



**Presentation to the Brazilian Chamber,  
London - June 15, 2000**

**THE CURRENT STATE OF MERCOSUL  
AND ITS PROSPECTS FOR THE FUTURE**

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# MERCOSUR

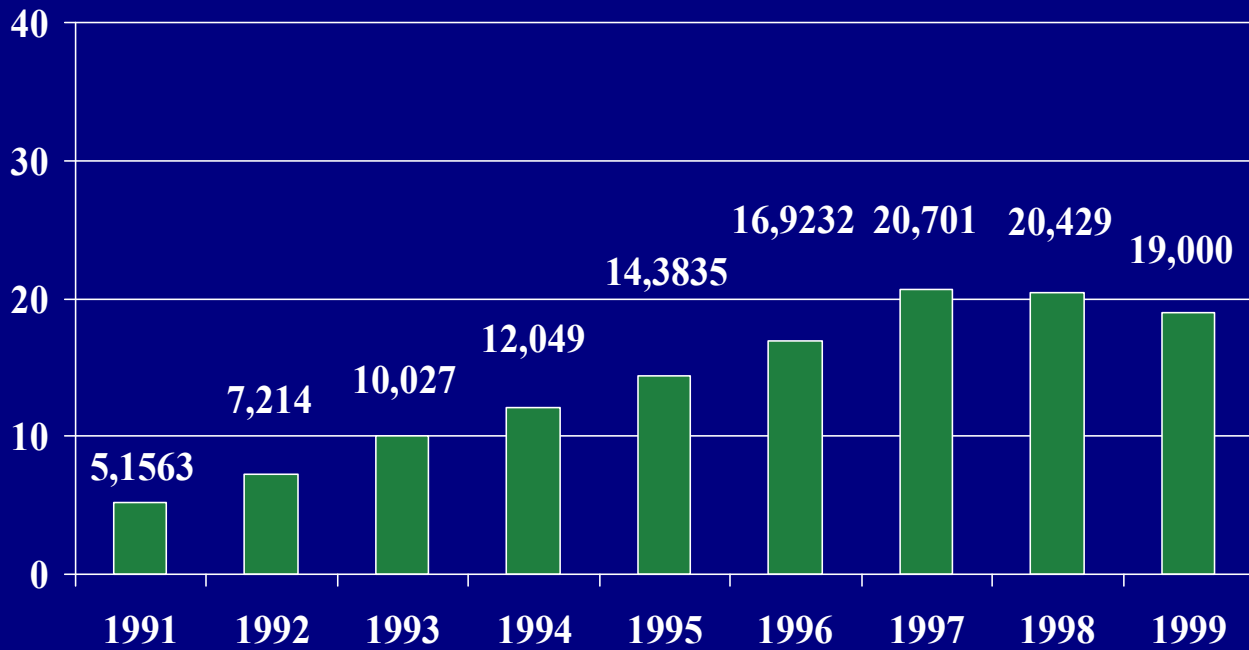


## **MERCOSUR's Objectives**

- ◆ The free circulation of capital, goods and services, and people
- ◆ The creation of a common external tariff and trade policy
- ◆ The co-ordination of macroeconomic policies

