Evolution of Mercosur intra-regional trade from 2016 to 2020

Evolución del comercio intrarregional del Mercosur de 2016 a 2020

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Abstract

The first attempts at the Latin American integration process showed a highly pragmatic character, without many concerns for medium and long-term projects. The main concern was to expand intra and extra-regional trade. However, since the 1980s (the decade considered the lost decade for Latin America), when the external debt crises and the adjustment policies recommended by the International Monetary Fund (IMF) led the region to a higher poverty rate due to the social costs of such policies, Latin America has been rethinking its integration.

The creation of LAIA (Latin American Integration Association), in 1980, replacing LAFTA (Latin American Free Trade Association), in 1960, and its sub-regional integration have

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changed Latin America's economic growth trajectory from the 1990s.

Within the scope of LAIA, Mercosur was created in 1991, with the objective of promoting intra and extra-regional trade expansion through the elimination of tariff barriers among its members, implementing a Common External Tariff. The full members of Mercosur are Argentina, Brazil, Paraguay and Uruguay. The bloc also has associated members: Bolivia, Chile, Peru, Colombia, Ecuador, Guyana and Suriname and observer members, namely Mexico and New Zealand. This work was developed to verify whether Mercosur, with the elimination of tariff barriers between full members and the Common External Tariff, has been able to meet its main objective, which is to expand intraregional trade among its members. Therefore, the main objective was to verify whether there was trade expansion between the bloc's full partners between the years 2016 and 2020.

The methodologies used for this purpose were descriptive statistics and literature review. Aiming to evaluate the annualized rate of change of trade in the period covered, it was decided to use the Compound Annual Growth Rate (CAGR), which is a differential of this research. The results showed that within the bloc, Brazil had Argentina as its main trading partner. It was observed that there was an expansion of intraregional trade between 2016 and 2018, followed by a considerable reduction of this trade during the period 2019-2020, but that Brazil still continued to be the member that obtained the largest intra-regional trade balances. Paraguay, in turn, did not show the same trend of commercial reduction for all other partners in 2019 and 2020. In addition, in 2020, even with the COVID 19 pandemic, Paraguay managed to increase its exports to Brazil and Argentina, showing a contrary trend only to their

exports to Uruguay. Uruguay, in turn, expanded its imports from partners throughout the period, except for Paraguay in 2020, where its exports exceeded imports. With regard to Argentina, its exports to members began to fall in 2019 and increased in 2020, especially in relation to Brazil. The country also drastically reduced its imports from Brazil and Paraguay in 2019 and 2020, although it also considerably expanded imports from Paraguay.

Keywords: regional integration – Mercosur – international trade.

Resumen

Los primeros intentos del proceso de integración latinoamericano mostraron un carácter altamente pragmático, sin muchas preocupaciones por proyectos de mediano y largo plazo. La principal preocupación consistía en ampliar el comercio intra y extrarregional. Sin embargo, desde la década de 1980 (década considerada la década perdida para América Latina), cuando las crisis de la deuda externa y las políticas de ajuste recomendadas por el Fondo Monetario Internacional (FMI) llevaron a la región a un mayor índice de pobreza debido a los costos sociales de dichas políticas, América Latina ha estado replanteándose su integración.

La creación de la ALADI (Asociación Latinoamericana de Integración), en 1980, en sustitución de la ALALC (Asociación Latinoamericana de Libre Comercio), en 1960, y su integración subregional han cambiado la trayectoria de crecimiento económico de América Latina desde la década de 1990. En el ámbito de la ALADI, el Mercosur fue creado en 1991, con el objetivo de promover la expansión del comercio intra y extrarregional a través de la eliminación de barreras arancelarias entre sus

miembros, implementando un Arancel Externo Común. Los miembros plenos del Mercosur son Argentina, Brasil, Paraguay y Uruguay. El bloque también tiene miembros asociados: Bolivia, Chile, Perú, Colombia, Ecuador, Guyana y Surinam y miembros observadores, a saber, México y Nueva Zelanda. Este trabajo se desarrolló para verificar si el Mercosur, con la eliminación de las barreras arancelarias entre los miembros plenos y el Arancel Externo Común, ha logrado cumplir con su principal objetivo, que es ampliar el comercio intrarregional entre sus miembros. Por lo tanto, el objetivo principal fue verificar si hubo expansión comercial entre los socios plenos del bloque entre los años 2016 y 2020.

