

TAKING STOCK OF THE THIRTY YEARS OF MERCOSUR

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Introduction

The genesis of Mercosur, in the 1980s, dates back to Brazil and Argentina's bilateral efforts to institutionalize the pillars to create a common market that, based on sectorial protocols of gradual and symmetrical industrial cooperation, would contribute to economic development and a non-subordinate insertion of both countries in the international system. In the 1990s, the capitalist restructuring and offensive in the midst of the strong economic crises that hit countries, in addition to the rise of the new neoliberal governments in the Southern Cone as a whole, guided a reorientation of the bilateral integration policy that, pairing with Uruguay and Paraguay, originated Mercosur.

In accordance with the guidelines of the Uruguay Round of the old General Agreement on Tariffs and Trade of 1947 and with the new integration strategy for Latin America defined by the Economic Commission for Latin America and the Caribbean (ECLAC) in terms of open regionalism, the integration model based on an integration based on development and autonomy initially adopted by Brazil and Argentina, was replaced by an open integration to the markets, placing commercial liberalization and financial deregulation as the dynamic axes of the association process. Thus, during the 90s, a "Mercosur for business" came into effect, in the words of Katz (2006), also emblematically called by Caetano (2007) "Phoenician Mercosur", restricted to an economic-commercial agenda.

In the 2000s, in the context of the neoliberal hegemony crisis and in a favorable external conjuncture, linked not only to the resumption of world growth, but also due to the Chinese rise to the status of an economic

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and political power at the global level, the emergence of new popular and progressive governments in South America marked a change in the pathways of integration in the region, which started to be guided by a multidimensional perspective. Unlike the model based on open regionalism, this new integrationist perspective, crystallized in the Buenos Aires Consensus of 2003, signed by the representatives of Brazil and Argentina at the time, proposed an expanded arrangement for the coordination of member states in matters of public policy, not solely of economic-commercial, but also of a productive, political and social nature.

However, after the global economic and financial crisis of 2008 and the end of the “commodities cycle”, the change in the correlation of forces, expressed in the “left turn” of the first decade of 2000, gave way under the pressure of the dominant classes, that deemed the political-economic model of supporting these progressive governments to be exhausted. This pressure culminated in a political scenario marked by a “turn to the right”, which had as a central feature the resumption of conservative neoliberal ideas. Starting in 2011, resuming the model of open regionalism, the political action has sought to mirror initiatives such as the Pacific Alliance - guided by the indiscriminate establishment of free trade agreements -, in disregard of the initiatives promoted in the previous decade. From this brief contextualization and regaining the understanding of Guimarães (2002, 119) that “for the great states of the periphery, the formation of economic and political blocs is one of the most important phenomena on the international scene”, we seek in this work to present some interpretative notes, in a historical and institutional perspective, in order to provide subsidies for an assessment of Mercosur, in its three decades of operation².

Regarding the organization of the article, in addition to this introduction, the present work will have three sections, corresponding to each of the decades that Mercosur has gone through to the present moment. The first section presents the first decade of the bloc’s evolution since its creation in 1991. The second section discusses the innovations that the second decade, particularly since 2003, brought to Mercosur. In the third and last section, the main changes and trends of the last ten years of the bloc are addressed, which point to Mercosur precarious conditions. Finally, we will formulate some conclusions.

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The Phoenician Mercosur (1991-2001)

The genesis of Mercosur relates to the bilateral integration initiatives of Brazil and Argentina in the mid-1980s, in a context of acute economic crises and the resumption of the democratic system of government in the Southern Cone³. In 1985 both countries signed the Declaration of Iguazú, which marked a turning point in the bilateral relationship, as well as from the point of view of integration itself, enabling a political understanding that was reflected in the text of the Buenos Aires Act for Argentine-Brazilian Integration of 1986. Thus, both countries created, through the Economic Cooperation and Integration Program (1986-1988) and the 1988 Integration, Cooperation and Development Treaty, the bases for the gradual creation of a common market⁴ that would contribute to economic development - through sectoral protocols of inter-industrial coordination⁵ - and to increase the negotiation capacities in the international arena. It is interesting to mention that, although the focus of integration, during this period, was in the economic aspect, other issues of government policy that demonstrate the breadth of the integration project were not left out, as well as the idea of development in these countries, where the economic was only one aspect of an even wider spectrum⁶.

With the objective of giving a regional projection to the bilateral commitments assumed, since the mid-1980s, by Brazil and Argentina, on March 26, 1991, the governments of both countries signed, in Asunción, together with those of Paraguay and Uruguay⁷, the Treaty for the Constitution of MERCOSUR⁸, which governed the conditions for the transition to a

3 See Rapoport & Cervo (2002); Bandeira (1987).

4 Bearing in mind that, according to the classical theory of economic integration, the possible degrees or alternatives in the matter are the free trade area, the customs union, the common market, the economic union and the total economic integration. For additional information, see Balassa (1961).

5 See Lavagna (1998).

6 In fact, among the various themes that were the subject of specific protocols, we can mention energy, biotechnology, land and maritime transport, communications, nuclear cooperation, culture, public administration. See Granato (2015).

