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The EU-Mercosur PTA (state of negotiations and issues) Memoranda of understanding on Co-operation between the EU and the MERCOSUR (2001)

Paper presented at the 1st German ENARPRI Seminar, Braunschweig, March 15th 2004

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Memoranda of Understanding on Co-operation between the EU and the MERCOSUR (2001)

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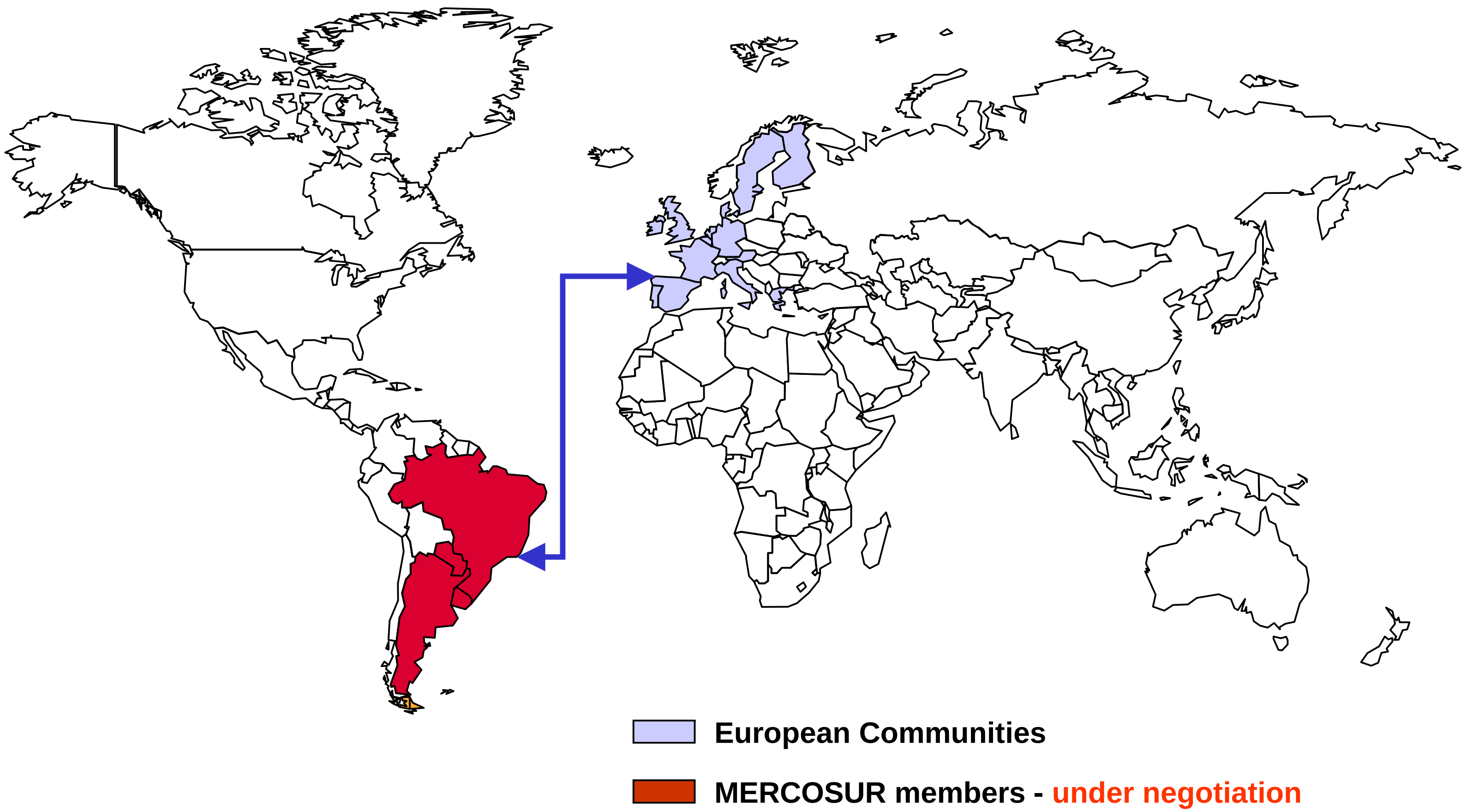
Federal Agricultural Research Centre
Institute of Market Analysis and Agricultural Trade Policy (FAL-MA)

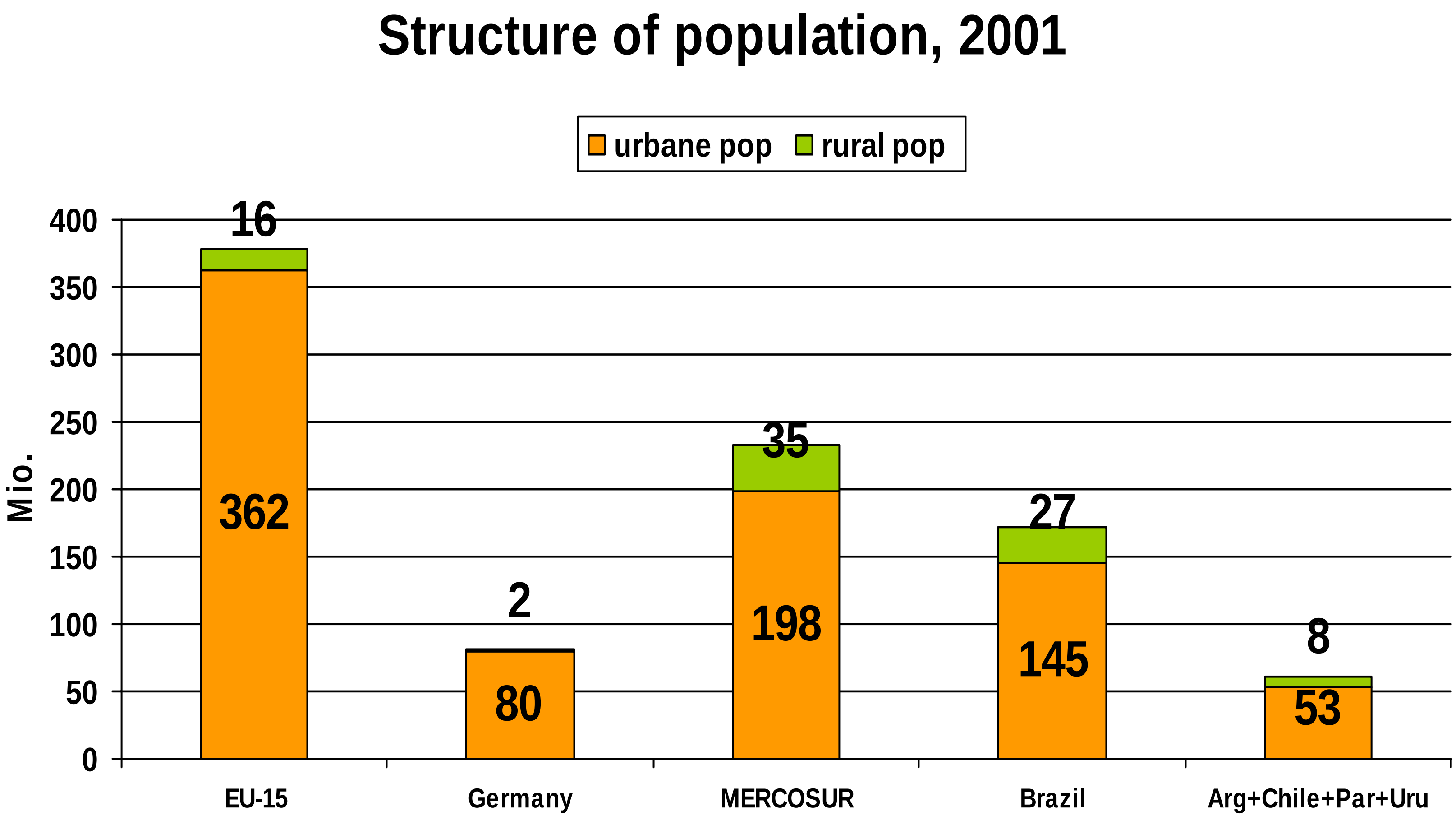
Overview

- Introduction
- Keydata
- Products under Discussion
- Preferences under Discussion
- Role of Trade
- Development of Trade
- Conflict of Interest
- Conclusion

