




**Introduction by**  
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- European Union experience:
    - Free trade zone;
    - Custom Union;
    - Free trade of services and factors; and
    - Coordination of macroeconomic policy.

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- Intensifying regional **institutional** integration plays a significant role in deepening and accelerating the process of regional **economic** integration.

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- The Seminar assumes the key role of **assessing which benefits from the European financial integration process can be derived for the Mercosul.**

**Table 1 - GDP Growth (annual percent change)  
Major Challenges**

<b>Country</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005 (Proj)</b>
Argentina	-4.4%	-10.9%	8.8%	8.8%	5.5%
Brazil	1.3%	1.9%	0.5%	5.2%	3.7%
Paraguay	4.4%	13.7%	21.4%	9.4%	6.9%
Uruguay	-3.4%	-11.0%	2.5%	12.0%	5.0%
Euro Area	1.6%	0.9%	0.5%	1.9%	1.6%

Source: World Economic Outlook, March 2005

### Table 2 - Inflation Rate (annual percent change)

Country	2001	2002	2003	2004	2005 (Proj)
Argentina	-1.5% *	41.0% *	13.4%	4.4%	7.3%
Brazil	6.8%	8.4%	14.8%	6.6%	6.5%
Paraguay	8.4%	14.6%	9.3%	2.8%	6.0%
Uruguay	3.6%	25.9%	10.2%	7.6%	6.5%
Euro Area	2.4%	2.3%	2.1%	2.2%	2.0%

Source: World Economic Outlook, March 2005

\* Institute of International Finance (IIF), March 2005

### Table 3 - Debt to GDP Ratio

Country	2001	2002	2003	2004	2005 (Proj)
Argentina	55.5% *	146.4% *	138.1% *	130.9% *	Not Available
Brazil	55.1%	65.5%	58.7%	54.5%	52.9%
Paraguay	38.4%	49.6%	48.3%	39.8%	39.7%
Uruguay	48.1%	87.5%	98.3%	82.0%	70.7%
Euro Area	59.1%	59.1%	60.9%	61.6%	61.9%

Source: World Economic Outlook, March 2005

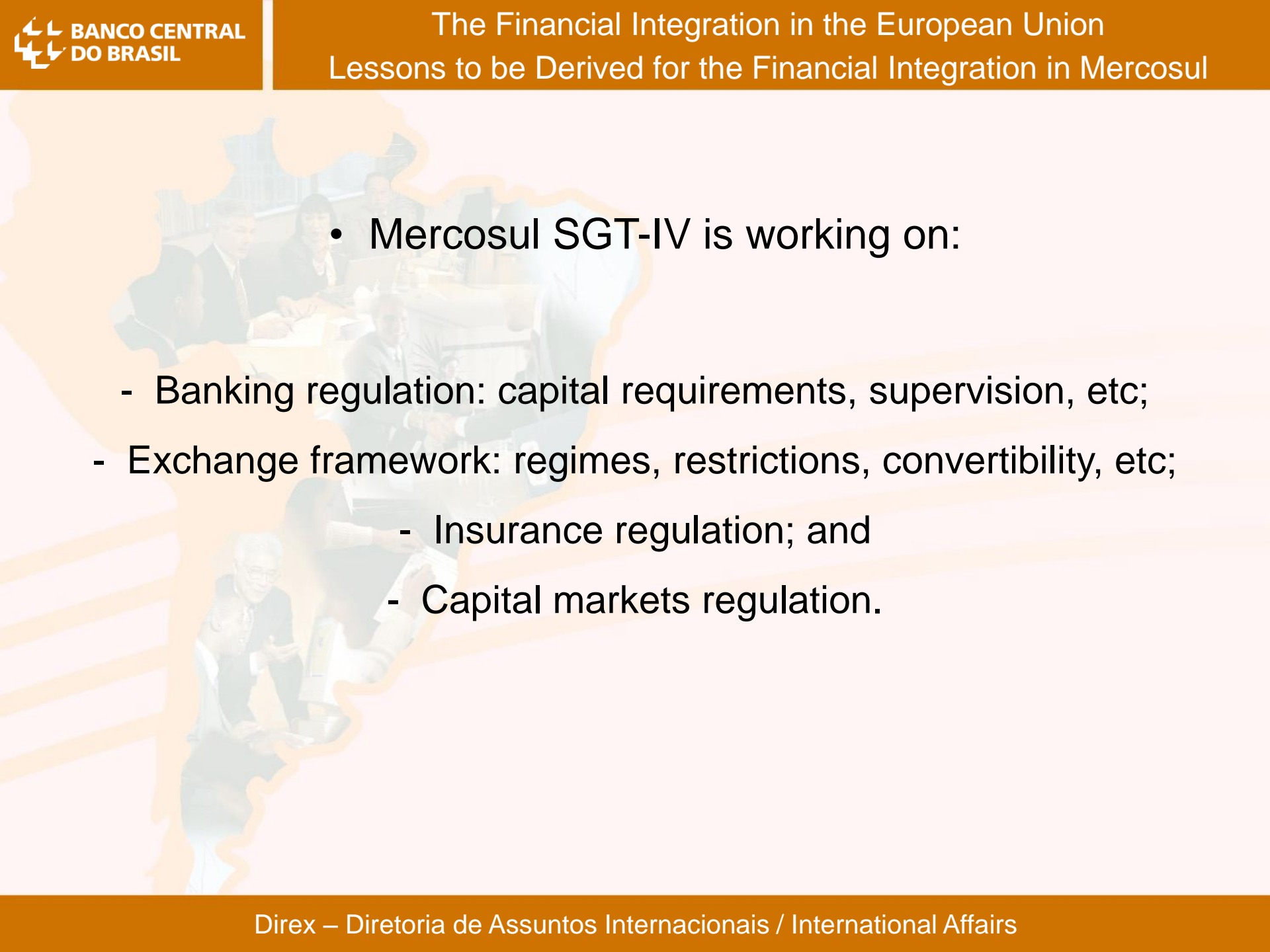
\* Institute of International Finance (IIF), March 2005

**Table 4**

	Trade Integration	Real Interest Rate	<b>Financial</b>
Euro Area (1993-1998)	0,666	0,512	<b>0,633</b>
Latin America (1994-2000)	0,276	-0,014	<b>0,35</b>
Mercosur (1994-2000)	0,303	-0,015	<b>0,384</b>

Source: Dorrucchi et all (2002)



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- Mercosul SGT-IV is working on:
    - Banking regulation: capital requirements, supervision, etc;
    - Exchange framework: regimes, restrictions, convertibility, etc;
      - Insurance regulation; and
      - Capital markets regulation.



Mercosul States concluded the document:

"Elucidation of unbound inscriptions on Schedules"

- **Brasil: Recente modernization and simplification of the exchange rate model**



**Integração Financeira na União Européia:  
Lições para a Integração Financeira no Mercosul**

**Integración Financiera en la Unión Europea:  
Lecciones para la Integración Financiera en Mercosur**