



## **Common Market of the South (Mercosur) Agri-Food Regional Profile Statistical Overview**

**March 2005**

### **Foreword**

This information piece is provided as an overview of the statistical and market information on the Common Market of the South (Mercosur). Due to Mercosur's increasing importance as a trade partner with Canada, a regional profile was deemed necessary.

### **Background**

The Mercado Comun del Sur, or Common Market of the South (Mercosur), is an economic integration agreement that was formally launched in 1991 between Argentina, Brazil, Paraguay and Uruguay. Mercosur's main objective is to improve the efficiency of the four member economies through the process of opening markets and accelerating economic development. Due to their strong integration, the members of Mercosur are dependent on each other for success. With roughly 240 million consumers, Mercosur is Canada's largest export market in South America.

The common history shared by the member countries facilitates the integration process and the group is recognized as the third largest regional trading bloc in the world. Other South American countries currently in different stages of association with Mercosur include Chile, Bolivia, Colombia, Peru, and Venezuela. Mercosur is a significant organization and gaining access within the group will assist Canadians in doing business with the entire region.

### **Geography**

Comprising an area of over 11,800,00 sq km, the countries range in size from the 176,215 sq km made up by the relatively small Uruguay to the sprawling 8,512,000 sq km of Brazil. The countries of Mercosur span an area larger than the European continent and constitute more than two-thirds of South America's population. The typical terrain across the member countries are rolling, grassy plains and hills, with some coastal lowlands.

Most of the countries in Mercosur share a somewhat temperate climate; however, Argentina also has sub arctic and arid regions while Brazil is predominantly tropical, and Paraguay varies between subtropical and semiarid.

<b>Population by Country</b>	
<b>Country</b>	<b>Population (millions)</b>
Brazil	184.1
Argentina	39.1
Paraguay	6.2
Uruguay	3.4

Mercosur is an area rich in natural resources, including; zinc, tin, copper,

iron ore, manganese, bauxite, gold, nickel, platinum, and uranium. Argentina and Brazil also have petroleum.

### **Political Structure**

Mercosur was officially formed in 1991 with the signing of the Asuncion Treaty. However, the spirit of integration began long before when a variety of Latin American countries began associations and free trade agreements. In the early 1990s, Brazil and Argentina, the two economic giants of Latin America, began working together to create a mutually beneficial partnership, and this became the basic structure for Mercosur. As buffer states between Brazil and Argentina, Uruguay and Paraguay joined in the cooperative agreement and the four countries have since developed into a strong regional and international presence.

With headquarters in Montevideo, Uruguay, Mercosur is ruled by a Common Market Council (CMC). The CMC is responsible for political decisions concerning the integration process. The members of the CMC are the presidents of the member states and their cabinets, meeting twice annually and rotating the host country. The executive component of the organization is the Common Market Group (GMC), comprised of the Ministers of Foreign Affairs, Economics and the Chairmen of the Central Banks, as well as coordinators from each country. The GMC enforces resolutions. The GMC branches into the Trade Commission, which counsels and enforces trade policies; the Joint Parliamentary Commission, which represents the four Parliaments; the Economic and Social Consultation Forum, which has representatives from various economic and social groups; and the Administrative Secretariat, which supports all other operations

and is responsible for advising the other offices.

### **The Common Market**

The ultimate goal of Mercosur is to become a common market with a common trade policy that will enable the free movement of goods and resources. Mercosur aims to create a full common market by 2006, although there is no final date for full commitment to common market status among the members. As it currently stands, the political scope of Mercosur falls between the North American Free Trade Agreement and the European Union.

To become a common market Mercosur must work to harmonize the policies within each member country. This will require the coordination of economic, legislative, environmental, infrastructure, and technology policies. Standards will need to be harmonized and there must be the establishment of a supranational bureaucracy to implement and enforce policy decisions.

In 1997, the member states signed the Protocol of Montevideo. This accord was signed with the understanding that within 10 years all restrictions on trades and services will be phased out. It has also been proposed that a common passport be created to facilitate travel between borders in Mercosur.

