

TECHNICAL NOTE N° IDB-TN-2863

Mercosur Report N° 26:

MERCOSUR: Strategic Divergences and Pragmatic Consensus

Celina Pena,
Julieta Zelicovich,
Vera Thorstensen,
Catherine Mota

Coordinators: Ricardo Rozemberg & Sofia Sternberg

Inter-American Development Bank
Institute for the Integration of Latin America and the Caribbean
December 2023



Mercosur Report N° 26:

MERCOSUR: Strategic Divergences and Pragmatic Consensus

Celina Pena,
Julieta Zelicovich,
Vera Thorstensen,
Catherine Mota

Coordinators: Ricardo Rozemberg & Sofía Sternberg

Inter-American Development Bank
Institute for the Integration of Latin America and the Caribbean
December 2023



**Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library**

Mercosur report N° 26: MERCOSUR: strategic divergences and pragmatic consensus / Celina Pena, Julieta Zelicovich, Vera Thorstensen, Catherine Mota; coordinators, Ricardo Rozemberg, Sofia Sternberg.

p. cm. — (IDB Technical Note ; 2863)

Includes bibliographical references.

1. Southern Cone of South America-Commerce. 2. Southern Cone of South America-Foreign economic relations. 3. Southern Cone of South America-Economic integration. 4. International trade. I. Pena, Celina. II. Zelicovich, Julieta. III. Thorstensen, Vera. IV. Mota, Catherine. V. Rozemberg, Ricardo, coordinador. VI. Sternberg, Sofia, coordinator. VII. Inter-American Development Bank. Institute for the Integration of Latin America and the Caribbean. VIII. Series.

IDB-TN-2863

JEL Codes: F10, F13, F 15, F 18, F 53, O24.

Keywords: MERCOSUR, Regional trade, International Trade, Exports, Regional integration, Environment, Trade agreements, Trade negotiations, South America, Argentina, Brazil, Bolivia, Paraguay, Uruguay, Biotechnology.

<http://www.iadb.org>

Copyright © 2023. Inter-American Development Bank ("IDB"). This work is subject to a Creative Commons license CC BY 3.0 IGO (<https://creativecommons.org/licenses/by/3.0/igo/legalcode>). The terms and conditions indicated in the URL link must be met and the respective recognition must be granted to the IDB.

Further to section 8 of the above license, any mediation relating to disputes arising under such license shall be conducted in accordance with the WIPO Mediation Rules. Any dispute related to the use of the works of the IDB that cannot be settled amicably shall be submitted to arbitration pursuant to the United Nations Commission on International Trade Law (UNCITRAL) rules. The use of the IDB's name for any purpose other than for attribution, and the use of IDB's logo shall be subject to a separate written license agreement between the IDB and the user and is not authorized as part of this license.

Note that the URL link includes terms and conditions that are an integral part of this license.

The opinions expressed in this work are those of the authors and do not necessarily reflect the views of the Inter-American Development Bank, its Board of Directors, or the countries they represent.



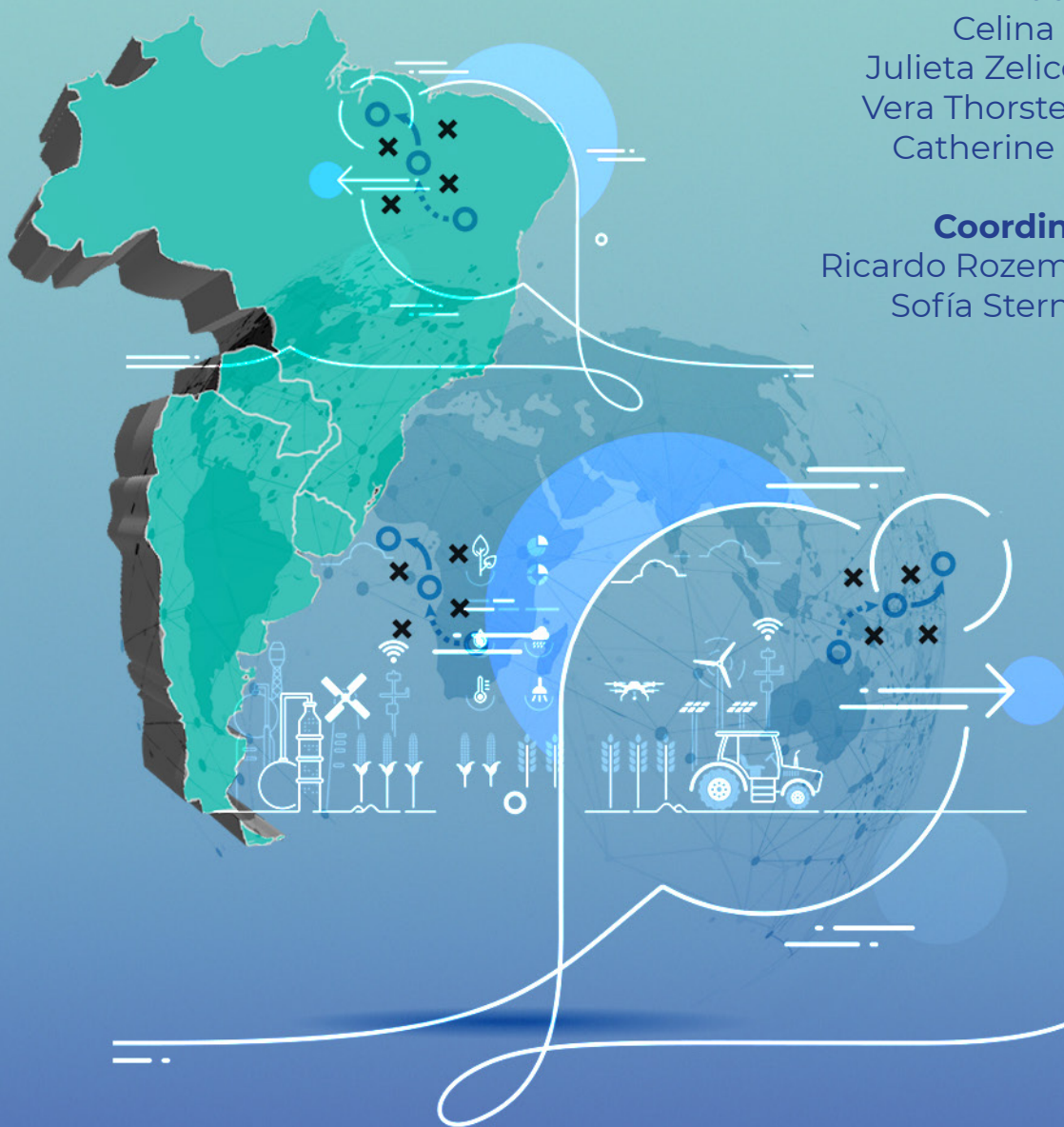
MERCOSUR: Strategic divergences and pragmatic consensus

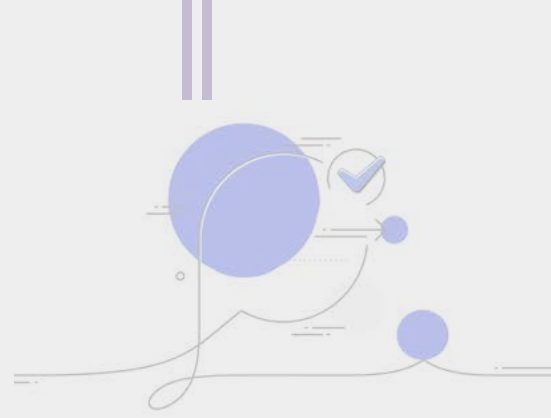
Authors:

Celina Pena
Julieta Zelicovich
Vera Thorstensen
Catherine Mota

Coordinator:

Ricardo Rozemberg
Sofía Sternberg





The 26th edition of the Mercosur Report analyzes the period covered from early 2022 to the end of the first half of 2023. The document was closed on July 15, 2023.

Authors:

Celina Pena

Julieta Zelicovich

Vera Thorstensen

Catherine Mota

Coordination:

Ricardo Rozemberg

Sofía Sternberg

Editing:

Mariana Pernas

Design:

Andrea Pellegrino

We are grateful for the comments and contributions to the report made by:

Ana Basco

Pablo Garcia

Jesica De Angelis

Kathia Michalczewsky

Christian Volpe

Martincus Mauricio Mesquita

Moreira Gerardo Funes

MERCOSUR: Strategic divergences and pragmatic consensus

FOREWORD	4
EXECUTIVE SUMMARY	5
INTRODUCTION	9
CHAPTER 1 • EVOLUTION OF TRADE IN THE MERCOSUR ECONOMIES	11
A. Performance of trade in goods	11
a - The evolution of intra-Mercosur trade in goods	15
b - The evolution of trade in goods with the rest of the world	18
B. Behavior of trade in services	21
C. The dynamics of foreign direct investment (FDI)	22
CHAPTER 2 • THE DEVELOPMENT OF THE INTERNAL AGENDA	25
A. Evolution of the internal market and the common economic and commercial policy	26
a - Functioning of the free trade area in goods	26
b - Tariff aspects	29
c - Regime of origin (ROM)	31
d - Technical Regulations, Conformity Assessment Procedures and sanitary and phytosanitary requirements	32
e - Services	33
f - Automotive	34
g - Sugar sector	35
h - Structural Convergence Fund (FOCEM)	36
i - Digital Agenda	37
j - Green Agenda, Sustainable Development and Energy Policy	39
k - Other items on the economic agenda	40
B. Treatment of institutional aspects	40
a - Forum Productivity Assessment	40
b - Continuation of work related to institutional adequacy	41
c - Work on Dispute Resolution Mechanism	43
C. Other internal agenda items	45
a - Business Forum meetings and dialogue with the Economic Consultative Forum and Social (FCES)	45
b - Consumer protection	45
c - 25 years of the Mercosur Forum for Consultation and Political Concertation (FCCP) and celebration of the Mercosur Social Summit	45
CHAPTER 3 • DEVELOPMENT OF THE EXTERNAL AGENDA	47
A. Regulations on external relations	49
a - The persistence of the debate for “flexibilization”	49
B. Main developments of the external agenda	50
a - Negotiations with Latin America and the Caribbean: administration of the economic complementation agreements and new processes underway	50
b - The extra-regional agenda: concluded agreements (in principle) and negotiations in progress	51
c - The extra-regional agenda: administration and deepening of existing agreements	56
d - Priorities for international cooperation	57
e - Mercosur’s other international positions	58
CHAPTER 4 • BIOTECHNOLOGY IN MERCOSUR	59
A. Policies and initiatives in the industrial biotechnology sector of the Mercosur countries	60
a - Brazil	61
b - Argentina	64
c - Paraguay	66
d - Uruguay	67
B. Trade in products linked to biodiversity and biotechnology in the Mercosur countries	69
C. Towards the development of regional biotechnology in Mercosur	71
a - Biotechnology and bio-inputs in Mercosur	71
b - Mercosur Structural Convergence Fund and biotechnology	73
c - BIOTECSUR and other initiatives	73
D. Recommendations	75
ABBREVIATIONS AND ACRONYMS	77
REFERENCES	79

FOREWORD

When Mercosur had just completed five years of life (1996), from the Institute for the Integration of Latin America and the Caribbean (INTAL), part of the Integration and Trade Sector (INT) of the Inter-American Development Bank (IDB), we published the “Mercosur Report N° 1”. For IDB INTAL, knowing and analyzing that important and incipient Latin American integration process became an urgent need, imbued with the conviction that the bloc was an instrument aimed at generating additional growth and development for member countries and a vehicle for strengthening functional cooperation in various areas of public policy. More than 25 years later—during which there were different stages of advances and setbacks—this conviction, based on the long comparative empirical evidence, is intact. The detailed and exhaustive analysis of this Report (N° 26), in addition to being a sample of this, confirms the long construction of a knowledge agenda within the IDB INTAL on the integration process in the Southern Cone.

The different waves of disruptions/shocks in the functioning of globalization and global economic governance experienced in recent years have further reinforced the need for countries in the region to strengthen political and economic interactions. Regional integration can—and should—contribute to building capacities that reduce the external vulnerability of States Parties and facilitate the path to shared development. Despite some unfinished agendas and inherent tensions, Argentina, Brazil, Uruguay and Paraguay have managed to begin to discuss and build mechanisms on agendas typical of 21st century regionalism, which are linked to the main discussions at the global and multilateral levels. Namely: sustainable development, infrastructure, digitalization and industry 4.0, as well as biotechnology.

Throughout this report, it is evident that Mercosur transcends the logic of a purely economic integration mechanism aimed at shaping a more extensive and, above all, multidimensional integration process. In a global context marked by uncertainty, and in a region where centrifugal forces are noticeable, Mercosur showed resilience and pragmatism, while tensions between members did not hinder the development of joint activities.

For example, in the period between January 2022 and June 2023, Mercosur achieved important advances in *integration software* (such as the update of the Origin Regime) and in *hardware* (conformation of SGT N° 14 of Physical Infrastructure). The approval of a new institutional structure for the bloc’s bodies and the holding of the Mercosur Social Summit are also institutional advances that must be considered, both to advance in greater resource efficiency and also to link integration with the different actors of civil society. On the other hand, in relation to the external agenda, the efforts to deepen and/or modernize the existing agreements (with Chile, Colombia, Peru and Ecuador) and the conclusion of the free trade agreement with Singapore stand out, which is the first agreement that Mercosur signs with a country in the Asian region, today the epicenter of the greatest transformations of the international economy.

The strengthening of regional integration processes and trade policies, based on the development of knowledge, technical assistance and training, is one of the central axes of work of the IDB INTAL. We are aware that Mercosur’s next challenges are multiple and complex. The “old” and unfinished issues are articulated with new emerging demands resulting from the mutations that the member countries and the international context have gone through. The coming times inexorably merit the search for great political consensus, negotiating expertise (for the internal and external agenda), and technical specialization when implementing agreements and policies on many agendas that are in full development and construction. The work ahead is arduous and not easy, but we are convinced that we have to accompany the countries on this journey, where shared profits and global challenges are the horizon to look at.

ANA BASCO
IDB INTAL Director



EXECUTIVE SUMMARY

The period between January 2022 and June 2023 finds a Mercosur seeking to respond to internal and external challenges. In the face of profound changes on the international scene, member countries have expressed a series of shared diagnoses and consensus around the major narratives of regional integration. However, they exhibited difficulties in translating these agreements into operational levels. It should be noted that, although tensions and friction situations emerged between the members, these did not hinder the development of joint activities. The period analyzed here has shown some results to strengthen integration and renew the importance of the regional project. Mercosur expands the scope of regional integration, with a rich agenda of technical, political and social cooperation; but that construction is done without having consolidated the foundational economic integration, related to trade flows.

The agenda embodied in the three semesters mentioned in this report can be ordered in three levels: a first core of traditional topics of the free trade area and customs union of difficult resolution and high conflict between the parties, where the most outstanding fact is the updating of the Mercosur Origin Regime; a second core of topics related to the modernization of disciplines that retains a gradual, incremental and sustained pace, and that is reflected in new instruments -many of these nourished by the regional and multilateral external agenda-, such as the digital agenda; and a third set of topics, the result of the emerging global and also local agenda, that drive Mercosur to redefine its scope and modes of cooperation, innovating on what regional integration is (differentiating its path from that of European or Asian regional integration). Among the latter, the importance given by the bloc to coordinating policies on infrastructure is considered, as well as the relaunch of the Mercosur Social Summit and the strengthening of the Political Mercosur. At the institutional level, there has been continuity in the effort to adjust internal bodies and mechanisms to the times and modalities required by public policies in a much more dynamic and volatile context than that of the 1990s.

EVOLUTION OF TRADE IN THE MERCOSUR ECONOMIES

During 2022, Mercosur continued the recovery of trade and investment flows, which grew at a rate above the world average. In terms of goods, exports totaled US\$443,713.5 million thanks to a 17% growth compared to the previous year, thus registering an all-time record in current values. The greatest variations were observed in sales in Argentina, Brazil, and Uruguay. The increase in demand from the European Union (EU), Asia, the United States (USA) and the rest of the Americas, and the performance of the prices of the main exports contributed to these results. In the first four months of 2023, goods trade showed a slightly lower trend, with exports falling 3% compared to the same period in 2022, and 2% in the case of imports.

Intra-Mercosur trade reached US\$45,808 million in 2022, representing an increase of 13% compared to 2021. Manufacture of industrial origin is predominant in these exchanges. Beyond this performance, intra-zone trade continued its downward trend in its share of the bloc's total trade. Intra-zone exports, which in 2021 represented 10.7% of the partners' total sales, in 2022 accounted for 10.3%. In this sense, the evolution in external markets was more dynamic than intra-zone exchanges. As a result, Mercosur accounts for 6.5% of Brazil's exports, while in Argentina's case it accounts for 17.6%. In the case of Uruguay, it represents 24.3%, and 58.2% for Paraguay.

With regard to services, in 2022 the exchange values of the pre-pandemic period (2019) were exceeded, with exports totaling US\$60,970 million (32% higher than those of the previous period), and imports for US\$107,650 million (43% annual growth).

Foreign direct investment (FDI) received by bloc countries during 2022 exceeded US\$107 billion, registering a 74% yearly increase. Brazil has led this dynamic, representing more than 80% of the investment flows received by the region in the last year.

THE DEVELOPMENT OF THE INTERNAL AGENDA

Between January 2022 and June 2023, Mercosur carried out a broad agenda of topics, which it was able to properly manage and allowed progress in a large number of subjects. This agenda confirms the hybrid and complex nature of the bloc, where economic concerns coexist with a large branch of political and social issues. Regional integration expands the figure of the expanded market to address the cooperation and coordination of various public policies that unite member countries.

In that sense, the balance of these three semesters can be divided as follows:

i. Free Trade Area and Common External Tariff

At the core of the topics related to the free trade area operation and the common external tariff (CET), Mercosur kept its attention—and tension—high during the first half of 2022, until it adopted the Dec. CMC 8/22 with a 10% discount on the CET. Then, it was Uruguay that continued with the proposals, mainly referring to non-tariff restrictions that harm the countries with smaller economies in the bloc; however, the intensity and frequency of quadripartite discussions decreased. Brazil, at the same time, lowered its level of ambition at the regional level.

However, the persistence of disagreements on these issues—added to those related to flexibility in external negotiations—was the main reason for the lack of subscription of Joint Statements of the presidents of the Mercosur parties throughout the period analyzed in this report.

The sectors excluded from the customs union (automotive and sugar) were included in the quadripartite work. Although no concrete results were achieved, the willingness of her treatment represents a positive sign compared to the paralysis of other times.

ii. Other topics on the trade economic agenda

On other issues on the bloc's commercial economic agenda, referring to discipline modernization (origin, progress in the negotiation of new commitments in the field of services), technical negotiations (technical regulations, conformity assessment procedures, sanitary and phytosanitary requirements) and the use of administration and consultation mechanisms (specific actions in the tariff area, consultations in the Trade Commission -CCM-), the Party States were able to agree on concrete progress, and even signing the new Mercosur Origin Regime that was under negotiation since 2019.

Regarding the FOCEM, Argentina and Brazil paid the due contributions, indicating a greater commitment to that Mercosur instrument, which would augur better prospects for the validity of the second stage of the Fund approved in 2015.

The institutional matters followed the course set forth in 2019, aimed at the modernization and greater efficiency of the institutional structure. Among other aspects, the approval of a new structure was finalized, with a redistribution of resources from the Mercosur Secretariat, the FOCEM Technical Unit, the Secretariat of the Permanent Court of Review (TPR), the Mercosur Social Institute and the Institute of Public Policies on Human Rights.

It was also important to address new issues on the international agenda (digital agenda, gender, sustainability, green agenda, energy, infrastructure, among others). This was reflected both in the working groups of Mercosur, as well as in its external agenda and positioning in international forums.

iii. Political-social agenda items

The internal agenda of this period also highlighted the interest of member countries in deepening the dialogue mechanisms of the so-called “Political Mercosur”. Issues such as migration, culture, security, health, justice and human rights, were recurrent material in the plans of the different pro tempore presidencies, some of them even being reflected in institutionalized mechanisms and agreements.

The celebration of the Mercosur Social Summit, the Business Forum meetings and the rich agenda of meetings on emerging issues that took place during these three semesters stand out.

In short, the lack of consensus on the central economic issues of the customs union was not an impediment to working constructively on a broad internal issues agenda, which help to strengthen shared interests in the region and its international projection.

THE DEVELOPMENT OF THE EXTERNAL AGENDA

Between January 2022 and July 2023, Mercosur’s external agenda has included almost a dozen active negotiations with both Latin American countries and partners from outside the region. Based on the actions and priorities set out in the Group on External Relations (GRELEX), and through a system of national coordination, in this period Mercosur has developed negotiations for achieving a free trade agreement with Latin American and extra-zone countries; has concluded negotiations with Singapore; continued technical work on agreements in principle with the EU and EFTA, and has sought to deepen and/or modernize existing agreements. In the successive PPTs, the agendas were prioritized according to the possibilities of obtaining concrete results, taking into account the progress of the ongoing tasks and the counterparts’ receptivity.

The divergent interpretations that members expressed regarding Dec. CMC 32/00 and the debate on increasing the flexibility of the Customs Union did not prevent the parties from maintaining multiple negotiation fronts and asserting positions on various topics in the international agenda. The external agenda was resilient to these tensions.

At the regional level, the external agenda of Mercosur during the period had three simultaneous dynamics: efforts were made to deepen and/or modernize the existing agreements with Chile, Colombia, Peru and Ecuador; meetings were held for agreement administering, and negotiations started for concluding a new free trade agreements with the Dominican Republic and El Salvador. In 2023, in addition, the Argentine PPT gave impetus to the process of Bolivia’s entry into Mercosur.

Concluding negotiations with Singapore was the highlight. The agreement consists of 19 chapters and can be considered as a deep trade agreement. The chapters regarding technical regulations and services, investments and movement of people are some of the highlights. This agreement “in principle” is in addition to those that the bloc has already reached with the European Union and EFTA.

It should be noted that, despite the intensity of the agenda of meetings between both parties, the final stage negotiations of the Mercosur-European Union agreement remained blocked. Brussels introduced an additional instrument attached to the free trade agreement (“Joint Instrument on Sustainability”) that met resistance from Mercosur. The countries of the South American bloc were also skeptical of the new European industrial and environmental policy measures. Finally, the electoral processes that took place in the States Parties promoted revisionist views on some aspects of the aforementioned “agreement in principle” of 2019.

Negotiations for free trade agreements with the Republic of Korea, Canada, Indonesia and Lebanon showed little progress. For their part, other countries have expressed interest in Mercosur. With some, instances of exploratory dialogues have even been established. Vietnam,

the Eurasian Economic Union, Nigeria, Tunisia, Morocco, the African Union, Turkey, Georgia, Syria, Bangladesh, Malaysia, Japan and the United Arab Emirates are identified as potential “new fronts”.

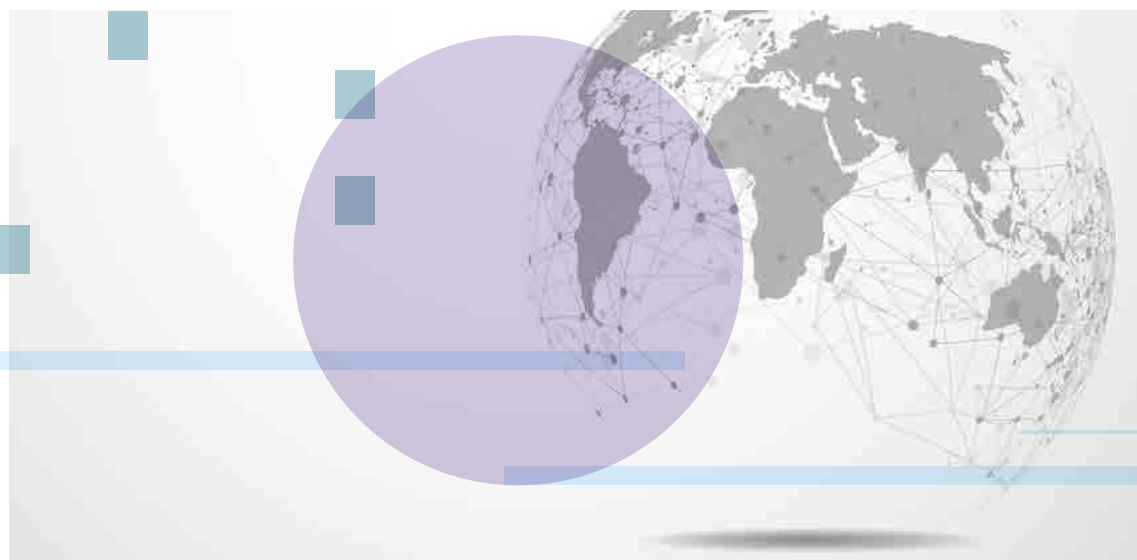
In terms of market access, it should be noted that, as a result of the acquis of existing agreements, 14% of extra-regional exports already have some type of preference regarding external markets. The agreements with negotiations already concluded would add preferential treatment for 22% of the bloc’s goods exports, taking this indicator up to 36,4%. If all the open fronts are finalized, the trade package addressed by the external agenda could reach 45.2% of Mercosur’s total exports and 33.3% of imports.

In addition to trade negotiations, Mercosur countries jointly developed international cooperation actions and took a position as a bloc on issues that are high on the global agenda, such as food security, the regulation of agricultural trade, migration, culture, the validity of principles such as multilateralism, the role of international organizations, respect for international law, the protection of human rights and Argentina’s claim to sovereignty over the Malvinas Islands. On balance, the Mercosur member states have ratified their membership of the bloc and reiterated their conviction that regional integration is the preferred mechanism to overcome the insertion challenges in the world and bet on joint development.

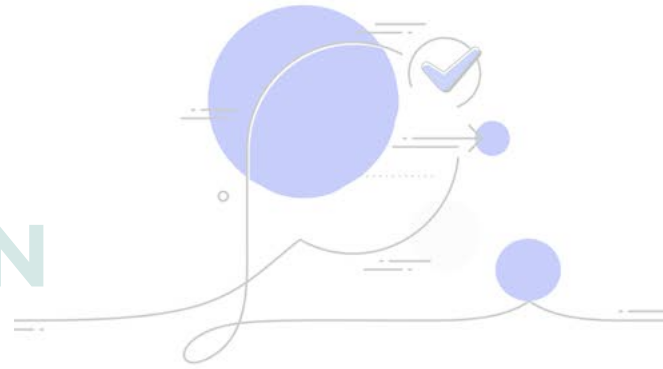
THE POTENTIAL OF BIOTECHNOLOGY IN MERCOSUR

Mercosur countries show a huge material base and great potential for biotechnology, as a key tool in economic development, to contribute to adding value to the exports of the bloc’s goods. Some of the sectors in which this phenomenon is already clearly evident are agriculture and pharmaceuticals. In the four countries, public policies with the aim of enhancing biotechnological-based developments can be identified. Brazil and Paraguay have policies to promote biotechnology focused on specific sectors: the first targets the human health, agriculture, industry and the environment areas, and the second covers agricultural and forestry production, with emphasis on the production of genetically modified organisms and biosecurity. Uruguay and Argentina, for their part, have a comprehensive policy to provide benefits to all projects that develop some application of modern biotechnology.

The institutional design of Mercosur reveals the approach of a biotechnological agenda within the scope of Working Subgroup No. 8 -Agriculture-. The focus has been on monitoring the impact of developments in genetically modified organisms and issues related to biosafety. In turn, funds from the FOCEM have been injected into the project “Research, Education and Biotechnology Applied to Health” (BIOTECSUR), which constitutes an important precedent in the link between this key tool of the bloc with the biotechnology sector. The integration process faces the great challenge of being able to move towards regulatory convergence so that the biotechnology sector can increase its scale and productive efficiency, both regionally and globally.



INTRODUCTION



When Paraguay assumed the Mercosur Pro Tempore Presidency (PPT) in December 2021, few imagined that the post-pandemic scenario would once again be marked by a new wave of disruptions in the mechanisms of globalization and global economic governance. Instead of the promised economic recovery and normalization of global value chains, the war in Ukraine added new components to a highly convulsive international scenario. Food and energy prices registered historic peaks and high volatility, which contributed to the underlying inflationary process. Competition between the United States and China, the new industrialism in developed countries, as well as concerns and new measures for the energy transition and the imperative of climate change completed the picture. This evaluation of the state of Mercosur takes place within this context.

The period between January 2022 and June 2023 finds a resilient and pragmatic Mercosur. The processes highlighted in this report show that the tensions between the members did not hinder the development of joint activities (even managing to secure some new agreements) in multiple dimensions. The AEC reduction, the normalization of payments to the FOCEM, the conclusion of the Mercosur origin system modernization process, the completion of the free trade agreement negotiations with Singapore, the approval of a new institutional structure for the bloc's institutions and the Mercosur Social Summit stand out as highlights. At the same time, the prolongation in time of the tensions needs to be mentioned—especially between Uruguay and the major partners—regarding the functioning of the free trade area and the persistence of obstacles to trade, as well as the divergence of opinions regarding the external agenda's speed and orientation.

This balance expresses the confluence of pending technical issues, but also political ones, resulting from the remaining sensitivities of the first stage of the bloc's history. These “old” issues are articulated with emerging demands resulting from the changes that member states and the international context have gone through in recent years. For example, the members of Mercosur face a differentiated insertion between the intra-regional market and the extra-regional market, with a different evolution of the flows of goods and services and basket composition for each case. The policies generated within the framework of the bloc must give rise to instruments that respond to this market and product diversity, with the complexity that the interests of the productive sectors and the political-strategic priorities of the members in these two spheres do not necessarily overlap. There is no unified set of interests on trade policy either within or between member countries. It is, in fact, the bidding between these visions that explains part of the Mercosur problem, while other elements that justify the resilience and permanence of the bloc converge. The meaning of Mercosur is in dispute, in a process of transformation, which means that in some agendas it is difficult to foresee immediate outlets.

Thus, the integration process is driven by the spasmodic efforts of the successive PPTs and a complex network of agendas embedded in the institutional structure that guarantee a certain inertia. It should be noted that in 2022 there were no face-to-face meetings between the presidents of Brazil and Argentina, and in fact, the Mercosur summits of that year took place without the participation of all the presidents. Only in July 2023, with the change of government at the Planalto Palace since the beginning of the year, the leaders of Argentina, Brazil, Paraguay and Uruguay, together with the associated States, met face to face again.

Mercosur brings together a firm call for collective action, a series of shared diagnoses and consensus around the major narratives, but faces difficulties in translating these agreements into operational levels. The challenge is to move from the surface to the bottom. As an example, even if the member states agree on the need to “modernize” the bloc, each understands that this process involves divergent and even opposite components. Modernization has been

understood as an expansion of the regulatory *acquis* to emerging issues in international trade, as well as the simplification of regulations—especially with regard to exceptions and exhaust valves—. At the same time, it has also meant the institutional reform of the bloc and/or the reorientation of the external agenda as well as the proposal to carry it forward through new formats closer to a free trade area. These divergences imply difficulties in identifying the priority issues, rhythms and orientations in specific agendas that stress the scope of the objectives defined in the Treaty of Asunción or that introduce divergent interpretations related to the agreements made there.

Following this last vein, something confirmed in this Report is that Mercosur departs from the logic of an economic integration mechanism in the strict sense, aiming at the formation of a more extensive and, above all, multidimensional integration process. However, paradoxically, this expansion towards other agendas and mechanisms of technical, political and social cooperation has been motivated by an attempt to “escape” or “overcome” blockades on the fundamental issues of economic integration. Both in terms of the generation of common regulatory mechanisms and in their application and compliance. That is, Mercosur expands the scope of regional integration with a rich agenda of technical, political and social cooperation, but that construction takes place without having a consolidated foundational economic integration, related to trade flows.

Another problem that arises is the scope of such a flexible approach. Mercosur seems to be part of the entire public policy agenda for the members. However, not in all dimensions does it have the capacities needed to be an effective aid. Even if the States Parties renew their common identity, the limits of what Mercosur is and what it is not, or how far Mercosur effectively guides national decisions, are blurred. Within the framework of these complexities, between January 2022 and June 2023 Mercosur has shown some results looking to strengthen integration and renew the importance of the regional project. The agenda of the three analyzed semesters can be ordered in three levels: a first core of traditional issues of the free trade area and customs union of difficult resolution and high conflict between the parties, where the most prominent fact is updating the Mercosur Origin Regime; a second core of issues related to discipline modernization, which retains a gradual, incremental and sustained pace, and is reflected in new instruments—many of these nourished by the regional and multilateral external agenda—, such as digital agenda or services; and a third set of issues, resulting from the emerging global and also local agenda, that drive Mercosur to redefine its scope and modes of cooperation, innovating on what regional integration is (differentiating its path from that of European or Asian regional integration). Among the latter is the importance given by the bloc to coordinating policies on infrastructure, the relaunch of the Mercosur Social Summit and the strengthening of the Political Mercosur. At the institutional level, there has been continuity in the effort to adjust internal bodies and mechanisms to the times and modalities required by public policies in a much more dynamic and volatile context than that of the 1990s. Together, the Mercosur institutions have contributed to the resilience and continuity of the bloc, granting some degree of inertia on the agenda.

Following this introduction, the Report analyzes the evolution of trade and investment flows in the bloc (Chapter 1). The analysis of the development of the internal agenda is detailed below, covering the issues of the free trade area and the bloc’s trade policy, institutional aspects and the social policy agenda (Chapter 2). Chapter 3 presents the evolution of Mercosur’s external agenda in the analyzed period. Negotiations with both intra-regional and extra-regional partners are included, as well as the update on international cooperation priorities and joint positioning in international forums. Finally, Chapter 4 explores Mercosur’s progress on one of the subjects we evaluate presents the greatest potential for the region, which is biotechnology.

CHAPTER 1



EVOLUTION OF TRADE IN THE MERCOSUR ECONOMIES

During 2022, Mercosur continued to recover trade and investment flows, which grew at a rate above the world average, in a process that had begun in 2021 after the crisis generated by the situation derived from the Covid-19 pandemic.

In terms of goods, exports totalled US\$443,713.5 million thanks to a 17% growth compared to the previous year, thus registering an all-time record in current values. The greatest variations were observed in sales in Argentina, Brazil and Uruguay. Paraguay was the only country to suffer a 6% drop, as a result of a severe drought that significantly reduced some of its agricultural exports. This dynamism was observed both intra-Mercosur and with extra-regional partners, where the increase in placements to non-traditional partners such as Asia (excluding China), the Middle East and Africa stands out. Imports rose 25% to reach a peak of US\$380,739.6 million over 12 months, with growth in all States Parties.

In this way, we arrive at the 2019-2022 quadrennium with an average 9% annual growth rate of exports. In the first four months of 2023, goods trade showed a slightly lower trend, with exports falling 3% compared to the same period in 2022, and 2% in the case of imports.

Regarding services, in 2022 the exchange values of the pre-pandemic period (2019) were exceeded, with exports totaling US\$60,970 million (32% higher than those of the previous period), and imports for US\$107,650 million (43% annual growth).

Foreign direct investment (FDI) received by bloc countries during 2022 reached US\$107 billion, registering a 74% yearly increase. The behavior of these economic flows is presented in greater detail below.

A · PERFORMANCE OF TRADE IN GOODS

During 2022, Mercosur's trade in goods was more dynamic than what the overall world trade recorded, both in terms of exports and imports. As a result, the bloc's share of global trade flows increased slightly. Mercosur's foreign sales for the last year reached US\$443,713.5 million, a figure 17.2% higher than the 2021 figures, thus reflecting a 50% greater increase than exports worldwide (Table N° 1). With this value, a historical record was reached in current terms (Table N° 1), remaining only 4% below the 2011 peak measured in constant dollars¹.

Brazil's exports showed the highest growth rate, at 19.1% compared to 2021. In the cases of Argentina and Uruguay, their foreign sales grew 13.5% and 17.2%, respectively. Meanwhile, Paraguay showed a 5.9% drop in its exports in 2022 compared to the previous year, mainly explained by a strong drought that implied a decrease in the exportable balances of its agricultural products².

1 · For an estimate of the constant values, the annual series in current dollars was deflated by the US inflation index.

2 · The soybean complex, which accounted for more than 40% of Paraguayan sales in 2021, fell by almost half in 2022. For 2023, the data for the first quarter show a 50% recovery in relation to the depressed values of the previous year.

