

MERCOSUR

Full Members (Entry)

Argentina (1991)
Brazil (1991)
Paraguay (1991)
Uruguay (1991)
Venezuela (2006)

Associate Members (Entry)

Bolivia (1997)
Chile (1996)
Colombia (2003)
Ecuador (2003)
Peru (2003)

Observer: Mexico



FACTS

5M = 5 full members
10M= 5M + 5 Associates

Area:

5M = 7,941,856 sq. miles
10M= 10,762,316 sq. miles

Population (2009):

5M = 276.9 million
10M= 393.1 million

GDP (2008):

5M = US\$ 2.26 trillion
10M= US\$ 2.87 trillion

Leader:

Pro Tempore Secretary
Fernando Lugo (Paraguay)

MERCOSUR AT A GLANCE

- The Common Market of the South, *Mercado Común del Sur* in Spanish or *Mercado Comum do Sul* in Portuguese, was formed in 1991 through the Treaty of Asunción as a trading block, or free trade area, by the southern cone countries - Argentina, Brazil, Paraguay, Uruguay.
- MERCOSUR encompasses roughly 50% of Latin America's Gross Domestic Product, 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 Latin America as a whole.
- MERCOSUR has virtually eliminated tariff and non-tariff barriers to trade on most intra-regional trade between members.
- With the implementation of a Common External Tariff (CET) system, MERCOSUR has evolved into a customs union similar to the European Union (EU). Unlike the EU, MERCOSUR does not have a common currency or a coordinated monetary policy. Associate members enjoy tariff reductions, but are not subject to the CET system.
- In November 2005, MERCOSUR member nations and Venezuela rejected the Free Trade of the Americas Agreement on the grounds that it would increase inequality in the region; no significant progress has been made since.
- The largest country in the trade pact, Brazil, accounts for close to 80% of the population of MERCOSUR .
(El Comercio de Perú)
- Venezuela joined in July 2006, having served as an Associate Member for 2 years. Under President Hugo Chávez, Venezuela has pushed to have MERCOSUR serve as an alternative

MERCOSUR

to the U.S.-backed Free Trade Agreement of the Americas (FTAA).

- Bolivia may be the next country to ascend to full membership. Bolivia is a member of the Community of Nations (CAN), a smaller trading bloc that includes Colombia, Ecuador, and Peru. MERCOSUR Members are not permitted to negotiate Free Trade Agreements (FTAs) with non-member nations, but Bolivia has not shown willingness to drop its membership to CAN.

(Council of Foreign Relations)

- Uruguay independently signed a Trade and Investment Framework Agreement with the U.S. that is in violation of MERCOSUR. It remains to be seen if MERCOSUR rewrites its charter to allow members to sign bilateral agreements.

History of Mercosur

- Treaty of Asunción goes into force in 1991, effectively mandating the creation of a common southern market (MERCOSUR) by December 31, 1994. Original signatories are Brazil, Argentina, Paraguay, and Uruguay.
- Creation of customs union in 1995 aims for a system of Common External Tariffs (CET).
- In 1995, MERCOSUR and the European Union sign an agreement of trade association and cooperation in various areas. In 1999, they initiate negotiations with a view of establishing a free trade agreement between the two trading blocks. The European Union, followed by NAFTA, is MERCOSUR's most significant partner in international trade and investments. Final preparations are made in 2004 for the signing of a free trade agreement between MERCOSUR and CAN, the trading block composed of the Andean countries of Bolivia, Colombia, Ecuador, Perú, and Venezuela.
- MERCOSUR recently signed a Preferential Trade Agreement with India, and has been engaged in discussions to form trade partnerships with the SADC (South African Development Community), CER (Australia-New Zealand Closer Economic Relations Trade Agreement), Korea, China, Cuba, Pakistan, and Israel.

(Organization of American States)

Principal Objectives of Mercosur

- Increase regional trade by lowering tariffs and non-tariff barriers to trade;
- Move member countries' economies away from import-substitution models and towards more open economies based on trade and exports;
- Promote convergence of regional economic policies;
- Develop institutional groups to address social issues such as education, labor, culture, the environment, and consumer protection. As an example, in the late 1990s the MERCOSUR nations declared the trading block a nuclear weapons free zone, and issued their commitment to peaceful applications of nuclear energy;
- The creation of a customs union through the implementation of a Common External Tariff (CET) system along the lines of the European Union

(Brazilian Ministry of Foreign Relations)

MERCOSUR

Affiliations with Other Countries and International Organizations

- European Union (exchanges in science, technology, infrastructure, and renewable energy);
- CAN (Comunidad Andina, or Andean countries of Bolivia, Colombia, Ecuador, Peru, and Venezuela);
- SADC (South African Development Community);
- CER (Australia-New Zealand Closer Economic Relations Trade Agreement);
(BBCMundo.com)
- India (Preferential Trade Agreement);
- Gulf Council on Cooperation - United Arab Emirates, Bahrain, Saudi Arabia, Oman, Qatar;
- Commercial Cooperation and Investment Plan (AELC) - Iceland, Norway, Switzerland, and Lichtenstein;
- Ongoing discussion with China, Korea, Egypt, Morocco, Pakistan, Israel, and Cuba.

Administrative/Institutional Structure of MERCOSUR

- A Ministers Council rules the political orientation of MERCOSUR, while other matters are handled at the executive level by the Grupo Mercado Común (Common Market Group).
- Montevideo is the seat for the MERCOSUR Executive Secretariat, a coordinating office created by the Treaty of Asunción, which makes the Uruguayan capital the principal negotiation center for the five member countries.
- The Commercial Commission of MERCOSUR (CCM) assists the Common Market Group in the enforcement of trade policies.
- The Joint Parliamentary Commission (CPS) is the representative body for MERCOSUR members' parliaments and congresses.
- The Social-Economic Consultative Forum (FCES) brings together various associations and interest groups from member countries.
(Brazilian Ministry of Foreign Relations)
- MERCOSUR holds regular Summits for all signatories (members and associate members). At the last Summit, held in Asunción, Paraguay in July, 2009, Mexico attended the meetings with the goal of promoting regional integration and stronger economic ties between Mexico and MERCOSUR.
(Government of Mexico. Secretary of Foreign Relations)

MERCOSUR

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ADDITIONAL RESOURCES

- Official MERCOSUR website: <http://www.mercosur.int/msweb/>
- MERCOSUR Portal. This website has links to a wide variety of sites that provide information on all aspects of MERCOSUR: <http://www.redmercosur.org.uy/portal/mercosur.html>
- SICE (Organization of American States' Trade Information System) information on MERCOSUR: <http://www.sice.oas.org/trade/mrcsr/mrcsrtoc.asp>
- Organization of American States: <http://www.oas.org/>
- Mercopress Website- Independent News Agency: <http://www.mercopress.com/home.do>
- Revista do MERCOSUL. Published by the Brazilian Ministry of Foreign Relations: <http://www.mercosul.gov.br/>

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