

MERCOSUR AND THE CREATION OF THE FREE TRADE AREA OF THE AMERICAS

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MAIN CHARACTERISTICS AND GLOBAL IDEA OF THE BOOK

- INTRODUCTION
- MAIN IDEA: RELEVANCE OF THE BILATERAL
RELATIONSHIP BETWEEN BRAZIL AND US
- OBJECTIVE
- ORGANIZATION OF THE PRESENTATION

TRADE AND WELFARE

MERCOSUR and his international negotiation agenda

- Many spaces to negotiate trade agreements.
- FTAA fourth stage, the *end of the negotiations*. The FTAA could evolve in an global umbrella under which several bilateral agreements could be signed.
- For MERCOSUR the negotiation in the FTAA is a negotiation with US. The main issue is improved market access.

Trade Patterns in the 90s

- Increase in intraregional trade but also increase in trade with respect to rest of the world. Openness and stabilization.
- Trade intensity index: asymmetric relationship. FTTA countries more closer to MERCOSUR than MERCOSUR with respect to them.
- The geography of trade was reinforced by trade agreements; these are tighter and more discriminatory the closer together the countries are geographically.

Welfare effects of the agreements

- CGE model. Spaghetti bowl (trade preferences) as the start point of the simulations. More complexity in the data and in the analysis.
- Main results.
 - Accounting of benefits: the simulation confirm the relevance of market access for MERCOSUR countries.
 - Agriculture exclusion reduce the potential gain of the FTAA for MERCOSUR countries.



THE POLITICAL ECONOMY OF THE NEGOTIATION

Winners and losers in a bilateral USA-MERCOSUR agreement

- Perils and Opportunities: a mercantilist approach
- Size asymmetries and the original conjecture.
- Results are different. An agreement with MERCOSUR means a reduce protection regime for US an so perils.

Manufacturing, agriculture and services: sectors of interest

- Industry perspective.
- Petrochemical industry peril for MERCOSUR, opportunity for US.
- Frozen Orange Juice. Opportunity for MERCOSUR, peril for US.
- Global assessment of the service sector.

The main actors: the US and Brazil

- USA's strategy in the FTAA: trade as cooperation; new doctrine Monroe; slow progress multilateralism.
- Brazil supports the FTAA depends to a large extent on far-reaching changes in the structure of protection in the United States.

FINAL REMARKS

- MERCOSUR AND FTAA as complementary strategies.
- Universal agreements, all sectors all countries vis a vis mercantilist agreements with exceptions in the sensitive sectors.
- Role of bilateralism.
- Interdependence of liberalization. Reciprocated unilateralism.