Las metodologías utilizadas para este fin fueron la estadística descriptiva y la revisión de la literatura. Con el objetivo de evaluar la tasa de cambio anualizada del comercio en el período cubierto, se decidió utilizar la Tasa de Crecimiento Anual Compuesto (CAGR), que es un diferencial de esta investigación. Los resultados mostraron que, dentro del bloque, Brasil tenía a Argentina como su principal socio comercial. Se observó que hubo una expansión del comercio intrarregional entre 2016 y 2018, seguida de una reducción considerable de este comercio durante el período 2019-2020, pero que Brasil siguió siendo el miembro que obtuvo los mayores saldos comerciales intrarregionales. Paraguay, por su parte, no mostró la misma tendencia de reducción comercial para todos los demás socios en 2019 y 2020. Además, en 2020, aún con la pandemia del COVID 19, Paraguay logró aumentar sus exportaciones a Brasil y Argentina, mostrando una tendencia contraria sólo a sus exportaciones a Uruguay. Uruguay, por su parte, amplió sus importaciones de socios durante todo el período, excepto Paraguay en 2020, donde sus exportaciones superaron a las importaciones. Con respecto a Argentina, sus exportaciones a los socios comenzaron a caer en 2019 y aumentaron en 2020,

especialmente en relación con Brasil. El país también redujo drásticamente sus importaciones desde Brasil y Paraguay en 2019 y 2020, aunque también amplió considerablemente las importaciones desde Paraguay.

Palabras clave: integración regional – Mercosur – comercio internacional.

1.- Introduction

The project of Latin integration process, in the first plan, had pragmatic character, without major concerns with medium- and long-term projects. The main concern was to expand intra- and extra-regional trade. However, since the 1980s (decade as lost for Latin America), with the external debt crises and adjustment policies adjusted by the International Monetary Fund (IMF), the region was submitted to a higher rate of poverty, due to the social costs of such policies. So, since this period Latin America has been rethinking its integration.

The creation of Asociacíon Latinoamericana de Intregación (Latin American Integration Association) - LAIA (1980) with its sub-regional integration schemes that envisaged a change in this trajectory for Latin America from the 1990s onwards, began to envision its consolidation.

As if that were not enough, Latin America also began to lose progressive importance at the global level as a region providing raw materials and food, from the 1990s onwards, since, as stated by Aguillar & Miramontes (1994, p. 39) "(...) the technological revolution in which the globalization process is mounted gives an account of this".

The technological revolution also provides something similar in the labor market, generating a situation of structural unemployment and precarious employment, for which the current regional development model cannot find a solution.

When one observes the agreements and treaties that permeated the creation of the European Union (Rome and Maastricht), it can be seen that their precepts were literally followed at each stage of the European integration process. However, as far as Latin America is concerned, all the agreements, including the TM-60 and TM-80, are based on an inward-looking growth model, first conceived by Bolívar and later by ECLAC, with substitution of imports and an important role of the State's participation. However, the integration schemes that emerged as a response to the difficulties presented by the inward growth model, such as Mercosur, the G3, the Chile-Venezuela, Venezuela-Colombia bilateral agreements, among others, show different concerns from the original ones, such as the predominance of the market, economic opening, privatizations, etc., following a totally neoliberal posture. It should be noted that Colombia and Venezuela have currently adopted a stance against neoliberalism in the governments of Hugo Chávez and Evo Morales.

According to Vacchino (2006, p.6):

> "The various institutional modalities used by the countries of the region would gain new strength during the 1990s, as a consequence of the series of reforms of an internal nature and international scope that began or were accentuated in those years. These include, on the one hand, the transfer of public sector companies to national and international private companies, which began as a way to reduce the external debt and the fiscal deficit, and became one of the pillars of the structural reforms promoted in the region".

As a consequence of this, a good part of public companies in several areas such as bank, insurance, telecommunications, aviation, ports, electricity, oil, sanitary services, among others, were privatized.

On the other hand, opening up to foreign trade and deregulation were the policies that had the greatest impact on the functioning of the region's economies and on their insertion in the regional or extra-regional market. With regard to intra-regional trade, tariff reductions provided a boost to both exports and imports. This resulted in a recovery in regional trading and the overcoming of pre-debt-crisis trade levels.

Still, according to Vacchino (2006, p.6):

> "The growth of intra-regional trade, which is also the most usual indicator of the degree of integration achieved by each multilateral group, was particularly important both in the CAN and in MERCOSUR, as well as in the CACM [Central American Common Market] and CARICOM [Caribbean Community]. In each case, they were able to establish free trade zones and create imperfect customs unions".

The changes verified in the economic behavior of the countries in the region are reflected in higher growth rates and lower inflation levels. Significant increases in exports and foreign capital inflows, accompanied by policies to reduce the fiscal deficit and monetary stabilization, contribute positively to this performance.

Therefore, given the international financial crises of the 1990s, the Latin America have move forward, even with the lost decade (1980s), with a sudden drop in the entry of foreign capital, low prices for basic products to exports, economic growth low, unemployment and poverty that are old problems in the region. At the regional level, the crises have impacted the internal commercial aspects, once the political crises of trust between the member-countries still have not been overcome.

