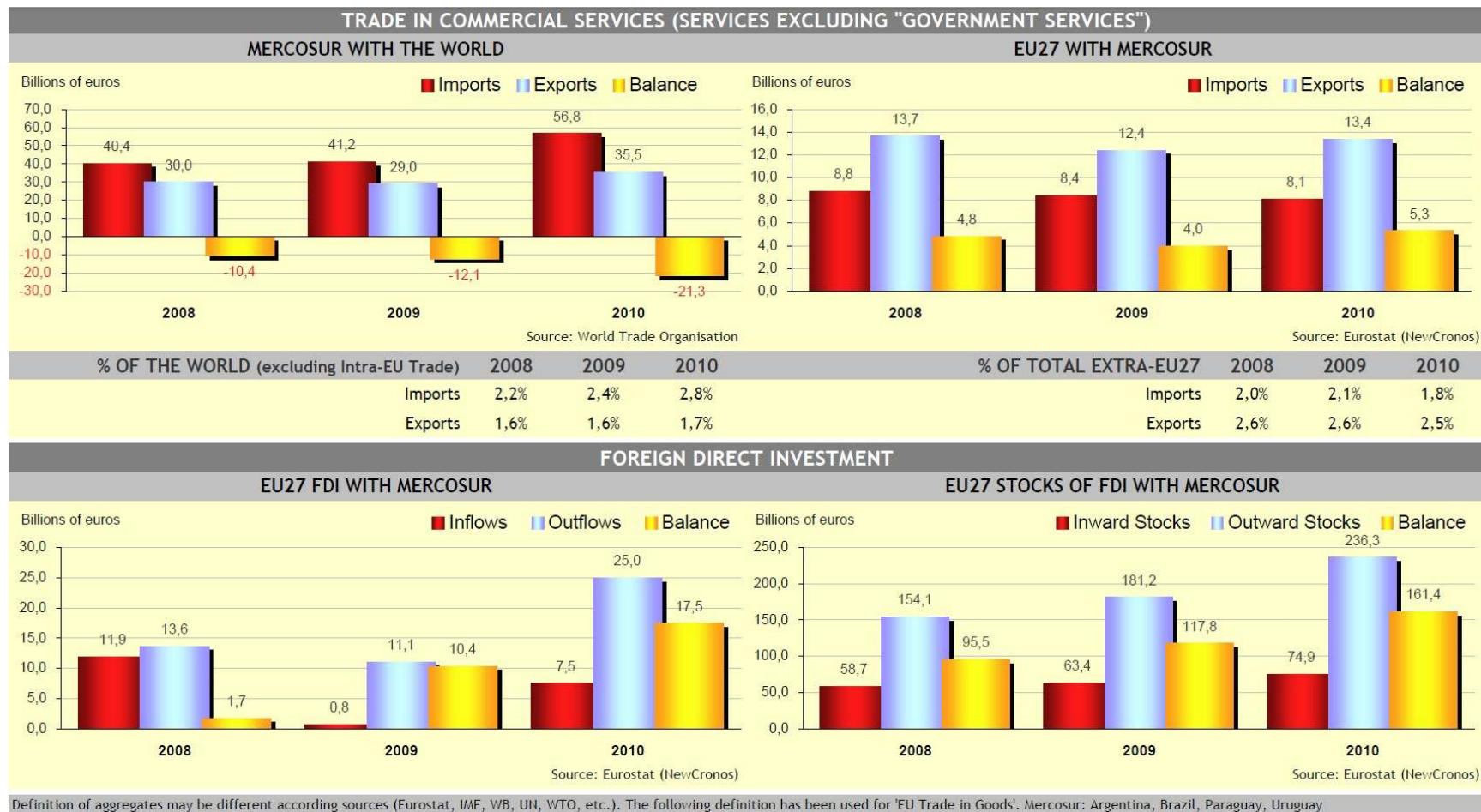
Period	2002-2006	2007-2013
<i>Institutional matters: Stronger institutions for Mercosur</i>	€ 12.500.000	
<i>Internal market: Making economic and trade schemes more dynamic and integrated</i>	€ 21.000.000	
<i>Civil society; Support for civil society in Mercosur</i>	€ 14.500.000	
<i>Remainder from 2002-2006: Education Information society</i>		€ 3.000.000 € 7.000.000
<i>Support for the Mercosur Secretariat</i>		€ 1.000.000
<i>Support fro the Mercosur Parliament</i>		€ 2.000.000
<i>Support for the Mercosur Permanent Review Tribunal</i>		€ 1.000.000
<i>Support for the Deepening of Mercosur and implementation of the future EU-Mercosur Association Agreement</i>		€ 27.000.000
<i>Strengthening of cinematographic and audiovisual sector</i>		€ 2.000.000
<i>EU-Mercosur study centres, enhanced intra-Mercosur education cooperation</i>		€ 7.000.000
<b>Total</b>	<b>€48 million</b>	<b>€50 million</b>

