



## NEW ISSUES IN INTERNATIONAL TRADE AND THE SUSTAINABLE DEVELOPMENT GOALS IN THE CASE OF THE MERCOSUR

### LOS NUEVOS TEMAS DEL COMERCIO INTERNACIONAL Y LOS OBJETIVOS DE DESARROLLO SOSTENIBLE EN EL MERCOSUR

#### NATALIA DE MARÍA

Magíster en Relaciones Internacionales por la Universidad de la República - UDELAR (Uruguay), Licenciada en Negocios Internacionales e Integración por la Universidad Católica del Uruguay (UCU), doctorando en Relaciones Internacionales por la Universidad Complutense de Madrid (España). Investigadora del Instituto de Negocios Internacionales en la Universidad Católica del Uruguay, profesora de alta dedicación de la misma universidad y coordinadora de los Talleres Finales de Grado de la Facultad de Ciencias Empresariales de la UCU. Integra el Sistema Nacional de Investigadores de Uruguay. <http://orcid.org/0000-0001-5583-0114>.

#### IGNACIO BARTESAGHI

Postdoctorado en Integración Económica, Doctor en Relaciones Internacionales, Magíster en Relaciones Internacionales. Director del Instituto de Negocios Internacionales de la Universidad Católica del Uruguay, integra el Sistema Nacional de Investigadores de la Agencia Nacional de Investigación e Innovación. Correo electrónico: [ibartesa@ucu.edu.uy](mailto:ibartesa@ucu.edu.uy). <http://orcid.org/0000-0001-5015-0822>.

#### NATALIA MELGAR

Doctora en Economía de la Universidad de Granada, España. Actualmente es Profesora Asociada e Investigadora del Instituto de Negocios Internacionales de la Universidad Católica del Uruguay. Las líneas de investigación están relacionadas principalmente con las siguientes áreas: comercio internacional, actitudes hacia el comercio internacional y políticas proteccionistas, complementariedad productiva, relaciones internacionales y procesos de integración. Los productos de cada una de estas líneas de investigación se publican en revistas de impacto a nivel internacional. Además, dicta diversos cursos como Economía Internacional, Comercio Globalizado y Negocios Globales. Integra el Sistema Nacional de Investigadores de Uruguay. Correo electrónico: [natalia.melgar@ucu.edu.uy](mailto:natalia.melgar@ucu.edu.uy). <http://orcid.org/0000-0002-3413-3595>.

#### ABSTRACT

Mercosur has three decision-making bodies, the Common Market Council, the Common Market Group and the Mercosur Trade Commission, which approve regulations related to several areas. This study focuses on those approved by the Common Market Council in the period 1991-2021, with the aim at assessing whether these regulations are related to the new issues in international trade and in especially with the 17 Sustainable Development Goals of the United Nations, given that they should be considered in Mercosur member's development strategy.





**KeyWords:** Mercosur; Sustainable Development; SDGs.

## RESUMEN

El Mercosur cuenta con tres órganos decisorios, el Consejo del Mercado Común, el Grupo Mercado Común y la Comisión de Comercio del Mercosur, que aprueban normas relacionadas con diversas áreas. Este estudio se centra en las decisiones aprobadas por el Consejo del Mercado Común en el período 1991-2021, con el objetivo de evaluar si estas normas se relacionan con los nuevos temas del comercio internacional y en especial con los 17 Objetivos de Desarrollo Sostenible de las Naciones Unidas, dado que deben ser considerados en la estrategia de desarrollo de los miembros del Mercosur.

**Palabras clave:** Mercosur, Desarrollo Sostenible, ODS.

## RESUMO

O Mercosul possui três órgãos decisórios, o Conselho do Mercado Comum, o Grupo do Mercado Comum e a Comissão de Comércio do Mercosul, que aprovam regulamentações relacionadas a diversas áreas. Este estudo tem como foco as decisões aprovadas pelo Conselho do Mercado Comum no período 1991-2021, com o objetivo de avaliar se essas regulamentações estão relacionadas com as novas questões do comércio internacional e principalmente com os 17 Objetivos de Desenvolvimento Sustentável das Nações Unidas, visto que devem ser considerados na estratégia de desenvolvimento dos membros do Mercosul.

**Palavras-chave:** Mercosul, Desenvolvimento Sustentável, ODS.

## 1 INTRODUCTION

After more than three decades of history, the Mercosur has positioned itself as one of the main integration processes in Latin America and the Caribbean, with concrete advances in economic and commercial areas, as well as institutional and international insertion, but also with huge challenges. Moreover, these challenges have increased in recent years due to the remarkable discrepancies in terms of economic and political views among the members.

The bloc has had three decision-making bodies created by the Asunción Treaty and by the Ouro Preto Protocol. They have been responsible for approving a significant number of regulations. It is worth wondering whether the regulatory development of the Mercosur has implied the fulfillment of its original objectives and whether it has been incorporating the issues related to the United Nations 2030 Agenda.