7 Uruguay's participation in the integration process had been the subject of continuous talks since the mid-1980s, through several high-level meetings between Uruguayan, Argentine and Brazilian authorities, and even through bilateral agreements such as the Argentine-Uruguayan Economic Cooperation Agreement and the Brazil-Uruguay Commercial Expansion Program. However, Paraguay did not participate in talks prior to the formation of Mercosur until the end of the military dictatorship of Alfredo Stroessner, in 1989.

8 Economic Complementation Agreement n. 18, according to the terminology of the Latin American Integration Association (LAIA/ALADI).

common market to be formed between the four countries by the date of December 31, 1994. The referred transition would be made, according to the letter the agreement itself, based on a progressive, linear and automatic program of trade liberalization; the elimination of non-tariff barriers; the gradual dismantling of the lists of exceptions in the previously mentioned liberalization program; commitments to move forward in the coordination of macroeconomic policies; the intention to develop a common external tariff; the coordination of positions in regional and international commercial economic forums, as well as the harmonization of national laws on various topics in order to facilitate business and the free movement of goods and productive factors. Thus, the dismantling of trade barriers became the central objective of the integration process, replacing compliance with the sectoral protocols of the original program of Brazil and Argentina, which emphasized inter-industrial integration as a strategy for development and autonomy. From that moment on, the objective of the integration process would no longer be the protection of national economies in the midst of a take-off and diversification process, but to use the regional market to enhance comparative advantages, transforming it into the platform for the insertion of both countries in the international economy (Rapoport 2009; Ferrer 2006).

To achieve the fulfillment of its objectives, the Treaty of Asunción provided for a minimum institutional structure, in charge of the administration and implementation of the Treaty, as well as of the specific agreements and decisions that would be adopted during the transition period. The low degree of institutionalization was based on the fact that the negotiations could be defined, in a centralized way, by the heads of the Executive Branch of the member countries⁹, excluding the possibility of adopting, as in European integration, common institutions capable of executing their resolutions directly in the territory of those countries, and that could compromise the room for maneuver of the governments of each country. In this way, the national Executive Powers that presided over the negotiations in the scope of integration also took the decisions of domestic and foreign policy, formulated at the time in the light of the guidelines for the reduction of the public machinery and the commercial liberalization of the prevailing neoliberal model, enshrined in the prescription of the Washington consensus¹⁰.

In this period of transition towards the customs union, a stage prior to the establishment of the common market, the Trade Liberalization Program

⁹ Indeed, the institutional structure did not provide for the participation of parliamentarians, who mobilized for the maintenance of the Joint Parliamentary Commission, originally foreseen in the aforementioned Treaty on Integration, Cooperation and Development of 1988.

¹⁰ See Williamson (1990).

was set in motion, as established in the Treaty of Asunción, and negotiations for the approval of the Common External Tariff (CEF) were initiated, an instrument that seeks to ensure that the tariffs that are paid for the import of a given product are the same in all integrated countries, as well as being charged only once.

After the transition stage, in 1995, a new phase in the evolution of the Mercosur bloc began, which, due to the exponential increase in intra-bloc trade flows, Bouzas (2001) called it the “golden age for markets”. In fact, it was in the same year of 1995 that the CEF reached 85% of the commercial interchange, allowing to proceed with the constitution of the customs union, as foreseen in the Program of Action of Mercosur until the year 2000, approved by the Council of the Common Market (*Conselho do Mercado Comum, CMC*)¹¹, as stated in Decision no. 09/1995. Once reading this Program, there is no doubt that the strategic objective envisioned for Mercosur was to deepen integration in a context of open regionalism¹². In institutional terms, there were also important advances, having been signed the Additional Protocol to the Treaty of Asunción on the Institutional Structure of Mercosur, commonly known as the “Ouro Preto Protocol”, which established the legal personality of Mercosur, institutionalizing its definitive organs, and determined the dispute settlement system.

Despite its objectives being restricted to the economic-commercial plan, between 1995 and 1998 Mercosur also took important steps concerning the strengthening of democracy and the creation of a peace community in the region. For example, in 1996, facing the attempted coup d'état in Paraguay, the Presidential Declaration on Democratic Commitment in Mercosur, also known as the “Democratic Clause”, was signed, and the Political Consultation and Consultation Mechanism was created. In the same vein, in 1998, the Ushuaia Protocol on Democratic Commitment in Mercosur, Bolivia and Chile was signed, which incorporated the aforementioned Clause into the

¹¹ The regulations cited here were obtained from the Mercosur Secretariat website (<http://www.mercosur.int>). Special reference will be made to the Decisions of the CMC, the highest body of the bloc, charged with the political conduct of the integration process, as well as the Resolutions or Recommendations of the Common Market Group (*Grupo do Mercado Comum, GMC*), the bloc's executive body.