Introduction EU-MERCOSUR

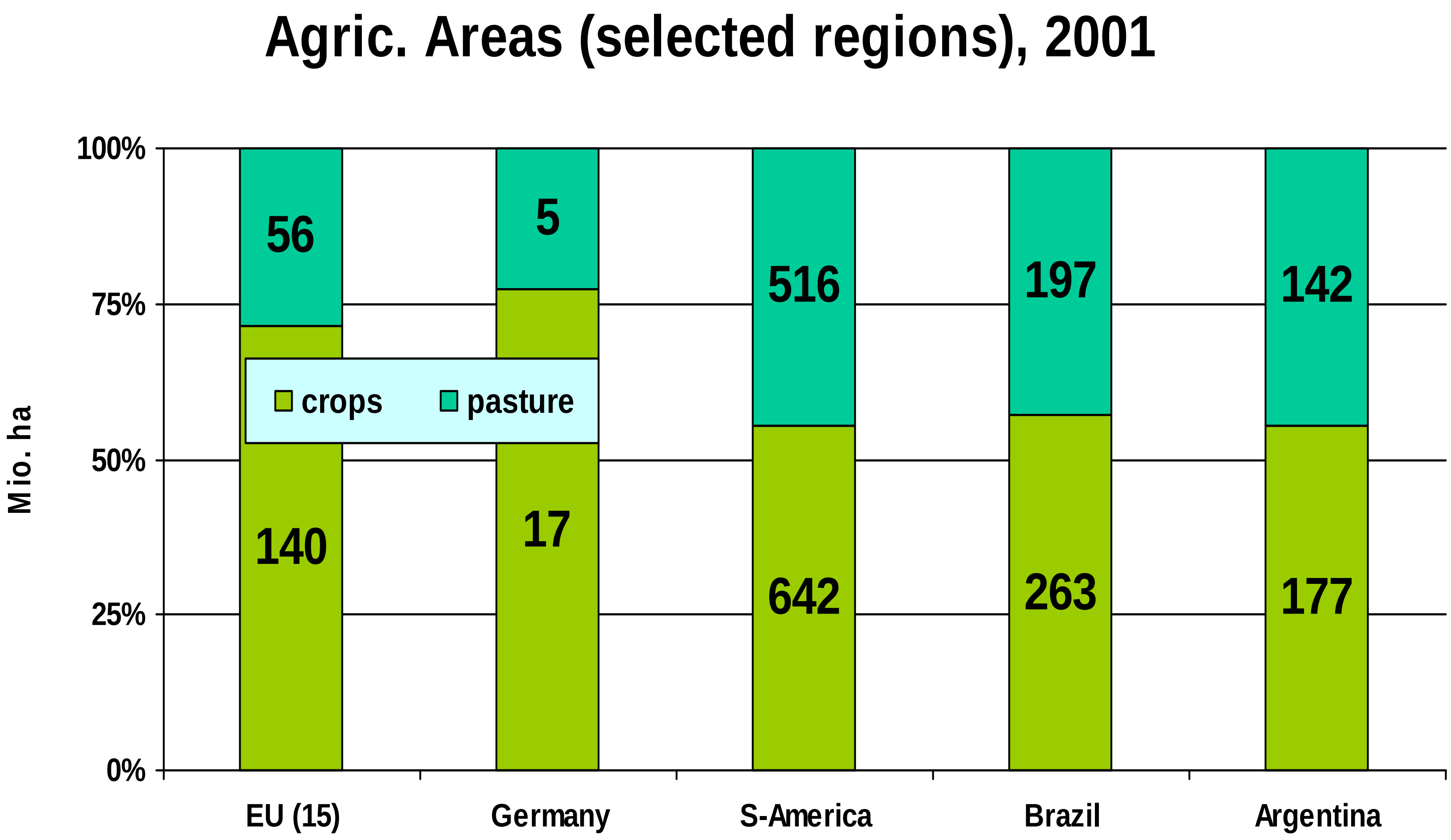


Keydata



Source: FAOStat (2003)

Keydata



Source: FAOStat (2003)

Keydata

- 1991 EU-MERCOSUR Support Agreement
- 1995 Interregional Framework for Cooperation
- 1999 Negotiation directives for negotiations on gradual and reciprocal trade liberalization
- 2001 expected start for negotiations on customs duties and services
- since 2002 negotiations on trade

Focus of Discussion

- Industrial goods
- Agricultural goods
- Services
- Automotive sector
- Wines and spirits (Wine Agreement)

Preferences under Discussion

- Currently: GSP
- Preferential market access for industrial commodities
- Preferential market access for agricultural products
- Exceptions: *sugar, certain beef products, pork, poultry*

Role of Trade

MERCOSUR's Top Ten Export Products (2001) (by % Share of MERCOSUR's Total Exports)	
Vegetable oil residues	5.2
Soy beans, excl. Flour	4.9
Aircraft heavier than air	3.8
Pass motor vehicles exc buses	3.4
Iron ore, etc, excl. Pyrtes	3.3
Petroleum products	3.1
Crude petroleum	2.7
Footwear leather	1.6
Raw beet and cane sugar	1.6
Poultry fresh chld, frzn	1.6
Average share of Top Ten	***31.2***

Source: Statistical Yearbook ECLAC (United Nations, 2003)

Role of Trade

Paraguay's Top Ten Export Products (2001)
(by % Share of Paraguay's Total Exports)

Soy beans, excl. Flour	36.0
Tobacco unmfd	8.6
Raw cotton, excl linters	8.4
Bovine meat fresh, frozen	7.7
Soya bean oil	3.4
Maize unmilled	4.2
Leather bovine nes, equine	3.4
Lumber planed etc noncon	3.4
Calf leather	2.0
Cigarettes	1.6
Average share of Top Ten	***79.6***

Source: Statistical Yearbook (United Nations, 2003)

Role of Trade

Uruguay's Top Ten Export Products (2001) (by % Share of Uruguay's Total Exports)	
Leather bovine nes, equine	11.1
Bovine meat fresh, frozen	10.1
Wool tops	6.1
Rice glazed or polished	5.7
Fish fresh, chilled, frozen	3.7
Pass motor vehicles exc buses	3.3
Malt including flower	2.5
Rice in husk or husked	2.5
Milk and cream dry	2.4
Cheese and curd	2.3
Average share of Top Ten	***49.7***

Source: Statistical Yearbook (United Nations, 2003)

Role of Trade

Argentina's Top Ten Export Products (2001) (by % Share of Argentina's Total Exports)	
Vegetable oil residues	9.5
Crude petroleum	9.0
Petroleum products	5.2
Wheat etc unmilled	4.9
Soy beans, excl. Flour	4.7
Soy bean oil	4.0
Maize unmilled	3.7
Pass motor vehicles exc buses	3.6
Leather bovine nes, equine	2.9
Gas natural	2.3
Average share of Top Ten	***49.8***

Source: Statistical Yearbook (United Nations, 2003)

Role of Trade

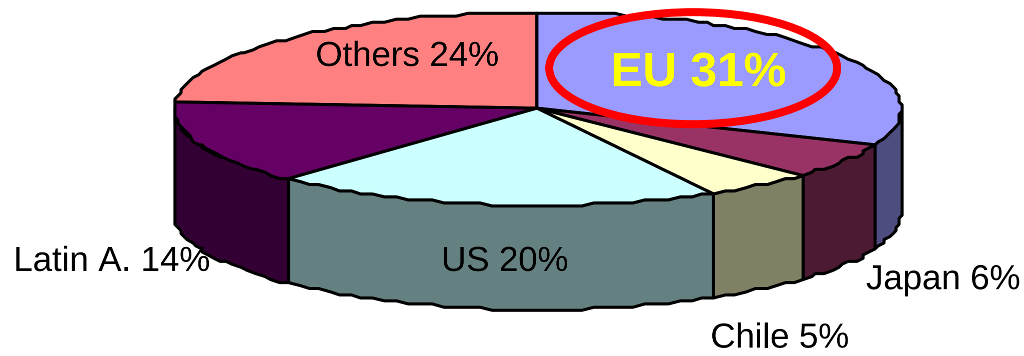
Brazil's Top Ten Export Products (2001) (by % Share of Brazil's Total Exports)

Aircraft heavier than air	5.2
Iron ore, etc, excl. Pyrtes	4.9
Soy beans, excl. Flour	3.8
Vegetable oil residues	3.4
Pass motor vehicles exc buses	3.3
Footwear leather	3.1
Raw beet and cane sugar	2.7
Poultry fresh chld, frzn	1.6
Petroleum products	1.6
Oth telecomm equipment	1.6
Average share of Top Ten	***34.3***

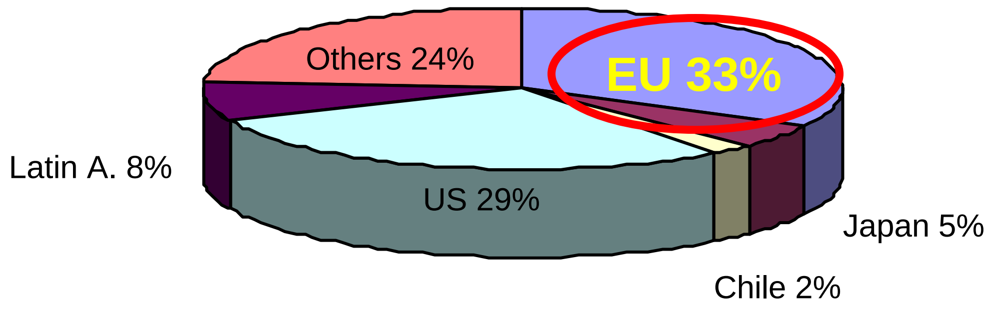
Source: Statistical Yearbook (United Nations, 2003)

Relevance of Trade Flows

EU's - 15 share in the MERCOSUR trade (1996) (Exports)