**Table 2-1:** Summary of Financial Cooperation EU with Mercosur 2000-2013

**Source:** (European Commission, 2009, pp. 64, 43-44)

## 2.4 Trade & FDI Flows





**Table 2-2:** Mercosur- EU Trade & FDI Flows 2008-2011

**Source:** (EUROSTAT, 2012)

## EU TRADE WITH MAIN PARTNERS (2011)

EU Imports from ...			EU Exports to ...			Imports + Exports		
Partner regions	Mio euro	%	Partner regions	Mio euro	%	Partner regions	Mio euro	%
ACP	86 277,8	5,1%	ACP	80 197,0	5,2%	ACP	166 474,8	5,2%
Andean Community	15 906,9	0,9%	Andean Community	9 652,0	0,6%	Andean Community	25 558,9	0,8%
ASEAN	93 203,4	5,5%	ASEAN	68 458,5	4,5%	ASEAN	161 661,9	5,0%
BRIC	567 257,6	33,7%	BRIC	320 814,8	21,0%	BRIC	888 072,4	27,6%
CACM	8 274,5	0,5%	CACM	4 335,2	0,3%	CACM	12 609,7	0,4%
Candidate Countries	55 324,2	3,3%	Candidate Countries	86 723,0	5,7%	Candidate Countries	142 047,2	4,4%
CIS	257 570,0	15,3%	CIS	152 602,0	10,0%	CIS	410 172,0	12,8%
EFTA	188 650,8	11,2%	EFTA	171 141,9	11,2%	EFTA	359 792,7	11,2%
Latin American Coun	106 354,4	6,3%	Latin American Coun	96 141,4	6,3%	Latin American Coun	202 495,9	6,3%
MEDA (excl EU and T	71 958,9	4,3%	MEDA (excl EU and T	85 634,8	5,6%	MEDA (excl EU and T	157 593,7	4,9%
Mercosur	50 950,8	3,0%	Mercosur	45 820,2	3,0%	Mercosur	96 771,0	3,0%
NAFTA	223 262,7	13,3%	NAFTA	313 976,6	20,5%	NAFTA	537 239,3	16,7%

EFTA: Iceland, Liechtenstein, Norway, Switzerland; Candidates: Croatia, FYR of Macedonia, Turkey; Andean Community: Bolivia, Colombia, Ecuador, Peru; CIS: Armenia, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Kazakhstan, Moldova Republic of, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan; CACM: Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala, Panama; Mercosur: Argentina, Brazil, Paraguay, Uruguay; NAFTA: Canada, Mexico, United States; Latin America Countries: CACM, Mercosur, ANCOM, Chile, Cuba, Dominican Republic, Haiti, Mexico, Panama, Venezuela; BRIC: Brazil, Russia, India, China; ASEAN: Brunei Darussalam, Indonesia, Cambodia, Lao People's Democratic Republic, Myanmar, Malaysia, Philippines, Singapore, Thailand, Vietnam; ACP: 79 countries; MEDA (excl EU & Turkey): Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territory, Syrian Arab Republic, Tunisia.

**Table 2-3:** EU Trade with Main Partner Regions 2011

**Source:** (EUROSTAT, 2012)

## 2.5 Mercosur vs. EU

### *Supranationality*

The terms describing the Mercosur institutions do show some similarity with the ones of the EU, but how they function and their use of power differ a lot. The main difference compared to the EU is Mercosur's rejection of the notion of supranationality. The EU is a regional integration process based on a supranational approach, while the Mercosur is based on an intergovernmental one. A Community Law does not exist which would vest any Mercosur institution with powers interfering in the national sovereignty of a member state. In fact, all Mercosur organs, except the Administrative Secretary, are mere meetings on a regular basis, held by national officials (Kronberger, 2001, p. 15).

Mercosur not only lacks the central administrative structure but also there is a lack of common objectives and well-defined instrumental procedures. Thus decision-making of Mercosur's intergovernmental bodies has relatively lower efficiency and its decisions are often not fully implemented by the Member States, although it aims to achieve objectives very similar to the European ideal (Klom, 2000).

### *Asymmetry*

Mercosur countries are characterized by significantly higher level of regional asymmetry than European Union Countries. As a result of specific, national political situations, trade dynamics, and leadership preferences, often, national differences are translated into individual foreign policy choices, substantially divergent national interests, ideologies and thus behaviours that in turn impact the initial common vision, and regulation of the regional integration.

The European integration experience shows that treatment of asymmetries is essential to promote deeper integration. In the EU, in spite of different understandings of the essence and goals of regional integration, and different degrees of support for its deepening and enlargement, there is a convergence of efforts towards a unitary project. In the case of Mercosur seems even more important to address these asymmetries since its growing internal discrepancies partly reflect, not only a unique projects but different competing projects, with divergent if not incompatible motivations and agendas (Gardini, 2009, p. 2)

### *Lack of leadership*

One variable that seems to affect the integration success of all regional organizations is political leadership. The leadership of France and Germany was instrumental in the founding of the EU, and US leadership in NAFTA created a fairly successful regional trade organization. The lack of leadership in Mercosur makes it very difficult for the bloc to develop its integration potential as

further integration is constantly challenged by diverging national interests (East Asian Integration Studies, 2010) .

### ***Lack of economic integration***

Although Mercosur has tried to adopt EU style similar institutions, it has not achieved any comparable level of economic integration. The main reason for the lack of economic integration appears to be: greater power asymmetry than in the EU, which makes it difficult to overcome collective action problems. There is no clear leadership as Brazil has the largest economy (Brazil accounts for 75% of total GDP) but Argentina a higher GDP per capita and economic interdependence of Latin American states is much weaker than in the EU. In addition, intra-regional trade is very low in comparison with the EU and NAFTA and there are many policy instruments that distort competition and undermine the goals of deep integration (Bouzas & Da Motta, 2002); (European Commission, 2011); (Hijazi, 2012).

### **2.5.1 Comparative Macroeconomic Indicators**

<i>INDICATORS</i>	<i>MERCOSUR</i>	<i>EU</i>
<b>Balance of payments - current account net (millions of USD)</b>	(\$44,548) (2010)	(\$22,314) (2010)
<b>Balance of payments - current account net (% of GDP)</b>	-1.79% (2010)	-0.14% (2010)
<b>FDI - inward flows (millions of USD)</b>	\$57,548 (2010)	\$304,689 (2010)
<b>FDI - outward flows (millions of USD)</b>	\$12,488 (2010)	\$407,251 (2010)
<b>Intra-group trade % of regional exports</b>	15.7% (2010)	67.2% (2010)
<b>Intra-group trade % of total exports</b>	40.2% (2010)	90.1% (2010)
<b>Service exports (millions of USD)</b>	\$49,035 (2010)	\$2.0 (2010)
<b>Service imports (millions of USD)</b>	\$78,835 (2010)	\$1.0 (2010)