To date, efforts toward the common market have included the creation of working groups, ad-hoc committees, and meetings with the Common Market Council. Problems that have slowed the efforts towards a common market include delayed clearance at the borders, differing electrical systems, and a general lack of cohesion in customs. Disputes regarding agriculture have also proven

to be an obstacle to further economic integration in Mercosur. The automotive sector in particular has been a source of difficult negotiations for a CET within Mercosur. Trade in automobiles and auto parts accounts for approximately 30% of total intra-regional trade. While frustrating, these difficulties by no means remove the chance for a common market. To resolve such issues, the members of Mercosur recognize that cooperation is an essential priority.

### **Economy**

Mercosur represents a significant economic presence in Latin America. Combined, the member countries represent more than two-thirds of the population of the South American continent. Ranked as the world's third largest trade bloc, its rapid development in the 1990s brought it the distinction of being the fastest growing trade bloc in the world. In 2004, Mercosur had a combined GDP of roughly US\$1.9 trillion, which was led by Brazil's GDP of US\$1.375 for that year. The countries of Mercosur reached an economic growth rate of 3.2% in 2004-higher than the European Union's of 2.3%. There is a notable difference in the economies of the member countries, and the smaller countries depend on the success of the larger ones.

In the late 1990's Mercosur's 2 largest economies suffered through a financial crisis, which cause economic instability throughout the trade group. Brazil suffered an internal energy crisis which led to the devaluation of its currency in 1999. Paraguay suffered through a poor harvest, and its lack of political consensus to implement reforms while Argentina suffered serious political instability in December of 2001 due to large budget deficits and deregulation of its economy. With economic uncertainty affecting the region in varying degrees, the

members maintain an open dialogue but have been asking for support from the international community on an individual basis.

By mid-2002, Brazil voiced its belief that Mercosur must look within its own trade bloc for the solution, rather than seeking international help. Increased trade, investment, and technology transfers were all noted as starting points for rebuilding the economy.

Increased integration in Mercosur has been negatively affected by economic imbalances in Brazil and Argentina. As the two major economies of the group, the countries have a strong impact on Mercosur as a whole. However, membership in Mercosur has also been beneficial for the smaller countries, and despite being at the mercy of the region's two largest economies, Paraguay and Uruguay benefit from their involvement in Mercosur.

Political officials within Mercosur are optimistic for the future economic expansion of the group and have reinforced their desire to continue the integration process. The countries of Mercosur are currently confronted with adapting to faltering economies and the next few years will likely bring some challenges. Despite this, forecasts remain positive and it is expected that Mercosur will rebound and resume its pattern of healthy growth.

### **BRAZIL**

Brazil views Mercosur as an extension of its own economy. Membership in Mercosur has increased Brazil's presence in the world and afforded Brazil many opportunities to improve its economic status. Brazil's large and well developed economy is the largest in South America and is growing in prominence internationally. The agriculture, mining, manufacturing, and service sectors are particularly

strong. Although once plagued by hyperinflation and unstable economic growth, the introduction of the Real Plan in 1994 successfully improved economic stability. Brazil is the economic backbone of Mercosur and is expected to pull the group through current difficulties. In 2000, foreign direct investment (FDI) in Brazil reached a record high of over US\$30 billion. FDI into the region has been falling in recent year, but was still a healthy \$10.1 billion in 2003. The US is Brazil's top import and export destination with 20% and 23% of total imports and exports, respectively. Despite regional economic fluctuations, Brazil's economy expanded by 3.5% in 2004 and this growth should continue through 2005 at a rate of 3%.

#### ARGENTINA

Argentina has the second largest economy in South America. It boasts a diverse industrial base, with industries such as food processing, textiles, automobiles, chemicals and petrochemicals, metallurgy, and steel. After economic declines between 2000 and 2002, the Argentinean economy has begun to recover with real GDP expected to increase by an average of 5% over the next several years. Despite the socio-political problems Argentina has been facing, the fundamental components of the economy remain present and it is expected that the economy will recover once the political issues are settled. For Argentina, Mercosur has served as a catalyst for economic reform. Consequently, Argentina has advocated a cohesive commercial policy and the creation of supranational bodies to handle trade disputes.

