

The European Union entered into close contact with Mercosur shortly after Mercosur's founding in 1991. Since then, the two blocs have established economic and political relations and they are now on the path towards concluding a considerably ambitious Association agreement, the first one of its kind ever concluded by two groupings of integrated countries. However, the negotiation process has continued for the last decade without leading to any result. The main aim of this thesis is to analyze the relation which the European Union currently has with Mercosur, examining whether its potential has been utilized sufficiently. Background framework is formed by the theory of (new) regionalism. Then, besides providing an insight into the various spheres of cooperation between the blocs, the thesis places the EU-Mercosur relation into a wider context of the global trade network and evaluates the effect brought by such interaction. Within the evaluation, the role of each of the two regional blocs is assessed and suggestions are made regarding the prospects of future EU-Mercosur cooperation.