<b>Trade annual average export growth</b>	42.8 (2010)	13.4 (2010)
<b>Trade annual average export growth (10-year average)</b>	14.9 (2010)	9.7 (2010)
<b>Trade annual average import growth</b>	29.4 (2010)	12.5 (2010)
<b>Trade annual average import growth (10-year average)</b>	14.5 (2010)	9.4 (2010)
<b>Trade group exports (millions of USD)</b>	\$281,656 (2010)	\$5.0 (2010)
<b>Trade group imports (millions of USD)</b>	\$266,566 (2010)	\$5.0 (2010)
<b>Value of intra-group trade (exports in millions of USD)</b>	\$44,239 (2010)	\$3.0 (2010)

**Table 2-4:** Mercosur vs EU Macroeconomic Indicators 2010

Source: (UNCTAD, 2011)

<i>Exports (millions of USD)</i>						
	2000	2005	2007	2008	2009	2010
<b>EU</b>	2.447.635	4.064.021	5.339.902	5.898.587	4.576.065	5.149.361
<b>Share %</b>	37.96	38.72	38.15	36.59	36.58	33.93
<b>MERCOSUR</b>	84.624	163.940	223.730	279.414	217.644	281.656
<b>Share %</b>	1.31	1.56	1.60	1.73	1.74	1.86
<i>Imports (millions of USD)</i>						
<b>EU</b>	2.508.665	4.131.559	5.515.271	6.167.329	4.632.700	5.253.044
<b>Share %</b>	37.65	38.25	38.70	37.46	36.56	34.21
<b>MERCOSUR</b>	89.523	113.474	182.937	257.766	186.624	266.566
<b>Share %</b>	1.34	1.05	1.28	1.57	1.47	1.74
<i>Annual average growth rates of exports</i>						
<b>EU</b>	---	8.2	16.4	10.5	-22.4	12.5
<b>MERCOSUR</b>	---	20.8	17.6	24.9	-22.1	29.4

<i>Annual average growth rates of exports</i>						
<b>EU</b>	---	10.1	16.4	11.8	-24.9	13.4
<b>MERCOSUR</b>	---	19.9	31.1	40.9	-27.6	42.8
<i>Value of intra-trade (millions of USD)</i>						
<b>EU</b>	1.641.252	2.733.936	---	---	3.054.707	3.351.711
<b>MERCOSUR</b>	17.829	21.128	---	---	32.699	44.239
<i>Balance of payments: Current account net (millions of USD)</i>						
<b>EU</b>	-84.899	-15.669	-85.641	-189.531	-5.983	-22.314
<b>As percentage of GDP</b>	-1.00	-0.11	-0.50	-1.04	-0.04	-0.14
<b>MERCOSUR</b>	-33.934	19.318	8.869	-23.226	-15.768	-44.548
<b>As percentage of GDP</b>	-3.54	1.77	0.53	-1.15	-0.82	-1.79
<i>FDI: Inward Flows (millions of USD)</i>						
<b>EU</b>	698.279	581.719	850.528	487.968	346.531	304.689
<b>MERCOSUR</b>	43.575	26.026	42.573	57.209	31.767	57.548
<i>FDI: Outward Flows (millions of USD)</i>						
<b>EU</b>	813.119	690.030	1.199.325	906.199	370.016	407.251
<b>MERCOSUR</b>	3.188	30.647	8.667	21.845	-9.348	12.488

**Table 2-5:** Mercosurvs EU Evolution of Macroeconomic Indicators 2000-2010

**Source:** (UNCTAD, 2011)

### 3 Mercosur ICT, R&D and Innovation Key Indicators

#### 3.1.1 International Indices

The full Member States of Mercosur (Venezuela incl) show a relatively high position and positive trend in four of the main indices worldwide:

Index/Country	Rank	Year/Score	Rank	Year/Score
<b><i>Networked Readiness Index (NRI)</i><sup>27</sup></b>		<b>2009-2010</b>		<b>2011-2012</b>
Brazil	61/133	3.80	65/142	<b>3.92</b>
Argentina	91/133	3.38	92/142	<b>3.52</b>
Paraguay	127/133	2.88	111/142	<b>3.25</b>
Uruguay	57/133	3.81	44/142	<b>4.28</b>
Venezuela	112/133	3.06	107/142	<b>3.32</b>
<b><i>ICT Development Index (IDI)</i><sup>28</sup></b>		<b>2008</b>		<b>2010</b>
Brazil	62/152	3.72	64/152	<b>4.22</b>
Argentina	53/152	4.16	56/152	<b>4.64</b>
Paraguay	97/152	2.66	99/152	<b>2.87</b>
Uruguay	51/152	4.21	54/152	<b>4.93</b>
Venezuela	61/152	3.73	65/152	<b>4.11</b>
<b><i>E-Readiness Index</i><sup>29</sup></b>		<b>2008</b>		<b>2009</b>
Brazil		5.42/10.0		<b>5.65/10.0</b>
Argentina		5.25/10.0		<b>5.56/10.0</b>
Paraguay		N/A		N/A
Uruguay		N/A		N/A
Venezuela		4.40/10.0		<b>5.06/10.0</b>
<b><i>UN e-Government Readiness Index</i><sup>30</sup></b>		<b>2010</b>		<b>2012</b>
Brazil	57/190	0.5006	61/190	<b>0.6167</b>
Argentina	48/190	0.5467	56/190	<b>0.6228</b>
Paraguay	36/190	0.5848	50/190	<b>0.6315</b>
Uruguay	101/190	0.4243	104/190	<b>0.4802</b>
Venezuela	70/190	0.4774	71/190	<b>0.5585</b>

**Table 3-1:** Mercosur Rankings ICT International Indices

**Source:** Elaborated by the author based on: ([Networked Readiness Index Rankings 2011-2012](#)); ([Measuring the Information Society 2011](#) p.13, 47); ([2009 EIU e-readiness rankings](#)); ([UN E-Government Survey 2012](#) p.126-127)

<sup>27</sup> It measures the degree of preparation of societies to benefit from the ICT.