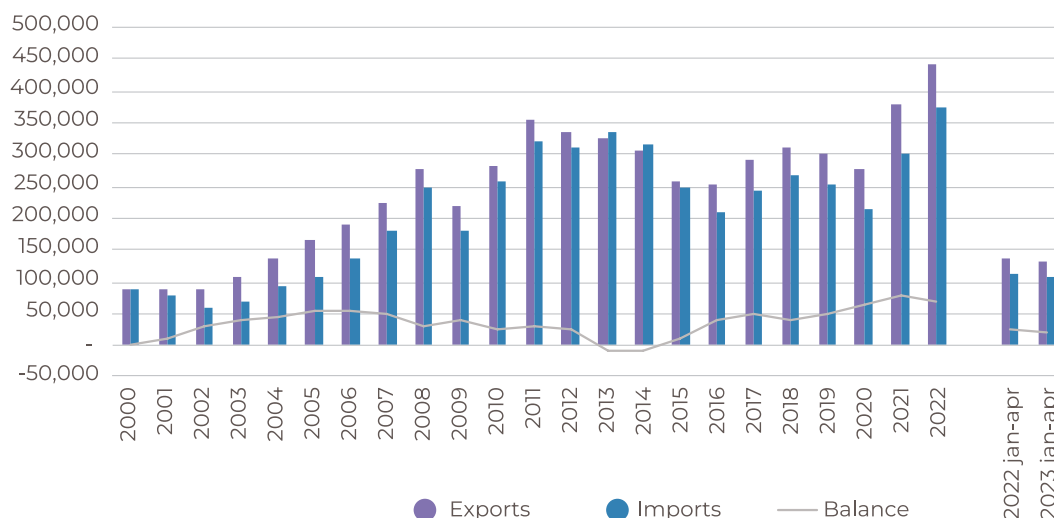
Table N° 1
Total Mercosur and world trade.
In US\$ millions and annual variation in %.

COUNTRIES	EXPORTS				IMPORTS				TRADE BALANCE	
	VALUE		VARIATION		VALUE		VARIATION		VALUE	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
ARGENTINA	77,934.0	88,445.7	42.0%	13.5%	63,184.0	81,522.7	49.2%	29.0%	14,750.0	6,923.0
BRAZIL	280,633.0	334,136.0	34.2%	19.1%	219,409.0	272,610.7	38.2%	24.2%	61,224.0	61,525.3
PARAGUAY	10,575.0	9,948.3	23.8%	-5.9%	12,525.5	14,587.2	43.0%	16.5%	-1,950.5	-4,638.9
URUGUAY	9,540.7	11,183.5	41.6%	1.2%	9,488.0	12,019.0	28.8%	26.7%	52.7	-835.5
MERCOSUR	378,682.7	443,713.5	35.6%	17.2%	304,606.5	380,739.6	40.2%	25.0%	74,076.2	62,974.0
WORLD TRADE	22,343,840.0	24,904,489.0	26.6%	11.5%	22,620,211.0	25,621,162.0	26.5%	13.3%	N/A	N/A
Mercosur participation over the world	1.7%	1.8%	N/A		1.3%	1.5%	N/A			

Note: N/A: not applicable.

Source: Own elaboration based on national institutes of statistics from the States Parties, Mercosur Foreign Trade Statistics System (SECEM) and World Bank.

Chart N° 1
Mercosur foreign trade in goods.
In US\$ millions.



Source: Own elaboration based on data from the national statistical institutes of the States Parties and SECEM.

Although the region's export dynamics during 2022 were significantly lower than in 2021 (17% and 36%, respectively), trade had already suffered a significant drop in 2020, with the consequent impact on statistics. A vision of the 2019-2022 four-year period allows us to conclude, however, that it was a very positive period, with a 9% annual growth rate—in comparison with

2018, the immediately preceding year—, well above the averages of the previous four-year periods, and with a proportionately greater sales increase to Asia³, the Middle East, the rest of South America and Africa⁴ (Table N° 2).

Table N° 2
Average annual growth rate of Mercosur exports.

PERIOD	MERCOSUR	SOUTH AMERICA*	EU	CHINA	USA	AFRICA**	ASIA***	MIDDLE EAST	WORLD
2011-2014	-1%	0%	-1%	6%	8%	3%	7%	1%	2%
2015-2018	-4%	-6%	-4%	7%	3%	-6%	-3%	-4%	-1%
2019-2022	2%	12%	9%	9%	8%	11%	16%	14%	9%

Note: *except Mercosur; **does not include Middle East; ***does not include Middle East or China
Source: Own elaboration based on data from the national statistical institutes of the States Parties and SECEM

Regarding imports, in 2022 they reached US\$380,739.6 million, 25% higher than during 2021, reflecting a higher dynamic than the world average (which grew 13%). This is an annual historical record in terms of current dollars (Table N° 1), while in constant values it is 10% lower than the 2013 peak. In this case, all partners made purchases greater than those of 2021. The most important variations were observed in Argentina (29%), followed by Uruguay (26.7%), Brazil (24.2%) and Paraguay (16.5%). The average for the 2019-2022 quadrennium reflects an average annual growth of 9%, with a significant dynamism of purchases from the Middle East, China and the USA. (Table N° 3).

Table N° 3
Average annual growth rate of Mercosur imports.

PERIOD	MERCOSUR	SOUTH AMERICA*	EU	CHINA	USA	AFRICA**	ASIA***	MIDDLE EAST	WORLD
2011-2014	-2%	9%	5%	9%	8%	12%	3%	16%	5%
2015-2018	-1%	-8%	-4%	0%	-2%	-19%	-5%	-8%	-4%
2019-2022	3%	7%	4%	12%	11%	7%	7%	26%	9%

Note: *except Mercosur; **does not include Middle East; ***does not include Middle East or China.
Source: Own elaboration based on data from the national statistical institutes of the States Parties and SECEM.

Mercosur's trade balance showed a positive result of US\$62,974.0 million for 2022, 15% lower than the previous year. For the first quarter of 2023, trade figures are slightly lower than those recorded in the same period of the previous year, with a 3% drop in exports and 2% in imports, showing a positive balance but 4% lower than what was recorded in January-April 2022.

A more detailed analysis of export flows allows us to affirm that the 2022 positive dynamics were influenced by various elements. Among them, it is worth mentioning the increase in demand from the EU, Asia⁵, the USA and the rest of the Americas—in China there was a slight increase in demand, partly explained by the “zero Covid” measures adopted given a new wave of the virus—. The price performance of the main export products also contributed to the increase in marketed values (Chart N° 2). Indeed, the upward trend that accelerated towards the end of 2021 as a result of the post-pandemic recovery (IDB INTAL, 2022), was accentuated by the effects of Russia's invasion of Ukraine until mid-2022, reaching historical maximum values for oil, vegetable and dairy oils, and with a recovery in the prices of cereals and meats, and improvements in iron ore—which, however, did not compensate for the fall suffered in

3 · Excluding China and the Middle East.

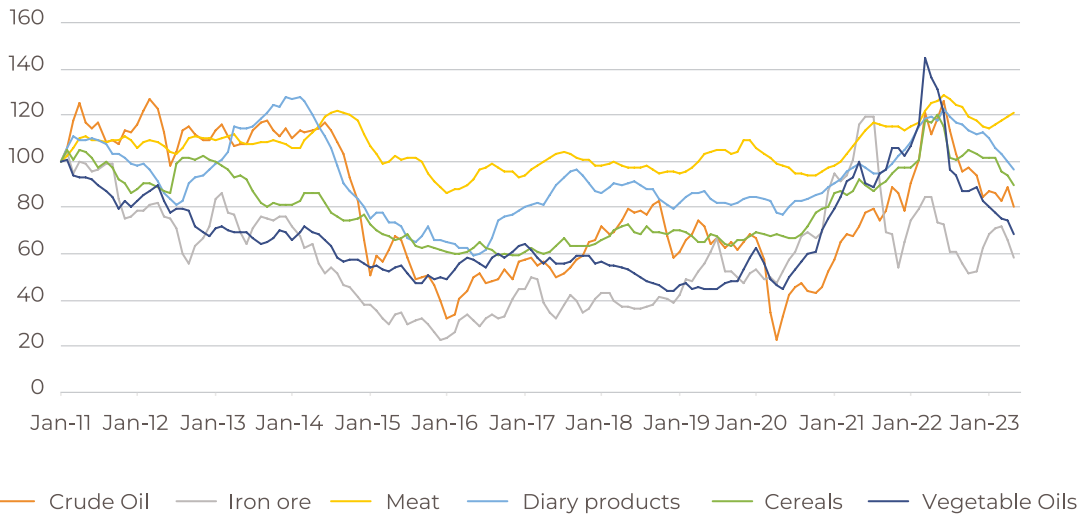
4 · Excluding the Middle East.

5 · Excluding China and the Middle East.

2021. In the second half of 2022, prices became more volatile and with a downward trend that continued during the first months of 2023. In the future, rates are estimated to remain relatively stable at current values (IDB, 2023). Inflation in the main economies of the world and the monetary policy measures adopted to contain it, as well as the appreciation of the dollar in the United States, add elements that explain the export performance.

Chart N° 2

International prices of the main commodities exported by Mercosur. Base rate 2011=100

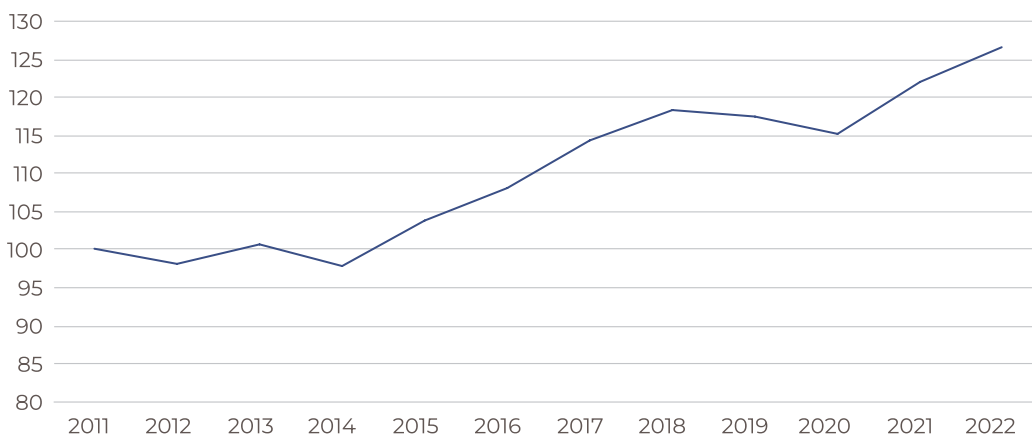


Source: Own elaboration based on the World Bank and FAO.

Faced with price great volatility, it is paramount to analyze the dynamics of the exported quantities⁶ rates (Chart N° 3). Since 2011, these had remained relatively stable in the first four years, to later start an upwards trend, which only got interrupted in 2019 and 2020. It should be noted that in 2022 the bloc's sales increased by 27% in terms of quantity compared to 2011, led mainly by Brazil—which recorded a 37% growth in quantities sold. Uruguay had a small increase (2%) in this period, while Argentina's and Paraguay's merchandise quantity placed abroad decreased in the last year compared to the base year of this analysis (practically 8% and 11%, respectively).

Chart N° 3

Dynamics of Mercosur exports volume. Index 2011=100.

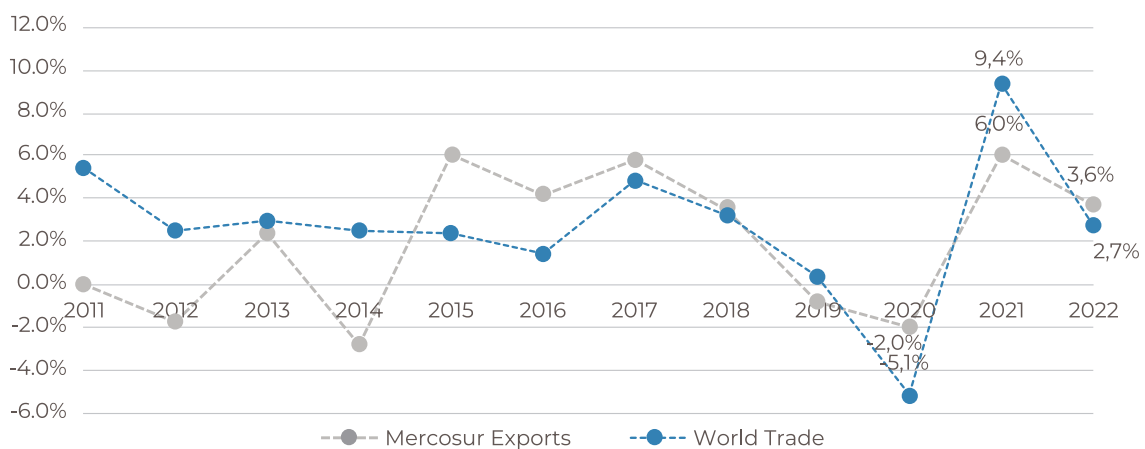


Source: Own elaboration based on national institutes of statistics of the States Parties.

6: For the analysis of the bloc's dynamics, Mercosur's quantity index was constructed from the national indices of its States Parties, weighting them according to their annual share in the total exports of the bloc.

The comparison of the sales volume behavior of the bloc's and global trade (Chart N° 4) allows us to affirm that, in recent years, the dynamics of the quantities exported by Mercosur showed less variability than those marketed worldwide, for which the lower income elasticity of sales in the region has played an important role, with a high predominance of primary products and manufactures of agricultural origin. Indeed, while in 2020 the bloc's exports decreased by 2% in terms of volume compared to 2019, world trade fell by 5%. Mercosur and the world, respectively, saw a 6% and 9.4% increase in volume in 2021. Meanwhile, during 2022 the dynamism decreased—although it remained positive—, as there was a 3.6% increase in the quantities sold by the region, which was higher than the 2.7% rate corresponding to the volumes traded worldwide.

Chart N° 4
Evolution of Mercosur and global exports volume.
Annual variation rates



Source: Own elaboration based on the World Bank, WTO, national statistical institutes and the States Parties Central Banks.

a- Evolution of intra-Mercosur trade in goods

Intra-Mercosur trade reached US\$45,808 million in 2022 (Table N° 4), which represents a 13% increase compared to 2021 (Table N° 5). To find a higher amount of exports in terms of current dollars it would be necessary to go back to 2013. This growth was led by Brazil, whose sales to the region grew 28%, followed by Uruguay, which experienced a 12% variation. In the Argentine case, exports to the USA increased by 6% while Paraguay recorded an 11% drop in placements to the region.

Table N°4
Intra-Mercosur exports
In US\$ millions.

	COUNTRIES	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
EXPORTERS	ARGENTINA	N/A	N/A	11,777	12,638	1,286	1,322	1,491	1,573	14,554	15,533
	BRAZIL	11,879	15,345	N/A	N/A	3,041	3,519	2,070	2,900	16,990	21,764
	PARAGUAY	2,752	1,917	3,554	3,667	N/A	N/A	171	203	6,477	5,786
	URUGUAY	490	905	1,815	1,676	134	145	N/A	N/A	2,439	2,725
	MERCOSUR	15,121	18,166	17,146	17,980	4,461	4,986	3,732	4,676	40,460	45,808

Note: N/A: not applicable.

Source: Own elaboration based on national statistical institutes of the State Parties and SECEM.

Table N°5
Intra-Mercosur exports
Annual variation rate.

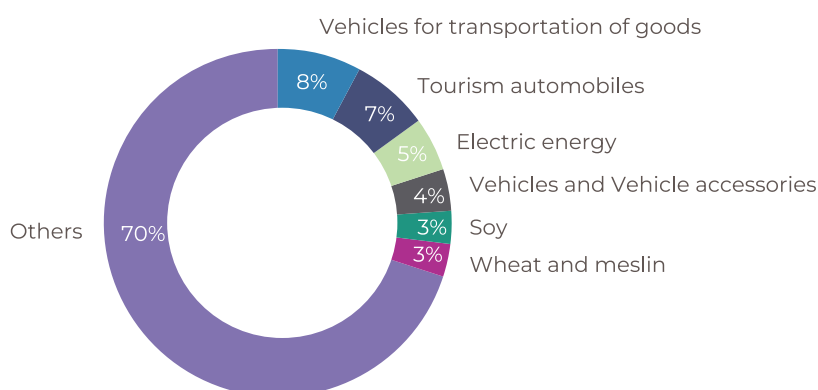
	COUNTRIES	ARGENTINA		BRAZIL		PARAGUAY		URUGUAY		MERCOSUR	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
EXPORTERS	ARGENTINA	N/A	N/A	48%	7%	47%	3%	42%	6%	48%	6%
	BRAZIL	40%	29%	N/A	N/A	41%	16%	18%	40%	37%	28%
	PARAGUAY	30%	-30%	18%	3%	N/A	N/A	64%	18%	23%	-11%
	URUGUAY	65%	85%	64%	-8%	17%	8%	N/A	N/A	60%	12%
	MERCOSUR	39%	20%	42%	5%	42%	12%	28%	25%	40%	13%

Note: N/A: not applicable.

Source: Own elaboration based on national statistical institutes of the State Parties and SECEM.

The products commercialized within Mercosur continue to reflect the preponderance of manufactures of industrial origin. In this sense, the main goods are: vehicles for transportation of goods, tourism automobiles, electrical energy, and vehicle parts and accessories (Chart No. 5). In this regard, of the six products that account for 30% of intra-zone exchange, three correspond to the automotive sector and their trade is governed by bilateral agreements, mainly through Economic Complementation Agreement N° 14 (ACE N° 14) of the Latin American Integration Association (ALADI) between Argentina and Brazil. The electricity trade is explained by the generation of the Itaipú, Yacyretá and Salto Grande dams, whose volumes and prices are stipulated by the bilateral agreements corresponding to each of them, with Paraguay being the main exporter. Regarding soybeans, it is mainly a Paraguayan product that is mainly aimed at Argentina⁷ and, to a lesser extent, Brazil. And as for wheat and meslin, they are mainly explained by Argentine exports to Brazil.

Chart N° 5
Main products exported among Mercosur partners in 2022.



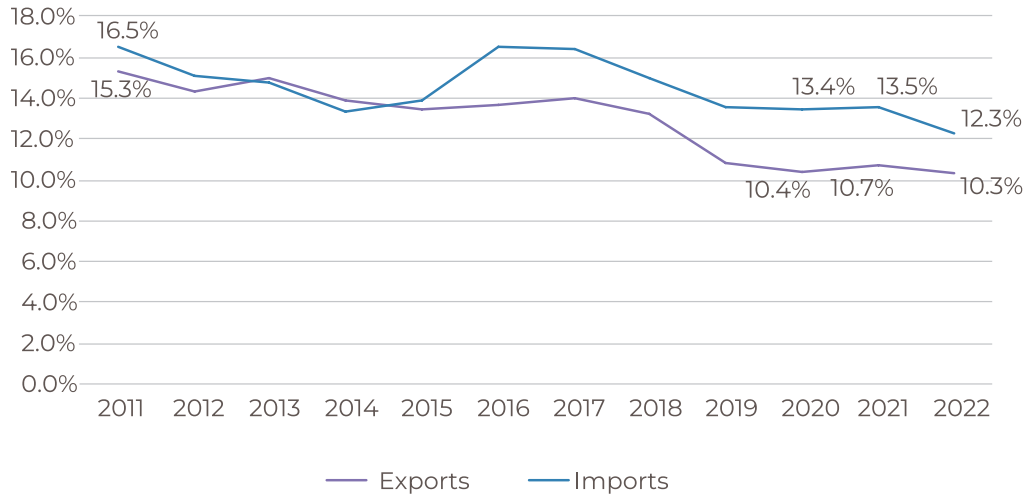
Source: Own elaboration based on national statistical institutes of the State Parties and SECEM

Beyond this performance, intra-zone trade continued its downward trend in its share of the bloc's total trade. Intra-zone exports went from representing 10.7% of the partners' total sales during 2021 to 10.3% in 2022. Regarding imports, while in 2021 13.5% of purchases originated in the region, during 2022 that number rose to 12.3% (Chart No. 6).

⁷ These are mainly imports that enter under the temporary admission regime for in-country processing and subsequent export.

Chart N° 6

Participation of intra-zone trade in the total trade of Mercosur.

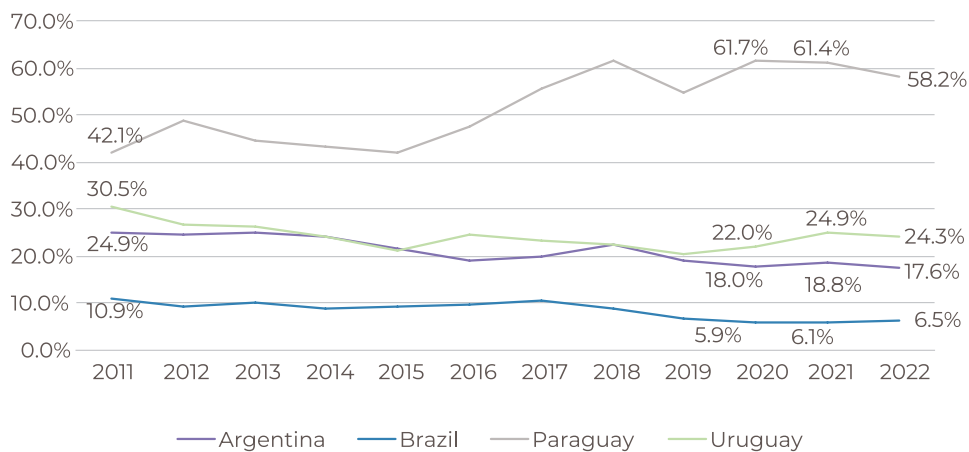


Source: Own elaboration based on national statistical institutes of the State Parties and SECEM

This general behavior is repeated for every partner, except in the case of Brazil, for which intra-zone trade had a very slight rebound (0.4 percentage points) during 2022 (Chart N° 7). However, in a medium-term perspective, we note that since 2011 the relevance of Mercosur for Brazil's exports fell by 40%, while the decrease was substantially lower in the case of Argentina and Uruguay (for whom the bloc represents the destination of between 18% and 24% of their sales, respectively). For Paraguay, the relevance of the region as a source of demand for its products increased (in 2022, more than 58% of its exports went to Mercosur, highly concentrated in electricity, soybeans and corn).

Chart N° 7

Relevance of Mercosur as a destination for the exports of its partners. As % of each country's total exports.



Source: Own elaboration based on national statistical institutes of the State Parties and SECEM.

A comparison between 2011 and 2022 shows that, of the 98 tariff nomenclature chapters, 59 of them produced reductions in terms of current dollars. The main drops are concentrated in two chapters: 87, corresponding to motor vehicles, tractors, their parts and accessories and

27- Fuels. On the other hand, the chapter that grew the most was 12-Seeds and oleaginous fruits. However, it is important to make it clear that the Trade Intensity Index (TII)⁸ reflects, for all partners, that their trade flow with Mercosur is much higher than expected depending on the importance of each of the States Parties in world trade (Table N° 6).

Table N° 6
Trade Intensity Index

YEAR	ARGENTINA	BRAZIL	PARAGUAY	URUGUAY
2011	14,1	6,2	23,8	17,3
2021	13,7	4,4	44,8	17,3
2022	11,5	4,3	38,0	15,8

Source: Own elaboration based on SECEM and OMC.

b- The evolution of trade in goods with the rest of the world

In 2022, Mercosur countries' exports to the rest of the world amounted to US\$397,944.9 million, 17.5% higher than those recorded in 2021 (Table N° 7) and a historical record in current dollars, while they occupied the second place in constant terms, 11% below the peak of 2011. All destinations saw an increase in sales.

Table N° 7
Mercosur Trade with the rest of the world.
In US\$ millions and annual variation in %.

COUNTRIES	EXPORTS				IMPORTS			
	VALUE		VARIATION		VALUE		VARIATION	
	2021	2022	2021	2022	2021	2022	2021	2022
EXTRA ZONE	338,817.3	397,944.9	35.1%	17.5%	260,100.5	319,376.7	40.0%	22.8%
USA	36,823.1	44,971.6	44.8%	22,1%	46,687.3	64,207.3	39.6%	37.5%
EU	47,606.2	62,928.3	35.2%	32.2%	49,252.7	57,215.3	28.7%	16.2%
China	96,692.7	100,069.1	29.9%	3.5%	65,438.3	82,905.2	38,6%	25.7%
South America*	27,343.8	34,355.9	58.5%	25.6%	12,113.8	15,674.3	40.7%	29.4%
Africa**	15,756.6	19,382.6	27.5%	23.0%	8,486.1	10,711,0	82.5%	26.2%
Asia***	58,734.1	67,805.9	38.9%	15.4%	39,469.3	43,791.0	35.1%	10.9%
Middle East	16,952.4	22,183.5	38.7%	3.9%	9,139.7	16,301.4	83.9%	78.4%
Rest of the world	38,908.5	46,247.9	24.6%	18.9%	29,513.2	38,571.2	43.5%	30.7%

Note: *except Mercosur; **does not include the Middle East; *** does not include the Middle East or China.

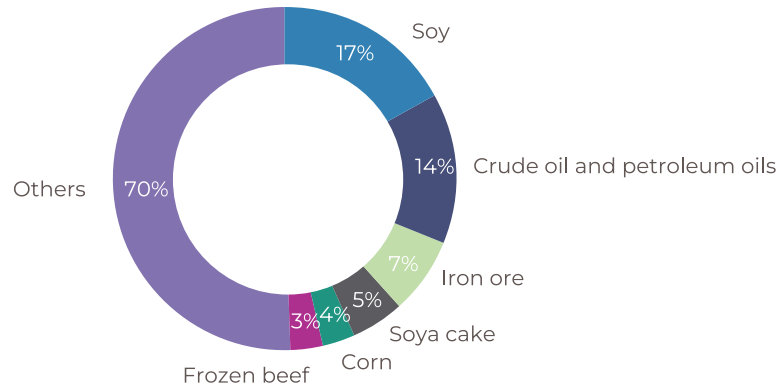
Source: Own elaboration based on national statistical institutes of the States Parties and SM.

The positive export dynamics are basically explained by the variations in the sales of the main products exported by the region (Chart N° 8): on the one hand, the significant increases in the amounts exported of soy, oil, corn and boneless meat and, on the other, the fall in iron ore sales (practically 40% compared to 2021) that did not neutralize the increases observed in the other goods.

8 - TII is calculated from the share of a country's exports to a partner divided by the share of global exports to the partner. This indicator makes it possible to observe trade between two countries based on what could be expected based on their importance in world trade (WB).

Chart N° 8

Main products exported extrazone by Mercosur in 2022.



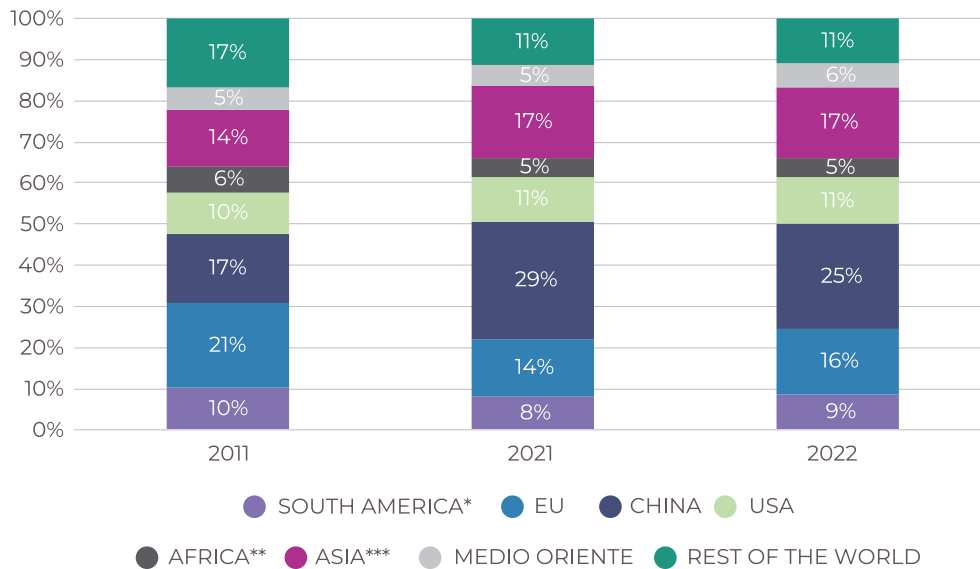
Source: Own elaboration based on national statistical institutes of the State Parties and SECEM.

An analysis of exports from 2011 to the present shows that four chapters basically explain the increases in the amounts sold: 27-Fuels, 12-Oilseeds, 10-Cereals and 2-Meat.

As for the sales destination, during 2022 the share of the EU and the rest of South America and the Middle East each increased by two percentage points (p.p.). Meanwhile, the participation of China fell four percentage points, but it still remains the main extra-zone customer (Chart N° 9).

Chart N° 9

Exports destination outside Mercosur.

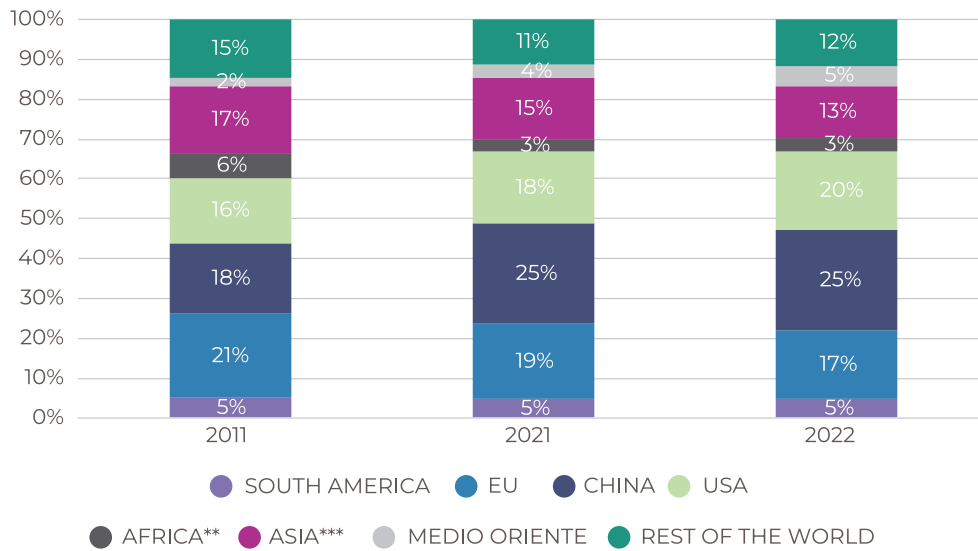


Note: *except Mercosur; **does not include the Middle East; ***does not include the Middle East or China Source: Own elaboration based on national statistical institutes of the States Parties and SM.

Regarding imports, with a total of US\$319,376.7 million, 2022 registered a 22.8% increase over the previous year, reaching a new maximum in current terms, although in constant values it represents 10% less than the 2013 peak. The suppliers that reflected greater dynamism are

located in the Middle East, the USA and the rest of South America (Chart N° 10). However, there are no significant changes in the share of each of them in total non-Mercosur imports in relation to 2021. The EU and Asia experienced a slight drop (two p.p. each), and the USA and the Middle East experienced a small increase (two p.p. and one p.p., respectively).

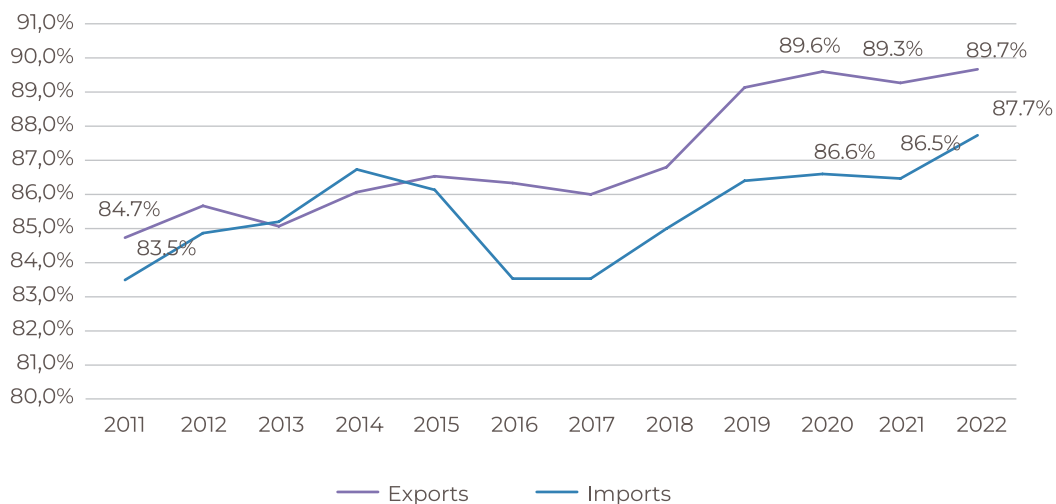
Chart N° 10
Origin of extra-zone Mercosur imports.



Note: *except Mercosur; **does not include the Middle East; *** does not include the Middle East or China Source: Own elaboration based on national statistical institutes of the States Parties and SM.

The trade flow dynamics during 2022 meant that the relevance of extra-zone customers and suppliers increased slightly. In that sense, 89.7% of exports went to partners outside the bloc, compared to 89.3% in 2021. Meanwhile, 87.7% of Mercosur purchases originated in countries outside the region, an increase of 1.2 p.p. with respect to the previous year (Chart N° 11).

Chart N° 11
Share of extra-regional trade in the total Mercosur trade.



Source: Own elaboration based on national statistical institutes of the State Parties and SECEM.

B · BEHAVIOR OF TRADE IN SERVICES

Mercosur's services exports in 2022 totaled US\$60,974 million, registering a yearly 32% increase, more than doubling the 15% verified worldwide increase (Table N° 8). In this way, sales managed to reach and exceed pre-pandemic levels. The four partners had a very positive performance: Paraguay doubled previous year's values, Argentina and Uruguay recorded increases that ranged between 45% and 57%, and Brazil showed a more moderate behavior, with a 21% variation, although it should be noted that in 2021 it had practically reached the sales levels of 2019.

Table N° 8

Mercosur trade in services.
In US\$ millions and annual variation in %.

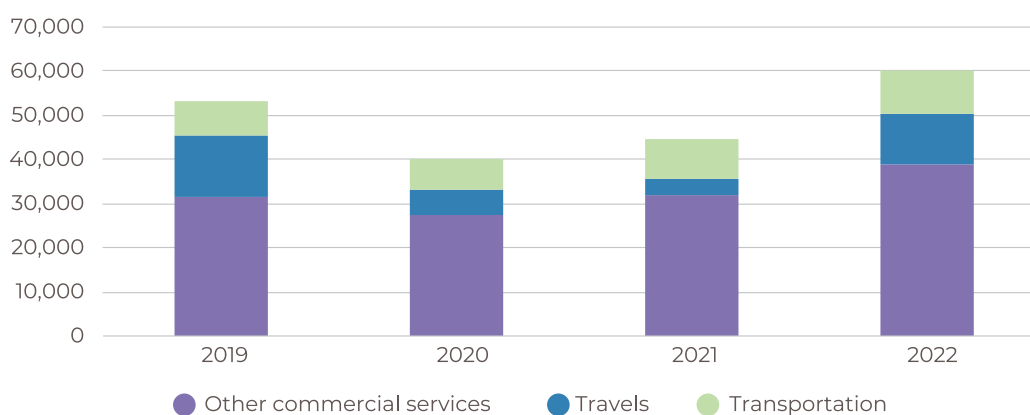
COUNTRIES	EXPORTS								IMPORTS				TRADE BALANCE			
	Value				Variation				2019	2020	2021	2022	2019	2020	2021	2022
	2019	2020	2021	2022	2019	2020	2021	2022								
ARGENTINA	14,573	9,234	9,175	14,432	-3.6%	-36.6%	-0.6%	57.3%	19,431	11,858	12,886	21,264	-4,858	-2,239	-3,474	-6,832
BRAZIL	33,595	27,964	32,494	39,457	-2.9%	-16.8%	16.2%	21.4%	67,748	50,424	56,853	79,451	-34,153	-19,806	-16,195	-39,994
PARAGUAY	1,145	845	807	1,636	-2.1%	-26.2%	-4.5%	102.7%	1,212	1,215	1,696	1,834	-67	135	-38	-198
URUGUAY	5,341	3,365	3,742	5,449	-2.3%	-37.0%	11.2%	45.6%	4,665	3,403	3,644	5,101	676	-307	-141	348
MERCOSUR	54,654	41,408	46,218	60,974	-2.6%	-24.2%	11.6%	31.9%	93,056	66,900	75,079	107,650	-38,402	-25,492	-28,861	-46,676

Source: Own elaboration based on institutes of national statistics of the States Parties, Central Banks and WTO.