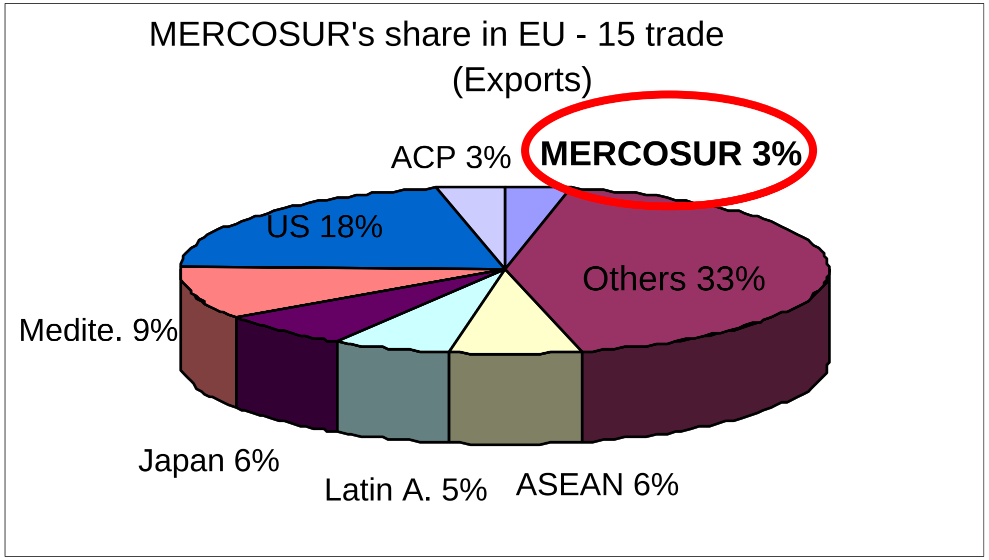


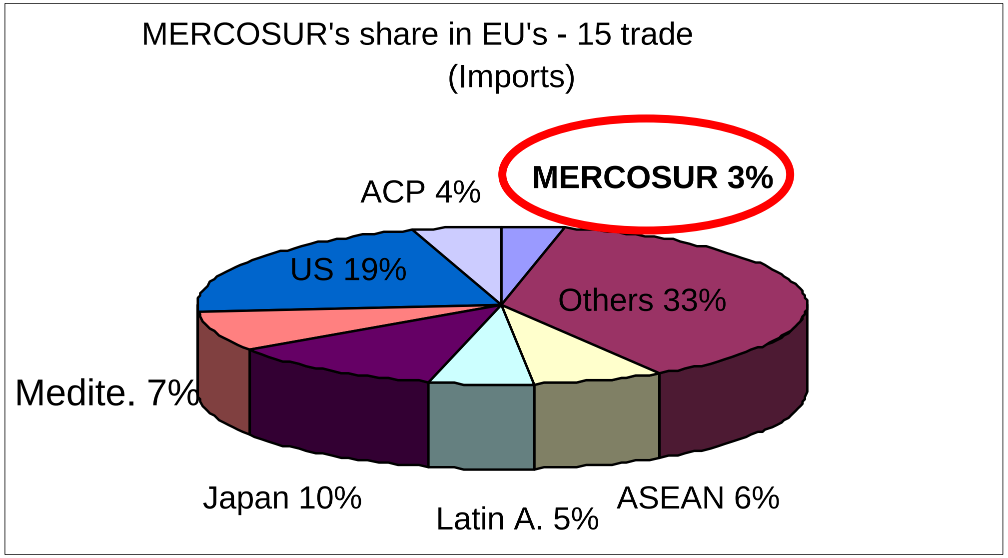
EU's-15 share in the MERCOSUR trade (1996) (Imports)



European Commission (2003)

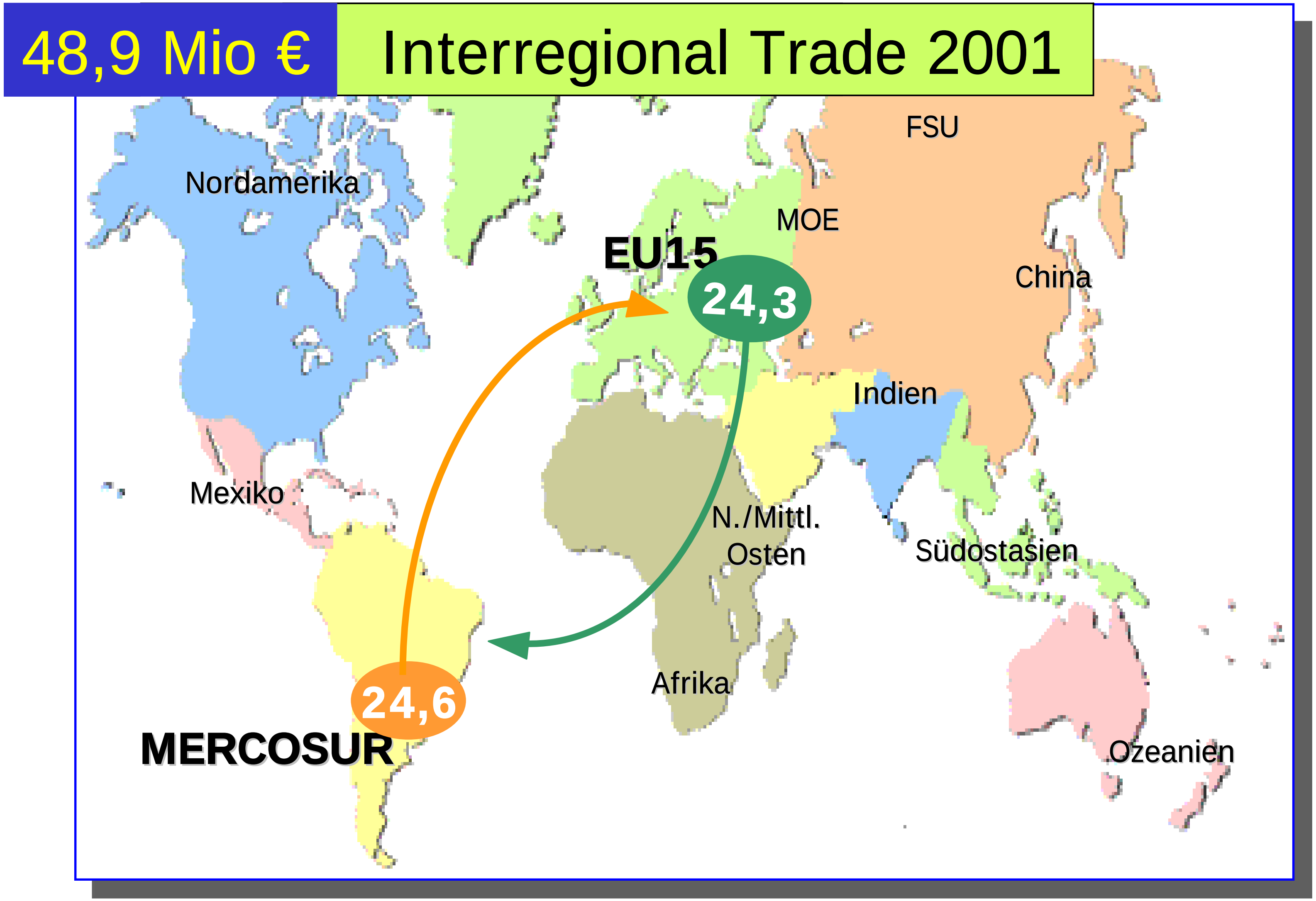
Relevance of Trade Flows





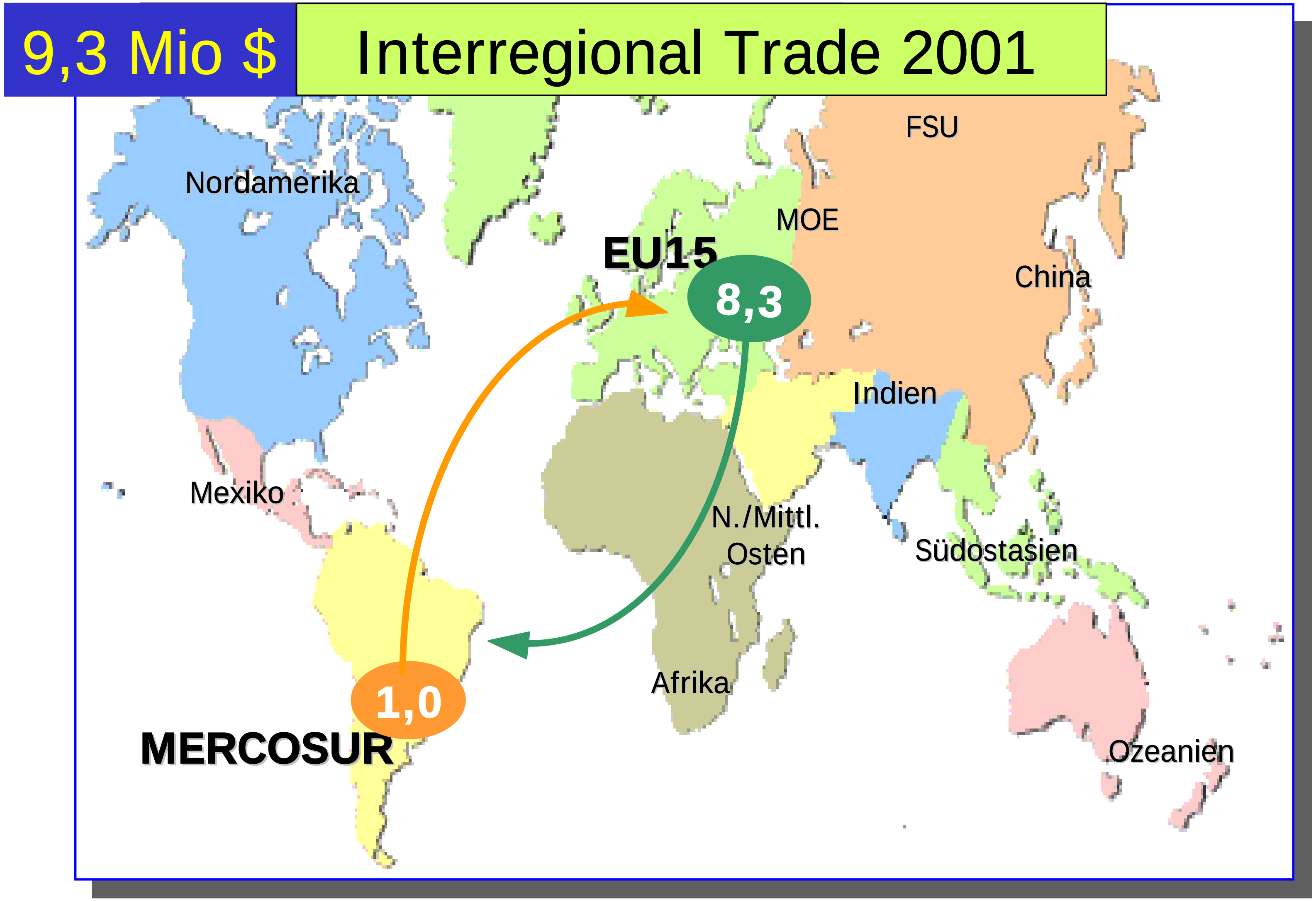
European Commission (2003)