<sup>28</sup> It is considered a standard tool to measure three elements: opportunity (digital divide), infrastructure and the use and quality of ICT. It was previously known as the Digital Opportunity Index.

<sup>29</sup> It measures the ability to use ICT to develop the economy and to foster nation's welfare

<sup>30</sup> It measures the capacity and willingness of countries to use e-government according to two primary indicators: the state of e-government readiness; and the extent of e-participation.

### 3.1.2 Mobile, Fixed Lines, Broadband & Internet

#### Mobile

	<i>Mobile cellular subscriptions per 100 inhabitants</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	17,57	18,07	17,44	20,64	35,24	57,28	80,75	102,63	117,11	131	141,79
Brazil	13,29	16,25	19,46	25,53	35,68	46,35	53,16	63,74	78,65	90,02	104,1
Paraguay	15,36	21,09	29,96	31,19	30,22	31,99	53,8	76,71	92,95	88,6	91,73
Uruguay	12,38	15,64	15,44	14,97	18,06	34,76	70,02	90,07	104,84	122,46	131,71
Venezuela	22,37	26,09	25,88	27,26	32,14	46,86	69,26	86,33	97,71	98,61	96,2

#### Fixed Lines

	<i>Fixed telephone subscriptions per 100 inhabitants</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	21,38	21,8	20,47	22,64	22,85	24,41	24,24	24,13	24,53	24,38	24,74
Brazil	17,73	21,16	21,65	21,58	21,53	21,43	20,64	20,76	21,53	21,47	21,62
Paraguay	5,29	5,3	4,91	4,95	5,24	5,43	5,51	6,45	5,94	6,11	5,61
Uruguay	27,99	28,6	28,46	28,23	30,01	30,28	29,66	28,94	28,67	28,4	28,56
Venezuela	10,42	10,9	11,24	11,49	12,77	13,69	15,54	18,83	22,87	24,08	24,44

#### Broadband

	<i>Fixed broadband subscriptions per 100 inhabitants</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina		0,25	0,39	0,68	1,42	2,4	4,06	6,6	8,02	8,67	9,56
Brazil	0,06	0,19	0,41	0,53	1,72	1,74	2,54	4,01	5,05	5,85	6,81
Paraguay	0	0,01	0,01	0,01	0,05	0,09	0,1	0,14	0,21	0,25	0,44
Uruguay		0	0	0	0,81	1,46	2,79	4,56	6,8	8,96	10,91
Venezuela	0,02	0,15	0,31	0,45	0,8	1,34	1,98	3,11	4,74	4,72	5,37

#### Internet

	<i>Fixed Internet subscriptions per 100 inhabitants</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	3,29	4,43	4,19	4,58	5,35	6,25	7,03	8,68	9,41	9,61	9,89
Brazil	1,29	1,98				2,35	3,15	4,59	14,37	11,85	10,77
Paraguay	0,54	0,62	0,45	0,62	0,79	1,02	1,08	1,22	1,69	2,47	
Uruguay						5,26	5,98	6,91	8,09	9,51	11,13
Venezuela	1,12	1,23	1,25	1,25	1,75	2,39	2,8	3,64	5,25	5,32	6,21

	<i>Percentage of Individuals using the Internet</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	7,04	9,78	10,88	11,91	16,04	17,72	20,93	25,95	28,11	34	36
Brazil	2,87	4,53	9,15	13,21	19,07	21,02	28,18	30,88	33,83	39,22	40,65
Paraguay	0,75	1,1	1,79	2,11	3,45	7,91	7,96	11,21	14,27	18,9	19,8
Uruguay	10,54	11,12	11,42	15,94	17,06	20,09	29,4	34	39,3	41,8	47,7
Venezuela	3,36	4,64	4,91	7,5	8,4	12,55	15,22	20,83	25,88	31,2	35,67

**Table 3-2:** Mercosur Mobile Fixed Lines, Broadband & Internet Statistics 2000-2010

Source: (ITU, 2012)

### 3.1.3 Trade Flows of ICT Goods & Services

	<i>ICT goods exports (% of total goods exports)</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	0,36	0,36	0,43	0,23	0,22	0,19	0,26	0,26	0,21	0,18	0,11
Brazil	4,05	4,00	3,60	2,88	2,08	3,12	2,88	1,66	1,59	1,52	1,01
Uruguay	0,13	0,10	0,20	0,11	0,12	0,13	0,10	0,10	0,09	0,09	
Paraguay	0,18	0,07	0,17	0,11	0,10	0,17	0,38	0,15	0,21	0,13	0,12
Venezuela	0,02	0,03	0,08	0,06	0,04	0,02	0,01		0,02	0,01	0,02

	<i>ICT goods imports (% total goods imports)</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	13,81	11,04	3,96	6,96	10,54	11,64	11,70	9,97	8,29	9,66	9,06
Brazil	13,58	12,23	9,78	10,13	11,09	12,10	12,38	4,87	9,19	9,40	9,46
Uruguay	6,70	5,98	4,55	4,05	4,55	6,28	5,93	6,01	5,77	6,36	
Paraguay	9,93	8,32	9,38	8,32	9,37	17,40	31,82	27,61	23,29	25,67	26,99
Venezuela	8,26	7,24	6,22	5,87	8,67	11,90	11,28	10,38	10,14	8,22	7,57

	<i>ICT goods exports (% of total goods exports)</i>										
<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Argentina	0,36	0,36	0,43	0,23	0,22	0,19	0,26	0,26	0,21	0,18	0,11
Brazil	4,05	4,00	3,60	2,88	2,08	3,12	2,88	1,66	1,59	1,52	1,01
Uruguay	0,13	0,10	0,20	0,11	0,12	0,13	0,10	0,10	0,09	0,09	
Paraguay	0,18	0,07	0,17	0,11	0,10	0,17	0,38	0,15	0,21	0,13	0,12
Venezuela	0,02	0,03	0,08	0,06	0,04	0,02	0,01		0,02	0,01	0,02

**Table 3-3:** Mercosur Trade Flows of ICT Goods & Services 2000-2010

Source: (ITU, 2012)