Second, Vacchino & Thumb (1998, p.7) state that:

> "None of them (Latin America countries) were able to achieve their goals within the foreseen deadlines and neither, definitively, to create a unified Latin American economic space or lay the foundations to establish the Latin American Community of Nations, fervently proposed by the Latin American Parliament".

When we compare Latin American integration to European integration, we can observe that Europe tried, first, to eliminate the historical rivalries of the member economies in favor of the joint struggle for common benefits, to solve individual conjunctural, structural and social problems of each member to then move on to new integration steps.

Latin America took the opposite direction; she saw integration as the "potion" that would solve all the problems of the region's economies. First, there would be integration and, in the course of its development stages, the solution of problems and conflicts inherent to the member economies. In this way, in addition to the integration of Latin America being marked by differences in the economic conditions of the member countries, there are still strong political differences and trade agreements that do not aim at the common well-being of all the nations involved, which are full of lists of exceptions, and surrounded by numerous difficulties in establishing customs unions.

Although integration does not mean homogenization of member economies and the total absence of divergences, it does mean convergence and joint support of the participants to overcome individual problems aiming at the well-being of all involved. This, however, has not happened in Latin America, as we could clearly see when we dealt with Latin American integration within the scope of LAFTA and LAIA, resulting in the failure of both these initiatives.

Thus, within this framework of disorganization that has permeated the integration of Latin America since its genesis, we will analyze the alternative of sub-regional integration in the region, allowed by the TM-80, in which each small group of countries, possessing similar objectives and with similar conjunctural and structural problems, they could, through sub-regional integration, work better to solve their problems and envision better results from the integration process itself, based on Open Regionalism and the expansion of multilateralism. The objective of subregional integration is to accelerate the integration process in the region and achieve its proposed objectives, which are: promoting growth and economic development in the region, expanding intra- and extra-regional exports, overcoming historical rivalries between members and the conquest of greater bargaining power in the region in the international scenario in matters of common interest to all integrated countries.

Mercosur is understood as a process as the LAIA provided for in the MT-80 itself, where there is the possibility of creating subregional integration blocs, aiming to address common interests of smaller groups of countries, with similar levels of economic growth and development. A new initiative for bilateral rapprochement between Brazil and Argentina took place within the scope of ALADI, created by diplomats from both countries and led by then Presidents Raúl Alfonsín (Argentina) and José Sarney (Brazil) in 1986.

Several integration scholars such as Bielschowisky (1998), Nobile (2004), and Nicolini (2001), attest that the empirical foundations of the bilateral process, at this stage, were provided by a new model of interaction: Open Regionalism.

Complex of progressive construction of an integrated space in the Southern Cone, far transcends the economic, political and diplomatic achievements accumulated during the years of its existence, counting from the signing of the Treaty of Asunción, on March 26, 1991. A reality strongly grounded in the historical and political context of the South American subcontinent, going beyond the simple concept of customs union or common market, since it presents immanent characteristics from a sociocultural point of view that go beyond the results already achieved in the commercial, political- diplomatic or even societal of the four member countries (Caramuti, 1996, p.10). The sociological reality and the effective reach of Mercosur in the geoeconomy and in the region's recent political and economic history, go beyond the simple area covered by the combined territory of the four original member countries (Argentina, Brazil, Paraguay and Uruguay, in 1994) and the two associated countries (Bolivia and Chile, in 1996).

Likewise, its historical time of development goes beyond the mere chronology of 17 years, having to go back to the second half of the 20th century to project its real influence in the coming decades.

In fact, the processes of approximation, cooperation and integration between Argentina, Brazil, Paraguay and Uruguay, which resulted in the 1991 Treaty of Asunción and the later integrationist construction, were associated with political and structural projects both internal and external to the subregional scheme. Its main historical stages of development could be summarized around some symbolic dates of this long itinerary, which probably exceeds half a century of essays. Positive achievements and frustrations accompanied this process.

This project, however, was not continued due to the different political itineraries followed by the two countries in that political-military context and also due to economic asymmetries and the low industrial intercomplementarity between them.

However, in the early 1950s, the project would be renewed on a Peronist initiative, in the form of a second ABC PACT, but the natural political differences and hemispheric diplomatic orientation between the governments of the three countries, in the context of the Cold War, quickly buried this attempt of a more hegemonic or commercial character.

In the 1960s, given the aforementioned conjuncture, both the first formulations of trade and industrial policies by ECLAC and the example then offered by the European Common Market urged Brazil and Argentina to resume the integrationist project.

