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Barbara Khol

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Uruguayan Perspectives On Four-nation Common Market (mercosur)

by Barbara Khol
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At a press conference on April 8, Foreign Minister Hector Gros Espiell told reporters that his government is committed to structural reforms of the state apparatus and the private sector within the next five years toward achieving total integration in the Southern Common Market (MERCOSUR). Uruguay, he said, is not interested in becoming the capitalist Albania of South America. The minister said the total cost of adaptation to MERCOSUR has not yet been determined. The presidents of Argentina, Brazil, Paraguay and Uruguay signed an agreement creating the political foundation of MERCOSUR in Asuncion on March 26. Signatory governments agreed to attempt lowering tariffs to zero within the common market by 1995. Import tariffs applied to nations outside MERCOSUR are to be the "lowest possible" in 1995. Tariffs on these imports are to be defined in 1993. Domestic fuel prices in Uruguay are the highest among the four nations. Most of the price paid at the pump consists of taxes charged by the government. Current prices were established during the Gulf crisis when crude imports averaged $35 per barrel. Imported crude now costs an average $18 per barrel. Nevertheless, the government has announced that fuel prices will be raised again at the end of the month due to "fiscal requirements." On April 13, during an exclusive interview with the Agence France-Presse, President Luis Alberto Lacalle said that MERCOSUR will not be a type of fortress, since the four nations plan to continue trade with the rest of world under a mutual "low tariff" system. The low tariff applied to the rest of the world, and the absence of tariffs on goods imported from other MERCOSUR nations, said the president, will stimulate competitiveness in Uruguay. After pointing out that MERCOSUR member-nations do not plan to proceed at "full gallop," Lacalle said that it will be "sufficient...to remove tariff barriers and to permit the mutual free flow of exports and imports of goods..." Lacalle emphasized that despite its size (12 million sq.km., or 60% of Latin American territory), MERCOSUR is disadvantaged compared to the world's most dynamic economies. Annual per capita GDP of MERCOSUR (187 million inhabitants) is $2,000, compared to $12,000 for the European Economic Community (335 million); $7,000 in Japan, South Korea, Singapore and Hong Kong (175 million); and, $9,000 in the US (250 million). (Basic data from EFE, 04/08/91; AFP, 04/13/91)

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