### 3.1.4 Research & Development Activity

	<i>Research and development expenditure (% of GDP)</i>								
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008
Argentina	0,44	0,42	0,39	0,41	0,44	0,46	0,49	0,51	0,52
Brazil	1,02	1,04	0,98	0,96	0,90	0,97	1,00	1,07	1,08
Uruguay	0,21		0,24				0,35	0,43	0,66
Paraguay		0,09	0,11	0,09	0,08	0,09			0,06
Venezuela									

	<i>Researchers in R&amp;D (per million people)</i>									
Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Argentina	715,39	687,79	692,64	720,16	768,66	823,86	897,91	982,55	1045,54	
Brazil	423,53	440,59	458,67	495,60	534,83	588,32	620,72	657,97	695,75	
Uruguay	277,70		373,49						346,09	
Paraguay		88,18	81,77	80,76	85,56	71,08			74,80	
Venezuela	61,40	70,98	69,68	95,20	104,92	121,81	146,60	163,19	187,51	182,64

**Table 3-4:** Mercosur Research & Development Activity 2000-2009

**Source:** (ITU, 2012)

### 3.2 Mercosur- EU relations as regards ICT, Innovation, R&D

The EU has supported Mercosur also in these subjects since its official beginning (1991). The economic competitiveness and social inclusiveness of the Information Society in Europe and in Mercosur countries have been normally on the agenda of the EU Commission talks. The EU has been looking for ways to strengthen partnership with Mercosur countries on information and communication technologies specifically in research spheres such as mobile broadcasting, software, and satellite communications, and by developing practical applications of these technologies<sup>31</sup>.

The following are the core initiatives that EU has assisted in Mercosur Member States so far:

#### ***RECyT - The Science and Technology Specialized Meeting of Mercosur***

Created in 1992, it aims to promote and develop scientific and technological development of member countries of Mercosur, as well as modernize their economies by expanding the supply and quality of goods and services, and thus improving the living conditions of their inhabitants. RECyT at the international level is characterized by participation in negotiations in various forums, including negotiations Mercosur - EU on issues concerning science and technology. Further information: <http://www.mercosur.int/recyt/>

<sup>31</sup> (EC, Europa press releases, 2006). See: <http://europa.eu/rapid/pressReleasesAction.do>

### ***Mercosur Science & Technology Award***

It was established in 1997 by the RECyT in order to involve researchers, especially young people, contributing to regional integration process among member countries and associates of Mercosur, by increasing the dissemination of the achievements and progress in the field of scientific and technological development. Further information: [http://www.unesco.org/mercosur\\_science\\_and\\_technology\\_award](http://www.unesco.org/mercosur_science_and_technology_award)

### ***ALICE (Latin America Interconnected with Europe)***

The ALICE (America Latina Interconectada Con Europa) project was set up in 2003 to encourage and support collaborative research within LA and between the region and Europe, through the strengthening of CLARA (Latin American Cooperation of Advanced Networks) and its network infrastructure, RedCLARA, and the promotion of the creation and maintenance of research communities working on development-related themes (UN – Millennium Development Goals). It has a budget of €18.0 million, 12.0 of which was financed by the European Commission. It had 4 European and 19 Latin American partners. Owing to its success, the ALICE project was extended until 2008 from its original end date 2006. Its successor, ALICE2, was launched in the first quarter of 2009. Further information: <http://alice2.redclara.net/>

### ***@LIS2 - Alliance for the Information Society, phase 2***

Adopted by decision of the European Commission in 2008, @LIS2 is a European Commission program. Its objectives are to continue to promote, and at the same time boost interconnections between research networks and communities in both regions reducing the digital divide and integrating LA into a Global Information Society. It has a budget of €77.5 million, €63.5 of which is financed by the European Commission. The activities of the program (in which all LA countries are involved) are currently under implementation and should be completed by 2012. Further information: <http://www.alis2.eu/>

### ***BIOTECSUR***

It is a regional technology platform, supported by the European Union that was created in 2005 to link sectors of member countries of Mercosur and generate goods and services with highly competitive biotechnology processes. The main objective is the development of concrete R&D strategies focused on areas of greatest concern for the region. The European Commission financed € 6.0 million (80% of the total) between 2006 and 2011. Further information: <http://www.biotecsur.org/>

### ***Program Science, Technology and Innovation 2008 – 2012***

Framework Program (FP) for Science, Technology and Innovation for Mercosur to strengthen existing integration tools, provide and expand opportunities for scientific and technological cooperation between the countries of the regional bloc. Further information:

[http://www.recyt.mincyt.gov.ar/files/ProgramaMarco/programa\\_marco\\_espanol.pdf](http://www.recyt.mincyt.gov.ar/files/ProgramaMarco/programa_marco_espanol.pdf)

### ***Research & Development***

Research organizations in Mercosur countries participate in various projects under Europe's Information and Society Technologies (IST) research program, including mobile broadcasting, open source software, power line communications, and satellite communications. The EU's IST program had a budget of €3.6 billion for 2002-2006, and co-operation stepped up in the next IST program, which runs from 2007 to 2013 (European Commission, 2009).

### ***Digital Mercosur***

This project has become one of the main initiatives of international cooperation between the EU and Mercosur. It was established to reduce the legal and technological asymmetries between the two blocs, promote technological training in specialized ICT resources and create the necessary conditions to develop an effective e-commerce, strengthening the digital economy and working for a structural symmetry between countries. Digital Mercosur is included in the Regional Strategy Paper of the European Commission, which provides cooperation with Mercosur for the period 2007-2013 (See: Section [The FTA](#) p.44).

The total investment in this project is €9.63 million. The European Union contributed €7 million in non-recoverable funds. The headquarters is located in Rio de Janeiro, but there are professionals from every country in the bloc involved in the project. Further information: <http://www.mercosurdigital.org/proyecto/>

### ***Mercosur's Virtual School***

Launched in December 2011, it is a virtual training and education network integrated by specialists and institutions with international recognition and representation in the four countries that aims to develop the digital economy and to promote the economic integration within the bloc by promoting the intensive use of new media and ICT. It consists of online training courses, information services and communities of practice, devoted to micro, small and medium companies, research centres and organizations, private and public sectors, at federal, state and municipal areas as well as civil society actors.