Although the itinerary of advances and setbacks of this scheme suffered, in its beginnings, political restrictions from the military governments and competition with more ambitious integration projects such as the Andean Pact (1969), and despite the conflicting objectives, especially between Argentina and Brazil, including with regard to the use of the water resources of the Prata, and from a military competition as politically irrational as economically and diplomatically costly, as it involved nuclear projects without any correspondence with the strategic and security realities of the regional and global, the countries did not back down in the project to build a bilateral Common Market. (Caramuti, 1996, p.11)

After a frustrating accession to the LAFTA in 1960, along with several other countries mentioned above, Brazil and Argentina reconnected in the 1980s

> "(...) thanks to the context of political redemocratization processes and the new preferential schemes existing under the Second Treaty of Montevideo, of 1980, which created LAIA, successor to LAFTA and the enabling clause of GATT (as emanated from the Tokyo Round of multilateral trade negotiations, in 1979" (Caramuti, 1996, p.12).

This model was very clear in terms of its objectives of industrial complementarity, but it had the disadvantage of requiring the negotiation of specific agreements, always partial, to establish the objective of a Common Market in 10 years: 1989 to 1998. Thus, was erected the "fundamental stone" of Mercosur.

However, Argentina and Brazil did not aim only at a bilateral agreement, on the contrary, they extended the proposal to the other countries in the subregion.

Thus, Mercosur, within the Latin American integration process within the scope of LAIA, emerged as an attempt to form a Common Market only among its members - Argentina, Brazil, Paraguay and Uruguay, aiming, in the long term, at the establishment of a single currency and the free movement of people, goods and services. This would be done through a process of reducing tariff and non-tariff barriers between its integrated countries, with the aim of expanding trade in the region and expanding national markets.

The Enabling Clause came into force in 1979. The GATT contracting parties instituted it so that developing countries could enter into regional or multilateral agreements, aiming at the reduction or elimination of tariff and non-tariff barriers between them, as well as to promote preferential and more favorable treatment by developed countries. Such Clause was called "Enabling" because its provisions did not impose an obligation to agree on a different and more favorable treatment, but allowed the contracting parties to adopt such measures.

Thus, the Enabling Clause allowed developed countries to grant differentiated and more favorable treatment to developing countries, without reciprocity, as well as allowing them to grant preferences among themselves, without the need to extend them equally to developed countries. However, the Enabling Clause's rules has limits, i.e.: on the one hand, the granting of preferences is a legal obligation, but in a simple ability for the contracting parties developed; on the other hand, the Clause does not apply to special preferences (Comesa, 2006).

Furthermore, the trend towards Mercosur integration arose from some events that changed the international scenario after the mid-1980s, such as: 1- The signing of the Single European Act, in 1986, signaling the closure of the European internal market from 1993; 2- the rise of new poles of power at the world level (European Union and Japan-East Asia), 3- the formation of NAFTA (1991), 3- the non-completion of the Uruguay Round (1990) and 4- the launch of the "Americas Initiative", by the Bush administration (1990), generating the prospect of greater exposure of Latin American economies to the North American economy (Almeida, 2000; Nobile, 2004).

In this way, the idea of creating Mercosur was given to guide its member countries to adjust to a more competitive and integrated international economy and to promote, internally, the intensification of competition, stimulating internal competition in the bloc through reductions in tariff barriers. The tariff reductions would, consequently, increase the bloc's production and exports, making its members gain importance in the international scenario.

Montoya (2002, p.58) stated that:

> "The world economic system, with countless changes that it has been presenting in the economic relations of nations, tends towards a process of globalization and another of regionalization, which concomitantly, configure a new world scenario, where the convenience of a greater planned insertion of the national economies in the international market. It is in this context that the Southern Common Market (Mercosur) emerges as one of the most recent regional experiences in the Latin American economic integration process, which idealizes the free mobility of goods, services and production factors".

Thus, conceived by Argentina and Brazil and having as a landmark the signing of the Treaty of Asunción by both, in 1991, Paraguay and Uruguay, countries with smaller economies and greater dependence on Argentine and Brazilian consumer markets, realizing that they could be left out of the process integrationist and, thus, being prevented from having access to the market of their neighbors, they decided to adhere to the agreement, in 1994, thus forming MERCOSUR.

As we have already stated, the root of the process that would lead to the formation of Mercosur originated in the approximation between Argentina and Brazil, during the governments of Raul Alfonsín and José Sarney, in the mid-1980s, a situation that was considered by many scholars as the event of greatest relevance in the political and strategic landscape of the region throughout the 20th century.

