

## **Mercosur**

- The Southern Cone Common Market (Mercosur) was created in March 1991 with the signing of the Treaty of Asuncion by Argentina, Brazil, Paraguay and Uruguay. Mercosur has a permanent secretariat based in Montevideo, Uruguay.
- The treaty provides for the free circulation of goods and services, capital and labour as well as a common external tariff.
- Mercosur is an integrated market of some 240 million people. Its gross domestic product is \$1 trillion US, about one-eighth the GDP of the NAFTA countries.
- Once fully implemented, Mercosur will be the largest integrated market in Latin America; the second largest in the hemisphere (after NAFTA); and the fourth largest in the world (after NAFTA, the European Union, and Japan).
- Trade among Mercosur members is now four times higher than it was in 1991, when Mercosur was created. Imports from non-Mercosur countries have increased also.
- The combined gross domestic product of Mercosur members has grown by an average of 3.5 per cent a year since 1990, and its \$6,950 per capita income is 30 per cent greater than that of Latin America as a whole.
- Mercosur has reached free trade agreements with Chile and Bolivia and a co-operation agreement with the European Union. Discussions are under way with the Andean Pact countries and Mexico.
- Canada first raised the idea of forging closer links with Mercosur in April 1997 during the visit of the Brazilian President to Ottawa.
- Mercosur is Canada's largest trading partner in Latin America. From 1994 through 1996, two-way trade with Mercosur nations increased by just over 30 per cent, reaching \$3 billion.
- The main Canadian exports to Mercosur are paper, wheat, potash, petroleum products, coal, aircraft parts, machinery, telecommunications equipment, chemicals and heavy machinery.
- Canada's ongoing discussion with Mercosur is one element in efforts to develop the Free Trade Area of the Americas.