Regarding exported categories, in 2022 the recovery of "travel" after overcoming the restrictions due to the pandemic is clearly noticeable. This item almost tripled its value compared to the previous year (Chart N° 12), with very strong increases in Paraguay, Argentina and Uruguay. Meanwhile, "other commercial services" continued to predominate in the service export basket. Within these, Knowledge-Based Services (KBS) represent 90%, with a strong presence of "business services" and "telecommunications, IT and information services"—which account for 69% and 25%, respectively, of total KBS sales.

Chart N° 12

Mercosur services exports by category.
In US\$ millions.



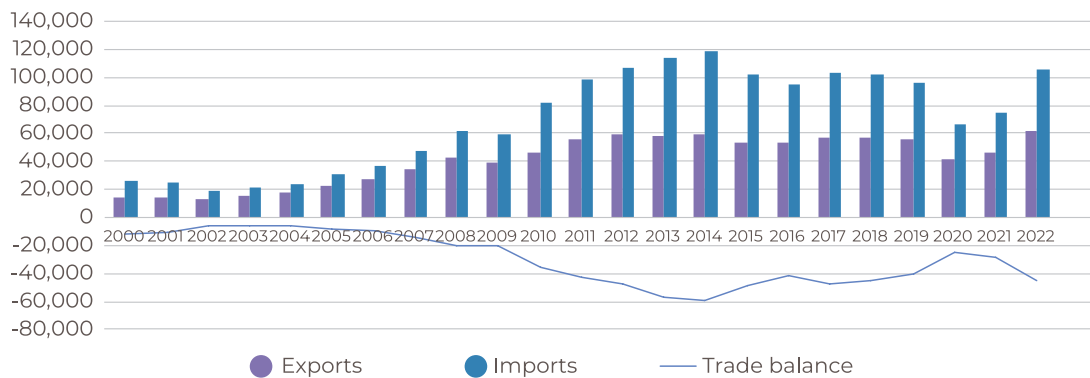
Source: Own elaboration based on the World Bank.

The available information indicates that the main destination of Brazilian exports was the USA, with 44% of the total, followed by Europe, with 25%⁹, and Singapore, with 2.6%. China and Argentina, its traditional partners in terms of trade in goods, have a marginal participation in the sphere of Brazilian services.¹⁰

The USA is also Argentina's main external services buyer¹¹, accounting for 30% of its exports, a figure similar to the average of recent years¹². For its part, Mercosur increased its importance as a buyer compared to the previous year: Brazil absorbed 10% of Argentine services exported (compared to 5% in 2021) and Uruguay accounted for 5% (3% in 2021), resuming a behavior similar to the pre-pandemic year.

The import evolution of Mercosur services was also very positive, with an annual increase of 43% to reach US\$107.65 billion in 2022. With this, in the last year the negative trade balance grew with respect to the previous period, to reach US\$46,676 million and continue with the series of negative balances observed historically (Chart N° 13).

Chart N° 13
Mercosur trade in services.
In US\$ millions.



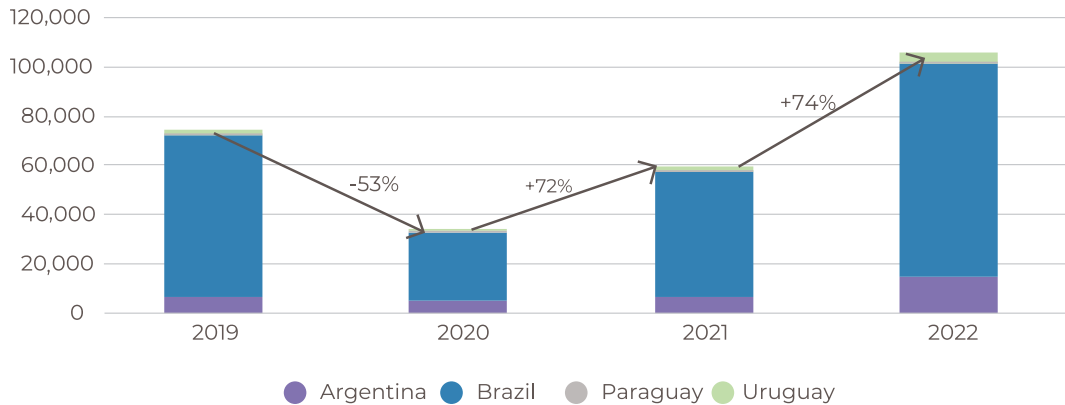
Source: Own elaboration based on national statistical institutes, States Parties' Central Banks and the World Bank.

C · THE DYNAMICS OF FOREIGN DIRECT INVESTMENT (FDI)

Capital inflows from FDI continued with the recovery initiated in 2021 after the fall recorded in 2020. In this sense, a 74% increase in 2022 adds to the 72% rise in 2021 compared to the previous year (Chart No. 14). Brazil has led this dynamic by representing more than 80% of the investment flows received by the region in the last year.¹³

9 · Data for 2021 (SECEX, 2022).
 10 · Regarding Brazilian service imports, 44% originate from the USA.; 27% Europe; 2.1% South Korea; 1.5% Japan; Argentina 1.2%, and China 1%, among others.
 11 · The data could be biased due to the parent companies' location in the case of subsidiaries that export KBS, a situation that would be present throughout the region (López, 2022).
 12 · According to Balance of Payments 2022. It should be noted that only the main destinations are listed, so the data could be underestimated. In 2021—the latest data available—22% of Argentine exports of services were destined to Europe (INDEC, 2022).
 13 · Revised data for 2022, based on UNCTAD (2023).

Chart N° 14
Income from Foreign Direct Investment in Mercosur.
In US\$ millions and annual variation in %.



Source: Own elaboration based on UNCTAD.

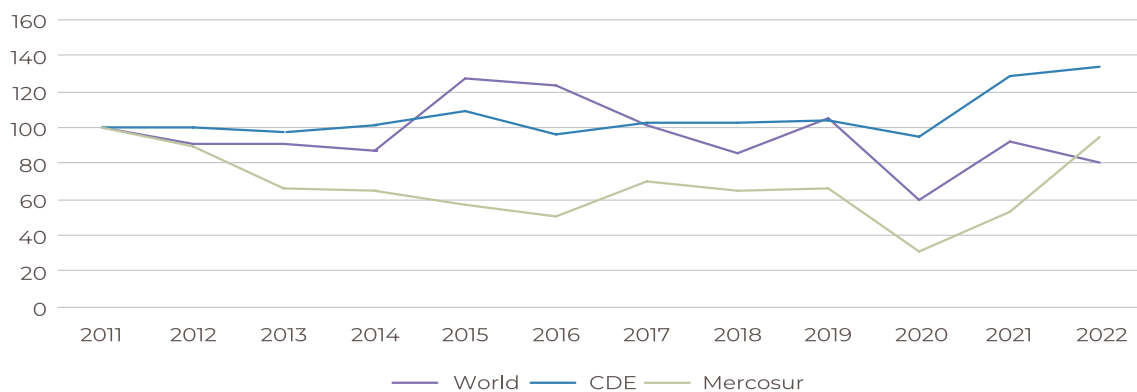
In this way, with more than US\$107,000 million captured, not only were the pre-crisis Covid-19 values exceeded, but 2022 represented the record of the last decade in terms of FDI attraction (Table N° 9). It should be noted that FDI flows to the region grew at a higher rate than the average of developing countries (CDE) and in contrast to the fall in global flows¹⁴ (Chart N° 15). As a result, in the last year, Mercosur's share of global investment flows doubled (from 4% in 2021 to 8% the following year), accounting for 12% of total FDI to developing countries in 2022 (compared to 7% in 2021).

Table N° 9
Income from Foreign Direct Investment in Mercosur.
In US\$ millions.

COUNTRIES	2019	2020	2021	2022
ARGENTINA	6,649.19	4,722.65	6,782.35	15,087.40
BRAZIL	65,386.04	28,318.45	50,651.17	86,050.36
PARAGUAY	331.72	110.07	191.59	473.53
URUGUAY	2,017.68	753.22	2,241.48	3,838.75
MERCOSUR	76,403.6	35,924.4	61,887.6	107,472.0

Source: Own elaboration based on UNCTAD.

Chart N° 15
Evolution of FDI flows.
Index base 2011=100



Source: Own elaboration based on UNCTAD.

14 - This sharp decrease in inward FDI flows worldwide is basically explained by significant divestitures in Luxembourg as well as the reduction in the value of cross-border mergers and acquisitions, mainly explained by the lower sales of companies in the USA, the European Union and Asia. For more details, see UNCTAD, 2023.

In the case of Brazil, investments in hydrocarbons stood out, where oil and gas extraction and the refinery activity of coke, petroleum derivatives and biofuels absorbed almost 30% of the incoming flows. Other relevant sectors in this field were non-financial holding companies and financial services, the automotive industry, electricity and gas services, information and communications technology services, commerce, chemical industry, and mining support services, among others. The flows originated mainly in the Netherlands and the United States, which together account for almost 50% of incoming FDI in 2022, as well as in France, Spain, Chile, Hong Kong (SAR China) and the United Kingdom (ECLAC, 2023)¹⁵.

In Argentina, Uruguay and Paraguay, there is no official information on the origins and destinations of the FDI received. However, it is estimated that in the case of Argentina they were aimed at the lithium extraction and exploration sector, as well as hydrocarbons—mainly unconventional oil and gas from the Vaca Muerta basin—and information technology services. In Uruguay, for its part, the renewable energy sector (green hydrogen) could have been of interest to foreign investors (ECLAC, 2023).

¹⁵ · The ECLAC report points out the difficulties that exist in knowing the capital controller of investment companies, which generates an overestimation of FDI from the Netherlands and an underestimation of FDI from China.

CHAPTER 2

INTERNAL AGENDA DEVELOPMENT

Between January 2022 and June 2023, Mercosur carried out a broad agenda of topics, which it was able to properly manage and allowed progress in a large number of subjects. This agenda confirms the hybrid and complex nature of the bloc, where economic concerns coexist with a large branch of political and social issues. Regional integration expands the figure of the expanded market to address the cooperation and coordination of various public policies that unite member countries.

In that sense, the balance of these three semesters can be divided as follows:

i. Free Trade Area and Common External Tariff

At the core of the topics related to the free trade area operation and the common external tariff (CET), Mercosur kept its attention—and tension—high during the first half of 2022, until it adopted the Dec. CMC 8/22 with a 10% discount on the CET. Then, Uruguay continued with the proposals, mainly referring to non-tariff restrictions that harm the countries with smaller economies within the bloc; however, the intensity and frequency of quadripartite discussions decreased. Brazil, at the same time, lowered its ambitions at the regional level.

However, disagreements persisted on these issues—which added to discussions related to external negotiations flexibilization¹⁶—and they were the main reason for the lack of subscription of Joint Statements from the Mercosur States Parties' Presidents throughout the period analyzed in this report.

The sectors excluded from the customs union (automotive and sugar) were included in the quadripartite work. Although no concrete results were achieved, the willingness to deal with the issue represents a positive sign compared to the paralysis of other times.

ii. Other topics on the trade economic agenda

On other issues on the bloc's commercial economic agenda, referring to discipline modernization (origin, progress in negotiating new commitments in the service area), technical negotiations (technical regulations, conformity assessment procedures, sanitary and phytosanitary requirements), and the use of administration and consultation mechanisms (specific actions in the tariff area, consultations in the Trade Commission -CCM-), the States Parties were able to agree on concrete progress, even going as far as to sign the new Mercosur Origin Regime that was under negotiation since 2019.

Regarding the FOCEM, Argentina and Brazil paid the due contributions, indicating a greater commitment to that Mercosur instrument, which would augur better prospects for the validity of the Fund's second stage approved in 2015.

The institutional matters followed the course set forth in 2019, aimed at the modernization and greater efficiency of the institutional structure. Among other aspects, the approval of a new structure was finalized, with a redistribution of resources from the Mercosur Secretariat, the FOCEM Technical Unit, the Secretariat of the Permanent Review Court (TPR), the Mercosur Social Institute and the Institute of Public Policies on Human Rights.

¹⁶ See Chapter 3 of this Report.

It was also important to address new issues on the international agenda (digital agenda, gender, sustainability, green agenda, energy, infrastructure, among others). This was reflected both in the working groups of Mercosur and also in its external agenda and positioning in international forums¹⁷.

iii. Political-social agenda items

The internal agenda of this period also highlighted the interest of member countries in deepening the dialogue mechanisms of the so-called “Political Mercosur”. Issues such as migration, culture, security, health, justice and human rights, were recurrent material in the plans of the different pro tempore presidencies, even translating some of them into institutionalized mechanisms and agreements.

The celebration of the Mercosur Social Summit, the Business Forum meetings and the rich agenda of meetings on emerging issues that took place during these three semesters stand out.

In short, the lack of consensus on the central economic issues of the customs union was not an impediment to working constructively on a broad internal issues agenda, which helps to strengthen shared interests in the region and its international projection. In this chapter, a detailed evolution of each of the agenda’s aspects is presented.

A · EVOLUTION OF THE INTERNAL MARKET AND THE COMMON ECONOMIC AND COMMERCIAL POLICY

a- Operation of the free trade area in goods

In recent years, Uruguay has been the main precursor of the debate on the Mercosur state of play with a view to its modernization and flexibilization (IDB INTAL, 2022), emphasizing the need to perfect the free trade area and allow bilateral negotiations of the States Parties with third countries or group of countries.

Problems relating to intra-zone trade in goods have always been present on the bloc’s agenda, either because of the imposition of new measures by the partners that affect trade flows, or because of the persistence of policies that were considered non-tariff restrictions by some of the countries. The Uruguayan Pro Tempore Presidency (PPTU) of the second half of 2022, this country submitted a proposal for improving the free trade area through the elimination of all restrictions and equivalent measures in intra-zone trade within one year, aiming to definitively solve the obstacles that distorted trade between partners and contributed to deepening asymmetries, to the detriment of economies of smaller economic size¹⁸. To this end, it required that a working group within the Common Market Group (GMC) be formed, so that it would raise the courses of action to reach the objective of eliminating all policies that were inventoried from the notifications that each State Party made regarding the partners, in an exercise similar to that carried out years ago^{19 20}. This proposal disappeared from the agenda after the conclusion of this PTP.

On the other hand, the bloc has a consultation mechanism that works within the scope of the Mercosur Trade Commission (CCM) and that allows exchanging information and resolving divergences on trade issues (Dir. CCM 17/99). Its use, although it has declined over the years (Chart N° 16), proved useful to improve the understanding of the measures adopted by each member and, marginally, to overcome some minor obstacles; but not for reviewing policy measures adopted by the States Parties that had an impact on trade flows.

17 - See Chapter 3.

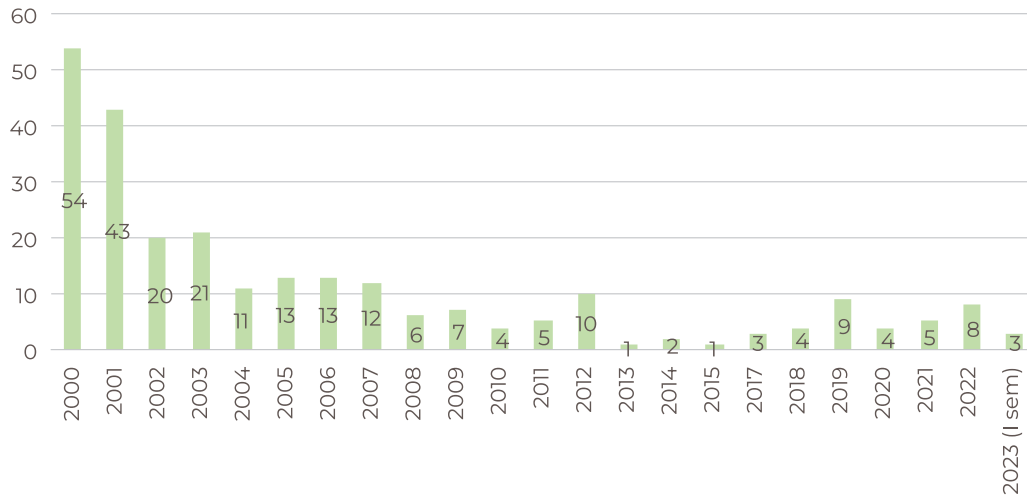
18 - The proposal was submitted to the GMC in November 2022.

19 - It should be noted that in 2015 Mercosur carried out an exercise with similar characteristics, where approximately 80 measures were identified. The result was relatively positive for those that depended on technical instances. Examples of this are the validation of bioequivalence studies or the import restrictions of protein of ruminant origin for which Argentina was questioned, the labeling of gluten or OGM applied by Brazil, or the batch-by-batch review of medicines, or the sanitary registration of fruit juices from Uruguay. However, those that required greater political involvement remained pending; such as the licensing system applied by Argentina, the difficulties in registering medical products in Brazil or the application of the consular fee in Paraguay and Uruguay.

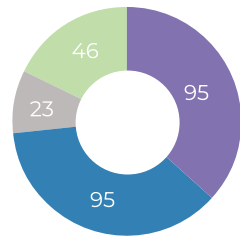
20 - Ministry of Foreign Affairs of Uruguay, Press Release No. 155/22 (<https://www.gub.uy/minis-terio-relaciones-exteriores/communication/news/communique-republica-oriental-del-uruguay-marco-cumbre-presidentes-del>)

Chart N° 16

Consultations presented at the CCM 2000-2023 (1st semester).

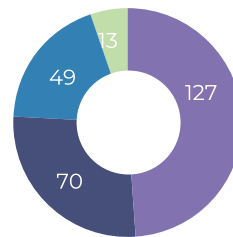


Petitioner State Party



● Argentina ● Brazil
● Paraguay ● Uruguay

Situation of analyzed enquiries



● Concluded ● Unsatisfactorily concluded
● Pending ● Submitted

Source: Own elaboration based on SM.

As for the 11 queries submitted during the period covered by this report, six are related to agricultural products—four refer to yerba mate—, two are on import licenses, one on the foreign exchange market, one on goods from free zones and special customs areas, and one on origin classification (Table N° 10). Those corresponding to free trade zones and some related to yerba mate are linked to the result of the bilateral negotiation between Brazil and Uruguay, which was reflected in additional protocols to Economic Complementation Agreement No. 2 (ECA N° 2). Regarding free zones, both countries agreed to the total and immediate reduction of the Common External Tariff of all goods included in ECA N° 18 and produced in all free zones of Uruguay and Brazil. Regarding yerba mate, a new technical health criterion was established intending to avoid the imposition of a non-tariff barrier that would hinder the entry of yerba mate from Brazil to Uruguay. Both issues were consulted by Argentina and Paraguay.

Table N° 10

Queries submitted to the CCM between January 2022 and June 2023.

N°	YEAR	TITLE	STATUS	SUBMITTING COUNTRY	CONSULTED COUNTRY
1	2022	Joint Resolution 3/2022 RESFC-2022-3-APN-MAGYP "Countercyclical agro-food fund" private trust for financial support for wheat.	Pending	Uruguay	Argentina
2	2022	Difficulties in accessing foreign currency for import payments.	Pending	Paraguay	Argentina
3	2022	Additional Protocol N° 84 to Economic Complementation Agreement N° 2 on yerba mate and maximum permitted limits of inorganic contaminants in food	Pending	Paraguay	Brazil - Uruguay
4	2022	Global Tariff Rate for wheat flour and certain vegetable oils - Uruguay Decrees N° 712 and 713/2022	Pending	Argentina	Uruguay
5	2022	Eighty-third Additional Protocol to Economic Complementation Agreement N° 2 on tax relief for goods produced in free zones and special customs areas	Pending	Argentina	Brazil - Uruguay
6	2022	Eighty-third Additional Protocol to Economic Complementation Agreement N° 2 (ECA N° 2) on yerba mate and maximum permitted limits of inorganic contaminants in food	Pending	Argentina	Brasil - Uruguay
7	2022	Requirements for the National Institute of Technology and Standardization (INTN) certification process for yerba mate	Pending	Uruguay	Paraguay
8	2022	Automatic and Non-Automatic License Processing Regime - Argentine Import System (SIRA)	Pending	Uruguay	Argentina
1	2023	National Institute of Yerba Mate Resolution N° 287/2022	Pending	Paraguay	Argentina
2	2023	Decree N° 6.533/2016 – Prior License Regime for Importing Portland Cement and Special Cements	Pending	Uruguay	Paraguay
3	2023	Origin Disqualification - Spray-type valves and other products. Consultation submitted within the framework of Art. 42 of Dec. CMC 1/09 "Mercosur Origin Regime"	Submitted	Argentina	Brazil - Uruguay

Source: Own elaboration based on SM.

i. Customs affairs and trade facilitation

In the field of customs matters and trade facilitation, a “Technical Study on the Status of Mercosur Integrated Control Areas integration level” was carried out, a “Manual of Procedures for the Exchange of Mercosur Customs Information” was prepared, and the “Mercosur Customs Information Exchange Form” was updated.

Likewise, actions continued to improve the implementation and deepen the scope of the Authorized Economic Operator (AEO) program. In this regard, the Ad Hoc Group (GAH) AEO Mercosur monitored the implementation of the AEO Program in each country, as well as the implementation of the GAH AEO Mercosur Work Plan and the exchange of information on AEO operators (B-Connect Project). In turn, work was carried out on: i) the preparation of a document for foreign AEO companies identification; ii) the joint Action Plan with the PA; and iii) a Regional AEO Mutual Recognition Agreement (MRA) that culminated in May 2022 with the signing of an MRA between Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Paraguay, Peru, the Dominican Republic and Uruguay.

ii. Evaluation of the measures taken in the pandemic context

In the wake of the Covid-19 pandemic, the States Parties adopted different trade facilitation measures (INTAL IDB, 2020 and 2022). The CCM was responsible for monitoring and publishing them²¹. In view of the end of the health crisis declared by the World Health Organization in May 2023, the CCM is evaluating the relevance of continuing with this function.

²¹ · See a detail of these policies on the SM website: <https://www.mercosur.int/documento/medidas-covid-19/>.

However, it should be noted that some initiatives by Argentina and Brazil remain in effect, such as accepting certificates of origin in digital format or the elimination of previous import licenses for certain health-related products. The positive results of this emergency transitional regulation suggest, on the one hand, that they should be adopted permanently with a view to streamlining trade flows and, on the other, the evaluation of whether the cooperation mechanism installed in the face of the health emergency should not be recreated in the future to overcome different obstacles that arise in regional trade.

b- Tariff aspects

i. Negotiations regarding the modification of the Common External Tariff (CET)

The beginning of the negotiations linked to the analysis of the consistency and dispersion of the CET and, later, its eventual revision, date back to 2001 and have followed a changing dynamic, although without greater results (IDB INTAL, 2022). In recent years, —particularly since 2018—the issue had gained relevance within the agenda, but the lack of consensus among partners and the Covid pandemic led to a slowdown in negotiations. In November 2021, Brazil decided to unilaterally adopt a transitional CET 10% reduction for a broad set of products, effective until December 2022. In the first months of that year, they increased the reduction to 20% and extended its validity until the end of 2023²².

Meanwhile, at the Mercosur level, a CET level modification was agreed upon on July 2022 (Dec. CMC 8/22), which implied a 10% reduction of the levies for all those products with CET equal to or less than 14% and, in the particular cases that had an CET equal to 2%, the new level was set at 0%. In addition, each

The State Party prepared a list of items to which a 10% reduction could also be applied; mostly made up of goods with tariffs higher than 14%²³. Under this framework, Argentina did not submit any items, while Brazil made a list of 1,430 items, Paraguay 1,106 items and Uruguay 1,409. In total, there are 1,562 products, taking into account that many appear in the lists of two or more countries (Table No. 11).²⁴ This decision practically meant the “mercosurization” of the first unilateral Brazilian rebate.

Table N° 11

Amendments to the CET introduced by Dec. CMC 8/22.

PREVIOUS LEVEL	LEVEL ACCORDING TO DEC CMC 8/22	% TARIFF UNIVERSE
2%	0%	73%
4% a 14%	10% reduction	
>14% ²	Not modified. But national lists with 10% reduction are allowed:	27%
	National lists as of June/23:	
	Argentina:	no products
	Brazil:	1.436 ítems ³
	Paraguay:	1.106 ítems
	Uruguay:	1.409 ítems

Note: 1 There are 973 matching items between the lists of Brazil, Paraguay and Uruguay.

2 With some exceptions of lower tariff items.

3 In April/2023 Brazil updated its list, based on changes in nomenclature.

Source: Own elaboration based on SM.

22 · The reduction reaches 87% of the tariff universe, excluding products that are subject to some type of CET exception under Mercosur (automotive, dairy, peaches in sweetened water, textiles, yarns and clothing, toys and those in exception regimes). The measures were adopted under the protection of the instruments implemented to deal with the economic crisis generated by Covid and the impact on the prices of the war in Ukraine (IDB INTAL, 2022). Mercosur’s largest economy shared these measures with its partners, who presented no formal objections.

23 · Uruguay included 11 items with tariffs equal to or under 10%.

24 · The same set of products that Brazil did not include in its unilateral measure are excluded from the reductions.

It should be noted that, on the one hand, each partner is entitled to include new products in the latter lists, simply by notifying this situation to the rest and, on the other, that there is no quantitative limit with respect to the items to be included.²⁵

This implies allowing the introduction of new CET exceptions for some 2,800 tariff positions (approximately 27% of the tariff universe), which are added to the already existing national lists of CET exceptions, the lists of capital goods (BK) and computer and telecommunications goods (BIT), the mechanisms to allow specific actions taken for reasons of trade imbalances derived from the international economic situation, as well as the special regimes of raw materials and agricultural inputs, and some specific products (toys, prepared peaches and dairy). However, unlike these, the national lists allowed by Dec. CMC 8/22 do not have an expiration date.

Considering the different exceptions, the average extra-zone import duty (EID) in force differs substantially between the States Parties, from 7.3% in the case of Paraguay to 11% in Argentina (Table N° 12). At the time of this report, this country had not incorporated the Dec CMC 8/22²⁶ into its legal system, despite the rest of the partners implementing it.

Table N° 12
Average tariff levels.

CET	PREVIOUS	DEC. CMC 8/22
Average level	11.40%	10.30%
DEID APPLIED		
	PREVIOUS	JUN-23
Argentina ¹ :	11%	11%
Brazil ² :	11.60%	9.40%
Paraguay:	8.40%	7.30%
Uruguay:	8.90%	7.70%

Note: 1 Argentina did not incorporate Dec. CMC 8/22 into its legal system nor did they submit national listings. 2 11.6% is prior to the unilateral reductions applied by Brazil in 2021 and 2022 (10% in Nov-21 plus another 10% in May-22). 9.4% arises from applying the aforementioned unilateral measures, which are valid until December 31, 2023 (whose universe mostly coincides with that of Dec. CMC 8/22, but the percentage reduction is 10 p.p. higher).

Source: Own elaboration based on Official Gazette of the States Parties and SM.

Ultimately, the Dec. CMC 8/22 introduced a slight tariff simplification by eliminating duties in those cases that were subject to 2% and a soft tariff reduction, but did not provide an answer to the staggering or dispersion problems that were being discussed at the negotiating table. That is why it is estimated that it constitutes a political signal aimed at decompressing the internal agenda and demonstrating Mercosur's willingness to reduce its tariffs. Currently, fewer than 800 tariff items face the same tariffs in the four countries. They represent 23% of the block's extra-zone imports. In general, these are products with mostly 0% tariffs (certain agricultural products, minerals, fertilizers, mechanical and electrical machinery, medical equipment, among others) and few with 16% and 18% tariffs (especially in the plastic sector).

After this policy was issued and, specially, since January 2023 with the beginning of the new government in Brazil, negotiations have not advanced and there are signs that indicate that the Brazilian position towards opening up would be under review.²⁷

25 - Currently a mechanism is being developed within the framework of the CCM for notifying whenever modifications are made to the Annex of the Dec. CMC 8/22 by States Parties .

26 - At the June 2023 meeting, Argentina reported that the procedure for the internalization of the Dec. CMC 08/22 "Common External Tariff" is in an advanced state in its internal legal system. However, various analysts believe that the delicate situation of their public accounts would prevent the adoption of a measure that implies a reduction in tax collection.

27 - Even the situation of the second unilateral reduction of 10% with maturity in December of the current year would be evaluated. The authorities would be balancing the CET greater opening and penetration that the policy implies, on the one hand, and, on the other, the possible inflationary impact of a 10% tariff increase on 87% of the tariff universe, such is the scope of the unilateral policy (da Motta Veiga, 2023).

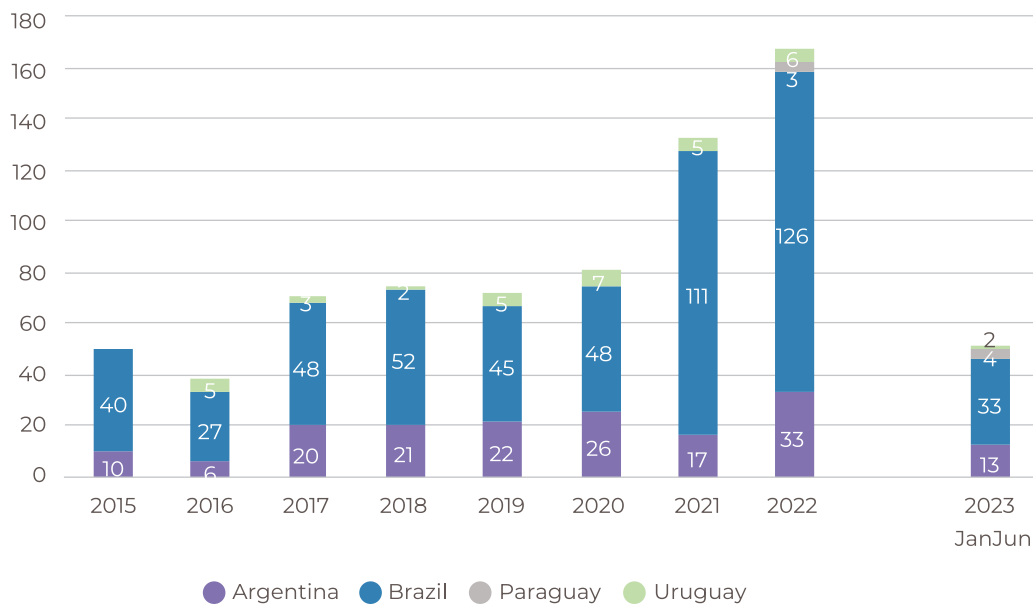
ii. Other issues related to the general administration of the CET (specific temporary tariff reduction policies taken for shortage reasons, national lists of CET exceptions)

On the other hand, in recent years the partners increased the use of the Tariff Area Specific Measures mechanism for supply reasons, in accordance with the procedure provided for in Res. CMG 49/19 that allows the States Parties to request a temporary CET reduction from the CCM, which results in an a 2% or 0%²⁸ aliquot for importing a product, for a set quantity and time, and up to a 100-items limit from the Mercosur Common Nomenclature (NCM) simultaneously per partner. In this sense, while in previous years there were approximately 70 cases per year, in 2021, 133 measures were adopted and 168 in 2022, with Brazil being the one that used this mechanism the most (71% of the orders approved during the 2015-June 2023 period), followed by Argentina (23% of the orders for the same period) (Chart N° 17). During the first half of the current year, the approval of specific measures was substantially reduced compared to the previous two years²⁹. On the other hand, the CCM is working on a mechanism for automating requests and tracking orders for this type of measure.

Chart N° 17

Specific actions in the field of tariffs.

Number of measures approved by the CCM per calendar year and according to the requesting State Party.



Source: Own elaboration based on SM.

c- Mercosur origin regime (ROM)

Since 2019, the partners have worked on the origin regime revision, including the specific origin requirements (SORs), with a view to adapting it to technological and productive changes and to what was negotiated by Mercosur in trade agreements with third parties³⁰. At the July 2023 summit, the new regime was approved, which provides for a modernization of the rule in force since 2009 (Dec. CMC 5/23). The new regulations imply, among other issues:

28 · For requests from Paraguay, the aliquot will be 0%.

29 · 52 requests for specific actions were approved, although there are another 35 that are under consideration by the CCM, as recorded in its Minutes of the meeting that took place on June 21 and 22, 2023.

30 · In this way, trade agreements with third parties contribute to boosting the internal agenda and modernizing the bloc's regulatory frameworks.

- A change of focus in origin granting. The general starting jump criterion of the products in which extra-zone inputs have been used, or 60% of regional content or compliance with the specific origin requirements (SORs)—if any³¹—was abandoned in order to establish that all merchandise that uses non-originating materials in its preparation is subject to the SORs.
- Modern SORs that facilitate trade and contribute to the consolidation of value chains on a regional scale. They are defined on the basis of the “maximum value of non-originating materials”, as negotiated by Mercosur with the EU, the European Free Trade Association (EFTA) and Canada, instead of the “regional added value” contemplated in the Dec. CMC 1/09, adopting the most flexible rule negotiated by Mercosur with third countries.
- These SORs mostly refer to batch or subheading change requirements and to the “maximum value of non-originating materials” (MaxMNO). For 91 of the 96 chapters of the NCM, this MaxMNO is 45%, while for the remaining five³² it is 40%.
- Continue with the certificates of origin issuance by public bodies or higher-level class entities, also considering the possibility of self-certification of origin by the exporter.
- More agile origin investigations.
- Greater flexibility for origin qualification in sets and assortments prepared for retail sale³³, new disciplines for packaging and consumables treatment.

Likewise, the temporary special and differential treatment for Paraguay, Uruguay and Argentina was approved, in line with the 2015 provisions³⁴ (IDB INTAL, 2022). Specifically, Dec. CMC 6/23 defined that the MaxMNOs, expressed as a percentage, for the application of the origin requirements are 60% for Paraguay until December 31, 2038 for a wide range of products, 50% for Uruguay until December 31, 2032, and 50% for Argentine exports to Uruguay until December 31, 2032, which implies a six-year extension with respect to the 2021 provisions. Although this was reflected in a separate standard of the RMO, the universe reached is indicated in the same Dec. CMC 5/23.³⁵

d- Technical Regulations, Conformity Assessment Procedures and sanitary and phytosanitary requirements

In 2017, a more agile methodology was defined to address the design of Mercosur technical regulations (RTM) and Mercosur Conformity Assessment Procedures (PMEC), based on international good practices, which incorporate technical, scientific and technological advances³⁶. The standard stipulated maximum deadlines for each stage of the procedures and required the technical justification of the position of each partner in case of opposing a request for the elaboration, revision or repeal of these policies, as well as an elaboration mechanism for RTM and PMEC (IDB INTAL, 2020 and 2022). In the same spirit of facilitating trade, work on the approval of sanitary and phytosanitary requirements was also reinforced.

In 2018, there was a significant increase in resolutions adopted on these matters. Obviously, the methodology adopted the previous year made it possible to overcome the delay in its treatment. As of 2019, the approval of standards stabilized around 16/17 per year—with the exception of 2020, when human resources were focused on other priorities arising from the pandemic (Chart N° 18). Regarding the validity of these measures, their incorporation into the domestic legislation of the States Parties is more expeditious in the case of sanitary and phytosanitary requirements compared to RTMs and PMECs.

31 · Defined, approximately, for 4,200 items out of a total close to 10,300.

32 · Chapters 1-Live Animals, 2-Meat and edible offal, 15-Animal or vegetable fats and oils, 17-Sugar and confectionery, and 18-Cocoa and its preparations.

33 · Sets or assortments put up for retail sale containing non-originating products shall be considered as originating provided that the CIF value of the latter does not exceed 15% of the FOB value of the set or assortment -in the current regime, fractioning does not confer origin under any circumstances-.