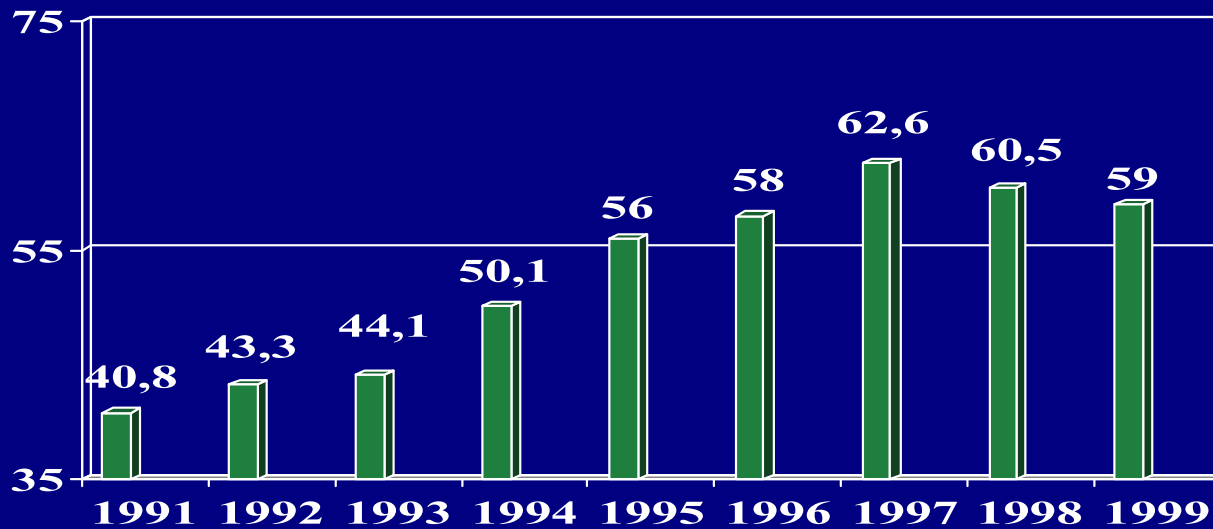
*SOUTH AMERICA*  
**MERCOSUR BENEFITS**

Increased commerce inside Mercosur...



*SOUTH AMERICA*  
**MERCOSUR BENEFITS**

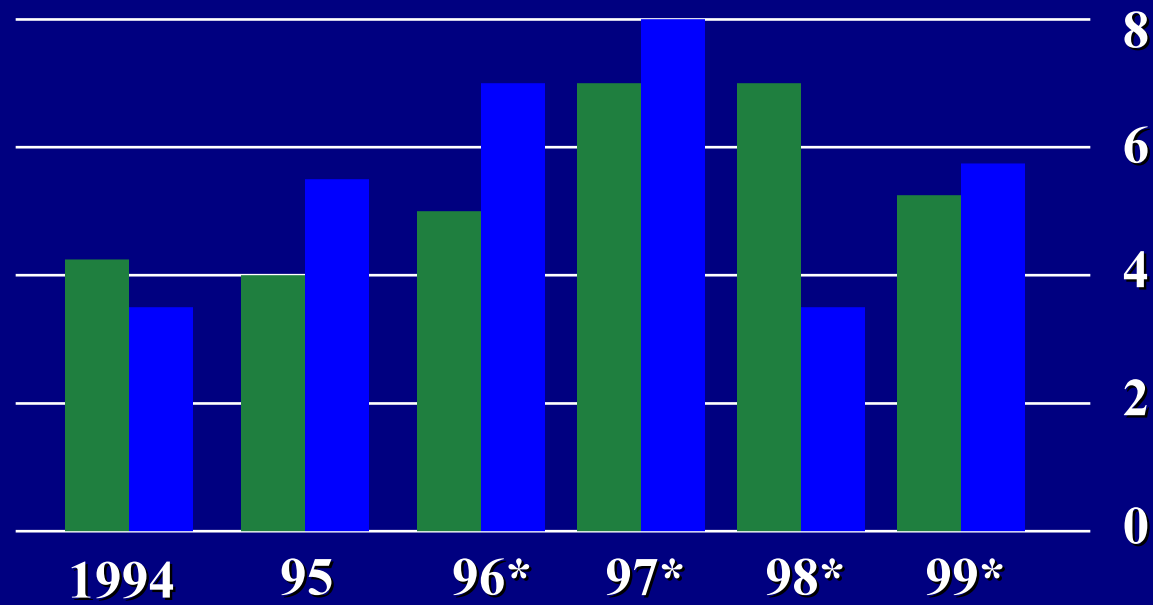
Without reducing commerce outside Mercosur