#### PARAGUAY

The government of Paraguay plays a crucial role in its economy. It is the country's largest employer and its

budget represents a significant portion of the GDP. Paraguay has a market economy with a large informal sector, making it difficult to accurately follow economic developments. A large proportion of the population depends upon agriculture for income. The economy is currently recovering from a recent recession with GDP growth rates of roughly 2%. One key obstacle for economic growth in Paraguay is the poor infrastructure, which is in need of major restructuring. The proposed privatization of the state telecommunications, electricity, oil and postal companies, although highly controversial, should help development and may eventually offer opportunities for Canadian firms.

#### URUGUAY

Uruguay is noted for having an evenly distributed income. Its economy ranks as the 8<sup>th</sup> largest economy in Latin America and it has performed well in the last decade. In 1999, however, Uruguay experienced its worst recession in fifteen years. In the face of the Brazilian currency devaluation, diminished economic activity in Brazil and Argentina, higher international interest rates, and historically low commodity prices, GDP in Uruguay plunged. Poor economic performance was further affected by harsh weather and restrictive credit policies. Unemployment also reached a fifteen year high. However, inflation continued its downward trend and debt service remained manageable. Despite several years of falling GDP, 2004 saw GDP grow to hold Mercosur's highest economic growth rate of roughly 7.7%. Continued economic recovery in Uruguay will largely depend on Argentina and Brazil. The government has indicated it will deregulate and demonopolize some economic activities, and despite rising interest rates the domestic financial markets remain calm.

## Trade

The first decade following the inception of Mercosur brought a substantial increase in trade, both regionally and internationally. Inter-community trade has nearly tripled, while trade with the international community nearly doubled since the signing of the treaty in 1991. In 2001 this growth slowed considerably due to worldwide economic slowdown and declines in commodity prices, however as the world economy improves trade has picked up again. In terms of trade volumes, the free trade area of Mercosur remains one of the most important of the developing world.

While Mercosur began as a free trade zone, in 1995 it evolved into a partial Customs Union with partially harmonized Common External Tariffs (CETs). Currently, approximately 90% of all internal trade is duty-free. By 2006, all remaining exceptions to the CETs are to be eliminated.

<b>Mercosur Total GDP (in US\$ billions), 2004</b>	
Mercosur Total	\$700.0
Brazil	\$534.0
Argentina	\$147.0
Uruguay	\$12.0
Paraguay	\$6.6
GDP Growth (regional)	4.8%
GDP per Capita	\$2,869

Mercosur's exports to the international community have continued to grow in recent years. Mercosur's principal trade and investment partner is the EU, which accounts for roughly 30% of Mercosur's trade flows. Mercosur's international export growth has been attributed to Mercosur's diminishing reliance on the United States as a destination of exports, real currency depreciation in some member countries, and export growth to third world countries.

Mercosur is considered by some to be a precursor to the Free Trade Area of the Americas (FTAA). It has also been said that Mercosur has the potential to become a politico-economic area to rival the North American Free Trade Agreement (NAFTA). The long term goals of Mercosur will ultimately be determined by the political and economic decisions made by Brazil, the informal leader among equals.

## Trade Agreements

The countries of Mercosur recognize the importance of trade for the continued success of their cooperative agreement. Mercosur is already recognized as a significant presence in Latin America and finding new markets is one method Mercosur hopes will help boost their current economic situation. While the group is particularly interested in expanding ties within the region, Mercosur also recognizes the importance of broadening its international ties.

In mid 2002, the leaders of Mexico and Mercosur met to discuss the creation of a free trade deal that would serve to deepen economic ties throughout Latin America. The Mexican president strongly views the creation of a free trade agreement as a solution to Latin America's current economic difficulties. Such an agreement will foster a long-term economic relationship that will serve to strengthen the entire region's international presence.

Mexico is the region's second largest economy and has already signed a bilateral agreement with Brazil. Talks have also begun between Mexico and Uruguay. Mexico has shown great interest in supporting Argentina and has made strides to deepen ties in an effort to boost Argentina's economy.

Mercosur and the Andean Community have recently entered into a free trade

agreement in order to further stimulate economic growth and development in both of these areas. Together, Mercosur and the Andean Community comprise a large portion of South America's population, land mass, and production.

Mercosur has a free trade agreement with Bolivia and the group has also agreed to launch talks with South Africa. Key to these discussions will be bilateral trade in automotive parts.

