IICA | TECHNICAL WORK IN PROGRESS | SERIES

THE AGRICULTURE OF MERCOSUR: PAST, PRESENT AND FUTURE

October, 1997

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October, 1997
San Jose, Costa Rica

ACKNOWLEDGEMENTS

This paper was prepared by Cristobal de Brey, Consultant. The author worked in close collaboration with and under the guidance of Tom Kerr. Reviews and comments by Clare Narrod are appreciated. Joaquín Arias and Jeffry Clark provided data and insides useful to the project.

USDA/ERS provided access data, office space and logistical support for a substantial part of the project. Recognition is extended to to Mark Gehlhar and Julieta Ugaz for making available specific data sets on trade.

Technical support from Laura Cartín was important in getting the paper from manuscript form to a published document.

This paper is part of a largest hemispheric effort carried out by the Technical Management Unit of IICA, under the direction of P. Lizardo de las Casas. The purpose is to gain a fuller understanding of the nature and prospects of agricultural trade, policies and integration in the Americas to better assist in the debate among member countries.

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INTRODUCTION

Since the creation of MERCOSUR, or Common Market of the South, agricultural trade in the customs union has increased by half, comparable to the growth experienced in other major world trade blocs. The ability to stay competitive with other regions and countries is an important break from the past for Latin American trade and integration efforts. This paper analyzes the evolution of MERCOSUR and its impact on agricultural trade.

The first section discusses the formation of MERCOSUR by Argentina, Brazil, Paraguay and Uruguay, highlighting the institutional reforms and trade policies implemented. The second section examines agricultural trade patterns of the major commodity groupings, identifying products that experienced sustained growth and those which did not.

Internal issues in MERCOSUR which directly involve or affect agriculture are treated in the third section. Coordination of macroeconomic and trade policies and implications for trade flows and investment patterns are assessed. Harmonization of standards, including those for food and agriculture, is examined as is the issue of strengthening regional ties to embrace integration in services including transportation. Coordination of customs procedures and implementation of an enforceable dispute settlement mechanism are discussed. The unresolved sugar dispute between Brazil and Argentina is addressed.

MERCOSUR's steps to regional integration and globalization are reviewed in the fourth section. The status of negotiations with the Andean Community and the European Union are examined briefly as is the FTAA. Recent agricultural trade patterns with these regions are included to highlight probable effects of greater integration on MERCOSUR agriculture. The sustainability of agriculture in a globalized economy is emphasized, as well as the need for the introduction of new technological institutions and arrangements to ensure the survival and growth of a competitive agriculture in the region. The need for measuring sources and sectors of comparative advantage in agriculture is emphasized. The search for and promotion of competitive industries that can create rural employment in areas where agricultural sectors have been adversely affected by integration are discussed.

Conclusions and a summary of policy considerations for a globally competitive and sustainable agriculture in MERCOSUR complete the paper.

MERCOSUR: A WATERSHED IN LATIN AMERICAN INTEGRATION

MERCOSUR represents a break from Latin America's tradition of inward-looking integration efforts. While previous regional agreements were extensions of import substitution policies, the context for the MERCOSUR agreement was quite different since most countries of the region had already initiated substantial unilateral import liberalization programs. Through MERCOSUR the unilateral liberalization efforts and regionalization have reinforced each other (Bouzas 1996).

The trade bloc is the culmination of bilateral negotiations started by Argentina and Brazil in 1986. In March 1991, Paraguay and Uruguay joined the process with the signing of the Asuncion Treaty, which changed the objective from a managed trade regime to a common market with fewer exceptions to intra-regional free trade (Reca, 1995). However, MERCOSUR is currently considered a customs union in formation and not a common market (Bouzas, 1996). Free access to member markets is still hampered by several national regulations and the Common External Tariff (CET) is not applied universally. The free flow of factor inputs has not been discussed and negotiations for the free flow of services are still in their early stages.

The fact that the customs union was negotiated, signed (the Ouro Preto Treaty in December 1994) and operational by January 1995 was more than most analysts had predicted. It signaled the end of an era of import substitution and development-at-any-cost policies. Importantly, MERCOSUR helped to lock in the market opening measures already taken and committed its members to continue the reform process. The level of economic interdependence among the members has increased notably, particularly for Argentina and Brazil.

Unilateral import liberalization prepared the member economies for the establishment of MERCOSUR. Argentina started its policy changes in 1987 and accelerated them after the new administration came to power in 1989. Brazil initiated its liberalization process in 1989 and extended it in 1994. Paraguay and Uruguay embarked on more moderate liberalization schemes in the late 1980's and early 1990's. From average tariff rates of at least 30 percent prior to the commencement of negotiations (Argentina, 30 percent in 1989; Brazil, 51 percent in 1988; and Uruguay, over 100 percent in 1978 (GATT, 1992a, b and c)), MERCOSUR members' external tariffs averaged 10.7 percent when the CET was implemented in 1995.

Starting in 1989 Argentina's democratically elected administration implemented some profound reform measures including deregulation, decentralization and privatization, in an effort to control chronic public sector deficits. In 1991, the Convertibility plan established a quasi-currency board, pegged the domestic peso to the dollar, set severe constraints on the discretionary power of the monetary authority and ended hyperinflationary pressures which had plagued Argentina for over a decade. These measures resulted in an impressive annual GDP growth rate of almost 8 percent from 1991 to 1994, driven largely by pent-up consumer demand. Inflation dropped to its lowest level in decades and remains among the lowest in the world.

Regarding agricultural policy reforms, Argentina has corrected some chronic problems that had retarded growth in this sector (USDA/ERS, 1997). Export taxes on most agricultural products were eliminated (bovine raw hides and oilseed exports are still taxed to favor local processing), including the 1.5 percent tax to fund agricultural research. The major state-owned marketing boards for grains, meats and sugar were scrapped. Steps taken to reduce costs incurred by traders included privatization of export facilities and railroads and the dredging of the Parana river, where the bulk of the grain and oilseed export facilities are located. Import duties for most agricultural products and inputs were reduced to well below the 35% ceiling rate that Argentina agreed to in the WTO. Imports of fertilizers, pesticides, machinery and irrigation equipment have risen to all-time highs.

In Brazil, significant policy reforms came a little later than in Argentina. The country entered an economic stabilization program in mid-1994 known as the "Plano Real" in Portuguese, after the new currency, the real. The program successfully tamed hyperinflation, which had been as high as 50 percent per month in June of 1994, to the more moderate level of less than 1 percent per month recorded recently. Real interest rates have risen as the money supply tightened. Current challenges include the maintenance of a more open and lower inflationary environment while striving for the economic growth necessary to absorb an expanding labor force. The continued reduction of the fiscal deficit is key to the overall success of the program. Privatization of public utilities has proceeded at a slower pace than in Argentina, but gained some speed lately. The Real Plan reinforced the development of MERCOSUR by increasing real domestic incomes, which caused trade in the region to flourish.

The agricultural sector has been affected by changing the character and availability of loans, needed by more than 60 percent of Brazilian farmers for the purchase of production inputs. With inflation no longer a serious problem, the cost of borrowing money has increased sharply. Aggravating the situation, the federal government has reduced the amount of credit it is extending to farmers. Since this combination has resulted in many farmers being heavily indebted, banks have been encouraged to seek low interest rates overseas to increase private lending to agriculture (USDA/ERS, 1997).

The Brazilian government's efforts to reduce the "Brazil cost" and make its agriculture more competitive internationally included elimination of the export taxes on semi-processed agricultural products and removal of the farm price safety net. Farmers, responding to market prices, are redistributing resources away from some crops - notably wheat, cotton and rice - and into more profitable alternatives such as soybeans and corn.

The administration that came to power in Paraguay in 1989 improved macroeconomic conditions by unifying the multiple exchange rates, liberalizing the exchange market, reducing the public sector deficit and tightening public enterprise management. Steps to reduce the public sector deficit included passage of a privatization law, although privatization has been proceeding at a slow pace, and modernization of tax legislation to increase revenues. In 1992, a new tariff code was adopted, which lowered tariffs and brought them into line with a more open economy.

Regarding agriculture, policy reforms have been less evident. Paraguayan agriculture, especially soybeans and cotton, accounts for the bulk of the country's registered exports. Under MERCOSUR, the country's dependence on agriculture will increase as unregistered border trade, curtailed recently by Brazil and Argentina, declines. Paraguay faces the challenges of diversifying its agricultural production and increasing its yields on traditional crops.

In Uruguay, the reform process has proceeded at a slower pace. Public finances were improved over the 1990-92 period only to be partially reversed the following two years. Although a privatization law was passed and the services at Montevideo's port were privatized, the outlook for further progress on this front is questionable given a 1992 referendum that overturned a drive to privatize the telephone company. Providing more optimism for the economy, non-tariff barriers have been reduced and the chronic 40-50 percent annual inflation rate has been lowered to less than 25 percent.

The most visible agricultural policy actions were observed on the sanitary front. Uruguay, after successfully eradicating foot-and-mouth disease from its cattle herd, is considered free of the disease without vaccination. This development has positioned the country to take advantage of growing Asian markets. Similarly, it has taken actions to improve the phytosanitary condition of its blossoming citrus industry.

Agriculture is an important component of MERCOSUR and the region is a growing net exporter of agricultural products. Agricultural products accounted for close to 40 percent of total exports but only 10 percent of the region's total imports.

Table 1 illustrates agriculture's participation in GDP and trade for each member country. Whereas per capita GDP is inversely related to agriculture's importance in each economy, a normal occurrence, Brazil's overwhelming importance is illustrated by its share of the region's agriculture: 82 percent, and five times the size of Argentina's agricultural sector. However, Brazil is the country least dependent on agriculture in its total foreign trade. From the data it seems apparent that Brazilian agricultural exports have the most potential for expansion and that MERCOSUR agricultural conflicts are likely to revolve around how Brazilian policies to accomplish this expansion impact the country's adjustment path to regionalization.

The openness of MERCOSUR countries is shown in Tables 1 and 2. Table 1 shows that all countries have higher Trade Dependency Indexes (TDI)[1] for their agricultural sectors than for their total economies. Brazil by far has the lowest agricultural TDI (22.7) in MERCOSUR while Argentina has the lowest overall TDI (13.7). The time series of agricultural TDI's in Table 2 shows a downward trend, which could be interpreted as a failure of the countries to promote their agricultural exports adequately during the recent moves toward regionalization and globalization. Elimination of hyperinflation in Brazil and Argentina initially boosted consumption because of pent-up domestic demand for food. Consolidation of their respective stabilization processes should provide further incentives to trade.

The size and potential market of MERCOSUR should give it considerable stature at future international trade negotiations. Although smaller than either NAFTA or the E.U., it nevertheless represents a market of some 200 million people with a total GDP of close to US$ 900 billion. Brazil's GDP alone matches that of Canada. With an area of 12 million km^2, 70 percent of the total landmass of South America, MERCOSUR stretches from tropical

[1] TDI = (Exports + Imports) / (GDP + Imports).

jungles in Northern Brazil to subantarctic areas in Southern Argentina and Chile. This area is capable of producing numerous important agriculture commodities such as oilseeds, grains, beef, poultry, sugar, citrus and coffee.

The establishment of MERCOSUR and the return of economic stability to the region have created a climate favorable to capital investment. The free flow of most goods within MERCOSUR has created a powerful incentive for firms to base production facilities for the region in one country. The resulting competition between countries for investment capital has been and is likely to remain stiff. Based on UN data, $3.9 billion in foreign direct investment (FDI) was made in Argentina in 1995, over three times more than the previous year. Brazil received $11 billion in FDI in 1995. The agricultural and food industry sectors attracted much of this foreign capital.

Negotiations to establish MERCOSUR concentrated on the establishment of the CET, the harmonization of tariff codes, the elimination of tariff barriers, and the setting up of exceptions regimes. Moreover, agreement was reached that intra-regional tariffs would be dismantled following specific schedules and that non-tariff barriers would be eliminated. MERCOSUR imposes a CET of up to 20 percent with estimated averages of 10.7 percent overall and 10 percent for agricultural products (Laird, 1997).

Three types of exceptions to merchandise trade were negotiated: 1) exceptions to the CET, 2) exceptions to intra-regional free trade and 3) sectoral exceptions. Argentina, Brazil and Uruguay were allowed to include up to 300 exceptions to the CET, with linear convergence schedules of five years, i.e. by 2001 exceptions to the CET would be eliminated. Argentina has very few agricultural products on this list (cocoa, canned peaches, whisky), while Brazil included dry milk, fluid milk, palm kernel oil, cotton and bovine hides. Paraguay lists more products and provides a longer transition period for its agricultural sector.

Exceptions to intra-regional free trade were accepted to provide time for domestic production policies to adjust for imports from member states. Argentina and Brazil, allowed up to 300 exceptions, must eliminate all of their intra-regional duties by the end of the fourth year (1999). For Paraguay and Uruguay the adjustment period is five years and includes more products. Argentina's agricultural list includes orange juice and coffee and the list for Brazil includes canned peaches and wines. Paraguay and Uruguay's agricultural exceptions include a host of food items.

Sectoral exceptions were agreed to in cases where discrepancies between domestic policies were too large and negotiations were stalled. The only agricultural sector excepted is sugar. Brazil's sugar production exceeds Argentina's by a factor of ten, with the added complication that the majority of its huge sugarcane production is used in a fuel alcohol program. According to Argentina the alcohol program is subsidized and therefore must be included in any future negotiations. Brazil's sugar production costs are believed to be lower than Argentina's, despite moves by Argentina to deregulate its sugar industry. The sugar sector will be more closely examined in Section 3.

MERCOSUR has signed free trade agreements (FTA) with Chile and Bolivia. Chile's FTA went into effect in October 1996, and Bolivia's in May 1997. The Chilean FTA is significant given Chile's relatively advanced economy and its connection to the markets on the Pacific. It also established a blueprint for subsequent trade agreements, including the FTA with Bolivia. It represents a benchmark for MERCOSUR by including all of agriculture in the negotiations, even though there was some disappointment at the long phase-out period for selected products.

As an example of the commitment to integrate Chile with the rest of the region, the FTA includes provisions to build and improve twelve international road transportation systems across the Andes. The agreement was the result of more than two years of negotiations, with agricultural issues, particularly the wheat and beef sectors, being contentiously debated.

Import duties are reduced for all products, with different schedules until total elimination. Chile has a uniform import duty of 11 percent, which it will maintain, whereas MERCOSUR tariffs range from 0 to 20 percent. At its inception, almost 80 percent of bilateral trade benefited from tariff reductions or elimination. (OAS-SICEA)

The FTA grouped products into multiple categories based on their schedules for tariff reduction. Tariff reductions for the first category ranged from 40 to 100 percent, with an 8-year linear reduction schedule (by the year 2004). Agricultural products included by MERCOSUR on this list include breeding livestock, dairy products, some fruits and vegetables and forage seeds. Chile included corned beef, tea, cocoa, hearts of palms and cotton.

Other products have ten-year reduction schedules and more sensitive products (e.g., beef, rice, edible oils, soybean meal and wines on the part of Chile and wines and fresh and preserved fruit on behalf of MERCOSUR) were included in the categories by allowing 15-year schedules. Sugar import duties will be phased out reciprocally between the 11th and 16th years. Finally, Chile will eliminate tariffs on wheat and flour imports over a period of 18 years. Several agricultural products also have tariff rate quotas (TRQ's) during the phase-out period.

The Bolivian FTA may be used as a prototype for negotiations to integrate MERCOSUR with the rest of the Andean Community, of which Bolivia is a member. The tariff phase-out periods range from 10 to 18 years. The agricultural products to be protected the longest by Bolivia include wheat and flour (the phase-out period was reduced to 15 years, from the 18 years negotiated by Chile), margarine and vegetable oils, and canned peaches.

The watershed difference of MERCOSUR and other regional equivalents (the Latin American Free Trade Association, the Andean Pact and the Central American Common Market) is that in the 1990's regional agreements have occurred against a backdrop of increased unilateral outward orientation. A critical view of MERCOSUR's degree of internal and external integration in agricultural trade is carried out in the next section.

MERCOSUR AND AGRICULTURAL TRADE - IMPLICATIONS FOR POLICY

This section analyzes the evolution of MERCOSUR's internal and external agricultural trade. Based on this analysis conclusions are drawn and policy actions are recommended. Complete tables of agricultural trade are included in Appendix 1. The source for the annual trade data is the UN's Comtrade, taken by USDA's Economic Research Service.

An initial examination of MERCOSUR agricultural trade compared to that of the other major trade blocs is summarized in Table 3. Total agricultural trade value has increased considerably in the mid 1990's, from about US$ 24 billion in the late 1980's and early 1990's to close to $36 billion in 1995. This exceeds the trade growth experienced by all of the other major trade blocs, except ASEAN. Reflecting the region's improved and more open economies, agricultural import growth by MERCOSUR was the fastest of the trade blocs during the period. In terms of agricultural exports, MERCOSUR's growth rate was on a comparable level with Australia-N. Zealand and the E.U. but slower than NAFTA and ASEAN. MERCOSUR is the fourth largest regional trading bloc in the world. On a net exporter basis, MERCOSUR is the third largest after NAFTA and Australia-New Zealand.

A look at the evolution of intra-regional agricultural imports as a percentage of total agricultural imports for each major trading bloc is also included in Table 3. For all trade blocs, except ASEAN, the general trend is one of increase. The European Union is by far the most closed trading bloc in the world, purchasing almost two thirds of its imports from within the region. In MERCOSUR, an increase in share of regional trade is also observed, although the percentage of intra-regional imports in the first year of MERCOSUR implementation (50 percent) was a decline from the late 1980's and 1990 (62 percent in 1990).

Following is an analysis of the agricultural export performance of MERCOSUR and its member countries. The analysis starts with aggregate numbers before proceeding to more detailed examinations by commodity and country. The focus is on trade with major regions of the world to be followed by an evaluation of intra-MERCOSUR trade. Tables and graphs are in Appendix 1.

Total agricultural exports of MERCOSUR and its member countries are summarized in Table 4. MERCOSUR exports between member countries have grown the fastest, accounting for 15 percent of exports in 1995, up from 9 percent in 1990. Exports to the rest of the Americas (excluding NAFTA), 6 percent in 1995 (4 percent in 1990), have also grown at above average levels. NAFTA is the only region experiencing an absolute decline in trade values as its share fell from 14 percent of exports in 1990 to 8 percent in 1995.

Exports to the European Union, despite being the major destination with 38 percent of the exports in 1995 (44 percent in 1990), have grown at below average levels. The rest of the world, including the Asian market, showed above average growth over the last five years, taking 33 percent of shipments in 1995, after several years of relative stagnation (28 percent in 1990). Whether this recent Asian growth represents the start of a trend will be discussed in another paper.

Looking at Argentina, its fastest growing markets were the other MERCOSUR members, followed by the rest of the Americas (which excludes NAFTA). As Table 4 indicates, shares to MERCOSUR climbed to 22 percent of all exports in 1995 from 14 percent in 1990. Likewise, shipments to the rest of the Americas increased from 7 percent in 1990 to 11 percent in 1995. Purchases by NAFTA have contracted from 8 percent of total sales in 1990 to 6 percent in 1995. Exports to the European Union, although still the largest single destination (taking 34 percent of all exports in 1995, versus 39 percent in 1990), have grown slower than overall exports. The rest of the world, including Asia, has also experienced below average trade growth, accounting for 27 percent of shipments in 1995 (31 percent in 1990). Of the four MERCOSUR countries, Argentina's agricultural exports have shown the fastest growth over the last five years.

Within MERCOSUR, Argentine agricultural exports grew the most in absolute terms to the large Brazilian market, approaching $2.2 billion in 1995, almost double the 1990 level (Table 4). Agricultural exports, primarily wheat, dairy products, corn, deciduous fruit, rice and vegetables, accounted for nearly 40 percent of Argentina's total exports to Brazil in 1995. Exports to Paraguay and Uruguay, although much smaller, also enjoyed significant increases, surpassing Brazilian import growth in percentage terms (exports to Paraguay increased almost tenfold). Argentina's agriculture is a clear beneficiary of the MERCOSUR agreement, given its large production base of temperate climate agricultural commodities and its favorable access to the other members' markets.

Turning to Brazil, its overall agricultural export performance in the last few years was second only to Argentina's. Brazil is still the region's largest agricultural exporter, accounting for over half of total MERCOSUR exports. Brazil's most dynamic sales growth was to MERCOSUR, followed at quite a distance by the rest of the world and the rest of the Americas (excluding NAFTA). Despite this recent growth in exports to the region, the country's agricultural producers are much less dependent on MERCOSUR than are those of the other three members, shipping only 4 percent of their goods to MERCOSUR destinations in 1995. Brazil's low intra-regional dependence can be explained by its relative size within the trade bloc and the fact that its major export commodities are often produced by its fellow members.

Above-average growth to the rest of the world, which accounted for 40 percent of trade (28 percent five years ago), is an indication of Brazil's attention to Asian markets. Exports to the European Union grew at below average levels but still accounted for 44 percent of Brazil's 1995 total exports (49 percent in 1990). NAFTA was the only market to experience declining absolute values of agricultural exports, as shipments of less than $1.5 billion in 1995 were the lowest in fifteen years. A more detailed examination by agricultural sector appears later in this paper.

Argentina received 70 percent ($392 million) of Brazil's intra-regional exports in 1995 (Table 4). This value was seven times the amount traded in 1990. Major agricultural products included coffee and sugar. Exports to Paraguay and Uruguay have likewise increased.

Paraguayan registered agricultural exports experienced an increase in 1995 to US$ 969 million after four years of relatively poor performance. However, they are still below levels of 1990 (Table 4). MERCOSUR replaced the European Union as the principal destination for Paraguayan agricultural exports, purchasing slightly over half of them in 1995. Trade with the rest of the Americas also grew at above average levels, accounting for 16 percent of shipments in 1995 (11 percent in 1990). The European Union has declined rapidly in importance as a trading partner, taking 20 percent of all exports in 1995, versus 46 percent in 1990. The rest of the world and NAFTA are stagnant or declining markets for Paraguayan exports.

Brazil dominates Paraguay's exports within MERCOSUR, accounting for 93 percent of its exports to the region (87 percent in 1990). Brazil's processing industries have become major importers of Paraguayan cotton and soybeans. Export growth to Argentina and Uruguay has lagged because Argentina produces similar items and its proximity to Uruguay favor Argentina as the major source of agricultural commodities.

Uruguayan agricultural exports reached record levels in 1994 and 1995. For the first time, MERCOSUR's share of exports (47 percent in 1995, 28 percent in 1990) exceeded that of the European Union (26 percent in 1995, 31 percent in 1990). Exports to other Latin American countries, taking 5 percent of shipments in 1995, have also been on an above-average growth path. Exports to NAFTA (4 percent) have been stagnant. Shipments to the rest of the world declined from 31 percent in 1990 to 19 percent in 1995. (Table 4)

Brazil is also Uruguay's major agricultural export outlet, accounting for 90 percent of MERCOSUR exports from Uruguay. Recent growth in exports to Argentina and Paraguay has been significant as Uruguay has taken advantage of export niches made available by the more open trading environment.

