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EU-Mercosur Trade Talks

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Report Highlights:

On November 12, 2003, the European Commission and leaders of the Mercosur trade bloc agreed on an ambitious work program, envisioning the conclusion of a comprehensive bilateral trade deal by October 2004.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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EU-MERCOSUR TRADE TALKS

Intro

On November 12, 2003, EU and Mercosur (Brazil, Argentina, Uruguay and Paraguay) foreign affair and trade representatives agreed on an ambitious work program envisioning the conclusion of a comprehensive bilateral trade deal by October 2004. The meeting was intended to inject new dynamism in the bilateral free trade talks, which have been on a slow track for the past two years. Both sides renewed their support for an agreement covering goods, services, government procurement, investment, competition, intellectual property, sanitary and phytosanitary measures (SPS) and an agreement on wines and spirits.

Work Program

The new work program provides a clear timetable, scheduling five meetings of the Biregional Negotiating Committee (BNC) and two ministerial meetings. Ministers will take stock of results at the EU-Latin America summit, taking place in Mexico in May 2004. Both sides reaffirmed their commitment to the WTO Round stating that they "recognize the importance of progress in the Doha Development Agenda in parallel with EU-Mercosur negotiations".

Program:

- December 1-5, 2003 (BNC) – Brussels: negotiations on market access in goods (incl. first exchange of views on agricultural modalities); impact of EU enlargement and negotiations on wines & spirits and SPS.
- February 2004 (BNC) – Buenos Aires: negotiations on market access in goods (incl. second exchange of views on agricultural modalities), services & government procurement; wines & spirits and SPS, general assessment and discussion on the draft for the consolidated text of the Agreement
- April 2004: exchange of improved offers on services, government procurement, investment and goods, including agriculture.
- April 2004 (BNC) – Brussels: negotiations on improved offers on services, government procurement, investment and goods; sustainable development; wines & spirits and SPS; exchange of views on asymmetrical treatment.
- May 28-29, 2004: Ministerial meeting in the margins of the EU-Latin American Summit in Mexico.
- June 2004 (BNC) – Buenos Aires: economic and trade negotiations, wines & spirits and SPS, evaluation of the draft text for the consolidated text of the Agreement.
- July 2004 (BNC) – Brussels: conclude negotiations on services, government procurement and investment, wines & spirits and SPS, evaluation of the consolidated text of the Agreement.
- October 2004: Ministerial meeting in Europe.

The complete work program can be downloaded from the Internet at http://europa.eu.int/comm/trade/issues/bilateral/regions/mercosur/pr121103_en.htm.

Agriculture

Despite the progress that has been made, difficult negotiations on agriculture remain on the agenda. From an EU perspective, there is a negative trade balance with Mercosur for agricultural products of roughly EUR 7.8 billion. Mercosur provides a market for 1.7% of EU agricultural exports while 16% of EU imports of agricultural products come from Mercosur. Main products from Mercosur are soy and its derivatives, oilseeds, coffee, orange juice, tobacco, meat, fruit and nuts. The EU mainly exports alcoholic beverages, dairy and other animal products and cocoa derivatives to the Mercosur bloc. Under discussion are tariff issues and a framework agreement on wines and spirits. In July 2001, the EU offered to eliminate tariffs on 91% of imports from Mercosur into the EU, but excluded many major agricultural products. Trade Commissioner Lamy has indicated that the EU could make a more generous offer than it has done so far, but the EU is also pushing for an accelerated tariff-dismantling schedule to be present in the Mercosur offer which is still due. SPS negotiations will focus on definitions, transparency, certification, import checks and inspection fees and risk analysis.

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