Role of Trade



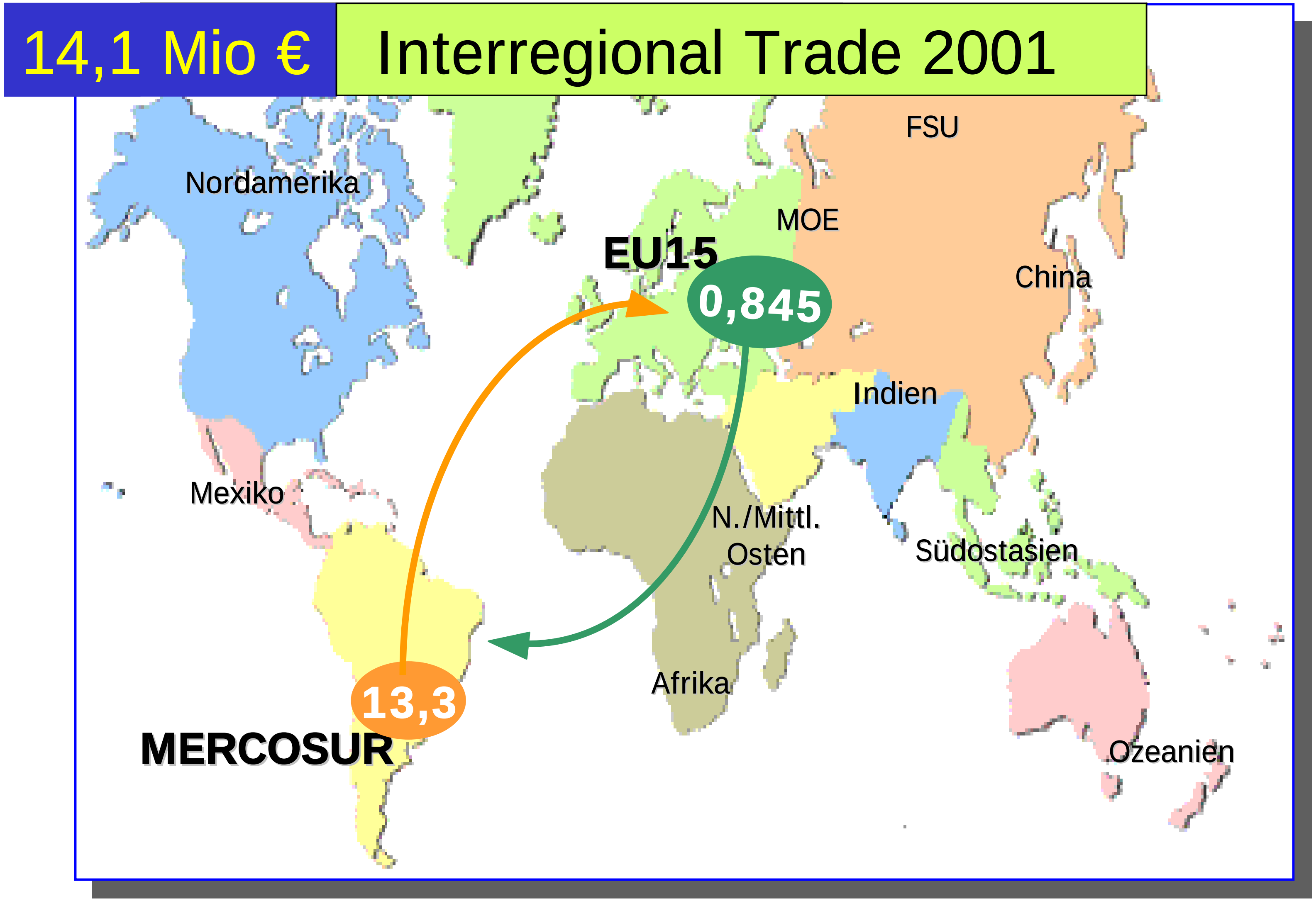
Source: FNP (2003); FAOStat (2003)

Role of Trade (industr. goods)



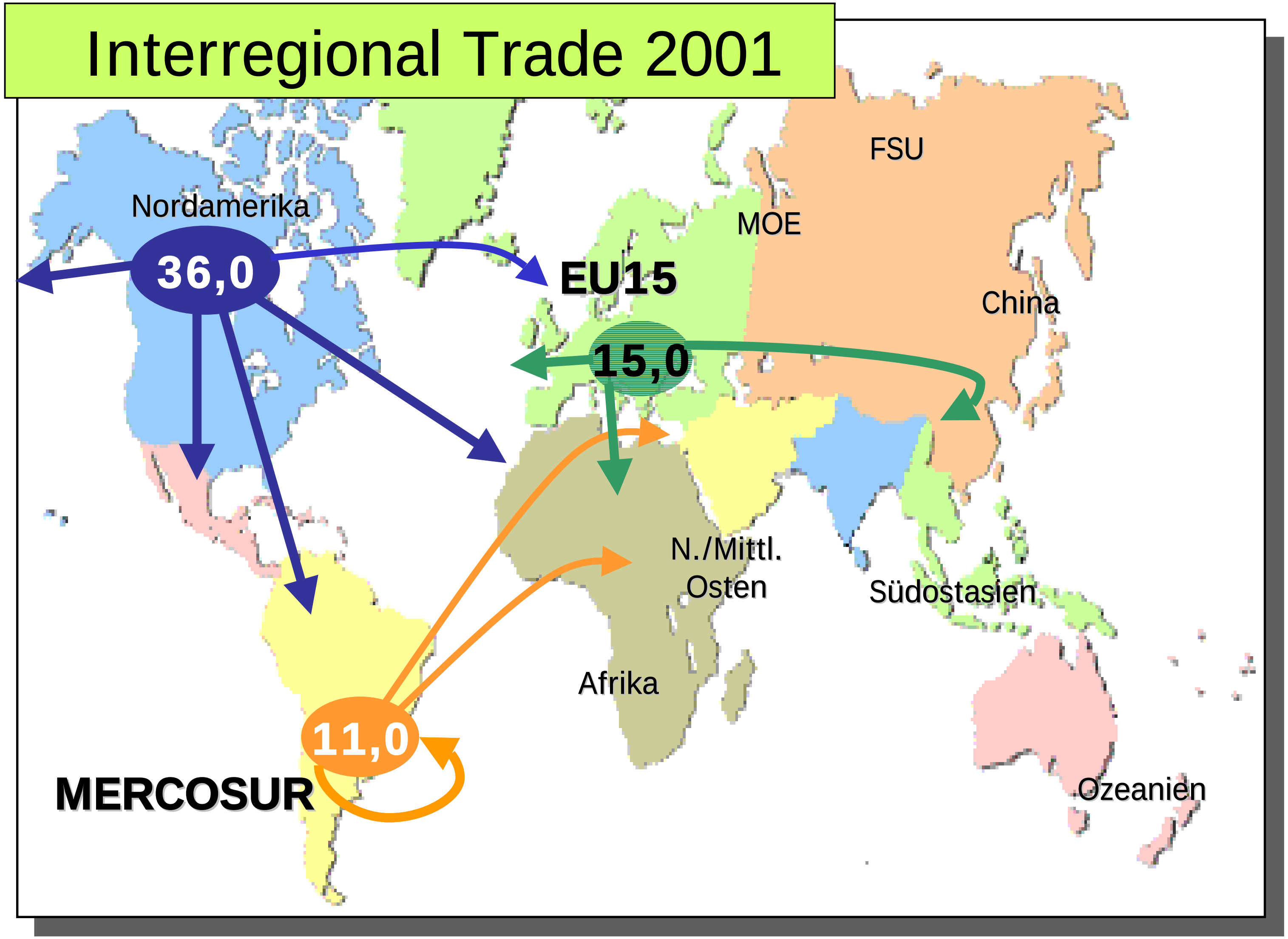
Source: FNP (2003); FAOStat (2003)

Role of Trade (agric. goods)