This initiative has been one of the main results of the “Digital Mercosur” project. Up to now some of the benefits that can be identified for the Mercosur bloc are: reduction of asymmetries in access and use of Electronic Commerce and ICT; the promotion of business on the Internet, within Mercosur and LA; economic growth of the bloc, and - through increased training - the development and consolidation of the Information Society in its member states<sup>32</sup>. Further information: [www.escuelavirtualmercosur.org](http://www.escuelavirtualmercosur.org)

### ***Tax exemption on ICT products***

The Mercosur trade bloc agreed to drop plans to increase to 2% in 2008 tax on ICT products after successful lobbying from the Paraguayan government and decided to maintain a zero tax on ICT imports entering Paraguay until 2016<sup>33</sup>.

---

<sup>32</sup> (Red Clara, Electronic Bulletin, 2010) See: <http://www.redclara.net/doc/DeCLARA/> p. 18

<sup>33</sup> (Business News Americas, 2008) See: <http://www.bnamericas.com/news/technology/Mercosur>

## **4 Latest News**

### **4.1 Mercosur**

**May 2012:** “MERCOSUR “GOING THROUGH ITS WORST MOMENT IN HISTORY, CLAIMS URUGUAY”

Uruguay’s vice-president Danilo Astori said Mercosur is going through its worst moment in history because some of its members, specifically Argentina, are denying the most basic principles of the treaty. He said that trade restrictions persist; promises remain delayed as do many of the other issues in the agenda. Moreover, he admitted that the permanent disputes between Uruguay and Argentina go “well beyond the trade barriers” and include differences such as the “shared waters, ports, energy, gas and electric power”. (More: [HERE](#))

“THREE FORMER PRESIDENTS ADMIT MERCOSUR HAS FAILED AND HAS URUGUAY ‘TRAPPED’”

Three former Uruguayan presidents suggested the current Uruguay’s Government that without abandoning Mercosur; it should look at other major trade blocks associations since Mercosur which was conceived as a trade block has become totally political. (More: [HERE](#))

**Junio 2012:** “BRAZILIAN PRESIDENT DILMA ROUSSEFF CALLS FOR EXPULSION OF PARAGUAY FROM REGIONAL GROUPS”

Brazilian President Dilma Rousseff called for the expulsion of Paraguay from Mercosur, and UNASUR, as a result of the impeachment of its President Fernando Lugo, action that she called illegal and anti-democratic. (More: [HERE](#))

“MERCOSUR ANNOUNCED ADMISSION OF VENEZUELA AS A FULL MEMBER END OF JULY”

During Mercosur’s last Summit held in Argentina, the Members States made official the temporary suspension of Paraguay from the bloc, and confirmed Venezuela’s incorporation to the group as a full member starting on July 31<sup>st</sup>. (More: [HERE](#))

### **4.2 Mercosur-EU**

**October 2011:** “URUGUAY AND EC COMMITTED TO ADVANCE WITH THE EU-MERCOSUR ASSOCIATION ACCORD”

Uruguay and the EC agreed on the importance of promoting economic and investment relations and ratified their commitment to advance negotiations. Uruguay’s President José Mujica and José M. Barroso President of the EC underlined that the current confidence and economic crisis

in the Euro Zone should not be an impediment to keep advancing on the long term project of creating the world's largest economic region. (More: [HERE](#))

**January 2012:** “EC IMPACT ASSESSMENT STUDY SUGGESTS BEEF SECTOR WILL BE THE WORST AFFECTED BY AN EU–MERCOSUR FTA”

(More: [HERE](#))

**February 2012:** “EC REPORT ON TRADE AND INVESTMENTS CRITICIZES MERCOSUR PROTECTIONISM”

The EC complained about Mercosur protectionist policies, particularly from Brazil and Argentina. The report pointed out that there are no improvements in the bloc Member States, since some of them continued with their protectionist tendencies. (More: [HERE](#))

“FALKLANDS CONTROVERSY JEOPARDISES EU-MERCOSUR FTA”

President Cristina Fernandez de Kirchner announced that Argentina could prepare a formal complaint to the UN about the UK issue related to the Falkland Islands. The dispute could seriously jeopardise the future of the FTA between the EU and Mercosur. (More: [HERE](#))

**March 2012:** “STATEMENT OF THE EU AND MERCOSUR AFTER THE 8TH ROUND OF NEGOTIATIONS ON THE FUTURE ASSOCIATION AGREEMENT BETWEEN BOTH REGIONS”

Negotiators of both blocs reaffirmed their commitment to move negotiations forward. Negotiations were held in the Political, Cooperation and Trade pillars of the Agreement. Progress was achieved in a number of areas and there was fruitful exchange of views on many issues, which contributed to a better understanding of each region's positions. (More: [HERE](#))

## **5 Outlook & Concluding Remarks**

Although Mercosur has shown some weaknesses through its history, and has been affected by the current world crisis, it is still a significant bloc at the worldwide level with a broad growth horizon. In a short future it has not only many challenges, but also some opportunities.

Since the increasing dissatisfaction of Paraguay and Uruguay has finally led to a reconsideration of the structural asymmetries principally between larger and smaller members, the treatment of these asymmetries (especially political) has become an indispensable action to be taken to allow the evolution of the integration process, especially when it comes to promoting a deeper integration development.

The development of the bloc will depend directly on improved coordination between its Member States of macroeconomic, exchange rate and stabilization policies. Even before the consolidation of further economic integration, the process of harmonizing its macroeconomic policies could bring economic gains and, most important, add credibility to the whole integration scheme.

Furthermore, given the critical global environment and increasing pressures to respond promptly and effectively to external and internal shocks, it is likely that, the absence of a common currency will remain a major source of setbacks to the economic integration.