Turning to major agricultural sectors, trade for the following groupings will be analyzed: grains, oilseeds and products, livestock products, horticultural products, cotton, tobacco, coffee, cocoa and sugar. Analysis will focus as warranted on countries, sectors and commodities with large export values or for which significant changes in export values or trade patterns have been observed.

Grains

Total grain exports from MERCOSUR, stagnant in the 1990's, are below the levels shipped in the 1980's (Table 5 and Appendix table). MERCOSUR grain exports accounted for 4 percent of world grain trade in 1995, down from 7 percent in the early 1980's. Production in Argentina, the major grain exporter in the region, has remained fairly stable throughout the 1990's at a level lower than in the 1980's as resources have been transferred to oilseed production.

Most grain exports from MERCOSUR (52 percent of shipments in 1995, down from 61 percent in 1990) go outside the Americas. The growth in exports to South America has outpaced the overall trend. Exports to the Rest of the Americas have grown the fastest (taking 20 percent of shipments in 1995, versus 11 percent five years before). Shipments to MERCOSUR have remained more constant, accounting for 27 percent of total trade. Exports to NAFTA, always small, have declined since the 1980's.

Within MERCOSUR, Brazil received 94 percent of all grain imports in 1995 (Table 5). This share was down from five years earlier as other countries increased their purchases of grains.

Argentina's major grain exports are made up of wheat and corn, followed by rice. For Uruguay, the other MERCOSUR grain exporter of relevance, rice is its major grain export crop. Rice production and exports in both Argentina and Uruguay have risen in recent years favored by the implementation of MERCOSUR and the greater access to the Brazilian market. Uruguay has developed additional outlets for its rice with exports to Peru and the Caribbean.

Oilseeds Complex

Oilseeds and products (oils and meals) are MERCOSUR's number one agricultural export sector. Brazil, Argentina and Paraguay are net exporters (Table 6). With combined exports of over US$ 9 billion per year, the oilseed sector has been the most dynamic growth factor in the region's agriculture. MERCOSUR's share of world oilseed complex trade increased from 18 percent in the early 1980's to more than 22 percent by the mid 1990's. This feat is more remarkable given that global trade expanded by an average of 4 percent per year throughout the period. Soybeans accounted for the bulk of the expansion in all countries. Sunflower seeds, too, were important in Argentina.

About half of the MERCOSUR exports of oilseeds and products in 1995 went to the EU, down from 61 percent in 1990. The fastest growing markets were MERCOSUR and the rest of the Americas, accounting for 4 percent and 7 percent, respectively, of all shipments in 1995. Brazil, a substantial producer and exporter of soybean products, was also a growing importer of soybeans. Argentina has supplied Brazil with several oilseed oils including ready-to-use blends (e.g., soybean/sunflower). This example illustrates the increased opportunities available in the current, more open trade environment.

Exports to the rest of the Americas, composed mainly of Argentine soybean and sunflower seed oils and Paraguayan soybean meal, have also grown faster than average exports. Argentine oil exports have increased in recent years, especially to Venezuela and Chile. Similarly, Paraguayan meal exports to Venezuela and other countries are on the rise.

Oilseeds and products exports to NAFTA have remained small, consisting mostly of Argentine sunflower seed oil shipments to Mexico. Both NAFTA and MERCOSUR are major oilseed exporters and the fact that there is intra-industry trade between these competing blocs reflects seasonal shortfalls and the fairly open market structure prevailing in this sector, unlike other sectors.

Livestock and Products

MERCOSUR is a major livestock and products producer and exporter. All four MERCOSUR countries export beef with Brazil possessing the largest commercial cattle herd in the world. On other fronts of the livestock and products sector, Brazil is a world-class poultry exporter and Argentina and Uruguay are increasing their dairy product and wool exports.

The region's share of world livestock and products trade has declined slightly to just over 4 percent. The MERCOSUR livestock sector accounted for a record US$ 4.4 billion in export revenues in 1995 (Table 7 and Appendix), making it the second largest agricultural export sector after oilseeds. Its expansion, though not as spectacular as oilseed export growth, underpins the importance and growth potential the livestock sector offers in an increasingly interconnected and affluent world economy.

As is the case with other sectors, livestock product exports to MERCOSUR and the rest of the Americas have shown the fastest growth rates in the 1990's, rising to 19 percent and 6 percent, respectively, of all shipments in 1995 (Table 7). Although its share of exports has declined from 45 percent in 1990 o 40 percent in 1995, the EU is still the region's largest market for livestock products. Export growth to the rest of the world has lagged the overall trend.

A stronger economy and the reduced intra-MERCOSUR tariffs have allowed Brazil to increase its imports of beef and dairy products from Argentina and Uruguay. Brazil has taken further advantage of the more open markets by shipping large quantities of poultry and pork to Argentina. Similarly, the more open trading environment has fostered intra-regional trade in cattle, such as when the sharp rise in Brazilian domestic cattle prices prompted greater imports from the other three members in the mid 1990's.

Much of the growth in exports to the rest of the Americas resulted from increased Argentine beef trade with neighboring Chile. Argentina's improved status regarding foot-and-mouth disease combined with Chile's open market structure and strong economic growth have turned Chile into Argentina's fourth largest beef market. Exports of beef from Uruguay and Paraguay also picked up, but then declined when Chile instituted a new beef grading system (based on teething), which penalized the meat of older animals. Brazil's poultry exports to the Caribbean have also increased recently.

Strict sanitary and other non-tariff barriers effectively have kept South American fresh beef and other products out of North American markets. Beef exports generally are restricted to thermally processed or cured products. Dairy product exports to the United States are regulated by tariff-rate-quotas and Canada imposes steep tariffs. Mexico also imposes high tariffs on non-NAFTA imports. In late 1995, the U.S. declared Uruguay free of fmd and granted an annual beef import quota of 20,000 MT to this smallest member of MERCOSUR. Most of Uruguay's shipments in 1996 were manufacturing beef, which is fairly low priced *vis a vis* the higher quality cuts which demand strong promotional efforts. In 1997, Argentina attained "low-risk" status regarding fmd and will be allowed to ship 20,000 MT of beef to the US each year. Exports to Canada and Mexico could follow, but they will face fairly high tariffs.

The growing demand for animal protein in the Far East combined with the improved sanitary status in MERCOSUR bodes well for the region's animal product export prospects to the emerging markets in Asia.

Fruits, Vegetables and Products

MERCOSUR is a major producer of some fruits and products. Brazil, the world's largest orange producer, is a major player in global orange juice trade. Argentina is a substantial producer and exporter of deciduous fruits and citrus, the largest for fresh pears and lemons, and a significant apple juice supplier. Uruguay's citrus sector exports are fairly dynamic. MERCOSUR's share of global fruit and vegetable product exports has stagnated at between 3.5 and 4 percent. The region should gain from increasing globalization, as it possesses vast areas suitable for fruit and vegetable production.

Fruits, vegetables and products, the third largest agricultural export sector, accounted for US$3.2 billion of MERCOSUR's export revenues in 1995 (Table 8). As with other sectors, exports to MERCOSUR showed the fastest growth, followed by the rest of the Americas. MERCOSUR took 16 percent of all exports in 1995, doubling its 1990 share. Brazil accounted for the bulk of MERCOSUR imports and Argentina was by far the largest regional supplier (Table 8). Exports to the EU still accounted for the majority (53 percent) of total exports in 1995, up from 44 percent in 1990. NAFTA, although still the second largest destination, showed the sharpest downward change as its share of total exports dropped from 40 percent in 1990 to 17 percent in 1995.

Argentine exports to MERCOSUR, the second largest after the EU (Table 8), increased to a 35 percent share of all shipments in 1995 from 22 percent in 1990. Exports to the rest of the Americas also grew above at average levels. Argentina shipped more apples, pears, onions, garlic, potatoes and dry beans to the large Brazilian market after the stabilization and increased incomes that resulted from the Real plan in that country.

Most trade with NAFTA was concentrated apple juice shipments to the United States. Smaller volumes of fresh fruit go north because sanitary restrictions, competition from Chile and a lack of market promotion activities have prevented MERCOSUR exports from expanding this decade. In contrast, exports to the rest of the world reached a record in 1995, led by fresh fruit shipments. Fresh lemons, pears and grapes found receptive markets in Europe.

Brazilian fruit and vegetable exports are headed predominantly to the EU. Frozen concentrated orange juice (FCOJ), of which Brazil is the world's largest producer and exporter, accounts for roughly 70 percent of total horticultural exports. FCOJ shipments to NAFTA have declined this decade, largely the result of increased citrus production in Florida (USDA/FAS, 1995). Mexico's FCOJ tariff advantages through the NAFTA have also limited Brazilian juice exports to North America (Pollack). Other sectors have experienced stagnant growth to most markets. Brazil, despite being the world's largest orange producer, is only a small fresh orange exporter. The presence of fruit flies and other diseases inhibit fresh fruit exports to many countries. The lack of a coordinated effort at the production, plant protection and marketing levels to promote a more active presence in world markets is affecting Brazilian horticultural export performance.

Horticultural product exports from Paraguay have remained at very low levels. Paraguay has not been able to take advantage of the increased opportunities for trade presented by MERCOSUR because the majority of production is by small farmers who are not organized and produce mainly for subsistence or the domestic market. The absence of assistance from the government is another factor which has prevented the development of a strong export orientation in this sector.

Uruguay's horticultural exports have been concentrated in fresh citrus, mostly oranges and grapefruit to the rest of the world. The trend for citrus exports is up, as the trees on new plantations reach fruit-bearing age. Trade of other fruit products and vegetables is small and stagnant. As in other MERCOSUR countries, there is no concerted drive to identify crops and niche markets in which farmers could be competitive.

Overall export growth of the sector during the 1990's has been flat. The lack of adequate private-public sector coordination of production, plant protection and marketing activities for most of these products is a key factor in the sector's relative stagnation. Stricter phytosanitary standards and other barriers imposed by many countries have played a role in the soft export growth as have the stronger currencies of the regional economies by stimulating domestic demand. Specific sectors, including products catering to niche markets, have fared better than others.

Cotton

Cotton exports from MERCOSUR are on the rise, despite experiencing considerable swings in the last years (Table 9 and Appendix). The total value of shipments during 1995 was US$ 823 million, a sharp rise from previous years, and second only to the record established in 1991 (US$ 838 million).

MERCOSUR and the rest of the Americas have been the fastest growing markets, accounting for a combined 46 percent of shipments in 1995 (27 percent in 1990). During 1995 Brazil, Chile and several Andean Community countries purchased record amounts of MERCOSUR cotton. Exports to the EU and the rest of the world (the largest destination), have declined. Shipments to NAFTA are small and erratic.

Argentine exports are more diversified than are Paraguay's, most of which are bound for neighboring Brazil. Total Argentine shipments, at US$ 467 million, were a record in 1995, with the rest of the world being the major destination (Table 9).

The cotton industry in MERCOSUR has undergone some major changes resulting from unilateral reforms effected by countries and the implementation of the MERCOSUR accord. Brazil has gone from being a net exporter as recently as 1991 to becoming the world's largest cotton importer in 1995. Domestic output has declined given the market-oriented policies implemented, which reduced support prices and ended subsidized operating loans to farmers. Argentine cotton production and exports have trended upwards recently, buoyed by the growing market prospects posed by Brazil. Paraguay, the other large MERCOSUR supplier, has experienced production problems the last few years, as small farmers, characteristic of cotton production, have suffered from a lack of financing, bad weather and pests. Cotton traditionally has been one of Paraguay's major export products.

MERCOSUR's participation in world cotton exports has fluctuated widely, recently declining to an average of 6-7 percent, as Brazil's falling exports more than offset greater Argentine shipments. In fact, during 1993 and 1994 MERCOSUR became a net cotton importer for the first time.

Tobacco

Raw tobacco exports from MERCOSUR, mainly by Brazil, reached US$ 910 million in 1995 (Table 10). Over the last five years, tobacco trade out of the region has stabilized, after growing rapidly throughout the 1980's. Participation of MERCOSUR in world tobacco exports climbed to 16 percent in the 1990's from 10 percent in the early 1980's.

The EU, rest of the world and NAFTA account for the bulk of MERCOSUR exports (94 percent in 1995) (Table 10). MERCOSUR and the rest of the Americas tripled their 1990 market share to 6 percent in 1995. Brazil shipped 87 percent of all MERCOSUR exports.

Tobacco output is controlled largely by private industry as companies contract production with farmers. The relative price competitiveness in Brazil has spurred production increases (USDA/FAS, 1997a).

Coffee and Products

Coffee exports from MERCOSUR totaled almost US$ 3.1 billion in 1995 (Table 11) with Brazil being almost the exclusive supplier. The EU was the largest market, accounting for 44 percent of shipments in 1995, down from 50 percent in 1990. NAFTA, the third largest market after the rest of the world, received 19 percent of 1995 exports, down from 25 percent five years earlier. Latin American markets grew faster, with MERCOSUR taking 4 percent in 1995.

The participation of MERCOSUR in world coffee exports declined to 18 percent this decade from 24 percent in the early 1980's (see Appendix table). Brazil suffered devastating frosts in 1985, and production has never recovered fully (USDA/FAS, 1996).

Cocoa and Products

MERCOSUR is accounting for a steadily declining share of world cocoa and product exports. With total exports in 1995 dropping to less than US$ 300 million (Table 12), its share of world trade declined to 3 percent from 11 percent in the early 1980's. Brazil is still the primary regional exporter, although its share of total regional trade declined to 82 percent in 1995 (Table 12). Argentina exported record amounts of cocoa products in 1995, mostly to MERCOSUR.

MERCOSUR and the rest of the Americas were growth markets in the 1990's, whereas shipments to NAFTA and the rest of the world declined (Table 12). MERCOSUR surpassed NAFTA as the largest market, taking one third of cocoa shipments in 1995.

A disease has devastated Brazilian cocoa production. Given most growers insufficient resources to combat the fungus properly, production could continue to decline and possibly result in Brazil becoming a net importer of cocoa beans within five years (USDA/FAS, 1996).

Sugar

Sugar exports from MERCOSUR climbed to almost US$ 1.9 billion in 1995, the highest since 1981 (Table 13 and Appendix). MERCOSUR's share of world sugar exports jumped to over 14 percent in 1995, its highest level since the mid-1980's. Brazil, with 95 percent of regional exports in 1995, was the dominant sugar source.

Sugar exports to MERCOSUR and the rest of the world grew at above average levels. The bulk of intra-regional trade was made up of Brazilian exports to Argentina, which increased despite sugar having been left out of the agreement to date (see next section). The rest of the world received the majority of the exports (82 percent in 1995, 47 percent in 1990). While MERCOSUR increased its purchases in the 1990's, NAFTA and the rest of the Americas imported less. All countries exported sugar to NAFTA (Table 13) under the U.S. import quota program.

Brazilian sugarcane production has doubled since the early 1980's. The decision to support the use of alcohol as a fuel in the mid-1970's has expanded area and yields substantially. Alcohol has become the major end product, utilizing close to two-thirds of total cane output (USDA/FAS, 1997b). Sugar production has grown at more modest rates, although it has benefited from the greater scale and reduced costs brought about by the fuel-alcohol program.

Policy Recommendations

MERCOSUR has made considerable strides toward modernizing agriculture, improving its linkages with the rest of the world, increasing its market orientation and reducing government intervention in the sector. Policy changes included macroeconomic and sector-specific reforms which affected agriculture and made it more responsive to world market prices.

Policy reforms, however, are still in progress and far from complete. Using the bicycle metaphor (if the cyclist stops pedaling, he/she will fall over), reforms must continue to ensure a dynamic transformation of MERCOSUR agriculture so that it can become a vehicle for regional development. As seen in the first section, agriculture makes up a considerable portion of MERCOSUR countries' economies. Attempts to improve the overall level of welfare must necessarily include agriculture and its multiplier effect on the rest of the region's economies.

Countries must continue their drive toward global free trade in agriculture. Attempts at backsliding by developed economies must be contested vigorously. For decades agriculture has been marginalized in negotiations for more open world trade regimes. That situation ended with the Uruguay Round, when countries agreed that policies distorting the free trade of agricultural goods should be discontinued. Although the transition to free trade is scheduled to be slower than export-oriented agricultural nations had wanted (particularly the members of the Cairns group, which includes Argentina, Brazil and Uruguay), the momentum has shifted from protectionism to free trade. MERCOSUR countries, as potential beneficiaries of a more open trade environment for agricultural goods, must push for its realization.

Governments must remove the shackles that have inhibited the development of more dynamic agricultural sectors. In the not too distant past, inward-looking development-at-any-cost policies were largely biased against agriculture. Recently there has been increasing realization that economies will grow through agriculture, not despite agriculture. The focus now should be on obstacles to the expansion of production and trade in the region. Sound sanitary and phytosanitary systems, modern communications and an extensive transportation infrastructure are essential elements of a modern agricultural exporting country.

Beyond removing obstacles which impede their agricultural sectors' abilities to compete, governments must adopt a more proactive stance. Administrations must become watchdogs for agriculture, not to protect it from outside competition but to find and promote new production and trade possibilities around the world. This task is to some extent in the hands of private and NGO-type organizations, particularly in the short run. But governments must develop long-term strategies for their agricultural sectors, based largely but not exclusively on their comparative advantages. Countries need to develop and consolidate their capacities for strategic thinking in agriculture.

Countries must not blindly dismantle their agricultural bureaucracies without considering the strategic implications of such actions. The premise of reducing government expenditures is correct, particularly if tasks performed are ineffectual or redundant or could be performed more efficiently by the private sector. But the need for reducing fiscal expenditures must not distract countries from the fact that they need sound agricultural policies and strategic visions, not just free markets. If agriculture is to play a role in development, governments need well-trained, professional scientists and economists acquainted with domestic agricultural realities and global possibilities.

The recent trend to more open agricultural markets has improved the overall level of welfare in economies through a more efficient allocation of resources. Accompanying that positive development, income disparities in the region have widened and rural poverty in many areas has worsened. Governments must focus more attention on rural poverty and employment without abandoning their commitments to freer trade. The lack of proactive agricultural policies to increase rural employment, not free trade, is responsible for causing greater poverty. To alleviate rural poverty governments should provide incentives for job creation in sectors which have strong growth prospects and which are labor-intensive. Horticultural products are a case in point.

Improved agricultural and economic research and extension functions are central to developing a modern and competitive agricultural sector. One indication of the degree of disarray of public-sector agricultural research and extension is the fact that expenditures on these activities in Latin America have declined in real terms, while they have increased in developed markets, Asia and China (Ardila 1997).

The research focus must be the long-term elements of comparative advantage and should include the objective of increasing rural employment. Analyses must include markets, particularly the fastest growing ones in the Far East, and their characteristics. Research efforts should be coordinated with and complement private, academic and NGO research. Sustainability of agricultural systems under a more open trading environment must be studied and ensured. Attention must focus on commodities with prospects for enhancing rural incomes and employment, as well as generating export growth. In the past, too much extension effort has been spent on products of little economic interest and with limited growth possibilities.

Policy Recommendations for the Grain and Oilseed Sectors

Within the region, countries need to make greater use of their comparative advantages in grain and oilseed production. Steps should be taken to reduce production and marketing costs and to improve the overall efficiency of the system. In this respect, eliminating ad reducing import barriers to inputs in Argentina and Uruguay (e.g., imported fertilizers, pesticides and machinery) has resulted in a sharp increase in their use, contributing to increased yields.

Official action can have its most direct effect in establishing the conditions for reduced and more transparent marketing and transportation costs. Transport costs traditionally have been high in the region. The building of roads and the privatization of railroads could contribute to opening new areas to production. Deregulation of the freight trucking industry should also help reduce transportation costs. The privatization of ports in Argentina reduced shipping delays and costs. Other countries must find ways to accelerate their privatization processes. Greater use of low-cost inland waterway systems should be promoted. The dredging of the Parana and Uruguay rivers (in progress) as well as other waterways farther into Paraguay and Brazil is critical to the establishment of a private, regional waterway transportation system.

Governments should disseminate technology by establishing more research programs aimed at small and medium-sized farms. It is important for the pubic sector, in combination with the private sector, to analyze the sustainability of agricultural systems in a more global environment. There is a need to assess the implications for sustainability and the environment in general of farmers greater responsiveness to market signals. The possible shifts in output resulting from less government intervention and their effects on natural resources needs to be explored. The lack of price support systems or other policies to assure farm incomes will require analysis of the risks faced by farmers and methods to minimize adverse effects on them.

Governments should not dismantle their regulatory oversight capacities, because the operation of independent agencies with the private sector is essential to an efficient and respected marketing system. To ensure market transparency, there should be official record keeping and dissemination of prices at different levels and locations. Government functions are essential to establishing improved grain and oilseed grades and standards. Establishing mechanisms for avoiding tax evasion in grain and oilseed trading is important to ensure that conditions conducive to black markets do not develop.

Existing phytosanitary networks should be improved to ensure that proper standards are maintained and enforced. Sanitary rules and regulations should be based on sound science and, to the extent possible, be coordinated among member countries. It is recommended that official organizations refrain from charging to user fees for plant product analysis as a means of alleviating operating budget concerns. Private companies should be encouraged to perform this function in close collaboration with the public sector.

Policy Recommendations for the Livestock Sector

The livestock sector in MERCOSUR stands to gain from globalization, given the comparative advantage the sector enjoys in many commodities. Governments must do more to facilitate increased production and marketing of livestock products. Policies which discourage production and exports, such as export taxes, meatless days and price ceilings, should be abolished.

Research on production and marketing of products must be encouraged, including why, despite the existence of a basic technology package available to cow/calf farmers, particularly in Argentina and Uruguay, this sector has realized fewer productivity gains than crops in general. A better understanding of the economic, social and cultural characteristics of livestock production areas is important, so that appropriate technology delivery systems can be developed.

As with other sectors, innovative joint programs of research and extension must be entered into with the private sector and NGO's. Optimum grazing systems and techniques must be evaluated and disseminated to overcome these factors limiting increased meat production. The vast grasslands of MERCOSUR are a natural asset which can be used for ruminant livestock production, in some areas in rotation with crops. The question of sustainability of agricultural systems which have evolved from pluriculture to monoculture must be addressed. Cattle and other ruminants can play a key role in the environmental balance of production systems. In some areas, particularly in Brazil and Paraguay, the large scale use of other agricultural by-products as animal feed needs to be evaluated and promoted in conjunction with the private sector. An era of macroeconomic stability in the region heralds a brighter future for increased production of meats at low costs and increased incomes in other parts of the world is resulting in greater demand of animal proteins.

MERCOSUR members are large producers of oilseeds and grains, natural inputs for poultry and pork production. Except for Brazil, the pork and poultry industries are still fairly primitive and domestically oriented. Governments, particularly in Argentina, need to identify and to remove factors which have hampered increased poultry and pork output.

