
Press release

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EU Trade Commissioner to discuss Mercosur negotiations in Paraguay and Uruguay

EU Trade Commissioner Karel De Gucht visits Paraguay and Uruguay on 7-9 February. Both countries belong to the Southern Common Market, Mercosur, and Paraguay currently holds the presidency of the trading bloc. Commissioner De Gucht will meet with his counterparts and other high-level government officials in an effort to advance the ongoing EU-Mercosur trade negotiations and to promote bilateral trade relations with the two countries.

"Given the economic dynamism of Mercosur, and of Paraguay and Uruguay with their record growth in particular, I see considerable opportunities for EU exporters, investors and service providers in this region in the coming years", said Commissioner De Gucht. "A balanced and ambitious free trade agreement between the EU and Mercosur could therefore bring substantial economic benefits to both sides and contribute to the economic recovery."

The Commissioner is due to address the Mercosur negotiations as well as key bilateral issues with Paraguay's President Fernando Lugo and Uruguay's President José Mujica. He will also meet with the Foreign and Trade Ministers of the two countries and with local business leaders.

Background

The EU began free trade negotiations with Mercosur (Argentina, Brazil, Paraguay and Uruguay) in 1995. These negotiations were suspended without agreement in 2004. The European Commission decided to relaunch the negotiations with Mercosur in May 2010. Since then, three negotiating rounds took place and the next one is scheduled in March 2011 in Brussels.

Mercosur is:

- A large market with high growth potential: Total GDP of the region is €1300 billion, superior to that of countries like South Korea, India or Russia. In 2010, Mercosur's GDP growth rate exceeded 7%.
- An increasingly important partner for the EU: In terms of EU exports, Mercosur ranks on a 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 €181 billion, more than all EU investments in China, India and Russia combined.
- A relatively protected market, both in terms of tariffs and non-tariff 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).

The EU-Mercosur trade part of the Association Agreement aims to:

- Be comprehensive and ambitious, going beyond the respective WTO obligations of both sides.
- Extend coverage of products and services to be liberalised. Product and sectoral sensitivities on both sides will be taken into account.
- Cover not just goods, but also issues such as services, investment, government procurement and trade and sustainable development.
- Ensure adequate protection of intellectual property rights and geographical indications, effective competition policies and a special agreement on sanitary and phytosanitary standards.
- Establish an effective and binding dispute settlement mechanism to help resolve trade frictions in the EU-Mercosur relationship.