This research aims at assessing the norms approved by the Common Market Council (the highest in the organizational hierarchy of the Mercosur) between 1991 and 2021. For doing so, these norms are classified by thematic areas, sub-themes and it is also considered whether they are in force. The contributions of this research are twofold. Firstly, the relationship that we found between these norms and the new issues in international trade and secondly, the association between them and a sustainable development strategy.

## 2 THE NEW ISSUES IN INTERNATIONAL TRADE

From the last decade of the 20<sup>th</sup> century, the economic integration processes have showed new characteristics that are not related to trade in goods and to the classic chapters linked to market access (tariffs, rules of origin, sanitary and phytosanitary measures and technical regulations). Given this fact, the new trade agreements include an increasing diversity of chapters in a phenomenon known as "the variable geometry" of the world trade system that has led to an exponential increase in the global integration that has incorporated distant economies with a north-south logic (Baumann, 2009 and Low, 2016).

In fact, according to data from the World Trade Organization (WTO), there are 355 regional trade agreements (RTAs) in force and 579 notifications. Among the 355 RTAs, 168 are related only to trade in goods, two are connected to trade in services and 185 are linked to both, goods and services. The new agreements agreed by the WTO's members, especially those signed after the year 2000, showed new tendencies and the following characteristics are worth to mentioning:

- This is a widespread phenomenon.
- It involves countries in different regions.
- Not only bilateral agreements are implemented, but also plurilateral agreements.





- In some cases, agreements that are in force are deepened or plurilateralized.
- It involves countries at different levels of development.
- Most of the agreements are free trade areas instead of customs unions or common markets.
- Some regions are not part of the phenomenon.
- The new international trade disciplines are included (WTO Plus + X rules).
- The improvement of the business environment given the harmonization process occupies a central place.
- There are a great diversity of regulations and different models.

One of the most outstanding characteristics of the WTO refers to the motivations that drive States to sign trade agreements. Over the years, the degree of openness has been of such a magnitude that tariff reductions are not the key driver that determine the willingness to negotiate. This change in attitudes is related to the fact that around 50% of world trade has been liberalized. In this sense, some authors have argued that there is very little use of the trade agreements when the tariff preferences are considered (Baldwin and Kawai, 2013).

The WTO has identified other advantages of signing trade agreements that are related to international trade in a much broader sense (Author, 2020). Over the years, the RTAs have become instruments that regulate diverse areas of the international trade. Some of them are associated to sustainable development, they go far beyond multilateral rules, and these agreements have included issues that continue to be under debate at the multilateral level (issues known as WTO Plus and WTO X rules).

Regarding the WTO Plus norms, the RTA's have included services, investment, intellectual property, environment, trade facilitation and labor standards. Most of the agreements signed in the '90 did not incorporate these issues, this process took several years to consolidate. Trade facilitation is an example of concrete progress, which was in line with the progress registered at the multilateral level, especially after closing the 2013 Bali Agreement. The WTO highlighted that 90% of the agreements signed by the Asian





countries had already incorporated these provisions that has direct impacts on the local economies (WTO, 2014).

In addition, concerning the WTO Plus norms, the most recent agreements, especially those signed by the developed economies, have incorporated provisions that have not been agreed at the multilateral level (known as WTO X). They refer to different disciplines, many of which, a priori, have weak linkages with trade. It is worth mentioning that in the latest generation of trade agreements or the mega agreements, a large proportion of the provisions is usually non-binding, so they do not generate legally enforceable commitments that is a significant difference when considering other provisions (WTO, 2010). Some of the regulations that are part of current trade agreements are listed below:

Table 1 – New issues in international trade

Audiovisual aspects	Legal harmonization	Capital flows
Civil protection	Corruption	Cultural cooperation
Education and training	Energy	Health
Human rights	Illegal immigration	Industrial cooperation
Information protection	Innovation policy	Money laundering
Nuclear safety	Research and technology	SMEs
Social issues	Statistics	Terrorism

Source: own elaboration.

It should be considered that the modality for the agreements has changed, and different stages could be identified. For example, the integration processes in Europe, Latin America, and Africa, given their depth, the agreements included provisions that went beyond the classic regulation of trade in goods. The European Union (EU) is the most emblematic case because it included not only economic and commercial areas but also social, political and security areas, among others.





Other processes in Latin America (such as the Central American Common Market, the Andean Community, the Mercosur, and more recently the Pacific Alliance) followed a similar path. However, they were less successful in their attempt to fulfil their original objectives. On the other hand, the Association of Southeast Asian Nations (ASEAN), especially from the '90 and particularly, since the consolidation of the Economic Union, the ASEAN has progressively incorporated provisions cataloged as WTO Plus, but also WTO X.

When considering the FTAs (that are not integration processes as the previous cases), the first impulses were given by the United States (with the North American Free Trade Agreement, NAFTA or T-MEC), the association agreements signed by Japan and the EU itself, in addition to the bilateral treaties that were negotiated by Chile and other economies such as Australia, Brunei, New Zealand and Singapore (Kawai and Wignaraja, 2013).

