



14 October 2011

**CONFERENCE ON EU-MERCOSUR ECONOMIC RELATIONS
ORGANISED IN LISBON BY PROFESSOR VITAL MOREIRA
CHAIRMAN OF THE INTERNATIONAL TRADE COMMITTEE**

**ADDRESS BY ANTÓNIO MANUEL FRADE SARAIVA,
CHAIRMAN, CONFEDERATION OF PORTUGUESE INDUSTRY**

Dear ladies and gentleman,

I wish to thank Professor Vital Moreira for his invitation to the business community to be present at this important event. My name is António Manuel Frade Saraiva and I am the Chairman of CIP, the Confederation of Portuguese Industry

I represent BUSINESSEUROPE at this event. CIP is a member of BUSINESSEUROPE along with 40 other industry and employer federations from 35 countries. BUSINESSEUROPE is the leading voice of business in Europe. As business we have come our very strongly in favour of closer EU-MERCOSUR relations at the European level as well as the Portuguese level and so I am glad we were asked to give our support to this conference.

Before I start talking about the EU MERCOSUR relations and the important Association Agreement which makes MERCOSUR so important to the EU, I would like to speak to you about MERCOSUR's biggest member, Brazil, and to debrief you on the EU Brazil Business Summit. The Business Summit took place in parallel to the EU Brazil political Summit in Brussels on 4 October 2011 and was organized by BUSINESSEUROPE, CNI (the National Confederation of Industry-Brazil) and EUROCHAMBRES.

The EU-Brazil Business Summit took place in the Egmont Palace in Brussels and was the fifth Summit of its kind, alternating between Europe and Brazil. It was the first one organised in Brussels under the new Lisbon Treaty rules. BUSINESSEUROPE, the National Confederation of Industry-Brazil (CNI) and EUROCHAMBRES put forward a pragmatic and ambitious agenda of issues, aimed at promoting trade and investment across the two economies. High level business leaders discussed cooperation in vital economic areas, such as innovation, financial services, investment opportunities, energy and climate change.

European and Brazilian business called on political leaders to advance integration between the two economies to promote sustained growth and jobs and to move forward with the EU Brazil Strategic Partnership as an essential policy avenue to boost bilateral relations and build on past achievements.



The EU Brazil Strategic Partnership

The EU-Brazil Strategic Partnership was launched at the first EU-Brazil Summit, held right here in Lisbon in 2007. This initiative was translated into a working agenda by the Joint Action Plan (JAP). The 2011 review of the EU-Brazil Strategic Partnership allowed for the identification of the most important issues in the bilateral relationship.

Business Recommendations for the Joint Action Plan Review:

- a) Create a higher profile mechanism with active and centralized cabinet-level leadership to advance the Strategic Partnership, in close cooperation with business representatives.
- b) Improve mechanisms of coordination, monitoring and transparency of the several initiatives incorporated in the Joint Action Plan (JAP).
- c) Update the agenda of the JAP
- d) Expand and upgrade trade issues in the JAP.
- e) Review the sectors selected for the bilateral dialogues.
- f) Pursue sector or issue-specific agreements
- g) Improve tax regulation to reduce tax burden on investments.
- h) Strengthen bilateral dialogues on regulatory issues,
- i) Improve the mechanisms of dialogue between the intergovernmental process and the business forum.

If you are interested, BUSINESSEUROPE has provided copies of the joint business declaration here and the extensive study can be found on the BUSINESSEUROPE website.

EU-MERCOSUR

The case of the EU-MERCOSUR Association Agreement (including the free trade agreement) was discussed at the EU Brazil Business Summit and raised by Commissioner de Gucht, President Barroso and President Dilma Rouseff.

THE CASE FOR THE EU-MERCOSUR FTA

- EU business welcomed wholeheartedly the restart of the EU-MERCOSUR FTA talks in 2010 and we hope for a speedy conclusion before 2012.
- This FTA is necessary to facilitate a strong growth in trade between a developed market of 500 million consumers and a quickly developing region of more than 200 million consumers.
- EU goods exports to the MERCOSUR Region 2009: **€27.2 billion**
- EU goods imports from the MERCOSUR Region 2009: **€35.1 billion**
- A large percentage of this, around three quarters, of this trade in goods is with Brazil.
- The best way to ensure a further growth in trade between these two regions is with an FTA agreement.
 - o An FTA will reduce uncertainty for companies and investors
 - o An FTA will ensure EU access to MERCOSUR markets that are currently facing real and future obstacles.



- **Why do we need this FTA?**
 - It will create tens of thousands of jobs over the next few years in both regions
 - It will create billions of EUROS in additional trade and investment
 - It will stimulate much needed growth in EU countries, coming out of the recession and ensure fast growth in MERCOSUR countries
 - It will create economic synergies
 - It will buffer the cost of raw materials and ensure access of supply to Europe at the same time ensuring a reliable export market for MERCOSUR countries.

- **What are the issues?**
 - *We would like to see a standstill during the negotiations for any new trade restrictive measures on both sides. This will boost business confidence in the process.*
 - *We want to see full coverage for industrial goods. We understand that there will be some sensitivities but these can be addressed, where appropriate, by longer tariff elimination schedules.*
 - *We expect specific chapters on non-tariff barriers to make sure that tariffs are not replaced by NTBs in the future.*
 - *We want an agreement to phase out all export restrictions on raw materials as this undermines trade.*
 - *We want comprehensive services market liberalization to foster competitiveness.*
 - *We want to open procurement markets to foster cooperation in infrastructure projects.*

Conclusion

We look forward to working more closely with the MERCOSUR countries. In conferences like these and the successful EU Brazil Business Summit last week we can see that there is a keen interest among business and political leaders from both sides to increase cooperation.

Finally, as this event is organized by Professor Moreira, I would like to say that business is very keen to work together with the European Parliament in its newly empowered role and power vis-à-vis Free Trade Agreements. We think the European Parliament can play a positive role in furthering the EU-MERCOSUR relations.

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