¹² The process that arises when reconciling the interdependence arising from special preferential agreements and that driven by market signals resulting from trade liberalization in general was called “open regionalism”. In 1994, the ECLAC explicitly applied the concept of open regionalism to the Latin American context, through the discourse of serving for productive transformation with equity (Cepal 1994; Fuentes 1994). In this way, the idea of an integration that worked as a complement to the policies of trade opening aimed at promoting a better insertion of Latin American countries in the international economy was promoted. On the paradigms of regional integration in Latin America, see also Granato & Batista (2017).

bloc's legal acquis, strengthening the idea of democracy as a fundamental constitutive value. In addition, there are other achievements related to the actions of *Mercosul Educativo* to enhance the collaboration and coordination of policies, to the social-labor dimension (with the creation of the Economic and Social Consultative Forum¹³ and the approval of the 1998 Mercosur Social-Labor Declaration) and the transit of persons, understood from the point of view of labor migrations¹⁴.

A last stage of the first decade of Mercosur could be identified between the years 1998 and 2002, and its most striking feature is the crisis that will occur as a result of a decrease in trade exchanges and an increase in conflicts and commercial disputes between Argentina and Brazil. These years, which began with the devaluation of the Real (BRL) in Brazil and continued with the worsening of the economic, political and social crisis in Argentina, resulted in a widespread perception that Mercosur had reached its limit. However, in an attempt to rescue the block from the "waiting game" in which it was inserted, in the year 2000 the so-called "Mercosur Relaunch" was approved, which included issues related to regulations, institutional performance, dispute settlement, CEF, investments, macroeconomic coordination, and external negotiations¹⁵. With regard to this last aspect, that of external negotiations, by means of the Decision no. 32/00, the CMC reaffirmed the bloc's commitment to negotiate, jointly, commercial agreements with third countries or blocks from non-block countries in which tariff preferences would be granted. These aspects are fundamental pillars of the bloc's journey towards the creation of a true common market. However, despite the aforementioned relaunch, efforts to recover the Mercosur space - to recompose the Mercosur's identity bloc -, only gained renewed momentum from 2003 onwards.

13 The creation, through the Ouro Preto Protocol, of the aforementioned Forum, as a space to gather capital and labor, aimed at preparing the conditions for the future validity of the common market, in which the free circulation of productive factors was foreseen. The work factor would be represented, within the bloc, by its class organizations - the unions and union centrals.

14 In addition, over the period 1991 to 1999, meetings of ministers as bodies of the institutional structure were created, referring to non-commercial topics, such as education, justice, work, agriculture, culture, health, interior and industry. Protocols were also signed on the topics of cooperation and consular and jurisdictional assistance, responsibility arising from traffic accidents, cultural integration, social security and regional security. Although the themes of the meetings of ministers and protocols did not explicitly refer to trade issues, it is important to mention that, from the point of view of political conduct, these themes were, in fact, part of the greater objective of intensifying the integration process towards the common market.

15 See the Decisões CMC ns. 22, 23, 24, 25, 26, 27, 28, 31 and 32 from the year 2000.

MERCOSUR Enlarged (2001-2011)

The South American progressive agenda of the beginning of the 21st century had a significant impact on the integration represented by Mercosur, mainly with regard to the expansion of the bloc beyond the themes of economic-commercial policy, in a genre of multidimensional regionalism. As a counterpoint to the ideals of the Washington Consensus of the 1990s, which provided the framework in which the bloc adjusted itself from the beginning, the new governments of Brazil and Argentina signed, in October 2003, the Buenos Aires Consensus, through which they renewed their commitment to deepen Mercosur by working towards the improvement of its commercial institutions, the incorporation of new themes and countries, as well as the promotion of balanced agreements. Thus, even without breaking with the economic-commercial dimension of the paradigm of open regionalism¹⁶, as well as in the context of the conditions arising from dependent capitalism¹⁷, one must recognize the novelty of the Argentine-Brazilian proposal for the reformulation of the bloc¹⁸.

On the occasion of the Mercosur Summit Meeting that took place in Asunción in December 2003, the “Objective 2006” was approved, which presented a Work Program for the 2004-2006 biennium that included, in addition to the classic economic-commercial dimension that marked the bloc from the beginning, also the political dimension, the social dimension and other themes for a “new agenda”¹⁹. In this way, the path was opened to advance not only in the improvement of the customs union, an original objective of the Treaty of Asunción, but in the creation of an expanded space for productive, political and social integration, or one, in Lima & Coutinho’s terms (2008), “modern integration”. Thus, through the aforementioned Work Program 2004-2006, new topics were included in the Mercosur agenda, which formed

¹⁶ In fact, the significant commercial orientation of the bloc continued to prevail. Alongside this idea, Porta (2015) understands that the “utopia” of the so-called “Productive and Social Mercosur” (Mercosul Social e Produtivo) continued to be limited by the commercial Mercosur. According to the author, such a utopia “is trapped, scared and, finally, stopped by the ‘ghost’ of the commercial Mercosur; the transition between one phase and another has proved to be much more complex than it initially seemed and, in particular, than the harmony and political fineness of the Mercosur governments in recent years seemed to announce” (Porta 2015, 105, free translation). Works such as those by Rios & Veiga (2007) and Riggiorozzi & Tussie (2012) argue that it is possible to conceive of the model adopted in this period as a break with open regionalism. In Granato (2020) and Cavalcanti & Granato (2020) dispute this argument.