Recently, the Asia-Pacific Economic Cooperation Forum (APEC) has lost some relevance (given some geopolitical reasons and especially due to the policy pursued by Trump). However, it has been a key player when promoting the inclusion of the new trade issues that were progressively. The Trans-Pacific Economic Cooperation Agreement, known as the TPP (or nowadays known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, CPTPP) was promoted by the United States and it is the mega agreement that included the widest set of provisions related to the new trade issues and it was not surpassed by the Regional Comprehensive Economic Association (RCEP) led by China, which is less prone to incorporate provisions that might affect its economic development strategy (Baldwin and Kawai, 2013). Regardless the measures taken by Trump and maintained by Biden regarding the TPP and halting the Transatlantic Trade and Investment Partnership (TTIP) with the EU, in recent years a new scenario has emerged, and it is characterized by the disputes between China and the United States in several spheres (economic, commercial and geopolitical war) (Elms, 2016).

To sum up, it could be concluded that the number of issues considered WTO X is increasingly relevant at the international level, although it is not yet fully extended. Moreover, the mega blocs promote convergence and coherence in legislation that go beyond the multilateral sphere (Lawrence, 2013). It seems to be that the plurilaterals





agreements are promoting a new stage of regionalism with the aim of achieving regulatory harmonization in “key areas” that reduces transaction costs (Suominen, 2016).

Even when several WTO’s members have not been part of this phenomenon that could be seen as proof of an increase in discrimination and a departure from multilateral rules, it should also be considered that these agreements might have positive impacts in other countries that do not sign them. For example, in the case of trade facilitation and regulatory harmonization, if the countries carry out internal reforms to improve international competitiveness (Plummer, 1997).

### 3 THE SUSTAINABLE DEVELOPMENT GOALS

Until 1972, the international debated focused on the environment. In that year, at the United Nations Conference on the Environment in Stockholm in 1972, the challenge of achieving sustainability in economic growth and development was raised for the first time (Sachs, 2015). More significant changes took place during the `90s. In 1992, the United Nations Conference on Environment and Development (UNCED), also known as the 'Earth Summit' was held and it was argued that the global agenda should focus on sustainable development (Guimaraes, 2003). Given this change, new international forums were created that have aimed at searching solutions and at assessing the perspectives for the future.

The Commission on Environment and Development of the United Nations defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (General Assembly United Nations, 1987). Given this definition, sustainable development is the result of an integration of three components: economic growth, social development and environmental protection. Actions should be based on these three interdependent pillars (United Nations Conference on Sustainable Development, 2012).

To achieve this goal, the Sustainable Development Goals (SDGs) are proposed at the United Nations Conference on Sustainable Development known as Rio+20 that are linked to the three pillars. Previously, in September of the year 2000, the Millennium





Declaration was endorsed that had included the Millennium Development Goals to be reached by 2015. Given the non-fulfilment of these goals, during the Rio+20 Conference, they were reformulated again considering that the SDGs “should be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national policies and priorities” (United Nations Conference on Sustainable Development, 2012). The 17 SDGs to be reached by 2030 are: 1) No Poverty, 2) Zero Hunger, 3) Good Health and Well-being, 4) Quality Education, 5) Gender Equality, 6) Clean Water and Sanitation, 7) Affordable and Clean Energy, 8) Decent Work and Economic Growth, 9) Industry, Innovation and Infrastructure, 10) Reduced Inequality, 11) Sustainable Cities and Communities, 12) Responsible Consumption and Production, 13) Climate Action, 14) Life Below Water, 15) Life on Land, 16) Peace and Justice Strong Institutions and 17) Partnerships to achieve the Goals.

#### 4 THE INSTITUTIONAL STRUCTURE OF THE MERCOSUR

The Mercosur is one of the most relevant integration processes in Latin America that has a remarkable institutional development. There are decision-making bodies that approve binding regulations. Although it has some supranational mechanisms, all decision-making bodies are intergovernmental organs. Given this fact, all regulations should be passed by each Parliament to be in force (Article 40, Protocol of Ouro Preto).

The final institutional structure of the Mercosur was established by the Protocol of Ouro Preto (the provisional structure was approved by the Asunción Treaty), a treaty that also granted Mercosur legal personality under international law. According to the mentioned Protocol, the integration process has six bodies:

- The Common Market Council (CMC).
- The Common Market Group (CMG).
- The Mercosur Trade Commission (MTC).





- The Joint Parliamentary Commission.
- The Economic and Social Advisory Forum.
- The Mercosur Administrative Secretariat.

Later, the Secretariat ceased to be Administrative and was renamed as the Mercosur Secretariat and the Joint Parliamentary Commission was replaced by the Mercosur Parliament.

Given the Treaty, there are three inter-governmental bodies with decision-making powers, the CMC, the CMG and the MTC. It is worth mentioning that the decision number 23/00 made it possible that those regulations related to the Mercosur functioning should not be passed by each national legislation to be in force. This change positively impacted on the number of regulations that entry into force. However, the set of regulations that automatically come into force do not refer to substantial issues of the bloc. Hence, this mechanism is significantly different to the supranational nature of the European Commission.