# TRADE BRAZIL-ARGENTINA

Exports, \$bn

 Brazil to Argentina  
 Argentina to Brazil



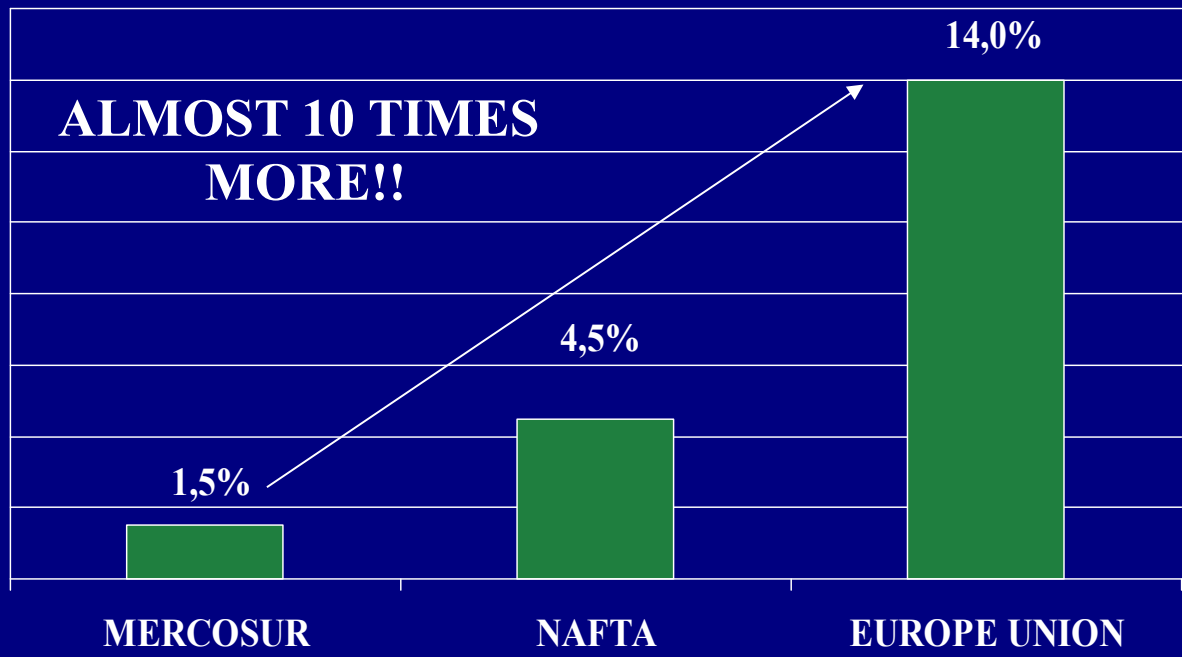
Source: *The Economist*

\* Provisional

*SOUTH AMERICA*

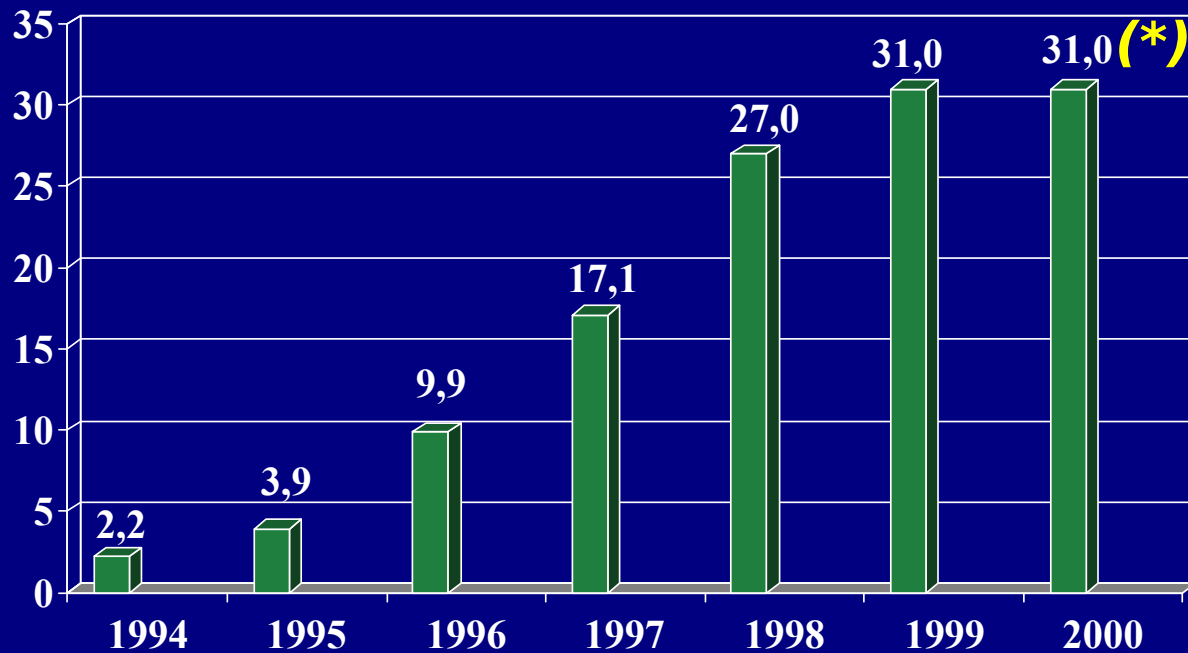
**MERCOSUR: STILL ROOM FOR GROWTH IN TRADE**

**Total commerce inside region / Total GDP**



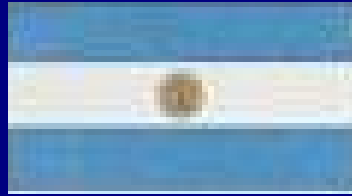
## BRAZIL: FOREIGN DIRECT INVESTMENT

- 1998 FDI equivalent to 2.59% of GDP - a new record
- FDI between 1994 and 1998 totalled US\$ 60 billion



