

Was the Mercosur useful during the COVID-19 pandemic?

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Introduction

The Mercosur (Mercado Común del Sur/ Common Market of the South) was useful during the COVID-19? I think nowadays most of experts come up with that question. I have to say that I am a supporter of Mercosur economic integration, I keep hoping that in a near future we will travel, study, sell and do everything, all freely in Paraguay as well as the countries in this integration process. Although, that is increasingly seen further.

This integration process is sometimes compared with the European Union in South America, with some obvious and giant differences as the number of countries (4 vs 27) or the asymmetries between them in the case of Mercosur, among others.

The pandemic represented a sanitary, economic, and social crisis to every single government in the world. Some governments faced it better than others, and during these events, the citizens' critics were and will be mainly towards the governments' authorities: the president and ministers, in charge as health, police, etc. vitals during the pandemic.

But other international instances were more unnoticed. Although interesting criticisms can be found against international organizations such as the - during the pandemic - famous WHO, or the COVAX mechanism in Latin America. In the case of Paraguay, the Paraguayan foreign minister Euclides Acevedo and others did at the time of the alleged lack of action and all of them said that they disappointed because they hoped that they would have a common vaccine bank there (Acevedo, 2021).

The pandemic arrived during one of the times of slower growth, this with sanitary crisis, the paralysis of the international trade, creates a terrible scenario.

To answer the question, I would like to separate the issue into two different factors. First, the specific political and economic situations in the State Members of the Mercosur: Brazil, Argentina, Uruguay, Paraguay. Bolivia in addition process, and Venezuela which was banned recently.

Second, there are classical difficulties and challenges, such as the asymmetries between the giant Brazil and small economies as Paraguay, the lack of agreement to negotiate with third countries as China due to tariffs or agreements, and even more abstract issues such as the lack of political commitment, and the usual political, social, and economic internal problems. The second factor will not be dealt with this analysis, because it is not imminent here.

The Mercosur was dragging systemic structural difficulties and, on the other hand, at this specific moment there were other specific challenges in each country.

In Brazil, although Bolsonaro would rise in popularity, some internal problems would begin about the pandemic, mainly against local authorities (France24 , 2020b) , with some kind of *conspirative ideas* that was breathed, similar to Trump, Bolsonaro argues that the COVID19 was a *gripezinha* (Portuguese “gripe”: “flu”, and “inha” is a diminutive, “small flu”). (BBC, 2020a).

Argentina was with at least three years of economic contraction (France24 , 2021a), among other alarming indicators such as historical poverty or unemployment. (Jorge Otaola, 2021)

In Bolivia previously in 2019 was “plunged into a deepening political crisis this week after Evo Morales” (Laurence Blair, 2019), which ends with the departure of Evo Morales, this event meant at least an institutional weakening, and this is an element that makes a sanitary crisis even harder to face.

Venezuela was facing even a humanitarian crisis (Human Rights Watch, 2021) and is, the country with the worst numbers in the region. Was a part of the Mercosur, but then banned in order to restore democracy” (Cascione, 2017)

Chile from 2019 faced tumultuous times due to the massive protests due to some revindications as the social inequalities, the important of these riots were described properly by Taub (2019) with the following words: “... suddenness of the protests, the anger that spilled onto the streets every day, might have been surprising anywhere. But in the country often lauded as Latin America’s great economic success story, it has shocked the world”

Uruguay was probably the unique case where it was not an important crisis in some field.

In the case of Paraguay, the president Abdo lost popularity due to an important issue regarding to Itaipu (a shared hydroelectric between Brazil and Paraguay), that makes him reach 69% of disapproval, in the first year in the power (Cristaldo, 2019). Then would come an Impeachment attempt in 2021, during the first months of the pandemic in 2021.

Mercosur’s Actions

Given the State Member’s context, let’s which actions the Mercosur took regarding to the pandemic situation.

The first action happens in March 2020, with a "Declaration of Mercosur’s Presidents: Regional Coordination Containment, Mitigation Coronavirus, and Impact", it was regarding immigrants' return to their countries, borders, tariffs, and circulation of medical-related goods, articulating the efforts with financial entities such as IDB, etc. (Mercosur, 2020b)

In that same month, the IDB states that about USD 1,500 million could be reprogramed to help "the member countries of Mercosur." , about the COVID19 crisis. In April, by FOCEM (Fondo de Convergencia Estructural del Mercosur-Mercosur Structural Convergence Fund) approves the first USD 16 million then 2 more, which 5.8 would be used for diagnostics, PCR tests, etc. (Mercosur, 2020a)

Then in July came the 56th Summit where they reinforced the March “Declaration of Presidents”. And at the 57th Summit in December, the pandemic would again be the central theme as might be expected, in addition to the classic and endless Mercosur-EU and Mercosur-EFTA agreement issues, etc.