¹⁷ See Constantino & Cantamutto (2018).

¹⁸ For more information, see Granato (2015).

¹⁹ Check the Decisão CMC n. 26/2003.

the basis on which the integration process sought to be articulated in this second decade of operation.

In the period in question - where intra-bloc trade grew significantly, including in relation to the growth of world trade -, with the objective of advancing the improvement of the customs union, through the Decision n. 54/2004, the CMC established the need to eliminate the double taxation of the CET, to establish a mechanism for the distribution of customs income and to adopt a Common Customs Code. In addition, the aforementioned Council determined that the implementation of the objectives should be gradual. Thus, a first stage in the evolution of Mercosur in this new decade is linked to the CMC Decision n. 37/2005, in force since 2006, which eliminated the double charge of the CET for goods imported from third countries that enter the territory of any of the States Parties. In a second stage, the interconnection of the national customs information systems was completed, through the Customs Records Information Exchange System, through CMC Decision n. 10/2010, in which the “Guidelines for implementing the Common External Tariff double taxation and redistribution of duty taxes” was approved. For its turn, it is worth mentioning that, through the CMC Decision n. 27/2010, the Mercosur Customs Code was approved - a fundamental rule for the consolidation of the customs union, which is still, ten years later, awaiting the incorporation by Paraguay and Uruguay²⁰.

Added to the customs issue, in this period, the understanding that new themes (such as productive integration and the treatment of asymmetries) should occupy a prominent place on the bloc’s agenda was established. Initially, productive integration acquired a central place on the agendas of the Mercosur Summit, which took place in the city of Córdoba, Argentina, in July 2006, and of the Mercosur Social Summit in Brasilia²¹, in December 2006. The official statements that emerged from these bodies reflected the commitment to a regional productive integration project, with an emphasis on the development of Small and Medium Enterprises (SMEs) production chains, and on the participation of companies from the least developed countries. For these purposes, the ministers of the respective areas were instructed to

20 This reflects one of the major problems that historically the bloc has been confronted with: the serious deficit in the process of incorporating regional regulations into the internal legal systems of member states into effective law.

21 It should be noted that, as of 2006, the so-called “Social Summits”, organized by the focal points of the Somos Mercosul Program, have become a regular event on the bloc’s official agenda. Considering it convenient to ensure the periodicity of the Social Summit, as well as its connection with the bodies of the institutional structure of Mercosur, the CMC, through Decision n. 56/2012, established that the Mercosur Social Summit should be held every six months.

develop a Regional Productive Development and Integration Plan.

Thus, while in 2007 there was a deepening of awareness about the need to develop a productive integration program that would promote the development of regional value chains and the competitiveness and complementarity of SMEs, in 2008, there was a steady progress with the creation of the Productive Integration Program of Mercosur and the Productive Integration Group, as well as the Mercosur Fund to Support SMEs, adopted through the CMC Decisions n. 12 and 13, of that year, respectively. The aforementioned Productive Integration Program aimed to strengthen the productive complementation of the bloc's companies (with emphasis on SMEs) and to increase the competitiveness of different sectors of the States parties²². However, despite this Program, the articulation of common industrial policies, challenging the traditional model of dependency in the central countries, remains, even today, in general, a pending issue in the bloc²³.

Since 2003, the issue of asymmetries within Mercosur has been treated in a more consistent manner²⁴. In fact, at the December 2003 Mercosur Summit Meeting, at which the 2004-2006 Work Program was approved, they also approved the CMC Decision n. 03/27, which determined the realization of studies for the establishment, in Mercosur, of Structural Funds destined to increase the competitiveness of the smaller partners and of those less developed regions. Therefore, the process that would achieve the creation of the Mercosur Structural Convergence Fund (Focem) begun.

So, with the objectives of promoting structural convergence, developing competitiveness, favoring social cohesion - in particular for smaller economies and less developed regions -, and improving the institutionality of the bloc, the CMC created, through Decisions n. 45/2004 and 18/2005,

²² We cannot fail to mention an issue linked to the productive integration and strengthening of the competitiveness of the bloc's productive sectors: the one related to science and technology. In this sense, we should highlight the approval on June 30, 2008, through CMC Decision n. 03, of the Mercosur Science, Technology and Innovation Framework Program for the period 2008-2012, with the mission of promoting the generation, application, socialization and awareness of scientific and technological knowledge, of great importance for the construction of endogenous and sovereign development.

²³ For more information regarding the specific case of the Mercosur automotive chain, see Treacy (2021).

