MERCOSUR Trade Bloc

Prelims : Current events of national and international importance

Why in News?

India and Paraguay can partner in expanding regional commerce in Latin America with MERCOSUR, said Prime Minister Narendra Modi recently.

- MERCOSUR is a ***South American trade bloc*.**
- **Formed in** – 1991.
- **Headquarters -** Montevideo, Uruguay.
- It is to facilitate the *free movement of goods, services, capital, and people among member countries.*
- MERCOSUR aims to create a single market, reducing trade barriers and fostering economic cooperation.
- **Members** - Argentina, Brazil, Paraguay, and Uruguay, Bolivia.
- **Decision making body -** The primary decision-making body within MERCOSUR is the *Common Market Council (CMC).*
- It serves as the highest authority for political coordination of foreign and economic policies.
- **Other important bodies**
    - **Common Market Group (GMC) -** Oversees the day-to-day operations,
    - **MERCOSUR Trade Commission (CCM)** - Manages the common commercial policy.
- **India's connection with MERCOSUR -** A framework agreement was signed between India and MERCOSUR in 2003.
- This agreement was followed by the MERCOSUR-India Preferential Trade Agreement (PTA) signed in New Delhi in 2004.

Free Trade Agreement (FTA)	Preferential Trade Agreement (PTA)
It is a trade pact between two or more countries to reduce or eliminate tariffs and other trade barriers like quotas and subsidies on goods and services, aiming to facilitate trade.	It grants preferential access to certain products from other member countries, but it doesn't necessarily eliminate all tariffs.

Reference

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