The regulations are named with different specific terms depending on the organ, decisions (CMC), resolutions (CMG) and directives (MTC). The determinations of the Dispute Settlement System should be added because, according to the Olivos Protocol, they are also binding on the parties. The Ouro Preto Protocol had established that all of them should be taken by consensus.

The CMC is the most relevant decision-making body within the Mercosur structure. The Mercosur Parliament and the Permanent Review Tribunal (PRT) are at the same hierarchical level. This fact is highlighted because while the determinations of the PRT are binding on the parties, they are not in the case of the Parliament.

The institutional structure of the Mercosur includes a series of groups to discuss specific issues, meetings of ministers and other authorities, the Political Agreement and Consultation Forum, and the Commission of Permanent Representatives that depends on the CMC, which is the most important body of Mercosur. The CMG is found in the next level and a significant number of auxiliary bodies depend on it, such as the Working Subgroups, Specialized Meetings and Ad Hoc Groups. There is only one organ that





resolves claims of administrative labor nature related to Mercosur officials and staff: the Administrative Labor Tribunal that depends on the PRT.

In hierarchical dependence on the CMG, it appears the third decision-making body: the MTC. It depends on the so-called technical groups in different areas, which have a nature of permanent bodies and address different issues of interest. This organ deals with the most technical aspects and in general, with those related to operational commercial matters (for example, the functioning of the customs union).

Finally, the Mercosur Secretariat has gone through different stages throughout the history of the Mercosur given the never-ending debate on whether it should play an administrative or technical role. Despite this debate, it should be recognized that, until now, it has played an insignificant role in the development of the Mercosur and the member states do not give to it the importance that it deserves not only regarding its administrative support, but also its technical support.

In addition to the large number of sub-bodies created by the CMG, the Mercosur has showed institutional progress such as the case of the PRT, the Parliament of Mercosur, the Mercosur Social Institute and the Institute of Public Policies on Human Rights. This development could be considered as a positive aspect that would make it possible to take actions to fulfill the United Nations 2030 agenda (García, *et al.*, 2018).

## 5 METHODOLOGY

Author (2020) developed a new database based on the public information available on the Mercosur Secretariat website. It included 1,047 decisions approved by the CMC in the period 1991 - 2021. They were classified by area and sub-area as the table 2 shows. Moreover, those regulations that implied the derogation are considered separately.

Table 2 – Methodology





Economic and commercial area	Institutional area	External agenda area
<u>Sub-areas</u> Alignment of incentives Automotive sector Competition rules Consumer protection Custom union (1) Exceptional regimes (2). Non-tariff restrictions. Origin regime Sanitary and phytosanitary measures (3) Sectoral agreements Services Sugar sector Technical standards Trade defense instruments (4)	<u>Sub-areas</u> Dispute Resolution System Internal regulations (5) Institutional reform and/or strengthening Ministerial meetings, specialized meetings and commissions (6) New members Other Mercosur bodies (7) Schedules (and extensions) Secretary Social interest and citizenship Others	<u>Sub-areas</u> Associated States Business negotiations Coordination of the bloc in economic and commercial forums Memorandums Political dialogues Relationship with other international organizations Trade agreements
International cooperation	Other areas of integration	Mercosur Structural Convergence Fund
<u>Sub-areas</u> Cooperation programs Protocols, agreements and measures Others	<u>Sub-areas</u> Asymmetries Culture Education Energy and telecommunications Environment Gender Health Human rights Immigration controls Intellectual property Investments Macroeconomic, financial and capital market coordination Productive integration Public contracts SMEs Social interest and citizenship Social security and labor standards Transport, infrastructure and insurance Regulatory consistency	<u>Sub-areas</u> Budget Institutional aspects Projects Regulations
1	CET, customs harmonization, customs valuation, exceptional measures, tariff classification, customs code, trade and intra-zone circulation.	
2	Free zones, BIT, capital goods, temporary admission, draw back, other special regimes and national lists.	
3	It includes regulations and certifications.	
4	It includes safeguards.	
5	It requires internal regulations.	
6	It relates to the creation of new bodies or institutions.	
7	New projects, the definition of negotiating guidelines, schedules and works plans.	

Source: own elaboration based on Author, 2020.

As it was mentioned, given the inter-governmentalism, to be in force, each member should pass the regulations approved by the Mercosur bodies and given the Decision 23/00, there is no need that each State passes the regulations related to the functioning of the bloc. Even when this Decision refers to unsubstantial aspects for the integration process, it has been widely used in recent years.

Regarding the processing carried out in the analysis of the validity of the decisions, the following points must be taken into consideration:

- Their validity was based on the information reported by the Mercosur Secretariat until May 21<sup>st</sup>, 2022. After this some decisions could come into force. Moreover, if the Mercosur's website informed about mistakes, they were not adjusted.