In 1995 Mercosur signed a frame agreement of inter-regional association and political coordination with the European Union. The EU is Mercosur's largest trade partner, although some disputes remain regarding agricultural products. Mercosur would like greater access to the EU market for products such as meat, poultry, and sugar. Negotiations for a free trade agreement between the two blocs are progressing slowly due to the EU's agricultural policies and Mercosur's internal problems. However, both parties remain interested in furthering their agreements.

Recently an agreement was reached between Mercosur and the EU in which the EU will provide 4 million Euros and Mercosur will provide 650,000 Euros in order to further harmonize standards, regulations and procedures between these two countries.

In 2000 Mercosur signed an investment arrangement with the European Free Trade Association (EFTA). With the intention of facilitating investment and trade between the two organizations, the agreement established a joint committee to review any issues of mutual interest.

The members of Mercosur are among more than 30 countries negotiating for the creation of the Free Trade Area of

the Americas (FTAA). Brazil has been reluctant to commit to the FTAA, reasoning that trade with other areas of the world is continuing to grow. Although Brazil has not objected to the FTAA, it remains cautious of rushing into an agreement.

Mercosur has expressed guarded interest in joining with NAFTA in creating a super-regional trade bloc. To date, Mexico has shown little interest in such a venture. Canada has stated that any such agreement should be made directly through NAFTA and not with the individual countries. The US has shown some interest in creating a bilateral trade treaty with Mercosur, but all of these initiatives have not been acted upon.

Already, the US has a special agreement with Mercosur members. The Rose Garden, or Four Plus One, agreement allows the US to negotiate with the members of Mercosur collectively rather than going through each one individually. This also affords the members of Mercosur a stronger, united voice in such negotiations. Typically, third party countries must use one member as a catalyst for further trade within the group.

## **Investment**

One of the main assets of the creation of Mercosur has been the organization's ability to attract foreign direct investment (FDI). Since the inception of the group in the early 1990s, the member countries have increased their collective share of world FDI. The boom in FDI has been attributed to the creation of Mercosur and collective structural reform, including increased privatization and a surge of transnational corporations.

Due to the number of structural reforms undertaken in the 1990s, there are few sectoral restrictions for FDI entry into Mercosur. This is

especially notable in Brazil and Argentina. Both countries underwent major privatization throughout the 1990s and as a result were the main destination countries for FDI. Paraguay and Uruguay have yet to undergo the same degree of privatization. In the 1990s Argentina and Brazil received the most FDI in their manufacturing sectors, and in turn Paraguay and Uruguay posted strong FDI in the manufacture of food, beverages, and tobacco. Yet with more liberalization, the services sector increased its presence in the late 1990s. Recently FDI has become less available, specifically to Brazil, due to investors' regulatory concerns, combined with increasing opportunities in other markets.

Mercosur receives most of its FDI from Europe and North America. This FDI is directed towards mergers or the acquisition of private sector firms, particularly in Brazil and Argentina. Neighbouring Chile has also proven to be an important source of FDI. Chile became Argentina's second largest source of FDI in the early 1990s, after the US. When Brazil took measures to increase their economic stability in the mid-1990s, Chile also became heavily invested in that country.

Investment between the members of Mercosur has increased since the group's inception. There has been a considerable change from the pre-Mercosur era, when there was little to no cross border direct investment. Investment from Mercosur accounted for 25% of Uruguay's FDI in the 1990s, and reached 50% in Paraguay.

### **Agriculture**

As a result of rapid urbanization and a growth in income, diets in the member countries have changed and processed foods and non-staples have increased in popularity. As a result, the grades and standards required for the export

or domestic sale of dairy, vegetables, fruit, meat and coffee have become increasingly strict.

Since the mid-1990s, both Argentina and Brazil have made major gains in agricultural production. Soybean production in both countries has doubled since 1990, Brazil's output of corn has increased 40%, and Argentina's production of wheat and corn has increased by 75% and 105% respectively.

### **BRAZIL**

World-wide, Brazil is ranked fourth in agro industry and agriculture. Agriculture is one of the most dynamic sectors of the Brazilian economy. Within Latin America, Brazil is one of the leading investors in agriculture research and development. Agricultural products from Brazil include coffee, soybeans, wheat, rice, corn, sugarcane, cocoa, citrus, and beef. Brazil is the world's leading producer of orange juice products and natural orange flavours. Brazil is also the world's third largest producer of corn. Agriculture in Brazil accounts for 10.2% of GDP, and employs 23% of the labour force.

