Abstract: Mercosur was established in 1991 by Argentina, Brazil, Uruguay, and Paraguay as a common market for Latin America similar to the European Common Market. As a common market, Mercosur was intended to increase access to larger markets while creating a common external tariff. Through this access and common tariff, the treaty hoped to unify the region and give it a strong economic position in the continent and the world.

Since its inception the Treaty has transitioned from an economic organization and into a political one. As a result of this shift, member countries disregard the free trade area and common external tariff, and use Mercosur solely as a vehicle for political expression.

The ineffectiveness of Mercosur can be seen through a comparative analysis of Argentina’s and Uruguay’s beef industries. Beef production is central to the economies of Argentina and Uruguay and their success in the world marketplace. Despite this importance, the domestic policies of Argentina and Uruguay have dramatically shaped the beef industries of each respective country - a phenomenon that would not be possible with a strong, functioning Mercosur. Currently, Argentina exports approximately 20% of all the beef it produces, while Uruguay exports over 90% of the beef produced within the country. The primary reason for the differences between the two countries’ level of exports is Argentina’s use of export taxes and restrictions. A functioning Mercosur would prohibit or dramatically curtail these types of trade barriers.

In order for Mercosur to become a strong economic player in the international arena Mercosur must refocus on its economic origin. To do this, Mercosur members need to become better participants in the organization through internal adoption of Mercosur rules, less posturing against one another, and a way of enforcing the decisions of the organization.