- If a decision was revised, the validity was considering according to the Article 5 of CMC Decision 23/00 or by the Article 40 of the Ouro Preto Protocol.
- Several regulations have specific clauses related to the entry into force, especially those linked to protocols and agreements. In this case, the validity of the decision was considered due to there is no additional information about the next steps. It implies that the database may overvalue the reported level of valid regulations.
- If the Secretariat does not clarify if a decision is in force and at least one of the members has not incorporated it, it was considered that it is not in force.
- If the decision was derogated, it is not in force.
- In case of partial derogations, it is understood that the regulation continues to be in force.
- If the mandate was fulfilled, the decision was considered in force.

## 6 IN DEPTH ANALYSIS OF THE CMC'S DECISIONS

The CMC approved a total of 1,047 decisions between 1991 and 2021. During these decades of history, three periods could be distinguished that are related to different stages of the bloc: 1) in 1991-1999, 19 decisions were approved on average per year, 2) in 2000-2010, this figure grow to 47 and 3) in 2011-2021, it was down to 33.

Each period could be linked to a stage of the integration process. At the beginning, the success is referred to its institutional development and the creation of a free trade zone and the customs union that implied the approval of a significant number of decisions.

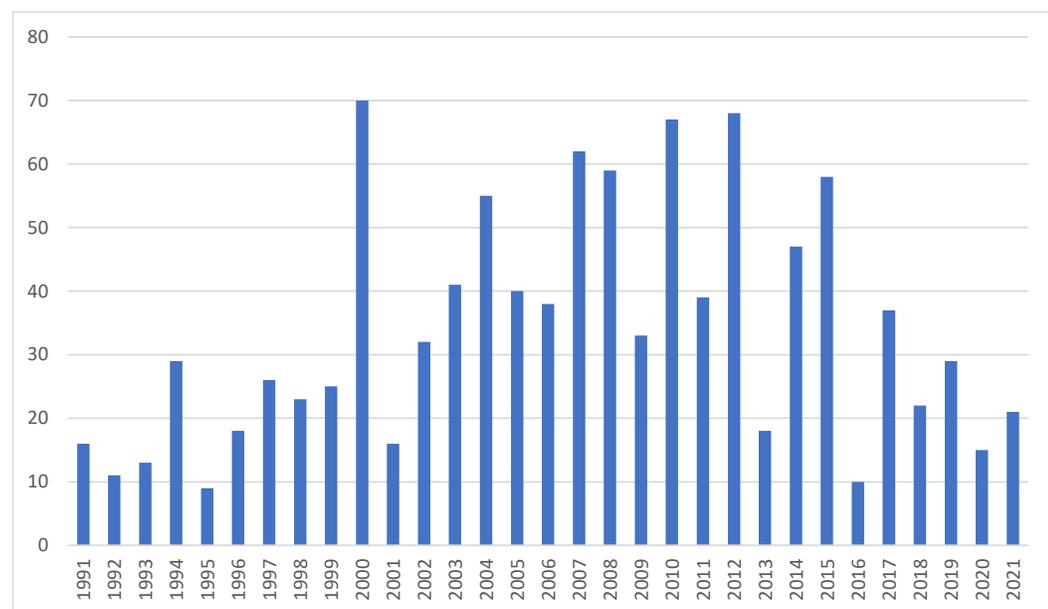
The second period begins in 2000 and it is known as the relaunch of Mercosur, a process that begins in 1999 due to the regional crisis and the devaluation of the Brazilian currency that negatively impacted on Argentina and Uruguay. The highest number of approved decisions was registered in this period and most of them are related to institutional and political aspects. In this period and especially since 2003, the profiles of the presidents of the leading economies of the Mercosur, Lula Da Silva and Néstor Kirchner led to the approval of a significant number of decisions linked to the institutional and political area while the economic and commercial area was taken aside.





At the beginning of the last stage, there was a high number of approvals but, later this dynamism was lost. Moreover, the same is true for the bloc, this period coincides with the period of depoliticization of the Mercosur (when M. Macri was the Argentinian President) and there was a notorious stagnation in the fulfillment of the internal and the external agenda.

Chart 1 – Number of decisions approved by the CMC



Source: own elaboration based on the Mercosur Secretariat.

When the regulations are considered by area and by period, findings indicate that 1991 to 1999, the economic and commercial area was the most relevant (29.4%), followed by the institutional area. In the second period (2000-2010), the institutional area concentrated 27.9% and the economic and commercial area ranked second (24.0%). Finally, in the last period (2011-2021), the economic and commercial regulations continued to lose relevance and it is found in the fourth position (11.8%), (see table 2).

Table 3 – Approved decisions by area and periods





### Period 1991 - 1999

Area	Number of decisions	Participation
Economic and commercial	50	29.4%
Institutional	43	25.3%
International cooperation	34	20.0%
Other areas of integration	31	18.2%
External agenda	12	7.1%
<b>Total</b>	<b>170</b>	<b>100%</b>

### Period 2000 - 2010

Area	Number of decisions	Participation
Institutional	143	27.9%
Economic and commercial	123	24.0%
Other areas of integration	99	19.3%
International cooperation	56	10.9%
Structural Convergence Fund	49	9.6%
External agenda	42	8.2%
Revocation	1	0.2%
<b>Total</b>	<b>513</b>	<b>100%</b>

### Period 2011 - 2021

Area	Number of decisions	Participation
Institutional	111	30.5%
Other areas of integration	91	25.0%
Structural Convergence Fund	46	12.6%
Economic and commercial	43	11.8%
International cooperation	38	10.4%
External agenda	30	8.2%
Revocation	5	1.4%
<b>Total</b>	<b>364</b>	<b>100%</b>

Source: own elaboration based on Mercosur Secretariat.

