



# Non-Tariff Measures in Mercosur: Deepening Regional Integration and Looking Beyond





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Chief  
Trade Analysis Branch  
Division on International Trade in Goods and Services, and Commodities  
United Nations Conference on Trade and Development  
Palais des Nations  
CH-1211 Geneva  
Switzerland

E-mail: [tab@unctad.org](mailto:tab@unctad.org)

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## FOREWORD

While tariffs are widely eliminated in regional trade agreements, genuine market integration requires addressing non-tariff measures (NTMs). This implies both the elimination of outright non-tariff barriers such as quotas and non-automatic licences, and the advancement of regulatory collaboration and convergence. In the twenty-first century, the latter is particularly crucial, as the impact of regulatory measures has grown to outweigh traditional trade barriers.

The Treaty of Asunción of 1991 conceives the Southern Common Market (MERCOSUR) as a progressive and ambitious project that would go all the way to eliminate tariffs and non-tariff barriers, and harmonize technical, sanitary and phytosanitary regulations. Institutional and methodological approaches, including a dispute settlement mechanism, were developed to increase competitiveness and build regional value chains among the members. The number of restrictive non-tariff measures still increased over time, and the internalization of regional decisions into the national legal frameworks remained fragmentary. This has undermined MERCOSUR ambitions and economic development.

These internal discontents now seem to spur renewed political will to invigorate the MERCOSUR internal market. Furthermore, competitive pressure is arising from the risk of being left out of “deep” trade agreements that are thriving across the globe. MERCOSUR members are therefore also looking beyond intraregional integration and towards agreements with other big markets such as the European Union.

In this context, a perfect moment seems to have come for a fresh look at non-tariff measures in MERCOSUR.

This publication by the UNCTAD secretariat goes a long way in analysing the current state, recent developments and impact of non-tariff regulation in MERCOSUR. It evaluates the potential welfare benefits of deeper integration within MERCOSUR, a possible trade agreement with the European Union and the increased adoption of international standards.

The analysis showcases the power of UNCTAD’s new tool, the Regional Non-Tariff Measures Integration Review: it pairs sound data with innovative methods of evaluating the impact of non-tariff measures and regulatory convergence. It builds upon comprehensive non-tariff measures data that was collected in a collaborative effort between UNCTAD and the secretariat of the Latin American Integration Association (Asociación Latinoamericana de Integración, (ALADI)).

I am confident that this balanced and fact-based report will assist member States in advancing regional integration and revitalizing the founding spirit of MERCOSUR.

**Guillermo Valles**

Director

Division on International Trade  
in Goods and Services, and Commodities

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The non-tariff measures data used in this report was collected in collaboration between UNCTAD and the ALADI secretariat.

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## ABBREVIATIONS

ALADI	Asociación Latinoamericana de Integración / Latin American Integration Association
ASEAN	Association of Southeast Asian Nations
AVEs	Ad valorem equivalents
CGE	Computable general equilibrium
DJAI	Declaración Jurada Anticipada de Importación
FAO	Food and Agriculture Organization
GDP	Gross domestic product
GTAP	Global Trade Analysis Project
ITC	International Trade Centre
MAST	Multi-agency support team
MERCOSUR	Mercado Común del Sur / Southern Common Market
NAFTA	North American Free Trade Agreement
NTBs	Non-tariff barriers
NTMs	Non-tariff measures
OECD	Organization for Economic Co-operation and Development
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
TRAINS	Trade Analysis Information System
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
WITS	World Integrated Trade Solution
WTO	World Trade Organization

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