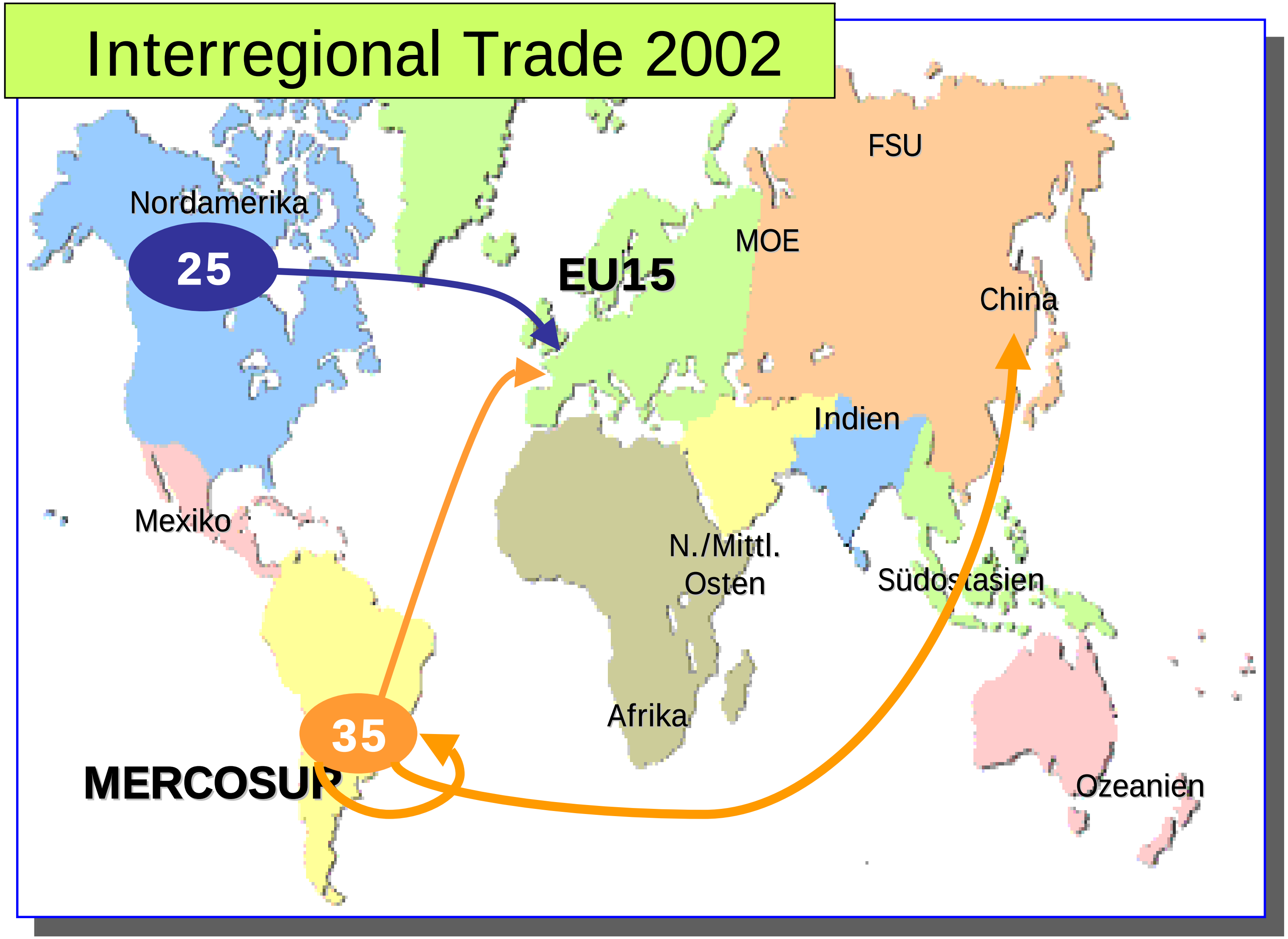
Source: FNP (2003); FAOStat (2003)

Role of Trade (Wheat)



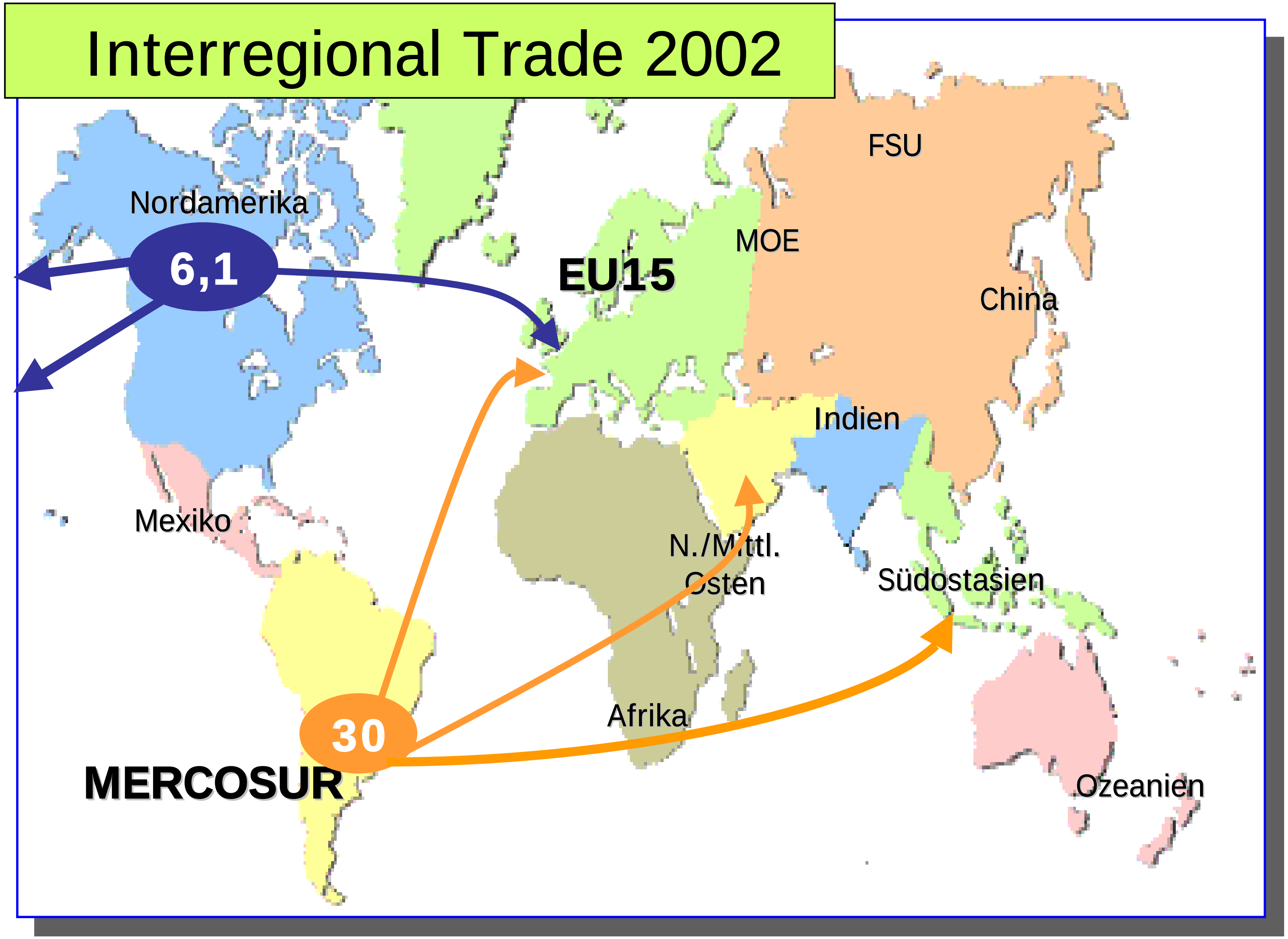
Source: Uhlmann (2002); FAOStat (2003)

Role of Trade (soy)



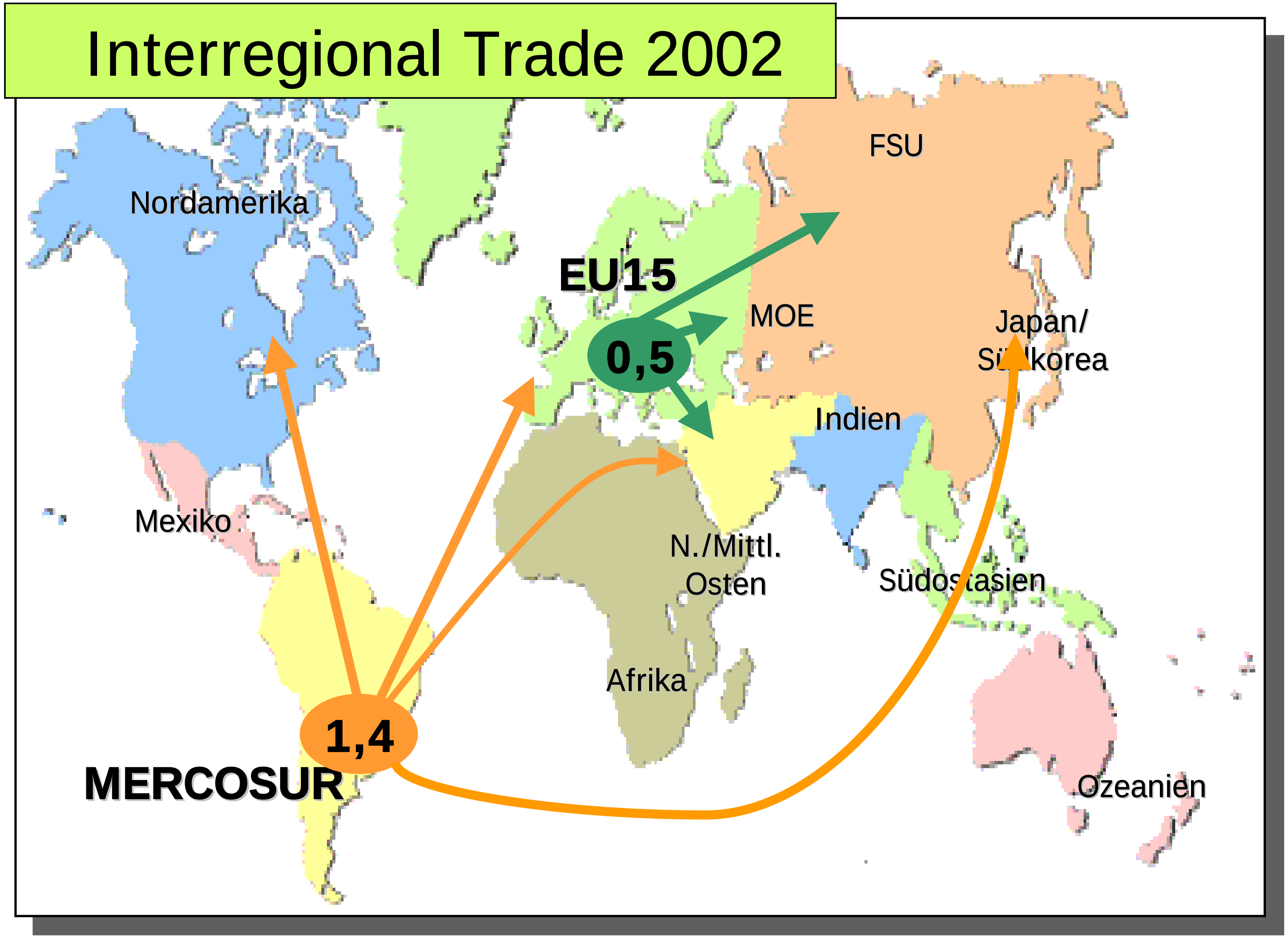
Source: FNP (2003); FAOStat (2003)