²⁴ Although the way of dealing with asymmetries has been present in the Mercosur debate since its beginning, in practical terms, the Treaty of Asunción avoided any reference to regional policies aimed at compensating for structural asymmetries, and simply limited itself to recognize, through its Article 6, "specific rhythm differentials" of trade liberalization for Paraguay and Uruguay. See Granato (2016).

the Focem, designed to finance four programs to be developed based on the mentioned objectives. According to the aforementioned regulations, the first Program includes projects that contribute to the development and structural adjustment of smaller economies and less developed regions, including the improvement of border integration systems and communication systems in general. The second Program, of Competitiveness Development, is the broadest, and includes projects that contribute to competitiveness within the scope of Mercosur, including projects that facilitate the creation of intra-bloc trade, that favor the integration of productive chains, and that strengthen the public and private institutionalities in aspects related to quality in production (technical standards, certification, animals and plants health control, etc.), as well as research and development of new products and production processes. The third program includes projects that contribute to social development, particularly in border areas, and may include projects of community interest in areas of human health, poverty reduction and unemployment. The last program includes projects aimed at improving the institutional structure of Mercosur and its eventual development.

With a clear compensatory and redistributive sense in favor of the poorest countries, in view of the historical average of the gross domestic product of Mercosur, 70% of the annual non-reimbursable contributions from the Fund must come from Brazil, 27% from Argentina, 2% from Uruguay and 1% of Paraguay. In turn, Paraguay is the recipient of 48% of Focem's resources, and Uruguay receives 32% of the total. Brazil and Argentina receive 10% of the resources each, that is, the funds should be financed by asymmetric contributions and the allocation of their resources should benefit the smaller states. In practical terms, although Focem has been, until now, mostly determined by short-term issues²⁵, instead of being guided by a long-term sustainable strategy to reduce real disparities, one must recognize the pioneering nature of this attempt to face the national and social asymmetries and inequalities within each country, and the integration bloc as a whole, creating a positive precedent in community treatment for the problems affecting the region.

In terms of political integration, two issues deserve to be highlighted at this stage. The first of these concerns the expansion of the bloc to the rest of the region, strengthening, as Visentini (2013) points out, the possibility of strategic action, at the global level, which reverses the increasing marginalization

²⁵ It is worth mentioning, for example, the implementation of sanitation, housing, drinking water, rehabilitation of highways and railways, installation of electrical networks, among others. Currently, in the midst of the Covid-19 pandemic, funds have also been earmarked to contribute for the fight against the Coronavirus.

suffered by South America. In the period in question, Chile, Bolivia, Peru, Colombia, Ecuador and Venezuela started to acquire the status of Associated States, due to the submission of the respective request to the CMC²⁶. With regard to Venezuela and Bolivia in particular, through the Accession Protocols of 2006 and 2015, respectively, the incorporation of these countries as full members of the bloc was approved. In the case of Venezuela, the merger only took place in 2012, once ratifications by the congresses of the States parties had been made. Bolivia, on the other hand, still awaits the said ratifications, having reiterated at the Mercosur Summit Meeting in March 2021 - a meeting to which it appeared as an associate member - the willingness to be part of the bloc as a full member. The outlined framework shows the agglutinating impulse that marked Mercosur at the time, based on the understanding that a more comprehensive articulation and a good neighborhood policy would open up new possibilities for integration in strategic areas such as energy and infrastructure, mainly, as well as for building a certain strategic autonomy of the bloc on the periphery of world geopolitics²⁷.

The second issue that deserves to be highlighted refers to the creation, in the period in question, of new institutional spheres, such as the Parliament of Mercosur (Parlasur), the Institute of Public Policies of Human Rights, the High Representation-General of Mercosur and the Unit of Support for Social Participation, which, although essentially consultative, challenged the original minimalist structure of the block²⁸. Concerning the first body mentioned, after several negotiations, through the CMC Decision n. 23/2005, its Constitutive Protocol was approved, thus taking a step, albeit timid, to move towards the expansion of political representation, democratization and the legitimization of the Mercosur bloc. Despite the relevant competences attributed, such as that of ensuring compliance with Mercosur rules and the preservation of the democratic regime in the States parties, Parlasur has been given the status of a purely consultative body, devoid of decision-making, control or inspection powers²⁹. The Institute for Public Policies on Human Rights,

26 The picture is completed with Guyana and Suriname, that raised to this status only in 2013.

27 However, other links outside the region were also sought. Between 2006 and 2014, Mercosur sought to strengthen ties with other developing countries, signing agreements or memoranda of understanding with countries such as Morocco, Israel, Pakistan, Turkey, Jordan, Egypt, Palestine, Syria, India, Lebanon, Tunisia, Singapore and Korea do Sul. For more information, see Granato (2015).

28 On the challenges of Mercosur's institutional reform in this second decade of operation, check Caetano, Vázquez & Ventura (2009).

29 Headquartered in the city of Montevideo, the body in question is made up of 318 parliamentarians, who are divided by country according to population proportion, in such a way that Brazil is represented with 121 parliamentarians, Argentina with 81, Uruguay with

based in Buenos Aires, was created by the CMC Decision n. 14/2009, with the objective of contributing to the established in the Protocol of Assumption on Commitment to the Promotion and Protection of Human Rights of Mercosur of 2005, through the design and follow-up of public policies in the matter. In turn, recognizing the importance of having a body that contributes to the development and functioning of the integration process, starting from the strengthening of the capacities to produce proposals for regional policies and community management in several fundamental themes, through the Decision n. 63/2010, the CMC created the post of High Representative-General of Mercosur, with the Brazilian diplomat Samuel Pinheiro Guimarães being the first to occupy this post, whose duties essentially aimed to meet the demands of deepening the bloc. Finally, through Decision no. 65/2010, the Social Participation Support Unit was created within the scope of the aforementioned High Representation, with the purpose of acting as an institutional channel of dialogue with society and with social movements and organizations.

