

## A report notes that Mercosur is the world's tightest bloc

CE Noticias Financieras English

May 20, 2020 Wednesday

Copyright 2020 Content Engine, LLC.

All Rights Reserved

Copyright 2020 CE Noticias Financieras All Rights Reserved

**Length:** 569 words

### Body

---

In its latest edition, the British magazine The Economist wonders whether the world is on the doorstep of deglobalization. It is not above a blunt response, but it takes the path of the difficulties that free trade has long faced, even more damaged by the Chinese-American trade war and the "degloblizing" effect imposed by the coronavirus pandemic?.

This collective of global trends fits the discussions present in Mercosur where Argentina today **shows itself as the most protectionist** and faces the most aperturistic intentions of its partners Brazil, Paraguay and Uruguay. This was seen in the coup of the table given by the albert Fernandez government to free trade negotiations with South Korea, Canada, Singapore and Lebanon.

For that matter, a report just published in the context of these fights by **Marcelo Elizondo's** consultancy DNI concludes that Mercosur is the most closed bloc in the world. This is despite the nominal GDP of the four countries together being **\$2.5 trillion**. The sum of its members gives between the six to seven largest economies worldwide. And being a market of **275 million inhabitants** has important cities such as San Pablo, Rio de Janeiro and Buenos Aires.

The analysis is based on Mercosur's international participation in international trade "which is less than what would correspond to the size of its economy". And it takes precisely that **MERCOSUR GDP, which is equivalent to 2.9% of the world's gross product, while its exports are only 1.4% of the world total**: that share is less than half its share of the world's gross product. And it's one of the ways to compare whether an economy is more or less closed. According to the WTO, intra-zone trade in this customs union born in 1991 is 13%, a percentage that has fallen over the years and is only comparable to minor trading blocs. This could have other reasons, such as that there are only four members. And at the same time the internationalization of Brazil's economy, for example, is showing less and less commercial interdependence.

"If you compare the export relationship with Mercosur GDP with that same relationship in all the other blocks of the world, the comparison shows that **Mercosur is the bloc that is in the lowest ratio** (export/GDP ratio) on the planet between the blocks compared," Elizondo will say. And it sums up: "It's the tightest block."

This export-GDP ratio reaches 75.3% in EFTA (the free trade area between Norway, Switzerland, Liechtenstein and Iceland), 52.4 in ASEAN, or 51.1 per cent in the European Union, and 32.3% in the Pacific Alliance, to say some, **reaches only 14.9% in Mercosu**. It is the same curiously as NAFTA, which makes up the United States, Canada and Mexico, that by reformulating its agreement it would be renamed TMEC.

A report notes that Mercosur is the world's tightest bloc

Elizondo, however, shows that if NAFTA (or new NAFTA) is one of the most closed blocks, **Mercosur surpasses it**. It is true that the two have the worst ratio (export/GDP ratio) and are in last place. However, NAFTA - or the new NAFTA - has among its members the United States, which is the world's largest importer and the second largest exporter in the world and has Mexico and Canada alongside it. In other words, all three are among the world's largest exporters and importers. **"If we were to have to unpack between Mercosur and NAFTA, it is clear that in Mercosur there are no important players in the absolute volume of international trade,"**the report concludes.

**Load-Date:** May 21, 2020

---

End of Document