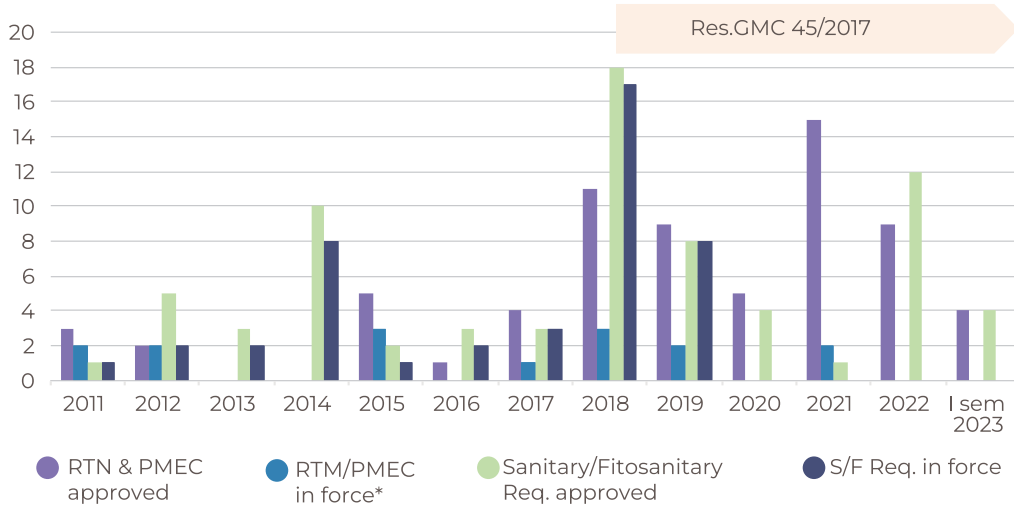
34 · Dec. CMC 32/15, extended by Dec. CMC 13/21.

35 · The differentiated treatment of Uruguay was the last issue to be resolved, and was unblocked based on a Brazilian proposal of June 2023.

36 · Res. GMC 45/17.

Chart N° 18

Approved and in force standards related to RTM, PMEC and approved sanitary and phytosanitary requirements.



Note: *Effective May 2023. Includes new ones, modifications and repeals.

Source: Own elaboration based on SM.

Specifically, during the period January 2022-June 2023 included in this report, 29 GMC Resolutions were adopted, demonstrating greater efficiency in negotiations related to regulatory issues.³⁷ In addition, the procedural guide for pharmaceutical procedures inspection and the technical regulations preparation guide were modified.

On the other hand, the analysis of the study on the Mercosur regulatory process and its recommendations, prepared by the IDB, continued, holding meetings between the Bank's experts and the Mercosur technical forums. Likewise, the Training Program on Regulatory Impact Analysis offered by the same institution and intended for Mercosur technical officials was initiated.³⁸

e- Services

Over the course of the analyzed period, progress was made in the VIII Round of Specific Commitments Negotiations, launched in 2020 (Res. GMC 44/2020) with the aim of updating intra-block concessions as agreed with third countries. The deadline originally set for its conclusion was the end of 2021; however, the issue remains pending and it was necessary to extend it until the end of the second half of 2023 (Res. GMC 24/23). In this context, work on a Telecommunications services classifier and an Audiovisual/Advertising services classifier is in progress, —viewing to reflect the specific commitments under that new format. In addition, the partners are analyzing a Mercosur Framework Agreement on Reciprocal Recognition and Registration for the Temporary Professional Exercise of Law, prepared by the Council of Bar Associations and Orders of Mercosur (COADEM), which was based on the Agreement for the temporary professional practice of surveying, agronomy, architecture, geology and engineering (Dec. CMC N° 18/21).

37 - 16 regulations related to updates of phytosanitary requirements -for blueberries, kiwis, corn, soybeans, pine, poultry, barley, beets, rapeseed, among other products-

-11 amendments to technical regulations -home health products, personal hygiene, vehicle bumpers, food additives, metrological control, among others.

-1 repeal of guidelines for conformity assessment procedures -they were unnecessary given that Mercosur follows international regulations-

-1 repeal of technical regulations, as no consensus has been reached on their modification.

38 - See Minutes of the GMC of the period considered in this report.

f- Automotive

The automotive sector has an obvious relevance in the region's trade. Just chapter 87 of the NCM—motor vehicles, tractors, velocipedes and other land vehicles, their parts and accessories—explained 23% of the exchange between the States Parties during 2022 and constituted the first sales chapter in three of the four partners of the bloc (Table N° 13).

Table N° 13

Mercosur Exports, Chapter 87. Year 2022.

In US\$ millions, share of the total exports in %. Chapter Ranking on total exported at the NCM chapter level by Member State

COUNTRY	INTRA-ZONE		INTRA-ZONE		WORLD	
	VALUE	RANKING	EXTRA-ZONE	RANKING	VALUE	RANKING
Argentina Participation	5,303.35 34.2%	1	2,167.72 3.0%	8	7,471.08 8.4%	5
Brazil Participation	4,854.02 22.2%	1	7,534.30 2.4%	12	12,388.33 3.7%	8
Paraguay Participation	2.47 0.0%	47	8.07 0.2%	30	10.54 0.1%	42
Uruguay Participation	427.16 15.7%	1	16.29 0.2%	24	443.44 4.0%	6
MERCOSUR Participation	10,587.00 23.1%	1	9,726.39 2.4%	12	20,313.39 4.6%	7

Fuente: Elaboración propia en base a institutos nacionales de estadísticas de los EE.PP. y SECEM.

At the level of the regulatory framework, during the period under analysis, the bloc's Automotive Committee (CA) continued with the negotiation of a Mercosur Agreement for the sector that would allow it to replace the current bilateral treaties and thus be able to undertake possible joint negotiations with third countries. Work had begun on the basis of the Brazilian proposal presented in 2021, which included these instruments as transitional annexes (IDB INTAL, 2022). The CA last met in November 2022. The core of the discussions was focused on the scope of a Mercosur Agreement regarding bilateral relations. While Argentina hoped that the bilateral negotiations could continue to be carried out in that format still under the umbrella of the Mercosur Agreement, the rest of the partners believed it necessary that any amendments or modifications to the bilateral instruments should be approved by the future Mercosur Automotive Committee that would administer the new Agreement, even if they were later reflected in protocols to be signed only by the parties directly involved. In this way, Brazil, Paraguay and Uruguay considered that the current bilateral provisions governing trade were residual and that, in the future, the established Mercosur rules should prevail, so that in the Mercosur instrument's present negotiating instance every need of each State should be reflected.

There are also other issues that have not yet been concluded. Among them, quota amounts and allocation, both for cases with differentiated rules of origin and their relationship with the Progressive Integration Programs (PIPs)—of particular interest for Argentina and Uruguay in the case of new models—, such as the quota for vehicles with alternative motorization.

There is also a lack of agreement on the commitment not to impose fee and tariff payment of consular nature for the intra-zone import of automotive products, as well as the prompt granting of import licenses and other documents required on importation when these are required, which is an issue of particular sensitivity for Argentina.

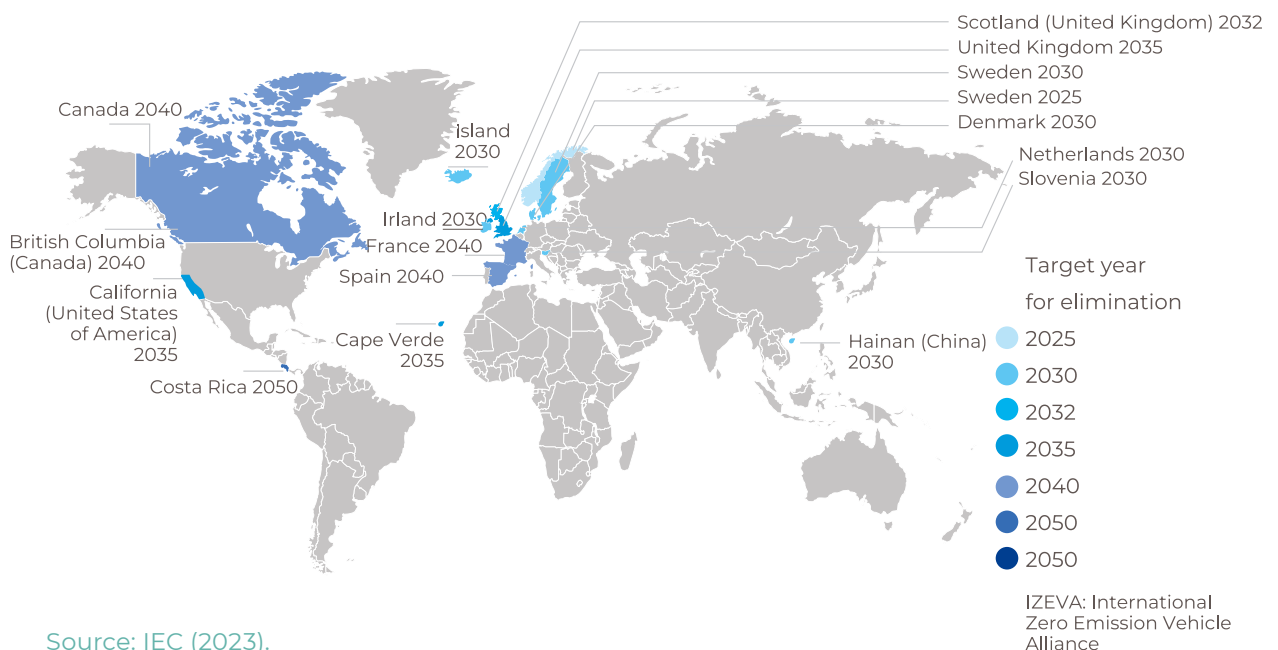
Beyond these negotiations, it should be noted that Mercosur began to dialogue jointly on issues related to the future of the automotive industry and sustainable mobility as part of the

bloc's green agenda. Within this framework, a seminar that addressed the opportunities and challenges in this area for the States Parties was held, both in relation to the automotive and auto parts sectors.³⁹

All partners have programs to advance in this area, in line with international agreements to reduce greenhouse gasses and carbon dioxide emissions, in addition to facing the need to maintain the competitiveness of their industry and adapt it to new global demands, in particular in the case of Brazil and Argentina. Encouraging joint dialogue is of fundamental importance not only in the light of the regional market, but also in its international projection, where several countries—including some in the EU—have already adopted commitments for eliminating the sale of internal combustion engine vehicles (Chart N° 19).

Chart N° 19

Year committed by countries for the elimination of internal combustion engine vehicles sales.



Source: IEC (2023).

g- Sugar sector

Sugar—heading 1701 of the NCM—represents 3% of extra-zone exports and constitutes the seventh product in the highest export ranking⁴⁰, with Brazil being the leading worldwide exporter and producer (Table N° 14).⁴¹

Table N° 14

Product 1701 extra-zone foreign trade-Sugar. In US\$ millions. Year 2022.

COUNTRIES	EXPORTS	IMPORTS
ARGENTINA	3.7	0.1
BRAZIL	3,847.0	0.9
PARAGUAY	6.6	-
URUGUAY	0.5	3.1
MERCOSUR	3,857.80	4.10

Source: Own elaboration based on SECEM.

39 · See Automotive Committee 5/22 Minutes.

40 · Data 2022.

41 · At the intra-Mercosur level, it ranks 207th in the 2022 export ranking, valued at US\$ 32 million.

The incorporation of the sector into the customs union has been a pending issue since the origins of Mercosur, with a high political sensitivity. After more than three decades, the paradigm shift regarding the uses of sugarcane, from food to energy source, is more evident, becoming a sector that promotes environmental protection both through products such as bioplastics and biopolymers, as well as its contribution to the mitigation of greenhouse gas (GHG) emissions and the fulfillment of the objectives of the Paris Agreement on Climate Change.⁴²

Despite this, the great differences in terms of public policies applied by the States Parties directly impacted on the sector's performance. The link between the production of sugar and ethanol—used as fuel —, the geographical location of the production, the labor involved, and the social and cultural implications of sugar production are some of the factors identified as drawbacks to defining free intra-zone trade and a common external tariff on the four NCM eight-digit items included in heading 1701.

The partner with interests in advancing the sector's incorporation into the workings of the customs union is clearly Brazil, whose offensive position on a global scale supports this posture. That is why Brazil's claims to address the issue go beyond the limited internal market that the bloc can represent and focus on its role in international economic negotiations—including the free trade agreements negotiated by Mercosur.

After the Ad Hoc Sugar Sector Group failed to meet for almost 20 years, or did so only to exchange information and hold seminars (IDB INTAL, 2022), in this period Brazil promoted carrying out a study on the potential within Mercosur for adding value throughout the sugar production chain as well as the impact analysis of the intra-zone trade liberalization, even contemplating the participation of the FOCEM mainly for improving transportation of products linked to the sector.

According to important industry players, Argentina presented objections when analyzing the intra-bloc trade tariffs dismantling, as they proposed to include the convergence regarding the use of ethanol as a fuel and the formation of a regional market for Decarbonization Credit Certificates⁴³ in the analysis, among other issues. Paraguay, for its part, highlighted the need to evaluate the impact of national policies to support sugar and ethanol production and the asymmetries between the partners. Uruguay was yet to issue comments on the Brazilian initiative as of the date of this report.

Beyond the—not minor—divergences, it is considered positive that the partners have resumed a negotiation linked to this sector.

h- Structural Convergence Fund (FOCEM)

The FOCEM was created by Dec. CMC N° 18/05 for a period of 10 years during which the States Parties should make semi-annual contributions.

The regulation established that, in case of arrears, countries could not submit new projects or receive funds from unstarted projects, so it is not surprising that the main beneficiaries and minor contributors—Paraguay and Uruguay—have always paid their contributions within the stipulated deadlines. Argentina, on the other hand, had deposited its last contribution in 2013 and, as of January 2022, its debt amounted to two years of contributions (2014 and 2015, for a total of US\$54 million), while Brazil—the largest contributor—made its transfers more irregularly: in December 2016 it paid the first installment of 2013 and, over the next three years, deposited US\$5.7 million in regular installments⁴⁴, leading to a debt amounted to US\$99.3 million to that date.⁴⁵

42 · See press release on the seminar "Innovation and Added Value in the Mercosur Sugar Sector" (PPTA 2021).

43 · Brazil has a decarbonization credits market within the framework of Renovabio, its national biofuel policy, where it establishes annual national decarbonization targets.

44 · Although they continued to make voluntary contributions to the electricity interconnection project with Paraguay.

45 · There is also a US\$ 54 million debt from Venezuela.

During the period analyzed here, both countries settled their disputes with the Fund. Argentina did so in February 2022 and Brazil in March-April 2023. In this way, the four Estates Parties completed the FOCEM payment of the contributions in full in its first stage (Dec. CMC No. 18/05) for US\$1,158 million, US\$ 952 million of which correspond to regular contributions and US\$206 million to voluntary resources contributed by Brazil. In addition, FOCEM resources deposited in remunerated accounts have generated financial results of US\$ 13 million (CRPM, 2023).

According to the Commission of Permanent Representatives (CRPM) report, of the total resources provided in its 10 years of validity, US\$873 million (75.6%) were disbursed to projects and US\$ 16 million were used to finance the operating expenses of the FOCEM Technical Unit. FOCEM's available funds, as of May 2023, total US\$292 million, of which US\$108 million (37%) are committed for disbursements of approved projects and Fund's operating expenses, and the rest corresponds to contingency reserves and resources available for new projects.

The same document points out that the FOCEM portfolio is composed of 48 projects, whose total value amounts to US\$1,491 million, of which US\$968 million correspond to non-reimbursable resources of the FOCEM. Regarding its geographical distribution, the report highlights that 64.7% of these resources were allocated to projects in Paraguay and 28.6% to projects in Uruguay, both concentrating 92.3% of the total resources allocated in the 2007-2023 period (including multi-state projects). Regarding the execution progress of the project portfolio, 81.2% of FOCEM initiatives are completed (31 projects) or had their physical execution completed and are in formal closure process (8); 12.5% were in a state of advanced execution (6) and 2% were in the initial or intermediate stage of execution (3).

At the July 2022 Summit, three new projects were approved: "Strengthening the Mercosur regional institutional framework to face critical and emergency contexts (pandemic and post-pandemic) with public policies with a human rights perspective"⁴⁶; "Mercosur Secretariat IT infrastructure and Mercosur web portal Modernization"⁴⁷, and a project presented by Argentina on "Urquiza Railway priority infrastructure recovery works"⁴⁸. It should be noted that the last approved project dates from 2018. On the other hand, Brazil withdrew four initiatives that were being considered for eligibility.⁴⁹

It is important to mention that FOCEM continuity and, therefore, making new contributions, is subject to Dec. CMC N° 22/15 entering into force, "Mercosur Structural Convergence Fund operational continuity", which, to date, has been incorporated into the legal system of Paraguay and Uruguay.

i- Digital agenda

Mercosur's digital agenda is one of the areas that has made the most progress in recent years, with a strong boost due to the Covid-19 pandemic. This is a relatively new issue both nationally and internationally, with incipient internal regulatory frameworks and where convergence at the regional and global levels is essential to enhance the benefits of the digital environment.

46 · For US\$510,000 (US\$ 500,000 FOCEM and US\$10,000 that would be a IPPDDHH contribution) (Dec. CMC N°2/23).

47 · For US\$841,000 (US\$ 811,000 FOCEM and US\$30,000 counterpart that would be an IPPDDHH contribution) (Dec. N° CMC 3/23).

48 · For US\$44,465 (US\$ 29,800 FOCEM and US\$14,665 local Argentine counterpart) (Dec. CMC N° 4/23).

49 · CRPM Act N° 7/23.

Private actors involved also encourage these processes.

The bloc was a pioneer in addressing the digital economy in the region, and, in recent years, defined the elimination of international roaming charges collection for Mercosur end users (2019)⁵⁰, the mutual recognition of digital signature certificates (2019)⁵¹, consumer protection in electronic commerce (2019)⁵² and the electronic commerce agreement (2021)⁵³.

Currently, the Digital Agenda Group (GAD) is dealing with issues such as the development of digital infrastructure and regional connectivity, digital environment security and trust (cybersecurity), digital government, digital signature and establishing a regional network with blockchain technology to facilitate trade.

Thus, the GAD advances in promoting the exchange of good practices and the search for agreements and cooperation mechanisms in different areas of the digital economy, as defined in its work plan (Box 1). It should be mentioned that not only government representatives but also other key actors such as business chambers and civil society organizations are involved.

Box N° 1

MERCOSUR Digital Agenda: axes and main objectives.

AXIS	MAIN OBJECTIVES
A. National digital infrastructure and connectivity	· National infrastructure development and interconnection Financing · Connection costs reduction · International roaming · charges removal
B. Digital environment security and trust	· Common guidelines on DP protection · Dispute resolution related to consumer protection in transactions in partner countries · Cybersecurity coordination · Mutual recognition of digital signature
C. Digital economy	· Electronic foreign trade systems interoperability to promote regional trade · Digital technologies for MSMEs and entrepreneurs · Cross-border e-commerce development
D. Digital skills	· Framework for digital skills development and common online training programs for digital inclusion and jobs of the future.
E. Digital government, open government and public innovation	· Joint governance and open data initiatives · Increased access to public · Interoperability, privacy and security frameworks
F. Regulatory aspects	· Suitability for digital agenda development · Common technical standards
G. Coordination in regional and international forums	· Coordination in relevant digital forums
H. Measuring indicators	· Developing indicators for measuring the digital economy

Source: Mercosur Report N° 23

On the occasion of the December 2022 Summit, Mercosur and the associated States signed a Special Declaration on Cybercrime in which they expressed their concern about the increase in the rate and diversity of crimes committed in the digital world and the need to improve

50 · Incorporated by Uruguay.

51 · Valid for Argentina and Uruguay.

52 · In force.

53 · Incorporated by Uruguay in December 2022.

coordination and cooperation among States, as well as the importance of international legal cooperation in criminal matters to address this scourge. They also indicated the relevance of the work within the framework of the United Nations Ad Hoc Intergovernmental Committee of Experts, where a more coordinated participation of the region was necessary.

During the first half of 2023, progress was made in negotiating a Mercosur Cybersecurity Cooperation Agreement. For its part, this year the work of SGT N° 13 “Electronic Commerce” was resumed, after being suspended for two years and whose agenda includes monitoring the internalization and implementation of Mercosur rules on electronic commerce, developing guidelines to negotiate e-commerce disciplines with third parties and identifying electronic commerce initiatives, among other matters.

j- Green Agenda, Sustainable Development and Energy Policy

During the Pro Tempore Presidency of Paraguay (PPTP) in the first half of 2022, the “Seminar on Sustainable Production Systems: Mercosur Perspectives” was held, which analyzed the advances of sustainable agriculture and livestock in the USA, and the current challenges faced by production systems and international trade in the face of environmental initiatives.

For its part, at the July Summit of that year, the “Special Declaration of the Mercosur States Parties Presidents on Food Security and Sustainable Agricultural Production in Mercosur” was signed, in which they “declared their concern about the conflict in Ukraine and the impact on global food security, in particular, in the Mercosur countries, due to the excessive volatility of the food and agricultural products prices, as well as the prices of production inputs, in particular fertilizers, energy and transport costs.”⁵⁴

Along the same lines, the Pro Tempore Presidency of Uruguay (PPTU) of the second semester defined the “green agenda” as one of its priorities and, based on this, not only began to discuss sustainable mobility within the framework of the aforementioned Automotive Committee, but also an “exclusive instance to exchange on sustainable mobility within the framework of SGT N° 9 Energy” took place, in which Chile also participated. Within the scope of this forum, policies related to green hydrogen were discussed and a seminar on energy integration in the Southern Cone was held, with the participation of various international organizations (ECLAC, OLADE and IDB), as well as another seminar on “Natural gas—transition fuel—”.

Likewise, the “Mercosur Strategy on Climate Change and Health” was updated and a “Guide to Good Practices in Sustainable Consumption” is being worked on.

Finally, the Ad Hoc Group on Trade and Sustainable Development (GAHCDS) (Res. GMC N° 41/22), whose objective is to identify measures and policies promoted by third countries or groups of countries in terms of trade and sustainable development that affect or may affect the trade of the States Parties; prepare inputs that work as a reference for trade negotiations with third countries or groups of countries and make proposals linked to the discussions held in the field of international organizations and forums and with sustainable production implemented by the States Parties, among other points.

The GAHCDS met twice during the first half of 2023 and prepared an interim report that was submitted to the GMC, to continue elaborating proposals and recommendations for the last regular GMC meeting in the second half of 2023, when its term will end. As a result of these meetings, two working documents were signed. One, of a conceptual nature, systematized Mercosur’s environmental credentials and actions related to trade and sustainable development. The other document included a survey of the measures and/or policies of third countries or blocs that, under environmental considerations, may constitute trade barriers. The so-called “green protectionism” was the main concern, being an issue that, among others, was reflected in the Summit of Heads of State of Mercosur in July 2023.

⁵⁴ · More details in Chapter 3 of this Report.

Finally, in 2023, the “Declaration of Mercosur States Parties’ Ministers of Environment” was signed, ratifying the commitment to advance in the implementation of policies aligned with international commitments in this area, as well as in the work related to the integral management of special waste of universal generation, the Action Plan on hazardous substances and chemicals, and the formulation of innovative financing mechanisms such as debt for climate action and payment for ecosystem services, among other aspects. For their part, the Ministers of Health adopted Agreement 1/23 of “Mercosur Strategy on Climate Change and Health”, recognizing that climate change affects people’s health and well-being, both directly —by increasing the frequency and intensity of extreme weather events such as heat waves, droughts and heavy rainfall—, and by modifying the distribution and seasonality patterns of water-borne or vector-borne infectious diseases and zoonotic diseases. In turn, the Ministers of Interior and Security signed a Declaration “on Environmental Crimes” recognizing their priority and the need to exchange experiences, information, promote training and education of officials, security and police forces for the development and implementation of public policies that improve the diagnosis, identification, prevention capabilities, as well as the ability to stand against this type of crime.

k- Other topics on the economic agenda

On the other hand, it is worth mentioning the work for establishing the Mercosur Seal of Good Design, whose objective is to strengthen innovation and insert small and medium-sized companies from the bloc into international markets in order to enhance their capabilities, recognize the richness and refinement of their cultures, and strengthen a regional identity.

Likewise, in the context of the Meeting of Ministers of Economy and Presidents of Central Banks, macroeconomic convergence and unified currency were analyzed, as well as the possibilities of commercial exchange in local currency. It should be remembered that in 2007 Dec. CMC N° 25/07 “Commercial transactions in local currency” was approved, notarized under ALADI ACE N° 18, which created an optional local currency payment system for trade between the Mercosur countries, which is in force but has not been widely used.

B · TREATMENT OF INSTITUTIONAL ASPECTS

a- Forums Productivity Assessment

In 2019, a stage of institutional structure modification was initiated to move towards its rationalization and agility, as well as a more efficient use of those bodies’ resources with their own budget (IDB INTAL, 2022). To contribute to this work, a mechanism for evaluating the productivity of the forums and compliance with the work programs was provided (Dec. CMC N° 18/19) by the Mercosur Commission of Permanent Representatives (CRPM). To this end, various evaluation criteria that sought to increase transparency on the functioning of the institutional structure were established (Table N° 15).

Table N° 15

Criteria to evaluate the forums’ productivity.

i. Submission of regulation drafts (decisions, resolutions and directives), protocols and agreements, as well as recommendations;
ii. Submission or adoption of memorandums of understanding and inter-institutional agreements;
iii. Submission of cooperation projects;
iv. Development of technical tools, such as computer systems, in accordance with the activities set out in the work programmes;
v. Conducting events authorized by decision-making agencies, including seminars, academic meetings, workshops and public agent training; and
vi. Elaboration of good practice guides.

Source: Dec. CMC N° 18/19.

The CRPM has made five semi-annual reports. Among its conclusions, it is mentioned that, in the second half of 2022, the bloc achieved higher levels of activity compared to previous years due to a good implementation of virtual meetings—which accounted for 80% of the meetings. They identified that the largest number of submitted and approved standards derived from SGT N° 3 Technical Regulations, N° 8 Agriculture and N° 11 Health, and issues related to the administration of common policy, such as supply measures, technical regulations and AEC. In total, 227 regulations were approved in 2022, and in the first part of 2023, 100 were approved (Table N° 16).

Table N°16
Rules and recommendations approved by Mercosur agencies.

	2020	2021	2022	2023*
Decisions	15	21	16	10
Resolutions	46	48	46	24
Guidelines	89	143	165	60
Recommendations	3	7	0	6
Total	153	219	227	100

Note: * data between January and July 2023

Source: Own elaboration based on SM.

The activities with approved Work Programs (PT) responded mainly to forum initiatives, so the CRPM suggested analyzing how to promote greater synergy between the priorities established by the decision-making agencies and the activities envisaged in the PTs. According to the latest report, in the second half of 2022 more than 70% of forums complied with their obligation to submit a PT and 56% issued compliance reports.

Regarding the activities similarity analysis, the report highlights that in the second half of 2022, 80 forums that may be carrying out activities or have functions of a similar nature were detected and that there were no records of coordination. They represent 30% of the Mercosur structure⁵⁵ (CRPM, 2022). The Commission’s work confirmed the assumptions about the need to simplify the institutional structure, provide precise instructions to the dependent forums and work in greater coordination to achieve a multidisciplinary approach to the issues on the agenda. The following section describes the main facts developed by the bloc on these issues between January 2022 and July 2023.

b- Continuation of work related to institutional adequacy

i. Modification of Dec. CMC N° 15/15 and Mercosur’s new institutional structure

As mentioned, in 2019, Mercosur members began a process of reviewing the bloc’s institutional structure. The successive PPTs gave continuity to adaptation commitments, including the Mercosur Social Institute restructuring (ISM), the Institute of Public Policies on Human Rights (IPPDDHH) and the Mercosur Secretariat (Dec. CMC N° 01/21). As a result, in 2022 the Dec. CMC N° 10/22 “Mercosur Institutional Structure (Modification of Dec. CMC N° 15/15)” provided for a series of modifications relating to the organizational structure and operation of the ISM; the IPPDDHH structure; the role structure of Mercosur agencies and the salary structure of Mercosur officials. The review included reducing the amount of human resources involved in the operation of Mercosur agencies, as well as their salary remuneration. As of January 2023, the total teams of these agencies went from 97 to 80 officials⁵⁶ (Table N° 17).

55 · Connections between the different forums include 42 topics (relating to Health; Culture; Children’s rights; Labour aspects; Social rights; Consumer protection; Criminal aspects; Migration; Digital aspects; Biotechnology; Energy and sustainable development; Climate change; Information systems; Incorporation of standards; and Statistics). The forums that group a greater number of connections are: the Regulations Incorporation Group, the Mercosur Socio-labor Commission, the Specialized Meeting of Statistics, the Specialized Crime Working Group (under the Meeting of Ministers of the Interior and Security) and the Standing Committee CP-Niñ@Sur, among others.

56 · In 2022, the Uruguayan Mariana Penadés was appointed as the new Executive Director of the Mercosur Social Institute (ISM) and the Argentine Remo Carlotto as Executive Director of the IPPDDHH. Bernardino Saguier Caballero, from Paraguay, was appointed as Director of the Mercosur Secretariat until December 2024.

It should be noted that the adjustments made were not enough to overcome the obstacles that some of these agencies have had for years in budgetary matters. As can be seen from the 2023 records, funding restrictions due to delays in member contributions ended up affecting the operation and performance of the ISM. As of June 2023, its debt amounted to more than US\$4.5 million, especially impacting the agency's communication and research areas. In the case of the IPPDDHH, it was only in the first half of 2023 that it received outstanding contributions, which allowed it to settle the debt contracted with the SM and give continuity to its activities and tasks.

Faced with the prolongation of funding restrictions, since 2022 alternatives, such as the transfer of government officials to Mercosur agencies with their own budgets, have been explored. Despite its reiteration in the work of the Mercosur Legal and Institutional Affairs Group (GAIM), at the end of the period the initiative was discarded due to the difficulties faced by some States Parties to advance in the regulation of said initiative.

Table N° 17
Modification of the role structure of Mercosur agencies.

INSTITUTE	2018	2022
Secretariat of Mercosur	1 Director	1 Director
	1 Coordinator	1 Coordinator
	1 Unit Coordinator	
	8 Technical Advisors	6 Technical Advisors
	23 Technicians	20 Technicians
	18 Technical Assistants	16 Technical Assistants
	4 Support personnel	4 Support personnel
FOCEM Technical Unit	1 Executive Coordinator	1 Executive Coordinator
	7 Senior Technicians	7 Senior Technicians
	5 Project Analysts	5 Project Analysts
	1 Technician	1 Technician
	5 Technical Assistants	5 Technical Assistants
Secretariat of the Permanent Review Court	1 Secretary	1 Secretary
	5 Technicians	5 Technicians
	1 Support personnel	1 Support personnel
Mercosur Social Institute	1 Executive Director	1 Executive Director
	4 Heads of Department	2 Heads of Department
	2 Technicians	
	2 Support personnel	
Institute of Human Rights Public Policies	1 Executive Secretary	1 Executive Director
	5 Heads of Department	2 Heads of Department

Source: Own elaboration based on Res. GMC N° 50/18 and Dec. CMC N° 10/22.

Another of the areas addressed in the institutional structure update was the dynamics of running the social participation mechanism in Mercosur and the Mercosur Integrated Mobility System (SIMESUR). The Dec. CMC N° 04/22 established that the Mercosur Social Summit will be held with the support of the SM instead of the dissolved Social Participation Support Unit, as a result of the institutional modifications reviewed above. In turn, the SM will be responsible for the Mercosur Social Organizations and Movements Registry and responsible for the management and administration of SIMESUR.

ii. Creation of the “physical infrastructure” Sub-Working Group and the Ad Hoc Group on Trade and Sustainable Development (GAHCDS)

The institutional designs of the integration processes contribute to understanding the priorities that members give to the different topics of their internal and external agenda. In this sense, in the reporting period there are some relevant developments that suggest the prioritization of new agendas by Mercosur members.

Among them, the conformation of SGT N° 14, Physical Infrastructure, within the GMC stands out.⁵⁷ It is a space for political-technical discussion and coordination of actions on an issue of growing relevance at the global level. This was one of the initiatives introduced by the PPTP in April 2022 and soon found an echo in the rest of the bloc's partners. The objectives of this sub-working group, first convened in November 2022, include⁵⁸:

- Encouraging cooperation and dialogue in infrastructure tasks planning between States Parties and with Associated States.
- Promoting logistics solutions, based on existing regional infrastructure, to meet specific demands.
- Identifying priority infrastructure projects for physical integration that promote productive and logistical integration both in the intra-zone and in relation to the main destinations of Mercosur exports.
- Coordinating priority infrastructure projects for Mercosur physical integration.
- Analyzing financing alternatives for physical integration projects identified as priorities.
- Coordinating positions on infrastructure in international forums.

In 2023, the PPTA proposed to create a Commission on Bioceanic Corridors (roads and railways, including waterways) and also a Urban Border Infrastructure Observatory. Thirdly, within the framework of the agreed Work Programme, they sought to develop a national and multi-state priority projects database for the Mercosur physical infrastructure.

At the July 2023 Summit of Heads of State, the presidents particularly highlighted the relevance of bio-oceanic corridors for the region, highlighting a number of key logistics infrastructure initiatives: the Bio-oceanic Rail Integration Corridor Project linking Brazil, Bolivia, Paraguay and Peru, and the Puerto Murtinho (Brazil)-Carmelo Peralta (Paraguay)-Misión la Paz (Argentina)-Puertos del Norte (Chile) Bio-oceanic Corridor.

For their part, as noted above, in 2022 Mercosur members also agreed to the creation of an Ad Hoc Group on Trade and Sustainable Development⁵⁹, suggesting another of the emerging axes in the regional integration of the Southern Cone.

These changes in the creation and operation of working groups and subgroups show a gradual adaptation in the institutional structure to the emerging agenda and priorities of the Estates Parties. Finally, in 2023, Brazil submitted the proposal to reactivate the work of the High Level Group on Institutional Relations between the Common Market Council and the Mercosur Parliament (GANREL), suggesting axes that can be continued in the PPTB.

c- Dispute resolution mechanism work

From the outset, Mercosur contemplated a dispute settlement mechanism that matured throughout the first decade of the integration process. The Olivos Protocol, of 2002, established the pillars of the current institutional configuration, within which a permanent action instance was foreseen and meeting: the Permanent Review Court (TPR). Despite these

57 · Between 1995 and 2000, SGT N° 5 included the topics of “Transport and Infrastructure”. Since the year 2000 it was renamed “Transport” while a Specialized Meeting on Transport and Infrastructure was created under the GMC, which met only once and was dissolved in 2012.

58 · GMC/RES. N° 17/22 “Working Subgroup N° 14 ‘Physical Infrastructure’”.

59 · GMC/RES. N° 41/22 “Ad Hoc Group on Trade and Sustainable Development”.

advances, the bloc has maintained a tendency to prioritize political solutions over legal ones in the face of differences between members. Since its inception, the TPR has issued only six arbitral awards, the last one being in 2012⁶⁰. The fact that there were no effective sanction mechanisms for non-compliance with the arbitral awards, together with the option of going to other forums—such as the World Trade Organization—blurred the attractiveness of the TPR in its role of dispute resolution⁶¹.

In contrast to this lack of dynamism—or rather, motivated by it—in the proceedings of the Mercosur Legal and Institutional Affairs Group in 2022 and 2023 there were several initiatives linked to this Mercosur pillar. It should be noted that these actions take place in the context of a series of global processes in which numerous dispute resolution mechanisms are paralyzed—highlighting the case of the Appellate Body of the World Trade Organization—and where a trend towards the “de-legalization” of the approach to trade policy is favored instead of a political resolution (Roberts et al., 2019). The aforementioned initiatives are described below:

i. Update of the “Olivos Protocol Regulations for Dispute Settlement in Mercosur”

In 2022, the update of the “Olivos Protocol Regulations for Dispute Settlement in Mercosur” was approved (Dec. CMC N° 5/22). This update seeks to adapt the instrument to the innovations introduced in the Amending Protocol to the Olivos Protocol Regulations for Dispute Settlement of 2007. It should be remembered that this Amending Protocol, in force since 2018, altered the composition of the TPR, going from the initial five arbitrators to the appointment of an arbitrator by each Mercosur State Party (thus allowing the incorporation of other arbitrators in case the membership of the bloc is modified) and one additional arbitrator appointed in the event that the TPR becomes composed of an even number of incumbent arbitrators. The Amending Protocol also expanded the functions of the Technical Secretariat. It is in charge of: “Being the depositary of the 12-arbitrators list and the list of third arbitrators; Notifying the States Parties of the consolidated list of arbitrators and third arbitrators; Drawing the arbitrators and third arbitrators in case they have not been appointed by the States; Notifying the arbitrators and third arbitrators who have been appointed in a dispute; Informing the GMC that direct negotiations are taking place; Receiving notification in case a dispute is initiated and, subsequently, notifying said communication to the States involved in the dispute and the GMC; and Notification of the Arbitral Awards” (Permanent Court of Review, 2023).