Role of Trade (soy meal)



Source: FNP (2003); FAOStat (2003)

Role of Trade (Beef)



Source: FNP (2003); FAOStat (2003)

Role of Trade (Pork)

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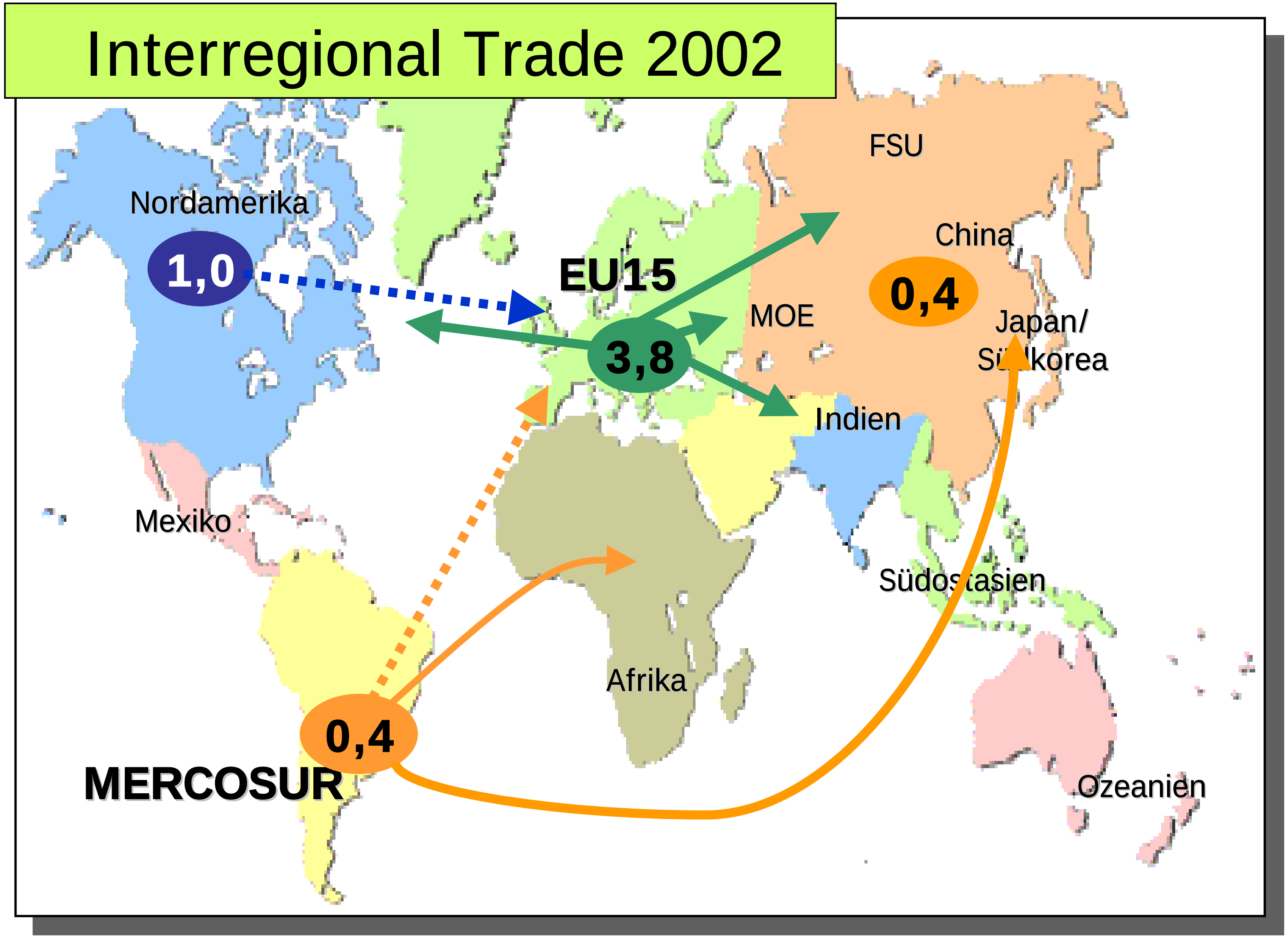

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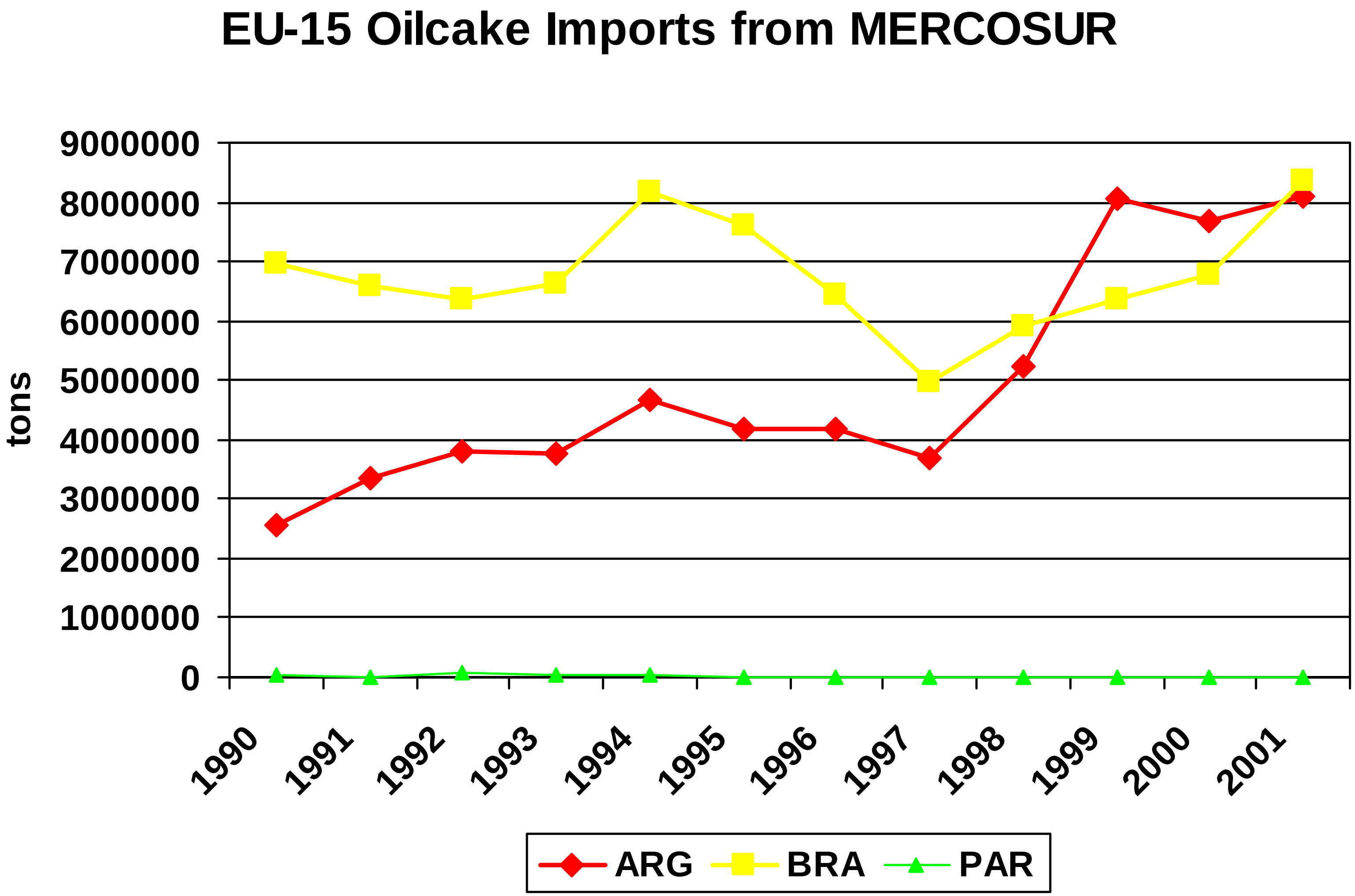
Source: Probst (2003); FAOStat (2003)