The Brazilian government currently prohibits the commercial planting of genetically modified crops. Despite this, there is significant use of such crops in the southern region of Brazil. Brazil has been trying since 1995 to develop biotechnology legislation, and in 1998, a long-standing ban on biotechnology in Brazil has overturned.

### **ARGENTINA**

The agriculture sector in Argentina is export-oriented. The sector is a major part of Argentina's economy; the country's self sufficient agricultural exports account for one fourth of total exports in Argentina. Agricultural products produced in Argentina include

sunflower seeds, lemons, soybeans, grapes, corn, tobacco, peanuts, tea, wheat, and livestock. Argentina is among the world's leaders in meat and cereal production, and also the largest beef exporter in the world. Argentina is a strong organic producer; with 90% of its production destined for export markets, particularly the EU. Argentina's agriculture sector account for 11.1% of its total GDP. Argentina is a world leader in the use of genetically modified seed. Over 70% of Argentine soybeans are genetically modified, and approximately one-third of all corn fields in Argentina are cultivating GM corn.

## PARAGUAY

Agriculture is the livelihood for a large proportion of Paraguay's population although it is a largely informal sector. Products produced include cotton, sugarcane, soybeans, corn, wheat, tobacco, cassava, fruits, vegetables, beef, pork, eggs, milk, and timber. Agriculture accounts for 90% of Paraguay's traceable exports, with major export commodities being cotton, soybean, and beef. Agro-industrial investments in processing of citrus fruit, grains, and manioc could spur additional growth. Paraguay is attempting to improve its agricultural and livestock production, with a focus on basic inputs such as animal genetics. The Paraguayan agriculture sector employs 45% of the labour force, and accounts for approximately one quarter of GDP.

## URUGUAY

As in Argentina, the agriculture sector in Uruguay is export oriented. The main products produced in Uruguay include wheat, rice, barley, corn, sorghum, livestock and fish. Agriculture has suffered in Uruguay in recent years due in large part to the economic difficulties experienced by neighbouring countries. As these

countries have dealt with their own economic struggles foreign investment in Uruguay has dropped. Agriculture in Uruguay accounts for 7.4% of GDP and employs 14% of the labour force.

## Agricultural Policy

Mercosur looks to the European Union as a model for agricultural policy. The two organizations have been in negotiations to promote an agricultural model that is multi-functional. High on the agenda are environmental measures, consumer protection, and food safety.

One of the necessary actions Mercosur is faced with in building a regional agricultural policy is aligning sanitary and phytosanitary measures. Mercosur will look to the EU for direction in the creation of information systems for dangerous products, as well as training schemes and technical assistance for their implementation. The EU has funded over US\$420 million to the region for the implementation of such projects. It is expected that a large proportion of reform projects will be in the poorest rural regions to enable them to engage in sustainable and environmentally friendly agriculture.

The members of Mercosur have collectively presented a number of proposals to the World Trade Organization (WTO) regarding agriculture. They favour more transparency in food aid, arguing that it should not replace regular imports or discourage domestic production.

## Canada - Mercosur Trade and Investment

The relationship between Canada and Mercosur's member states is an important one that all parties would like to see further developed. There exists potential in increasing Canadian investment and business ties, despite previous trade disputes. Both regions



have a great deal to offer one another and many view this as a strong reason for being optimistic about rejuvenating relations. The Trade and Investment Cooperation Arrangement (TICA) are viewed as a base from which to build and renew bilateral relations.

Brazil is one of Canada's major economic partners, and the 2<sup>nd</sup> largest export destination in the Americas. Brazil is one of the five priority markets for Export Development Canada. Two-way trade in 2004 was over \$3 billion, an increase from 2003 that reflected an increase in both Canadian exports to Brazil and Brazilian imports. Canadian exports to Brazil have been declining in recent years while imports have been on the rise. Brazil is one of Canada's major destinations for investment in the western hemisphere and in 2001 Canadian FDI into Brazil was roughly \$7 billion.