In overall, if Mercosur is to survive as a worldwide relevant economic integration process, effectiveness and credibility will have to be significantly upgraded. Therefore, it must continue working on a convergence process; by creating common long term policies that generate confidence and enable deepening of the economic, social, financial, political and cultural links based on social justice and equality. The final result will be highly dependent on building credibility and maintaining the political will to sustain it.

## 6 References

- BBC. (2012). *Mercosur-Profile*. Retrieved June 2012, from <http://news.bbc.co.uk/2/hi/americas/5195834.stm>
- Bouzas, R., & Da Motta, P. (May 2002). *"In-Depth Analysis of Mercosur Integration"*.
- Caribbean, I. f. (2011). *"MERCOSUR Report N°15-March 2011"*. Inter- American Development Bank (IDB).
- Carranza, M. E. (2010). *"Mercosur, the Global Economic Crisis, and the New Architecture of Regionalism in the Americas"*. Retrieved June 2012, from <http://rrii.flacso.org.ar/web/wp-content/uploads/2010/07/Art%C3%ADculo-Carranza.pdf>
- CEI. (2012). *"Centre for International Economy of the Argentine Ministry of Foreign Affairs"*. Retrieved June 2012, from <http://www.cei.gov.ar/en/node/66>
- CFR. (2009). *Mercosur: South America's Fractious Trade Bloc*. Retrieved July 2012, from The Council on Foreign Relations (CFR): <http://www.cfr.org/trade/mercosur-south-americas-fractious-trade-bloc/p12762#p1>
- East Asian Integration Studies. (2010). *"Comparative Regional Integration: Europe and Beyond"*. Retrieved June 2012, from [http://asianintegration.org/index.php?option=com\\_joomlib&task=view&id=52&Itemid=75](http://asianintegration.org/index.php?option=com_joomlib&task=view&id=52&Itemid=75)
- European Commission. (2004, May). *"Evaluation of the EC Support to the Mercado Común Del Sur (Mercosur)"*.
- European Commission. (2006). *"EU trade with Mercosur in Agricultural Products 1995-2005"*.
- European Commission. (2009). *"Mid-Term Review and Regional Indicative Programme for 2011-2013"*.
- European Commission. (2011). *"The Negotiations Between Mercosur and The EU: The Last Opportunity"*. Retrieved June 2012, from <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/mercosur/>
- European Commission. (2012). *Mercosur-Profile*. Retrieved June 2012, from <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/mercosur/>

- EUROSTAT (a). (2012, March). *"Mercosur EU Bilateral Trade and Trade with the World"*. Retrieved June 2012, from <http://trade.ec.europa.eu/doclib/html/111832.htm>
- EUROSTAT (b). (2012). *"EUROSTAT-Statistics\_EU-Brazil 2008-2011"*. Retrieved June 2012, from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113359.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113359.pdf)
- EUROSTAT (c). (2012). *"EUROSTAT-Statistics EU-Argentina 2008-2011"*. Retrieved June 2012, from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113344.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113344.pdf)
- EUROSTAT (d). (2012). *"EUROSTAT-Statistics\_EU-Venezuela 2008-2011"*. Retrieved June 2012, from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113462.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113462.pdf)
- EUROSTAT (e). (2012). *"EUROSTAT-Statistics\_EU-Paraguay 2008-2011"*. Retrieved June 2012, from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113434.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113434.pdf)
- EUROSTAT (f). (2012). *"EUROSTAT-Statistics\_EU-Uruguay 2008-2011"*. Retrieved June 2012, from [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113460.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113460.pdf)
- Gardini, G. L. (2009, September). *"Unity and diversity in Latin American visions of regional integration: a comparative analysis of Mercosur and Alba"*.
- Global EDGE, U.S. Commercial Service. (2007). "Country Memo: Mercosur".
- Gomez, A. (2010, April). *"Does the EU need the right momentum to promote regionalism abroad?"*. Retrieved from [http://www.psa.ac.uk/journals/pdf/5/2010/317\\_41.pdf](http://www.psa.ac.uk/journals/pdf/5/2010/317_41.pdf)
- Hijazi, H. (2012, May). "Asymmetries Among The Members Of Mercosur". Miami, Florida, United States of America. Retrieved from [www.utp.edu.co](http://www.utp.edu.co)
- IDB. (2011, March). *"MERCOSUR Report N° 15", 2009 (2nd Semester), 2010 (1st Semester)*. Retrieved from Inter-American Development Bank: <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35806117>
- ITU. (2012). *"ITU World Telecommunication/ICT Indicators Database"*. Retrieved June 2012, from <http://www.itu.int/ITU-D/ict/statistics/>
- Klom, A. (2000). *"Association negotiations between the Mercosur and the EU: Rivalling Western Hemisphere integration or supporting Southern Cone integration?"*. Retrieved July 2012, from <http://www.cap.lmu.de/transatlantic/download/Klom.PDF>

