

date is less sweeping (in several ways, considerably less so than the NAFTA), although still significant. In practice, the member states have focused on trade in goods and, in this regard, especially on the harmonization of import duties and the elimination of non-tariff border measures (NTBs).

The initial intent was a zero tariff and a full prohibition of NTBs for intra-regional trade by January 1995, with Paraguay and Uruguay enjoying an additional year to reach full phase-out. There has been slippage, however, with national exceptions extended for a further four years with regard to the intra-regional tariff, and some 200 identified NTBs still in place.

Moreover, and after considerable additional negotiation, the CET for most imports from non MERCOSUR sources took effect in January 1995.¹³ Exceptions remain in this area as well. The current intent is to phase-in the CET for these extra-regional exceptions over either six or eleven years. Nonetheless, pressures to back-slide persist. Since early 1995, Brazil unilaterally (although on a "temporary" basis) increased its tariff on more than 100 classes of goods of non MERCOSUR origin and imposed import quotas on motor vehicles, the four member states agreed that Brazil could increase the number of its national exceptions subject to the longer phase-in, and Argentina reintroduced a so-called "statistics tax" (at three percent) on imports of most goods, thereby also violating the CET.

In addition to these problems with the CET, the common market does not yet include cross-border trade in services, intellectual property rights, product standards and regulations or government procurement, which are important features of the NAFTA. Nonetheless, there are positive achievements apart from the work on harmonizing import duties. A special MERCOSUR protocol covers many NAFTA-like rules and procedures on foreign investment. In addition, reasonably complete dispute settlement procedures are in place (including provision for binding rulings by panels of experts).¹⁴

¹³ As of January 1995, the CET covered about 85 percent of tariff lines, with duty rates ranging from zero to 20 percent.

¹⁴ C. William Robinson, "MERCOSUL: What It Is, What It Does" (Brasilia, April 1995) is a competent and readable survey of evolving MERCOSUR rights and obligations. See also the January 1994 Colônia Protocol and the August 1994 Buenos Aires Protocol on investment and the December 1991 Brasilia Protocol on dispute settlement.