Among others, the new regulation accounts for the extension of the deadline for issuing advisory opinions, the modifications of some of the functions of the Technical Secretariat, and the changes introduced in the composition of the Permanent Review Court, resulting in the expansion of the Mercosur membership⁶².

ii. Regulation of the procedure for requesting advisory opinions from the TPR by the Mercosur Parliament (Parlasur)

In July 2022, the CMC gave rise to the “Rules of Procedure for the Request for Advisory Opinions to the Permanent Court of Review by the Mercosur Parliament”. The instrument established that this request shall work through the TPR Secretariat, and that it will also be made known to the National Coordinators of the GMC. The request must precisely indicate the Mercosur regulations linked to the petition and may not address issues that are the subject of an ongoing dispute resolution procedure. For its part, this document provides that the expenses derived from the issuance of advisory opinions requested by Parlasur must be paid by the latter, forming a corresponding separate sub-account in the “Special Fund for Disputes”.

60 · It also issued three advisory opinions (in 2007, 2008 and 2009) and eight resolutions (distributed in 2009, 2014, 2018, 2019 and 2021).

61 · See Bas Vilizzio (2014), among others.

62 · In addition, regarding the composition of the court arbitrators, the members agreed to the renewal of Dr. Jorge Luiz Fontuoura Noqueria’s mandate; while Washington Baliero and Jorge Fernández Reyes remained as members of the TPR head and alternate, respectively, for Uruguay. Guillermo Michelson Irusta (Argentina), for 2024 and 2025, and Cecilia Fresnedo (Uruguay), for 2026 and 2027, were appointed as additional arbitrators of the TPR. The alternate of the head member of the TPR of Paraguay (Ramón Díaz Pereyra) was appointed until March 2025. Finally, Natasha Suñé was designated in charge of the TPR Secretariat, being the first woman chosen to carry out this function.

iii. Work related to the creation of an Arbitration and Mediation Center in Mercosur

Finally, the initiative for the creation of a regional Arbitration and Mediation Center for individuals was a proposal submitted by Paraguay to GAİM in 2022. It seeks to create a space for the resolution of disputes on Alternative Methods for disputes in the field of private law, outside the ordinary jurisdictional systems of the States Parties.

Throughout the successive meetings of the working group, progress was made in discussing different inputs for establishing this space. In March 2023, the SM submitted a working document dedicated to the comparative analysis of 16 mediation and arbitration centers.

C · OTHER INTERNAL AGENDA ITEMS

a- Business Forum Meetings and dialogue with the Economic and Social Consultative Forum (FCES)

After the resumption of the Business Forum activities in 2021 (IDB INTAL, 2022), the periodic meetings of this discussion area continued. In its VIII edition, in the first half of 2023, the sessions were aimed at knowledge-based services, the pharmaceutical sector and agri-food. The IX meeting was attended by the pharmaceutical, film and audiovisual sectors, and agro-sustainability, while in the first half of 2023 the X meeting focused on the automotive sector and the transition to sustainable mobility, on value chains in the biotechnology sector, on health (production of medical equipment and development of medicines) and on the integration of the advertising sector in the audiovisual sector. In addition, an event entitled “Women Entrepreneurs in Mercosur - Promoting business with regional expansion” was held.

On the other hand, as part of the activities with the private sector, a seminar was held on access opportunities for public procurement in Mercosur.⁶³

During the period, the dialogue between the Economic and Social Consultative Forum (FCES) and the Mercosur decision-making agencies continued, especially with the GMC, to whom the FCES presented recommendations on issues such as frontal food labeling, citizenship status, Bolivia’s accession to Mercosur, the Agreement on Linked Border Locations ratification, consultation mechanism on negotiations of Mercosur trade agreements, and Migration and free movement of people in Mercosur.

b- Consumer Protection

Partners continued to work on building tools for consumer advocacy (IDB INTAL, 2022). On this occasion, a study was prepared on the “Impact of the Covid-19 Pandemic on Mercosur and consumer relations” and the discussion on “The protection of consumers against over-indebtedness” was held, organized with the Ibero-American Forum of Government Agencies for Consumer Protection (FIAGC). Work was also carried out on two draft resolutions on “Voluntary commitment of suppliers for consumer protection in the digital environment” and “Consumer Protection against Over-indebtedness”, which continue in the scope of Technical Committee (CT) N° 7.

On the other hand, work is being done on a “Cooperation mechanism for compliance control regarding consumer protection regulations”, linked to the procedures for the reception of evidence and the conduct of proceedings in administrative procedures for the control of consumer defense regulations when a supplier has headquarters or offices in another State Party.

c- 25 years of the Mercosur Forum for Consultation and Political Dialogue (FCCP) and celebration of the Mercosur Social Summit

63 · It should be noted that Uruguay was the only country that incorporated, in May 2022, the Mercosur Public Procurement Protocol approved in 2017.

During the first half of 2023, the 25th anniversary of the FCCP was celebrated. Created in December 1998, this forum fostered the exchange of experiences and dialogue that has nurtured regional integration. It is the nerve center of the so-called “Political Mercosur”, which has given rise to emerging agendas as well as links with Associated States and those in the Accession Process.

Among others, the meetings of ministers of Justice, Interior and Security, Education, Culture, Social Development; the meetings of High Authorities on Women, Human Rights, Comprehensive Disaster Risk Management, Indigenous Peoples, the Rights of People of African Descent; the specialized meetings of Official Public Defenders, Public Prosecutors, Government Internal Control Agencies and Drug Enforcement Authorities were held. The Working Groups on Migration Issues, Firearms and Ammunition, the Working Group on Legal and Consular Affairs, the IPPDDHH and the ISM report to the FCCP.

In the study period, the FCCP activities were guided by the 2023-2024 Biannual Work Plan, which had been approved in the second half of 2022. The following priority axes derive from it: social issues, infrastructure issues, justice and security issues, and human rights issues. Matters such as the “Transitional Residence Agreement for the mobility of persons carrying out academic activities between the Mercosur States Parties” and a project for a regional action guide for human trafficking situations early detection at border crossings. The action of the Mercosur Official Public Defenders’ Offices in the area of Human Rights, Public Defense and the elderly was also addressed, and the “Declaration of High Authorities on Human Rights against Hate Speeches” was approved. Among other issues, the IPPDDHH proposal to hold a Regional Public Consultation on indigenous peoples’ participation in public policies was approved, and multiple meetings and seminars were held with a focus on cooperation in security, justice, gender, culture, education and human rights.

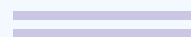
One of the most relevant consequences of the celebration of the 25th anniversary was the relaunch of the Mercosur Social Summit. After being suspended for seven years, it took place on June 1, 2023 in a virtual format with the participation of social movements, non-governmental organizations and organized communities from member countries. For this, among other things, it was necessary to update the Mercosur Organizations and Social Movements Registry, a task that was in charge of the SM, as mentioned. The axes of the meeting were Sustainable Development and Food Security; Memory, Truth and Justice; Gender; Work and Social and Solidarity Economy; Human Rights; Health, Science and Technology; Culture, Education and Communication, and Regional Integration and the Role of the Social Summit. These subjects allowed for the setting up of six thematic seminars in parallel⁶⁴.

It should also be noted that during the period, statements were approved by ministers from various portfolios, demonstrating the coincidences in different political issues that concern the region. Among them, in addition to the previously mentioned statement against Hate Speeches, the “Declaration on the strengthening of the socio-labor dimension of Mercosur for the protection of workers” approved by the Ministers of Labor, and the “Declaration of Intent for Strengthening Criminal Investigation Capacities of the security and police forces with emphasis on the transversality of economic crime” of the Ministers of the Interior are highlighted.

At the end of the LXII Summit of Presidents of Mercosur, the presidents of the member countries ratified the course of the work carried out in the “political” Mercosur and committed to continue and deepen the activities of the Expanded Mercosur⁶⁵. For their part, they also called for strengthening this type of instance in light of the commitments made weeks earlier at the Summit Meeting of the South American Presidents (Brasilia Consensus).

64 · The record of the seminars that made up the Mercosur Social Summit is available at https://www.youtube.com/playlist?list=PLwkYMuZGOxhtOZAIfvcyLQ_ZI2CxhwJu4

65 · Joint statement of the Presidents of the Mercosur Party States and Associated States on the occasion of the LXII Summit of Presidents of Mercosur. July 2023



CHAPTER 3



DEVELOPMENT OF THE EXTERNAL AGENDA

Throughout the three decades of the regional bloc's history, Mercosur's external agenda has pursued two main goals: on the one hand, to improve access of member countries to extra-regional markets; and, on the other, to project a common identity on the international stage. Two additional roles of external action are observed, less explicit in nature: the consolidation of an internal reform agenda— literature acknowledges that external agendas can have a padlock effect on domestic processes (IDB ECLAC, 1995)—, and the dynamization of Mercosur at a time when other agendas were paralyzed. Even in the more than 30 years that the integration process attests, evidence regarding how the external agenda has had multiple spills in the internal consolidation of Mercosur can be found (IDB INTAL, 2020; 2022).

In terms of access to goods markets, it should be noted that, as a result of the acquis of existing agreements, 14.4% of extra-regional exports already have some type of preference in external markets (Table N° 19). The main export destinations, however, are not covered by the current agreements, and the average trade-weighted applied tariff found by the exports of the four Mercosur partners in the destination countries of their products has been 4.4% (varying according to the MFN tariffs and preferences existing in the main trading partners, see Table N° 18). As detailed in the following section, the negotiations with the EU and with partners in the Asian region seek to expand the preferential treatment of Mercosur goods and services in their international insertion. The agreements with already concluded negotiations would add preferential treatment for 22% of the bloc's goods exports, thus reaching 36.4% of the total. If all the open fronts are materialized, the trade package addressed by the external agenda could reach 45.2% of Mercosur's total exports and 33.3% of imports.

Table N° 18

Tariff applied on the country's exports in the main destination markets⁶⁶.

COUNTRY	TOTAL	AGRICULTURAL PRODUCTS	NON-AGRICULTURAL PRODUCTS
Argentina	6.60%	10.20%	1.10%
Brazil	2.80%	7.20%	0.40%
Paraguay	2.30%	2.80%	0.10%
Uruguay	6.00%	9.90%	0.50%

Fuente: UNCTAD, 2022.

66 · These calculations take the applied weighted tariff values compared in the main markets, according to the methodology developed by UNCTAD for the "World Trade Profiles 2022" report. It includes the MFN or preferential tariff imposed by the five main trading partners in each sector on the products they import from the country or territory (that is, on the products exported by the country or territory).

Table N° 19

Mercosur trade with partners with trade agreements in force, agreements concluded and agreements under negotiation.
In US\$ millions. Year 2022.

PARTNERS WITH AGREEMENTS IN FORCE	EXPORTS	IMPORTS	SHARE IN TOTAL EXTRAREGIONAL EXPORTS	SHARE IN TOTAL EXTRAREGIONAL IMPORTS
Bolivia	2,195	2,460	0.60%	0.90%
Chile	12,349	5,274	3.60%	2.00%
Colombia	4,530	2,403	1.30%	0.90%
Cuba	539	8	0.20%	0.00%
Ecuador	1,430	400	0.40%	0.20%
Egypt	3,797	1,122	1.10%	0.40%
India	9,401	8,618	2.80%	3.30%
Israel	1,214	1,310	0.40%	0.50%
Mexico	6,423	6,268	1.90%	2.40%
Peru	5,360	1,400	1.60%	0.50%
SACU	1,685	,216	0.50%	0.50%
Total partners with agreements in force	48,923	30,479	14.40%	11.70%
European Union	62,944	57,216	18.60%	22.00%
EFTA	3,995	4,408	1.20%	1.70%
Singapore	8,567	1,485	2.50%	0.60%
Total partners with concluded negotiations	75,506	63,109	22%	24%
South Korea	8,362	6,393	2.50%	1.90%
Canada	6,332	5,856	1.90%	1.70%
Indonesia	5,256	2,377	1.60%	0.70%
Lebanon	371	37	0.10%	0.00%
Vietnam	6,778	4,376	2.00%	1.30%
Dominican Republic	1,565	37	0.50%	0.00%
Total Partners with agreements under negotiation	28,664	19,076	8.50%	5.60%
Total External Agenda (Agreements in force + negotiations concluded + ongoing negotiations)	153,093	112,664	45,20%	33,30%

Fuente: Elaboración propia en base a SECEM.

During the January 2022-June 2023 period, Mercosur's external agenda has maintained almost a dozen active negotiations with both Latin American countries and extra-zone partners. Based on the actions and priorities established within the Group on External Relations (GRELEX) and through a system of national coordinations, in this period Mercosur has developed negotiations seeking to achieve free trade agreements with Korea and Canada. Negotiations with Singapore have also been concluded and technical work continued on agreements in principle with the EU and the European Free Trade Association (EFTA). At the same time, exploratory dialogues were initiated with the Dominican Republic, El Salvador, Indonesia and Turkey—among the main “new fronts”—and the existing agreements with

Chile, Peru, Colombia and Ecuador were under revision, to further deepen or modernize them. In the successive PPTs, the agendas were prioritized according to the possibilities of obtaining concrete results, taking into account the progress of the ongoing tasks and the counterparts' receptivity.

The divergent interpretations that members expressed regarding the Dec. CMC N° 32/00 and the debate on increasing the flexibility of the Customs Union did not prevent the parties from maintaining multiple negotiation fronts and asserting positions on various topics in the international agenda. The external agenda was resilient to these tensions, and member countries maintained consensus around “the need to continue modernizing the bloc’s external agenda.” In the case of Brazil, Argentina and Paraguay, “seeking to contribute to their insertion in the region and the world and to the economic and social development of the countries that comprise it”⁶⁷, and in the case of Uruguay, “taking into account the interests and sensitivities of each of the four partners”⁶⁸. Domestic political processes, however, influenced the rhythms of the external agenda, which is a repeated phenomenon. In this regard, during the period studied, the beginning of Lula de Silva’s government (January 2023) involved the reconfiguration of Brazilian technical teams and required more time, in that transition, for the review of proposals and documents of the ongoing negotiations.

A · REGULATIONS ON EXTERNAL RELATIONS

a- The persistence of the debate for “flexibilization”

The process of external negotiations, even if it maintained high levels of activity—due to the meetings that took place and the counterparts with which there are open instances—was not without difficulties in coordinating member countries. There is no consensus among Mercosur partners on the format and speed of opening trade agreements with third parties. Therefore, recurrently, the flexibilization of the bloc is a matter of discussion.

Although the Treaty of Asunción establishes that the States Parties of the process are committed to “the adoption of a common commercial policy in relation to third States or groupings of States and coordinating positions in economic forumson regional and international trade “, and then the Dec. N° CMC 32/00 established the members' position to “Reaffirm the Mercosur States Parties’ commitment to jointly negotiate agreements of a commercial nature with third countries or groups of extra-zone countries in which tariff preferences are granted”, on repeated occasions the divergences in interpretations between the countries have generated frictions and tensions on the external agenda (Barrenengoa & Barceló, 2021; Caetano, 2021; Amaraldio de Carvalho & Maurer de Salles, 2023).

In the 2022-2023 period, Uruguay continued to promote a proposal referring to the need and/or possibility for partners to negotiate at multiple speeds. The flexibility of Mercosur was part of the agenda of the Presidential Summit and also of the work in the GMC. In July 2022, Uruguay announced that it would begin negotiating a bilateral free trade agreement with China, after concluding a feasibility study. In December 2022, the Uruguayan Foreign Minister unilaterally submitted the application for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

These actions generated different tension peaks. In July 2022, the summit was tinged with uncertainty, and Uruguay did not sign the Joint Declaration as a manifesto of its disagreements. In December 2022, the coordinators of Argentina, Brazil and Paraguay issued a joint statement in response, in which they expressed that they reserved the right to adopt possible measures to defend their interests in the legal and commercial fields in the event that Montevideo continues with an exercise of individual negotiations.

67 · LXI Summit of Heads of State of Mercosur and Associated States and LXI Ordinary Meeting of the Council of the Common Market: <https://www.cancilleria.gob.ar/es/actualidad/noticias/lxi-cumbre-de-jefes-de-estado-del-mercursosur-and-associated-states-and-lxi-reunion>

68 · Statement of the Oriental Republic of Uruguay in the context of the Summit of Presidents of Mercosur, 07/12/2022: <https://www.gub.uy/ministerio-relaciones-exteriores/comunicacion/noticias/comunicado-republica-oriental-del-uru-guay-marco-cumbres-presidentes-del>

While these differences have not caused a blockade in Mercosur's capability to negotiate with others, they have weakened its external image and contributed to creating friction in other arenas. The clearest example is Uruguay's resistance to signing the Joint Presidential Declarations of the last summits, issuing instead an individual Declaration in dissent. The tension spills indirectly into the whole integration process.

We observe that the persistence over time of tensions suggests that this is not a difference depending on the specific government in office. There are long-standing inconsistencies between member countries, linked to differentiated needs, divergent development models and dissimilar visions regarding the pattern of international insertion sought. While these divergences have not overshadowed the level of activity, they do limit a more assertive external behavior and cannot be ignored.

B · MAIN DEVELOPMENTS OF THE EXTERNAL AGENDA

a- Negotiations with Latin America and the Caribbean: administration of economic complementation agreements and new processes underway.

At the regional level, Mercosur's external agenda for the period had three simultaneous dynamics: on the one hand, efforts were made to deepen and/or modernize the existing agreements; on the other, meetings centered around agreement administration were held. And finally, negotiations for concluding new free trade agreements took place.

The first group includes Chile, Colombia, Peru and Ecuador. Regarding Chile⁶⁹, since the beginning of 2022 parties held discussions for modernizing the regime of origin of Economic Complementation Agreement No. 35 began (ACE N° 35). Among other things, these negotiations aimed to establish value accumulation between both parties. This process is related to the progress of updating Mercosur's rules of origin. In view of this objective, the parties resorted to the ACE N° 35 Origin Technical Group. It should be remembered that in February 2022 the Sixth Additional Protocol was incorporated into this ACE, referring to the Trade Agreement signed between the Republic of Chile and the Republic of Paraguay. On the other hand, the expiration of the deadlines of the temporary import and drawback regime, within the agreement, led to these issues being incorporated into the pending issues of the 2023 agenda.

Also, in the case of Colombia, negotiations during this period to deepen the agreement were held. Accessing markets for agricultural products, including the application of the Andean Price Belt System (SAFP), updating of the tariff nomenclature and approaching the ACE No. 72 Dispute Settlement regime are of special interest.

With Peru, Mercosur agreed on a similar agenda: to continue the work on Digital Certificate of Origin issues; also the application of the agreement to free zones, the treatment of the price band regime that affects the agricultural market, and the transposition of the preferences to the NALADISA 2017 nomenclature.

In this way, the external agenda with the Andean partners was developed country-by-country by Mercosur with every counterpart, and had greater dynamism than the bi-regional or interbloc agenda. Indeed, with respect to the Pacific Alliance (PA), during the period there were discussions on the draft "Memorandum of Understanding to Establish a Commission for the Strengthening of Trade"; however, no specific progress was recorded on the aforementioned "convergence in diversity" (Rosales, 2014). Even if the Joint Statements of the Presidents of the Mercosur States Parties of the LX Summit alluded to the intention to continue working on the Puerto Vallarta Action Plan, no bi-regional actions that would contribute substantially to that goal were identified.

69 · At the bilateral level, it should be noted that in January 2022 the Sixty-Fourth Additional Protocol entered into force, which incorporates into the Economic Complementation Agreement N° 35 the "Chile-Brazil Free Trade Agreement", and that in April 2023, within the framework of the Second Meeting of the Bilateral Administrative Commission of the Trade Agreement between Argentina and Chile, among others, technical agreements were signed for the interoperability of digital signature systems, necessary for the implementation of the Agreement on Mutual Recognition of Digital Signature Certificates between both nations.

With Ecuador, elaborating the terms of reference for the transcription of ECA N° 59⁷⁰ in a Mercosur-Ecuador Economic Complementation Agreement was explored. It should be remembered that this instrument has undergone successive modifications: in 2011, through the ninth additional protocol to ECA N° 59, the status of Venezuela as an individual contracting party was modified; then, in July 2017, the Mercosur countries and Colombia signed ECA N° 72 as a specific instrument, leaving only some parts of their trade governed by ECA N° 59. Finally, since 2021, Mercosur has been working towards a similar specific instrument with Ecuador.

Meetings of the Administrative Commissions of the agreements with Bolivia were held. As in the case of Chile, the proximity of the expiration of the deadlines of the temporary import and drawback regime of ECA N° 36 for December 2023 turned these into topics of interest for Mercosur in the first half of that year. For its part, starting with the PPT, Argentina sought to promote the process of this country's entry into the bloc. In 2015, Mercosur and Bolivia signed the Accession Protocol, but its completion was delayed by the ratification process pending in the Brazilian parliament⁷¹, as well as by the pending tasks in Bolivia's technical adaptation to Mercosur regulations. In this sense, during 2023 the meetings that had been pending since 2019 were resumed (none of the previous PPTs had regarded the issue). In May 2023, the "I Meeting of the Accession Group of New States Party—Plurinational State of Bolivia" was held, in which a review of the situation took place and the parties agreed to resume the technical work.

Finally, there were efforts to expand the network of regional agreements. As part of the new negotiations with the region, Mercosur has been seeking to strengthen its ties with the Caribbean and Central American region for some years. In June 2022, the first Technical Meeting of the Joint Working Group for the Promotion of Trade, Investment and Productive Linkages between Mercosur and the Dominican Republic was held. Dialogues with El Salvador to establish the Terms of Reference of the process that could lead to the negotiation of a new free trade agreement were held. Finally, Honduras reportedly expressed its interest in an eventual trade negotiation with Mercosur. It should be remembered that in the 2000s Mercosur had tried to carry out a bi-regional agreement with the Central American Integration System (SICA). At the current time of Mercosur—and also in line with the variable geometry scheme that governs Central American countries—the new approach to this region is based on a country-by-country strategy.

[b- The extra-regional agenda: agreements concluded \(in principle\) and negotiations underway.](#)

iii. Singapore

The extra-regional agenda has the conclusion of the free trade agreement with Singapore as its main milestone of the period. This instrument joins those of the EU and EFTA, totaling three agreements in principle concluded by the bloc, but which have not yet been signed or ratified. Talks with Singapore began in 2018, within the framework of the Puerto Vallarta Summit in Mexico. After four rounds of negotiations, coordinated by Paraguay, the conclusion of the Free Trade Agreement negotiations was announced on July 20, 2022, during the LX Ordinary Meeting of the Common Market Council.

Singapore's main interests in Mercosur are concentrated in the oil, gas, agribusiness, digital trade, manufacturing, and logistics and infrastructure sectors. On the Mercosur side, the relevance is mainly geostrategic, being the first agreement that Mercosur signs with a country in the Asian region⁷². In addition, it is a relevant partner for Brazil (it is the sixth destination of its exports). Due to its geographical location as a hub of the ASEAN chains, it has also been

70 · ACE N° 59 covers the Mercosur countries and Colombia, Ecuador and Venezuela.

71 · In 2017, the ratification project entered the Brazilian parliament (PDC 745/2017). After obtaining approval in different committees of the Legislative Chamber in 2018, the project failed to be addressed in plenary. In 2019, Eduardo Bolsonaro convened a public hearing in order to deepen the debate, in the context of the institutional crisis that Bolivia was going through at that time. The issue remains pending at the time of preparation of this report.

72 · In addition, Singapore has a network of 27 free trade agreements—including some of the largest agreements in the world, such as the Regional Comprehensive Economic Partnership (RCEP, which entered into force in 2022 and brings together 15 Asian countries) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP, which brings together 11 countries from Asia, Oceania and Latin America and has been in force since 2018). RCEP and CPTPP together account for nearly 35% of global GDP.

considered as a key partner to connect with the regional headquarters of international food and agricultural companies (CEI, 2022).

The agreement consists of 19 chapters, and can be considered as a deep trade agreement. It covers National Treatment and Access to the Market of Goods; Rules of Origin (including an annex with Specific Requirements of Origin); Investments (with annexes with additional provisions between Brazil, Paraguay and Uruguay and Singapore); Services—including Financial and Postal Services—, Electronic Commerce; Movement of Persons; Customs Procedures and Trade Facilitation; Government Procurement; Trade Defense and Global Safeguards; Bilateral Safeguards; Competition; Intellectual Property; Technical Barriers to Trade (TBT); Sanitary and Phytosanitary Measures (SPS); Dispute Settlement; Transparency, and Micro, Small and Medium Enterprises (Brazil - Ministry of Foreign Affairs, 2022).

In terms of market access, it should be noted that Singapore does not apply tariffs to trade in non-agricultural products and has 99.9% of its agricultural products completely liberalized (with the beverages and tobacco category being the only one where import duties exist). Mercosur, through the agreement, committed to the liberalization of import tariffs of 95.8% of the tariff universe, which corresponds to 90.8% of the total value currently imported from Singapore.

The main innovations of the agreement are related to technical regulations and services, investments and movements of people. As for the rules of origin, specific requirements were negotiated for all products. In addition, it should be noted that the agreement provides for a hybrid certification system, with the possibility of self-certification through a declaration of origin or a traditional Certificate of Origin, giving freedom of choice to the governments and commercial operators of Mercosur and Singapore. This practice had already been reflected in other finalized international agreements, such as that of Mercosur-EU and Mercosur-EFTA, and is part of the updates introduced in the review of the bloc's regime of origin.

Regarding services, sectoral disciplines on financial services, professional services and postal services were included. The parties also recognize the mutual interest in negotiating disciplines on telecommunications services in the future. Linked to this point, the chapter on the movement of natural persons is highlighted, which aims to promote the access of Mercosur entrepreneurs, service providers and investors to the Singapore market, through provisions that ensure timely and transparent migration procedures. The chapter covers the entry and temporary stay of persons as a means of facilitating trade and investment.

Unlike the Mercosur-EU agreement, the one conducted with Singapore includes a chapter on investments. This is also innovative because none of the members of the bloc have previous investment agreements signed with this country. The provisions of the chapter follow the Brazilian model of Investment Facilitation Agreement. The chapter has articles that establish a governance structure aimed at cooperation between the parties, through a joint subcommittee and the figure of Focal Points or "ombudsperson". The paragraph also recognizes the right of Parties to regulate in order to achieve legitimate public policy objectives, establishes principles on the prevention of disputes and adopts an annex with additional investment protection commitments assumed by Mercosur States Parties and Singapore. Each of the parties (the four Mercosur countries and Singapore) also presented specific national lists of commitments for access to services and investment markets.

Regarding electronic commerce, it was pointed out that the agreement establishes "the broadest framework on this modality of trade ever agreed by Mercosur with extra-regional partners." The commitments cover personal data protection, electronic authentication, online consumer protection, unsolicited commercial communications (spam), cross-border transfer of information by electronic means, paperless commerce, prohibition of server location requirements and electronic invoicing, as well as prohibition of collecting customs duties on electronic transmissions. The chapter also supports the promotion of cooperation between the parties, including on cybersecurity.

Other innovations refer to the chapters on sanitary and phytosanitary measures and technical barriers to trade. In the first of these, one of the most outstanding aspects is the recognition by Singapore of the principle of “pre-listing”, an authorization modality in which the health authorities of one country accept the direct indication of the producing establishments of the other, through a faster process that reinforces confidence in the phyto-zoosanitary system of the Mercosur countries. Regarding the chapter on technical obstacles, the incorporation of a procedure to negotiate trade facilitation initiatives (TFIs) is highlighted. It is a flexible and dynamic mechanism, with a case-by-case approach that can be activated during the term of the agreement. The negotiators argued that, through this mechanism, it will be possible to seek harmonization with relevant international standards and recognition of the results of conformity assessment procedures.

Following the announcement of the conclusion of the negotiations, the legal review process must proceed prior to signature by the presidents and the ratification process. As in previous Mercosur agreements, the possibility of the agreement entering into force bilaterally was agreed; that is, entering into force by each of the Mercosur countries individually and by Singapore. The communications between the parties in 2022 estimated a prompt development of these stages, aiming to sign the agreement in the first half of 2023. However, pending technical issues, as well as the change of government in Brazil, led to the postponement of this goal.

iv. European Union

With the European Union, the agreement was to hold periodic meetings to finalize the technical work and finalize the legal review process. The members expressed their willingness to “promote its signature as soon as possible” and highlighted that this agreement constitutes a high priority item for the bloc. However, progress was meager.

“There were difficulties both technical—where the work of legal scrutiny extended beyond what was initially planned—and political: on the one hand, European concerns about environmental standards led Brussels to raise the need to negotiate an additional side-instrument to the free trade agreement; on the other hand, the Mercosur countries were skeptical of the new European industrial and environmental policy measures. Finally, the electoral processes that took place in the member countries promoted revisionist views on some aspects of the aforementioned “agreement in principle” of 2019.”

The technical work focused on matters of geographical indications, and on the institutional and governance architectural aspects of the agreement, upon receipt of the documents for the division of the agreement⁷³. High-level efforts that included the missions of high-ranking Mercosur officials to Europe and vice versa were made during 2022 and 2023. Between the parties, a notion of window of opportunity arose towards the first half of 2023, given the changes in international events (fundamentally, due to the geopolitical effects of the war in Ukraine), the proximity of the CELAC-EU summit scheduled for July 2023 (which generated a desired temporal goal), and the elections and authorities successions agenda on both sides of the Atlantic (which could imply that new authorities had a lower understanding or priority in the negotiation). However, at the time of this report, there are still pending issues.

European policies played their part in adding to the negotiation process. Throughout the period, the EU incorporated various instruments that generated concern for Mercosur partners. In February 2022, the European Commission introduced a proposal for a Directive on corporate sustainability due diligence, which includes foreign companies operating in European territory. In December 2022, the European Parliament approved the application of the Carbon Border Adjustment Measure (CBAM), which came into force in May 2023. In addition, in 2023 the European regulation to minimize deforestation (with scope over imports) was also approved. Finally, in February 2023, the European Commission presented a Green Deal Industrial Plan that includes new regulations and subsidies.

⁷³ · Although the Association Agreement between Mercosur and the EU was developed in three pillars (economic integration, political cooperation and social cooperation) as a single unit, the particularities of the European ratification process suggest classifying it as a mixed type agreement. In this way, the contents that are the exclusive competence of the EU would only require the support of the European Parliament and the Council of the EU for their approval, while the rest of the issues would require the subsequent approval of all the national parliaments of the EU to enter into force.

⁷⁴ · A detailed analysis of the scope and limits of this agreement can be found in Cáceres, Tokas, Gehring, & de Andrade Correa (2021).

In line with this new approach to environmental policy promoted by Europe, and given the criticism that the Sustainable Development chapter contained in the 2019 agreement in principle had received⁷⁴, in March 2023 the EU presented Mercosur with a proposal to negotiate an additional side-letter to the agreement in which environmental commitments were strengthened. Among others, this instrument, entitled “EU-Mercosur joint instrument on sustainability”, refers to specific levels of efforts for the full implementation of the Paris Agreement commitments and other instruments included in the “agreement in principle”, cooperation for the goals of combating deforestation and forest degradation, and the strengthening of commitments on labor rights⁷⁵.

Mercosur delegations expressed concern and even dissatisfaction about the new demands introduced by the EU after the agreement, as well as the unilateral measures announced within the Green Deal. At the summit meeting in December 2022, the presidents referred to the risk that “the evolution of legislative initiatives that, inspired by a legitimate concern for the environment, may lead to restrictive measures of a unilateral, extraterritorial and discriminatory nature, to the detriment of Mercosur economies”⁷⁶. The analysis of the effects of the aforementioned “Green Deal” on the terms of the “agreement in principle” and the study of the implications of the joint instrument were nodal tasks of the Mercosur teams during the first half of 2023. Although at the end of the period there was still no response from the bloc to the annexed document proposed by the EU, in the negotiating process Mercosur sought to emphasize the economic and social dimensions associated with the implications of these commitments, as well as to include notions of common but differentiated responsibilities in assuming commitments—in line with the positioning of the bloc countries in environmental governance forums—⁷⁷.

In this line, a third issue going through the revision stage of the agreement in principle and technical negotiations is the modification of the context in terms of industrial policies, in light of the trends observed in both Brussels and Washington, as well as the changes of governments in the region—related to these policies. As part of the post-pandemic stimulus packages, the energy transition adjustments, and within the context of global competition in strategic sectors such as microchips, a large part of the developed economies have relaunched active industrial policy plans, giving rise to a new moment of industrial policy (Aggarwal and Reddie, 2020; Artecona and Velloso, 2022; Agarwal, 2023) or new “productivism” (Rodrik, 2022; 2023). Fiscal stimulus packages, control over FDI, technical assistance, investment in research and development, domestic content requirements, low-cost credit and other financing mechanisms aimed at improving the resilience of value chains and leadership in Industry 4.0 are some of the measures taken. Examples of these policies are the US Chips Act and the Inflation Reduction Act, the EU Chips Law and the aforementioned European Green Deal. According to this model, governments actively partner with the productive sector to generate new competitive advantages with a new approach to active policies. It is in this context that Brazil, after the beginning of Lula da Silva’s government, introduced changes in the negotiating position of this country within the framework of negotiations with the EU. Specifically, the government veered towards a more conservative position regarding the commitments of the government procurement chapter, understanding that this type of instrument was a necessary resource for promoting the growth of small and medium-sized companies and that it could not be limited by the scope of the free trade agreement. The statements of the Brazilian president suggest a hard negotiating position on this topic within the ongoing negotiations, and aim to seek a new balance of demands and concessions⁷⁸.

75 · A preliminary version of the document, from February 2023, was leaked by the NGO “Friends of the Earth”, available online <https://friendsoftheearth.eu/wp-content/uploads/2023/03/LEAK-joint-instrument-EU-Mercosur.pdf>

76 · Ministry of Foreign Affairs International Trade and Worship of Argentina, 2022.

77 · Moreira, A. (05/03/2023). Analysis: Mercosur prepares response to EU. *International Value*. Retrieved from <https://valorinternational.globo.com/economy/news/2023/05/03/analysis-mercosur-prepares-response-to-eu.ghtml>

78 · valorinternational.globo.com/economy/news/2023/05/03/analysis-mercosur-prepares-response-to-eu.ghtml 78 · Among other speeches, this position is manifested in the speech delivered by Lula da Silva at the inauguration of the CELAC-EU Business Forum. Available at <https://www.gov.br/planalto/es/seguir-al-gobierno/discursos-y-pro-nunciamentos/discurso-del-presidente-de-la-republica-luiz-inacio-lula-da-silva-en-la-inauguracion-del-forum-empre-sarial-celac2013ue>

The efforts through these semesters sought to promote a context ripe for signing the agreement. There were meetings of the chief negotiators, as well as summit meetings between presidents of the Mercosur member countries and European political authorities. In March 2023, a meeting of chief negotiators took place in which they set an intense work agenda for the first semester with the expectation of being able to conclude the negotiations. The proximity of the EU-CELAC summit, in July 2023, was taken as a desired temporary goal by the negotiating teams since the meeting of the highest authorities in Brussels constituted an ideal environment for the signing of the agreement. In addition, the fact that the presidency of the Council of the EU during the second half of 2023 corresponding to Spain had been perceived as a window of opportunity for the signing of the agreement, increasing the relevance of the activities of the last semester.

However, as already mentioned, at the time of writing this report, the parties had not been able to resolve the pending or emerging issues. Mercosur seeks to balance and update the agreement as a counterpart to the demands introduced by Europe.

