



Mercosur
Economic Research Network

MERCOSUR: Brief overview

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Ottawa - May 26, 2010

Mercosur: full and associated members



I-Introduction

In the last years MERCOSUR moved towards a more comprehensive integration process, deepening its social and political dimensions (e.g. strengthening democracy in the region).

But the regional trade agenda faces challenges....

The emergence of larger integration efforts in the region –like UNASUR- reinforces the need to strengthen MERCOSUR as a core piece of this new architecture.

II- Key points in the agenda

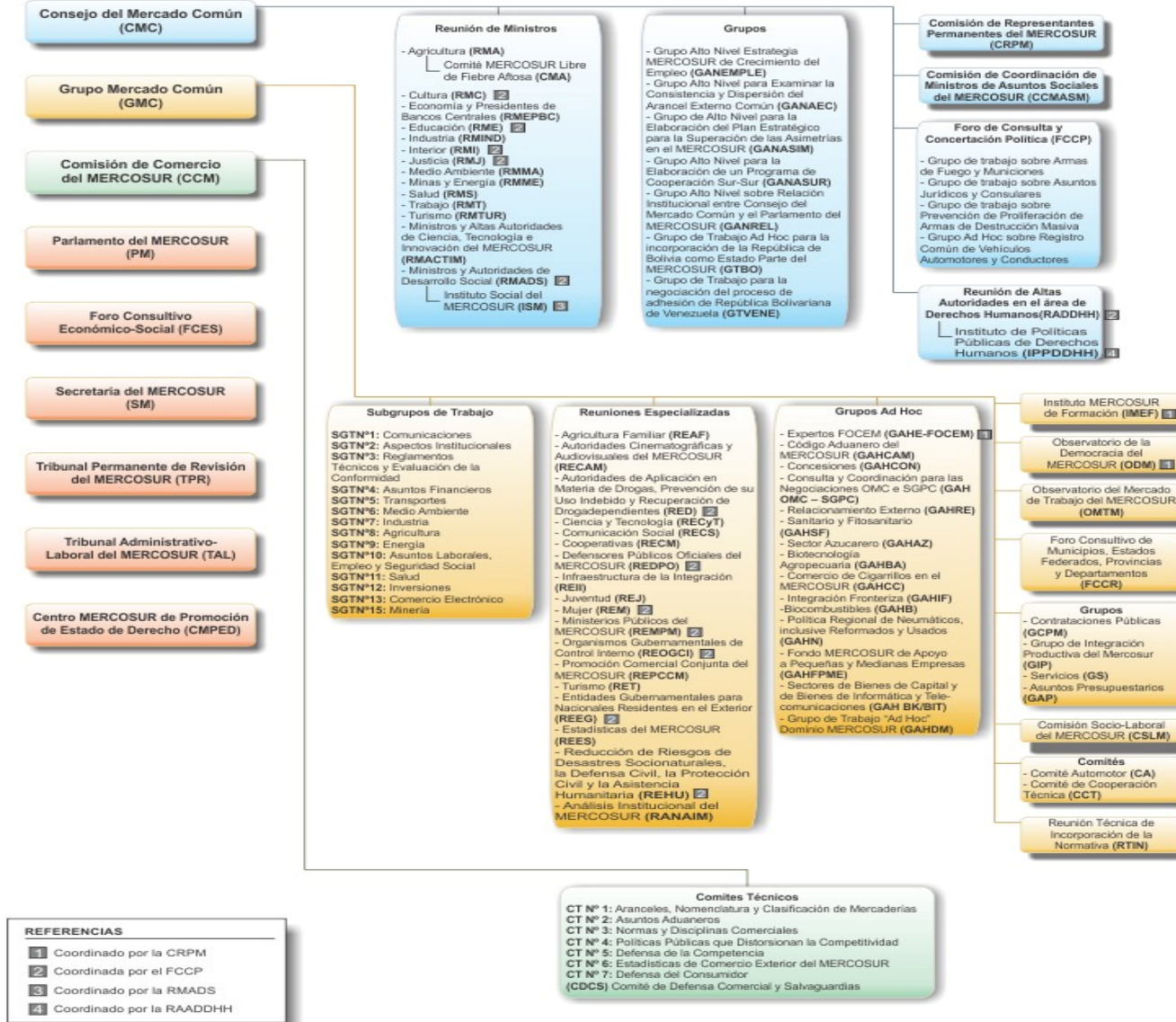
A long-term strategic agenda could vitalize the regional integration process, generating increased demands for better institutions and more citizenship participation.