The marketing of livestock products, particularly meats, in domestic markets is still inadequate. The importance of having and enforcing a comprehensive set of marketing and food safety regulations also cannot be ignored, particularly given the region's growing export prospects. In this respect, recent regulations applied in Brazil's larger cities to ensure sanitary beef-handling conditions in wholesale and retail markets must be applauded. Clearly improvements in animal product safety and sanitary conditions will be tied to the general evolution of the economies. The region's recently improved status regarding fmd could help producers penetrate the major growth markets in Asia which strictly enforce sanitary regulations. Tax evasion, a major problem in Argentina and other countries, needs to be controlled. To develop animal product export programs successfully and attract investments domestic marketing systems need to be upgraded.

Governments need to continue their successful drive to eradicate fmd from the region and support neighboring countries' efforts to do the same, eventually to eradicate the disease from the continent. Coordination of sanitary regulations among member countries needs to be fostered and increased. The control of other diseases common to the area and of economic significance should be addressed. Again, the increased participation of the private sector in analysis and other fee-driven services should be encouraged.

Finally, governments must develop export marketing programs (e.g., market research and product promotion) in conjunction with the private sector. These promotional efforts should be generic, but market-specific. The region's comparative advantage to produce natural grass-fed meats must be emphasized. Attention should be given to middle income economies which currently are consuming low quantities of animal protein but represent large potential markets.

Policy Recommendations for the Horticultural Sector

Governments need to adopt a more proactive stance in the support and promotion of the horticultural sector. Public research must focus on long-term goals and priorities and include in-depth studies of potential markets. A systematic approach to the identification and trial of products with comparative advantages and favorable export prospects should be adopted.

A coordinated research and extension effort by the public and private sectors must be pursued. A selection process of specific, achievable projects in horticultural production and exports must be established. Potential new synergies in public/private collaboration in farmer information systems need to be explored. Promotion and advertising activities must be planned in advance with the counsel of advertising agencies. Countries are encouraged to look at the Chilean experience (see Box), and adapt its successful activities to local realities.

Extension services to fruit and vegetable farmers must be upgraded with the public sector focusing on the needs of small and medium-sized farmers. The provision of assistance should not be limited to production practices and identification of promising varieties but should also emphasize marketing alternatives, making farmers aware of the need for continuous information. When farmers encounter problems from lack of scale, governments must promote new forms of associations. Farmer cooperatives must be supported, but emphasis should be placed on long-term self-supporting organizations.

Increased information on prices at different marketing stages and locations must be provided to ensure market transparency. Education and retraining of farmers on marketing alternatives must be scheduled regularly.

Governments must actively support the removal of impediments to a modern export-oriented industry. Transportation infrastructure, including cold storage, must be improved and export and customs procedures streamlined to ensure the rapid and cost-effective outflow of horticultural products. The public sector needs to establish a phytosanitary infrastructure to control and eventually to eradicate plant pests. A major factor limiting exports of fresh fruit is the existence of numerous pests and diseases. Governments should follow Chile's example, a regional prototype for the control of plant pests.

Governments, without abandoning the concept of international competitiveness, can grant loans at preferential rates for a limited time. Capital is a significant limiting resource, with commercial loans still out of reach of most farmers. With the current restructuring of the banking systems throughout the region, it should not be long before real interest rates decline to more affordable levels. Administrations must exercise extreme caution in the management of these loans and supply them only to economically-sound projects. The granting of loans to this sector is important given its multiplier effect and employment implications. The concept behind the loans must be one of seed money to get feasible projects going which will be replaced later by credit from the commercial banking system.

Summarizing, increased public/private partnerships must be encouraged. Unfortunately, the tradition in the region is one of resentment and mutual distrust between these two sectors. Administrations and private companies must work hand-in-hand toward common goals: increased presence of MERCOSUR horticultural products in world markets and increased employment opportunities in a labor-intensive agricultural industry which enjoys comparative advantages internationally.

Policy Recommendations for the Cotton Sector

Governments in the region must help to control and eradicate cotton pests which are affecting farmers' profitability. They must work on phytosanitary issues and ensure information transparency, with the larger countries lending expert and, if possible, financial support to the smaller members to set up and operate their pest control networks.

Governments must articulate technical assistance programs in conjunction with private organizations. Trials of new varieties resistant to pests must be facilitated. There is a need to find innovative ways to reach the cotton farmer, particularly the small one, and to influence his adoption of pest control and soil conservation practices.

Coffee and Cocoa

Coffee and cocoa are two commodities suffering from declining production, particularly cocoa. Both are produced mainly in relatively depressed areas of Brazil by small farmers who can not easily endure the severe international price swings which affect their returns. Loans to these farmers have been reduced recently.

This combination of factors makes policy recommendations extremely difficult, particularly in this time of globalization, declining budgets and reduced government intervention. Government actions must concentrate on research and extension activities. The search for new and improved varieties which can withstand diseases and adverse weather should help eventually to keep farmers growing these commodities. A search for alternative profitable crops, including horticultural, is suggested, too.

Sugar

Sugar remains one of the most subsidized commodities in the world. As such, it is subject to wide international price swings as many countries dump their surpluses onto the international market. Governments are encouraged to seek ways to depart from intervention in their domestic sugar markets, if they have not already done so. Additionally, a joint domestic price protection mechanism (e.g., a price band) from subsidized imports is recommended.

Free Trade Agreements with Chile and Bolivia

As mentioned previously, MERCOSUR has entered into FTA's with Chile and Bolivia. A look at agricultural trade between Chile and MERCOSUR is summarized in Table 14 and the full table is in the Appendix. Chilean trade with MERCOSUR has intensified in the 1990's, exceeding US$ 915 million in 1995, a record. Chile continues to be a net agricultural importer *vis a vis* MERCOSUR, even though it has a global agricultural surplus.

The share of total Chilean agricultural imports coming from MERCOSUR has grown to about 48 percent this decade, 5-10 percent higher than in the 1980's. Neighboring Argentina has increased its participation as a supplier, accounting for 74 percent of MERCOSUR exports to Chile in 1995, up from 60 percent in 1990.

Chilean agricultural exports to MERCOSUR also have grown at above average levels as MERCOSUR purchased more than 10 percent of Chile's total exports in 1995 (Table 14). Although Argentina has shown the strongest growth as a market for Chilean goods, Brazil continues to be Chile's major regional export market. Argentina and Paraguay have net agricultural surpluses in their trade with Chile, whereas Brazil is a net importer. Uruguay has been a net exporter, but in 1995 its imports exceeded its exports.

Turning to Bolivia, a member of the Andean Community (AC), agricultural trade with MERCOSUR is summarized in Table 15 with a more detailed table in the Appendix. Unlike Chile, Bolivian trade with MERCOSUR has declined in the 1990's and total bilateral agricultural trade declined to less than one-tenth that of MERCOSUR with Chile. Like Chile, Bolivia is a net agricultural importer *vis a vis* MERCOSUR.

The share of Bolivian imports originating in MERCOSUR slipped to less than 30 percent in 1995, about two-thirds of the level in the 1980's. Bolivian imports from the AC though small have grown faster. Argentina accounts for most MERCOSUR exports to Bolivia. Bolivian agricultural exports to MERCOSUR, with Brazil being the major market, have declined (Table 15). Bolivia's exports to the AC have increased at very high rates and accounted for close to two-thirds of all shipments in 1995.

Trade Creation and Trade Diversion in Agriculture in MERCOSUR

Since the inception of the General Agreement on Tariffs and Trade (GATT) in 1947, the notion that free trade is the best means to improve countries' welfare has gained increasing acceptance. The 1947 agreement allowed for the creation of customs unions and free trade areas, as long as they met the overall objective of increasing free trade and promoted trade between member countries without obstructing trade between member and third countries. Regional agreements were accepted insofar as they represented a step toward global free trade.

The Act that created MERCOSUR (in the Asuncion Treaty of 1991) was approved by GATT, as its objectives were fully compatible with GATT regulations: "the increase of the current dimensions of national markets, ...to speed development processes with social justice, ... taking into account the evolution of international events, particularly the consolidation of large economic areas and the importance of obtaining adequate international insertion for countries".

However, several economists at the World Bank have recently criticized regional agreements in general and MERCOSUR in particular (Wall Street Journal). In a recent article Yeats asserts that MERCOSUR undermines the evolution toward global free trade by distorting trade flows and discriminating against trade from third countries through selective elimination of tariff and non-tariff barriers among members while retaining them for third countries. The result, claims Yeats, is inefficient intra-regional exchange, because member countries trade products for which they have little or no competitive advantage and become relatively worse off. An Interamerican Development Bank study suggests looking at imports to analyze the possibility of trade diversion in MERCOSUR. Results indicate that extra-regional imports increased relatively more than did intra-regional imports, and that the likelihood of trade diversion is not evident, particularly given the fact that before MERCOSUR each country had higher tariff protection. The IDB study concludes that as long as MERCOSUR is embarked in a policy of gradual 'open regionalism', the trend to freer trade seems assured.

Customs union theory considers the effects of integration, namely trade creation and trade diversion. Trade creation is the result of replacing inefficient domestic output with lower cost imports. The introduction of more efficient and lower cost items resulting from the elimination or reduction of tariffs increases disposable incomes allowing for increased imports, either from within or outside the region. This is known as the consumption effect. Moreover, by the process of specialization efficient production substitutes for inefficient output in what is known as the production effect. Trade creation has positive effects on both member and non-member countries by enhancing greater consumption. Trade diversion occurs when imports of third countries are displaced by higher cost, intra-regional products benefiting from a selectively reduced tariff.

To evaluate the possibility of trade creation and diversion in MERCOSUR agriculture, a look at the evolution of intra-regional and extra-regional trade flows is useful. Agricultural imports from within and outside the region were compared from 1980 (well before the integration process) through 1995, the first year of full integration. The results are shown in Table 16 and Graph 1. Total agricultural imports show strong increases during the integration period with index numbers indicating that through the mid 1990's extra-regional imports increased faster than those originating from within the region. Regions and countries increasing their market shares during the period include NAFTA, Chile and the rest of the world. Looking at total agricultural imports, there appears to be a strong case for trade creation, even though some specific sectors may have experienced trade diversion.

A more detailed examination of agricultural imports follows. The changes in the intra-regional share of total imports for major goods and their relation to the MERCOSUR common external tariff for these products was analyzed. To rule out the influence of single-year variations, three-year averages were used. The 1989/91 average depicts the situation prior to integration and the 1993/95 average represents the integration phase (although full implementation of MERCOSUR started in 1995, the transition toward integration began in 1991). Sixty-three products, which in 1995 accounted for over half of total agricultural imports, were included in the evaluation. The analysis does not show a clear, positive correlation between the common external tariff and the change in proportion of imports originating in MERCOSUR. In fact, a regression of both variables yields a slightly negative sign. These results would seem to refute the claim that trade diversion has occurred.

A closer look at some specific products which experienced rapid increases in intra-regional trade in the last few years or which have relatively high CET's is in order. The agricultural product with the most prohibitive tariff in 1995 was dried and condensed milk at 32 percent. Brazil, the largest MERCOSUR dairy importer, was excepted from this CET but will gradually lower its tariff to the established CET of 16 percent by 2001. The proportion of imports coming from MERCOSUR increased by 14 percentage points (from 30 to 44 percent). The fairly high tariff imposed by Brazil may have contributed to some trade diversion in favor of Argentina and Uruguay, the leading regional dairy exporters. However, the temporary nature of this high tariff should reduce the likelihood of trade diversion in coming years.

Wheat flour was the product that experienced the greatest increase in share of imports coming from MERCOSUR, at about 96 percentage points, and has a CET of 12 percent. Argentina's role as the leading regional wheat supplier was reinforced. However, MERCOSUR's declining participation in wheat imports, 64 percentage points (from 70 to 6 percent), was one of the largest. The CET for wheat is 10 percent. It appears that changes in MERCOSUR shares for wheat and wheat flour trade are tied more to regional and global supply considerations than to tariff levels.

Refined sugar, with a CET of 20 percent, had a 17 percent share increase in imports originating from MERCOSUR (from 60 to 77 percent). Sugar, however, is in a special category. Brazil and Argentina, the region's two largest sugar producers and consumers, failed to reach an agreement on sugar (see later section), and postponed negotiations. In the meantime, Argentina grants no tariff advantage for sugar from MERCOSUR as it imposes a 20 percent tariff on all imports, from within and outside MERCOSUR. Brazil's dominant regional position is manifested in sugar trade levels. A contrary argument can be made regarding raw sugar imports, whose import share originating from MERCOSUR declined by 33 percentage points (from 87 to 54 percent). A 20 percent tariff applies to all raw sugar imports.

Regional agricultural exports are examined in Table 17 and Graph 3. In relative terms, intra-regional exports far outgrew extra-regional exports. However, both trade flows expanded during the integration period, so at an aggregate level there is not a clear case for trade diversion caused by MERCOSUR.

To help understand the nature of agricultural trade in MERCOSUR more fully, a closer look at causal factors is useful. Many factors in addition to external and internal tariff differences can contribute to trade patterns. Part of the trade creation that occurred in the 1990's was the result of unilateral tariff and non-tariff reforms by MERCOSUR members. Argentina had an overall tariff average of about 30 percent prior to MERCOSUR (in 1989), and Brazil's pre-MERCOSUR tariff (in 1988) was 51 percent (Laird, 1997). Argentina and Brazil's policies which favored strong currencies during the 1990's may have had a more substantial effect on extra-regional exports than the establishment of MERCOSUR. In addition, abundant foreign capital inflows, both portfolio and longer term (including investments in key agricultural and food sectors), permitted the financing of a growing trade deficit (the region is a net agricultural exporter) and facilitated the relative appreciation of exchange rates. Moreover, it cannot be ruled out that part of the slower growth in extra-regional exports was the result of other regional trade agreements or specific third country policies which caused trade diversions for MERCOSUR agriculture.

The decision by countries to modernize, to open up their economies to increasing international competition and to integrate into MERCOSUR were components of the broader movement toward greater free trade in the region and globalization. The analysis of agricultural trade flows in the region bears out this phenomenon.

POLICY ISSUES WITHIN MERCOSUR

MERCOSUR has to date been the most successful Latin American regional integration effort. As stated previously, unilateral reforms across countries and declining trade barriers between them have facilitated the expansion of trade to record levels. A considerable amount of political will was required to reach the current level of integration.

The integration process, however, is far from complete. Formidable challenges remain to be overcome before a more harmonious integrated relationship can be attained. The establishment of a schedule to reduce tariffs, although the result of intense negotiations, is only the first step in the integration process. Several new issues are being discussed, while others have not even reached the bargaining table. This section and the next contain descriptions of these issues, their importance and the sensibilities attached to them, with an emphasis on their effects on agriculture. This section focuses on matters internal to MERCOSUR. Section 4 discusses MERCOSUR and its external integration process.

Coordination of Macroeconomic and Trade Policies

The coordination of macroeconomic variables remains a necessary but distant objective. Since the inception of MERCOSUR, differences in members' macroeconomic policies have been a major concern. Differing growth rates and exchange rate trends can sharply alter trade patterns and do not necessarily respond to changes in productivity or competitiveness. Although Brazil's Real Plan in 1994 drew the macroeconomic paths of Brazil and Argentina closer together, differences in fiscal policy remain (Bouzas). The Asuncion Treaty provides for regular meetings to discuss common approaches to matters such as inflation and foreign investment, but there were no meetings in 1995 or 1996 (Laird). A meeting was called in Asunción in April 1997 to discuss Brazil's financial restrictions on imports, which had adversely affected trade of several agricultural commodities, notably dairy products (El Cronista).

While there is no consensus on the best method to coordinate the macroeconomic policies of the member countries, numerous courses of action have been proposed. Laird suggests the establishment of macroeconomic targets, such as the European Union has set for the creation of its monetary union. Pereira believes the European model would not work well for MERCOSUR. She thinks that the countries should pledge to implement their respective stabilization processes without attaching rigidities which could prove unsustainable. Bouzas suggests that the countries meet regularly to exchange macroeconomic information. This would improve the communication process, increase transparency and aid in the development of 'common visions', or at least the mutual understanding of each other's visions. To avoid further rancorous debates over macroeconomic policies, countries must make greater efforts to accommodate differences and to address mutual concerns. (Clarín)

Investment policy is an area which recently received increased attention. Asymetries in regional incentives have been the object of bitter disputes between Brazil and Argentina. The Colonia Protocol of 1994 established most favored nation (mfn) status for regional investments in each member's territory. The latest disagreement regarding investment incentives does not involve agriculture or food products but industries, such as automobiles and parts, which are influenced by lingering managed trade regimes.

The Asunción Treaty announced the intention to achieve the free flow of goods, services and factors of production. Trade in services is in preliminary stages of discussion, whereas free labor flow has been left for the future. Asymmetries in most service industries are quite significant. In general, Brazilian regimes are more regulated and restrictive than those of the other three members (Bouzas). This applies to finance, insurance and transportation (Laird). Brazil's definition of 'national' companies needs to be broadened to embrace the other members.

The integration of transportation services across borders would reduce costs and boost trade of agricultural products. Additionally, it would increase the physical means of communication, which affect customs procedures. Delays at border crossings are too common and restrictions to internal transportation are still prevalent. The construction of improved roads, the harmonization of railroad services (national railroads still have different gauges), and the improvement of river and air transportation are necessary elements for an economically integrated region.

The elimination or harmonization of non-tariff barriers (NTB's) remains a challenging obstacle. The lack of transparency and the need for reforms in domestic legislation have made NTB's a more difficult subject than tariffs. Although the Asunción Treaty specifically addresses the elimination of NTB's (MERCOSUR), the process is far from complete. Experience from the European Union indicates that harmonization of measures among countries can be a trying exercise. However, as Khaler writes, a necessary condition for 'mutual recognition' to be practiced is the initiation of a harmonization phase which will promote a convergence of standards and practices, or at least, objectives.

MERCOSUR's Standards Committee has carried out extensive harmonization work including food, agriculture and animal health issues. Nevertheless the potential for conflicts is still large. Agricultural examples include the use of spud inhibitors in potato trade between Argentina and Brazil and the use of certain food additives (USDA/FAS, 1996). Although regulations in countries differ, generally there is a desire to reach agreement on objectives. Increased integration and trade will have to be accompanied by greater standards harmonization.

The free internal circulation of goods within MERCOSUR still is not in effect. Free circulation means that imports would pay the CET at the first port of entry and then be able to cross internal frontiers to its final destination without paying further duties. Duties collected would be transferred to the country of final destination on the basis of paperwork provided by the importer at the port of entry. Administrative difficulties are the stated reason for the delay in implementing internal free circulation. Most goods currently travel under international transit arrangements and pay duty at the final port of entry. Shipments without customs seals could be charged the CET more than once. One reason for this lack of administrative coordination among customs is that national exceptions to the CET are still in effect (Laird).

Negotiations are in progress to coordinate and to harmonize agricultural policies. These changes are intended to be in line with the WTO Agreement on Agriculture (Laird). A plan to coordinate the protection of agriculture from subsidized imports is a point of contention. This issue is linked to Brazilian concerns about the vulnerability of its farm sector and its food security if farm support policies are eliminated completely (Lopes). The intention is to apply the harmonized combination of competition defense and safeguard mechanisms (see Safeguards, anti-dumping and competition defense section). Export taxes on raw bovine hides and skins are another point being debated among Argentina, Brazil and Uruguay. As mentioned, raw hides are one of the few items on which Argentina still applies taxes to protect its domestic tanning industry. Brazil is pushing for elimination of the taxes to lower the input costs for its large leather and shoe industries.

Dispute-settlement Issues

Regarding dispute settlements, countries agreed on a claims procedure subject to the Trade Commission of MERCOSUR. Under the Brasilia Protocol of 1991 (MERCOSUR), there is provision for arbitration, but trade disputes typically are resolved through negotiation (Laird). Through early 1997, only one dispute had been sent to a panel of experts (it did not involve agriculture), and it was settled bilaterally out of court. Laird points out that the MERCOSUR bodies are inter-governmental, rather than supra-national like the European Union's Council of Ministers. Therefore, rules established by MERCOSUR decision bodies have no force by themselves; they must be ratified and implemented by national legislatures. This was intentional as MERCOSUR hoped to avoid the overhead costs and complications of a supra-national entity. Laird points out that the weakness of the central institutional structure could put the smaller members at a particular disadvantage.

The lack of a supra-national-type entity has allowed Brazil temporarily to increase its exceptions list by 150 products, including several agricultural products, for internal supply considerations. By the same token, that year Argentina was authorized to reestablish its statistical import tax of 3 percent for fiscal reasons. Both cases were within WTO binding commitments but illustrate the difficulty in arriving at common instruments (Laird).

Bouzas reflects that even though the avoidance of supra-national agencies is understandable in light of the European and previous Latin American experiences, these should not be used as an excuse to delay the design of flexible institutions, which could benefit all members. This is particularly the case, he says, if members want to address issues such as harmonization of investment and services.

Safeguards, Anti-dumping and Competition Defense Mechanisms

On the subject of protection from unfair intra-regional trade practices, MERCOSUR decided to substitute a common competition policy for existing national anti-dumping legislation (By Annex No 4 of the Asuncion Treaty, safeguard actions within MERCOSUR were not allowed after December 1994) (MERCOSUR). The technical committee on defense of competition drafted a protocol which was sent to the national legislatures. However, the protocol is not operational because Paraguay and Uruguay have no national anti-dumping legislation (Bouzas). Until a procedure to implement the protocol is agreed upon, countries have decided to continue applying national anti-dumping rules and to exchange information. Since this temporary solution has a high potential for conflicts, the enactment of a common competition policy that will ensure greater transparency and equality is important.

Protection from unfair trade practices by third countries led MERCOSUR to establish Common Rules on Unfair Trade Practices and Common Rules on Safeguard Measures in December 1996 (Laird). The Uruguay Round Agreement allows for long phase-out periods of agricultural subsidies. Export subsidies distort international trade that affects MERCOSUR countries. For example, wheat trade between Argentina and Brazil is subject to intra-regional tensions because of the absence of a common policy for subsidized imports.

Sugar Sector

As mentioned earlier, sectoral exceptions were agreed to in cases where discrepancies between domestic policies were too large and negotiations were stalled. The countries committed to adapting sugar, the only agricultural sector excluded from the agreement, to the operation of the customs union by 2001. Table 18 includes sugar and sugarcane production data for MERCOSUR.

Brazil, the only member with a regulated sugar industry, is the largest regional sugar producer and one of the largest in the world. In addition it produces large amounts of alcohol from sugarcane. Close to two-thirds of total cane output is processed into alcohol used in a nationally sponsored fuel alcohol program (Table 18). Government intervention includes production quotas for sugar and alcohol, minimum cane prices, alcohol prices and import and export licenses. (USDA/FAS, 1997b). With the termination of Argentina's program in 1990 for fiscal reasons, Brazil is the only MERCOSUR member to have a fuel alcohol program.