Finally, the renewal experienced by Mercosur, in this second decade of operation, also relates to the development of its social dimension. This characteristic distinguishes it from the Mercosur in the 1990s, centered on the economic-commercial aspect of integration. One of the most relevant achievements in this matter is the one represented by the Residence Agreement for Nationals of the States parties to the bloc, approved by the CMC Decision no. 28/2002, which simplifies the procedures for applying for residency. Although there was a great demonstration and mobilization of immigrant organizations and support for immigrants for its entry into force, this achievement only gradually became reality, being assumed bilaterally between Brazil and Argentina in 2005, with Uruguay in 2006 and finally for the whole bloc in November 2009, with the ratification of Paraguay, which until then had signed, but not concluded, the necessary procedures for its definitive validity. Similarly, the social security rights contained in the Multilateral Social Security Agreement, approved by the CMC Decision no. 19/1997, which only came into force in 2005³⁰.

In terms of education, although the Mercosur Educational Sector has

63, Paraguay with 30, and Venezuela with 23. Currently, the election for parliamentarians of *Parlasul* occurs indirectly in most member countries, with the exception of Paraguay and Argentina, which have already approved and internalized the rule that guarantees direct elections.

30 The aforementioned Agreement guarantees that social security rights are recognized for workers who render or have rendered services in any of the States parties, allowing the totalization of the periods of social security contribution and the implementation of the benefit.

been operating since 1992, it was only in 2004 that, through Decision n. 33, the Financing Fund for this Sector was created, which has been making it possible to make it operational, regarding the preparation of studies and formulation of measures. In addition to the various mechanisms related to the accreditation of courses and academic mobility, approved in this period, the referred Fund has shown itself to be an important factor, as already mentioned, for boosting, in general, regional education policy.

Last but not least, in terms of social development policy, it was created, in this period, through Decision n. 03/2007, the Social Institute of Mercosur, based in Asunción, with the objective of providing the bloc with a technical investigation body in the field of social policies and the implementation of strategic lines, betting on the consolidation of the social dimension as a central axis in the Mercosur integration process. In convergence with this great objective, in 2010, the CMC approved, by means of the Decisions n. 64 and 67, of December 16, an action plan for the progressive structuring of a Mercosur Citizenship Statute³¹, as well as a scheme for the preparation of the Mercosur Strategic Social Action Plan, respectively.

In short, as it was possible to see, in this second decade of the bloc's operation, Mercosur was conceived beyond the economic-commercial dimension, to which it was restricted in the previous stage. This observation, as seen throughout this section, also represents one of the main differentials of the reconfiguration of the bloc.

The Trend Towards Mercosur's Precariousness (2011-2021)

As of 2011 and with a new conservative turn taking shape in the region, Mercosur has also been experiencing gradual changes in relation to the previous decade. Between 2011 and 2016, there are still some institutional advances in social matters, which corroborate a shy attempt to continue the efforts to consolidate a broader multidimensional Mercosur, as envisioned in the previous stage. As of 2016, in the context of "an aggressive strategy to resume the hegemony of the system, which results lead to a process of the dismantling of the South American states through the immediate return

³¹ According to the aforementioned norms, the referred Statute will be integrated by a set of fundamental rights and benefits for the citizens of the member States of the bloc, and will be structured on the basis of the implementation of: a) a policy of free movement of people in the region; b) Equal civil, social, cultural and economic rights and freedoms for citizens of States Parties; c) equal conditions of access to work, health and education. Once the Statute was concluded, the text was presented at the March 2021 Summit, under the pro-tempore presidency of Argentina, and can be accessed through the official Mercosur website.

of privatization policies and fiscal adjustment that are part of the neoliberal agenda” (Sarti 2017, 102), it is possible to verify that the return to the model of classic open regionalism gained a clearer frame.

Some of the main achievements that, since 2011, allowed the ongoing development of Mercosur’s new social dimension, characteristic of the renewal efforts of the previous decade, were in the area of social, educational, transport and labor policies. Due to the Decision no. 12/2011, the Mercosur Strategic Social Action Plan was approved, with the purpose of articulating and developing specific, integral and intersectoral actions that would consolidate the social dimension in the bloc with a commitment to combat inequalities and promote social inclusion³². In turn, aiming at the improvement, enlargement and articulation of academic mobility initiatives in education, the Mercosur Integrated Mobility System was created by Decision n. 36/2012, considering students and teachers for undergraduate courses and the development of joint research between graduate programs.