Development of Trade Flows



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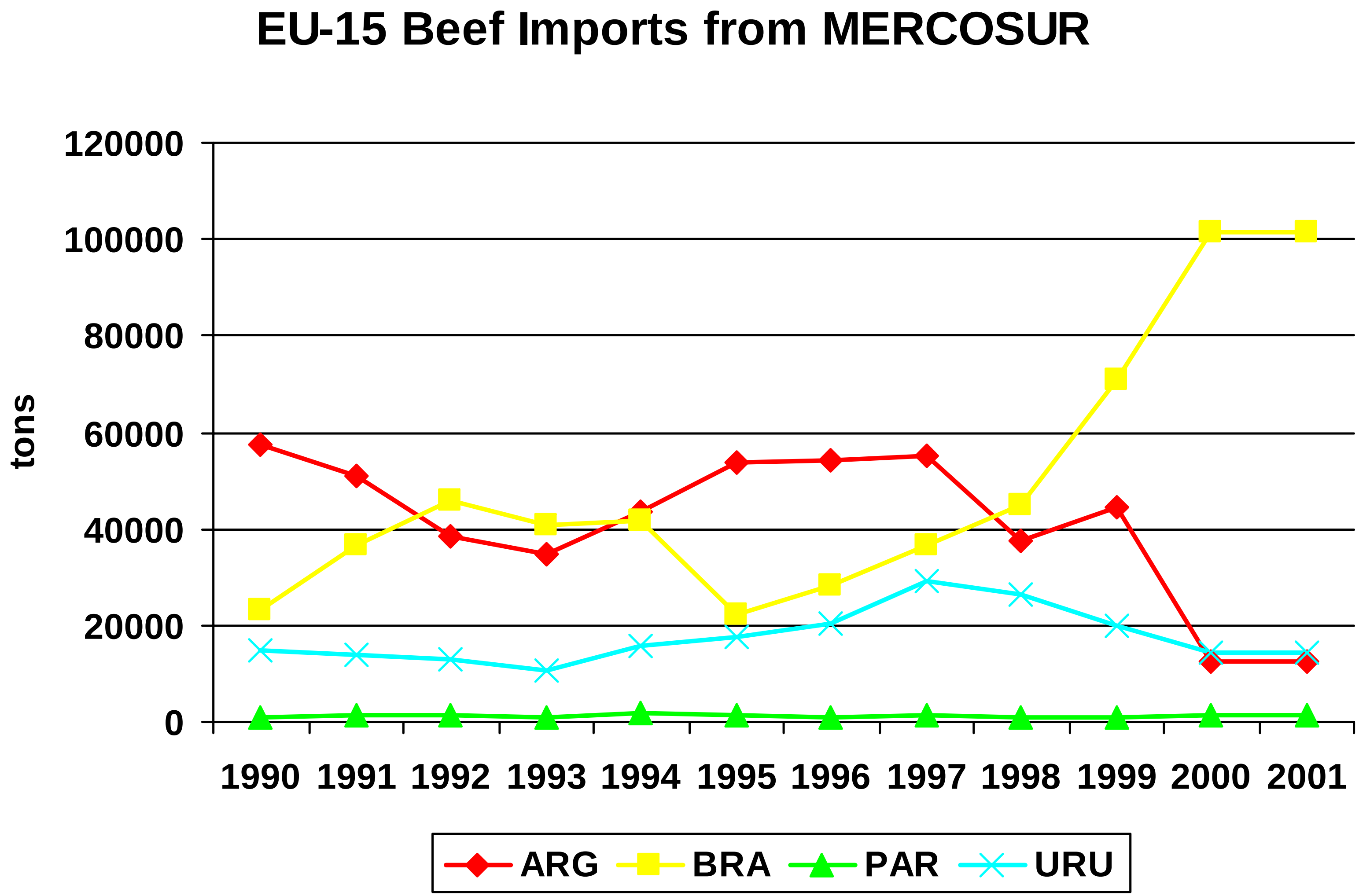
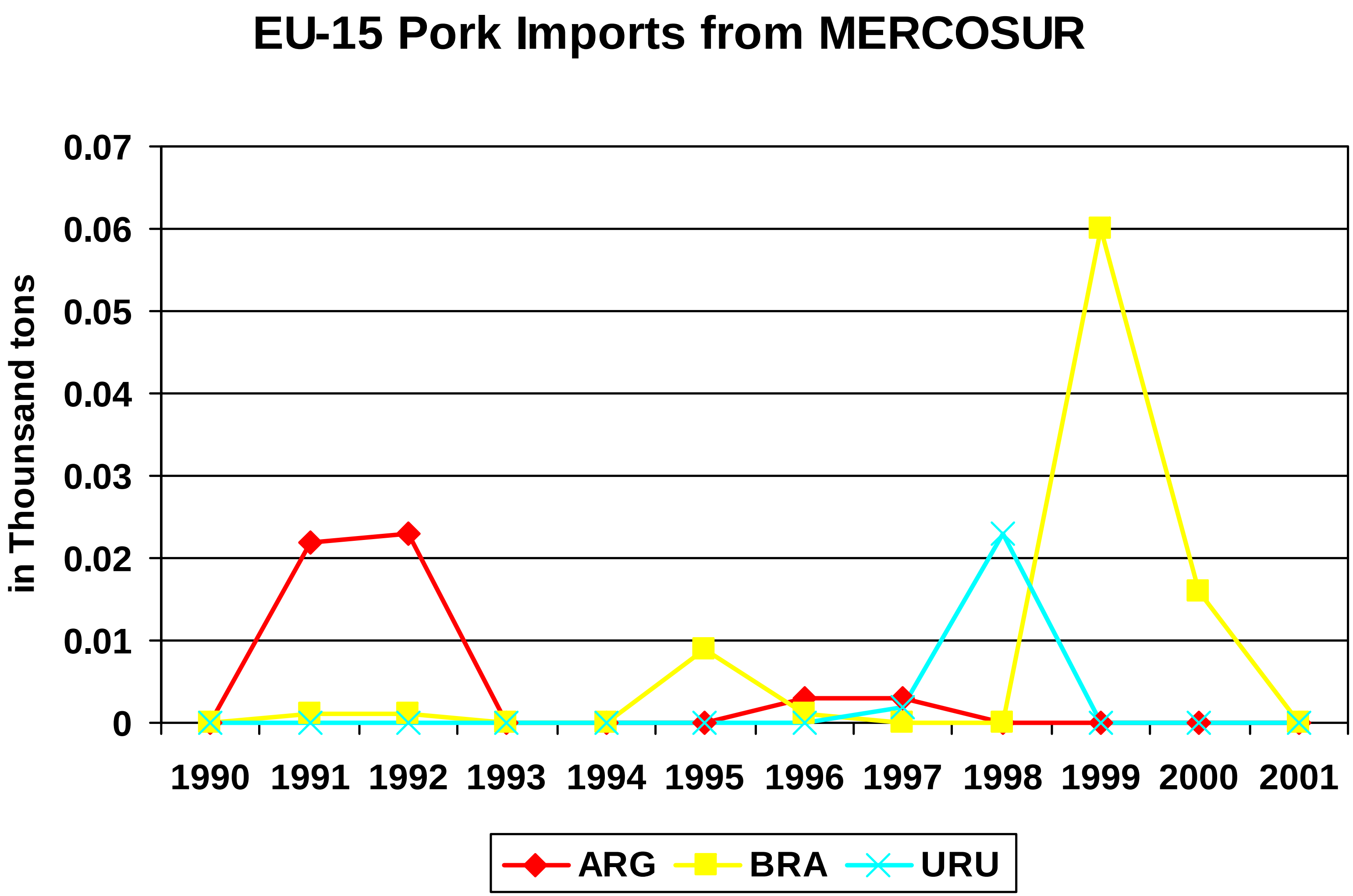
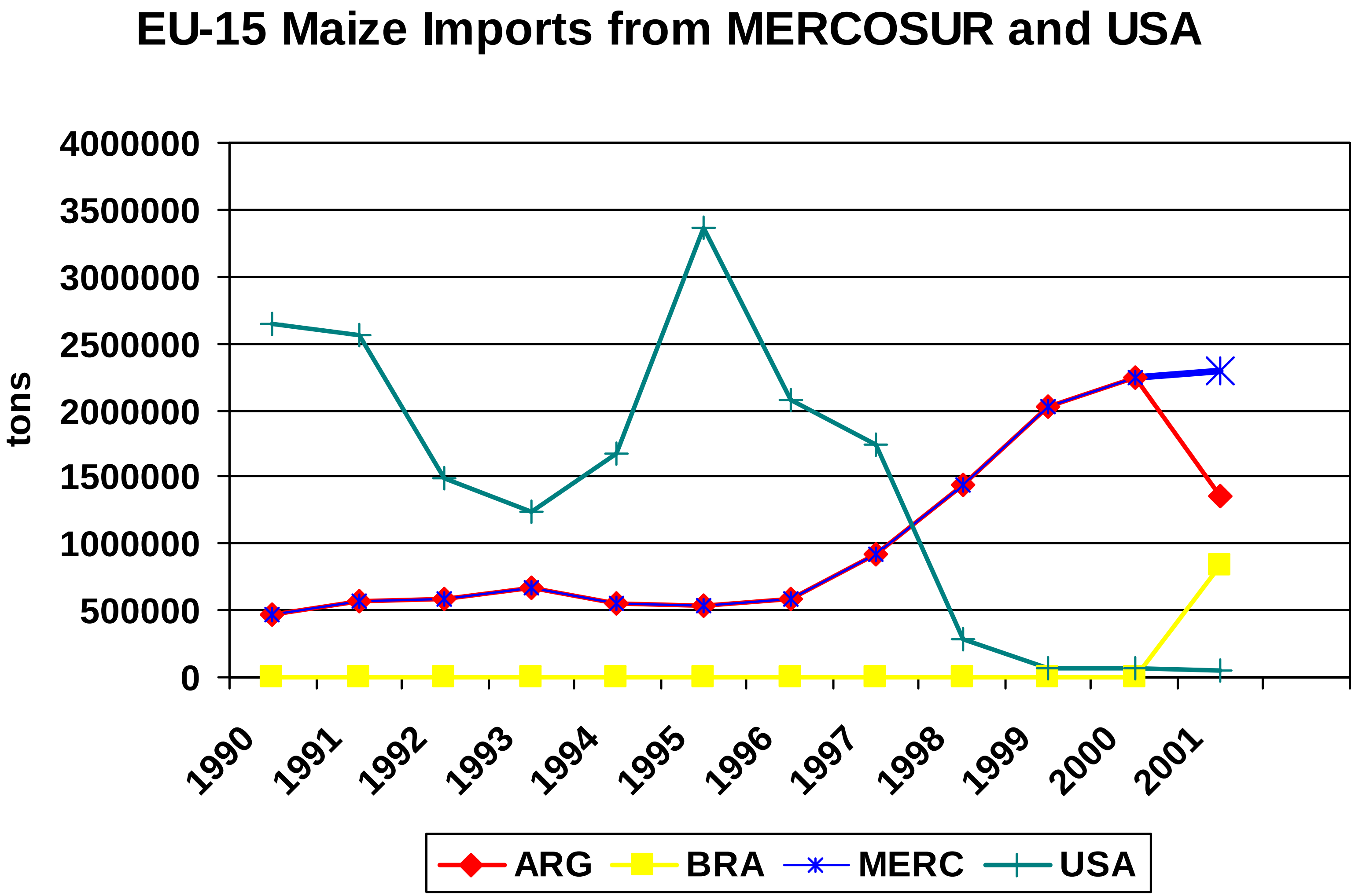