Internal agenda

1. Institutional strengthening
2. Social dimension & civil society participation
3. Economic and productive complementarities
4. Renewable energies and climate change

1-Institutional strengthening

Estructura Institucional del MERCOSUR



1- Institutional Strengthening

Many of the bodies of Mercosur are still managed by national delegations in spite of regional staff structures such as the Mercosur Secretariat (with limited powers).

The bureaucracy responds to national agendas...and the regional technocracy is emerging slowly.

MERCOSUR's Parliament (PARLASUR) was a significant step forward. In the next years the process should evolve, including direct voting from citizens and stronger influence of the PARLASUR.

1- Institutional Strengthening

Some progress has been also made in the social dimension with the creation of:

- Commission for the Coordination of Social Affairs Ministers (Comisión de Coordinación de Ministros de Asuntos Sociales del MERCOSUR)
- MERCOSUR's Social Institute (Instituto Social del MERCOSUR).
- Fondo de Convergencia Estructural (FOCEM, structural regional fund).

2- Social dimension & civil society participation

- Social programs that were successful at the national level are implemented in other countries through technical cooperation (Brazil plans: Bolsa Escola, Fome zero, etc).
- These plans are emergency plans to fulfill basic rights (access to school, food, housing, etc.).
- The social agenda improved in paper and institutionality but still needs to become more effective.

2- Social dimension & civil society participation

- Civil society actors have been organised at the regional level since early days particularly trade unions through the Coordinadora de Centrales Sindicales del Cono Sur.
- Formal spaces for participation were set up by 1995, but they are consultative, restricted and still based in the logic of national representations.
- Regional platforms and networks have limited space for formal participation.

2- Social dimension & civil society participation

Challenges:

- * Promote comprehensive social policies at the regional level, identifying common problems for MERCOSUR citizens and vulnerable groups or territories– Strategic Plan for MERCOSUR Social Action (PEAS).

- *Promote community's and civil society participation (beyond the existing specialized Units and the Economic and Social Consultative Forum) and support for multidimensional and integral policies.

3- Economic and productive complementarities

In the nineties economic and productive complementation within MERCOSUR members were expected as a natural result of market forces. However, this outcome failed to emerge.

The lack of active policies to promote a significant restructure of its economies and to mitigate the effects of competitive asymmetries, prevented MERCOSUR members to move forward with the economic integration process.

The shift in the political climate in the 2000s jointly with a period of strong growth raised new opportunities and challenges for complementation.

3- Economic and productive complementarities

Actions should be directed to:

- *Strengthen regional companies and SMEs consortium
- *Promote intra-sectoral specialization
- *Strengthen regional public goods
- *Better access external markets

4- Renewable energies & Climate Change

Main effects of climate change in the region:

- *Decreasing agricultural yields
- *Biodiversity reduction
- *Increased risk of transmission for certain diseases
- *Flooding/water scarcity

MERCOSUR countries have some win-win opportunities for mitigation in two main areas:

- 1- Renewable energies
- 2- Reduction of Emissions from Deforestation and Forest Degradation
–REDD–

4- Renewable energies and climate change

Although there are still significant gaps in the use of renewable energies among MERCOSUR members (Brazil is the 2nd world producer of biofuels), they have all started to develop regulatory instruments and incentives to promote their use.

Challenges:

- * Security of supply in its three dimensions: economic, political, technical
- * Regulatory efforts to achieve efficient markets and an efficient use of natural resources
- * Environmental sustainability + resource efficiency

A strategic agenda for the region should support an *holistic version* of the integration process which should result in a more sustainable and inclusive development strategy, with the agreement of all MERCOSUR members and deliver for all.

This agenda needs to integrate the perspectives and demands of different stakeholders, taking into account *territorial imbalances* and the *needs of particularly vulnerable groups* across countries.