At the EU-CELAC summit, the parties stressed the shared defense of an “open and fair rules-based trade”. The agendas related to supply chains and sustainable development were underlined, and reference to the full implementation of the association and trade agreements between the EU and Latin American countries was also made. Regarding the negotiations with Mercosur, “notes of the work in progress were taken”. Already days before the summit, the reduction in expectations had been manifested through various public statements⁷⁹. Instead, memorandums of understanding on renewable energies were signed between the EU and Argentina and Uruguay, within the framework of the European Global Gateway initiative. The agreements signed with Brazil and Argentina on the occasion of the Von der Leyen mission, president of the European Commission, to South America in June 2023 are also added to the list.

v. EFTA

The agreement between the Mercosur countries and Iceland, Liechtenstein, Norway and Switzerland, negotiations of which ended in August 2019, is another instrument that is subject to technical work on legal review and preparation of documents for signature. As of February 2022, progress in the legal review of government property annexes, rules of origin, and procurement had been made. A videoconference meeting of chief negotiators was held in October 2022. Subsequently, a new meeting at that level was scheduled for June 2023, while technical work on rules of origin was still pending.

vi. Republic of Korea

As part of the reactivation of Mercosur’s external agenda, in 2018 Mercosur and the Republic of Korea began negotiations for establishing a free trade agreement. In August 2021, the seventh round of negotiations was held (this was the last meeting at the time of this report). In addition to the reservations timely submitted by Argentina⁸⁰, the parties have failed to reach an understanding on the terms of the agreement. At the GMC meeting in February 2023, Mercosur representatives agreed on the “difficulty of moving forward” until Korea achieves greater flexibility in terms of trade in agricultural goods and sanitary and phytosanitary measures. These issues constitute one of the bloc’s main offensive interests in the Asian market, while being the most sensitive issues for Seoul. According to WTO data, by 2021 tariff protection for the agricultural sector in the Republic of Korea amounted to 60.4%, with peaks of 107.9%. In addition, the country applies tariff quotas, licenses and high levels of regulatory measures (WTO, 2021).

vii. Canada

The negotiations with Canada are part of the set of free trade agreements that Mercosur began negotiating in 2018. After a dynamic series of exchanges, the negotiation process was strongly affected by the pandemic, entering an impasse. In May 2022, a virtual meeting in

⁷⁹ · Reuters, July 14, 2023, “EU, Mercosur see little trade deal progress at inter-region summit”.

⁸⁰ · Argentina, in 2020, had proposed that it would refrain from being part of the exchanges of offers and negotiations for rules of origin, resulting in a multi-speed agreement. For more detail, see INTAL BID, 2022.

which a work schedule for 2023 was agreed upon was held. The negotiations, however, did not show progress on the pending issues. In May 2023, the revival of negotiations was again sought on the occasion of a visit by the Canadian authorities to Brazil. At the end of Argentina's Pro Tempore Presidency (PPTA), no further progress had been made and this negotiation was not identified among the priority issues on the external agenda.

viii. Indonesia

Continuing Mercosur's interest in establishing deeper ties with counterparts in the Asian region, exchanges were held at the technical level in June 2022 for establishing a Comprehensive Economic Partnership Agreement between Mercosur and Indonesia. Although at that time the agreement was to prioritize the negotiation and seek to establish a work schedule, this did not end up being the result. In the first half of 2023, negotiations continued, without a first official round of negotiations having taken place.

ix. Lebanon

Finally, it should be noted that progress with Lebanon was affected by that country's parliamentary elections in 2022, which led to the suspension of negotiations. In 2019, the first round of negotiations was held in Beirut, and as of the first half of 2023, Lebanon had not yet communicated its willingness to resume the agenda.

x. New fronts

In this period, other countries have expressed interest in Mercosur. With some, instances of exploratory dialogues have even been established. Defining active work plans with the counterparties also means conducting an evaluation of the resources and capacities available to face the negotiations by the bloc. At the GMC meetings, the Mercosur States Parties expressed difficulty in opening new negotiation fronts in the short term, under the bloc's already committed external relations agenda.

Within this group, the partner that has shown more progress is Vietnam, having completed the exercise of statistical exchanges and approved the terms of reference for an eventual FTA. Mercosur has also initiated contacts with the Eurasian Economic Union, Nigeria, Tunisia, Morocco, the African Union, Turkey, Georgia and Syria, and expressed interest in negotiating on the part of Bangladesh, Malaysia, Japan and the United Arab Emirates. With the latter, exploratory dialogues were initiated to establish a comprehensive economic partnership, but at the moment it is a process not yet defined. The PPTA presented a proposal for a Framework Agreement that was evaluated by the rest of the members.

c- The extra-regional agenda: administration and strengthening current agreements.

Finally, part of the external agenda of the period was related to the administration of existing agreements with partners outside the region. The Mercosur countries continued to monitor the agreements, with few new developments. With Israel, Mercosur had agreed in 2020 to start negotiations for strengthening the FTA, with four bilateral negotiations in parallel. During the 2022-2023 period, Paraguay and Argentina finished their negotiations, while Uruguay and Brazil still have pending issues. Together, the parties also continued to work to conclude the exercise of transposing the tariff concessions of the Agreement to the Harmonized System 2017.

An exchange of trade statistics took place with Egypt, an instance of regular cooperation within the framework of the bilateral agreement. The activities in the agreement with SACU, in 2022, were limited to the follow-up of the commitments made in the joint committees. During 2023, a request from this block was added to the agenda to advance the simplification of the certificate of origin.

Finally, in the case of India, the interest expressed by that country in guaranteeing the supply of edible oils was discussed and the analysis of alternatives for the expansion and strengthening of the existing preference agreement continues. A number of trade data exchanges were conducted.

d- Priorities for international cooperation

At its meeting in November 2022, the GMC, through Res. GMC N° 31/22, approved the update of the bloc's priorities in terms of international cooperation. Initially these had been established in 2014 (Dec. CMC N° 23/14), with emphasis on areas such as regional social policies, the participation of social organizations in the integration process and cooperation in cultural matters. In 2022, both the incorporation of new issues and the re-hierarchization of issues that, eight years earlier, had not been priorities were approved. Consequently, Trade, Transport, Environment and Sustainable Development, Food Security, Generation and strengthening of capacities in Innovation, Health, Statistics, Border Integration, Digital Agenda and ICT development, Gender, Cultural Affairs and audiovisual production, and the participation of social organizations in the integration process, were—in that order—the 12 areas identified by the member countries as axes for the bloc's international cooperation. It's important to note that these changes in priorities and incorporations respond to the urgencies of the post-pandemic scenario. Regarding the actions undertaken within the framework of international cooperation, in the period surveyed, the technical cooperation agreements with the International Organization for Migration (IOM) and the United Nations Environment Programme (UNEP) were renewed. A proposal from the Andean Development Corporation (CAF) was also considered.

Table N° 20 details the project portfolio composition of the International Cooperation Group.

Table N°20

Project portfolio of the International Cooperation Group 2022-2023.

PROJECTS APPROVED BY THE GMC	PROJECTS IN TECHNICAL ANALYSIS OF THE GCI	PROJECTS UNDER UPDATE	PROJECTS UNDER DEVELOPMENT BY MERCOSUR AGENCIES
<p>Campaign for the Prevention of Forced Labour and Human Trafficking for the Purpose of Labour Exploitation</p> <p>Development of an information system on invasive exotic species, in order to strengthen the protection of biodiversity, in compliance with Goal 9 of Aichi Nagoya, Goal 8 of SDG 15 of the 2030 Agenda and Res. GMC N° 38/2019 of Mercosur</p> <p>Regional Program for Exchange and Capacity Building in Safety and Health of Family Farming Productions – In Search of Healthy Territories</p> <p>Mercosur Environmental Information System II (SIAM II)</p> <p>Support for the development of an effective and articulated model of health surveillance at the Mercosur land borders</p>	<p>Technical Assistance for Preparing the Comparative Study of Vocational Training Systems And Certification of the Construction and Tourism sectors with the aim of creating a regional qualifications framework (RQF) jointly with the Ministries of Labor and Education.</p> <p>Empowerment of Rural Women in Family Farming (FF): Towards Strengthening in the Decision-Making Spaces of Organizations and In the Policies for Family Farming of Mercosur Within the Framework of the FF Decade</p> <p>Mercosur Essential Cinema</p> <p>Specialization Course for Technical, Technological and Professional Education Teachers</p>	<p>Mercosur Regional Platform for Alternative Methods – Premasul</p>	<p>EMercosur Dialogues With Its Borders (SGT N° 18)</p> <p>Mercosur Program for the Coordination of Public Policies for the Neutrality of Land Degradation (SDG 15.3) and its Implementation in Ndt</p> <p>Transformative Pilot Projects (SGT N° 6)</p> <p>Professional Profile By Competencies For Operators Of Public Border Employment Services of the Mercosur Countries (SGT N° 10)</p> <p>Management of Substances and Chemicals (SGT N° 6)</p>

Fuente: Grupo de Cooperación Internacional. Anexo IV del acta 1/2023.

At the end of the period, the members of the bloc especially highlighted the agreements established with the Spanish Agency for International Development Cooperation (AECID), the European Union (EUROFRONT Programme), the United Nations Environment Programme and the International Organization for Migration, as the main external partners in the bloc's international cooperation agenda.

e- Mercosur's other international positions

The Mercosur summits were also a forum for the US to take a joint position in the face of events on the international stage. Indeed, Mercosur served for member countries to share diagnoses and evaluations on emerging issues on the international agenda.

In particular, the effects of the conflict in Ukraine made the issue of Food Security relevant. As mentioned in Chapter 2, in July 2022 the Heads of State issued a Special Declaration on Food Security and Sustainable Agricultural Production in Mercosur. The Declaration reinforces a shared notion of partners as potential "Protectors of global food security", seeking to assume a leading role on the international scene based on "the natural, cultural, institutional, productive and technological conditions" that Mercosur has (Mercosur, 2022).

The Declaration shows joint positions both in terms of international negotiations for the liberalization of agricultural trade, as well as in terms of sustainability and complementarity of the region's production models for food supply. Another highlight is the importance assigned to climate finance and technology transfer by developed countries and multilateral financial institutions, within the context of "common but differentiated responsibilities" in the face of climate challenges.

Within the context of the 12th WTO Ministerial Conference, the Mercosur countries issued a "Declaration on the Reform of the Multilateral Rules of Agricultural Trade"⁸¹, to which Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Peru and the Dominican Republic also adhered. In this instrument, they highlighted the importance of an existing multilateral rules system to avoid the distortions on food markets that followed the pandemic and the war in Ukraine. In particular, it points out "measures of pro-cyclical accumulation of stocks, as well as those that unjustifiably hinder or restrict trade flows". The declaration calls on the region to resume negotiations on the Agreement on Agriculture (which, however, did not have a substantive outcome of the WTO meeting).

In addition to food security, the fight against climate change was another of the axes with common positions on the part of the countries of the bloc. In this regard, Mercosur countries align with the commitments set out in the United Nations Framework Convention on Climate Change, the Paris Agreement and the Sustainable Development Goals of the 2030 Agenda. They also include a commitment to the Convention on Biological Diversity, driving a new post-2020 Global Biodiversity Framework.

Mercosur also arranged for the coordination of its positions for the Migration and Cultural agendas. Ahead of the South American Conference on Migration (CSM), the bloc expressed its commitment to promoting safe, orderly and regular migration, in strict respect for human rights and under the principles of solidarity and shared responsibility. In addition, the need to incorporate culture in the next sustainable development agenda in view of the World Conference on Cultural Policies and Sustainable Development (MONDIACULT) was agreed.

The bloc's partners also converged on principles such as multilateralism, the role of international organizations, respect for international law and the protection of human rights, among others. They repeatedly agreed and stressed the importance of strengthening a rules-based system—especially in the area of trade. And at each of the summit meetings, the bloc echoed the Argentine Republic's claim of sovereignty to the United Kingdom for the Malvinas Islands.

81 · Available at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=s:/WT/MIN22/17.pdf&Open=True>.

CHAPTER 4

BIOTECHNOLOGY IN MERCOSUR⁸²



The central points of the increasingly digital economy are related to research, technological and biotechnological development, as well as innovation in creating new products and processes that meet the most varied needs. The use of biotechnology in industry has commercial and additional objectives focused on achieving sustainable development. The main applications of biotechnology industries are in the areas of health/pharmacy (the raw materials of drug production are compounds and substances of organisms found in nature); industry (enzymes resulting from biodiversity can be used in textiles, detergents, and to improve the productive efficiency of other industries); agriculture (improved seed and crop protection from manipulating genetic resources), and environment (protection and conservation of biodiversity) (SCBD, 2022).

The use of modern biotechnology in Latin America emerged strongly in the business sector in the late 1980s. Some biopharmaceutical companies began to use this technology in order to produce enzymes and pharmaceutical biological products, manipulate genetically modified bacteria, among other applications (Brazil, 2014). Currently, 61% of startups in the Deep Tech field⁸³ in Latin America and the Caribbean are related to biotechnology (Peña, Jenik, 2023).

In Brazil, Argentina, Paraguay and Uruguay, biotechnology is a key tool in economic development. Some of the sectors in which this phenomenon is evident are agriculture and pharmaceuticals. The bloc's economies are large agricultural producers and exporters of commodities such as soybeans, corn and beef. Biotechnology has played an important role in improving yields, reducing losses due to pests and diseases, and developing drought-resistant crops (Sztulwark and Girard, 2016). Genetically modified crops, for example, have been widely adopted in these countries, which has resulted in an increase in agricultural productivity and exports (Donadío Linares, 2013). Biotechnology is also vital for the development of new drugs, vaccines and diagnostic tools (Lavarello and Jelinski, 2017). Mercosur countries can benefit from health-related biotechnological advances, potentially improving access to healthcare and reducing the burden of disease. In addition, the biopharmaceutical industry can contribute to the productive diversification of the region.

In general, biotechnological products can be marketed on a global scale and Mercosur countries could take advantage of their capacities to access international markets and increase their exports, thus contributing to their economic development. The biotechnology sector can drive economic growth by attracting investment, fostering innovation and creating high-skill employment opportunities. As Mercosur countries seek to diversify their economies, biotechnology is positioning itself as a strategic industry. Investing in research and education in this discipline can improve the scientific capacities of the bloc's countries and stimulate innovation. Collaboration between Mercosur member states and with international partners can lead to breakthroughs and knowledge sharing.

82 · This document was originally prepared in Portuguese and translated into Spanish.

83 · The term Deep Tech was coined in 2014 by Swati Chaturvedi from Propel(X), who defined it as follows: "Deep Tech companies are built on tangible scientific discoveries or engineering innovations. They try to solve the big challenges that really affect the world. For example, creating a new medical device or a technique to fight cancer, data analytics solutions to help farmers produce more food, or a clean energy solution that reduces the human impact on climate change." (Peña, Jenik, 2023).

Simultaneously, biotechnology can help Mercosur countries face environmental challenges. This may include, by way of example, the development of biodegradable plastics, biofuels and bio-remediation technologies to mitigate pollution and promote sustainable resource management.

However, that fact that the adoption of biotechnology also entails regulatory, ethical and environmental challenges must be taken into account. Mercosur countries should carefully consider the social and environmental implications of biotechnology and establish robust regulatory frameworks to ensure its safe and responsible use.

This document presents an overview of the main initiatives and structures for biotechnological development in the countries that make up Mercosur and in Mercosur itself as a bloc. The document is organized into three parts: the first part presents the concepts of biotechnology and the main institutional organizations to promote its development in each country; the second part presents data related to the products resulting from the use of biotechnology in the Mercosur countries; the third part explores Mercosur initiatives related to promoting biotechnology within the bloc.

The methodology is exploratory and descriptive about the official documents and initiatives in each country, as well as about the use of international organizations' databases. In the context of the Mercosur documents, the keywords "genetically modified organisms" and "biotechnology" were searched in the minutes of the working subgroups (especially, Working Subgroup N° 8 and N° 11), for the 1997-2023 period; and within the decisions, resolutions, recommendations and guidelines for the 1992-2023 period.

A · POLICIES AND INITIATIVES IN THE INDUSTRIAL BIOTECHNOLOGY SECTOR OF MERCOSUR COUNTRIES

The regional development of biotechnology depends on being able to identify and correct possible regulatory gaps in the different development stages that this sector exhibits in the Mercosur countries. In the Convention on Biological Diversity (Art. 2) and respective protocols (Cartagena and Nagoya Protocols), biotechnology⁸⁴ is defined as any technological application that can use biological systems, living organisms and their derivatives in order to manufacture or modify products or processes for specific uses (CBD, 1992). Biotechnology can also be defined as the application of science and technology to living organisms, products and models with the aim of altering living or non-living materials for knowledge production (OECD, 2023). The adoption of the following biotechnological concepts by Mercosur countries can be identified:

82 · Chapter 16 of Agenda 21 refers to biotechnology as the integration of new techniques emerging from modern and traditional biotechnology that allow the production of knowledge capable of altering genetic material, deoxyribonucleic acid (DNA), plants, animals, microorganisms, among others, in order to produce new products and useful technologies. Through biotechnology, it is possible to increase the availability of food and renewable raw materials, improve human health and increase environmental protection and safety, as well as establish mechanisms that facilitate development (UN, 1992). In the recent International Agreement on the Conservation and Sustainable Use of Marine Biodiversity in Areas Beyond National Jurisdiction, negotiated within the framework of the United Nations Convention on the Law of the Sea, the term biotechnology is defined as: "[...] any technological application that uses systems, living organisms or their derivatives, to manufacture or modify products or processes for a specific use" (UN, 2023).

83 · The term Deep Tech was coined in 2014 by Swati Chaturvedi from Propel(X), who defined it as follows: "Deep Tech companies are built on tangible scientific discoveries or engineering innovations. They try to solve the big challenges that really affect the world. For example, creating a new medical device or a technique to fight cancer, data analytics solutions to help farmers produce more food, or a clean energy solution that reduces the human impact on climate change." (Peña, Jenik, 2023).

84 · Chapter 16 of Agenda 21 refers to biotechnology as the integration of new techniques emerging from modern and traditional biotechnology that allow the production of knowledge capable of altering genetic material, deoxyribonucleic acid (DNA), plants, animals, microorganisms, among others, in order to produce new products and useful technologies. Through biotechnology, it is possible to increase the availability of food and renewable raw materials, improve human health and increase environmental protection and safety, as well as establish mechanisms that facilitate development (UN, 1992). In the recent International Agreement on the Conservation and Sustainable Use of Marine Biodiversity in Areas Beyond National Jurisdiction, negotiated within the framework of the United Nations Convention on the Law of the Sea, the term biotechnology is defined as: "[...] any technological application that uses systems, living organisms or their derivatives, to manufacture or modify products or processes for a specific use" (UN, 2023).

Table 1
Definition adopted by the Mercosur countries of "biotechnology".

Brazil	The term "biotechnology" represents a set of technologies that allow the use of biological systems, living organisms or their derivatives for the production or modification of products and processes for specific use, with the purpose of generating new high-impact services in various industrial segments (Brazil, 2007).
Argentina	"For the purposes of this law, "Modern Biotechnology" means any technological application that, based on rational knowledge and scientific principles from biology, biochemistry, microbiology, bioinformatics, molecular biology and genetic engineering, uses living organisms or parts derived from them to obtain goods and services, or for the substantial improvement of production processes and/or products, "substantial" meaning that it contain innovation content susceptible to industrial application, economic and social impact, cost reduction, increased productivity, or other effects that are considered relevant by the enforcement authority. [...] A product or process will be considered biotechnological or nanotechnological when, in order to obtain or implement it, the elements described in the previous paragraphs are an integral part of said product or process and its use is also indispensable for obtaining that product or for the execution of that process." (Argentina, 2007)
Paraguay	"Any technological application that uses biological systems, living organisms, or derivatives thereof to make or modify products or processes for specific use." (Paraguay, 2011)
Uruguay	"Any technological application that uses biological systems, living organisms, or derivatives thereof to make or modify products or processes for specific use." (Uruguay, 2015)

Source: Own production.

The biotechnology concepts adopted by the countries are similar to those used internationally, and it is worth highlighting the Argentine concept that links the results of the application of biotechnology to industrial, economic and social effects, among others. This topic preliminarily describes the policies and possible incentives implemented by Brazil, Argentina, Paraguay and Uruguay for the promotion of biotechnology.

BRAZIL

The Brazilian Biotechnological Development Policy (Decree N° 6,041, of February 8, 2007) seeks to establish a favorable environment for the development of innovative biotechnological products and processes by stimulating the efficiency of the national productive structure, increasing the innovation capacity of Brazilian companies and technology absorption, as well as the expansion of exports. The policy is aimed at competitively positioning the Brazilian bioindustry in the following sectoral areas: i) human health; ii) agriculture; iii) industry; iv) environment. For each of these areas, strategic goals —considered as those that have great market potential in the short and medium term—, prioritized areas of operation and frontier areas of biotechnology were set:

Table 2
Priority sectoral areas in the biotechnological development of Brazil.

HUMAN HEALTH	
Strategic objectives	Focus on the development and improvement of the following products: human and bovine growth hormone (somatotropin); human insulin; calcitonin; LH-RH; somatostatin; chorionic gonadotropin (HCG) and serum gonadotropin (PMSG); LH (bovine and porcine luteinizing hormone); FSH (human and bovine follicle stimulating hormone); IGF-I (insulin-dependent growth factor); interferon alpha; interferon beta; botulinum toxin; erythropoietin; glucagon; new biomolecules and drugs.
Prioritized areas	Vaccines, blood products, biomaterials, diagnostic kits.
Biotechnological frontier areas	Promotion of research and development, especially in the following areas: genomics, post-genomics, proteomics, nano-biotechnology, stem cells, neuroscience.

LIVESTOCK FARMING	
Strategic objectives	Especially plants resistant to biotic and abiotic factors (such as the focus on drought-resistant sugarcane, drought-resistant soybeans and Asian soy oxide, virus-resistant beans) and plants and animals as bioreactors for biomolecule production. Vaccine development (focus on Gumboro disease, distemper, hepatitis, adenovirus, coronavirus, canine parainfluenza, parvovirus, leptospirosis, clostridiosis, Marek's disease, pneumonia, coccidiosis, rabies, infectious bronchitis, Newcastle disease, conjunctivitis, tick, babesia, anaplasma, among others); identification and processing of bioactive substances derived from Brazilian biodiversity; development of biological technologies for animal and plant production; development of the processing bioindustry for animal and plant by-products usage.
Prioritized areas	Technologies for pest and disease detection: food and environmental security; coexistence of transgenic and conventional varieties; vaccines, medicines, diagnostic kits and probiotics based on genomic information; bioprocesses: industrial-scale production of vaccines, medicines and biological inputs; animal monitoring systems; introduction of genes in commercial varieties of plants and animals; biological technologies for animal and plant reproduction; molecular biofactories of compounds with high added value; genotyping for assisted selection and animal and plant genetic improvement; nano-biotechnologies; phytochemistry, genomics and proteomics: bioactive substances of biodiversity; bioinformatics and new biotechnological processes; directed evolution and associated informatics.
Biotechnological frontier areas	Research and development promotion, especially in the following areas: genomics and postgenomics; nano-biotechnology; cloning and heterologous expression in animals; assisted animal reproduction; gene function and regulatory elements; nano-biotechnologies, especially for controlled release.
INDUSTRY AND OTHER APLICATIONS	
Strategic goals	Biomass for ethanol and biodiesel production; enzymatic hydrolysis for cellulose-derived ethanol; biopolymer (biodegradable plastics) production; inoculants for N2 locking on rye-grass; cellulose and lignocellulose-derived ethanol; methane fermentative anaerobic processes for electricity generation; vehicular combustion, and for synthesizing other products; additional sugar or alcohol-derived fermentative processes (acetic acid, butane, etc.); biohydrogen production.
Prioritized areas	Particularly industrial and special enzymes; biopolymers.
Biotechnological frontier areas	Research and development promotion, especially in the following areas: nano-biotechnology; biomass conversion (cellulose and lignocelluloses for bioenergy production).
ENVIRONMENT	
Strategic goals	Biological processes usable at industrial, agricultural and domestic effluents; Brazilian biodiversity bioactives; C1 compound fermentation processes (from CO2, residual methane, etc.).
Prioritized areas	Effluents and residue treatment; environmental pollution treatment; environmental recovery techniques; species conservation; Brazilian biodiversity bioactives.
Biotechnological frontier areas	Research and development promotion, especially in the following areas: biodiversity conservation, and effluents and residue treatment.

Source: Brazil, 2020; Brazil, 2021.

The possibility of refining regulatory frameworks that may have an impact on the development of biotechnology is envisaged, namely: access to genetic heritage and benefit-sharing⁸⁵; intellectual property; biosafety, and biological material conformity assessment system⁸⁶. It

85 · Law N° 13,123, from May 20, 2015, regulates art. 16 of the Convention on Biological Diversity promulgated by Decree N° 2,519 from March 16, 1998 on access to genetic heritage, the protection of associated traditional knowledge and benefit sharing. Decree N° 8,772, from May 11, 2016, on protection and access to associated traditional knowledge and on sharing benefits for the conservation and sustainable use of biodiversity also applies.

86 · Law N° 11,105, from March 24, 2005, establishes safety standards and inspection mechanisms for activities involving genetically modified organisms (GMOs and their derivatives). It also creates the National Biosafety Council and restructures the National Technical Commission on Biosafety (CTNBio). Some of its provisions are regulated by Decree N° 5,591 of 2005.

also aims to adapt and expand the infrastructure of technological regulations and services in the metrology, standardization and conformity assessment areas (Brazil, 2007). In line with biotechnology and biosafety guidelines, Brazil has specific legislation on the import, export, research and marketing of genetically modified organisms and their derivatives (Brazil, 2005).

These organisms, as well as bio-inputs, can be considered as results of biotechnological applications. The National Biosafety Council (CNBS)⁸⁷, the National Biosafety Technical Commission⁸⁸, the Internal Biosafety Commission and the Biosafety Information System⁸⁹ are related to the implementation of regulations on genetically modified organisms. Within the scope of the Ministry of Agriculture and Livestock, there is the application of the National Bioinputs Program, whose concepts of bioinputs, biostimulant and biofertilizer are the following:

Table 3
Concepts of bioinputs, biostimulants and biofertilizers in Brazil.

Bio-inputs	"The product, process or technology of vegetable, animal or microbial origin, intended to be used in the production, storage and processing of agricultural products, in aquatic production systems or planted forests, which positively interfere with the growth, development and response mechanism of animals, plants, microorganisms and derived substances and interact with physical-chemical and biological products and processes".
Biostimulant	"Product containing a natural substance with different compositions, concentrations and proportions, which can be directly applied to plants, seeds and soil, in order to increase production, improve seed quality, stimulate root development, favor plant hormonal balance and more rapid and uniform germination, interfere with plant development, stimulate cell division, differentiation and elongation, including biostimulant-derived processes and technologies."
Biofertilizer	"Product containing active components or organic substances, obtained from microorganisms or their activity, as well as their derivatives of plant and animal origin, capable of acting directly or indirectly on all or part of the cultivated plants, increasing their productivity or improving their quality, including the processes and technologies derived from this definition."

Fuente: Brasil, 2020; Brasil, 2021.

Biotechnology is also used to improve biofuel production. The Science, Technology and Innovation Plan for Renewable Energies and Biofuels 2018-2022 references the use of funds, including the Biotechnology Sector Fund, to support the implementation of the Plan (Brazil, 2018).

The Biotechnology Sector Fund (CT-Biotechnology), linked to the Ministry of Science, Technology and Innovation (MCTI)⁹⁰, is administered by the Financing Agency for Studies and Projects (FINEP)⁹¹ and the National Council for Scientific and Technological Development (CNPQ) (Brazil, 2002). The budget comes from 7.5% of the Economic Domain Intervention Contribution (CIDE). The CIDE is derived from the income obtained from the incidence of a

87 · Linked to the Presidency of the Republic, the National Council is a senior advisory body of the Presidency of the Republic, whose objective is the formulation and implementation of the National Biosafety Policy. (Brazil, 2005).

88 · Also linked to the Ministry of Science, Technology and Innovation, which was created with the purpose of providing technical advice to the Federal Government in the formulation of the National Biosafety Policy related to genetically modified organisms. It establishes technical safety standards, as well as opinions on the protection of human health, living organisms and the environment. (Brazil, 2023d).

89 · "[...] informative technical resource, aimed at the agile provision of contextualized information on risks, covering related areas, such as: bioethics, biotechnology and biodiversity. Thus associated Biosafety with issues related to the environmental, technological, legal, among others" (Brazil, 2023e).

90 · Its objective is to promote human resources, strengthen the national research and support infrastructure, expand knowledge in the area, stimulate the formation of technology-based companies; promote the transfer of technology to consolidated companies and carry out prospecting and monitoring studies on the advancement of knowledge in the biotechnology sector.

91 · FINEP is a Brazilian public company that promotes research, technological development and innovation. It has partnerships with other public and private institutions. It is linked to the Ministry of Science, Technology and Innovation. (FINEP, 2023).

10% rate on remittances of resources abroad for the payment of technical assistance, royalties, specialized or professional technical services (Brazil, 2001). Since 1999, the amount collected and directed to CT-Biotechnology has been R\$2,487million (Brazil, 2023a).

There is the National Research Infrastructure Platform, linked to the Ministry of Science and Technology, which helps collect and map information on research infrastructure in Scientific, Technological and Innovation Institutions in Brazil, allowing access to the scientific and technological community (Brazil, 2023b). The Brazilian Company of Blood Products and Biotechnology (Hemobrás)⁹², Embrapa⁹³, the National Association of Biotechnology⁹⁴ and the Brazilian Society of Biotechnology⁹⁵ also stand out.

ARGENTINA

The Federal Program for the Promotion of Biotechnology and Nanotechnology, under the Law for the Promotion of Bio and Nanotechnology, aims to promote the development and production of biotechnology and modern nanotechnology in the Argentine territory. The Program does not list a specific biotechnology sector that it targets. Instead, it confers benefits to all those, human and legal persons, who propose and execute projects related to biotechnology. The benefits for the research project and for the researcher are of a fiscal nature⁹⁶ (Argentina, 2007).

The following topics are related to biotechnology legislation: intellectual property (invention patents and utility models), seeds and plant genetic creations and genetically modified organisms⁹⁷, whose biosecurity is managed by the National Advisory Commission on Agricultural Biotechnology (CONABIA)⁹⁸. They are also related to biotechnology, bio-inputs and biomaterials, two areas in which the Ministry of Agriculture, Livestock and Fisheries and the Undersecretariat of Food, Bioeconomy and Development Regional, within the scope of the Ministry of Economy, act to promote the development of these products and processes while maintaining the biosecurity of the agroecosystem. The Argentine Bioproducts Program aims to promote and disseminate the consumption and production of bioproducts, as well as the generation of standards and certifications (Argentina, 2023).

92 · Brazilian state company, linked to the Ministry of Health, whose social function is to supply drugs derived from blood or obtained through genetic engineering with national production to the Unified Health System (SUS) (Brazil, 2023c).

93 · It is a public company, linked to the Ministry of Agriculture and Livestock, Mapa, whose purpose is to develop the technological basis of a tropical agriculture and livestock model. It fosters dialogue with all stakeholders, valuing scientific excellence in agricultural research, quality and productive efficiency, environmental sustainability, social aspects and alliances with the productive sector. A topic widely worked on by Embrapa is genetic resources and biotechnology (EMBRAPA, 2023).

94 · Association representing biotechnology and life sciences companies, whose thematic committees involve regulatory matters, international relations, animal and veterinary health, life sciences and strategic inputs, research and development (ANBIOTEC, 2023).

95 · It is a non-profit organization whose objective is to promote biotechnology in Brazil, having research networks and agreements signed with FINEP (SBBiotec, 2023).

96 · They include, for example, the early income tax payback on capital goods, special equipment, among others, used in the research project; and the early refund of the value added tax corresponding to the acquisition of goods. For a project to be approved, it must have a reliable technological impact and comply with the priorities established by the national government or provincial governments; generate an increase in human resources usage; have direct links with the training and development of micro and small technology-based companies of national origin and real domicile in the country; generate socio-economic impact and increase competitiveness. Those who carry out projects whose main objective is both products and projects whose execution is carried out through conventional and widely known productive applications or by obtaining new varieties through conventional genetic crossing or multiplication are excluded from the Program (Argentina, 2007).

97 · Law N° 24,481 of 1995; Law on Patents for Invention and Utility Models; Law N° 20,247 of 1973; Law on Seeds and Plant Genetic Creations; Resolution 763/11: Genetically Modified Organisms (GMOs).

98 · Its objective is to ensure the biosecurity of the agrosystem when evaluating genetically modified organisms (GMOs). It issues a non-binding opinion, submitted to the Undersecretariat of Food, Bioeconomy and Regional Development, which has the power to authorize the GMO. It was recognized by the Food and Agriculture Organization of the United Nations (FAO) as a Reference Center for the Biosafety of Genetically Modified Organisms.

Table 4
Seal of the Argentine Bioproduct, biomaterials and bioinputs.

Bio-inputs	Bio-inputs are defined as: "Any biological product that consists of or is produced by microorganisms or macro-organisms, extracts or bioactive compounds derived from them and that are intended to be applied as inputs in agricultural, agri-food, agro-industrial, agro-energy and even agricultural environmental sanitation". Examples of bio-inputs are: biological fertilizers (P-solubilizers, N-fixers, PGPR); phytostimulants and/or phyto regulators; biological control (pest control and bio-phytosanitary agents); agricultural by-products treatment and energy production. The Advisory Committee on Bioinputs for Agricultural Use (CABUA), within the scope of the Coordination of Innovation and Biotechnology of the National Directorate of Bioeconomy, has autonomy in relation to CONABIA. Its functions are linked to bio-input issues, proposing new standards, technical criteria, priorities and actions, as well as giving opinion on regulation and implementation.
Biomaterials and bioproducts	Biomaterials or biobased materials are those obtained from renewable raw materials of agro-industrial origin, while bioproducts are those with biological base produced from renewable agricultural resources, including by-products and agro-industrial waste. Food for human or animal consumption or fuels are not considered bioproducts.
Argentine Bioproduct Seal	The Ministry of Agriculture, Livestock and Fisheries grants the official "Argentine Bioproduct" seal of distinction to the biomaterials, bioproducts and bioinputs of national origin made with renewable raw materials from the agroindustrial sector, highlighting their innovation and sustainability. The award of the seal is evaluated by the National Advisory Commission on Biomaterials (COBIOMAT) and CABUA. COBIOMAT aims to provide advice on matters related to biomaterials, propose technical criteria, priorities and actions, and issue opinions in relation to regulation and the Undersecretariat of Food, Bioeconomy and Regional Development.

Source: Argentina, 2023.

Regarding biofuels, Argentina has a Regulatory Regime for the Promotion of the Production and Sustainable Use of Biofuels⁹⁹ and a Regime for Bioethanol Production Promotion¹⁰⁰. According to the Argentine Council for Information and Development of Biotechnology, biotechnology allows for the production of alternative fuels, for example, ethanol (Argenbio, 2023).

The Undersecretariat of Food, Bioeconomy and Regional Development, linked to the Ministry of Agriculture, Livestock and Fisheries, which reports to the Ministry of Economy, aims to promote biotechnology in Argentina (Argentina, 2023a), as well as the Coordination of Innovation and Biotechnology¹⁰¹. Several other organizations work to promote biotechnology in the country: the Argentine Chamber of Biotechnology¹⁰², the National Institute of Agricultural Technology, the National Institute of Industrial Technology¹⁰³ and the National Agency for Scientific and Technological Promotion¹⁰⁴.

99 · Law 26,093 from 2006 promotes the use of biofuels and creates the National Advisory Commission for the Promotion of the Production and Sustainable Use of Biofuels. (Argentina, 2006).

100 · Law 26,334 from 2008 aims to promote the production of bioethanol to meet Argentina's supply needs and generate surpluses for export (Argentina, 2008).

101 · The mission of the coordination is to stimulate the research and production of new crop varieties, support the application of Biotechnology as a State policy, promote investments for the development of research projects and application of biotechnological advances, train human resources, sign agreements, disseminate and promote good agricultural practices, among others (Argentina, 2023).

102 · Created in 2011, the purpose of the Chamber is to contribute to the development of the biotechnology sector by operating in a public-private model. The Chamber brings together leading companies from various biotechnology sectors and helps improve Argentina's role in biotechnology (cab, 2023).

103 · It assists industrial sectors in developing processes, products or new materials through the use of biotechnology. It even collaborates with regulatory aspects, patents and intellectual property, among others. It defines bioanalytical developments as "Development of bioanalytical control tools to characterize nucleic acids, proteins, complex polysaccharides and other biomolecules"; while bioprocesses are: "Development and execution of projects linked to the molecular biology, mass cell culture, lysis, separation and purification areas" (INTI, 2023).

104 · Outstanding for the Argentine Technological Fund, Fund for Scientific and Technological Research (FONCYT), Argentine Sectoral Fund (FONARSEC) (Argentina, 2023b).

The first Argentine census of bio and nanotechnology companies was convened in June 2023. In this context, the goal of the Ministry of Science, Technology and Innovation of the Nation, through the R+D+i Agency, the Argentine Nanotechnology Foundation (FAN), the Federal Investment Council (CFI) and the Center for Transformation Research (CENIT-UNSAM) is to understand the existing capacities in the bio and nanotechnology sector in Argentina (cab, 2023a).