Regarding the transport theme, the Mercosur Common Vehicle Identification Plate was approved by the GMC Resolution no. 33/2014, and became mandatory in member States for new vehicles since 2016. This measure aims to guarantee the free movement of vehicles, facilitate productive activities and, at the same time, fight cross-border crimes. Finally, in July 2015, the new Mercosur Social and Labor Declaration was approved, which determines that states commit themselves to formulating and implementing active decent work policies, in consultation with the most representative organizations of employers and workers articulated with economic and social policies, in order to favor the generation of opportunities for occupation and income, to raise the living conditions of citizens, and to promote the sustainable development of the region. This agenda is completed with the CMC Decision n. 22, also from 2015, which approves the continuity of Focem, although Brazil, its largest contributor, has incurred, during the study period, in delays in the payment of its contributions.

The instruments previously exposed reflect, albeit in a timid way when compared to the number and scope of the initiatives of the previous decade, the concern of the bloc’s political conduct in maintaining and consolidating

32 As mentioned in this plan, it is worth pointing out that the member States had established a priority framework of axes, guidelines and objectives, which aim to eradicate hunger, poverty and combat social inequalities; guarantee human rights, provide humanitarian assistance and ethnic, racial and gender equality; universalize health; universalize education and eradicate illiteracy; valuing and promoting cultural diversity; guaranteeing productive inclusion; ensuring access to decent work and social security rights; promote environmental sustainability; and establish regional cooperation mechanisms for the implementation and financing of social policies.

Mercosur's social dimension. However, the resumption of the model of open regionalism was not expected, and the evidence that most clearly indicates this path is the recent ambition to “flexibilize” the CEF and to revoke the CMC Decision n. 32/00, actions to reduce the bloc's institutional architecture, and, finally, the decision to suspend Venezuela from Mercosur. Whereas the goal of improving the bloc seems to better represent Mercosur's political action in the past decade, at this stage, the term that best describes Mercosur's “flexibilization” defended by some of the member states is precariousness.

Regarding the first point, in this last decade in question, the significant decrease in intra-bloc trade - mainly due to the industrial crises in Brazil and Argentina, as well as a greater Chinese presence in the region -, and the mirroring trade integrations such as that of the Pacific Alliance³³, put into question the pertinence of Mercosur's to persist in the path of establishing a common market, or wonder if it would be more convenient to return to a more precarious stage as a simple free trade agreement, without CET, without joint negotiation rules with third countries and, fundamentally, without the objective of joint and articulated confrontation of the external vulnerability characteristic of the countries of the bloc. CMC Decision n. 32/00, which guarantees the aforementioned joint negotiation, has been discussed, for example, in recent years, as an obstacle to trade negotiations between the European Union (EU) and Mercosur³⁴, at least until the signing of the interregional agreement on 28 June 2019, and is still awaiting ratification by national parliaments. Argentina, Brazil and Uruguay have positioned themselves, at different times, as favorable to the “flexibilization” of Mercosur, a euphemism that, as warns Barros (2021), aims, in a definitive way, to end the CET. Even though the CET has lost impulse due to the drop in commercial exchange in the period, it remains a key device to move towards deeper and more balanced agreements. In this sense, as Amorim (2011, 99) rightly points out, “the heart of Mercosur is the Common External Tariff [...] Historically, the

33 See Merino (2017).

34 For example, as highlighted in Cavalcanti & Granato (2020), on a visit to Argentina in October 2016, Temer defended the flexibilization of Mercosur rules in order to formalize the EU-Mercosur Agreement, a position also supported by Macri. In fact, on the occasion of José Serra's visit to Buenos Aires, in May 2016, the Minister of Foreign Affairs of the Macri government, Susana Malcorra, when referring to such an interregional agreement, indicated the need to “better” Mercosur, incorporating new disciplines in tune with the most modern integration processes. Serra also referred to the renewal of Mercosur to “correct what needs to be corrected” (corrigir o que precisa ser corrigido), referring specifically to the amendment to the CMC Decision no. 32/2000 and CET. Serra's arguments were taken up in the Bolsonaro period, after the signing of the EU-Mercosur Agreement. On the policies of the Macri, Temer and Bolsonaro governments aimed at Mercosur, see Busso & Zeliovich (2016); Miranda (2019); Frenkel & Azzi (2021), respectively.

agreements that generated integration were not just commercial: they were customs union agreements”.

Although, the ideological convergence between the Macri government, in Argentina, and the Temer and Bolsonaro governments, in Brazil, and, recently, between the latter and the Lacalle Pou government, in Uruguay, allowed the bloc’s flexibilization proposal to have appeared with more emphasis, it is also possible to affirm that such understanding is not unanimous in Mercosur, and a recent episode can exemplify it. At a meeting of the bloc’s national coordinators, held by videoconference in April 2020, the Argentine government, through its Chancellery, announced its withdrawal from future regional bloc negotiations regarding the free trade agreements envisaged with countries such as South Korea, Singapore, Lebanon, Canada and India. In a press release, the Argentine Chancellery also expressed that the uncertainty throughout the world and the very situation of the country’s economy advise the decision in question, but that it will, however, continue to monitor the progress of the Mercosur-European Union Agreement, “without entering in debates, for now, sterile”³⁵. In that same communiqué, the Argentine government also reported that this decision differentiates it from the positions adopted by other states in the bloc, which seek, in the midst of the Covid-19 pandemic, to accelerate trade opening negotiations with other countries in the world. However, despite the position of the Fernández government, there has been a predominance of the classic concern that guided Mercosur since the beginning, which is none other than competitiveness, efficiency, the bloc’s insertion in international trade flows, especially in view of the demands of the global productive segmentation strategy adopted by transnational companies, the so-called “global value chains”, whose dynamics, according to the new hegemonic perspective, the Mercosurian bloc should be subject to and accommodate³⁶.