Bilateral trade between Canada and Argentina in 2004 totalled \$415.7 million, a decrease of roughly \$36.5 million from 2003. This decrease follows the trend of decreasing trade, which is caused by a reduction in exports to Argentina and relatively consistent import volumes. Canada invests heavily in Argentina with a focus on oil and gas, power, mining, agro-industry, banking and telecommunications sectors. Further investment will depend on the recovery of Argentina's economy.

Until recently, Canada and Paraguay did not maintain formal cooperation ties, but in 2000-2001 Canada provided over \$1 million in assistance to Paraguay. Two-way trade in 2004 was \$24.7 million. This increase of \$9.6 million is due to increases in both imports and exports since 2003.

Canada's relationship with Uruguay has grown since the country's democratization in the mid 1980s.

Two-way trade in 2003 was roughly \$168.87 million. This is an increase from 2002, due to Canada's large increase in exports and relatively stable amount of imports in 2004, increasing the negative trade balance by \$32.4 million.

Total bi-lateral trade between Canada and Mercosur in 2004 was valued at over \$1.65 billion. Due to a decrease from 2003, which was led by a decrease in Canadian exports to the region? Exports to Mercosur were valued at \$1.1 billion, while imports totalled \$2.7 billion. Canada's main exports to Mercosur include paper products, potash, wheat, telecommunications equipment, aircraft parts, petroleum products, machinery, malt, minerals, plastics, rolling stock and pharmaceuticals.

The Canada-Mercosur Trade and Investment Cooperation Arrangement (TICA) were signed in 1998. The TICA both laid the foundation for increased bilateral cooperation between the two parties, as well as establish a framework for cooperation in the FTAA, the WTO, and the Cairns Group. In 1999, the first consultative group meeting for TICA agreed to the creation of two committees: one to study customs and technical cooperation, and the other to study "best practices" in the development and promotion of trade. Canadian FDI into Mercosur has been increasing in recent years. Canadian investment into this region is concentrated in the aluminium, oil and gas, mining and energy, power generation and telecommunications equipment and services sectors.

In late 2001 a forum was held in Canada to discuss and encourage the deepening of Canada-Mercosur relations. Although negotiations for the Free Trade Area of the Americas (FTAA) have overtaken Mercosur's urgency of reaching agreements with

northern countries, it is still recognized that both regions have a great deal to offer each other. Both parties noted that communication must improve in order to facilitate the cooperation process. Currently, there are strong relations in the health, energy, and agriculture sectors. Canadians are involved in a number of projects in Mercosur, and the challenge is to spur the current relations into long-term ties.

Both Canada and Mercosur recognized that a mutual education must occur to understand each other's social and political components. Canadian companies need to learn how to do business in Mercosur. It was proposed that non-governmental organizations and universities from both regions should become involved in furthering education.

Proposed actions that came from the Forum highlighted the necessity for short and medium term initiatives. Both governments agreed to reinvigorate the FTAA negotiations through TICA. Non-governmental organizations such as the Canadian Foundation for the Americas (FOCAL) and Red Mercosur committed to the creation of a working group for the exchange of ideas regarding the removal of barriers. It was proposed that, in light of the importance of agriculture to both Canada and Mercosur, the regions should pursue the harmonization of sanitary regulations.

#### AGRICULTURAL TRADE

The agricultural sector remains to be a very important aspect for both Canada and Mercosur trade. Agricultural exports exceeded \$55 million in 2004, while imports totalled \$658 million, resulting in a total bi-lateral agricultural trade between Canada and Mercosur of \$712.23 million and a negative trade balance of roughly

\$600 million. This decrease in trade is a result of the decline of exports to Brazil and Paraguay which both fell by half. Brazil took nearly 73% of Mercosur's total agricultural imports from Canada, while Paraguay received less than 1%. Canada exported a total of \$55.74 million in agricultural products to Mercosur in 2004, marking a decrease of approximately \$38 million from 2003.

<b>Canadian Agri-food Exports to Mercosur by Country (2004)</b>	
<b>Members</b>	
Brazil	\$40.8 million
Argentina	\$10.4 million
Uruguay	\$4.1 million
Paraguay	\$426,366
Total	\$55.73 million

Over 84% of Canada's total exports to Mercosur in 2004 were represented by five products. Canary seeds are in the lead comprising almost 30% of total exports. Green lentils follows with 16.4% of total exports, food preparations with 6.5%, and non-roasted malt and Lentils o/t seeds, with each holding 4.4% of total exports. Brazil received roughly 88% of Canada's top five exports to Mercosur with the exception of Lentils o/t seeds for sowing.

