European Commission
Directorate-General for Trade

*Press release*

▌**MERCOSUR** Brussels, 04 May 2010

# European Commission proposes relaunch of trade negotiations with Mercosur countries

*The European Commission decided to relaunch the negotiations on an Association Agreement with the Mercosur (Argentina, Brazil, Paraguay and Uruguay). The Commission believes that clear economic benefits for both the EU and Mercosur could be obtained from an eventual deal. Earlier negotiations were suspended in 2004.*

European Commission President José Manuel Barroso stated, *"With today's decision to relaunch this negotiation with Mercosur, the EU is seizing an important opportunity. As we look to strengthen the global economy after the downturn, a successful outcome can offer real benefits in terms of jobs and growth for both sides. But we are starting a negotiation here, and we can only conclude if we get it right. This decision will be accompanied by a number of conditions, ranging from sustainability to Intellectual Property rights and Geographic Indications, most importantly. We will address any adverse impact on certain sectors with specific measures, in particular in agriculture."*

European Commissioner for Trade, Karel De Gucht added, *"Negotiations such as these are challenging but the moment is right to take a fresh look at the state of discussions so far. Any agreement must be ambitious bringing increased access for a range of EU businesses, including agriculture, into the Mercosur region. It is critical that certain key EU demands are met if these negotiations are to be fruitful at the end of the day."*

Mercosur is a large market with great growth potential and an increasingly important partner for the EU. Any future free-trade agreement, the first such trade deal for Mercosur, would give EU exporters, investors and services providers better access to this market than ever before and is therefore likely to bring substantial economic benefits. For the EU, the economic benefit could be an increase of around €4.5 billion of exports per year. Mercosur is expected to benefit from a similar increase of exports to the EU.

The EU will strive for full liberalisation for a very large part of trade in goods and concessions for all major industrial sectors. It will also aim at major liberalisation of service sectors. Other EU demands will relate to public procurement, intellectual property, geographical indications and provisions on sustainable development.

**Background**

- The EU began free trade negotiations with Mercosur in 1995. These were suspended without agreement in 2004.

Mercosur (Argentina, Brazil, Paraguay and Uruguay) is:

- A large market, with high growth potential. Total GDP of the region reaches €1300 billion, superior to that of countries like South Korea, India or Russia. The growth rate over the last years has averaged 4%-6% for Brazil and 6%-9% for Argentina.
- An increasingly important partner for the EU. In terms of EU exports, Mercosur ranks on par with India and ahead of both Canada and Korea. Over the past four years until the crisis hit, EU exports to Mercosur increased by more than 15% annually. EU investments in Mercosur amount to more than € 165 billion, more than EU

investments in China, India and Russia together.
- A relatively protected market, both in terms of tariffs and non tariffs barriers. The average rate of applied tariff protection is around 13% (average bound protection is above 30%), but protection in sectors of particular interest to EU exporters is even higher (e.g. 35% for cars).
- A trading bloc that has not yet concluded any free trade agreements (FTAs) with any major competitor of the EU.

For further information on bilateral relations with Mercosur

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