

15 September 1999

UNICE Statement on EU-Mercosur/Chile/Mexico relations

Conclusions of the 1st EU-Latin America/Caribbean Summit

UNICE welcomes the Rio Declaration adopted by the Heads of State and Government participating in the 1st EU-Latin America/Caribbean Summit that took place in Rio on 28/29 June 1999. In particular, UNICE supports the conclusions and priorities included in the economic chapters of this document, where international co-operation between those regions geared to promoting comprehensive and mutually beneficial liberalisation of trade and investment is considered an instrument for increasing prosperity and combating the destabilising effects of volatile financial flows.

UNICE believes that this Summit is a significant step forward in the process of intensification of economic relations and trade liberalisation. UNICE welcomes in particular:

- the commitments to promote further development and diversification of trade, through the new interregional partnership and in the light of future WTO negotiations
- the decision to take into account, in that context, ongoing and future multilateral and bilateral negotiations for the liberalisation of trade, such as those between the EU and Mexico, Mercosur and Chile
- the recognition in the priorities for action of the priority role to be played by EU-Latin American and the Caribbean business community and, specifically:
 - the invitation to meet periodically in a Business Forum in order to analyse matters of common interest and present recommendations to be considered by governments. UNICE shares this objective and has proposed organising a first Business Summit in Spain in the second half of the year 2000
 - the proposal for the business community to create biregional electronic networks of business associations
 - the specific mention of Mercosur-EU Business Forum/MEBF as an initiative which could help to enrich future EU-Latin America-Caribbean business forums.

UNICE believes that closer relations between business communities are a key instrument for regional integration and economic development. UNICE encourages EU-Latin America-Caribbean institutions and governments to support these initiatives with concrete actions, which should not be regarded as isolated actions but as components of the process of closer cooperation.

EU free trade negotiations

UNICE considers that multilateral and regional trade liberalisation are complementary and should be pursued simultaneously as long as regional initiatives reinforce the establishment of global rules for the conduct of trade and investment.

In that perspective, UNICE has identified four criteria to be met for entering into regional or bilateral FTAs:

- there should be economic and not solely political arguments to justify any proposed FTA. The economic costs and benefits for the EU should be fully assessed;
- the EU should accord priority to achievable agreements that promise significant market benefits. These agreements with third countries should meet two conditions: (a) export and investment opportunities must stand to be enhanced by the removal of high tariffs, non-tariff barriers and impediments to service trade and/or investors, as well as by protection of intellectual property; (b) tariff-free imports are desirable or readily absorbable on the EU market;
- a written report explaining the conformity with WTO article XXIV criteria, notably in terms of coverage and reciprocity, should accompany any proposal for an FTA;
- the FTA should in no way weaken the multilateral trade system or make existing relations between the EU and other trading partners more complicated.

In that context, UNICE believes that the EU and Latin American countries and regional groupings should continue to negotiate the bilateral or regional free-trade agreements under way, and to consider entering into new ones, where these are appropriate to foster trade and investment, notably by increasing market size, and provided that they are in conformity with WTO provisions.

EU-Mexico negotiations

UNICE supports creation of an EU-Mexico free-trade area as the best instrument to foster mutual trade and investment. It believes that delicate issues, such as rules of origin or speed of reduction of tariffs for industrial products, could be regulated in a mutually satisfactory way.

UNICE would like to see an acceleration of reduction of customs duties applied to European industrial products. It believes that European industrial products should not have a less favourable treatment than North American ones.

UNICE welcomes the progress made in July in EU-Mexico negotiations and hopes that an agreement will be reached by the end of 1999.

EU-Mercosur negotiations

The conclusions of the MEBF/Mercosur-EU Business Forum, adopted at the 1st MEBF conference (Rio, 23 February 1999):

- called on Mercosur governments, the EU Commission and EU member states to make every effort to start negotiations between the two regions to facilitate trade, services and investment flows in all sectors and to support the development of a close Mercosur-EU business relationship,
- requested that Mercosur and the EU do everything to avoid creation of new obstacles to trade and investment within and between the two regions,
- urged the EU and Mercosur, with the intention of creating a future free-trade area, to seek continued improvement in market access in order to eliminate tariff and non-tariff barriers, in conformity with WTO rules.

UNICE is very pleased that the political agreement reached by Member States at the 21 June General Affairs Council goes in the same direction. It enables the European Commission to start negotiations immediately with Mercosur on non-tariff barriers to trade. This agreement in particular provides that: negotiations on non-tariff barriers to trade should start immediately and on services and tariffs on 1 July 2001; negotiations will take into account the results of the new WTO round of negotiations, and will be concluded after conclusion of the WTO round; concerning trade, the objective will be progressive and mutual liberalisation of all trade, aiming towards free trade.

UNICE believes that this approach, which will lead to create an EU-Mercosur free-trade area, will produce significant and mutual benefits. UNICE looks for the new WTO round of negotiations and the EU-Mercosur negotiations, to be mutually reinforcing. UNICE also believes that such an EU-Mercosur agreement would also enhance intra-regional trade and increase productivity.

EU-Chile negotiations

UNICE welcomes the agreement reached by Member States at the 21 June General Affairs Council concerning EU-Chile negotiations. UNICE believes that, although Chile is a Mercosur-associated country and the mentioned agreement establishes the same conditions for EU-Chile negotiations as for the EU-Mercosur negotiations, Chile-specific trade relations with the EU and the economic situation justify negotiations moving at their own speed and advancing independently of EU-Mercosur negotiations.

UNICE believes that the new agreement issuing from these negotiations - by improving respective market access for trade in goods and services and the framework conditions for investment - will create new opportunities for economic cooperation.

Conclusions

UNICE believes it essential that the bilateral/regional negotiations develop in full coherence with the WTO multilateral process.

UNICE calls on EU institutions and the Mexican government to make a coordinated effort to accelerate finalisation of an EU-Mexico free-trade agreement which will ensure that European companies can compete on an equal basis, notably with North American companies.

UNICE encourages EU institutions and the Mercosur and Chilean governments to launch and advance, without unnecessary delay, negotiations aiming towards free-trade areas. It also encourages EU institutions to maintain ongoing dialogue and cooperation with other Latin American and Caribbean regional groupings and countries, and progressively and mutually to liberalise trade.

UNICE believes that new free-trade agreements between the EU, on one side, and Mexico, Mercosur and Chile, on the other, could contribute to Latin American integration by facilitating the development of dialogue mechanisms which would improve mutual understanding within the region and thus help to reduce sources of and facilitate resolution of trade conflicts.

To actively contribute to these negotiations and create the proper conditions for increased business cooperation, UNICE strongly supports the strengthening of the dialogue between EU and Latin American business organisations, as well as between business organisations and their respective governments/administrations.

These are UNICE's preliminary positions which could be supplemented to reflect developments in the different issues analysed.