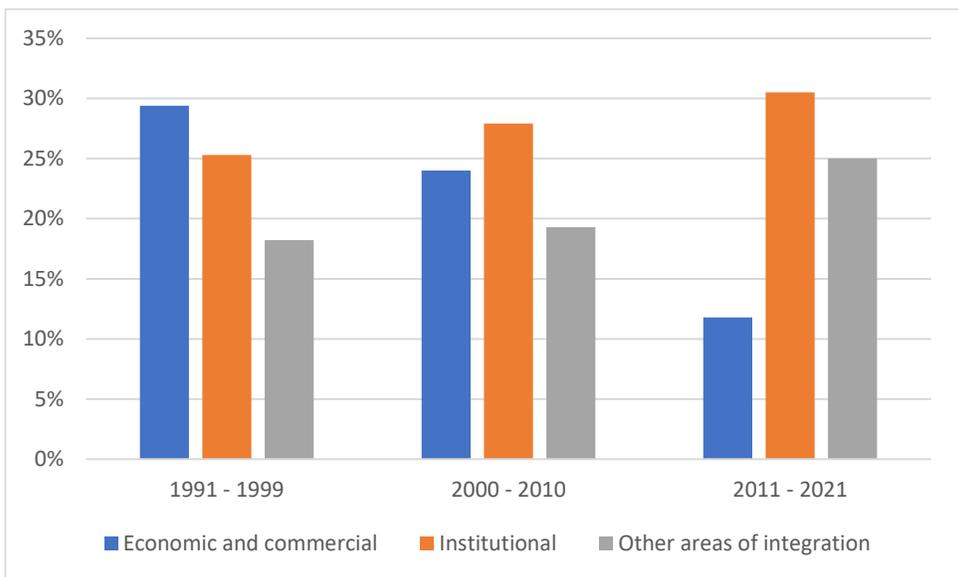
To sum up, we provide clear evidence on the decreasing relevance of the economic and commercial regulations approved by Mercosur. On the contrary, the institutional area become the main category. This change could be part of the normal evolution of an integration process. However, it is worth highlighting that the Mercosur has not fulfilled its original economic and commercial objectives after more than 30 years of history. Moreover, there are no clear actions that show the willingness to meet them. Given this context, the period 2000-2010 was characterized by a more political and more institutional





bloc and a broader internal agenda. This process positively contributes to the incorporation of the SDGs through the new community regulations. The followed path would be positive and virtuous, if it were leveraged on economic and commercial achievements, which today are scarce, and they seem to have been forgotten (Author, 2020).

Chart 2 – Decisions approved by the CMC by areas and periods



Source: own elaboration based on the Mercosur Secretariat.

When considering the total number of decisions approved by the CMC in the period 1991-2021, the relevance of the institutional area is, once again, confirmed. Indeed, 28.4% of total Mercosur regulations is linked to institutional aspects, followed by “other areas of integration” (21.1%) and the “economic and commercial” area (20.6%). It is a remarkable finding given that, in its origins, the targets were clearly identified with the economic and commercial area.

Table 4 – Cumulative number of decisions by area 1991 – 2021





Areas	Number of regulations	Participation
Institutional	297	28.4%
Other areas of integration	221	21.1%
Economic and commercial	216	20.6%
International cooperation	128	12.2%
Structural Convergence Fund	95	9.1%
External agenda	84	8.0%
Revocation	6	0.6%
<b>Total</b>	<b>1,047</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

In the period 1991-2021, the CMC approved 1,047 Decisions and 77% is in force. It implies that they were passed by all parliaments or in line with the Decision 23/00, they automatically entered into force. Even when this ratio seems to be high, this impression changes when considering the entry into force by areas. It is especially true in the case of the economic and commercial area because 49% of the decisions approved by the CMC, the more important decision-making body, does not come into force. Moreover, 32% of the decisions related to international cooperation has not entered into force. On the contrary, 90% of those linked to the institutional area is in force.

Table 5 – Cumulative number of in force regulations by area, 1991-2021

Areas	In force	Number of decisions	Participation
Institutional	Yes	267	90%
	No	30	10%
Other areas of integration	Yes	163	74%
	No	58	26%
Economic and commercial	Yes	111	51%
	No	105	49%
International cooperation	Yes	87	68%
	No	41	32%
Structural Convergence Fund	Yes	90	95%
	No	5	5%
External agenda	Yes	81	96%
	No	3	4%
Revocation	Yes	5	83%
	No	1	17%
Total		1,047	

Source: own elaboration based on the Mercosur Secretariat.





To scrutinize on the progress of the regulations of the Mercosur and the incorporation of the SDGs and the new issues related to trade, the classification by areas of the 1,047 decisions is presented and the category “other integration areas” allows to shed light on this issue.