With regard to the second point raised here, it seems clear that, in the last decade, the related measures to reduce the institutionality of the bloc led to the resumption of the neoliberal and entrepreneurship ideas, especially with regard to a reorientation of institutional architecture aimed at a bloc which must reaffirm its essentially commercial character³⁷. In this sense, the

35 See Argentina (2020).

36 The disagreements cited above were also present at the Mercosur Summit Meeting in March 2021.

37 In fact, as of 2016/2017, among the regulations that gained prominence in the bloc, we can mention the Cooperation and Facilitation Protocol for Intra-Mercosur Investments, approved by the CMC Decision no. 3/2017; the Mercosur Trade Facilitation Agreement, approved by the CMC Decision no. 29/2019 and the Mercosur Electronic Commerce Agreement, approved

CMC Decision n. 19/2019 is clear when establishing an action plan to review the institutional structure of Mercosur (2020-2021), “with a view to assessing its adequacy to the current stage of the integration process and making it leaner and more efficient, eliminating the double efforts”. The proposal to return to a minimalist Mercosur, with an adequate and efficient institutional structure guided by the bloc’s commercial objectives, was also reflected in the CMC Decisions ns. 6 and 30, 2017, in which the post of High Representative-General of Mercosur was removed, and the Social Participation Support Unit, devoid of the structure originally foreseen for the fulfillment of its objectives, became part of the structure of the Secretariat of Mercosur.

Finally, there is one last aspect that contributes to corroborate the paradigm shift in Mercosur. This aspect refers to the dismantling of the expansion of Mercosur to the rest of South America, in opposition to the basis in which this expansion sought to be privileged in the preceding decade, that is, in articulation with the premises of South-South cooperation, sovereignty and strategic autonomy. In this last decade analyzed, the decision to suspend Venezuela from the bloc, applying the Montevideo Protocol on Commitment to Democracy in Mercosur of 2011³⁸, appears, in this larger context, as an element that questions the enlarged Mercosur model, assuming that other “more modern” initiatives, limited to free trade and focusing on global value chains, will, in fact, be more successful.

Final Remarks

As discussed throughout this work, regional integration is a political project of great relevance for states in the capitalist periphery such as the South American states, and, as such, it will always assume certain choices in terms of models or paradigms to be followed and implemented. There is no neutral regionalism, and the historical and institutional framework of Mercosur presented here corroborates this statement.

As any possibility of developing inter-industrial coordination and cooperation, as originally thought by Brazil and Argentina was abandoned, Mercosur was guided, in the 1990s, by an integration model open to the markets, with a minimal institutional structure that would achieve its objective ruled by the hegemonic neoliberal ideas of that time. Once under the rule of popular and progressive governments of the region, in the first decade of the

through the CMC Decision no. 15/2020.

³⁸ It should be mentioned that this instrument was also applied to suspend Paraguay in 2012, due to former President Lugo destitution.

21st century, other thematic dimensions and countries were present in the Mercosur bloc, in an attempt to enlarge Mercosur under a perspective that had in its internal balance and external autonomy its central core .

Throughout this last decade of operation, in the midst of a conservative turn in the region, Mercosur has been following the path of precariousness and fragility. Despite the resumption of the modality of open regionalism, Mercosur today is no longer guided by the original objective of the Treaty of Asunción of establishing a common market. As evidenced in the recent discussions of the political authorities of the bloc's countries, the proclamation of the "modernization" and "flexibilization" of the regional integration has been guided by the attempt to dismantle the, albeit imperfect, institutional and normative architecture built over twenty-five years of history, in the understanding that - in the terms of the defenders of that modernization themselves - the individual negotiation of free trade agreements would be a key factor for a successful insertion in the global value chains. Rescuing the legacy of previous agreements is necessary.

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ABSTRACT

Over its thirty-year existence, Mercosur has experienced several changes, which refer to the models of open regionalism and multidimensional regionalism. Based on this argument, we seek to present, in this work, some interpretative notes, in a historical and institutional perspective, in order to provide subsidies for a balance of the bloc, in its three decades of operation. Focusing on the internal institutional dynamics of Mercosul and using bibliographic and documentary research, this paper discusses the integration models adopted and the main measures associated with the respective models along the bloc's trajectory. Its conclusion points out to the current trend of resuming open regionalism in the midst of Mercosur's precarious condition.

KEYWORDS

Open Regionalism; Multidimensional Regionalism; Mercosur.

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