

## OVERVIEW OF ASEAN-MERCOSUR RELATIONS

### Background Information on MERCOSUR

- The Southern Common Market or MERCOSUR (Spanish: *Mercado Común del Sur*) is a sub-regional bloc comprising **Argentina, Brazil, Paraguay, and Uruguay**<sup>1</sup>. Chile, Peru, Colombia, and Ecuador are Associate members of MERCOSUR, in addition to Guiana and Suriname, which acquired this status in July 2013. All South American countries are linked to MERCOSUR, either as Member State or Associate member.
- Established in 1991 by the Treaty of Asunción, which was later updated in 1994 by the Treaty of Ouro Preto, it aims to achieve: (i) Free movement of Goods and Services; (ii) Common External Tariff (CET); (iii) Common External Trade Policy; (iv) Legislation Harmonisation; and (v) Macroeconomic Coordination of Policies.
- The bloc can be characterised as a customs union in the process of consolidation, with common market features, with the elimination of obstacles to the circulation of factors of production, as well as the adoption of a common tariff policy regarding third countries, through a Common External Tariff (CET). MERCOSUR has a combined GDP of approximately USD 1.92 trillion in 2020,<sup>2</sup> and its population is about 40% of ASEAN's.
- MERCOSUR as a Custom Union negotiates trade agreements with third countries or regional organisations as a bloc. MERCOSUR conducts external relations through (i) Trade Agreements including Framework Agreements; Free Trade and Economic Complementmentation Agreements; and Preferential Trade Agreements; and (ii) Dialogue Mechanisms on Economic and Trade Issues, and on Political Issues.
- The main organs of MERCOSUR are: (i) Decision-making Bodies (the Common Market Council, Common Market Group, and Trade Commission); (ii) Joint Parliamentary Commission; (iii) Economic and Social Consultative Forum; and (iv) MERCOSUR Secretariat.
- MERCOSUR Summit is held once every six months, during which the handover of presidency takes place. Argentina holds the Presidency of MERCOSUR for 2021. Decision is made by consensus, in the presence of all member states, and is binding on the members.

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<sup>1</sup> Venezuela is a full member, but has been suspended since 1 December 2016.

<sup>2</sup> Data is taken from IMF Database, 2020.

- The MERCOSUR Secretariat is based in Montevideo, Uruguay and provides operational support to the organs of MERCOSUR. The Secretariat is made up of a management office, a coordination office and five sectors, namely: (i) Administration; (ii) Support; (iii) Technical Advisory; (iv) Computing; and (v) Regulations, Documentation and Dissemination. It also comprises the Technical Unit of Statistics of Foreign Trade, the Technical Unit of Education and the Technical Unit of the MERCOSUR Structural Convergence Fund.

### **Engagement between ASEAN and MERCOSUR**

- MERCOSUR and ASEAN Foreign Ministers met for the first time in an informal Breakfast Meeting held at the sidelines of the 3<sup>rd</sup> Foreign Ministers' Meeting of the Forum for East Asia-Latin America Cooperation (FEALAC) on 22 August 2007 in Brasilia, Brazil. At the Meeting, the Ministers agreed to explore ways to strengthen inter-regional ties, including trade and investment cooperation.
- The First ASEAN–MERCOSUR Ministerial Meeting was held on 24 November 2008 in Brasilia, Brazil, during which the Ministers recognised that economic cooperation between the two sides can yield tangible results, through cooperation in the areas of energy security and food security, intellectual property, agriculture, transportation, tourism, and environment and people-to-people contacts.
- After a hiatus of nine years, the Second ASEAN-MERCOSUR Ministerial Meeting was held on 22 September 2017 at the margins of the 72<sup>nd</sup> United Nations General Assembly (UNGA) in New York, USA. The Ministers highlighted the need to revitalised and strengthen their engagement and in this regard, proposed to (i) regularise the meeting between the CPR and Ambassadors of MERCOSUR member countries to develop an ASEAN-MERCOSUR plan of action; and (ii) explore the possibility of ASEAN-MERCOSUR Secretariat-to-Secretariat cooperation. They also agreed to further enhance sustainable development cooperation, tourism, connectivity, innovation and people-to-people links. However, there has yet to be any follow up actions to the decisions of this Meeting.
- The coordinatorship of ASEAN-MERCOSUR relations is rotated alphabetically among ASEAN Member States on one-year basis. Philippines is the country coordinator for ASEAN-MERCOSUR relations for 2021.
- The ASEAN Secretariat database recorded that the total two-way trade between ASEAN and MERCOSUR reached US\$ 29.60 billion in 2020.<sup>3</sup> Foreign Direct

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<sup>3</sup> ASEAN Secretariat Trade Database as of 5 July 2021.

Investment (FDI) inflow from MERCOSUR to ASEAN in 2020 accounted for US\$ 2.56 million<sup>4</sup>.



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<sup>4</sup> ASEAN Secretariat FDI Database as of 30 June 2021.