Considering the “institutional” area and its sub-areas, the first three of them refer to other Mercosur bodies that provides evidence on the relevance given to this area, (a bloc that in the past had more than 300 bodies). They are followed by decisions that regulate the Dispute Resolution System and internal regulations, three categories that explained about 60% of all institutional decisions.

It is worth noting that the quantitative importance of some areas or sub-areas does not necessarily imply the success in terms of advancements, the rules of the Dispute Settlement System could be considered as an example. Indeed, although it is the second sub-area in quantitative importance, in qualitative terms this System has been going through a profound crisis of confidence due to its level of effectiveness and respect (in many years, members have not requested its participation to resolve any difference).

Table 6 – Cumulative number of institutional decisions by sub-areas, 1991-2021

Sub-area	Number of decisions	Participation
Other bodies	70	23.6%
Dispute Resolution System	58	19.5%
Internal regulations	48	16.2%
Ministerial meetings, specialized meetings and commisions	42	14.1%
Secretariat	24	8.1%
Others	19	6.4%
Schedules	17	5.7%
New members	9	3.0%
Reforms and institutional strengthening	7	2.4%
Social interest and citizenship	1	0.3%
Budget	1	0.3%
Protocols, agreements and measures	1	0.3%
<b>Total</b>	<b>297</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

The greatest development related to the new trade issues related to sustainable development is registered in the case of “other areas of integration”. In this case, various sub-issues were incorporated by the Mercosur in the period 1991-2021. For example, 41 regulations are related to education (18.6%). It is followed by regulations linked to social





interest and citizenship, migratory controls and human rights. To a lesser extent, there are regulations on SMEs, the environment, health, gender, electronic commerce and regulatory coherence. Tables 12 and 13 shows that many of the issues are in line with the SDGs.

Table 7 – Cumulative number of decisions related to “other areas of integration”, 1991-2021

Sub-area	Number of decisions	Participation
Education	41	18.6%
Social interest and citizenship	36	16.3%
Immigration controls	27	12.2%
Human rights	17	7.7%
Macroeconomic and financial coordination	13	5.9%
SMEs	11	5.0%
Culture	10	4.5%
Transport, infrastructure and insurances	10	4.5%
Public procurement	8	3.6%
Social security and labor norms	8	3.6%
Environment	7	3.2%
Asymmetries	5	2.3%
Energy and telecommunications	5	2.3%
Productive integration	5	2.3%
Investments	5	2.3%
Health	5	2.3%
Gender	3	1.4%
Protocols, agreements and measures	2	0.9%
Regulatory coherence	1	0.5%
E-commerce	1	0.5%
Intellectual property	1	0.5%
<b>Total</b>	<b>221</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

The decisions related to the economic and commercial area are found in the third place. In this case, the most relevant sub-area is “custom union” that reached to 41.7%, followed by the sub-areas “exceptional regimes” and “origin regime”. Regarding this result, it is worth noting that the significant number of regulations related to the custom union does not necessarily imply that Mercosur has complied with the full implementation of that modality of integration. Those decisions related to exceptional regimes are found in second place (19%), followed by those associated to the origin regime (12%). These two





issues should not be present in a custom union (if it is fully achieved, there is no need for a origin regime and there would not be a large list of exceptions).

Table 8 – Cumulative number of decisions related to the economic and commercial area, 1991-2021

Sub-area	Number of decisions	Participation
Custom union	90	41.7%
Exceptional regimes	40	18.5%
Origin regime	25	11.6%
Services	17	7.9%
Trade defense instruments	11	5.1%
Competition rules	8	3.7%
Technical norms	7	3.2%
Alignment of incentives	5	2.3%
Non-tariff restrictions	4	1.9%
Automotive sector	4	1.9%
Sanitary and phytosanitary measures	2	0.9%
Sugar sector	2	0.9%
Sectoral agreements	1	0.5%
<b>Total</b>	<b>216</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

“International cooperation” is an additional area in which there are decisions in line with the SDGs. As Table 9 shows, 95.3% of these decisions approved by the CMC are related to protocols, agreements and measures on the issues presented in table 10.

Table 9 – Cumulative number of decisions related to international cooperation, 1991-2021

Sub-area	Number of decisions	Participation
Protocols, agreements and measures	122	95.3%
Cooperation programmes	5	3.9%
Others	1	0.8%
<b>Total</b>	<b>128</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.





Table 10 – Most relevant issues related to “international cooperation”, 1991-2021

Arms trafficking	Avian Flu
Border regulations	Business forums
Consular cooperation	Cooperation in research
Cooperatives	Digital agenda
Exchange of information security	Extradition
Family agriculture	Fight against corruption
Fight against organized crime	Firearms
Foot and mouth disease	Illicit trafficking of nuclear material
Insurance companies	Judicial cooperation (in civil, commercial and criminal matters, precautionary measures, contracts, among others).
Municipal cooperation	Non-proliferation of weapons of mass destruction
Plant variety protection	Police training and cooperation
Prevention of child violence	Productive strengthening
Regional security	Registry of firearms sellers
Science, technology and innovation	Sustainable consumption
Tourism	Trafficking of minors
Transfer of persons deprived of liberty	Vehicular traffic

Source: own elaboration.

