EU economic and trade relations with Mercosur

European Parliament resolution on economic and trade relations between the EU and Mercosur
with a view to the conclusion of an Interregional Association Agreement (2006/2035(INI))

The European Parliament,

— having regard to its resolutions of 27 April 2006 on a stronger partnership between the European Union and Latin America (1), of 15 November 2001 on a on a global partnership and a common strategy for relations between the European Union and Latin America (2) and of 26 September 2002 on Mercosur (3),

— having regard to the declarations of the four Summits of Heads of State and Government of Latin America and the Caribbean and the European Union, held in Rio de Janeiro (28 and 29 June 1999), Madrid (17 and 18 May 2002), Guadalajara (28 and 29 May 2004) and Vienna (11 to 13 May 2006),

— having regard to the Luxembourg Declaration, adopted at the 12th Ministerial Meeting of the Rio Group and the European Union, held in Luxembourg on 27 May 2005,

— having regard to the strategic communication from the Commission to the Council and the European Parliament on a stronger partnership between the European Union and Latin America (COM(2005) 0636), presented with a view to the 4th EU-Latin America/Caribbean (EU-LAC) Summit held in Vienna from 11 to 13 May 2006,

— having regard to the Vienna Declaration adopted at the 4th EU-LAC Summit held in Vienna from 11 to 13 May 2006,

— having regard to the Final Act of the 17th European Union-Latin America Interparliamentary Conference held in Lima from 14 to 16 June 2005,

— having regard to Rule 45 of its Rules of Procedure,

— having regard to the report of the Committee on International Trade and the opinion of the Committee on Development (A6-0302/2006),

A. whereas there is concern at the lack of progress with the present negotiation process for an Association Agreement between the EU and Mercosur, as, similarly, with the WTO Doha Round negotiations,

B. whereas the EU and Mercosur share the firm belief that regional integration is the cornerstone of the economic and social development of their peoples, as well as being a key instrument for the consolidation of democracy, the reduction of poverty and inequality and the strengthening of the weight of both regions on the world stage,

C. whereas the EU and Mercosur strongly support a multilateral system of free and fair trade which will stimulate exchanges and contribute to sustainable development and the efficient management of globalisation to the benefit of all,

D. whereas the EU and Mercosur are key players in the Doha Round and both have subscribed to the undertaking adopted at the WTO Ministerial Conference in Hong Kong to achieve a successful conclusion in 2006 to the negotiations launched in Doha, on the basis of a forward-looking and balanced outcome to all the areas under negotiation,

E. whereas on 10 July 2006 the Standards Negotiation Group adopted a new WTO Transparency Mechanism for all regional trade agreements, to enable them to become the foundations on which to build world trade,

whereas the conclusion of an EU-Mercosur Association Agreement is a key factor for progress, on the basis of particular cultural and historical links, with the joint commitment to promoting and strengthening common values such as respect for human rights, democracy, social and economic cohesion, peace and stability through an EU-Latin America bi-regional strategic partnership,

whereas strengthening and improving the economic and commercial relationship between the EU and Mercosur, through an association agreement in keeping with the principles of the WTO's multilateral agenda, may lead to a mutual reinforcement of the two complementary processes,

whereas the successful conclusion of the Doha Round and of an agreement on the EU-Mercosur free trade area (FTA) is essential to bring about a real opening up of the market, improve multilateral standards and thus stimulate economic growth, development and employment throughout the world, effectively contributing to the integration of the developing countries into the world economy,

whereas the conclusion and successful implementation of the Association Agreements between the EU and Mexico, and between the EU and Chile, draw attention to the strategic importance and economic, political and social interest of bi-regional relations between the EU and Latin America based on association agreements that include FTAs,

whereas the creation of an FTA with Mercosur is a top-priority objective in a context marked by the appearance of new trading interests, especially in Asia,

whereas, unlike the negotiations to set up the Free Trade Area of the Americas (FTAA), the EU and Mercosur are proposing to form a global strategic association that goes beyond the strictly commercial aspects,

whereas the forthcoming accession of Venezuela to Mercosur will mean a substantial change in the future EU-Mercosur Association Agreement, particularly with regard to the market in energy,

whereas the successful conclusion of the EU-Mercosur Association Agreement must contribute to economic growth and poverty reduction, with a view to achieving the Millennium Development Goals, especially those relating to poverty reduction, fair and equitable redistribution of wealth, creation of stable employment based on quality jobs, and the social inclusion of excluded groups,

whereas the EU is Mercosur's main investment and trading partner and whereas since 2000 trade between the two regions has gradually increased from a balanced situation to a Mercosur surplus of about EUR 10 000 million in 2004,

whereas Mercosur is at present a beneficiary of the EU's Generalised System of Preferences for lower-income countries,

whereas the EU and Mercosur should, in the framework of the Association and the wider framework of world governance, agree to promote international and multilateral standards on commercial, social and environmental issues,

whereas the inclusion of all the WTO Member States, particularly the G-20, in which members of Mercosur participate, and the G-90, in the WTO decision-making process is positive and necessary,