PARAGUAY

Paraguay’s National Agricultural and Forestry Biotechnology Policy and Program, established by Decree N° 6733 from 2011, aims to allow the various sectors of Paraguayan society to take advantage of the opportunities derived from the application of biotechnology in the agricultural and forestry sectors. The policy is instituted, in particular, so that biotechnology serves to improve the country’s food security and combat rural and urban poverty (Paraguay, 2011).

The pillars of the policy instituted by Paraguay are the following:

Table 5
Pillars of Paraguay’s National Agricultural and Forestry Biotechnology Program.

Pillar I: Actions to ensure access to and availability of knowledge and technologies.
<ul style="list-style-type: none"> - Create capacities and promote the strengthening of available human resources in key areas for the development of biotechnologies. It highlights the need to develop human resources, including in areas related to biotechnology, for example, molecular biology. - Public investment in research related to biotechnological applications: especially focused on the agricultural and forestry sectors, including the typical problems of forestry agriculture. - Establish local conditions for regulating the access to and use of biodiversity resources in the country. - Establish strategic alliances with universities, centers of excellence and companies involved. - Consolidate private investment mechanisms in research and development. - Prioritize and consolidate mechanisms for biosafety risks analysis and regulation. - Strengthen existing mechanisms for the protection of applicable intellectual property rights.
Pillar II: Actions aimed at promoting the effective use of available technologies at the national and international levels.
<ul style="list-style-type: none"> - Establish a formal information mechanism on all aspects of biotechnology in order to strengthen and promote knowledge management. Stakeholders need to obtain the information necessary for biotechnology usage, and the public sector’s role is to provide and improve public information processes. - Adopt policies for the seed sector that allow rapid incorporation of new genetics in the production and management of biosecurity risks. - Promote the creation of new input and service companies that incorporate the use of new biotechnological products, including varieties of genetically modified organisms, phytosanitary and animal health diagnostic processes, vaccines, among others. - Reorganize the commercial logistics system, which allows to maintain the differentiation of genetically modified organisms from those that are not.

Source: Own elaboration with data from Paraguay, 2011.

Topics related to biotechnology in Paraguay are food security, the access and benefit-sharing system, intellectual property, and biosecurity. Managing biosecurity risks¹⁰⁵ is fundamental to improving the productivity and competitiveness of the agricultural sector. We identify that Paraguay is among the countries that sow the most genetically modified organisms, with 191 million hectares (INBIO, 2023).

In the country, the National Commission on Agricultural and Forestry Biosafety (Resolution N° 1,021 of 2012) and the National Commission on Agricultural and Forestry Biotechnology

¹⁰⁵ · The adoption of the Cartagena Protocol on Biosafety to the Convention on Biological Diversity was carried out through Law N° 2,309 of 2003.

(Decree N° 9,699 of 2012, regulated by Resolution N° 1,348 of 2012 and Resolution N° 988 of 2013) stand out. The National Plant and Seed Quality and Health Service (SENAVE) applies the international conventions and agreements of which Paraguay is a member and which are related to plant quality and health, including the protection of plant products and biotechnology species. This body can certify the quality and health of plant products and by-products; register, enable and supervise natural, legal, public or private persons; supervise activities in regulated tests of transgenic plants, and also has the list of approved transgenic events (SENAVE, 2023).

SENAVE (2016), together with the Inter-American Institute for Cooperation on Agriculture (IICA), launched the project "Development of the Institutionalality of the Commercial Bioinputs for Agricultural Use Subsector". The goal is to develop skills in the development of strategies and work regulations of the SENAVE to evaluate, record and control the post-registration of commercial bio-inputs. Regarding the concept of bio-inputs, the following is adopted:

Table 6
Bioinputs in Paraguay.

Bio-inputs	"They are key tools in the ecological management of crops, in which natural resources are used to maintain the balance in the soil and the population of harmful species below the levels that cause economic damage to crops." Agricultural inputs were created by SENAVE Resolution N° 446, of 2006, "Regulations for the control of pesticides for agricultural use"
Biofertilizers	They are described as a type of bioinput. They are "[...] made from one or more strains of beneficial microorganisms that, when applied to the soil or seeds, promote plant growth or promote the use of nutrients in association with the plant or its rhizosphere".
Biopreparations	They are described as a type of bioinput. They are used "to correct the imbalances that manifest in pest attacks and diseases, products made from simple materials, substances or elements present in nature are used, although in some cases they can incorporate synthetic products."

Source: Paraguay Orgánico, 2018.

Regarding biofuels, Paraguay has Law N° 2,748 of 2005 promoting their development¹⁰⁶. The Paraguayan Chamber of Biofuels and Renewable Energies stands out, an association that meets to discuss increasing productivity, efficiency and reducing costs in the production of biofuels (BIOCAP, 2023).

The Paraguayan Institute of Agricultural Technology (IPTA) is a public authority created by National Law N° 3,788, of May 21, 2010, whose objective is to adapt, generate, disseminate, transfer agricultural technology and the management of agricultural and forestry genetic resources through the development of research and technology programs (IPTA, 2023). The work of the Institute of Agricultural Biotechnology (INBIO), a non-profit civil association that aims to promote the country's adequate access to products derived from agricultural biotechnology, as well as their correct incorporation into national production and the development of national biotechnological research, is also a highlight. (INBIO, 2023).

URUGUAY

The Regulation of provisions for the promotion of biotechnology (Law N° 19,317, of 2015) declares the development of biotechnology as a national interest, and its applications as fundamental to achieve technological innovation, productivity, competitiveness, sustainable development and the well-being of the population¹⁰⁷. The Regulation aims to promote research, technology transfer and the application of biotechnology to achieve economic and sustainable development of the country, as well as increasing productivity and competitiveness (Uruguay, 2015).

¹⁰⁶ - Paraguay has other legislation in the framework of biofuels: Decree N° 10,703/2013 – regulates law N° 2,748/05 "for the promotion of biofuels" and repeals decrees N° 7,412 of April 27, 2006 and N° 4,952 of August 23, 2009; Decree N° 8,329/2017 – modifies clause 1.b) and repeals clause 1.c) of article 22 of decree N° 10,703/2013 that regulates law N° 2,748/05 "for the promotion of biofuels", and decrees N° 7,412 of April 27, 2006 and N° 4,952 of August 23, 2009 are repealed; Decree N° 3,500/2020 – which regulates law N° 6,389/2019 that establishes the regime for the promotion of sustainable production and mandatory use of biofuels suitable for diesel engines. (BIOCAP, 2023).

¹⁰⁷ - Through Decree N° 304 of 2018, biotechnology is also promoted within the industry. (Uruguay, 2018)

There is no definition of a specific sector as a priority in the Regulation, but it addresses the promotion of biotechnology in general. Benefits for natural and legal persons who carry out the following activities are envisioned: a) scientific research and everything related to the development of the biotechnological area; b) technology transfer to the productive sector of goods and services; c) activities aimed at developing new biotechnology companies and their commercialization; d) incorporation of biotechnology in all production processes; e) promotion of demand through a public procurement system that stimulates the development of biotechnology; f) education at all levels and the dissemination of biotechnology throughout the population; g) any other activity related to the sector (Uruguay, 2015).

Other topics related to biotechnology in Uruguay are: environment¹⁰⁸, industrial property and patents¹⁰⁹, personal data protection¹¹⁰, transgenics and biosecurity¹¹¹. The Biosecurity area of the General Directorate of Biosecurity and Food Safety (DIGEBIA) belonging to the Ministry of Livestock, Agriculture and Fisheries acts to guarantee biosecurity and agrobiotechnology, as well as the bioinput sector (Uruguay, 2022). No definitions of bioinputs were found, although they are referred to in Uruguayan legislation¹¹². Regarding biofuels, Uruguay enacted Law N° 18,195 in 2007 on agro fuels¹¹³, with the purpose of promoting and regulating the production and use of agrofuels, fuel alcohol and biodiesel (Uruguay, 2007).

The Ministry of Industry, Energy and Mining is responsible for promoting the development of industry in Uruguay, including sectors related to biotechnology. It plays a key role in formulating policies and regulations for the sector (Uruguay, 2023). The following organizations also play an important role:

Table 7
Organizations responsible for promoting the biotechnology sector in Uruguay.

<p>Interministerial Group of the Biotechnology Industry</p>	<p>Established within the scope of the Ministerial Office of Productive Transformation and Competitiveness, its purpose is to provide prior and mandatory advice to the different ministries on the application of the Regulation for biotechnology promotion; design and coordinate public policies to promote research, development, innovation, technology transfer and applications of biotechnology; evaluate the initiatives presented by the Sectoral Biotechnology Council, including promoting the approval of regulatory instruments; define strategic guidelines for the Sectoral Biotechnology Council, and appoint representatives of the Executive Branch to the Council. The Interministerial Group will also be integrated by the Ministry of Public Health due to the list of biotechnology and public health initiatives.</p>
<p>Sectoral Council of Biotechnology (CSB)</p>	<p>The Council aims to promote the country's recognition in the global biotechnology market by increasing innovation and promoting scientific knowledge. Its functions are: to propose policies, plans and strategies to the competent authority for developing and strengthening the biotechnology sector; to advise the competent authority on matters related to biotechnology; to promote a regulatory framework that stimulates the sector, as well as to seek active cooperation between the public and private sectors; to promote outreach and awareness-raising activities and education in research and development in the sector, and to strengthen the articulation between academia and the productive sector, both public and private.</p>
<p>National Register of Biotechnology Companies</p>	<p>The Registry is responsible for registering national biotechnology companies that perform activities related to biotechnology.</p>

108 · Law N° 17,283 of 2000: Environmental Protection Law.

109 · Law N° 17,164 of 1999, on Industrial Property – Patent Law.

110 · Law N° 18,331 of 2008: Law on Personal Data Protection.

111 · The National Biosafety System (SNB) brings together the bodies responsible for ensuring biosafety in Uruguay. It is composed of: Ministry of the Environment (MA); Ministry of Economy and Finance (MEF); Ministry of Livestock, Agriculture and Fisheries (MGAP); Ministry of Industry, Energy and Mines (MIEM); Ministry of Foreign Affairs (MRREE); Ministry of Public Health (MSP); National Institute of Agricultural Research (INIA); Pasteur Institute of Montevideo (IP Montevideo); Clemente Estable Biological Research Institute (IIBCE); University of the Republic (Udelar); National Seeds Institute (Inase); Technological Laboratory of Uruguay (LATU) (Uruguay, 2023c). 112 · Research conducted on 07/10/2023. Reference examples are the bases of the "Agroecological Path" call (Uruguay, 2023b).

113 · The Biodiesel and Fuel Alcohol Quality Control Regulation is adopted. The legislation was extended by Law N° 19,924 of 2020, which covers alcohol and biodiesel fuel, as well as renewable liquid fuels derived from agricultural raw materials or from industrial, agro-industrial products or urban solid waste processing. Changes to the obligation to mix biodiesel with diesel were made through Law N° 19,996 of 2021 (Uruguay, 2023a).

National Agency for Research and Innovation - ANII	It is a government entity whose objective is to promote research and the application of new knowledge to production in Uruguay.
--	---

Source: Uruguay, 2015; ANII, 2023.

There are also other institutions such as the Biotechnological Center for Research and Innovation¹¹⁴, the National Institute of Agricultural Research¹¹⁵, the Clemente Estable Biological Research Institute¹¹⁶ and the Pando Technological Science Park¹¹⁷. The ANII provides funding for research projects as well as national and international graduate scholarships (ANII, 2023). The Biotechnology Stimulus Fund is an instrument of the Ministry of Industry, Energy and Mines used to finance capital contributions for the implementation or expansion of new companies. The way in which the Fund is managed depends on the Biotechnology Sector Council (Uruguay, 2023).

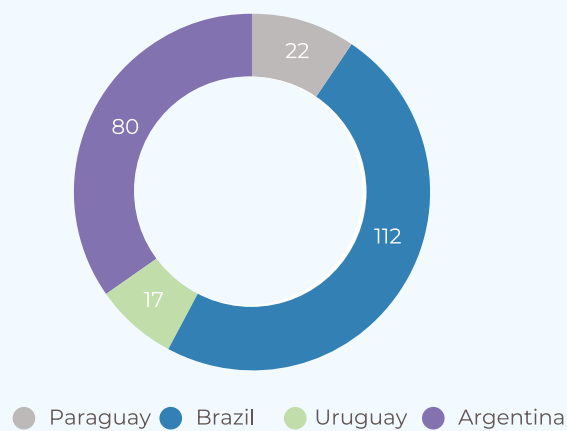
B · TRADE IN PRODUCTS RELATED TO BIODIVERSITY AND BIOTECHNOLOGY IN THE MERCOSUR COUNTRIES

This section provides an overview of the export and import of certain biotechnology-related products according to the BioTrade (UNCTAD) database.

BIOTECHNOLOGICAL/TRANSGENIC CROPS

Biotechnological/transgenic crops are a common element of policies to promote the development of biotechnology in Mercosur countries. The number of biotech and transgenic crops¹¹⁸ that have been approved by countries can be obtained from the ISAAA database¹¹⁹.

Number of biotechnological/transgenic crops approved for sowing and import of food and animals, as well as for their commercialization (2023).



Source: Own elaboration with data from ISAAA, 2023.

Note: The research made no distinction as to the type of approval (whether directed to human consumption or not, for example), the crop developer, or any specific commercial trait. Query made in the ISAAA database on 07/06/2023.

From the comparison, it emerges that Brazil has a greater amount of approved biotechnological crops compared to the other countries in the sample. It is followed by Argentina, Paraguay and Uruguay.

114 · This is a group of companies in the biotechnology area, together with the ORT Uruguay University and the National Agency for Research and Innovation, which was created to provide services in the development, optimization and analysis of biotechnological processes and products (CBI+I, 2023).

115 · It is an institution focused on agricultural and livestock research in Uruguay. It engages in research related to agricultural biotechnology, such as the genetic improvement of crops, pest and disease management, and transgenic food production (INIA, 2023).

116 · It is an institute dedicated to researching biological sciences in Uruguay, working on the production of original scientific knowledge in neurosciences, microbiology, genetics and environmental sciences (Uruguay, 2023d).

117 · "[...] is a public entity under private law born with the purpose of being an articulating space between the business sector, which is committed to innovation in Uruguay, and the scientific sector capable of developing products and processes to improve competitiveness in national and international markets." (PCTP, 2023).

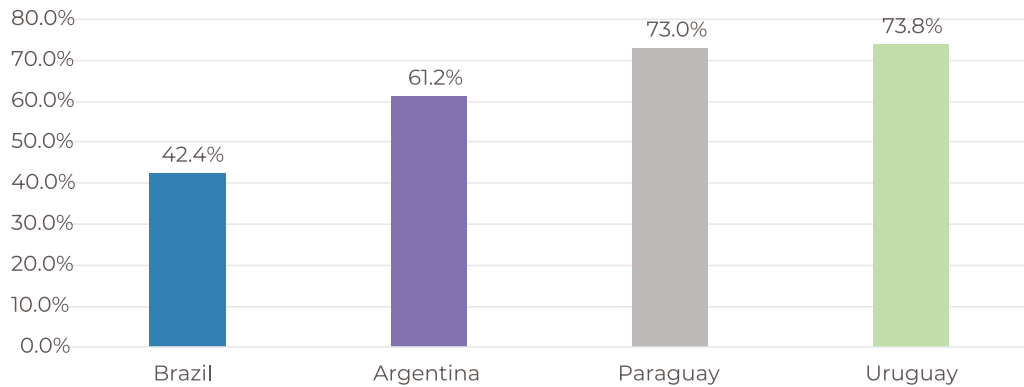
118 · The term transgenic can be used as a synonym for genetically modified organism (EMBRAPA, 2023a).

119 · It is an international non-profit organization that provides information on the benefits of adopting new bioscience technologies to stakeholders, especially in the agriculture area (ISAAA, 2023).

The BioTrade database contains information on trade in products resulting from biodiversity: from natural fibers, fish and soy to medicines and cosmetics. Figure 20 shows the share of biodiversity-related products in exports of Mercosur countries. In this sense, the data show the enormous material base and the potential of biotechnology to add value to the export of goods from the block.

Chart N° 20

Share of biodiversity-related products in the total exports of Mercosur countries.



Source: Own elaboration with data from UNCTAD, 2023; OEC, 2023.

The chart above shows that the share of products that may be potentially related to biodiversity generally exceeds 50% of Mercosur countries' exports. The exception is Brazil's exports, since this percentage can still be classified as considerable because it represents 42.4% of the country's exports.

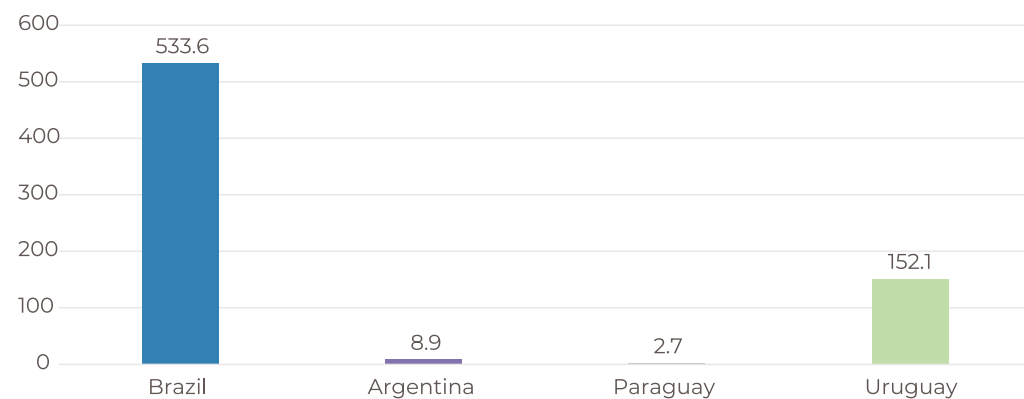
Of the exported products available in the database, medicines and cosmetics are highlighted as goods in which there is greater certainty that production depends to some degree on biotechnological application. The choice of these products is an example, since there is no access to databases that provide information on the export or import of products related to biotechnology by Mercosur countries¹²⁰.

According to the latest available data, in 2021 Brazil exported more than US\$530 million in cosmetic products and Uruguay exceeded US\$150 million (Chart 21). In Argentina and Paraguay, sales were lower.

Chart N° 21

Exports of cosmetic products from Mercosur countries, 2021.

In US\$ millions.



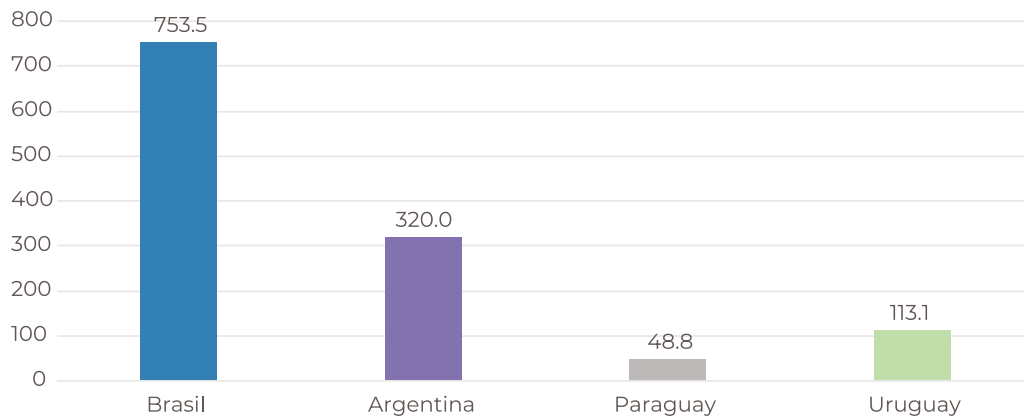
Source: Own elaboration with data from UNCTAD, 2023.

120 · For this reason, although the use of biotechnology in soybean crops is widely known, for example, it is not possible to define how much genetically modified soybean products were exported and imported in the BioTrade database.

In pharmaceuticals, the value of trade is slightly higher for all countries in the bloc (Chart 22). In 2021, Brazil's exports were around US\$750 million, Argentina's US\$320 million, and Uruguay's US\$113 million.

Chart N° 22

Exports of pharmaceutical products from Mercosur countries, 2021.
In US\$ millions.



Source: Own elaboration with data from UNCTAD, 2023.

In Table 8 it is possible to identify the share of biodiversity-related products in the GDP (Gross Domestic Product) of the Mercosur countries, as well as the selected example products.

Table 8

Percentage of biodiversity-related products in the GDP of Mercosur countries.

	Brazil	Argentina	Paraguay	Uruguay
Share of biodiversity products in GDP	7.40%	8.63%	19.73%	12.74%
Cosmetics share of GDP	0.03%	0.03%	0.02%	0.00%
Share of pharmaceutical products in GDP	0.05%	0.07%	0.12%	0.18%

Source: Own elaboration with data from UNCTAD, 2023; World Bank, 2023.

It can be inferred that biodiversity-related products in Mercosur countries occupy a considerable share of GDP, especially in Paraguay. Expanding the use of biotechnology can increase the added value of these products, which would generate further growth.

C · TOWARDS THE DEVELOPMENT OF REGIONAL BIOTECHNOLOGY IN MERCOSUR

In Mercosur, developments in biotechnology are identified in the scope of Working Subgroup N° 8 — Agriculture; in the Research, Education and Biotechnology Applied to Health project, which has the financial support of the bloc; in the BIOTECSUR project, and in some other initiatives. No direct approaches to biotechnology were identified within Sub-Working Group N° 11 – Health.

a- Biotechnology and bio-inputs in Mercosur

Mercosur/GMC/RES Resolution N° 13/04 recognized that the development of modern biotechnology has acquired special relevance in agricultural production, considered one of the most important sectors of the economies of the Mercosur Member States. Modern biotechnology

in this area, in turn, generates discussions on agricultural and food biosecurity, as well as on the generation of restrictions on trade and product transit (OAS, 2004).

In this sense, it is necessary to develop a mechanism for harmonization and coordination of the different policies related to the development of agricultural biotechnology. Thus, the Ad Hoc Group on Agricultural Biotechnology was created, with the following objectives: i) to harmonize and coordinate the Regulatory Frameworks on biosafety and related standards among the Mercosur States Parties; ii) to initiate the analysis on the possible coordination of commercial approvals of genetically modified organisms; iii) to analyze the implications of labeling foods derived from agricultural biotechnology at the regional and international level; iv) to hold consultations among the Mercosur States Parties with a view to coordinating positions in the field of international negotiations (WTO, CODEX, Cartagena Protocol, etc.) (OAS, 2004). By Resolution Mercosur/ GMC/RES. N° 13/05, all points of the Ad Hoc Group's negotiating agenda were approved (OAS, 2005).

The Ad Hoc Group on Agricultural Biotechnology was deactivated, and the Mercosur Commission on Agricultural Biotechnology was created¹²¹. In the Commission, progress regarding the exchange of information on the approval of genetically modified organisms and on biosafety regulatory frameworks was made. The aim was to identify barriers to trade, and a manual is being developed on the stages of how the Commission can proceed in the event of the presence of genetically modified organisms at low levels; there were advances in the discussion and regulation of new breeding techniques, and the Mercosur countries positioned themselves in other international forums, for example, the Convention on Biological Diversity (Mercosur, 2023a).

Regarding the coordination on genetically modified organisms, the meetings of the Commission show tables with the plant events and genetically modified microorganisms that have been approved in the Mercosur countries. Genetically modified crops, in general, are: soybean, corn, cotton, eucalyptus, sugar cane, safflower, potato, alfalfa and wheat (Mercosur, 2021). They also study the labeling of foods derived from agricultural biotechnology, that is, genetically modified organisms (Mercosur, 2008).

By Resolution Mercosur/SGT N° 8/P. RES. 10/19, a regional mechanism to reduce the presence of low levels of genetically modified organisms among Mercosur countries was adopted. Recognizing the existence of an important development of this type of organisms sowed in the Mercosur States Parties and the lack of an effective coordination mechanism between them on this issue, the "Mechanism to reduce the occurrence of Low Level Presence (PBN) of Genetically Modified Organisms among the States Parties" was approved (Brazil, 2022).

The implementation of this resolution considers genetically modified organisms that have been authorized by a State Party for use in human and/or animal foods based on the observation of risk assessment procedures, such as the guidelines established by the Codex Alimentarius (CAC/GL 45/2003), but that have not been approved in at least one Mercosur State Party. When any State Party authorizes the use of a genetically modified organism for human or animal feed at the national level, it shall notify the Commission on Agricultural Biotechnology.

The communication should include the timely risk assessment carried out by the national agency competent for biosafety in genetically modified organisms and other relevant information. Assessing the documentation, the Commission may recognize the State Party's risk assessment and prepare a report recommending the exclusive approval of genetically modified organisms for PBN situations (Brazil, 2022).

121 · The date on which the Ad Hoc Group became a Commission does not appear accurately in the minutes of these groups. The last minutes of the Ad Hoc Group date from 27/08/2009; and the first minutes of the Commission take place on 14/09/2018. Between these two minutes, there is no movement recorded in the Mercosur database. See: <https://documentos.mercosur.int>

Finally, within the scope of Sub-Working Group N° 8 — Agriculture, a meeting of bioinput specialists was held in 2021, where the proposal for the creation of the Agricultural Bioinput Commission was presented (Mercosur, 2022). Thus, the Commission on Bioinputs for Agricultural Use was created, whose work agenda for 2023-2024 is structural convergence and regulatory harmonization in terms of definitions, regulatory situation and definition of minimum standards for the quality of bioinputs, as well as possible barriers and opportunities for trade and innovation with regional potential (Mercosur, 2023). In addition, the establishment of a regional seal of distinction for bio-inputs is being developed (Mercosur, 2023b).

b- The Mercosur Structural Convergence Fund and biotechnology

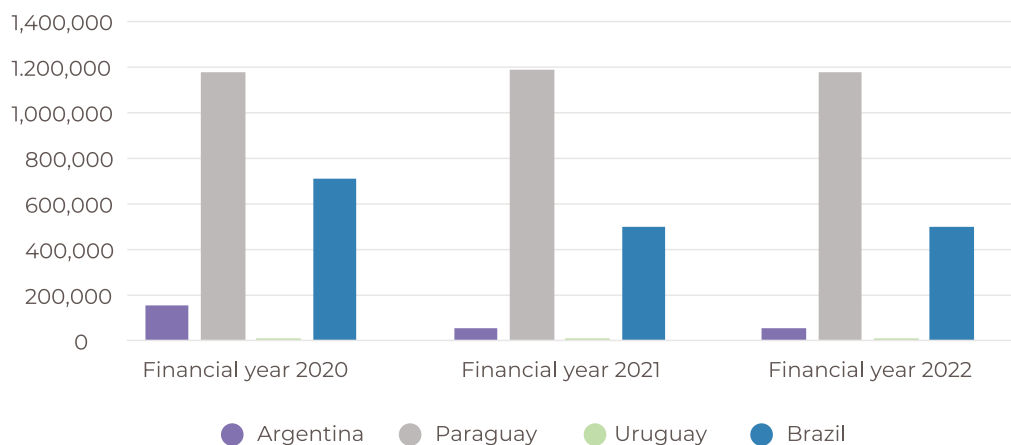
The Mercosur Fund for Structural Convergence (FOCEM) is “the first solidarity financing mechanism of the Mercosur countries and aims to reduce asymmetries in the bloc” (Mercosur, 2015). Among the projects planned at the FOCEM, there is the “Research, Education and Biotechnology Applied to Health” project developed in response to Mercosur’s socio-economic need to present solutions to address chronic and infectious diseases that affect the diagnosis and treatment of health measures. Therefore, it is necessary to develop technological platforms and trained human resources (Mercosur, 2011; 2017).

In 2020 additional resources were approved for the project (Mercosur/CMC/DEC. N° 01/20) due to the COVID-19 health crisis, in order to face the consequences of the pandemic and strengthen epidemiological control measures. In that sense, the amount of US\$15,8 million was approved (Mercosur, 2020).

Below are the periodic contributions, including those accumulated from years prior to the project:

Chart N° 23

Regular contributions from the FOCEM to the “Research, Education and Biotechnology Applied to Health” project. In US\$.



Fuente: Own elaboration with data from Mercosur, 2020; 2021a; 2019.

c- BIOTECSUR and other initiatives

Through GMC Resolutions N° 58 of 2005 and N° 01/14 of 2014, the signing of the Financing Agreement for a biotechnology project between Mercosur and the European Union, BIOTECH I and II, respectively, was approved (Mercosur, 2005; 2014). Also known as BIOTECSUR, the agreements aim to promote the development and application of biotechnologies in Mercosur. Biotechnology is presented as a key sector for economic development since it allows for the creation of high quality jobs, as well as increasing the competitiveness of related sectors (Mercosur, 2015). The specific strategies and objectives of the project are as follows:

Table 9
Specific objectives and regional coordination strategies of BIOTECSUR.

Specific objectives	<ul style="list-style-type: none"> • Make sustainable use of Mercosur's natural resources such as biodiversity, the abundance of water reserves and arable land, and climate amplitude. • Consolidate and efficiently exploit Mercosur's scientific and biotechnological capabilities. • Promote innovation, strengthening the capacities of the business and scientific-technological sectors, and consolidating links between them. • Promote a regulatory framework favorable to the development of public policies and social legitimacy to stimulate investments for the development and application of biotechnologies. • Take advantage of Mercosur's financial resources, encouraging co-financing and international cooperation for the growing development of regional biotechnology.
Regional coordination strategies	<ul style="list-style-type: none"> • Design of a strategic plan for the development of regional biotechnology that includes consensual proposals for the promotion of applications of biotechnologies in the productive sectors. • Support the process of harmonization of standards among Mercosur countries. • Support the development of technology parks and incubators to strengthen and increase the number of innovative companies in the biotechnology sector. • Encourage the development of networks formed by professionals, companies and institutions in the region and linking them with other similar initiatives. • Implementation of a Mercosur "One-Stop Shop" for regional projects submissions seeking financing programs and/or grants. • Promotion of joint research and development projects between Mercosur and the European Union.

Source: BIOTECSUR, 2023.

The projects—within the scope of BIOTECSUR—implemented so far are: control of pathogens in birds of commercial importance; control of vaccines against foot-and-mouth disease virus; control of intermolecular bacterial, viral and protozoal diseases in cattle; bioprospecting of genes of interest, and prospecting of genes useful for soybean improvement (BIOTECSUR, 2023).

In addition to BIOTECSUR, there is the Brazilian-Argentine Center for Biotechnology (CBAB), created by the Binational Integration Law of Argentina and Brazil in the 1980s. It is a regional integration program designed to consolidate scientific-technological cooperation between countries in the biotechnology area. The program also has Uruguay's participation and is expected to be expanded to other Latin American countries. In this context, the promotion of cooperation between the public and private sectors between countries is encouraged¹²² (Brazil, 2014).

It's important to also highlight the work of the Inter-American Institute for Cooperation on Agriculture¹²³ (IICA, 2023) and the International Declaration on Agricultural Applications of Precision Biotechnology, launched with the support of Brazil, Paraguay and Uruguay (Brazil, 2022a).

In turn, the Brazil-Argentina Joint Declaration, signed on the occasion of the official visit to the Argentine Republic of the President of Brazil in 2023, ratified support for developing scientific-technological projects within the scope of the Latin American Center for Biotechnology (CABBIO) and the Argentine-Brazilian Center for Nanotechnology (CABN). There was an agreement to promote a common agenda in the field of science and technology, including

¹²² · Politically, the program operates through a Binational Council, in which representatives of the Ministries of Foreign Affairs, Economic Affairs, Agriculture, Health, a Binational Director and a Director from each country participate (Brazil, 2020). The bases for the creation of the program are: the recognition of the strategic importance of scientific-technological research in the biotechnology area; the need to improve human and scientific resources to operate in the sector; the volume of investments required; and the cost reduction that can be obtained through cooperative research actions. The main areas of activity are: health, agriculture and industrial processes (Brazil, 2014). The Brazilian-Argentine Center for Biotechnology is the direct antecedent of the Latin American Center for Biotechnology that develops training activities, as well as the implementation of projects related to the biotechnology sector. (Argentina, 2023).

¹²³ · Supports the development of projects for the identification and analysis of institutional, political and technical scientific capacities in Mercosur countries. Examples are BIO-1 and BIO-3 projects.

innovation in strategic productive sectors such as agribusiness, health, applied biotechnology, nanotechnology and the energy transition (Brazil, 2023f). The development of biotechnology in the agricultural sector of Brazil and Argentina is relevant in Latin America. The Bioceres Semillas company (2023), in Argentina, has improvement programs that guarantee the formation of new seed varieties based on the use of state-of-the-art technology, while Embrapa, in Brazil, promotes intense research on genetically modified organisms, the result of which has been the creation of drought-tolerant soybeans, approved by the National Technical Commission for Biosafety (EMBRAPA, 2023b). Biotechnology in the agricultural area can be considered as a key piece to guarantee food security in the face of the negative effects of climate change.

D · RECOMMENDATIONS

From the survey carried out, some findings can be identified: in all Mercosur countries, biotechnology is used as a tool to improve economic development. Brazil and Paraguay have policies to promote biotechnology aimed at specific sectors: the first targets the areas of human health, agriculture, industry and the environment, while the second focuses on agricultural and forestry production, with emphasis on the production of genetically modified organisms and concern for biosecurity. Uruguay and Argentina, for their part, have a comprehensive policy to provide benefits to all projects that develop some application of modern biotechnology.

There is a certain level of forecasting about what bio-inputs, bio-products and biomaterials are in the Mercosur countries. For example, Argentina, which already has an official bioproduct seal of distinction (the Argentine Bioproduct Seal), differentiates between bioproducts, biomaterials and bioinputs. It also has specific legislation for the promotion and use of biofuels.

In comparison, Brazil and Argentina have the highest number of biotechnological/transgenic crops in the Mercosur countries. At the same time, Brazil is among the countries that export more perfumery, pharmaceutical and personal care and care preparation products. Argentina's export of pharmaceutical products also stands out.

As for Mercosur, much of the block's attention is directed to the use of biotechnology for agricultural use and the implementation of the project "Research, Education and Biotechnology Applied to Health". In terms of agricultural practice, the focus is on genetically modified organisms and issues related to biosafety and regulatory convergence. Building upon the observations throughout this analysis, the following recommendations are presented:

1. Harmonize concepts and minimum standards and identify possible barriers to bio-inputs, bio-products and biomaterials.
2. Deepen discussions in agriculture on the regulatory convergence of genetically modified events approved by technical and competent bodies in each member country to facilitate the development and commercialization of biotechnological developments.
3. Further discussions on regulatory convergence in the biotechnology sector as a whole, extending this discussion to other areas, e.g. health and environment WGs.
4. Empower the Commission on Agricultural Biotechnology to monitor the concrete effects of the resolution on "Mechanism to reduce the occurrence of Low Level Presence (LLP) of Genetically Modified Organisms (GMOs) among States Parties", including the possibility of developing indicators.
5. Deepen discussions on biosafety risk assessment, as well as on the possible effects of genetically modified organisms as a tool to combat the negative consequences of climate change.

6. Expand the dissemination of the results of the project “Research, Education and Biotechnology Applied to Health” and continue to financially support the line of research initiated.
7. Conduct joint research on the subject in order to help the bloc’s competitive insertion in international trade from new products, and identify and monitor the trade flows of Mercosur countries on products resulting from the use of modern biotechnology.
8. Promote greater involvement of the private sector in the bloc’s technical spaces.
9. Advance in the formation and financing of new projects that support the development of biotechnology in Mercosur as a bloc, especially related to the agricultural sector within the framework of the global discussion on food security and climate change.
10. Ensure institutional mechanisms (formal and informal) for information exchange and political and technical dialogue between officials of member countries on biotechnological applications in the agricultural, industrial and health sectors, as well as for environmental conservation and protection.

Such recommendations can be further explored in additional studies. Given that biotechnology is key to the economic development of the Mercosur countries, it is necessary to invest in the constitution of strategies that can boost national policies and form a policy as a cohesive and coherent bloc.