The Mercosur Structural Convergence Fund was implemented in 2004 and it began operating in 2006 (its regulations were approved in 2010). It is considered one of the bloc's greatest successes. The approved decisions linked to this Fund reached to 95 and 53.7% are related to projects.

Table 11 – Cumulative number of decisions related to the Structural Convergence Fund, 2003-2021





Sub-area	Number of decisions	Participation
Projects	51	53.7%
Institutional aspects	24	25.3%
Budget	19	20.0%
Regulations	1	1.1%
<b>Total</b>	<b>95</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

Finally, the “external agenda” area has shown very low relevance. Most of them are related to trade agreements represented 29.8%, followed by those linked to Associated States (27.4%), these sub-areas have been the most dynamic and the same is true in the case of the “international cooperation” area. However, it is highlighted that regarding the trade agreements sub-area, there are a high ratio of decisions are linked to the initiatives of starting negotiations and in many cases, negotiations have not taken place, or they are still under negotiation (Author, 2020).

Table 12 – Cumulative number of decisions related to the external agenda, 1991-2021

Sub-area	Number of decisions	Participation
Trade agreements	25	29.8%
Associated States	23	27.4%
Relationship with other international organizations	14	16.7%
Coordination of the bloc in economic and commercial forums	9	10.7%
Memorandums	5	6.0%
Business negotiations	5	6.0%
Political dialogues	3	3.6%
<b>Total</b>	<b>84</b>	<b>100%</b>

Source: own elaboration based on the Mercosur Secretariat.

Given this analysis of the decisions, it is possible to shed light on their relationship with the SDGs. For doing this, the following methodological criterion was taken: only the “international cooperation” and “other areas of integration” were considered because they show a closer relationship with the SDGs. Chart 2 shows that “other areas of integration” and “international cooperation” areas showed the highest growth in recent periods, while the “economic and commercial” area lost relevance.





Additionally, it was considered if the decisions have a direct or an indirect relationship with the SDGs. Although there are decisions classified in other areas of integration that are related to the SDGs, they were not included because these linkages are indirect. For example, it is the case of the “economic and commercial” area, the WTO has argued that international trade contributed to achieving the SDGs (WTO, 2018).

Table 13 shows that the sub-area “protocols, agreements and measures” registers the closest relationship with the SDGs that has a direct link with the SDG 3 (good health and well-being), SDG 9 (industry, innovation and infrastructure), 12 (responsible production and consumption) and mainly with the SDG 17 (partnerships to achieve the goals). The classification was made by assessing the scope of the protocols, agreements and measures. Many of them are found in the section in which the regulations related to international cooperation were classified.

Table 13 – SDGs and CMC’s decisions: “international cooperation”

Economic cooperation	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Cooperation programmes																	
Protocols, agreements and measures																	
Others																	

Source: own elaboration.

In the case of the area “other areas of integration”, the strongest linkage is registered in the sub-area “human rights” in which a direct relationship was found with SDG 2 (zero hunger), SDG 3 (good health and well-being), SDG 4 (quality education), SDG 5 (gender equality) and SDG 10 (reduced inequality). The environment is also a key sub-area that is directly linked to SDG 13 (climate action), SDG 14 (life below water) and SDG 15 (life on land). Finally, the sub-area “energy and telecommunications” has direct relationship with SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

Table 14 – SDGs and CMC’s decisions: “other areas of integration”





Other areas of integration	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Asymmetries																	
Culture																	
Education																	
Energy and telecommunications																	
Environment																	
Gender																	
Health																	
Human rights																	
Immigration controls																	
Intellectual property																	
Investments																	
Macroeconomic coordination																	
Productive integration																	
Public procurement																	
Regulatory coherence																	
SMEs																	
Social interest and citizenship																	
Social security and labor norms																	
Transport, infrastructure and insurance																	

Source: own elaboration.

## 7 CONCLUSIONS

In more than 30 years of history, the Mercosur has shown a relevant institutional development given the approval of a significant number of regulations that deal with different issues. More recently, the institutional area received more relevance and the new issues related to trade were also considered.

Moreover, the Mercosur has this profile even when the central goals were not fulfilled, especially those related to the economic and commercial area. In line with this, new evidence is provided on the loss of relevance of this area, and it is also highlighted that almost 50% of the decisions approved by the CMC associates to this area is not in force.

The different stages indicate that the evolution of the regulations correlates with the political profiles of the presidents, especially regarding the debate on whether the Mercosur should be a political bloc or whether it should be an economic bloc.

Findings show that Mercosur has progressively incorporated regulations related not only to the SDGs but also to the new international trade issues. Leaving aside the debate on the achievements of the Mercosur’s original goals, it is found that the progress registered in the “international cooperation” and “other integration processes” areas may





contribute to the fulfillment of the SDGs, a phenomenon that could be deepened if the acquired dynamics is maintained.

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