Chronologically, the first formal step in the integration between the two economies was the signing of the Brazil-Argentina Integration, Cooperation and Development Treaty, on 11/29/1988, which culminated in the ICP (Economic Integration and Cooperation Program), providing for complete liberalization of trade in goods and services between the two, within a maximum period of ten years, in addition to dealing with all other issues that involved the agenda of a future Common Market.

In the following decade, more particularly on June 7th, 1990, the then Argentine and Brazilian presidents, Carlos Menem and Fernando Collor de Mello, signed the Buenos Aires Act, bringing the deadline for the formation of the common market between both countries to the end of 1994.

This act was decisive for Paraguay and Uruguay, in August 1990, to decide to join the ongoing process, since they saw the reciprocal benefits that integration could bring to their economies. Such accession culminated in the signing of the Treaty of Asunción, on March 26th, 1991, which in fact constituted the Southern Common Market (Mercosur), ratified on December 17th, 1994, through the Ouro Preto Protocol.

The entry into force of a Common External Tariff (CET) among the members, on January 1st, 1995, marked the effective beginning of the Mercosur Customs Union, although not all products manufactured by the different member countries are included in the CET, due to, above all, to the difficulties of establishing a CET that would please all the members, forming an incomplete Customs Union.

On June 2, 1996, at a meeting held in the city of San Luis (Argentina), Chile and Bolivia were accepted as Mercosur's newest partners, however as associate members, which differs from the effective members due to their lower degree of integration, namely, the non-adherence of these members to the use of the CET-Common External Tariff of the bloc.

In 2006, Brazil, Argentina, Paraguay and Uruguay signed an Accession Protocol and the Bolivarian Republic of Venezuela became part of the bloc as a full member country on June 31, 2012. However, Venezuela's permanence as a member of the block did not last long. On December 2, 2016, the country was suspended from the bloc by the other members for failing to comply with the democratic order that must permeate all governments of Mercosur member countries, remaining outside the bloc to this day.

Bastos (2009) has been analyzing the inter and intra bloc trade relations of Mercosur members since 1990. In these analyzes the inter and intra bloc trade balances of the full members have been evaluated, as well as the attraction of foreign direct investment by them since shortly before the formation from the block to the present day.

In this work, what is proposed is just to show the evolution of intra-bloc trade balances, that is, between the full partners of the bloc, from 2016 to 2020.

2. Methodology

The methodologies used in this work are literature review and descriptive data statistics. The literature review is essential to show how Mercosur was conceived by Argentina and Brazil in 1991 and formalized by the Treaty of Montevideo (1994), even within the scope of LAIA, a broader integration that encompasses practically all of Latin America, formalized by the 1980 Montevideo Treaty (TM80).

According to Virgo (1971), the attitude of reviewing has the meaning of looking again, in order to compare and establish criticism. For him, there is a great lack of good literature reviews in most of the scientific works of great relevance because the authors do not give the literature review the importance it has, even to support their own research results.

The statistics, in the singular sense of the word, refers to Statistical Theory, that is, to the method by which the collected data are analyzed. However, in the plural, it refers to descriptive statistics whose main objective is to synthesize values of the same nature, allowing an overview of the variations of these values, organizing and describing the data through graphs, charts or tables.

According to Paula (2019, p. 1):

> "In general, descriptive statistics are used at times when we are faced with a lot of data, making it necessary to make this information manageable in order to relate them. However, by simplifying the information, a bias can be introduced by reducing the information to a single number. This bias can be minimized by the use, at the same time, of measures of central tendency and dispersion that make it possible to cross-reference the information and contrast it with other readings of the summarized data".

For this work, the data used were obtained by a selection of statistics exposed on the statistical data page of LAIA.

The tabulated data will be displayed in the form of tables so that they can be presented in a more precise, intelligible way and presented in an assertive and easily understandable way for the reader. In order to better understand the temporal evolution of international trade between Mercosur member countries, the growth rate was evaluated using the Compound Annual Growth Rate (CAGR) according to the following formulation:

$$CARG=(VF/VI)^\wedge(1/n)-1 \qquad (1)$$

Where VF is the value of the final year of the variable under analysis, VI is the value of the first year and n is the number of periods in years.

3. Results and discussions

In this topic of the work, the trade balances of intra-zonal foreign trade will be presented and compared, that is, between the full partners of Mercosur, between the years 2016 and 2020.

Table 1 shows Argentina's exports to Mercosur members, from 2016 to 2020. Note that Argentina's main trading partner in Mercosur, Brazil, increased its exports to Mercosur considerably between 2016 and 2018. However, there was a substantial drop in exports from Argentina to Brazil in 2019 and 2020. The same trend is observed with Paraguayan and Uruguayan exports in the same period to Brazil, namely: expansion between 2016 and 2018 and decrease between 2019 and 2020. However, there is a much less significant drop than that of Argentina.