*(\*) estimated*



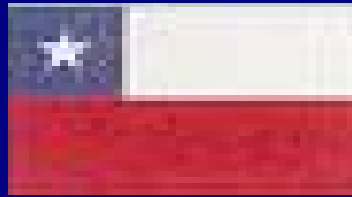


# ARGENTINA

<b>Area</b>	<b>2,766,889 sq km</b>
<b>Currency</b>	<b>Peso</b>
<b>Capital</b>	<b>Buenos Aires</b>
<b>Population</b>	<b>36 million</b>
<b>GDP</b>	<b>US\$ 325 billion</b>
<b>Visible exports</b>	<b>US\$ 26.3 billion</b>
<b>Visible imports</b>	<b>US\$ (28.6 billion)</b>

## Notes of Interest:

- a) Argentina has the seventh largest foreign debt amongst developing countries;
- b) Is the fifth least trade dependent country in the world, immediately before the USA; and
- c) Has the highest debt service ratio among developing countries, immediately before Brazil.

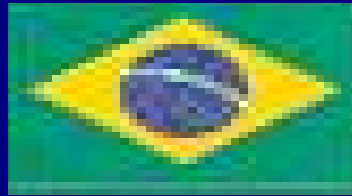


## CHILE

<b>Area</b>	746,945 sq km
<b>Currency</b>	Chilean Peso
<b>Capital</b>	Santiago
<b>Population</b>	14.6 million
<b>GDP</b>	US\$ 77 billion
<b>Visible exports</b>	US\$ 16.5 billion
<b>Visible imports</b>	(US\$ 18.2 billion)

### Notes of Interest:

- a) Services represent 61.3% of the GDP;
- b) It had the second highest growth in the services sector in the world during the 1990s, together with China; and
- c) Had the fourth largest economic growth in the world during the 1990s.



# BRAZIL

<b>Area</b>	8,511,965 sq km
<b>Currency</b>	Real
<b>Capital</b>	Brasília
<b>Population</b>	165 million
<b>GDP</b>	US\$ 820 billion
<b>Visible exports</b>	US\$ 53 billion
<b>Visible imports</b>	US\$ 61.4 billion

## Notes of Interest:

- a) Has the largest foreign debt among developing countries;
- b) Is the second destination of foreign direct investments amongst developing countries;
- c) Is the world's third least trade dependant country in the world, ahead of Japan, Argentina and the United States; and
- d) Has the second highest debt service ratio amongst developing countries.



## PARAGUAY

<b>Area</b>	406,952 sq km
<b>Currency</b>	Guarani
<b>Capital</b>	Asunción
<b>Population</b>	5.2 million
<b>GDP</b>	US\$ 7.5 billion
<b>Visible exports</b>	US\$ 2.0 billion
<b>Visible imports</b>	US\$ 2.8 billion

### Notes of Interest:

- a) Paraguay had an average GDP growth of 8.5% from 1979 to 1997; and
- b) Is the only country in Mercosul to have an indigenous language (Guarani) as an official language, together with Spanish.

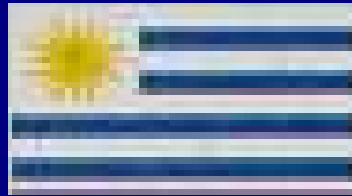


## **SOUTH AFRICA**

<b>Area</b>	<b>1,225,815 sq km</b>
<b>Currency</b>	<b>Rand</b>
<b>Capital</b>	<b>Pretoria</b>
<b>Population</b>	<b>38.8 million</b>
<b>GDP</b>	<b>US\$ 130 billion</b>
<b>Visible exports</b>	<b>US\$ 30.4 billion</b>
<b>Visible imports</b>	<b>US\$ 28.4 billion</b>

### **Notes of Interest:**

- a) **Services represent 61% of GDP;**
- b) **Its GDP grew only 1.3% in average during the 1990s; and**
- c) **Its external trade is bigger than Argentina's with a GDP that is 60% smaller.**



# URUGUAY

<b>Area</b>	<b>176,220 sq km</b>
<b>Currency</b>	<b>Peso</b>
<b>Capital</b>	<b>Montevideo</b>
<b>Population</b>	<b>3.2 million</b>
<b>GDP</b>	<b>US\$ 14 billion</b>
<b>Total exports</b>	<b>US\$ 2.5 billion</b>
<b>Total imports</b>	<b>US\$ 2.5 billion</b>

## Notes of Interest:

- The most politically stable country in Latin America;**
- Won two world titles in football; and**
- Is the fifth largest producer of raw wool in the world, ahead of Argentina and the United Kingdom.**