In September 2021, they announced as a “Goal” the “fast action against COVID19”, but if we do specific search, the action mentioned is the same USD 16 million given the last year in March 2020. (Mercosur, 2021a)

In October 2020 the same FOCEM approves another USD 1 million to medical research (Mercosur, 2020c). In November of 2020 would come other more specific measures that can be seen in the following summary, based on the Mercosur’s State Members actions (Mercosur, 2020d)

| Country | Action |
|----------------|--|
| Argentina | <p>Temporary suspension of anti-dumping measures applied to imports of hypodermic syringes, originating in China, for the duration of the public emergency in sanitary matters (Law No. 27.541 and Decree No. 260/2020, and modifiers)</p> <p>Postponement of payment of export rights for 60 days for companies registered in the Registry of Micro, Small and Medium Enterprises (MiPyMEs-Ley No. 24.467, its modifications and complementariness). The measure is requested through the presentation of the “Declaration of the Exporter's Office”, in the terms of section II of Annex II of General Resolution No. 3.885 and its amendments</p> |
| Brazil | <p>Elimination of procedures for automatic import licenses for products related to the fight against Covid-19;</p> <p>Review and consolidation of measures in response to the public health emergency related to maritime transport and port facilities.</p> |
| Paraguay | <p>Reduction of the import duty, to 0%, applied to medical products such as: masks, surgical gowns, and sodium hypochlorite component (bleach). The tariff reduction of these products is accompanied by a reduction of the Value Added Tax (VAT), at an effective fixed rate of 5%;</p> <p>Temporary Implementation Requirements Export licenses (prior export license) for nonwovens and face masks other than nonwovens, due to the COVID-19 pandemic.</p> |

| | |
|---------|--|
| Uruguay | <p>Authorization for entry under the protection of Ministerial Resolution 81/020 of March 24, 2020, relative to the special customs regime for assistance and rescue shipments, by the applicants selected in Resolution 3,881 / 020 of ANII, of merchandise that are determined;</p> <p>Authorization for temporary or permanent entry or exit, free of all taxes, and subject to a simplified customs procedure established for this purpose by the National Customs Directorate regarding the special customs regime for assistance and rescue shipments.</p> |
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These actions were the most serious effort together as an integration process, and with some kind of coordination. They have two things in common: procuring medical supplies from abroad and the transit of people: entry and exit, quarantines, returnees, etc. Ironically, the pandemic was a time of great mobility restrictions, and in turn a forced return of compatriots.

An important point is that these measures were not taken under Mercosur or proposal from the entity, they were taken individually as State Members, the Mercosur just only organized the information. Which is important to spread it but is not properly a coordinated effort among the states members to take joint decisions and actions together, from the integration process.

CONCLUSION

So, the Mercosur was useful as an integration process or a coordination entity during the pandemic? Based on the analysis of actions taken by Mercosur, we could say only little bit.

The actions that we can read were mostly a series of bombastic statements, in the style of ineffective multilateral diplomacy. This seems tremendously subjective, but the USD 16 million compared to the loans that countries as Paraguay got it; around USD 1.600 (Ultima Hora, 2021) or the 4.000 million requested by Brazil (Xinhua Net, 2020), are insignificant numbers.

It is somewhat gross to compare loans with no-repayment allowances, but the difference is not egregious. At the least it could be expected - as the first declaration of presidents had wished – to act together in the world and get better numbers, prices, vaccines, logistics, etc. This is one of the objectives of acting together, having more weight and power to negotiate as an actor outside the integration process. We may be hope that.

But could something more be expected from Mercosur? I do not think because of complexity of the issue. We assume that there are classic structural problems such as those mentioned, and other specific ones in each country at this moment in history. Plus, it was the worst global crisis in recent years, is at least naive to expect a forceful and organized response from an integration processes that is from 30 years ago trying to integrate a region with only 4 countries, without the expected success.

Did the pandemic question the Integration Process? I think the pandemic made the parties review whether the Mercosur is functioning properly.

Some authors (Zelicovich, 2020) say the pandemic harmed the process or affected it negatively. But I personally do not support that statement. Although the outbreak caused all the sanitary and economic consequences that we know, the problem is that the Mercosur is not a Mercosur properly: a Common Market of the South.

And it's the fault of the same countries that started all this in 1991, 30 years ago.

So, Mercosur served very little during the pandemic, but no more could be expected. The pandemic did not affect the integration process itself, but only showed how little advanced we are in a dream that refuses to die; has an integrated region, coordinated and ready to respond to the needs and crises that come.

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