Table 1: Exports from Argentina to Mercosur members: 2016-2020 (in millions of dollars)

Argentina	2016	2017	2018	2019	2020
Brazil	*9.040.267*	*9.325.920*	*11.288.535*	*10.385.463*	*7.941.367*
Paraguay	*982.822*	*1.155.994*	*1.257.158*	*1.017.140*	*875.993*
Uruguay	*1.162.003*	*1.223.604*	*1.263.320*	*1.157.658*	*1.075.16*

Source: Asociación Latinoamericana de Integración - LAIA (2022)

When analyzing the annualized growth rate CARG, it was found that Argentine exports to Brazil fell annually by 3.19% per year, while those destined for Paraguay fell a little lower, totaling a reduction of 2.84% per year. Finally, the Argentina-Uruguay flow showed the smallest temporal reduction, as seen in Table 1, with an annual drop of 1.92%.

Table 2 shows Argentina's imports to Mercosur partners. It is observed that Argentina, even increasing its exports to Brazil between 2016 and 2018, its exports were supplanted by imports from Brazil throughout the period, with a negative trade balance for the same from 2016 to 2019. In 2020, the trend reversed, and Argentina began to import less than to export to Brazil. Argentina also significantly increases its imports from Paraguay until 2018. In 2019 and 2020, there is a drop in imports from Paraguay, but even in the 2020 pandemic year, Argentina continues to import considerably from Paraguay, reaching values higher than 2016 and 2017. The year 2020 was the year in which Argentina imported the most from Paraguay.

However, in relation to Uruguay, the same downward trend in imports observed in relation to Brazil is repeated, with the worst year being 2020.

Table 2: Imports from Argentina from Mercosur members: 2016-2020 (in millions of dollars)

Argentina	2016	2017	2018	2019	2020
Brazil	13.682.361	17.988.259	15.697.790	10.159.330	8.685.284
Paraguay	712.382	1.105.087	2.176.720	1.646.757	2.217.872
Uruguay	501.095	529.122	496.222	435.863	374.790

Source: Associación Latinoamericana de Integración - LAIA (2022)

When analyzing the CARG annualized growth rate, it was found that Argentine imports destined for Brazil were reduced annually by 10.74% per year, whereas those destined for Paraguay did not show a decrease but an increase, totaling a growth of 32.83% per year. Finally, the Argentina-Uruguay flow showed the smallest temporal reduction, as seen in Table 2, with an annual drop of 7%.

Table 3 presents Brazil's exports to Mercosur partners between 2016 and 2020. It should be noted that Brazil's main trading partner in Mercosur throughout the period was Argentina. The best year for Brazilian exports to Argentina was 2017. As of 2018, there is a significant drop in the value of these exports, falling, in 2019 and 2020, to almost half the values of 2018.

With regard to Paraguay, Brazil expanded its exports to Paraguay between 2016 and 2018, in an ever-upward trend, which begins to decline from 2019 and continues to decline until 2020. For Uruguay, the best year for Brazilian exports was 2018. In 2020, exports from Brazil to Uruguay dropped, with the worst year being 2020, where Brazilian exports dropped by almost half, when compared to 2016 values.

Table 3: Exports from Brazil to Mercosur members: 2016-2020
(in millions of dollars)

Brazil	2016	2017	2018	2019	2020
Argentina	13.417.669	17.618.814	14.912.622	9.791.499	8.488.738
Paraguay	2.220.839	2.646.219	2.912.317	2.479.932	2.152.550
Uruguay	2.743.828	2.348.119	3.007.628	2.477.727	1.761.682

Source: Associación Latinoamericana de Integración - LAIA (2022)

Analyzing the annualized growth rate CARG, it was found that Brazilian exports to Argentina fell annually by 10.82% per year, while those destined for Paraguay fell, totaling a decrease of only 0.78% per year. Finally, the flow between Brazil and Uruguay was the one that showed a significant temporal reduction, as seen in Table 3, with an annual drop of 10.49%.

It is observed that Brazil significantly increased its purchases from Argentina between 2016 and 2018. In 2019, although imports have been reduced, the values are still higher than in 2016. The year in which Brazil imported the most from Argentina was the year 2018. In 2019, Brazilian imports from Argentina begin to fall, however, in 2019, they still show higher values than those obtained in 2016 and 17. The worst year in the series was the year of the beginning of the COVID 19 pandemic, where Brazil has relatively considerably reduced its imports from Argentina.

Imports from Brazil from Paraguay fell in 2017 and 2018, when compared to 2016, but showed significant increases, in the case of Paraguay, in 2019 and 2020, with 2020 being the year in which Brazil imported more products from Paraguay. Brazilian imports from Uruguay, on the other hand, fell from 2018 onwards and continued to fall, however, not too sharply, in 2019 and 2020.

