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Brazil gives final approval for free trade agreement between Israel and Mercosur

15 Mar 2010

Israel is the first country outside South America to sign a free trade agreement with the regional bloc whose members produce over \$3 trillion in GDP.



President Peres with President Da Silva in Jerusalem
(Photo: GPO)

(Communicated by the President's Spokesperson)

Brazilian President Luiz Inácio Lula da Silva was pleased to announce today to President Peres that Brazil has given its final approval for a free trade agreement between Israel and the Mercosur bloc. Israel is the first country outside South America to sign a free trade agreement with the bloc.

President Peres and President Lula opened an economic conference together in front of hundreds of Israeli and Brazilian business leaders. The presidents were joined by the Israeli Minister of Industry, Trade, and Labor Mr. Binyamin Ben-Eliezer, the Israeli President of the Manufacturers Association Mr. Sharga Brosh, the Brazilian President of the Sao Paulo Industrialist Association (FIESP) Mr. Paulo Skaf, and the Brazilian Minister of Development, Industry and Foreign Trade Mr. Miguel Jorge.

President Peres spoke first, thanking President Lula personally for working towards the free trade agreement between Israel and Mercosur: "Although Israel and Brazil may be distant from each other geographically, we can grow close through economic and scientific cooperation. Brazil has a strong and stable economy and we are willing and happy to cooperate with you in every sector including science, defense, high-tech, agriculture, and advanced space technologies."

The President of the Sao Paulo Industrialist Association said "President Peres' visit to Brazil gave a big push forward to the economic relations between Israeli and Brazil. A joint work group was established between Israel and Brazil to advance and implement the Mercosur agreement. Both countries have declared their intention to triple their current level of trade."

President Lula stated that "this is an important visit for me and for the economic delegation travelling with me to Israel. We hope to advance economic and business ties between Israel and Brazil as trade has increased significantly between our two countries in the past few years. We can continue with the current momentum. I am launching a new investment plan in Brazil soon and I invite Israeli companies to take an active and

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Brazil gives final approval for free trad...

significant part. Israel is known for its strong capabilities in technology and science. Thus, we encourage intensive cooperation with Israel."

It should be noted that a free trade agreement between Israel and the Mercosur Common Market was ratified by both chambers of Brazil's Congress last fall as a consequence of President Peres' visit to Brazil. The agreement was given final approval right before President Lula's current visit to Israel. Its passage reflects in large parts the efforts of President Lula. When it comes to affect in April, the agreement is expected to rapidly increase the level of commerce between the two countries.

Although the agreement was ratified by both chambers of Brazil's Congress, it still required Paraguay's approval. Paraguay approved the agreement on February 24th and Brazil gave its final approval on March 4th in before the upcoming visit. The agreement takes 30 days to take effect.

Brazil is Israel's largest trade partner in Latin America and with the approval of the agreement trade is expected to increase by the billions of dollars, especially in the sectors of agriculture, education, science, medicine, space and will reinforce the mutual investments by both countries.

Background:

Brazil is the world's fifth largest country (8.5 million km²) and possesses its ninth largest economy (\$2 trillion - larger than India, Russia, or South Korea). It has a population of 200 million people with a growth rate of 1.2% and an average GDP/per capita of \$10,000. Israel currently runs a trade surplus with Brazil. In the year 2008 trade between the two countries totaled \$1.6 billion, out of which \$1.2 billion represented exports from Israel. One fourth of Israeli exports were chemicals and fertilizers used in Brazilian agriculture.

Mercosur (Mercadu Comun del Sur) is a common market established between four countries - Argentina, Brazil, Uruguay, and Paraguay. The Mercosur bloc produces over \$3 trillion in GDP and has a combined population of over 270 million people. The bloc was launched in Asunción in 1991 and has played an important role in political integration across the continent. Between the countries in the agreement there exists free trade. Venezuela, Colombia, Chile, and Ecuador are each in a different phase of integration into the agreement. Venezuela is on the path to full admittance.

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