Brazil is considered to have lower sugar production costs than the other members, particularly in the main producing state of Sao Paulo. Argentina's sugar sector has undergone extensive consolidation as more inefficient farms and mills go out of business or are absorbed by larger ones, making some observers believe that the more efficient Argentine mills are cost competitive with those from Brazil (USDA/FAS, 1997c).

Sugar was not included in the MERCOSUR agreement because Argentina claimed that Brazil subsidizes its alcohol program, introducing distortions to the Brazilian sugar market by reducing the cost of sugar production. De las Carreras in 1992 estimated the alcohol subsidy at US$ 1.4 billion per year and the implicit cost reduction for sugar at US$ 73 per ton.

Brazil's program was introduced in the mid 1970's with an import-substitution objective, when oil prices had climbed to very high levels. Ethanol, Brazil asserts, is more environmentally friendly than petroleum derivatives, is produced from renewable sources and is particularly well suited to large metropolitan areas. Additional reasons for supporting the program include the reduction in income disparities among regions in Brazil (aimed at benefiting the poorer Northeast region) and the development of a national technology in the field of alternative energy sources. Total investment in the program, it claims, was US$ 11.7 billion, and import savings over the last twenty years were US$ 29 billion (Brazil alcohol).

However, Brazil's support for its fuel alcohol program has been inconsistent over the years, particularly since oil prices declined after the mid-1980's. Whereas in 1986 about three-fourths of Brazil's vehicles used fuel alcohol, currently that participation reportedly has fallen to less than 1 percent (El Cronista, 1997b). This was largely the result of reduced fiscal incentives to purchase alcohol-powered cars. Currently the government is considering alternative ways of supporting the program. One possibility discussed by government and industry representatives is a "green" tax on gasoline which would generate revenue to continue other aspects of the alcohol program (USDA/FAS, 1997b).

Decision 19/94 of MERCOSUR's Common Market Council calls for the gradual reduction and elimination of intra-regional sugar tariffs by 2001, including the neutralization of asymmetries caused by national policies (SAGyP 1995b). Brazil has urged other members to honor this decision and Argentina has accepted, subject to a measurement of Brazilian subsidies (Nejamkis).

The outcome of the sugar dispute is uncertain. It is unlikely that Brazil will abandon its alcohol program which has considerable sunk costs, although it could modify aspects of it. Moreover its elimination would cause substantial domestic and political upheaval. An estimated 1.3 million people are employed in Brazil's alcohol (0.8 million) and sugar (0.5 million) sectors (USDA/FAS, 1996). Neither is Argentina likely to reduce the tariff protection for its sugar sector. It recently set a 35 percent import tariff (its binding limit under WTO) for sugar marketed within MERCOSUR as a deterrent to Brazilian exports. Paraguay and Uruguay also have established high import tariffs (USDA/FAS, 1997b). A large portion of Argentine sugarcane is produced in the Northwest province of Tucumán, which is economically depressed and has few production alternatives. Reca and Mondino suggest that the indefinite lingering of the dispute could deter efficiency improvements in the Argentine sugar sector. A probable outcome at this stage is for a panel to estimate the cost of the Brazilian program and to assess an intra-regional tariff on Brazilian sugar. Meetings are scheduled for later in 1997.

Outstanding policy issues within MERCOSUR are diverse and complex in most cases. Some relate directly to agriculture and many others affect it. They will require much effort and imagination for a mutually beneficial resolution. But the fact that there are ongoing discussions is a sign of increasing maturity in the relationship and an acceptance that solutions will come only at the bargaining table.

MERCOSUR AND THE WORLD

If MERCOSUR faces formidable challenges for the resolution of its internal issues, the same is true of its relationships with other trading partners around the world. The increasing has not gone unnoticed in the region. MERCOSUR, taking note of the trend toward globalization, has been approaching other blocs and countries about the prospects for greater interaction. In this section negotiations with different trade blocs will be described, including an examination of agricultural trade. Specific implications for agriculture in a global environment are analyzed.

The schedule for MERCOSUR negotiators appears to be getting quite full. Simultaneously renegotiating bilateral agreements under the Latin American Integration Association (LAIA)[2], integrating the region with the rest of the hemisphere in the process unleashed at the Miami summit in December 1994 and negotiating a FTA with the European Union is a tall order for a relatively new trade bloc. Bouzas believes that, considering the ongoing complex internal negotiations, there is a risk of institutional overload. As seen in Section 1, MERCOSUR's negotiators have already concluded FTA's with Chile and Bolivia.

MERCOSUR and LAIA

The extension to other members of bilateral accords between MERCOSUR countries and LAIA countries is the first priority of MERCOSUR. The Asunción Treaty established that bilateral preferences granted by MERCOSUR members to LAIA countries expired after December 1994, if the preferences were not extended by then. So far this has been completed with Chile and Bolivia. Bilateral preferences with other countries have been extended temporarily. This situation affects the credibility of MERCOSUR's CET, so an early resolution of negotiations is in the trade bloc's best interest. Negotiations are under way to integrate with other countries which have been pursuing unilateral reforms such as Perú (La Nacion).

Mexico is a special case, as it belongs to both NAFTA and LAIA. According to Article 44 of the Montevideo Treaty of 1980, Mexico should have extended the preferences obtained from NAFTA to LAIA members, but it did not do so. After over a year of negotiations, a protocol was drafted to overcome this problem. The protocol establishes that a country - namely Mexico - can request the temporary suspension of Article 44, provided that it enters into bilateral negotiations to compensate countries considered

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2 Member countries of LAIA are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Perú, Uruguay and Venezuela.

affected (Buxedas). Negotiations are still in progress for the establishment of a FTA with Mexico.

MERCOSUR agricultural trade with Mexico is shown in table 19. Total agricultural bilateral trade amounted to about US$ 200 million in 1995, well below 1 percent of MERCOSUR's total agricultural trade and 2 percent of Mexico's trade. MERCOSUR has lost ground to Mexican imports from other origins, particularly from NAFTA. The possibility of trade diversion exists for particular commodities. Argentina is the major MERCOSUR exporter to Mexico. Mexico has shipped small but increasing volumes to MERCOSUR (Table 19). MERCOSUR has a positive but narrowing trade balance with Mexico. The issue of greater access to the Mexican market should be central in ongoing negotiations.

The remaining members of LAIA (except Chile) are also members of the Andean Community (AC), comprised of Bolivia, Colombia, Ecuador, Perú and Venezuela. The FTA with Bolivia was concluded in 1996 after the preferences it had previously agreed to were extended to all MERCOSUR members. Conversations with the AC have the complexity expected of a "4+5" negotiation. Diverse trading arrangements and concessions among AC members make a unified position hard to reach. The AC is formally a customs union, with a CET enacted in 1995 (OAS-SICE). Negotiations are likely to follow the Bolivian case. The bilateral agreements that two AC countries, Colombia and Venezuela, have concluded with Mexico (forming the G-3 Group) could be used as precedents for the negotiations (Bouzas).

Agricultural trade between MERCOSUR countries and the AC is indicated in Table 20. Total bilateral trade in 1995 topped US$ 1 billion, a record, and an indication of the increased interaction between the trade blocs. This represented 3 percent of MERCOSUR trade and 8 percent of AC world trade. MERCOSUR accounted for 18 percent of the AC's total imports, whereas the AC shipped 2 percent of its total exports to MERCOSUR (Table 20). Intra-AC trade increased at considerably faster rates, an indication of the probable existence of trade diversion. Each MERCOSUR member is a net agricultural exporter to AC. Argentina is the major supplier to and recipient from the AC.

Table 21 shows the trade of AC countries with MERCOSUR. Ecuador is the only net agricultural exporter. Venezuela, Perú and Colombia are the principal importers, with Bolivia and Ecuador importing relatively minor volumes. The import growth rates of Colombia, Ecuador and Venezuela were above the group's average. Ecuador, besides being the largest exporter to MERCOSUR, is also the only country experiencing above average AC export growth rates.

MERCOSUR negotiators must concentrate on the issue of market access to the growing markets of the AC. Most AC members have price band mechanisms to protect domestic prices from external volatility and subsidies. While this seems to be a reasonable argument, negotiators must ensure that the mechanisms remain transparent in their implementation. Since trade is a two-way street, MERCOSUR tariffs for AC products would have to be reduced to foster greater trade. As an example, AC members could supply larger volumes of fruits and vegetables to MERCOSUR markets.

MERCOSUR and the Free Trade Area of the Americas

In December 1994 the leaders of the 34 democracies in the hemisphere, led by the United States, held a summit in Miami and committed to form a FTA by 2005: The Free Trade Area of the Americas (FTAA). The summit's Declaration of Principles states that the agreement would "build on existing subregional and bilateral arrangements in order to broaden and deepen hemispheric economic integration and to bring the agreements together". Subsequently, there have been regular minister-level meetings, with seven Commissions established to work on specific subjects (OAS). The last such meeting was held in May 1997 in Belo Horizonte, Brazil.

The idea seems to have lost some of its original momentum and luster. On the one hand, internal resistance to NAFTA extension to other countries by the U.S. Congress exemplifies that country's disenchantment with aspects of FTA's. Moreover, at the last meeting in Brazil, disagreements about the timing and stages of the integration process became evident (Iglesias). Whereas the U.S. seemed to be pushing for a rapid path to generalized negotiations on all fronts, MERCOSUR countries led by Brazil and Argentina seemed to prefer a slower approach.

In any event, the negotiating process continues. Much of its fortune in these early years will depend on the leadership role that the U.S. adopts. Regular meetings held at all levels can only serve to foster mutual learning and understanding among negotiators, particularly the U.S., Canada and MERCOSUR. Moreover, the process will give MERCOSUR members opportunities to develop a common vision and agenda in its relationships with the U.S. and NAFTA (Bouzas).

Agriculture is an important trade sector for the hemisphere's economies, particularly in the major trading blocs of NAFTA and MERCOSUR. The outcome of the FTAA will have a definite impact on agricultural development and trade. A comprehensive FTAA would extend liberalization of external barriers beyond that currently agreed for MERCOSUR. Laird thinks that some agricultural goods in MERCOSUR (and NAFTA) would come under more intense pressure for liberalization.

Agricultural trade between MERCOSUR, Canada and the United States is analyzed next. Total Canadian agricultural trade with MERCOSUR, US$ 613 million in 1995, represented under 3 percent of the country's global agricultural trade (Table 22). Canada was a net exporter to MERCOSUR, concentrating most of its trade with Brazil. Imports from MERCOSUR have been stagnant, far behind imports from NAFTA and other origins. Canada's exports to MERCOSUR have grown recently at rates faster than overall exports (Table 22).

Total bilateral agricultural trade with the U.S., steadily declining from levels in the 1980's, was US$ 2.5 billion in 1995 (Table 23). This was less than 3 percent of the U.S.'s total agricultural trade and 7 percent of MERCOSUR's. Although the U.S. continues to be a net importer, imports from MERCOSUR have declined, replaced by surging imports from NAFTA and even the rest of the world. On the other hand, U.S. exports to MERCOSUR have grown at above average rates. In fact, MERCOSUR was the U.S.'s fastest growing market in 1994 and 1995 (Table 23).

Table 24 presents bilateral agricultural trade between MERCOSUR and NAFTA. Confirming trade trends with individual members, total bilateral trade between the two trade blocs dropped to less than US$ 3.4 billion in 1995. In the 1980's it surpassed US$ 4 billion several times. Most of the decline is due to lower NAFTA imports. NAFTA exports did not decline as much and have risen lately.

In light of agricultural trade trends with the three NAFTA members, MERCOSUR negotiations in the FTAA will have to focus squarely on market access. Tariffs must be negotiated downwards and NTB's must be reduced or eliminated. Efforts must focus on the need for transparent and reasonable sanitary and phytosanitary (SPS) standards and regulations. The control of fmd by several MERCOSUR countries and the effective negotiating process for recognition by importing countries serve as a good example.

MERCOSUR and the European Union

In December 1995 MERCOSUR and the European Union signed the Framework Agreement on Inter-Regional Cooperation. The objectives of the agreement are the institutionalization of a political dialogue through regular meetings and the establishment of a FTA in ten years (Bouzas). The EU's interest in MERCOSUR is both commercial - MERCOSUR is its major market in Latin America - and political - to act as a counterbalance to the influence of NAFTA and the United States. MERCOSUR's interests are primarily commercial - the EU is still a major, although declining, market for the region's agricultural products. Moreover, MERCOSUR would like to attract more European investment.

MERCOSUR-EU negotiations are likely to advance at a slow pace. On the one hand, the EU's priority is its enlargement to include Eastern European countries. That process itself is likely to span at least ten years. Additionally, agricultural liberalization will be on MERCOSUR's agenda, while the EU has been adamant about protecting this sector in other liberalizing efforts.

Agricultural trade with the EU is shown in Table 25. Total bilateral trade climbed to over US$ 12 billion in 1995, a record. This represented 3 percent of the EU's world trade, and a third of global MERCOSUR trade. Although the EU was still MERCOSUR's primary market, the growth of agricultural exports to the EU lagged intra-EU trade and trade with the rest of the world (Table 25). The probability of trade diversion is high. From the other perspective, EU exports to MERCOSUR have grown faster than intra-EU trade or exports to other destinations. Brazil was the largest supplier to and market for EU agriculture. All MERCOSUR members were net agricultural exporters to the EU.

As mentioned, market access for agricultural goods is central to the negotiating process with the EU. The EU, likely to resist opening this sector, may offer offsetting incentives in other areas (e.g., investment, services). Although any reduction in agricultural protection will likely be gradual and conditional, a definite trend in that direction is essential.

Brandão and Pereira (1997), using a computable general equilibrium model, evaluated the effects on both Brazil and Argentina, of the full implementation of a) a FTA between MERCOSUR and the EU, b) the FTAA and c) a hypothetical South American Free Trade Agreement (SAFTA). Both Argentina and Brazil enjoy the most GDP growth from the FTA with the EU. Growth rates are much smaller under the FTAA and the SAFTA. Brazil has relatively larger growth with the FTAA than the SAFTA while Argentina would fare better under the SAFTA. These results are preliminary, but they do capture the effects of access to the large potential EU market.

Globalization: Implications and Challenges for MERCOSUR Agriculture

The era of globalization is confronting MERCOSUR agriculture with new challenges. The prospect of expanded markets is producing adjustments in the ways that farmers and agribusinesses conduct their operations. Integration fosters the search for efficiency gains, with production growing in areas with lower relative costs.

Although theory indicates that the overall effect of a reduction in trade barriers is welfare-enhancing, there are not only winners in this new era. The natural potential losers in the agricultural arena are small family farms and rural workers in all member countries. Normally they are not well-informed or educated and lack financial backing, technological endowments or political connections to withstand the winds of change that integration and globalization can bring about in rural economies.

A look at farm structure in MERCOSUR can help put the issue in perspective. Table 26 gives numbers on farm structure in the four MERCOSUR countries. Paraguay and Brazil have the largest proportion of family-based farmers. Over 70 percent of MERCOSUR farmers can be classified as small. These figures indicate that large numbers of farmers may not be participating in the integration process, not because of a lack of desire, but because they are not prepared to do so.

Governments with the backing of large farm groups and agribusinesses, who saw the opportunities and challenges of expanded regional and global markets, have conducted the MERCOSUR initiative, according to Navarro. Small family farm organizations generally were not parties to the integration process and voices have been raised that they could be the losers (Navarro, Piñeiro, Romano, Arce et al., Carballo González). Although there are instances of small family farms successfully adapting to the new MERCOSUR environment, (e.g., small dairy farmers in Argentina, Uruguay and Brazil) most family farms have remained on the sidelines. Not until late 1994 was a family farm organization representing the four countries (the Coordinadora) officially recognized by all governments and allowed to participate in MERCOSUR roundtables (Navarro). But the leading small farm group in Paraguay still has not been officially recognized by the Paraguayan government and actively opposes the treaty.

MERCOSUR governments must not overlook the plight of family farmers. Although some degree of natural selection is unavoidable, administrations must support farmers in different ways. Of course, this is not easy at a time of downsizing, when budgets have to be allocated more efficiently. Programs must be set up for management training, technology transfer, credit (where possible) and investments to convert family farms into profitable enterprises. The search for new associative forms must be promoted, with rewards for those that work. As mentioned before, governments must act more like watchdogs for agriculture, searching for new forms of production and opportunities, such as particular fruits and vegetables. Support must be given to activities which are labor-intensive. In this respect, governments and their extension services must act in coordination with NGO's and universities.

At this juncture sustainability comes into play. The lack of attention to family farmers adversely affected by globalization can lead to increased poverty and intensification in the use of the resource-base of these farmers as scarce land and its vegetation becomes their only remaining inputs.

López, analyzing the rural poverty-environment linkages, states that the dynamics and interaction of three key factors - the environmental resource base, institutions, and population - are important for agrarian development. He goes on to recommend policies for rural communities in different circumstances. The central concept is that institutional dynamics need to be accelerated, whereas environmental dynamics should be slowed. This is particularly true in areas with fragile environments such as the tropics. MERCOSUR countries, particularly Paraguay and Brazil, should focus their attention on institution building in rural communities in order to assure the sustainability of their farm sectors.

A factor common to all countries is that public technology institutions are in disrepair, particularly those related to the needs of small and medium-sized farmers. Given the fiscal realities of governments, new market-led and demand driven systems for providing appropriate technologies will be both essential and cost-effective. Adequate roles for the public technology sector have to be defined and appropriate linkages with the private sector need to be forged.

CONCLUSIONS

Since the creation of MERCOSUR, or Common Market of the South, by Argentina, Brazil, Paraguay and Uruguay, agricultural trade in the customs union has increased by half, comparable to the growth experienced in other major world trade blocs. The ability to stay competitive with other regions and countries is an important break from the past for Latin American trade and integration efforts.

MERCOSUR represents a break from Latin America's tradition of inward-looking integration efforts. While previous regional agreements were extensions of import substitution policies, the context for the MERCOSUR agreement was quite different since most countries of the region already had initiated substantial unilateral import liberalization programs. Through MERCOSUR the unilateral liberalization efforts and regionalization have reinforced each other.

The trade bloc is the culmination of bilateral negotiations started by Argentina and Brazil in 1986. In March 1991, Paraguay and Uruguay joined the process with the signing of the Asuncion Treaty, which changed the objective from a managed trade regime to a common market with fewer exceptions to intra-regional free trade.

Negotiations to establish MERCOSUR concentrated on a Common External Tariff (CET) regime for third country imports, the harmonization of tariff codes, the elimination of tariff barriers, and the setting up of exceptions regimes. Agreement was reached to eliminate intra-regional tariffs following specific schedules and to dismantle non-tariff barriers. MERCOSUR imposes a CET of up to 20 percent with estimated averages of 10.7 percent overall and 10 percent for agricultural products.

The fact that the customs union was negotiated, signed (the Ouro Preto Treaty in December 1994) and implemented by January 1995 was more than most analysts had predicted. It signaled the end of an era of import substitution and development-at-any-cost policies. Importantly, MERCOSUR helped to lock in the market opening measures already taken and committed its members to continue the reform process. The level of economic interdependence among the members has increased notably, particularly for Argentina and Brazil.

MERCOSUR is leading the way in regional integration efforts. Led by Brazil and Argentina, it is seeking to extend its links to other countries and regions. It has concluded free trade agreements (FTA's) with Chile in October 1996 and with Bolivia in April 1997 and is negotiating with the Andean Pact and with the European Union to establish FTA's by 2005. At the 'Summit of the Americas' held in Miami in December 1994, all of the Western Hemisphere's democratically elected leaders agreed to set up a Free Trade Area of the

Americas (FTAA) by 2005. In the spirit of 'open regionalism', MERCOSUR is pursuing a combination of integration and unilateral opening, while adhering to its multilateral trade and development obligations.

The size and potential market of MERCOSUR should give it considerable stature at future international trade negotiations. Although smaller than either NAFTA or the E.U., it nevertheless represents a market of some 200 million people with a total GDP of close to US$ 900 billion. Brazil's GDP alone matches that of Canada. With an area of 12 million km^2, 70 percent of the total landmass of South America, MERCOSUR stretches from tropical jungles in northern Brazil to subantarctic areas in southern Argentina and Chile. This area is capable of producing numerous important agriculture commodities such as oilseeds, grains, beef, poultry, sugar, citrus and coffee.

As members of the Cairns group, which played an important role in ensuring that the Uruguay Round of GATT established a more open agricultural trade environment, MERCOSUR members must insist that agricultural liberalization be expanded in the upcoming WTO negotiations, scheduled for 1999.

Agriculture is an important component of MERCOSUR and the region's development. With agriculture averaging 12 percent of its total economic output and a per capita GDP of US$ 4,500 the region is clearly in the intermediate group of developing countries. The region is a growing net exporter of agricultural products as agriculture accounts for close to 40 percent of total exports but represents only 10 percent of total imports.

The establishment of MERCOSUR and the return of economic stability to the region have created a climate favorable to capital investment. The free flow of most goods within MERCOSUR has created a powerful incentive for firms to base production facilities for the region in one country. Based on UN data for 1995, $3.9 billion in foreign direct investment (FDI) was made in Argentina, more than three times the amount in the previous year, and Brazil received $11 billion in FDI. The agricultural and food industry sectors attracted much of this foreign capital.

Total agricultural trade for the region climbed to a record US$ 36 billion in 1995. Exports rose to US$ 27.7 billion and imports grew even faster, reaching US$ 8.3 billion. Major export growth destinations were MERCOSUR itself and the rest of Latin America, which has experienced similar reforms and growth. Conversely, exports to NAFTA and the European Union have declined or grown slowly. The European Union is still MERCOSUR's largest market, accounting for close to 40 percent of all agricultural exports.

About half of MERCOSUR imports came from within the bloc in 1995, the first year of its full implementation. Import growth from other regions, including NAFTA, the EU and the rest of the Americas, exceeded import growth from MERCOSUR in the 1990's, refuting any suggestion of trade diversion within the trade bloc. U.S. agricultural exports to MERCOSUR grew at above average rates. In fact, MERCOSUR was the U.S.'s fastest growing market the last two years. This is indication of the region's degree of liberalization and the growth it has experienced recently.

Access to the markets of the EU and NAFTA remains a problem. Negotiations with these blocs should focus on the elimination of NTB's. Efforts must also be stepped up to diversify and adapt to these high-income markets. Moreover, the time has come to participate in new, more dynamic markets, such as those in the Far East.

Export analysis for the nine principal commodity groupings shows a wide variation in results. Oilseeds and products was the sector that experienced the most dynamic growth through the mid- 1990's, accounting for over a third (US$ 9.2 billion) of total exports. Participation in global oilseed trade increased from the high teens in the 1980's to more than 22 percent by the mid 1990's. This feat is more remarkable given that global trade expanded by an average of 4 percent per year throughout the period. The region has vast areas well suited to soybean production and has expanded its output notably in the last twenty years.