Table 4: Imports from Brazil from Mercosur members: 2016-2020 (in millions of dollars)

Brazil	2016	2017	2018	2019	2020	CARG
Argentina	9.445.949	9.796.266	11.441.832	10.945.357	8.109.065	-3,74%
Paraguay	1.277.316	1.174.768	1.191.754	1.350.290	1.570.311	5,30%
Uruguay	1.322.507	1.358.000	1.189.334	1.148.853	1.147.333	-3,49%

Source: Associación Latinoamericana de Integración - LAIA (2022)

Analyzing the CARG annualized growth rate, it was found that Brazilian imports destined for Argentina were reduced annually by 3.74% per year, whereas those destined for Paraguay did not experience a decrease but an increase, totaling a growth of 5.30% per year. Finally, the flow between Brazil and Uruguay was the one that showed a significant temporal reduction, as seen in Table 4, with an annual drop of 3.49%.

Table 5 shows Paraguay's exports to Mercosur members between 2016 and 2020. What can be observed is a significant expansion trend in exports to Argentina until 2018 and a small drop in 2019, which is still much higher than values for 2016 and 2017. In 2020, even facing the pandemic, Paraguay obtained its highest export values to Argentina throughout the period. It is observed that, in relation to Brazil, although there was a not so significant drop in exports from Paraguay between 2017 and 2019, the year 2020 presented values higher than those of 2016 and was the best year in terms of exports from Paraguay to the Brazil throughout the period. In relation to trade with Uruguay, the best year for Paraguayan exports was 2017. As of this year, there has been a drop in exports, especially for the year 2019.

Table 5: Exports from Paraguay to Mercosur members: 2016-2020 (in millions of dollars)

Paraguay	2016	2017	2018	2019	2020	CARG
Argentina	855.442	1.135.972	2.188.459	1.659.867	2.249.972	27,35%
Brazil	3.010.875	2.775.043	2.808.903	2.836.143	3.035.930	0,21%
Uruguay	168.369	213.930	145.273	102.916	129.229	-6,40%

Source: Associación Latinoamericana de Integración - LAIA (2022)

Analyzing the CARG annualized growth rate, it was found that Paraguayan exports to Argentina had an annual growth of 27.35% per year, while those destined for Brazil also increased, totaling 0.21% per year. Finally, the flow from Paraguay and Uruguay was the one that showed a significant reduction considering the other countries, as seen in Table 5, with an annual drop of 6.40%.

Table 6 shows Paraguay's imports from Mercosur, between 2016-2020. It is observed that the country from which Paraguay imports the most is Brazil and the same, even in the year that the pandemic began, 2020, imported more from Brazil than in 2016.

In relation to Argentina, imports increased until 2018, reduced in 2019, but at better levels than in 2016, and the year in which Paraguay imported the least from Argentina was 2020. Regarding Uruguay, the year with the highest imports was that of 2018. However, imports in 2019 were still higher than in 2016 and 2017, with a slight drop in 2020.

Table 6: Imports from Paraguay from Mercosur members: 2016-2020 (in millions of dollars)

Paraguay	2016	2017	2018	2019	2020	CARG
Argentina	1.070.006	1.220.301	1.330.688	1.122.098	949.027	-2,96%
Brazil	2.344.402	2.724.521	2.977.811	2.606.713	2.387.328	0,45%
Uruguay	109.794	109.794	145.484	126.684	108.903	-0,20%

Source: Associación Latinoamericana de Integración – LAIA (2022)

Analyzing the CARG annualized growth rate, it was found that Paraguayan imports destined for Argentina were reduced annually by 2.96% per year, whereas those destined for Brazil did not show a decrease but an increase, totaling a growth of 0.45% per year. Finally, the flow from Paraguay and Uruguay was the one that showed a reduction as seen in Table 6, with an annual drop of only 0.20%.

Table 7 shows Uruguay's exports to Mercosur from 2016 to 2020. The country to which Uruguay exported the most was Brazil. The trend of these exports did not fluctuate significantly during the period, although the best year for Uruguayan exports to Brazil was the years 2016 and 2017.

In relation to Argentina, a sharper drop in Uruguayan exports can be observed in 2019 and 2020, when compared to 2018 and, in relation to Paraguay, the best year for Uruguayan exports also continued to be 2018, as in the case from Brazil and Argentina, whose best year for Uruguayan exports was 2017.