- Kronberger, R. (2001). *"Do the MERCOSUR Countries Form an Optimum Currency Area?"*. Retrieved June 2012, from <http://wiki.lateinamerika-studien.at/images/2/2e/Dissertation-Ralf-Kronberger.pdf>
- Lenz, T. (March 2011). *"Spurred Emulation: The EU and Regional Integration in Mercosur and SADC"*.
- Luna Pont, M. (2011). *"The Democratization of International Organization"*. Centre for Studies on Federalism.
- Mahrukh, D. (2007). *"Why Bother With Inter-Regionalism? Negotiations for a European Union-Mercosur Agreement"*. Retrieved June 2012, from JCMS 2007 Volume 45. Number 2. pp. 281–314: <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-5965.2007.00712.x/full#leftBorder>
- Malamud, A. (2010, August). *"Theories of Regional Integration and the Origins of MERCOSUR"*.
- Mercopress (a). (2012, June). *"Mercosur announced admission of Venezuela as a full member end of July"*. Retrieved June 2012, from <http://en.mercopress.com/2012/06/30/mercotur-announced-admission-of-venezuela-as-a-full-member-end-of-july>
- Mercopress (b). (2012). Retrieved June 2012, from <http://en.mercopress.com/2012/03/17/eu-mercotur-will-exchange-market-access-proposals-when-brazil-chairs-the-round>
- Mercopress (c). (2012). *"Next Mercosur Summit in Mendoza June 26th-28th"*. Retrieved June 2012, from <http://en.mercopress.com/2012/03/21/next-mercotur-summit-in-mendoza-june-26-28-brazil-takes-the-relay>
- Mercopress. (2012). *Mercopress South Atlantic News Agency*. Retrieved June 2012, from <http://en.mercopress.com/about-mercotur>
- Musiakowska, I. (2010). "Transfer of the European Regional Policy to Latin America". Poland.
- Paiva, P., & Gazel, R. (2004, January). *"MERCOSUR Economic Issues: Successes, Failures and Unfinished Business"*.
- SICE. (2012). *"Foreign Trade Information System: MERCOSUR-European Union"*. Retrieved July 2012, from [http://www.sice.oas.org/TPD/MER\\_EU/MER\\_EU\\_e.asp](http://www.sice.oas.org/TPD/MER_EU/MER_EU_e.asp)

Siroen, J.-M., & Yucer, A. (May 2012). *"The impact of MERCOSUR on trade of Brazilian states"*.

TimelinesDb. (2012). *Timelines-Mercosur*. Retrieved May 2012, from <http://www.timelinesdb.com/listevents.php?subjid=647&title=mercosur>

UNCTAD. (2003). *"Dispute Settlement, Regional Approaches 6.2 Mercosur"*. Retrieved from [http://unctad.org/en/Docs/edmmisc232add28\\_en.pdf](http://unctad.org/en/Docs/edmmisc232add28_en.pdf)

UNCTAD. (2004). *"Regionalism and South-South cooperation: The case of Mercosur and India"*. Retrieved June 2012, from [http://unctad.org/en/Docs/tdxibpd11\\_en.pdf](http://unctad.org/en/Docs/tdxibpd11_en.pdf)

UNCTAD. (2007). *"Regional Arrangements to Support Growth and Macro-Policy Coordination in MERCOSUR"*. Retrieved June 2012, from [http://unctad.org/en/Docs/gdsmdpb2420074\\_en.pdf](http://unctad.org/en/Docs/gdsmdpb2420074_en.pdf)

UNCTAD. (2011). *"UNCTAD Handbook Statistics 2011"*. Retrieved May 2012, from [http://unctad.org/en/Docs/tdstat36\\_en.pdf](http://unctad.org/en/Docs/tdstat36_en.pdf)

Valle, V. (2008, July). *"Interregionalism: A Case Study of the European Union and Mercosur"*. Retrieved from GARNET Working Paper No: 51/08.

VEDP International Trade. (2009). *"VEDP Fast Facts:Mercosur"*. United States of America.

Wikipedia. (2012). *Mercosur*. Retrieved 2012, from <http://en.wikipedia.org/wiki/Mercosur>

WTO. (2012). *"WTO International Trade Statistics 2011"*. Retrieved June 2012, from [http://www.wto.org/english/res\\_e/statis\\_e/its2011\\_e/its11\\_world\\_trade\\_dev\\_e.htm](http://www.wto.org/english/res_e/statis_e/its2011_e/its11_world_trade_dev_e.htm)

## Appendix

### App. A1 Additional Online Resources

Type	Link
<b>Official Websites</b>	
Mercosur portal	<a href="http://www.mercosur.int">www.mercosur.int</a>
Parliament	<a href="http://www.parlamentodelmercosur.org">www.parlamentodelmercosur.org</a>
Permanent Review Tribunal	<a href="http://www.tprmercosur.org">www.tprmercosur.org</a>
<b>Institute National of Statistics</b>	
Brazil	<a href="http://www.igbe.gov.br">www.igbe.gov.br</a>
Argentina	<a href="http://www.indec.mecon.ar">www.indec.mecon.ar</a>
Paraguay	<a href="http://www.dgeec.gov.py">www.dgeec.gov.py</a>
Uruguay	<a href="http://www.ine.gub.uy">www.ine.gub.uy</a>
Venezuela	<a href="http://www.ine.gov.ve/">www.ine.gov.ve/</a>
<b>Ministries of Foreign Affairs</b>	
Brazil	<a href="http://www.itamaraty.gov.br/">http://www.itamaraty.gov.br/</a>
Argentina	<a href="http://www.mrecic.gov.ar/">http://www.mrecic.gov.ar/</a>
Paraguay	<a href="http://www.mre.gov.py">http://www.mre.gov.py</a>
Uruguay	<a href="http://www.mree.gub.uy">http://www.mree.gub.uy</a>
Venezuela	<a href="http://www.mre.gov.ve/">http://www.mre.gov.ve/</a>
<b>News</b>	
Independent News Agency	<a href="http://www.mercopress.com">http://www.mercopress.com</a>
<b>Others</b>	
Mercociudades	<a href="http://www.mercociudades.org">www.mercociudades.org</a>
Somos Mercosur	<a href="http://www.somosmercosur.net/">www.somosmercosur.net/</a>
Cooperativas del Mercosur	<a href="http://www.mercosur.coop">www.mercosur.coop</a>
Mercosur Social	<a href="http://www.mercosur-social.org">www.mercosur-social.org</a>
Grupo de Integración Productiva	<a href="http://www.gipmercosur.org">www.gipmercosur.org</a>
<b>Mercosur-EU</b>	
EUROSTAT-Statistics	<a href="http://trade.ec.europa.eu/doclib/mercosur">http://trade.ec.europa.eu/doclib/mercosur</a>
EC-Summary of Negotiations	<a href="http://ec.europa.eu/bilateral-relations/mercosur">http://ec.europa.eu/bilateral-relations/mercosur</a>

**Table A-1:** Additional Online Resources

**Source:** Author's elaboration