Livestock products are MERCOSUR's second largest export sector (US$ 4.4 billion in 1995). Although exports are on the rise, they have lagged world trade growth. The lack of consistent production and export policies has kept meat exports from realizing their full potential. The existence of foot-and-mouth-disease, on its way to being controlled in the region, has kept MERCOSUR beef out of the most dynamic and lucrative markets. Production and exports of dairy products have also received scant attention.

The region's third largest export sector is horticultural products. Exports in 1995, US$ 3.2 billion, were only a fraction higher than in 1990. This diverse sector has vast growth potential which has scarcely been tapped. In contrast, Chile, with a much smaller landmass, has increased its fruit and vegetable exports steadily to reach US$ 2.3 billion in 1995.

Combined coffee and cocoa exports totaled US$ 3.3 billion in 1995. Exports of these tropical commodities, produced mostly by small farmers in Brazil, have declined in recent years. The impacts of disease and bad weather on production coupled with low prices have affected producer returns adversely.

Total grain exports, at US$ 1.6 billion in 1995, have declined from their high levels of the 1980's. Oilseeds have been replacing grains in Argentina. The elimination of barriers to trade for both grains and their inputs, particularly fertilizers and agricultural chemicals, should improve the competitive position of corn and wheat production. Rice production in Argentina and Uruguay should increase, too, favored by the more open trading environment within MERCOSUR.

Sugar exports increased to US$ 1.9 billion in 1995, almost all from Brazil. Sugar continues to be one of the more subsidized commodities in the world and suffers wide price swings. Brazil, the world's largest producer and exporter, has low internal costs of production, aided by an officially-sponsored fuel alcohol program which has encouraged the expansion of sugarcane area.

Cotton exports, affected by weather and price swings, have fluctuated dramatically. Brazil has gone from being a net exporter to one of the world's largest importers. Argentine exports have expanded through growing Brazilian demand and the preferential internal MERCOSUR tariff. Paraguayan cotton production has stagnated due to pests, bad weather and a lack of farm credit.

Tobacco exports have grown in the 1990's. Relatively low production costs in Brazil have enabled the crop, largely handled by private firms, to expand.

Although MERCOSUR has made considerable policy adjustments to improve its agricultural linkages to the world, including macroeconomic reforms and sector-specific measures, much remains to be done. Increasingly governments are realizing that economies will grow through agriculture, not despite agriculture. Sound sanitary and phytosanitary systems, upgraded research and extension services, modern communications and an extensive transportation infrastructure are essential elements of a modern agricultural exporting country.

Improved agricultural and economic research and extension functions are central to developing a modern, sustainable and competitive agricultural sector. The public sector must coordinate its research and extension efforts with private organizations. The availability and rapid dissemination of information to producers and businesses is crucial in a more interrelated world. Efforts must be concentrated on products which have a comparative advantage and which provide greater rural employment. Fruits and vegetables are prime examples. In the past, too much effort has been spent on products of little economic interest and limited growth possibilities.

Countries need to develop and consolidate their capacities for strategic thinking in agriculture. If agriculture is to play a role in development, governments need well-trained, professional scientists and economists acquainted with domestic agricultural realities and global possibilities. The blind dismantling of agricultural bureaucracies without considering the strategic implications of such actions must be avoided. Of course, superfluous agencies and functions must be eliminated, but the downsizing must meet carefully considered strategic guidelines.

Although more open agricultural markets have improved the overall level of welfare in economies through a more efficient allocation of resources, income disparities in the region have widened and rural poverty in many areas has worsened. Governments must focus more attention on rural poverty and employment without abandoning their commitments to freer trade. The lack of proactive agricultural policies to increase rural employment, not free trade, is responsible for causing greater poverty. To alleviate rural poverty governments should provide incentives for job creation in sectors which have strong growth prospects and which are labor-intensive. Innovative associative forms for small and medium-size farms and agribusinesses must be pursued as well.

The overall success of MERCOSUR thus far is evident in the expanded interaction and greater dependencies among the members. As in all new trade blocs, many issues remain to be negotiated and resolved. Greater coordination of macroeconomic policies remains a major and sensitive point, particularly for the two largest economies. Although Brazil and Argentina are on more similar economic paths than they were in the past, substantial disparities in fiscal and investment policies remain. The probability of friction over policy differences and their effects on bilateral trade flows remains a concern in the region.

The elimination or harmonization of non-tariff barriers (NTB's) remains a challenging obstacle. Although the Asunción Treaty specifically addresses the elimination of NTB's (MERCOSUR), the process is far from complete. In an effort to avoid and to overcome problems, MERCOSUR's Standards Committee has carried out extensive harmonization work on food, agriculture and animal health issues.

The Asunción Treaty proclaimed the region's intention to achieve the free flow of goods, services and factors of production. Trade in services is in preliminary stages of discussion, whereas free labor flow has been left for the future. Asymmetries in most service industries are quite significant with Brazilian regimes generally being the most regulated and restrictive in the region.

The free internal circulation of third-country goods still is not in effect. Most goods currently travel under international transit arrangements and pay duties only at the final port of entry. However, shipments without customs seals could be charged the CET more than once. Administrative difficulties are the stated reason for the delay in internal free circulation as national sensitivities regarding customs collection have yet to be overcome and exceptions to the CET are still in effect. Delays at borders are reported frequently.

The only agricultural sector excluded from the agreement is sugar. Argentina claimed that Brazil subsidizes its alcohol program, introducing distortions to the Brazilian sugar market by reducing the cost of sugar production. Although Brazil claims that it does not subsidize its sugar production, the other members apply high tariffs to imports from Brazil. Meetings to discuss this issue are scheduled for later this year.

MERCOSUR has been the most successful Latin American regional integration effort to date. Unilateral reforms across countries and declining trade barriers between them have facilitated the expansion of trade to record levels and established a sense of unity and common destiny. A considerable amount of political will was required to reach the current level of integration. The issues remaining to be negotiated, both within the group and with other trade blocs, are substantial and will require imagination and determination for their resolution.

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TABLES

Table 1. MERCOSUR and Agriculture (1995, in US$ million)

	GDP	GDP per cap. (US$)	Ag. GDP	% Ag/Total	Trade: Exports Total	Exports Agriculture	Exports % Ag/Total	Imports Total	Imports Agriculture	Imports % Ag/Total	Total Trade Total	Total Trade Agriculture	Total Trade % Ag/Total
Argentina	280,000	8,030	16,837	6	20,963	11,128	53.1	20,123	1,256	6.2	41,086	12,384	30.1
Brazil	540,000	3,640	84,725	16	46,506	14,322	30.8	53,783	6,302	11.7	100,289	20,624	20.6
Paraguay	8,200	1,690	1,857 1	23	819	969	118.3	2,797	308	11.0	3,616	1,277	35.3
Uruguay	16,500	5,170	1,584	10	2,117	1,276	60.3	2,867	392	13.7	4,984	1,668	33.5
Mercosur	844,700	4,250	103,146	12	70,405	27,695	39.3	79,570	8,258	10.4	149,975	35,953	24.0
Intra-Mercosur Trade	-	-	-	-		4,114			4,114			4,114	

1) Corresponds to 1994.

Sources: GDP, International Financial Statistics; Ag. GDP: World Bank data base; Total trade, Faostat database; Ag trade, USDA/ERS.

Table 2. Agricultural Trade Dependency Indexes of MERCOSUR and Member Countries 1)

	1980	1981	1982	1983	1984	1985	1986	1987
AGGDP								
Argentina	4,889,779,559	5,094,736,842	8,090,277,778	9,002,849,003	6,601,000,000	6,750,000,000	8,653,333,333	8,993,333,333
Brazil	23,384,779,193	25,397,776,458	22,711,381,746	19,977,113,541	21,839,450,094	23,417,383,592	26,626,057,189	26,493,866,106
Paraguay	1,310,611,111	1,561,777,778	1,402,941,177	1,442,465,753	1,260,155,929	915,135,012	964,244,298	1,020,808,383
Uruguay	1,371,219,780	1,299,935,305	1,006,613,947	680,515,345	706,628,653	641,585,330	741,219,817	1,004,985,221
Mercosur	30,956,389,643	33,354,226,383	33,211,214,647	31,102,943,642	30,407,234,676	31,724,103,934	36,984,854,638	37,512,993,043
AGEXP								
Argentina	6,402,272	7,071,727	5,533,893	6,686,389	6,722,802	6,654,168	5,146,505	4,729,580
Brazil	10,325,544	11,112,832	9,122,001	9,941,411	11,181,082	10,989,235	9,210,775	10,518,243
Paraguay	588,826	591,768	561,214	527,322	550,170	401,412	409,850	628,496
Uruguay	617,953	812,501	730,014	660,084	611,259	533,724	701,882	668,321
Mercosur	17,934,595	19,588,828	15,947,122	17,815,206	19,065,313	18,578,539	15,469,012	16,544,640
AGIMP								
Argentina	668,778	530,211	311,393	259,728	306,996	241,925	444,138	379,498
Brazil	2,482,247	2,011,916	1,815,577	1,513,922	1,540,040	1,370,492	2,373,149	1,421,233
Paraguay	63,047	61,730	44,862	48,254	27,336	41,659	35,574	20,955
Uruguay	159,833	129,430	86,075	84,951	92,583	68,634	98,183	110,619
Mercosur	3,373,905	2,733,287	2,257,907	1,906,855	1,966,955	1,722,710	2,951,044	1,932,305
AG TDI								
Argentina	127.2	135.1	69.6	75.0	101.8	98.6	61.5	54.5
Brazil	49.5	47.9	44.6	53.3	54.4	49.9	39.9	42.8
Paraguay	47.5	40.3	41.9	38.6	44.9	46.3	44.6	62.3
Uruguay	50.8	65.9	74.7	97.3	88.1	84.8	95.3	69.8
Mercosur	62.1	61.9	51.3	59.7	65.0	60.7	46.1	46.8

1) AG TDI = (AGEXP + AGIMP)/(AGGDP + AGIMP)

Sources: AG GDP: World Bank data base; Ag Trade: USDA/ERS.

Table 2 (Cont.)

1988	1989	1990	1991	1992	1993	1994	1995
11,330,681,818	7,369,454,288	11,483,008,265	12,742,527,530	13,705,685,214	15,446,218,529	16,889,089,089	16,837,237,237
30,161,824,508	34,862,981,796	43,762,214,787	39,025,281,013	40,489,915,301	47,557,456,969	67,974,960,876	84,725,490,196
1,170,595,238	1,289,339,140	1,462,599,914	1,659,646,237	1,579,086,292	1,685,143,463	1,857,392,469	1,857,392,469
1,011,573,559	999,818,335	946,883,006	1,021,894,195	1,223,773,105	1,156,108,013	1,387,257,269	1,583,515,774
43,674,675,123	44,521,593,559	57,654,705,972	54,449,348,974	56,998,459,912	65,844,926,974	88,108,699,703	105,003,635,676
6,593,110	6,472,678	8,507,476	8,304,433	8,250,897	7,248,727	8,890,076	11,127,964
11,658,926	11,387,192	10,739,414	9,673,603	10,939,218	10,441,857	13,548,294	14,322,473
837,735	1,069,898	1,073,628	748,193	652,392	651,856	696,169	969,185
933,495	1,072,553	1,111,094	1,101,429	987,939	937,121	1,165,014	1,276,468
20,023,266	20,002,321	21,431,612	17,934,595	20,830,446	19,279,561	24,299,553	27,696,090
297,736	246,288	254,711	554,529	988,531	1,022,897	1,227,321	1,256,419
1,092,428	2,334,025	2,677,336	2,910,207	2,455,912	3,531,855	4,707,601	6,301,976
29,285	34,641	44,985	69,762	91,895	121,278	230,941	307,911
111,597	118,641	128,530	162,426	211,540	216,337	340,551	392,294
1,531,046	2,733,595	3,105,562	3,696,924	3,747,878	4,892,367	6,506,414	8,258,600
59.3	88.2	74.6	66.6	62.9	50.2	55.8	68.4
40.8	36.9	28.9	30.0	31.2	27.4	25.1	22.7
72.3	83.4	74.2	47.3	44.5	42.8	44.4	59.0
93.0	106.5	115.3	106.7	83.6	84.0	87.1	84.5
47.7	48.1	40.4	37.2	40.5	34.2	32.6	31.7

Table 3. Agricultural Trade of Major Trade Blocs, Selected Years (U$S 1,000)

	Year	1980	1985	1990	1995	1995/1990 (%)
MERCOSUR	Exports	17,934,595	18,578,539	21,431,612	27,696,090	29
	Imports	3,373,905	1,722,710	3,105,561	8,258,601	166
	Total trade	21,308,500	20,301,249	24,537,173	35,954,691	47
	Balance	14,560,690	16,855,829	18,326,051	19,437,489	6
	Intra trade	1,211,855	628,863	1,910,903	4,113,995	115
	Intrade/Exports	7	3	9	15	
	Intrade/Imports	36	37	62	50	
	Intrade/Tot. trade	6	3	8	11	
NAFTA	Exports	50,064,652	37,540,996	52,810,200	76,904,664	46
	Imports	26,083,664	28,084,192	38,057,056	48,029,752	26
	Total trade	76,148,316	65,625,188	90,867,256	124,934,416	37
	Balance	23,980,988	9,456,804	14,753,144	28,874,912	96
	Intra trade	6,465,572	6,496,264	13,253,781	20,120,372	52
	Intrade/Exports	13	17	25	26	
	Intrade/Imports	25	23	35	42	
	Intrade/Tot. trade	8	10	15	16	
EU-12	Exports	78,945,392	74,937,312	143,956,576	185,110,368	29
	Imports	101,249,136	88,339,432	153,912,000	192,552,848	25
	Total trade	180,194,528	163,276,744	297,868,576	377,663,216	27
	Balance	(22,303,744)	(13,402,120)	(9,955,424)	(7,442,480)	-25
	Intra trade	51,002,428	48,233,516	101,219,648	126,149,600	25
	Intrade/Exports	65	64	70	68	
	Intrade/Imports	50	55	66	66	
	Intrade/Tot. trade	28	30	34	33	
Australia-	Exports	14,745,450	13,034,018	19,202,012	24,532,638	28
N. Zealand	Imports	1,246,991	1,420,930	2,223,730	3,428,832	54
	Total trade	15,992,441	14,454,948	21,425,742	27,961,470	31
	Balance	13,498,459	11,613,088	16,978,282	21,103,806	24
	Intra trade	206,817	260,832	561,133	881,369	57
	Intrade/Exports	1	2	3	4	
	Intrade/Imports	17	18	25	26	
	Intrade/Tot. trade	1	2	3	3	
Asean	Exports	16,946,326	14,806,305	18,686,068	30,662,124	64
	Imports	7,899,955	6,578,456	10,804,177	19,365,440	79
	Total trade	24,846,281	21,384,761	29,490,245	50,027,564	70
	Balance	9,046,371	8,227,849	7,881,891	11,296,684	43
	Intra trade	3,383,728	2,503,433	2,927,265	4,620,790	58
	Intrade/Exports	20	17	16	15	
	Intrade/Imports	43	38	27	24	
	Intrade/Tot. trade	14	12	10	9	

Source: USDA/ ERS.

Table 4. MERCOSUR and MERCOSUR countries' agricultural exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	225,448	831,874	52,424	102,106	1,211,855	2,779,614	551,321	7,090,151	6,301,654	17,934,595
	1985	101,286	441,332	35,854	50,389	628,863	3,228,607	813,837	7,811,376	6,095,856	18,578,539
	1990	91,868	1,711,555	22,372	85,108	1,910,903	2,989,158	930,309	9,503,184	6,098,058	21,431,612
	1995	461,015	3,173,595	207,475	271,911	4,113,995	2,214,488	1,674,397	10,610,994	9,082,216	27,696,090
Argentina											
	1980		611,446	35,465	42,292	689,203	343,358	395,291	2,350,077	2,624,343	6,402,272
	1985		300,608	18,708	21,523	340,840	620,262	608,615	2,183,187	2,901,264	6,654,168
	1990		1,124,930	15,676	41,503	1,182,109	701,622	599,977	3,354,533	2,669,235	8,507,476
	1995		2,180,608	150,622	137,344	2,468,574	677,996	1,177,735	3,752,024	3,051,635	11,127,964
Brazil											
	1980	157,482		12,099	43,904	213,486	2,363,324	120,014	4,248,403	3,380,317	10,325,544
	1985	76,241		15,436	21,806	113,483	2,562,611	137,201	5,244,119	2,931,821	10,989,235
	1990	55,840		4,688	34,049	94,577	2,217,911	156,940	5,306,477	2,963,509	10,739,414
	1995	392,267		42,564	126,283	561,114	1,470,040	272,157	6,339,023	5,680,139	14,322,473
Paraguay											
	1980	45,338	64,539		15,910	125,788	57,517	12,448	283,104	109,969	588,826
	1985	14,735	40,986		7,060	62,782	19,327	48,701	236,074	34,528	401,412
	1990	30,594	280,095		9,556	320,245	14,566	120,700	498,903	119,214	1,073,628
	1995	26,756	455,519		8,284	490,558	16,698	159,031	193,992	108,906	969,185
Uruguay											
	1980	22,628	155,889	4,860		183,378	15,415	23,567	208,567	187,026	617,953
	1985	10,310	99,738	1,710		111,758	26,407	19,321	147,996	228,242	533,724
	1990	5,434	306,530	2,008		313,972	55,059	52,693	343,271	346,099	1,111,094
	1995	41,992	537,468	14,289		593,749	49,754	65,473	325,955	241,537	1,276,468

Source: USDA/ERS.

Table 5. MERCOSUR and MERCOSUR countries' total grain exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	1,557	254,229	12,088	14,058	281,932	7,745	114,178	142,529	1,278,749	1,825,133
	1985	660	166,021	11,695	2,600	180,976	103,307	274,525	305,811	1,773,566	2,638,185
	1990	1,073	477,536	66	5,216	483,891	5,458	186,328	97,514	968,299	1,741,490
	1995	3,357	409,405	9,361	14,256	436,379	5,699	319,012	101,493	725,845	1,588,428
Argentina											
	1980		233,856	12,063	13,503	259,422	4,872	104,055	128,299	1,235,376	1,732,024
	1985		134,512	11,673	2,592	148,777	103,293	272,451	293,992	1,716,256	2,534,769
	1990		375,745	24	5,216	380,985	4,489	173,628	90,243	916,776	1,566,121
	1995		267,067	6,915	13,176	287,158	3,928	296,480	94,151	689,692	1,371,409
Brazil											
	1980	117		8	18	143	1,361	3,009	2,516	5,384	12,413
	1985	110		22	8	140	0	1,860	4,378	2,225	8,603
	1990	97		42	0	139	803	194	1,289	89	2,514
	1995	1,915		2,433	898	5,246	124	1,297	4,235	5,123	16,025
Paraguay											
	1980	0	2,751		537	3,288	876	0	1,144	0	5,308
	1985	0	25		0	25	0	0	7	0	32
	1990	455	4,722		0	5,177	0	10,360	308	23,765	39,610
	1995	11	27,094		182	27,287	0	415	405	0	28,107
Uruguay											
	1980	1,440	17,622	17		19,079	636	7,114	10,570	37,989	75,388
	1985	550	31,484	0		32,034	14	214	7,434	55,085	94,781
	1990	521	100,069	0		100,590	166	2,146	5,674	24,669	133,245
	1995	1,431	115,244	13		116,688	1,647	20,820	2,702	31,030	172,887

Source: USDA/ERS.

Table 6. MERCOSUR and MERCOSUR countries' oilseeeds and products exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	9,329	173,504	2,797	8,701	194,331	67,832	104,134	2,621,845	1,491,465	4,479,607
	1985	4,542	88,786	12,398	8,246	113,972	212,825	296,399	3,353,183	1,695,010	5,671,389
	1990	4,634	38,816	3,191	16,208	62,849	135,538	390,556	4,397,949	2,213,322	7,200,214
	1995	8,568	358,087	4,721	38,103	409,479	164,761	637,123	4,592,887	3,395,141	9,199,391
Argentina											
	1980		109,588	1,957	4,279	115,824	3,437	72,012	972,190	504,764	1,668,227
	1985		71,942	686	6,927	79,555	146,705	198,201	1,154,185	830,315	2,408,961
	1990		22,509	3,024	12,279	37,812	93,714	267,615	1,611,749	1,134,913	3,145,803
	1995		127,247	4,331	18,914	150,492	144,443	492,394	1,933,690	1,720,369	4,441,388
Brazil											
	1980	1,103		840	769	2,712	61,792	24,891	1,515,048	953,730	2,558,173
	1985	1,623		11,712	119	13,454	63,673	71,619	2,079,629	853,626	3,082,001
	1990	317		167	1,259	1,743	34,881	37,102	2,423,069	1,051,943	3,548,738
	1995	8,226		390	15,725	24,341	13,637	40,393	2,512,351	1,607,483	4,198,205
Paraguay											
	1980	8,226	57,243		3,653	69,122	2,603	6,703	119,163	30,810	228,401
	1985	2,794	16,113		1,200	20,107	2,409	26,549	114,657	9,827	173,549
	1990	4,317	12,313		2,670	19,300	6,822	79,740	358,944	22,253	487,059
	1995	319	221,040		3,464	224,823	2,501	102,927	146,540	55,929	532,720
Uruguay											
	1980	0	6,673	0		6,673	0	528	15,444	2,161	24,806
	1985	125	731	0		856	38	30	4,712	1,242	6,878
	1990	0	3,994	0		3,994	121	6,099	4,187	4,213	18,614
	1995	23	9,800	0		9,823	4,180	1,409	306	11,360	27,078

Source: USDA/ERS.

Table 7. MERCOSUR and MERCOSUR countries' livestock and products exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	30,698	166,387	12,026	8,360	217,471	299,665	99,313	1,220,599	988,198	2,825,246
	1985	6,494	61,937	1,323	7,565	77,319	267,634	76,471	896,289	869,159	2,186,872
	1990	3,584	440,154	2,705	3,735	450,178	284,822	125,612	1,671,291	1,182,994	3,714,897
	1995	82,286	630,154	84,867	43,891	841,198	312,755	267,662	1,781,278	1,205,751	4,408,644
Argentina											
	1980		55,384	9,275	7,806	72,465	183,536	70,491	784,410	106,273	1,653,364
	1985		11,639	381	5,485	17,505	156,590	45,577	343,087	202,506	765,265
	1990		150,060	2,374	1,714	154,148	205,196	47,311	873,621	340,513	1,620,789
	1995		376,845	78,404	17,555	472,804	198,302	154,613	880,415	233,876	1,940,010
Brazil											
	1980	14,488		2,476	301	17,265	101,609	13,264	239,817	306,378	678,333
	1985	459		460	1,827	2,746	95,073	13,780	433,602	504,578	1,049,779
	1990	629		238	2,008	2,875	41,062	39,092	499,832	535,743	1,118,604
	1995	66,399		4,948	26,103	97,450	77,832	62,102	626,889	787,376	1,651,649
Paraguay											
	1980	1,341	474		253	2,068	1,465	109	27,759	4,311	35,712
	1985	7	690		253	950	108	921	8,102	4,031	14,112
	1990	159	130,221		13	130,393	879	1,506	10,335	5,620	148,733
	1995	1,020	39,414		233	40,667	5,518	12,023	22,278	5,685	86,171
Uruguay											
	1980	14,869	110,529	275		125,673	13,055	15,449	168,613	135,047	457,837
	1985	6,028	49,608	482		56,118	15,863	16,193	111,498	158,044	357,716
	1990	2,796	159,873	93		162,762	37,685	37,703	287,503	301,118	826,771
	1995	14,867	213,895	1,515		230,277	31,103	38,924	251,696	178,814	730,814

Source: USDA/ERS.

