

## **Report on Federalism in the Mercosur: the challenges of regional integration**

The creation of regional trading blocks constitutes a challenge for federal states, which have to ensure that their national unity is not threatened and that the constituent units can continue exercising their powers effectively. The Forum of Federations, in association with Argentine and Brazilian government officials and the Forum's liaison partners sponsored a conference on the challenges of regional integration for Mercosur federal countries (Argentina and Brazil). The conference took place in Porto Alegre, Brazil from 26-27 June 2002. A working group composed of Brazilian and Argentine practitioners met in the spring of 2001 to elaborate a preliminary agenda. The Forum, as well as a handful of international experts, contributed by providing expert technical perspectives on the ways federal states can coordinate their policies and manage the conflicts and tensions that arise when creating a supra-national body.