ABBREVIATIONS AND ACRONYMS

ECA	Economic Complementation Agreement
CET	Common External Tariff
FF	Family Farming
ANII	National Agency for Research and Innovation
ASEAN	Association of Southeast Asian Nations
BIOTECSUR	Research, Education and Biotechnology Project Applied to Health
BK	Capital Goods
CA	Automotive Committee
CABN	Argentine-Brazilian Center for Nanotechnology
CAF	Andean Development Corporation
CBAB	Brazilian-Argentine Center for Biotechnology
CCM	Mercosur Trade Commission
CENIT-UNSAM	Research Center for Transformation
CFI	Federal Investment Council
CMC	Common Market Council
CNPQ	National Council for Scientific and Technological Development
COBIOMAT	National Advisory Commission on Biomaterials
CONABIA	National Advisory Commission on Agricultural Biotechnology
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSB	Sectoral Biotechnology Council
CT	Technical Committee
CTN-Bio	National Technical Commission on Biosafety
EID	Extra-area Import Duty
Dir.	CCM Directive
USA	United States
FAN	Argentine Nanotechnology Foundation
FCES	Economic and Social Consultative Forum
IMF	International Monetary Fund
FOCEM	Mercosur Structural Convergence Fund
FONCYT	Fund for Scientific and Technological Research
GAHCDS	Ad Hoc Group on Trade and Sustainable Development
GANREL	High Level Group on Institutional Relations between the Council of the Common Market and the Mercosur Parliament
GCI	International Cooperation Group
GMC	Common Market Group

HEMOBRÁS	Brazilian Blood Products and Biotechnology Company
IIC	Trade Intensity Index
ICR	Regional Content Index
FDI	Foreign Direct Investment
IIBCE	Clemente Stable Biological Research Institute
INBIO	Institute of Agricultural Biotechnology
INTAL	Institute for the Integration of Latin America and the Caribbean
IP Montevideo	Pasteur Institute of Montevideo
IPTA	Paraguayan Institute of Agricultural Technology
ISM	Social Institute of Mercosur
MA	Ministry of Environment
MCTI	Ministry of Science, Technology and Innovation
MEF	Ministry of Economy and Finance
MIEM	Ministry of Industry, Energy and Mines
MRC	Regional Qualifications Framework
MSF	Sanitary and Phytosanitary Measures
NALADISA	Nomenclature of the Latin American Integration Association
LDN	Land Degradation Neutrality
SDGs	Sustainable Development Goals
IOM	International Organization for Migration
WTO	World Trade Organization
PAM	Mercosur Automotive Policy
CDE	Developing Countries
PIP	Progressive Integration Program
PMEC	Mercosur Conformity Assessment Procedures
PPT	Pro Tempore Presidency
PPTP	Presidency Pro Tempore of Paraguay
PT	Work Programme
REOs	Specific Origin Requirements
RMMAM	Meeting of Ministers of Environment of Mercosur
R\$	Real
SACIM	Mercosur Quota Management System
SAFP	Andean Price Range System
SECEM	Mercosur Foreign Trade Statistics System
SGT	Working Subgroup
SICA	Central American Integration System
SIMESUR	Integrated Mobility System of Mercosur
SIRA	Import System of the Argentine Republic
TBT	Technical Barriers to Trade
TPR	Permanent Court of Review
EU	European Union
UNCTAD	United Nations Conference on Trade and Development

REFERENCES

- **Agarwal, R. (2023).** Industrial Policy and the Growth Strategy Trilemma. Finance & Development. International Monetary Fund. <https://www.imf.org/en/Publications/fanddd/issues/Series/Analytical-Series/industrial-policy-and-the-growth-strategy-trilemma-ruchir-agarwal>
- **Agencia Nacional de Investigación e Innovación - ANII 2023.** Available at: <https://www.anii.org.uy/>
- **Aggarwal, V. and Reddie, A. (2020).** New Economic Statecraft: Industrial Policy in an Era of Strategic Competition. Issues & Studies: A Social Science Quarterly on China, Taiwan, and East Asian Affairs. 56 (2). <https://www.worldscientific.com/doi/abs/10.1142/S1013251120400068>
- **Amaral Egydio de Carvalho, M., & Maurer de Salles, M. (2023).** Relacionamento Externo do Mercosul: Fundamentos Históricos, Dilemas Contemporaneos e Perspectivas Futuras. Ipea. Technical Note N° 67.
- **ANBIOTEC, Associação Nacional de Biotecnologia. 2023.** Available at: <https://anbiotec.org.br/comites-tematicos/>
- **ARGENBIO, Argentine Council for Information and Development of Biotechnology, Biotechnology Applications.** Available at: <https://www.argenbio.org/biotecnologia/aplicaciones-de-la-biotecnologia/173-biocombustibles>
- **ARGENTINA, Law 20,247 of 1973, Law on Seeds and Plant Genetic Creations.** Available at: https://www.argentina.gob.ar/sites/default/files/decretoleyopen20247-73_1.pdf
- **ARGENTINA, Law 24.481 of 1995, Law on Patents for Invention and Utility Models.** Available at: <https://www.argentina.gob.ar/normativa/nacional/ley-24481-27289/texto>
- **ARGENTINA, Law 26.093 of 2006.** Regulatory and Promotion Regime for the Sustainable Production and Use of Biofuels. Enforcement Authority. Functions. National Advisory Commission. Production plants authorization. Biofuels Mixing with Fossil Fuels. Beneficiaries of the Promotional Regime. Infringements and sanctions. Available at: <https://www.argentina.gob.ar/normativa/nacional/116299/texto>
- **ARGENTINA, Law 26.334 of 2008.** Approve the Bioethanol Production Promotion Regime. Available at: <https://www.argentina.gob.ar/normativa/nacional/ley-26334-136339/texto>
- **ARGENTINA, Law for the promotion of the development and production of modern biotechnology and nanotechnology. 07/27/2007.** Available at: <https://www.argentina.gob.ar/normativa/nacional/ley-26270-130522/actualizacion>
- **ARGENTINA, Ministry of Agriculture, Livestock and Fisheries.** Genetically Modified Organisms (GMOs) Resolution 763/11. Available at: <https://argentinambiental.com/legislacion/nacional/resolucion-76311-organismos-geneticamente-modificados-ogm/>
- **ARGENTINA, Ministry of Science, Technology and Innovation.** National Agency for Scientific and Technological Promotion. 2023b. Available at: <https://www.argentina.gob.ar/ciencia/agencia>
- **ARGENTINA, Ministry of Science, Technology and Innovation.** Latin American Center for Biotechnology. 2023. Available at: <https://www.argentina.gob.ar/ciencia/cooperacion-multilateral/cabbio> Accessed: 06/07/2023
- **ARGENTINA, Ministry of Science, Technology and Innovation.** The Federal Program for the Promotion of Biotechnology and Nanotechnology was launched in Santa Fe. Published Thursday
- **March 30, 2023.** Available at: <https://www.argentina.gob.ar/noticias/se-lanzo-el-programa-federal-de-promocion-de-la-biotecnologia-y-la-nanotecnologia-en-santa>
- **ARGENTINA, Ministry of Economy Secretariat of Agriculture, Livestock and Fisheries Undersecretariat of Food, Bioeconomy and Regional Development.** Innovation and Biotechnology. 2023. Available at: <https://www.argentina.gob.ar/agricultura/bioeconomia/biotecnologia>
- **ARGENTINA, Ministry of Economy, Ministry of Agriculture, Livestock and Fisheries Undersecretariat of Food, Bioeconomy and Regional Development.** 2023a. Available at: <https://www.argentina.gob.ar/agricultura/alimentos-y-bioeconomia>

- **Artecana, R. and Velloso, H. (2022).** Towards a new industrial policy. The United States economic policy agenda post-Covid-19. Studies and Perspectives 22. United Nations publication. https://www.cepal.org/sites/default/files/news/files/towards_a_new_industrial_policy.pdf
- **Barrenengoa, A. C., & Barceló, N. (2021).** The positions around the flexibilization of Mercosur, 30 years later: harmony of voices or out of tune concert? *Conjuntura Austral*, 12(60), 19-34
- **Bas Vilizzio, M. (2014).** "De caminos y controversias: el MERCOSUR a diez años de la entrada en vigor del Protocolo de Olivos". *International Commentary: journal of the Andean Center for International Studies*. 14: 53-72.
- **IDB INTAL. (2020).** Mercosur Report N° 24. Buenos Aires: IDB INTAL.
- **IDB INTAL. (2022).** Mercosur Report N° 25. Buenos Aires: IDB INTAL.
- **IDB. (2023).** Estimates of trade trends. Latin America and the Caribbean. Edition 2023-First Quarter Update. Washington: IDB.
- **BIOCAP, Paraguayan Chamber of Biofuels and Renewable Energies,** Available at: https://biocapparaguay.org/?page_id=1227
- **Bioceres Semillas.** Technology Available at: <https://bioceressemillas.com.ar/tecnologia> Accessed: 07/26/2023
- **BIOTECSUR. 2023.** Available at: <https://www.recyt.mercosur.int/biotecsur/po/biotecsur.php>
- **BIOTECSUR.** Available at: <https://www.recyt.mercosur.int/biotecsur/po/biotecsur.php>
- **Brazil - Ministry of Foreign Affairs, M. d. (2022).** Mercosur-Singapore Free Trade Agreement. Summary. Brasilia: Government of Brazil.
- **BRAZIL, CTNBio. 2023d.** Available at: <http://ctnbio.mctic.gov.br/a-ctnbio>
- **BRAZIL, Decree N° 5,591, of November 22, 2005.** Regulates the provisions of Law N° 11,105, of March 24, 2005, which regulates paragraphs II, IV and V of § 1 of art. 225 of the Constitution, and dictates other provisions. Available at: https://www.planalto.gov.br/ccivil_03/_ato2004-2006/2005/decreto/d5591.htm
- **BRASIL, BRAZIL, Decree N° 6,041, of February 8, 2007.** Establishes the Biotechnology Development Policy, creates the National Biotechnology Committee and makes other provisions. Available at: https://www.planalto.gov.br/ccivil_03/_ato2007-2010/2007/decreto/d6041.htm#_ftn1
- **BRAZIL, Decree N° 10,375, of May 26, 2020.** Establishes the National Bioinput Program and the Strategic Council of the National Bioinput Program. Available at: https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2020/decreto/d10375.htm
- **BRAZIL, Decree N° 4,154, of March 7, 2002.** Regulates Law N° 10.332, of December 19, 2001, in the part that establishes a financing mechanism for the Biotechnology and Genetic Resources - Genome Program, and dictates other provisions. Available at: http://www.planalto.gov.br/ccivil_03/decreto/2002/d4154.htm
- **BRAZIL, Decree N° 8,772, of May 11, 2016.** It regulates Law N° 13,123, of May 20, 2015, which provides for access to genetic heritage, the protection and access to associated traditional knowledge and the sharing of benefits for the conservation and sustainable use of biodiversity. Available at: http://www.planalto.gov.br/ccivil_03/_Ato2015-2018/2016/Decreto/D8772.htm
- **BRAZIL, Law N° 13,123, of May 20, 2015.** Regulates point II of § 1 and § 4 of art. 225 of the Federal Constitution, article 1, paragraph j of article 8, paragraph c of article 10, article 15 and paragraphs 3 and 4 of article 16 of the Convention on Biological Diversity, promulgated by Decree N° 2,519, of March 16, 1998; provides for access to genetic heritage, protection and access to associated traditional knowledge and benefit sharing for the conservation and sustainable use of biodiversity; repeals Provisional Measure N° 2,186-16, of August 23, 2001; and other measures. Available at: https://www.planalto.gov.br/ccivil_03/_ato2015-2018/2015/lei/l13123.htm
- **BRAZIL, Law N° 10,332, of December 19, 2001.** It establishes a funding mechanism for the Science and Technology Program for Agribusiness, for the Health Research Promotion Program, for the Biotechnology and Genetic Resources – Genome Program, for the Science and Technology Program for the Aeronautical Sector and for the Innovation Program for Competitiveness, and establishes other provisions. Available at: https://www.planalto.gov.br/ccivil_03/leis/leis_2001/l10332.htm

- **BRAZIL, Law N° 11,105, of March 24, 2005.** Regulates items II, IV and V of §1 of art. 225 of the Federal Constitution, establishes safety standards and inspection mechanisms for activities involving genetically modified organisms – GMOs and their derivatives, creates the National Biosafety Council – CNBS, restructures the National Technical Commission on Biosafety – CTNBio, establishes the National Biosafety Policy – PNB, repeals Law N° 8,974, of January 5, 1995, and Provisional Measure N° 2,191-9, of August 23, 2001, and arts. 5, 6, 7, 8, 9, 10 and 16 of Law N° 10,814, of December 15, 2003, and other measures. Available at: https://www.planalto.gov.br/ccivil_03/_ato2004-2006/2005/lei/111105.htm
- **BRAZIL, Ministry of Agriculture and Livestock.** Concepts: To know the conceptual bases of the National Bioinputs Program. Updated 06/04/2021. Available at: <https://www.gov.br/agricultura/pt-br/assuntos/inovacao/bioinsumos/o-programa/conceitos>
- **BRAZIL, Ministry of Agriculture and Livestock.** Genetically modified grains: Mercosur sets a regional standard to manage the presence of GMOs at low levels. 2022. Available at: <https://www.gov.br/agricultura/pt-br/assuntos/noticias/mercosul-define-padrao-regional-para-gerenciar-a-presenca-de-ogm-em-baixos-niveis>
- **BRAZIL, Ministry of Agriculture and Livestock.** The International Declaration on Agricultural Applications of Precision Biotechnology is launched with the support of Brazil. Updated 12/26/2022. 2022a. Available at: <https://www.gov.br/agricultura/pt-br/assuntos/noticias/declaracao-internacional-sobre-aplicacoes-agricolas-de-biotecnologia-de-precisao-e-lancada-com-o-apoio-do-brasil>
- **BRAZIL, Ministry of Science, Technology and Innovation, National Council for Scientific and Technological Development.** Brazilian-Argentine Center for Biotechnology. Updated 15/10/2020. Available at: <https://www.gov.br/cnpq/pt-br/aceso-a-informacao/acoes-e-programas/programas/cbab>
- **BRAZIL, Ministry of Science, Technology and Innovation.** Brazilian-Argentine Center for Biotechnology: 25 years of collaboration. Brasília: 2014. Available at: https://repositorio.mcti.gov.br/bitstream/mctic/4700/1/2014_centro_argentino_brasileno_biotecnologia.pdf
- **BRAZIL, Ministry of Science, Technology and Innovation.** Budgetary and Financial Execution Sheets. Updated 06/28/2023. Available at: <https://www.gov.br/mcti/pt-br/acompanhe-o-mcti/fndct/paginas/planilhas-de-execucao-orcamentaria-e-financeira>
- **BRAZIL, Ministry of Science, Technology and Innovation.** National Research Infrastructure Platform – MCTI. 2023b. Available at: <https://pnipe.mctic.gov.br/about> Accessed: 06/07/2023
- **BRAZIL, Ministry of Science, Technology and Innovation.** Sectoral fundraising – 2023. 2023a. Available at: <https://www.gov.br/mcti/pt-br/acompanhe-o-mcti/fndct/arquivos/pdf/arrecacaodosfundossetoriaisate.FEV.2023.pdf>
- **BRAZIL, Ministry of Science, Technology, Innovations and Communications.** Science, technology and innovation plan for renewable energy and biofuels 2018-2022. 2018. Available at: <https://antigo.mctic.gov.br/mctic/export/sites/institucional/tecnologia/tecnologiasSetoriais/Plano-de-Ciencia-Tecnologia-e-Inovacao-Para-Energias-Renovaveis-e-Biocombustiveis.pdf>
- **BRAZIL, Ministry of Foreign Affairs.** Joint Declaration on the occasion of the Official Visit to the Argentine Republic of the President of the Federative Republic of Brazil, LuizInácio Lula da Silva. Updated 03/04/2023. 2023f. Available at: https://docs.google.com/presentation/d/1acrVNoapdwzRGqTFWvNWt3a5-iA8enrsar-bfhjt69l/edit#slide=id.g1e52a30dc23_0_0
- **BRAZIL, Ministry of Health.** Hemobrás. 2023c Available at: <https://hemobras.gov.br/quem-somos/> Accessed: 06/06/2023.
- **BRAZIL, Ministry of Health.** Biosafety Information System. 2023e. Available at: <http://www.fiocruz.br/biosseguranca/Bis/StartBIS.htm>
- **BUGGE, Markus M.; HANSEN, Teis; KLITKOU, Antje.** What Is the Bioeconomy? A Review of the Literature. Sustainability 2016, 8(7), 691; <https://doi.org/10.3390/su8070691> Received: June 30, 2016 / Revised: July 14, 2016 / Accepted: July 15, 2016 / Published: July 19, 2016. Available at: <https://www.mdpi.com/2071-1050/8/7/691/htm>
- **CAB, Argentine Chamber of Biotechnology About CAB. 2023.** Available at: <https://www.cabiotec.com.ar/acerca-de-la-cab>
- **CAB, Argentine Chamber of Biotechnology The first census of Argentine bio and nanotechnology companies is launched. 2023a.** Available at: <https://www.cabiotec.com.ar/post/lanzan-el-primer-censo-de-empresas-de-bio-y-nanotecnolog%C3%ADa-argentinas>

- **Cáceres, J., Tokas, M., Gehring, M., and de Andrade Correa, F. (2021).** Environment and Climate Change in the Draft EU-Mercosur Trade Agreement. Legal Analysis and Proposed Provision. CISDL. Retrieved from <https://www.cisd.org/wp-content/uploads/2021/04/Environment-and-Climate-Change-in-the-Draft-EU-29.04.2021-Final.pdf>
- **Caetano, G. (2021).** The “first Mercosur” and “flexibilization”. Useful background for reflection (1991-2001). *International Relations*, 30(60), 1-27.
- **CBI+I, Biotechnological Center for Research and Innovation.** 2023. Available at: <https://www.cbii.com.uy/sitio/index.php/en/>
- **CEI. (2022).** Analysis of Trade and Consumer Outlook with Singapore. Buenos Aires, Ministry of Foreign Affairs, International Trade and Worship.
- **CEI. (2023).** Current affairs and prospects of the automotive sector. Buenos Aires: MRECIC.
- **ECLAC. (2023).** Foreign direct investment in Latin America and the Caribbean, 2023 edition. Santiago de Chile
- **Convention on Biological Diversity.** Text of the Convention. 1992. Available at: <https://www.cbd.int/convention/text/>
- **CRPM.(2022).** Global evaluation of compliance with the Work Programs and the Productivity of the Forums. First Semester 2022. Montevideo: SM.
- **CRPM.(2022).** Global evaluation of compliance with the Work Programs and the Productivity of the Forums. Second semester of 2021. Montevideo: SM.
- **CRPM.(2022).** Global evaluation of compliance with the Work Programs and the Productivity of the Forums. Second Semester of 2022 Montevideo: SM.
- **CRPM.(2023).** Report on FOCEM operation - June 2023. Montevideo: CRPM
- - Annex XV of Minutes 7/2023.
- **D’AMATO, D., BARTKOWSKI, B. & DROSTE, N.** Reviewing the interface of bioeconomy and ecosystem service research. *Ambio* 49, 1878–1896 (2020). <https://doi.org/10.1007/s13280-020-01374-0>. Available at: <https://link.springer.com/article/10.1007/s13280-020-01374-0#citeas>
- **da Motta Veiga, P. and Polónia Rios, S.(March 2023).** Brief CINDES 129: O mundo de 2023 não é o de 2003: a política externa de Lula 3 e suas novas condicionantes. Retrieved from CINDES: <https://cindesbrasil.org/wp-content/uploads/2023/03/PDF-Breves-129.pdf>
- **Donadío Linares, L. The construction of biotechnology policy in MERCOSUR.** *Revista Derecho del Estado*, n° 31, July-December, 2013, pp. 191-208. Universidad Externado de Colombia – Bogotá, Colombia.
- **Embrapa, Brazilian Agricultural Research Company 2023.** Available at: <https://www.embrapa.br/>
- **Embrapa, Brazilian Agricultural Research Company The soybean with genomes edited for drought tolerance is approved by CTNBio.** Published 2023. 03.2023. 2023b. Available at: <https://www.embrapa.br/busca-de-noticias/-/noticia/79181050/soja-com-genome-edited-for-tolerance-to-dry-and-approved-hair-ctnbio>
- **Embrapa, Brazilian Transgenic Agricultural Research Company 2023a.**
- Available at: <https://www.embrapa.br/tema-transgenicos/perguntas-e-respostas>
- **EVARISTO DE JESUS, Katia Regina; PLONSKI, Guilherme Ary (technical editors).** *Biotecnologia e Biossegurança: integração e oportunidades no Mercosul.* Brasília, DF: Embrapa Informação Tecnológica, 2006
- **FINEP, Funder of Studies and Projects.** Available at: <http://www.finep.gov.br/>
- **IDB - ECLAC (1995).** Trade Liberalization in the Western Hemisphere. Washington: Economic Commission for Latin America and the Caribbean
- **IICA, Inter-American Institute for Cooperation on Agriculture. 2023.** Available at: <https://iica.int/es/search/content?keys=biotecnolog%C3%ADa>
- **INBIO, Institute of Agricultural Biotechnology.** Available at: <https://www.inbio.org.py/biotecnologia/en-que-consiste/>
- **INDEC. (2022).** Experimental exercise of the estimation of international services by the Expanded Classification of Balance of Payments for Services (CABPS) 2010 and partner country. Buenos Aires: Indec.
- **INIA, National Institute of Agricultural Research.** 2023 Available at: <http://www.inia.uy/>
- **INTI, National Institute of Industrial Technology.** Biotechnology. 2023. Available at: <https://www.inti.gov.ar/areas/desarrollo-tecnologico-e-innovacion/areas-de-conocimiento/biotecnologia>

- **IPTA, Paraguayan Institute of Agricultural Technology.** Available at: <https://www.ipta.gov.py/index.php/institucion/el-ipta>
- **ISAAAA, International Service for the Acquisition of Agrobiotechnology Applications.** GM Approval Database. Available at: <https://www.isaaa.org/gmapprovaldatabase/default.asp> Accessed: 06/07/2023
- **ISAAAA, International Service for the Acquisition of Agrobiotechnology Applications.** About. 2023a. Available at: <https://www.isaaa.org/>
- **Lavarello, P. and F. Jelinski (2017).** Preliminary mapping of the knowledge base in industrial and health biotechnology at the international level: insertion of MERCOSUR countries. Book Title: The Economic, Social and Regulatory Factors in the Approvals of Biotechnological Innovations. Publisher: Vicién, Carmen Enriqueta. ISBN: 978-987-42-5075-9.
- **López, L. and Lachman, J. (2022).** Knowledge-based services in Argentina: Trends, opportunities and challenges. Buenos Aires: Ministry of Productive Development.
- **MERCOSUR, (SGT N° 8) Agriculture | Depends on: (GMC) Common Market Group.** Approved 2023-2024 Work Program of the CN and CSA, CSV, CS, CBA and CBAG Committees. 2023. Available at: <https://documentos.mercosur.int/public/reuniones/doc/9564>
- **MERCOSUR, (SGT N° 8) Agriculture | Depends on: (GMC) Common Market Group.** (CBA) Commission on Agricultural Biotechnology biannually report on the degree of progress of the work program for the period (2023-2024). 2023a Available at: https://documents.mercosur.int/simfiles/docreunionanexos/95545_CBA_INFORME_DE_GRADO_DE_AVANCE_2023_2024.pdf
- **MERCOSUR, (SGT N° 8) Agriculture | Depends on: (GMC) Common Market Group.** ((CBAG) Bioinput Commission for Agricultural Use semiannual report on the degree of progress of the work program for the period (2023-2024). approved at the LIX Ext Extraordinary Meeting (GMC). 2023b. Available at: https://documentos.mercosur.int/simfiles/docreunionanexos/95545_CBA_INFORME_DE_GRADO_DE_AVANCE_2023_2024.pdf
- **MERCOSUR, (SGT N° 8) Agriculture | Depends on: (GMC) Common Market Group.** Meeting report 1-2021. Specialists in bio-inputs. 2022. Available at: <https://documentos.mercosur.int/public/reuniones/doc/9050>
- **MERCOSUR, (SGT N° 8) Agriculture | Depends on: (GMC) Common Market Group.** Table with Events of Approved Genetically Modified Plants in Argentina, Brazil, Paraguay and Uruguay. 2021. Available at: <https://documentos.mercosur.int/public/reuniones/doc/8690>
- **MERCOSUR, Addendum N° 1 to the financing agreement N° DCI-ALA/2011/023-134** Mercosur – EUROPEAN UNION project “support for the development of biotechnologies in MERCOSUR II – BIOTECH II”. 2015. Available at: <https://normas.mercosur.int/public/normativas/3212>
- **MERCOSUR, MERCOSUR – European Union Financing Agreement Project “Support for the development of biotechnologies in MERCOSUR II – Biotechnology II” N° DCI-ALA/2011/023-134. 2014.** Available at: <https://normas.mercosur.int/public/normativas/2890>
- **MERCOSUR, MERCOSUR – European Union Financing Agreement: Program to Support the Development of Biotechnologies in Mercosur – Biotechnology.** MERCOSUR/GMC/RES, 05/25. 2005. Available at: https://normas.mercosur.int/simfiles/normativas/10594_RES_058-2005_EN_BIOTECH.pdf
- **MERCOSUR, Mercosur Structural Convergence Fund – FOCEM –.** FOCEM Technical Unit – UTF Secretariat of MERCOSUR December 2015.
- **MERCOSUR, MERCOSUR Structural Convergence Fund Additional resources for the project “Research, education and biotechnologies applied to health.”- COVID-19 health emergency.** MERCOSUR/CMC/DEC. N° 01/20. 2020. Available at: http://www.sice.oas.org/trade/mrcsrs/decisions/DEC_001_2020_p.pdf
- **MERCOSUR, MERCOSUR Structural Convergence Fund: Project “Research, Education and Biotechnology Applied to Health”.** MERCOSUR/CMC/DEC N° 17/11. 2011. Available at: http://www.sice.oas.org/trade/mrcsrs/decisions/DEC_017-2011_s.pdf
- **MERCOSUR, MERCOSUR Structural Convergence Fund: Project “Research, Education and Biotechnology Applied to Health”.** MERCOSUR/GMC/RES. N° 08/17. 2017. Available at: https://normas.mercosur.int/simfiles/normativas/64814_RES_008_2017_ES_Resources%20Additional%20Biotechnologias.pdf

- **MERCOSUR, Budget of the Fund for the Structural Convergence of Mercosur (FOCEM) for the 2021 financial year.** MERCOSUR/CMC/DEC. N° 12/20. 2020. Available at: https://focem.mercosur.int/uploads/normativa/82721_DEC_012-2020_ES_Presupuesto%20FOCEM%202021-1.pdf
- **MERCOSUR, Budget of the Fund for the Structural Convergence of Mercosur (FOCEM) for the financial year 2022.** MERCOSUR/CMC/DEC. N° 20/21.2021a. Available at: <https://focem.mercosur.int/es/normativa/presupuesto-del-fondo-para-la-convergencia-estructura-del-mercador-focem-para-el-ejercicio-2022/>
- **MERCOSUR, Budget of the Fund for the Structural Convergence of Mercosur (FOCEM) for the 2020 financial year.** MERCOSUR/CMC/DEC. N° 27/19. 2019. Available at: <https://focem.mercosur.int/es/normativa/fondo-para-la-convergencia-estructural-del-mercador-budget-2020/>
- **MERCOSUR, XI Meeting of the Ad Hoc Group on Agricultural Biotechnology Minutes N° 4/08.** Annex V: Report of the Ad Hoc Group on Agricultural Biotechnology. Analysis of the labelling of foods derived from agricultural biotechnology. 2008. Available at: https://documentos.mercosur.int/simfiles/docreunionanexos/8830_GAHBA_2008_ACTA04_ANE05_EN_Análisis%20da%20%20labelagem%20de%20alimentos.pdf
- **Moreira, A. (05/03/2023).** Analysis: Mercosur prepares response to EU. International Value. Retrieved from <https://valorinternational.globo.com/economy/news/2023/05/03/analysis-mercador-prepares-response-to-eu.ghtml>
- **United Nations Brazil COP26: Enquanto promessas são feitas, combustíveis fósseis recebem trilhões em subsídios.** Available at: <https://brasil.un.org/pt-br/158254-cop26-enquanto-promessas-sao-feitas-combustiveis-fosseis-reecem-trilhoes-em-subsidios>
- **OECD, Key Biotechnology Indicators,** <http://oe.cd/kbi>; and OECD, Main Science and Technology Indicators Database ,www.oecd.org/sti/msti.htm Consultado el: 06/26/2023
- **OAS, Common Southern Market (MERCOSUR).** Resolutions of the common market group. Mercosur/GMC/RES N° 13/04: Ad Hoc Group on Agricultural Biotechnology. Available at: <http://www.sice.oas.org/trade/mrcsrs/resolutions/res1304s.asp>
- **OAS, Common Southern Market (MERCOSUR).** Resolutions of the common market group. Mercosur/gmc/res. N° 13/05 - Negotiation agendas of the ad hoc group on agricultural biotechnology. Available at: <http://www.sice.oas.org/trade/mrcsrs/resolutions/res1304s.asp>
- **OAS, Common Southern Market (MERCOSUR).** Resolutions of the common market group. Mercosur/GMC/RES N° 44/93B.I: Application for MERCOSUR Registration of Pharmaceutical Products. Available at: <http://www.sice.oas.org/trade/mrcsrs/resolutions/AN4493B.asp>
- **OECD,** Available at : <https://oec.world/en> Accessed: 2023
- **OECD: Organization for Economic Co-operation and Development Recommendation of the Council on Assessing the Sustainability of Bio-Based Products.** OECD/LEGAL/0395. Adopted on: 07/16/2012. Available at: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0395>
- **OMC (2021).** Review of the Republic of Korea's trade policies. Report of the Secretary. Trade Policy Review Body. WT/TPR/S/414/Rev.1
- **ORGANIC PARAGUAY.** Bio-inputs 2018. Available at: <https://www.paraguayorganico.org.py/wp-content/uploads/2018/11/MANUAL-BIOINSUMOS.pdf>
- **PARAGUAY, Decree 9699 of 2012,** creates the National Commission of Agricultural and Forestry Biotechnology: <https://faolex.fao.org/docs/pdf/par130178.pdf>
- **PARAGUAY, Law N° 2309 of 2003.** Cartagena Protocol on Biosafety to the Convention on Biological Diversity. Available at: <https://www.bacn.gov.py/leyes-paraguayas/4982/ley-n-2309-aprueba-el-protocolo-de-cartagena-sobreguridad-de-la-biotecnologia-del-convenio-sobre-la-diversidad-biologica>
- **PARAGUAY, Ministry of Agriculture and Livestock, Decree N° 6733 of 2011.** National Policy and Program of Agricultural and Florestal Biotechnology of Paraguay. Available at: <https://conbio.mag.gov.py/media/ckfinder/files/DECRETO%20N%206733%2013JUN11%20->
- **PCTP, Pando Science and Technology Park.** 2023 Available at: <https://www.pctp.org.uy/es/>
- **PEÑA, Ignacio; JENIK, Micaela.** Deep tech: the new wave. 2023. IDB, Inter-American Development Bank Available at: <https://publications.iadb.org/es/deep-tech-la-nueva-ola>
- **Roberts, A.; Moraes, C. and Ferguson, V. (2019).** Towards a Geoeconomic Order in International Trade and Investments. Journal of International Economic Law, (22), 655-676.

- **Rodrik, D. (2023) “On Productivism.”** HKS Faculty Research Working Paper Series RWP23-012, March 2023.
- **Rosales, O. (2014).** The Pacific and Mercosur Alliance: towards convergence in diversity. CEPAL.UNCTAD. (2023). WorldInvestmentReport 2023. UNCTAD.
- **SBBiotec, Brazilian Society of Biotechnology.** 2023. Available at: <https://www.sbbiotec.org.br/nossa-historia>
- **Secretariat of the Convention on Biological Diversity.** Theme: Uses of genetic resources. 2022. Available at: <https://www.cbd.int/abs/infokit/revised/print/factsheet-uses-en.pdf>
- **SENAVE, National Service of Quality and Plant and Seed Health.** 2023. Available at: <https://www.senave.gov.py/biosecuridad>
- **SENAVE, National Service of Quality and Plant and Seed Health.** SENAVE Management Report 2016. 2016. Available at: <https://www.senave.gov.py/docs/publicaciones/ley5189/INFORME%20DE%20GESTION%20SENAVE%202017%20MS.pdf>
- **SILVA, Martim Francisco de Oliveira and; PEREIRA, Felipe dos Santos; MARTINS, José Vítor Bomtempo.** A bioeconomia brasileira em números. Bioeconomy | BNDES Setorial 47, p. 277-332.
- **Sztulwark, S. and M. Girard. National innovation strategies in agricultural biotechnology.** Implications for Mercosur. Publication date: 12/2016. Publisher: Universidad Centroccidental “Lisandro Alvarado”. Magazine: Gestión y Gerencia. ISSN: 1856-8572
- **UNCTAD Facilitating BioTrade in a Challenging Access and Benefit Sharing Environment.**
- **UNCTAD/WEB/DITC/TED/2016/4 UNITED NATIONS PUBLICATION Copyright © United Nations, 2016.** Available at: https://unctad.org/en/PublicationsLibrary/webditcted2016d4_en.pdf
- **UNCTAD, Trade in biodiversity-based products.** 2023. Available at: <https://unctadstat.unctad.org/en/Biotrade.html>
- **United Nations, Intergovernmental conference on an international legally binding instrument under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction.** Agreement under the United Nations Convention on the Law of the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction. New York, June 19 and 20, 2023. A/CONF.232/2023/4. Available at: <https://documents-dds-ny.un.org/doc/UNDOC/LTD/N23/177/28/PDF/N2317728.pdf?OpenElement>
- **United Nations, Sustainable Development, United Nations Conference on Environment & Development Rio de Janeiro, Brazil, 3 to 14 June 1992, Agenda 21.** 1992. Available at: <https://sustainabledevelopment.un.org/content/documents/Agenda21.pdf>
- **UPS. (2015).** Guide for the participation of organizations and social movements in Mercosur. Montevideo: Mercosur Secretariat.
- **URUGUAY, Law N° 17164 of 1999: industrial property - patent law.** Available at: <https://www.impo.com.uy/bases/leyes/17164-1999>
- **URUGUAY, Law N° 17283 of 2000: Environmental Protection Law.** Available at: <https://www.impo.com.uy/bases/leyes/17283-2000>
- **URUGUAY, Law N° 18331 of 2008: Law on the Protection of Personal Data.** Available at: <https://www.impo.com.uy/bases/leyes/18331-2008>
- **URUGUAY, Ministry of Industry, Energy and Mining.** Bases of the “Agroecological Path” call. 2023b. Available at: <https://www.gub.uy/ministerio-ganaderia-agriculture-fishing/communication/publications/bases-convocation-senda-agroecologica/bases-convocation-senda-0>
- **URUGUAY, Decree N° 304/018. Amendment of Decree 11/013, relating to the regime for the promotion of the biotechnology industry and their respective tax benefits.** Available at: <https://www.impo.com.uy/bases/decretos/304-2018>
- **URUGUAY, Law N° 19317 of 2015, Regulation of provisions for the promotion of biotechnology.** Available at: <https://www.impo.com.uy/bases/leyes/19317-2015>
- **URUGUAY, Ministry of Industry, Energy and Mining.** What is the National Biosafety System? 2023c. Available at: <https://www.gub.uy/biosecuridad/que-es-el-sistema-nacional-de-biosecuridad>
- **URUGUAY, Ministry of Industry, Energy and Mining.** 2023. Available at: <https://www.gub.uy/ministerio-industria-energia-mineria/>

- **URUGUAY, Ministry of Industry, Energy and Mining.** Clemente Estable Biological Research Institute. 2023d. Available at: <https://www.gub.uy/ministerio-educacion-cultura/iibce>
- **URUGUAY, Ministry of Industry, Energy and Mining.** Related to Law N° 18,195 on Agrofuels. 2023a. Available at: <https://www.gub.uy/ministerio-industria-energia-mining/policies-and-management/programs/agrofuels>
- **URUGUAY, New Strategic Guidelines in Biosafety and Agrobiotechnology.**
- **V. Guardia and A. Ferenczi.** OPYPA 2022 Yearbook. Available at: <https://www.gub.uy/ministry-livestock-agriculture-fishing/communication/publications/yearbook-opypa-2022/topics-policy/new-strategic-guidelines>
- **World Bank, World Development Indicators.** Available at: <https://databank.worldbank.org/reports.aspx?source=2&series= NY.GDP.MKTP.CD&country> Accessed: 08/08/2023