Table 8. MERCOSUR and MERCOSUR countries' fruits, vegetables and products exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	62,500	198,603	7,354	8,135	276,592	242,320	44,913	514,867	153,630	1,232,322
	1985	29,144	77,857	800	5,203	113,004	878,419	39,671	635,440	187,111	1,853,645
	1990	15,633	227,109	1,655	10,210	254,607	1,283,326	20,056	1,383,130	229,603	3,170,722
	1995	54,344	439,779	9,773	22,824	526,720	549,809	56,640	1,698,710	403,912	3,235,791
Argentina											
	1980		196,344	3,424	3,065	202,833	26,371	35,632	197,825	58,216	520,877
	1985		77,269	567	626	78,462	75,419	30,417	193,857	56,742	434,897
	1990		222,861	495	3,845	227,201	223,117	11,965	482,614	49,982	994,879
	1995		435,047	6,080	12,581	453,708	186,452	44,121	552,227	79,416	1,315,924
Brazil											
	1980	50,344		3,930	5,045	59,319	213,867	9,265	311,410	88,840	682,701
	1985	27,113		233	4,577	31,923	800,751	9,227	422,416	123,152	1,387,469
	1990	13,821		1,160	6,289	21,270	1,056,065	7,760	858,013	174,297	2,117,405
	1995	49,011		3,570	10,243	62,824	359,422	12,342	1,082,405	311,259	1,828,252
Paraguay											
	1980	10,838	39		25	10,902	2,060	1	39	113	13,115
	1985	1,859	10		0	1,869	0	27	49	5	1,950
	1990	1,783	1,930		76	3,789	172	331	2,983	10	7,285
	1995	3,686	743		0	4,429	44	129	1,008	190	5,800
Uruguay											
	1980	1,318	2,220	0		3,538	22	15	5,593	6,461	15,629
	1985	172	578	0		750	2,249	0	19,118	7,212	29,329
	1990	29	2,318	0		2,347	3,972	0	39,520	5,314	51,153
	1995	1,647	3,989	123		5,759	3,891	48	63,070	13,047	85,815

Source: USDA/ERS.

Table 9. MERCOSUR and MERCOSUR countries' raw cotton exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	8,812	3,894	75	10,162	22,943	1,040	7,726	106,960	165,687	304,356
	1985	2,050	24,533	11	6,114	32,708	107	24,972	206,277	97,400	361,464
	1990	11,512	133,044	0	11,705	156,261	126	37,695	225,090	305,945	725,117
	1995	17,061	227,954	0	8,335	253,350	2,704	128,111	135,817	302,960	822,942
Argentina											
	1980		0	75	3,883	3,958	1,040	3,177	37,258	118,125	163,558
	1985		390	11	2,437	2,838	0	2,829	68,604	25,932	100,203
	1990		43	0	8,233	8,276	0	10,047	118,647	85,637	222,607
	1995		70,116	0	4,333	74,449	2,419	83,880	110,738	195,955	467,441
Brazil											
	1980	0		0	85	85	0	0	919	10,421	11,425
	1985	0		0	259	259	14	1,017	44,174	52,995	98,459
	1990	0		0	1	1	0	0	5,951	159,313	165,265
	1995	197		0	38	235	285	658	8,753	61,603	71,534
Paraguay											
	1980	8,812	3,894		6,194	18,900	0	4,549	68,556	37,119	129,124
	1985	2,050	24,143		3,418	29,611	93	21,045	92,632	18,402	161,783
	1990	11,512	133,001		3,471	147,984	126	27,606	99,847	59,863	335,426
	1995	16,510	155,984		3,964	176,458	0	43,345	16,250	43,760	279,813
Uruguay											
	1980	0	0	0		0	0	0	227	22	249
	1985	0	0	0		0	0	81	867	71	1,019
	1990	0	0	0		0	0	42	645	1,132	1,819
	1995	354	1,854	0		2,208	0	228	76	1,642	4,154

Source: USDA/ERS.

Table 10. MERCOSUR and MERCOSUR countries' raw tobacco exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	1,775	0	239	5,285	7,299	67,957	5,146	234,280	64,062	378,744
	1985	536	0	2,828	2,223	5,587	141,269	8,695	320,895	101,301	577,747
	1990	1,407	52	1,440	2,829	5,728	182,997	7,991	400,211	159,512	756,439
	1995	11,995	9,265	7,319	2,426	31,005	171,946	25,610	450,866	230,158	909,585
Argentina											
	1980		0	0	2,537	2,537	4,198	216	34,446	5,048	46,445
	1985		0	2,688	717	3,405	16,556	398	32,934	8,444	61,737
	1990		52	1,337	1,032	2,421	30,280	359	67,984	23,095	124,139
	1995		9,265	3,798	539	13,602	20,028	4,757	52,628	17,708	108,723
Brazil											
	1980	1,302		239	2,705	4,246	61,026	4,871	190,039	52,139	312,321
	1985	0		140	1,455	1,595	123,061	8,297	279,017	91,054	503,024
	1990	1,261		39	1,788	3,088	152,551	7,632	328,142	134,256	625,669
	1995	10,664		3,521	1,866	16,051	150,540	20,852	392,423	209,896	789,762
Paraguay											
	1980	473	0		43	516	2,733	59	9,729	6,875	19,912
	1985	536	0		51	587	1,652	0	8,877	1,683	12,799
	1990	141	0		9	150	166	0	4,019	2,151	6,486
	1995	1,331	0		21	1,352	1,378	1	5,782	2,551	11,064
Uruguay											
	1980	0	0	0		0	0	0	66	0	66
	1985	0	0	0		0	0	0	67	120	187
	1990	5	0	64		69	0	0	66	10	145
	1995	0	0	0		0	0	0	33	3	36

Source: USDA/ERS.

Table 11. MERCOSUR and MERCOSUR countries' coffee and products exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	70,485	0	1	5,751	76,237	1,188,868	3,130	1,455,470	626,340	3,350,045
	1985	29,941	0	17	2,982	32,940	910,774	1,049	1,640,531	569,393	3,154,687
	1990	23,916	75	155	2,337	26,483	428,358	2,469	865,618	396,411	1,719,339
	1995	103,662	515	1,711	7,192	113,080	576,416	23,451	1,350,136	1,012,609	3,075,692
Argentina											
	1980		0	0	0	0	249	1	2,335	616	3,201
	1985		0	0	13	13	401	0	638	54	1,106
	1990		0	14	34	48	143	25	535	1	752
	1995		402	28	71	501	8	180	195	7,644	8,528
Brazil											
	1980	58,906		1	5,109	64,016	1,148,267	3,128	1,397,427	612,163	3,225,001
	1985	24,127		17	1,444	25,588	895,476	1,049	1,628,928	568,771	3,119,812
	1990	15,331		141	1,284	16,756	426,926	2,444	842,906	394,728	1,683,760
	1995	102,248		1,683	6,851	110,782	576,337	23,263	1,349,928	1,004,296	3,064,606
Paraguay											
	1980	11,286	0		642	11,928	40,352	1	55,666	13,562	121,509
	1985	5,814	0		1,525	7,339	14,897	0	10,916	561	33,713
	1990	8,555	57		1,019	9,631	1,289	0	22,176	1,682	34,778
	1995	1,414	77		270	1,761	0	8	13	585	2,367
Uruguay											
	1980	293	0	0		293	0	0	42	(1)	334
	1985	0	0	0		0	0	0	49	7	56
	1990	30	18	0		48	0	0	1	0	49
	1995	0	36	0		36	71	0	0	84	191

Source: USDA/ERS.

Table 12. MERCOSUR and MERCOSUR countries' cocoa and products exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	18,498	88	1,989	3,603	24,178	224,703	2,908	238,310	262,699	752,798
	1985	20,580	12	176	1,255	22,023	322,553	4,118	153,823	333,640	836,157
	1990	18,667	2,468	817	2,084	24,036	214,997	6,398	67,107	96,531	409,069
	1995	45,200	38,822	6,843	8,032	98,897	91,292	20,632	41,060	40,130	292,011
Argentina											
	1980		0	248	26	274	10	138	18	60	500
	1985		0	4	7	11	184	73	9	23	300
	1990		389	365	217	971	625	151	189	256	2,192
	1995		38,080	2,560	1,803	42,443	1,627	5,087	107	1,702	50,966
Brazil											
	1980	16,987		1,717	3,577	22,281	224,693	2,710	238,292	262,639	750,615
	1985	20,374		171	1,248	21,793	322,363	4,043	153,698	333,614	835,511
	1990	18,518		452	1,867	20,837	214,370	6,243	66,863	96,274	404,587
	1995	44,896		4,217	6,229	55,342	89,662	15,543	40,953	38,428	239,928
Paraguay											
	1980	0	0		0	0	0	0	0	0	0
	1985	0	0		0	0	0	0	116	(1)	115
	1990	0	0		0	0	0	0	43	0	43
	1995	0	1		0	1	0	0	0	0	1
Uruguay											
	1980	1,511	88	24		1,623	0	60	0	0	1,683
	1985	206	12	1		219	6	2	0	4	231
	1990	149	2,079	0		2,228	2	4	12	1	2,247
	1995	304	741	66		1,111	3	2	0	0	1,116

Source: USDA/ERS.

Table 13. MERCOSUR and MERCOSUR countries' sugar exports to regions and the world, selected years (US$ 1,000)

Exporter	Year\Destin.	MERCOSUR					NAFTA	REST OF AMERICAS	EU-15	ROW	TOTAL
		Argentina	Brazil	Paraguay	Uruguay	Total					
MERCOSUR											
	1980	0	0	39	9,344	9,383	604,295	111,876	44,129	1,116,581	1,886,264
	1985	0	0	1,513	433	1,946	233,442	6,556	10,947	335,676	588,567
	1990	0	7	1	687	695	285,868	60,160	20,453	321,505	688,681
	1995	54,112	221	4,787	19,039	78,159	164,190	41,858	57,557	1,553,332	1,895,096
Argentina											
	1980		0	0	5,044	5,044	94,896	80,779	5,261	110,178	296,158
	1985		0	1,084	433	1,517	59,622	2,878	0	7,088	71,105
	1990		7	0	687	694	73,865	28,174	0	17,960	120,693
	1995		219	2	7,654	7,875	46,530	14,178	38	2,072	70,693
Brazil											
	1980	0		39	9	48	502,012	31,097	38,418	989,612	1,561,187
	1985	0		429	0	429	171,795	3,678	10,947	328,588	515,437
	1990	0		1	0	1	203,781	28,956	20,453	303,545	556,736
	1995	54,112		4,785	11,385	70,282	107,072	27,680	57,361	1,551,225	1,813,620
Paraguay											
	1980	0	0		4,291	4,291	7,387	0	450	16,791	28,919
	1985	0	0		0	0	0	0	0	0	0
	1990	0	0		0	0	4,077	0	0	0	4,077
	1995	0	2		0	2	7,080	0	158	35	7,275
Uruguay											
	1980	0	0	0		0	0	0	0	0	0
	1985	0	0	0		0	2,025	0	0	0	2,025
	1990	0	0	0		0	4,145	3,030	0	0	7,175
	1995	0	0	0		0	3,508	0	0	0	3,508

Source: USDA/ERS.

Table 14. Chilean Agricultural Trade with MERCOSUR and the World, Selected Years (US$ 1,000)

Imports

Year\Orig.	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Row	World	MERCOSUR/wld
1980	145,530	53,482	10,292	12,861	222,165	523,040	745,205	29.8
1985	31,774	65,234	26,785	1,579	125,372	167,058	292,430	42.9
1990	113,671	30,493	37,454	8,868	190,486	247,474	437,960	43.5
1995	391,585	76,147	49,703	18,322	535,757	583,832	1,119,589	47.9

Exports

Year\Dest	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	Row	World	MERCOSUR/wld
1980	15,594	42,415	623	3,529	62,161	613,833	675,994	9.2
1985	3,661	19,305	424	2,273	25,663	980,873	1,006,536	2.5
1990	19,854	106,434	5,507	4,112	135,907	2,169,555	2,305,462	5.9
1995	105,012	235,858	20,342	18,968	380,180	3,213,090	3,593,270	10.6

Source: USDA/ERS.

Table 15. Bolivian Agricultural Trade with MERCOSUR and the World, Selected Years (US$ 1,000)

Imports Year\Orig.	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR	And.Comm.	Row	World	MERCOSUR/Wld
1980	39,849	4,993	518	296	45,656	5,349	66,036	117,041	39.0
1985	85,616	3,742	1,660	1,204	92,222	876	46,770	139,868	65.9
1990	6,669	2,962	5,375	197	15,203	1,734	42,826	59,763	25.4
1995	28,594	8,224	158	1,588	38,564	8,486	85,680	132,730	29.1
Exports **Year\Dest**	**Argentina**	**Brazil**	**Paraguay**	**Uruguay**	**MERCOSUR**	**And.Comm.**	**Row**	**World**	**MERCOSUR/Wld**
1980	1,087	19,083	0	227	20,397	6,581	62,210	89,188	22.9
1985	10	8,065	0	194	8,269	7,263	30,871	46,403	17.8
1990	2,537	28,489	108	2,104	33,238	46,970	85,154	165,362	20.1
1995	6,525	11,390	1,181	438	19,534	177,963	82,893	280,390	7.0

Source: USDA/ERS.

Table 16. MERCOSUR Agricultural Imports by Regions

YEAR	MERCOSUR		NON-MERCOSUR		NAFTA		ANDEAN COMM.		CHILE		C. AMERICA & CARIBB		REST OF WORLD		WORLD	
	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index
1980	1,211,855	72	2,162,050	144	1,256,645	296	145,177	200	62,161	46	35,294	494	662,775	77	3,373,905	106
1981	977,855	58	1,755,432	117	991,698	234	116,377	160	54,136	40	6,333	89	586,887	68	2,733,287	86
1982	936,688	56	1,321,219	88	851,741	201	88,192	121	43,079	32	5,553	78	332,653	39	2,257,907	71
1983	590,367	35	1,316,489	88	841,252	198	61,183	84	29,757	22	5,454	76	378,843	44	1,906,856	60
1984	727,297	43	1,239,658	83	831,261	196	50,964	70	33,453	25	14,280	200	309,699	36	1,966,955	62
1985	628,863	38	1,093,847	73	625,998	147	62,205	86	25,663	19	9,529	133	370,452	43	1,722,710	54
1986	1,053,056	63	1,897,988	126	651,288	153	141,722	195	70,049	51	20,441	286	1,014,488	118	2,951,044	93
1987	705,507	42	1,226,799	82	426,860	101	69,989	96	54,625	40	7,452	104	667,871	78	1,932,306	61
1988	843,411	50	687,636	46	134,170	32	50,747	70	46,886	34	5,087	71	450,745	52	1,531,047	48
1989	1,410,078	84	1,323,516	88	311,729	73	69,441	96	105,247	77	7,914	111	829,184	96	2,733,594	86
1990	1,910,903	114	1,194,658	80	327,041	77	73,096	101	135,907	100	7,773	109	650,842	76	3,105,561	98
1991	1,707,862	102	1,989,062	132	635,099	150	75,541	104	168,142	123	5,753	80	1,104,528	128	3,696,924	116
1992	1,865,251	111	1,882,627	125	489,542	115	72,496	100	193,302	142	26,139	366	1,101,149	128	3,747,878	118
1993	2,122,425	127	2,769,942	184	816,756	192	72,325	99	257,074	188	32,592	456	1,591,194	185	4,892,367	154
1994	3,143,401	188	3,363,013	224	1,126,571	265	120,222	165	294,762	216	24,754	346	1,796,704	209	6,506,414	205
1995	4,113,995	245	4,144,606	276	1,159,602	273	170,705	235	380,180	279	34,947	489	2,399,171	278	8,258,601	260

Note: Index = 1989/91 = 100

Table 17. MERCOSUR Agricultural Exports to Regions and the World

YEAR	MERCOSUR		NON-MERCOSUR		NAFTA		ANDEAN COMMUNITY		CHILE	
	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index
1980	1,211,855	72	16,722,740	89	2,779,614	105	235,699	59	222,165	110
1981	977,855	58	18,610,973	99	3,252,845	123	373,471	93	183,254	90
1982	936,688	56	15,010,434	80	2,287,395	87	436,070	109	163,446	81
1983	590,367	35	17,224,839	92	2,210,347	84	376,271	94	223,965	110
1984	727,297	43	18,338,016	98	3,417,595	129	357,699	89	223,950	110
1985	628,863	38	17,949,676	96	3,228,607	122	367,869	92	125,372	62
1986	1,053,056	63	14,415,956	77	2,667,339	101	287,823	72	81,414	40
1987	705,507	42	15,839,133	85	2,722,436	103	311,210	77	114,056	56
1988	843,411	50	19,179,855	102	3,089,320	117	413,664	103	158,853	78
1989	1,410,078	84	18,592,243	99	2,499,782	95	365,056	91	163,506	81
1990	1,910,903	114	19,520,709	104	2,989,158	113	377,971	94	190,486	94
1991	1,707,862	102	18,119,796	97	2,435,420	92	462,237	115	254,641	126
1992	1,865,251	111	18,965,195	101	2,481,845	94	592,920	148	347,398	171
1993	2,122,425	127	17,157,136	92	2,166,287	82	643,293	160	339,789	167
1994	3,143,401	188	21,156,152	113	2,480,617	94	647,428	161	432,591	213
1995	4,113,995	245	23,582,095	126	2,214,488	84	848,853	211	535,757	264

Note: Index = 1989/91 = 100

Table 17 (Cont.)

C. AMERICA & CARIBB		EU-15		REST OF WORLD		WORLD	
1,000 US$	Index	1,000 US$	Index	1,000 US$	Index	1,000 US$	Index
93,457	27	7,090,151	77	6,301,654	106	17,934,595	88
110,943	32	6,548,738	71	8,141,722	137	19,588,828	96
89,776	26	6,066,878	66	5,966,869	101	15,947,122	78
201,913	58	6,878,226	75	7,334,117	124	17,815,206	87
276,404	79	7,521,733	82	6,540,635	110	19,065,313	93
320,596	91	7,811,376	85	6,095,856	103	18,578,539	91
246,447	70	6,573,993	71	4,558,940	77	15,469,012	76
214,767	61	6,991,428	76	5,485,236	92	16,544,640	81
341,148	97	8,859,961	96	6,316,909	106	20,023,266	98
441,135	126	8,765,743	95	6,357,021	107	20,002,321	98
361,852	103	9,503,184	103	6,098,058	103	21,431,612	105
249,837	71	9,364,213	102	5,353,448	90	19,827,658	97
214,835	61	9,488,270	103	5,839,927	98	20,830,446	102
236,773	67	8,720,036	95	5,050,958	85	19,279,561	94
232,921	66	10,740,175	117	6,622,420	112	24,299,553	119
289,787	83	10,610,994	115	9,082,216	153	27,696,090	136

Table 18. Sugarcane and Sugar in MERCOSUR, in 1,000 Ha and 1,000 MT (1997)

	Argentina	Brazil	Paraguay	Uruguay	MERCOSUR
Area	260	4,300	58	na	4,618
Sugarcane production	13,600	283,000	2,800	na	299,400
Sugarcane for alcohol production	0	182,000	0	0	182,000
Sugar production	1,380	14,650	110	25	16,165
Sugar exports	190	6,005	5	10	6,210

Source: USDA/ERS.

Table 19. Mexican Agricultural Trade with MERCOSUR

Table 19 (Cont.)