Table 7: Exports from Uruguay to Mercosur members: 2016-2020 (in millions of dollars)

Uruguay	2016	2017	2018	2019	2020	CARG
Argentina	428.814	437.071	409.600	363.259	299.524	-8,58%
Brazil	1.199.757	1.199.757	1.136.057	1.075.526	1.054.078	-3,18%
Paraguay	121.775	121.034	139.252	120.948	113.815	-1,68%

Source: Associación Latinoamericana de Integración - LAIA (2022)

Analyzing the CARG annualized growth rate, it was found that Uruguayan exports to Argentina had an annual decrease of 8.58% per year, while those destined for Brazil also decreased, totaling 3.18% per year. Finally, the flow from Uruguay and Paraguay was the one that showed the smallest reduction considering the other countries, as seen in Table 7, with an annual drop of 1.68%.

Table 8 shows Uruguay's imports from Mercosur partners between 2016 and 2020. The partner countries from which Uruguay imported the most products in this period were Brazil and Argentina, respectively. There was a growing trend in Uruguayan imports from Brazil during the period, with a small drop in 2020. In relation to Argentina, there were no very significant changes in Uruguayan imports, except in 2019. In relation to Paraguay, imports Uruguayans grew until 2018 and showed a decrease in 2019 and 2020, however, with values still higher than those of 2016.

Table 8: Imports from Uruguay from Mercosur members: 2016-2020 (in millions of dollars)

Uruguay	2016	2017	2018	2019	2020	CARG
Argentina	1.084.288	1.063.937	1.102.437	973.775	1.021.504	0,05%
Brazil	1.462.391	1.646.492	1.640.663	1.655.099	1.593.733	-1,48%
Paraguay	100.335	109.009	149.107	108.118	106.497	2,17%

Source: Associación Latinoamericana de Integración - LAIA (2022)

Analyzing the CARG annualized growth rate, it was found that Uruguayan imports destined for Argentina had an annual growth of 0.05% per year, while those destined for Brazil had a decrease, totaling 1.48% per year. Finally, the flow from Uruguay and Paraguay was the one that showed a significant increase considering the other countries, as seen in Table 8, with an annual growth of 2.17%.

4. Final considerations

It can be seen from the data analyzed that Brazil has Argentina as the bloc's main trading partner. It was also observed that there was a drop in Brazilian exports to all other partners in the bloc, especially in 2020, when the COVID 19 pandemic began. Regarding Brazilian imports from full member countries of the bloc, it was observed that the year of 2020 was the year in which Brazil imported the least products from Argentina, Brazil's main partner in the bloc.

However, an atypical behavior was observed: 2020 was exactly the year in which Brazil bought the most products from Paraguay. In relation to Uruguay, there was a drop in imports over the period, but not very sharp, even in 2020.

Analyzing the annualized growth rate CARG, it was found that Brazilian exports to Argentina fell annually by 10.82% per year, while those destined for Paraguay fell, totaling a decrease of only 0.78% per year. Finally, the flow between Brazil and Uruguay showed a significant temporal reduction, as shown in Table 3, with an annual drop of 10.49%.

When analyzing the annualized growth rate of CARG, it was found that Argentine imports destined for Brazil were reduced annually by 10.74% per year, while those destined for Paraguay did not show a decrease, but an increase, totaling a growth of 32, 83% per year. Finally, the Argentina-Uruguay flow showed the smallest temporal reduction, as seen in Table 2, with an annual decrease of 7%.

Analyzing the annualized growth rate CARG, it was found that Brazilian exports to Argentina fell annually by 10.82% per year, while those destined for Paraguay fell, totaling a decrease of only 0.78% per year. Finally, the flow between Brazil and Uruguay showed a significant temporal reduction, as shown in Table 3, with an annual drop of 10.49%.

Analyzing the annualized growth rate of CARG, it was found that Brazilian imports destined for Argentina were reduced annually by 3.74% per year, while those destined for Paraguay did not suffer a fall, but an increase, totaling a growth of 5.30 % per year. Finally, the flow between Brazil and Uruguay showed a significant temporal reduction, as shown in Table 4, with an annual drop of 3.49%.

It was also found that Paraguayan exports to Argentina had an annual growth of 27.35% per year, while those destined for Brazil also increased, totaling 0.21% per year. Finally, the flow from Paraguay and Uruguay was the one that showed a significant reduction considering the other countries, as shown in Table 5, with an annual drop of 6.40%.

Paraguayan imports destined for Argentina were reduced annually by 2.96% per year, while those destined for Brazil did not show a drop, but an increase, totaling a growth of 0.45% per year. Finally, the flow from Paraguay and Uruguay was the one that showed a reduction according to Table 6, with an annual drop of only 0.20%.

Uruguayan exports to Argentina fell by 8.58% per year, while exports to Brazil also declined, totaling 3.18% per year. The flow from Uruguay and Paraguay was the one that showed the smallest reduction among the other countries, with an annual drop of 1.68%.

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