<b>Canada's Top 5 Agri-food Exports to Mercosur (2004)</b>	
Canary seed	\$16.68 million
Lentils, green	\$9.15 million
Prepared food	\$3.63 million
Malt, not roasted	\$2.54 million
Lentils, o/t seeds, dried	\$2.45 million

Virtually all of canary seed exports go to Brazil making this commodity a top Canadian import for the country. Green lentils, amounting to over \$ 2 million are Argentina's top agricultural import from Canada. Potatoes seeds are Uruguay's top Canadian agricultural import, reaching \$1.52 million in 2004, while Paraguay received \$346,500 worth of low erucic acids in 2004.

In 2004 Canada imported \$658.72 million in agricultural products from Mercosur. This was a slight decrease of roughly \$38 million from 2003. Brazil provided over 70% of Mercosur's agricultural exports to Canada with a total value of \$462.33 million. This is in great contrast to Paraguay's agricultural exports to Canada, which accounted for less than 1% of the total. Both Argentina and Uruguay provided 15% each of Canada's agricultural imports from Mercosur in 2004.

over \$30 million in 2004. Consumer agri-food exports doubled in value to approximately \$7.5 million since 2003, representing 13.4% of the total agricultural exports.

<b>Canadian Agri-food Imports From Mercosur by Country (2004)</b>	
<b>Members</b>	
Brazil	\$462.3 million
Argentina	\$99.5 million
Uruguay	\$94.7 million
Paraguay	\$2,104,842
Total	\$658.5 million

Raw sugar cane, amounting to \$140 million, was the top Canadian agricultural commodity imported from Mercosur in 2004. Frozen orange juice is the second largest agri-food import from Mercosur with \$60.6 million. Both commodities were provided solely by Brazil. Non-roasted coffee follows with \$58 million, Domestic fowl cuts with \$25 million and shelled cashew nuts of \$22.39 million round out the top 5 as the top agricultural Canadian imports from Mercosur in 2004.

<b>Canada's Top 5 Agri-food Imports from Mercosur (2004)</b>	
Raw sugar, cane	\$141.0 million
Orange juice, frozen	\$60.6 million
Coffee, not roasted	\$58.0 million
Cuts, domestic fowl	\$25.0 million
Cashew nuts, shelled	\$22.39 million

Bulk product exports were valued at \$18.2 million in 2004, a large decrease of \$45.3 million from 2003. Intermediate exports to Mercosur represented 53.8% of total agricultural exports, and have increased slightly to

For more information on Mercosur:

**[www.invertir.com](http://www.invertir.com)**

**[www.mercopress.com](http://www.mercopress.com)**

**<http://www.buyusainfo.net/info.cfm>**

**[http://europa.eu.int/comm/external\\_relations/mercosur/intro/](http://europa.eu.int/comm/external_relations/mercosur/intro/)**

For more information on Brazil:

**<http://www.dfait-maeci.gc.ca/brazil/br-06-en.asp>**

**<http://www.mre.gov.br/ingles/index.htm>**

**<http://ats.agr.gc.ca/info/lac-e.htm#Brazil>**

**<http://www.infoexport.gc.ca>**

**<http://www.dfait-maeci.gc.ca/latinamerica/brazil-en.asp>**

For more information on Argentina:

**<http://ats.agr.gc.ca/info/lac-e.htm#Argentina>**

**<http://www.dfait-maeci.gc.ca/latinamerica/argentina-en.asp>**

For more information on Paraguay:

**<http://ats.agr.gc.ca/info/lac-e.htm#Paraguay>**

**<http://www.dfait-maeci.gc.ca/latinamerica/paraguay-en.asp>**

For more information on Uruguay:

**<http://ats.agr.gc.ca/info/lac-e.htm#Uruguay>**

**<http://www.infoexport.gc.ca/ie-en/Office.jsp?oid=346>**

**<http://www.dfait-maeci.gc.ca/latinamerica/uruguay-en.asp>**