MEXICAN AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/Wld
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	%
1980	23,589	23	102,944	195	2,366	124	1,735	10	130,633	74	2,404,751	83	680,771	62	3,216,155	77	4.1
1981	222,574	213	143,192	271	14,352	752	5,555	31	385,672	217	2,382,878	82	567,685	52	3,336,235	80	11.6
1982	95,964	92	134,562	254	858	45	4,031	23	235,416	133	1,221,488	42	438,691	40	1,895,595	45	12.4
1983	15,300	15	47,464	90	120	6	3,281	18	66,164	37	1,920,442	66	383,236	35	2,369,842	57	2.8
1984	164,435	157	98,943	187	579	30	4,317	24	268,275	151	2,048,307	71	327,374	30	2,643,956	63	10.1
1985	264,437	252	17,978	34	913	48	6,410	36	289,738	163	1,484,326	51	384,252	35	2,158,316	52	13.4
1986	146,296	140	10,759	20	92	5	7,014	39	164,161	93	1,092,846	38	224,640	20	1,481,647	36	11.1
1987	25,601	24	17,113	32	602	32	6,069	34	49,385	28	1,256,325	43	277,863	25	1,583,573	38	3.1
1988	95,998	92	39,507	75	2,927	153	16,145	90	154,577	87	2,264,028	78	422,596	38	2,841,201	68	5.4
1989	68,705	66	45,540	86	4,344	228	16,286	91	134,875	76	2,887,336	100	759,890	69	3,782,101	91	3.6
1990	192,858	184	72,887	138	610	32	17,100	96	283,454	160	2,641,610	91	1,547,380	141	4,472,444	107	6.3
1991	52,620	50	40,205	76	768	40	20,310	113	113,904	64	3,148,091	109	993,713	90	4,255,708	102	2.7
1992	65,005	62	23,964	45	804	42	31,185	174	120,958	68	4,074,383	141	1,260,539	115	5,455,880	131	2.2
1993	72,323	69	29,578	56	1,075	56	37,331	209	140,308	79	3,994,737	138	1,154,461	105	5,289,506	127	2.7
1994	219,913	210	65,654	124	581	30	40,876	228	327,024	184	5,077,843	176	1,324,586	120	6,729,453	161	4.9
1995	112,765	108	30,082	57	1,383	73	13,957	78	158,186	89	3,927,408	136	956,919	87	5,042,513	121	3.1

MEXICAN AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/wld
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	%
1980	7,506	273	9,210	136	0	0	189	162	16,905	175	1,168,664	42	830,974	129	2,016,543	59	0.8
1981	4,422	161	11,746	174	0	0	156	134	16,324	169	1,214,546	44	665,111	103	1,895,981	56	0.9
1982	1,564	57	11,285	167	1	10	53	46	12,904	134	1,240,300	45	512,602	79	1,765,806	52	0.7
1983	1,968	72	5,383	80	0	0	75	64	7,426	77	1,328,310	48	452,269	70	1,788,005	52	0.4
1984	3,085	112	18,517	274	0	0	224	193	21,826	226	1,356,655	49	533,443	83	1,911,924	56	1.1
1985	3,088	112	3,411	50	0	0	47	40	6,546	68	1,516,783	55	387,085	60	1,910,414	56	0.3
1986	2,700	98	3,691	55	1	10	48	41	6,441	67	2,122,317	77	548,321	85	2,677,079	78	0.2
1987	4,043	147	4,668	69	0	0	152	131	8,863	92	1,977,980	72	585,382	91	2,572,225	75	0.3
1988	2,712	99	4,762	70	3	31	80	69	7,556	78	1,940,119	70	826,632	128	2,774,307	81	0.3
1989	1,509	55	8,126	120	0	0	52	45	9,687	101	2,462,686	89	749,895	116	3,222,268	94	0.3
1990	2,455	89	6,315	93	2	21	139	119	8,911	92	2,974,740	108	521,133	81	3,504,784	103	0.3
1991	4,291	156	5,839	86	27	279	158	136	10,315	107	2,832,199	103	665,540	103	3,508,054	103	0.3
1992	6,239	227	3,546	52	72	745	176	151	10,033	104	2,686,344	97	573,486	89	3,269,863	96	0.3
1993	6,111	222	8,304	123	165	1,707	678	583	15,258	158	3,048,485	111	545,923	85	3,609,666	106	0.4
1994	7,155	260	23,172	343	542	5,607	574	493	31,444	326	3,236,725	117	791,193	123	4,059,362	119	0.8
1995	10,360	376	38,917	576	489	5,059	508	437	50,274	522	4,262,742	155	1,326,460	205	5,639,476	165	0.9

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 20. Andean Community Agricultural Trade with MERCOSUR Countries

ANDEAN COMMUNITY AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%
1980	176,569	59	48,076	74	824	6	10,230	41	235,699	59	85,857	39	2,326,755	141	2,648,311	116	8.9
1981	140,916	47	210,399	322	11,815	81	10,341	42	373,471	93	103,764	47	2,621,688	158	3,098,923	136	12.1
1982	196,107	66	202,560	310	15,223	105	22,180	89	436,070	109	242,597	110	2,512,116	152	3,190,783	140	13.7
1983	192,843	65	162,185	248	6,415	44	14,828	60	376,271	94	90,180	41	2,156,873	130	2,623,324	115	14.3
1984	246,479	83	61,682	94	25,675	177	23,863	96	357,699	89	89,311	41	2,054,239	124	2,501,249	110	14.3
1985	314,759	106	24,974	38	11,337	78	16,799	68	367,869	92	117,196	53	1,681,735	102	2,166,800	95	17.0
1986	204,947	69	44,809	69	15,048	103	23,019	93	287,823	72	108,685	49	1,439,945	87	1,836,453	81	15.7
1987	216,144	73	68,318	105	17,737	122	9,011	36	311,210	77	109,282	50	1,892,534	114	2,313,026	102	13.5
1988	283,222	95	108,439	166	11,798	81	10,205	41	413,664	103	108,603	49	2,393,842	145	2,916,109	128	14.2
1989	266,836	90	70,959	109	12,756	88	14,505	58	365,056	91	125,425	57	1,703,360	103	2,193,841	96	16.6
1990	279,922	94	57,512	88	7,752	53	32,785	132	377,971	94	228,328	104	1,533,977	93	2,140,276	94	17.7
1991	344,556	116	67,374	103	23,119	159	27,188	110	462,237	115	305,698	139	1,730,516	105	2,498,451	110	18.5
1992	469,091	158	60,806	93	34,385	236	28,638	115	592,920	148	386,288	176	2,142,780	129	3,121,988	137	19.0
1993	483,564	163	77,679	119	23,927	165	58,123	234	643,293	160	450,837	205	2,171,084	131	3,265,214	143	19.7
1994	495,605	167	73,006	112	39,801	274	39,016	157	647,428	161	626,970	285	2,477,144	150	3,751,542	165	17.3
1995	622,385	209	73,285	112	106,888	735	46,295	186	848,853	211	807,160	367	3,048,542	184	4,704,555	207	18.0

ANDEAN COMMUNITY AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%
1980	111,344	288	24,447	78	372	70	9,013	395	145,177	200	85,857	39	4,842,620	93	5,073,654	93	2.9
1981	90,159	233	18,945	61	345	65	6,929	304	116,377	160	103,764	47	3,253,300	63	3,473,441	63	3.4
1982	61,100	158	23,962	77	248	46	2,883	126	88,192	121	242,597	110	3,567,865	69	3,898,654	71	2.3
1983	42,788	111	17,088	55	176	33	1,131	50	61,183	84	90,180	41	3,275,937	63	3,427,300	63	1.8
1984	39,364	102	11,038	35	9	2	554	24	50,964	70	89,311	41	3,791,003	73	3,931,278	72	1.3
1985	52,500	136	8,728	28	0	0	977	43	62,205	86	117,196	53	4,222,557	82	4,401,958	80	1.4
1986	130,919	338	9,641	31	423	79	739	32	141,722	195	108,685	49	5,780,277	112	6,030,684	110	2.4
1987	56,232	145	12,331	40	490	92	935	41	69,989	96	109,282	50	4,626,639	89	4,805,910	88	1.5
1988	38,110	99	10,415	33	211	40	2,010	88	50,747	70	108,603	49	4,689,174	91	4,848,524	89	1.0
1989	37,583	97	29,565	95	312	58	1,981	87	69,441	96	125,425	57	4,918,490	95	5,113,356	93	1.4
1990	34,449	89	35,793	115	146	27	2,708	119	73,096	101	228,328	104	5,084,565	98	5,385,989	98	1.4
1991	44,027	114	28,212	90	1,143	214	2,159	95	75,541	104	305,698	139	5,537,095	107	5,918,334	108	1.3
1992	47,721	123	23,027	74	125	23	1,623	71	72,496	100	386,288	176	5,408,269	104	5,867,053	107	1.2
1993	63,010	163	7,194	23	214	40	1,907	84	72,325	99	450,837	205	5,124,746	99	5,647,908	103	1.3
1994	95,310	246	20,240	65	794	149	3,878	170	120,222	165	626,970	285	6,991,394	135	7,738,586	141	1.6
1995	109,805	284	41,745	134	2,766	518	16,389	718	170,705	235	807,160	367	7,740,899	149	8,718,764	159	2.0

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 21. Andean Community Countries Agricultural Trade with MERCOSUR

ANDEAN COMMUNITY COUNTRIES AGRICULTURAL IMPORTS FROM MERCOSUR

YEAR	BOLIVIA		COLOMBIA		ECUADOR		PERU		VENEZUELA		ANDEAN COMM.	
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index
1980	45,656	139	22,563	46	2,726	35	92,587	48	69,573	61	233,105	59
1981	58,204	177	68,110	138	1,335	17	48,027	25	194,884	172	370,560	93
1982	46,336	141	41,596	84	3,482	44	86,740	45	253,685	224	431,839	109
1983	47,030	143	35,764	73	5,662	72	96,125	49	189,237	167	373,818	94
1984	40,228	123	28,306	57	3,611	46	135,089	69	148,492	131	355,726	89
1985	92,222	281	57,677	117	2,010	26	147,106	76	66,777	59	365,792	92
1986	25,457	78	53,513	109	3,198	41	182,690	94	19,556	17	284,414	72
1987	47,040	143	50,249	102	3,743	48	140,624	72	67,204	59	308,860	78
1988	30,137	92	50,334	102	5,759	73	224,608	116	100,270	89	411,108	103
1989	50,055	152	60,840	124	1,725	22	159,068	82	87,672	77	359,360	90
1990	15,203	46	49,388	100	3,086	39	214,898	111	92,554	82	375,129	94
1991	33,218	101	37,474	76	18,775	239	209,327	108	159,634	141	458,428	115
1992	45,476	139	70,701	144	29,927	381	233,531	120	210,636	186	590,271	148
1993	33,641	102	102,106	207	15,518	197	282,458	145	207,748	183	641,471	161
1994	34,779	106	105,770	215	25,261	321	287,572	148	191,500	169	644,882	162
1995	38,563	117	162,801	331	22,844	291	285,992	147	335,959	297	846,159	213

ANDEAN COMMUNITY COUNTRIES AGRICULTURAL EXPORTS TO MERCOSUR

YEAR	BOLIVIA		COLOMBIA		ECUADOR		PERU		VENEZUELA		ANDEAN COMM.	
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index
1980	20,397	70	44,936	298	62,939	333	13,095	192	3,808	142	145,175	200
1981	17,593	60	36,791	244	51,895	275	9,703	142	393	15	116,375	160
1982	17,078	58	21,018	139	35,070	186	8,651	127	6,374	237	88,191	121
1983	12,445	43	15,244	101	10,883	58	17,164	251	5,326	198	61,062	84
1984	10,762	37	17,065	113	6,895	37	15,935	233	302	11	50,959	70
1985	8,270	28	17,388	115	11,951	63	24,568	360	25	1	62,202	86
1986	9,042	31	59,516	394	32,170	170	39,446	578	1,548	58	141,722	195
1987	12,990	44	20,273	134	20,008	106	16,695	245	22	1	69,988	96
1988	11,351	39	22,310	148	10,606	56	6,450	94	0	0	50,717	70
1989	28,813	99	14,029	93	15,264	81	9,184	135	2,151	80	69,441	96
1990	33,237	114	14,392	95	16,482	87	5,317	78	3,667	136	73,095	101
1991	25,539	87	16,850	112	24,887	132	5,983	88	2,251	84	75,510	104
1992	9,352	32	20,745	137	34,143	181	6,644	97	1,612	60	72,496	100
1993	4,701	16	8,147	54	51,769	274	6,704	98	975	36	72,296	99
1994	15,873	54	19,863	132	73,850	391	8,659	127	1,757	65	120,002	165
1995	19,534	67	35,482	235	93,714	496	15,746	231	6,007	223	170,483	235

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 22. Canadian Agricultural Trade with MERCOSUR

CANADIAN AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%
1980	11,741	29	115,379	60	3,833	1,626	560	19	131,512	56	1,859,164	48	1,824,624	70	3,815,300	57	3.4
1981	21,679	53	155,581	81	862	366	501	17	178,624	76	1,997,354	51	1,860,687	72	4,036,665	60	4.4
1982	7,064	17	163,697	85	499	212	1,455	50	172,716	73	1,808,740	47	1,541,126	59	3,522,582	52	4.9
1983	11,997	29	160,610	83	691	293	608	21	173,906	74	1,844,383	47	1,579,835	61	3,598,124	54	4.8
1984	7,535	18	180,409	94	800	339	1,630	56	190,374	81	1,942,266	50	1,871,962	72	4,004,602	60	4.8
1985	11,164	27	208,098	108	1,595	677	2,441	83	223,298	94	1,620,085	42	1,758,759	68	3,602,142	54	6.2
1986	11,172	27	178,902	93	4,908	2,083	1,491	51	196,473	83	1,556,432	40	2,046,829	79	3,799,734	57	5.2
1987	20,582	50	181,698	94	497	211	2,232	76	205,009	87	1,831,342	47	2,091,205	80	4,127,556	61	5.0
1988	25,164	62	197,035	102	290	123	1,241	42	223,729	95	2,056,904	53	2,405,362	92	4,685,995	70	4.8
1989	35,089	86	192,121	100	199	84	1,273	43	228,682	97	2,401,429	62	2,447,120	94	5,077,231	76	4.5
1990	40,450	99	183,934	96	448	190	2,439	83	227,272	96	4,433,195	114	2,688,545	103	7,349,012	109	3.1
1991	47,165	115	200,991	104	60	25	5,077	173	253,292	107	4,817,395	124	2,667,871	103	7,738,558	115	3.3
1992	52,218	128	197,470	103	158	67	2,178	74	252,024	107	5,137,804	132	2,621,934	101	8,011,762	119	3.1
1993	46,524	114	162,995	85	2,250	955	3,798	130	215,567	91	5,564,378	143	2,674,973	103	8,454,918	126	2.5
1994	40,018	98	205,021	107	411	174	3,618	123	249,069	105	5,855,241	151	3,005,191	116	9,109,501	136	2.7
1995	48,707	119	167,722	87	42	18	3,195	109	219,666	93	6,166,622	159	3,233,409	124	9,619,697	143	2.3

CANADIAN AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%
1980	11,683	507	474,695	324	67	21	3,501	80	489,946	319	1,216,450	36	5,926,754	107	7,633,150	84	6.4
1981	5,800	252	200,012	136	63	19	4,626	106	210,500	137	1,330,172	39	6,633,314	120	8,173,986	90	2.6
1982	2,878	125	281,247	192	134	41	3,032	70	287,290	187	1,537,946	45	6,680,840	121	8,506,076	94	3.4
1983	1,294	56	321,601	219	191	59	2,136	49	325,222	212	1,639,949	48	6,520,103	118	8,485,274	93	3.8
1984	1,796	78	280,198	191	2,414	747	2,498	57	286,906	187	2,000,853	59	6,552,358	119	8,840,117	97	3.2
1985	904	39	139,499	95	558	173	1,301	30	142,262	93	2,009,793	59	5,040,987	91	7,193,042	79	2.0
1986	1,585	69	110,851	76	422	131	3,982	91	116,839	76	2,108,797	62	4,314,257	78	6,539,893	72	1.8
1987	4,834	210	104,348	71	457	141	12,921	296	122,560	80	2,386,572	70	5,007,976	91	7,517,108	83	1.6
1988	775	34	3,912	3	466	144	1,600	37	6,754	4	2,648,308	78	5,852,421	106	8,507,483	94	0.1
1989	744	32	81,278	55	141	44	3,055	70	85,218	55	3,177,509	93	4,992,204	90	8,254,931	91	1.0
1990	908	39	79,061	54	778	241	6,868	157	87,615	57	3,406,087	100	5,757,692	104	9,251,394	102	0.9
1991	5,255	228	279,722	191	51	16	3,161	72	288,189	188	3,631,656	107	5,823,596	105	9,743,441	107	3.0
1992	5,856	254	174,794	119	127	39	3,612	83	184,389	120	4,557,876	134	6,397,644	116	11,139,909	123	1.7
1993	2,757	120	453,838	309	90	28	16,084	369	472,769	308	5,189,549	152	4,929,885	89	10,592,203	117	4.5
1994	4,818	209	412,105	281	4,819	1,490	11,136	255	432,879	282	5,989,238	176	6,099,750	110	12,521,867	138	3.5
1995	17,856	776	366,453	250	3,681	1,138	5,445	125	393,435	256	6,291,983	185	7,549,255	137	14,234,673	157	2.8

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 23. U.S. Agricultural Trade with MERCOSUR

U.S. AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/Wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%
1980	308,028	60	2,145,001	128	51,319	466	13,121	37	2,517,469	113	2,201,656	37	14,260,131	83	18,979,256	75	13.3
1981	505,955	99	2,123,853	127	37,686	342	21,054	59	2,688,548	121	2,309,825	39	13,787,543	80	18,785,916	74	14.3
1982	295,531	58	1,536,999	92	31,337	284	15,396	43	1,879,263	84	2,609,408	44	12,680,015	73	17,168,686	67	10.9
1983	286,545	56	1,638,413	98	27,674	251	17,645	50	1,970,277	88	2,825,986	48	13,275,513	77	18,071,776	71	10.9
1984	373,257	73	2,532,814	152	26,309	239	26,565	75	2,958,945	133	3,218,682	54	15,630,153	90	21,807,780	86	13.6
1985	344,661	68	2,336,535	140	16,818	153	17,556	49	2,715,571	122	3,391,852	57	16,150,437	93	22,257,860	87	12.2
1986	294,306	58	1,964,671	118	24,103	219	23,626	66	2,306,706	104	4,089,733	69	17,238,199	100	23,634,638	93	9.8
1987	349,180	68	2,080,220	125	11,374	103	27,268	77	2,468,043	111	4,178,328	70	16,555,575	96	23,201,946	91	10.6
1988	443,091	87	2,227,358	133	16,871	153	23,694	67	2,711,014	122	4,358,291	73	16,647,071	96	23,716,376	93	11.4
1989	437,099	86	1,659,509	99	11,174	101	28,442	80	2,136,225	96	5,408,083	91	16,991,342	98	24,535,650	96	8.7
1990	468,314	92	1,961,091	117	13,508	123	35,519	100	2,478,432	111	6,178,976	104	17,474,052	101	26,131,460	103	9.5
1991	625,704	123	1,391,320	83	8,383	76	42,817	120	2,068,223	93	6,238,550	105	17,386,707	101	25,693,480	101	8.0
1992	535,179	105	1,525,048	91	5,457	50	43,178	121	2,108,862	95	6,918,044	116	18,336,006	106	27,362,912	108	7.7
1993	431,997	85	1,333,434	80	10,633	96	34,349	97	1,810,414	81	7,818,675	132	17,995,411	104	27,624,500	109	6.6
1994	456,240	89	1,407,963	84	7,062	64	33,258	93	1,904,525	85	8,689,311	146	19,566,592	113	30,160,428	118	6.3
1995	516,525	101	1,272,235	76	15,273	139	32,603	92	1,836,636	82	10,026,343	169	21,464,717	124	33,327,696	131	5.5

U.S. AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, NAFTA, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		NAFTA		REST OF WORLD		WORLD		MERCOSUR/Wld
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index		Index	US$ 1,000	Index	%
1980	55,130	143	683,840	327	2,425	33	8,400	129	749,794	287	4,080,458	62	34,156,360	104	38,986,612	98	1.9
1981	40,164	104	715,137	342	2,585	36	6,988	107	764,874	293	4,145,338	63	36,232,884	110	41,143,096	103	1.9
1982	19,219	50	527,250	252	1,761	24	3,317	51	551,547	211	2,861,390	44	31,926,615	97	35,339,552	89	1.6
1983	20,568	53	480,758	230	1,174	16	6,104	94	508,604	195	3,622,552	55	30,673,660	93	34,804,816	87	1.5
1984	18,145	47	495,415	237	1,163	16	7,807	120	522,530	200	3,851,745	59	32,182,889	98	36,557,164	92	1.4
1985	14,846	38	458,623	220	1,374	19	2,347	36	477,190	183	2,969,688	45	24,614,260	75	28,061,138	71	1.7
1986	26,815	69	490,163	235	1,169	16	9,860	151	528,007	202	2,507,898	38	22,067,851	67	25,103,756	63	2.1
1987	37,332	97	252,068	121	2,023	28	4,013	62	295,437	113	2,901,443	44	24,633,664	75	27,830,544	70	1.1
1988	28,167	73	84,555	40	3,434	47	3,704	57	119,860	46	4,090,795	62	31,872,301	97	36,082,956	91	0.3
1989	28,831	75	178,938	86	4,430	61	4,626	71	216,825	83	5,056,652	77	34,782,007	105	40,055,484	101	0.5
1990	30,056	78	187,113	90	6,552	90	6,794	104	230,514	88	6,872,955	105	32,549,423	99	39,652,892	100	0.6
1991	56,973	148	260,718	125	10,782	149	8,122	125	336,595	129	7,740,180	118	31,576,981	96	39,653,756	100	0.8
1992	122,949	318	154,368	74	12,962	179	4,841	74	295,120	113	8,886,010	136	34,048,606	103	43,229,736	109	0.7
1993	96,438	250	207,640	99	17,489	241	7,163	110	328,729	126	9,139,757	139	33,651,618	102	43,120,104	108	0.8
1994	125,752	326	501,066	240	23,756	327	11,675	179	662,249	253	10,396,431	159	35,552,716	108	46,611,396	117	1.4
1995	138,838	359	535,625	256	28,563	394	12,866	198	715,893	274	9,565,648	146	46,131,747	140	56,413,288	142	1.3

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 24. NAFTA Agricultural Trade with MERCOSUR

NAFTA AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR	MERCOSUR	INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTR	MERC/ROW
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	%		
1980	343,358	52	2,363,324	123	57,517	437	15,415	27	2,779,615	105	6,465,572	51	16,765,525	80	26,010,712	72	10.7	43.0	16.6
1981	750,208	114	2,422,626	126	52,901	402	27,110	48	3,252,844	123	6,690,057	53	16,215,915	77	26,158,816	72	12.4	48.6	20.1
1982	398,560	61	1,835,258	96	32,694	248	20,883	37	2,287,395	87	5,639,635	44	14,659,834	70	22,586,864	62	10.1	40.6	15.6
1983	313,842	48	1,846,487	96	28,484	216	21,534	38	2,210,347	84	6,590,811	52	15,238,584	73	24,039,742	66	9.2	33.5	14.5
1984	545,228	83	2,812,166	147	27,688	210	32,513	58	3,417,594	129	7,209,254	57	17,829,488	85	28,456,336	78	12.0	47.4	19.2
1985	620,262	95	2,562,611	134	19,327	147	26,407	47	3,228,607	122	6,496,264	51	18,293,449	87	28,018,320	77	11.5	49.7	17.6
1986	451,773	69	2,154,333	112	29,103	221	32,130	57	2,667,339	101	6,739,012	53	19,509,669	93	28,916,020	80	9.2	39.6	13.7
1987	395,363	60	2,279,030	119	12,474	95	35,569	63	2,722,437	103	7,265,995	57	18,924,644	90	28,913,076	80	9.4	37.5	14.4
1988	564,252	86	2,463,899	129	20,088	153	41,081	73	3,089,319	117	8,679,223	68	19,475,028	93	31,243,570	86	9.9	35.6	15.9
1989	540,893	82	1,897,171	99	15,717	119	46,001	82	2,499,782	95	10,696,847	84	20,198,353	96	33,394,982	92	7.5	23.4	12.4
1990	701,622	107	2,217,911	116	14,566	111	55,059	98	2,989,159	113	13,253,781	104	21,709,980	103	37,952,920	104	7.9	22.6	13.8
1991	725,489	111	1,632,516	85	9,211	70	68,204	121	2,435,419	92	14,204,035	112	21,048,290	100	37,687,744	104	6.5	17.1	11.6
1992	652,402	99	1,746,482	91	6,419	49	76,542	136	2,481,845	94	16,130,230	127	22,218,477	106	40,830,552	112	6.1	15.4	11.2
1993	550,844	84	1,526,007	80	13,958	106	75,478	134	2,166,289	82	17,377,792	137	21,824,843	104	41,368,924	114	5.2	12.5	9.9
1994	716,171	109	1,678,639	88	8,054	61	77,753	138	2,480,617	94	19,622,396	154	23,896,371	114	45,999,384	127	5.4	12.6	10.4
1995	677,996	103	1,470,040	77	16,698	127	49,754	88	2,214,488	84	20,120,372	158	25,655,048	122	47,989,908	132	4.6	11.0	8.6