Development of Trade Flows



Development of Trade Flows



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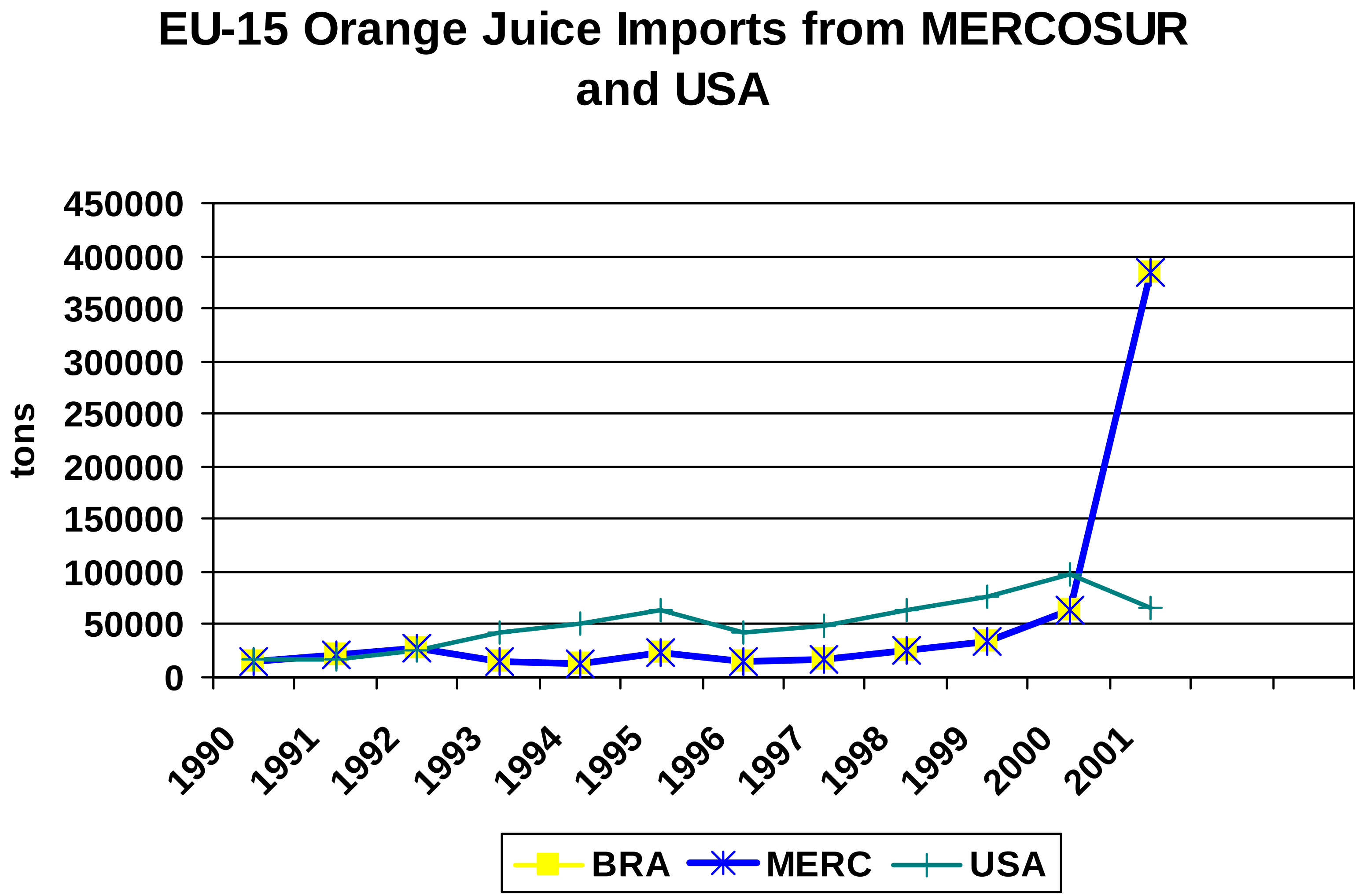
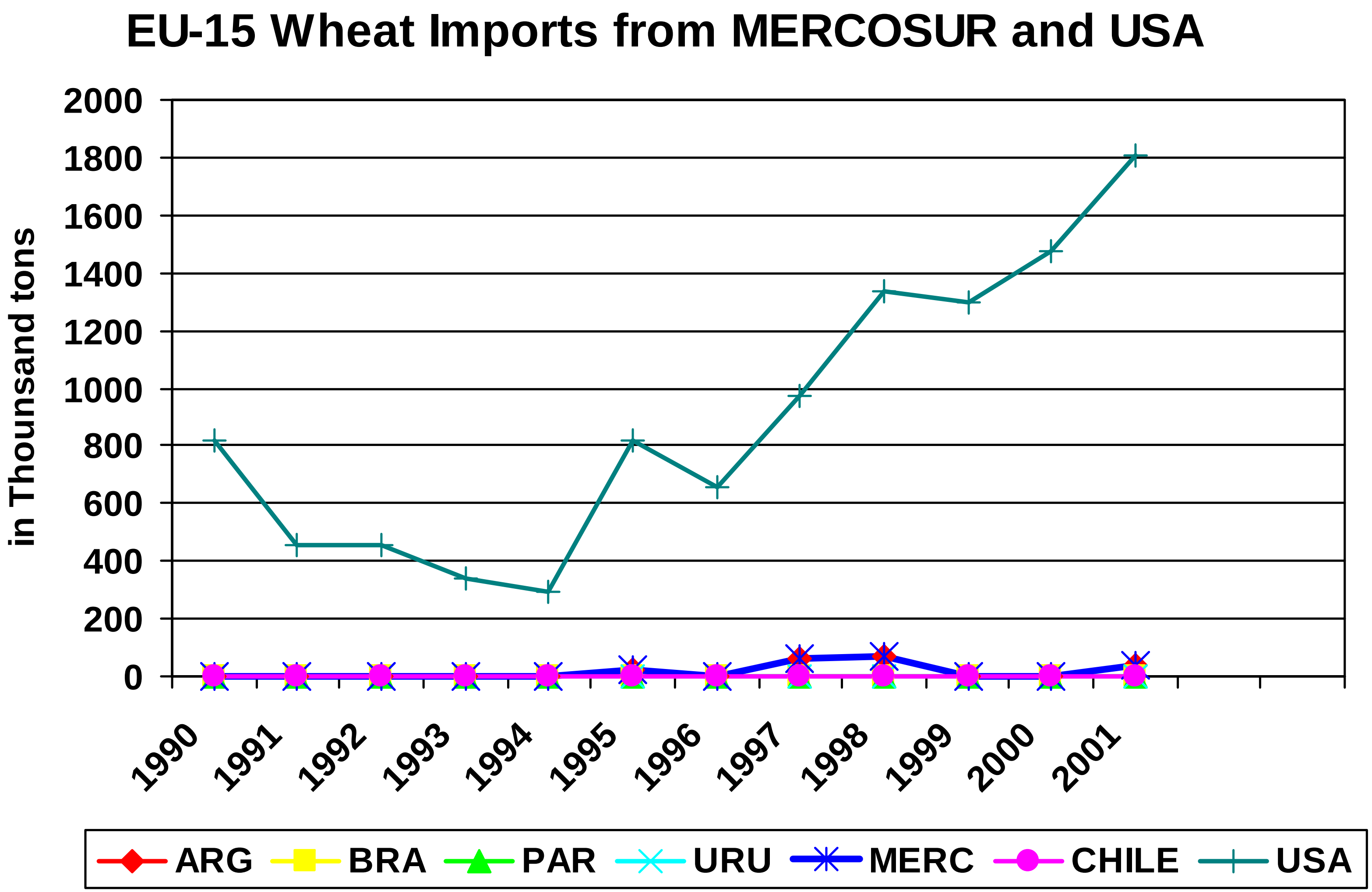


Development of Trade Flows



Conflict of Interest

EU - MERCOSUR

- EU pushes for trade liberalization in industrial goods

- MERCOSUR pushes for trade liberalization in agricultural goods

Intra MERCOSUR

- Argentina's industrial sector is 're-developing' - cheap supply is desired
- Argentina desires exclusive access to agricultural markets in MERCOSUR

- Brasil's industrial sector shows strongly growing tendencies - protection is desired
- Brasil prefer cheap supply with agricultural products

Conclusion

- after 10 years the MERCOSUR countries could not harmonise and deepen their own integration scheme (‘macroeconomics’)
- democratic structures preserved
- big asymmetries inside and outside
- small global players doing regionalism
- forthcoming of the Doha-Round (WTO)

Danke für die Aufmerksamkeit