NAFTA AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTR	MERC/ROW
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	%		
1980	74,319	170	1,167,744	322	2,492	33	12,090	110	1,256,645	296	6,465,572	51	40,914,087	105	48,636,304	93	2.6	19.4	3.1
1981	50,386	115	926,895	256	2,649	35	11,770	107	991,698	234	6,690,057	53	43,531,309	111	51,213,064	98	1.9	14.8	2.3
1982	23,661	54	819,782	226	1,896	25	6,402	58	851,741	201	5,639,635	44	39,120,056	100	45,611,432	87	1.9	15.1	2.2
1983	23,830	55	807,742	223	1,365	18	8,315	76	841,252	198	6,590,811	52	37,646,033	96	45,078,096	86	1.9	12.8	2.2
1984	23,025	53	794,130	219	3,577	47	10,529	96	831,261	196	7,209,254	57	39,268,689	100	47,309,204	90	1.8	11.5	2.1
1985	18,837	43	601,534	166	1,932	25	3,696	34	625,998	147	6,496,264	51	30,042,330	77	37,164,592	71	1.7	9.6	2.1
1986	31,101	71	604,705	167	1,591	21	13,891	126	651,288	153	6,739,012	53	26,930,428	69	34,320,728	66	1.9	9.7	2.4
1987	46,208	106	361,085	100	2,481	33	17,086	155	426,860	101	7,265,995	57	30,227,021	77	37,919,876	73	1.1	5.9	1.4
1988	31,655	72	93,229	26	3,903	51	5,384	49	134,170	32	8,679,223	68	38,551,351	98	47,364,744	91	0.3	1.5	0.3
1989	31,084	71	268,341	74	4,570	60	7,733	70	311,729	73	10,696,847	84	40,524,108	104	51,532,684	99	0.6	2.9	0.8
1990	33,419	77	272,489	75	7,332	97	13,801	126	327,041	77	13,253,781	104	38,828,250	99	52,409,072	100	0.6	2.5	0.8
1991	66,518	152	546,279	151	10,859	143	11,441	104	635,099	150	14,204,035	112	38,066,118	97	52,905,252	101	1.2	4.5	1.7
1992	135,044	309	332,708	92	13,161	173	8,629	79	489,542	115	16,130,230	127	41,019,736	105	57,639,508	110	0.8	3.0	1.2
1993	105,305	241	669,781	185	17,744	234	23,925	218	816,756	192	17,377,792	137	39,127,424	100	57,321,972	110	1.4	4.7	2.1
1994	137,726	315	936,344	258	29,117	384	23,384	213	1,126,571	265	19,622,396	154	42,443,657	108	63,192,624	121	1.8	5.7	2.7
1995	167,054	383	940,995	260	32,734	431	18,819	171	1,159,602	273	20,120,372	158	55,007,458	141	76,287,432	146	1.5	5.8	2.1

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 25. European Union Agricultural Trade with MERCOSUR

EUROPEAN UNION AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR	MERCOSUR	INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTR	MERC/ROW
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	%		
1980	2,350,077	76	4,248,403	79	283,104	69	208,567	66	7,090,151	77	51,002,428	52	43,156,557	101	101,249,136	67	7.0	13.9	16.4
1981	1,927,221	62	4,200,472	78	139,440	34	281,605	89	6,548,738	71	46,894,408	48	38,132,958	89	91,576,104	61	7.2	14.0	17.2
1982	1,773,407	57	3,881,764	72	183,968	45	227,739	72	6,066,878	66	46,743,480	47	36,249,050	85	89,059,408	59	6.8	13.0	16.7
1983	1,841,905	59	4,557,263	85	314,411	77	164,647	52	6,878,226	75	45,896,644	47	33,622,634	79	86,397,504	57	8.0	15.0	20.5
1984	2,268,968	73	4,803,407	89	286,921	70	162,437	51	7,521,733	82	45,428,588	46	34,025,671	80	86,975,992	58	8.6	16.6	22.1
1985	2,183,187	70	5,244,119	97	236,074	58	147,996	47	7,811,376	85	48,233,516	49	32,294,540	76	88,339,432	59	8.8	16.2	24.2
1986	1,945,155	63	4,269,568	79	143,436	35	215,834	68	6,573,993	71	63,182,264	64	36,719,023	86	106,475,280	71	6.2	10.4	17.9
1987	1,786,754	58	4,613,988	86	330,757	81	259,929	82	6,991,428	76	77,096,904	78	39,456,980	92	123,545,312	82	5.7	9.1	17.7
1988	2,546,019	82	5,627,132	105	399,550	98	287,260	90	8,859,961	96	84,513,312	86	42,273,559	99	135,646,832	90	6.5	10.5	21.0
1989	2,250,427	73	5,784,137	107	428,129	104	303,050	95	8,765,743	95	85,548,016	87	41,294,257	97	135,608,016	90	6.5	10.2	21.2
1990	3,354,533	108	5,306,477	99	498,903	122	343,271	108	9,503,184	103	101,219,648	103	43,189,168	101	153,912,000	102	6.2	9.4	22.0
1991	3,695,555	119	5,058,273	94	302,285	74	308,100	97	9,364,213	102	108,721,912	110	43,752,275	102	161,838,400	108	5.8	8.6	21.4
1992	3,322,666	107	5,606,375	104	229,181	56	330,048	104	9,488,270	103	119,054,600	121	45,391,930	106	173,934,800	116	5.5	8.0	20.9
1993	2,888,526	93	5,312,344	99	227,087	55	292,079	92	8,720,036	95	99,280,480	101	41,184,124	96	149,184,640	99	5.8	8.8	21.2
1994	3,503,687	113	6,710,632	125	197,167	48	328,689	103	10,740,175	117	109,942,392	112	47,691,577	112	168,374,144	112	6.4	9.8	22.5
1995	3,752,024	121	6,339,023	118	193,992	47	325,955	102	10,610,994	115	126,149,600	128	55,792,254	131	192,552,848	128	5.5	8.4	19.0

EUROPEAN UNION AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTR	MERC/ROW
	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Inde	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Inde	US$ 1,000	Inde	%		
1980	152,526	282	193,237	51	6,303	79	17,906	123	369,972	81	51,002,428	52	27,572,992	68	78,945,392	57	0.5	0.7	1.3
1981	96,302	178	183,765	49	6,306	79	14,612	100	300,985	66	46,894,408	48	30,230,879	75	77,426,272	56	0.4	0.6	1.0
1982	34,855	64	164,491	43	6,777	85	10,451	72	216,574	48	46,743,480	47	25,986,050	64	72,946,104	52	0.3	0.5	0.8
1983	25,050	46	137,168	36	4,774	60	5,752	39	172,744	38	45,896,644	47	25,430,900	63	71,500,288	51	0.2	0.4	0.7
1984	27,524	51	120,236	32	3,515	44	8,537	58	159,812	35	45,428,588	46	26,965,040	67	72,553,440	52	0.2	0.4	0.6
1985	26,791	50	140,121	37	2,955	37	5,162	35	175,029	38	48,233,516	49	26,528,767	65	74,937,312	54	0.2	0.4	0.7
1986	42,583	79	510,393	135	3,682	46	11,047	76	567,705	125	63,182,264	64	28,199,103	70	91,949,072	66	0.6	0.9	2.0
1987	44,072	82	289,882	77	3,493	44	11,531	79	348,978	77	77,096,904	78	31,748,998	78	109,194,880	78	0.3	0.5	1.1
1988	27,181	50	118,660	31	4,356	55	12,879	88	163,076	36	84,513,312	86	34,315,388	85	118,991,776	85	0.1	0.2	0.5
1989	26,913	50	452,662	120	7,212	91	11,162	76	497,949	109	85,548,016	87	38,413,835	95	124,459,800	89	0.4	0.6	1.3
1990	26,414	49	287,089	76	7,854	99	12,017	82	333,374	73	101,219,648	103	42,403,554	105	143,956,576	103	0.2	0.3	0.8
1991	108,893	201	396,191	105	8,753	110	20,664	141	534,501	117	108,721,912	110	40,766,755	101	150,023,168	108	0.4	0.5	1.3
1992	200,690	371	403,187	106	13,521	170	15,828	108	633,226	139	119,054,600	121	45,162,798	111	164,850,624	118	0.4	0.5	1.4
1993	225,225	417	461,747	122	10,470	132	23,368	160	720,810	158	99,280,480	101	44,258,518	109	144,259,808	103	0.5	0.7	1.6
1994	276,577	511	594,085	157	18,425	232	36,233	248	925,320	203	109,942,392	112	47,970,592	118	158,838,304	114	0.6	0.8	1.9
1995	260,204	481	1,107,706	293	32,900	414	37,986	260	1,438,796	316	126,149,600	128	57,521,972	142	185,110,368	133	0.8	1.1	2.5

Source: USDA/ERS.
Note: Index = 1989/91 = 100

Table 26. European Union Agricultural Trade with MERCOSUR

EUROPEAN UNION AGRICULTURAL IMPORTS FROM MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTRA	MERC/ROW
	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%		
1980	2,350,077	76	4,248,403	79	283,104	69	208,567	66	7,090,151	77	51,002,428	52	43,156,557	101	101,249,136	67	7.0	13.9	16.4
1981	1,927,221	62	4,200,472	78	139,440	34	281,605	89	6,548,738	71	46,894,408	48	38,132,958	89	91,576,104	61	7.2	14.0	17.2
1982	1,773,407	57	3,881,764	72	183,968	45	227,739	72	6,066,878	66	46,743,480	47	36,249,050	85	89,059,408	59	6.8	13.0	16.7
1983	1,841,905	59	4,557,263	85	314,411	77	164,647	52	6,878,226	75	45,896,644	47	33,622,634	79	86,397,504	57	8.0	15.0	20.5
1984	2,268,968	73	4,803,407	89	286,921	70	162,437	51	7,521,733	82	45,428,588	46	34,025,671	80	86,975,992	58	8.6	16.6	22.1
1985	2,183,187	70	5,244,119	97	236,074	58	147,996	47	7,811,376	85	48,233,516	49	32,294,540	76	88,339,432	59	8.8	16.2	24.2
1986	1,945,155	63	4,269,568	79	143,436	35	215,834	68	6,573,993	71	63,182,264	64	36,719,023	86	106,475,280	71	6.2	10.4	17.9
1987	1,786,754	58	4,613,988	86	330,757	81	259,929	82	6,991,428	76	77,096,904	78	39,456,980	92	123,545,312	82	5.7	9.1	17.7
1988	2,546,019	82	5,627,132	105	399,550	98	287,260	90	8,859,961	96	84,513,312	86	42,273,559	99	135,646,832	90	6.5	10.5	21.0
1989	2,250,427	73	5,784,137	107	428,129	104	303,050	95	8,765,743	95	85,548,016	87	41,294,257	97	135,608,016	90	6.5	10.2	21.2
1990	3,354,533	108	5,306,477	99	498,903	122	343,271	108	9,503,184	103	101,219,648	103	43,189,168	101	153,912,000	102	6.2	9.4	22.0
1991	3,695,555	119	5,058,273	94	302,285	74	308,100	97	9,364,213	102	108,721,912	110	43,752,275	102	161,838,400	108	5.8	8.6	21.4
1992	3,322,666	107	5,606,375	104	229,181	56	330,048	104	9,488,270	103	119,054,600	121	45,391,930	106	173,934,800	116	5.5	8.0	20.9
1993	2,888,526	93	5,312,344	99	227,087	55	292,079	92	8,720,036	95	99,280,480	101	41,184,124	96	149,184,640	99	5.8	8.8	21.2
1994	3,503,687	113	6,710,632	125	197,167	48	328,689	103	10,740,175	117	109,942,392	112	47,691,577	112	168,374,144	112	6.4	9.8	22.5
1995	3,752,024	121	6,339,023	118	193,992	47	325,955	102	10,610,994	115	126,149,600	128	55,792,254	131	192,552,848	128	5.5	8.4	19.0

EUROPEAN UNION AGRICULTURAL EXPORTS TO MERCOSUR COUNTRIES, MERCOSUR, INTRA-TRADE, REST OF WORLD AND WORLD

YEAR	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR		INTRA-TRADE		REST OF WORLD		WORLD		MERCOSUR/Wld	MERC/INTRA	MERC/ROW
		Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	US$ 1,000	Index	%		
1980	152,526	282	193,237	51	6,303	79	17,906	123	369,972	81	51,002,428	52	27,572,992	68	78,945,392	57	0.5	0.7	1.3
1981	96,302	178	183,765	49	6,306	79	14,612	100	300,985	66	46,894,408	48	30,230,879	75	77,426,272	56	0.4	0.6	1.0
1982	34,855	64	164,491	43	6,777	85	10,451	72	216,574	48	46,743,480	47	25,986,050	64	72,946,104	52	0.3	0.5	0.8
1983	25,050	46	137,168	36	4,774	60	5,752	39	172,744	38	45,896,644	47	25,430,900	63	71,500,288	51	0.2	0.4	0.7
1984	27,524	51	120,236	32	3,515	44	8,537	58	159,812	35	45,428,588	46	26,965,040	67	72,553,440	52	0.2	0.4	0.6
1985	26,791	50	140,121	37	2,955	37	5,162	35	175,029	38	48,233,516	49	26,528,767	65	74,937,312	54	0.2	0.4	0.7
1986	42,583	79	510,393	135	3,682	46	11,047	76	567,705	125	63,182,264	64	28,199,103	70	91,949,072	66	0.6	0.9	2.0
1987	44,072	82	289,882	77	3,493	44	11,531	79	348,978	77	77,096,904	78	31,748,998	78	109,194,880	78	0.3	0.5	1.1
1988	27,181	50	118,660	31	4,356	55	12,879	88	163,076	36	84,513,312	86	34,315,388	85	118,991,776	85	0.1	0.2	0.5
1989	26,913	50	452,662	120	7,212	91	11,162	76	497,949	109	85,548,016	87	38,413,835	95	124,459,800	89	0.4	0.6	1.3
1990	26,414	49	287,089	76	7,854	99	12,017	82	333,374	73	101,219,648	103	42,403,554	105	143,956,576	103	0.2	0.3	0.8
1991	108,893	201	396,191	105	8,753	110	20,664	141	534,501	117	108,721,912	110	40,766,755	101	150,023,168	108	0.4	0.5	1.3
1992	200,690	371	403,187	106	13,521	170	15,828	108	633,226	139	119,054,600	121	45,162,798	111	164,850,624	118	0.4	0.5	1.4
1993	225,225	417	461,747	122	10,470	132	23,368	160	720,810	158	99,280,480	101	44,258,518	109	144,259,808	103	0.5	0.7	1.6
1994	276,577	511	594,085	157	18,425	232	36,233	248	925,320	203	109,942,392	112	47,970,592	118	158,838,304	114	0.6	0.8	1.9
1995	260,204	481	1,107,706	293	32,900	414	37,986	260	1,438,796	316	126,149,600	128	57,521,972	142	185,110,368	133	0.8	1.1	2.5

Source: USDA/ERS.
Note: Index = 1989/91 = 100

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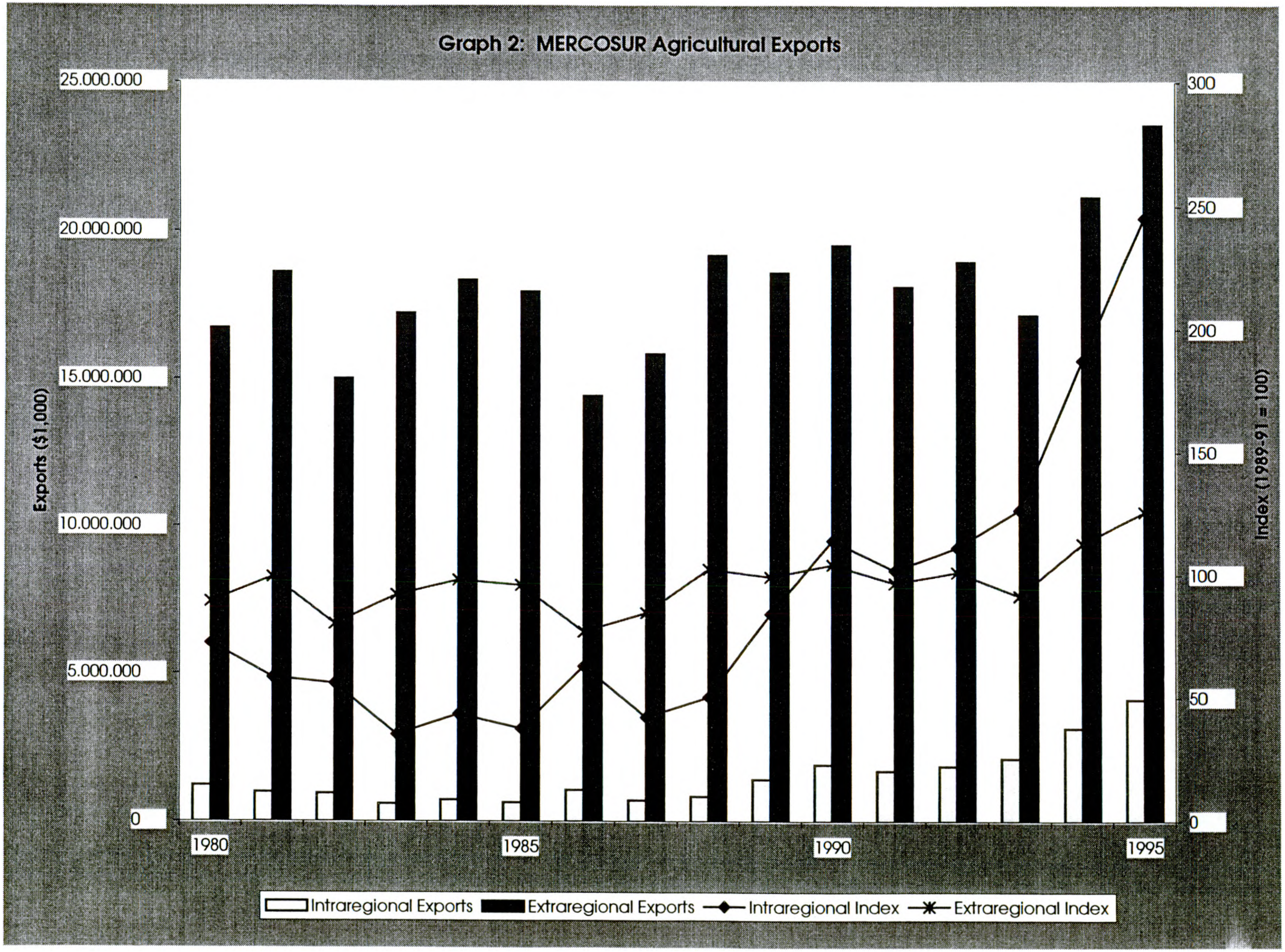
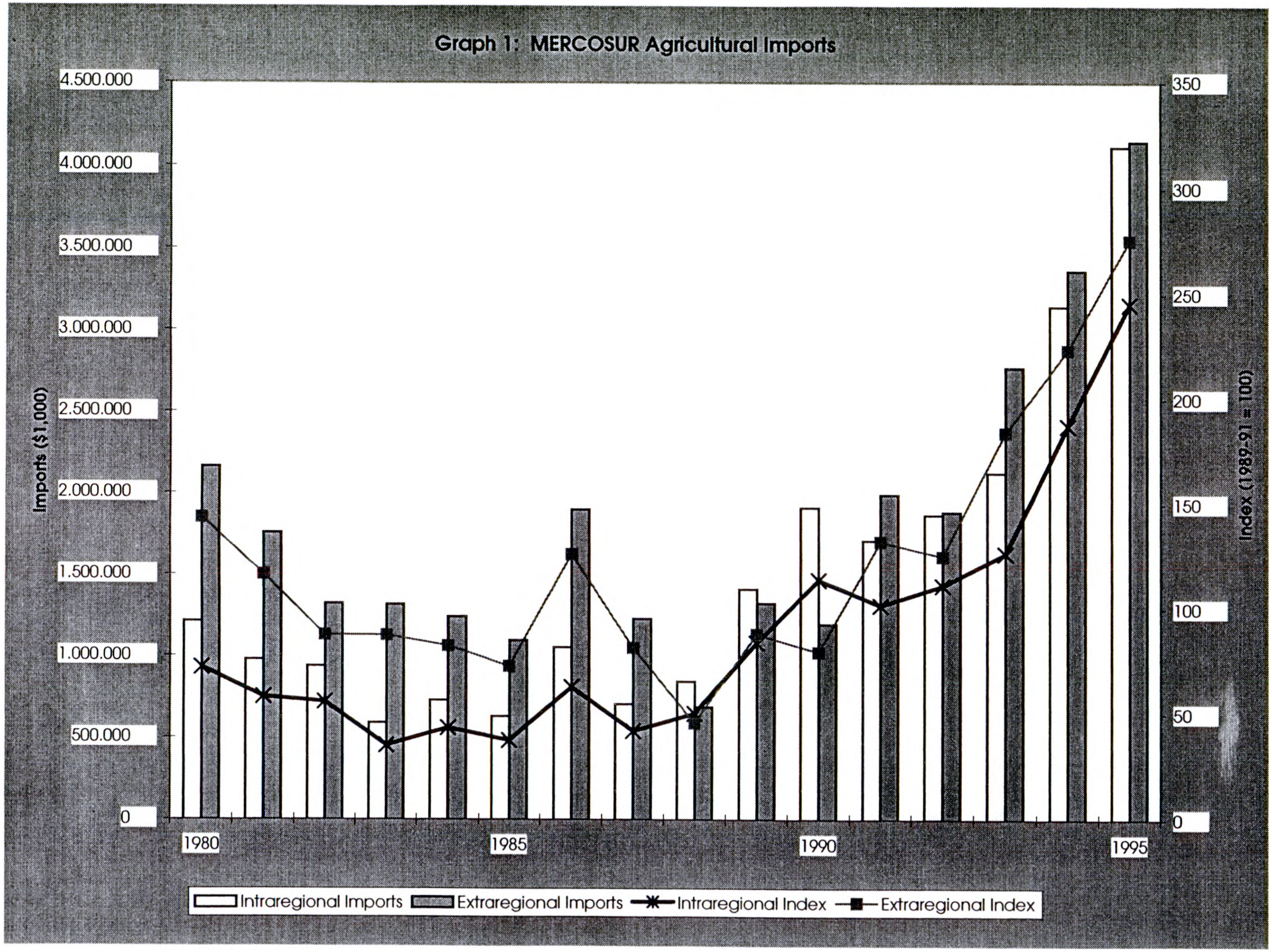

Graph 2: MERCOSUR Agricultural Exports
Exports ($1,000)
25.000.000
20.000.000
15.000.000
10.000.000
5.000.000
0
Index (1989-91 = 100)
300
250
200
150
100
50
0
1980
1985
1990
1995
Intraregional Exports
Extraregional Exports
Intraregional Index
Extraregional Index



Graph 1: MERCOSUR Agricultural Imports
Imports ($1,000)
4.500.000
4.000.000
3.500.000
3.000.000
2.500.000
2.000.000
1.500.000
1.000.000
500.000
0
Index (1989-91 = 100)
350
300
250
200
150
100
50
0
1980
1985
1990
1995
Intraregional Imports
Extraregional Imports
Intraregional Index
Extraregional Index

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