Stresses that the conclusion of an Association Agreement between the EU and Mercosur, establishing the largest inter-regional FTA in the world, is a priority strategic objective for the EU's external relations, in an international context characterised by increased interdependence, economic growth, the emergence of new economic powers, and an increasing number of global challenges which transcend national borders, among them security, world economic governance, the environment and poverty reduction;
2. Reaffirms the need for the EU to conclude, as soon as possible, a full, ambitious and balanced Association Agreement with Mercosur, based on three pillars: a political and institutional chapter reinforcing democratic dialogue and political cooperation, a cooperation chapter promoting sustainable economic and social development, and a trade chapter establishing an advanced FTA with a broad agenda including, as well as reciprocal liberalisation of trade in goods and services, investment, public procurement, the protection of intellectual property rights, cooperation regarding competition and trade protection instruments, trade facilitation, and a binding dispute settlement mechanism;

3. Regrets the failure of the above-mentioned Vienna summit to result in an ambitious mandate for the relaunch and conclusion of the EU-Mercosur negotiations; stresses, therefore, the need to encourage a negotiation process that is inclusive, effective and transparent; calls for a stronger political impetus and commitment at the highest level, and for the establishment of a definite calendar enabling the negotiations to be concluded as soon as possible;

4. Believes that the conclusion of the EU-Mercosur Association Agreement would represent a significant move towards the creation in the medium term of the Euro-Latin American global inter-regional area proposed by Parliament in its above-mentioned resolution of 27 April 2006;

5. Points out that trade and the negotiation of an advanced FTA that covers a broad agenda is, as well as an effective vehicle for economic growth, also an effective way to secure greater interdependence and closer cooperation at all levels;

6. Welcomes the fact that the Commission, in its above-mentioned communication on a stronger partnership between the EU and Latin America, continues to see regional integration as a priority dimension of support for development in Latin America; insists, in the interests of not undermining the regional integration processes, that the modulated dialogue mechanisms must not be detrimental to the overall vision of regional integration, especially in the case of Mercosur;

7. Stresses that the institutionalisation of the forthcoming Mercosur Social Summit — which is to be held in December 2006 and which will involve the various sections of civil society in the social agenda — could play an important role in strengthening the integration process; calls on the Commission to support this new initiative for integration and to strengthen the social dimension of the future Association Agreement;

The EU’s interests concerning an FTA with Mercosur

8. Recalls that Mercosur is an area with major potential for growth and commercial expansion, with 45% of the population of Latin America and constituting its most important market, with 45% of GDP; stresses, therefore, that an EU-Mercosur FTA, which would be the world’s biggest inter-regional free-trade area, would generate significant opportunities for business and economic growth and would boost the international competitiveness of both markets;

9. Insists that an EU-Mercosur FTA is vital for the reinforcement of the EU’s leading role as Mercosur’s biggest trade and investment partner, and for strengthening intercontinental integration, and so insists that it must be completed in the face of the option of continental integration proposed in the FTAA; points out that the FTAA initiative for trade liberalisation in the Americas and Mercosur’s own expansion and opening-up to the Asian, South African or Gulf Cooperation Council markets is a common geopolitical interest shared by both continents;

10. Points out that, unlike what is happening in Latin America as a whole, where US imports are three times higher than those from the EU, in Mercosur the EU quota is about 25% compared with 20% from the USA;

11. Considers that the decisive contribution that would result from an EU-Mercosur FTA is also important for the consolidation of Mercosur as a common market, customs union, global integration process and model for other integration processes in Latin America;
The costs of not reaching an agreement

12. Stresses that, according to studies on the impact of creating a EU-Mercosur FTA carried out by the Mercosur section of the Institute of Political Studies in Paris for the Mercosur-EU Business Forum (MEBF), the costs of not reaching an agreement are estimated to be at least EUR 3 700 million per annum in trade in goods, rising to over EUR 5 000 million if investment and services are included;

Negotiation of the FTA with Mercosur

Principles, scope and relationship to the Doha Round

13. Reiterates the need for a single and indivisible trade agreement which goes beyond the respective WTO obligations and, without excluding any sector, takes account, in the least restrictive fashion possible, of the specific sensitivity of certain products;

14. Regrets the fact that, despite Parliament’s recommendations that negotiation of the Mercosur agreement should be decoupled from the Doha Round, the delays in the negotiations with Mercosur have led to their temporary de facto subordination to the development and finalisation of the Doha Round; believes that the two processes, rather than being mutually exclusive, are complementary;

15. Insists that the FTA between the EU and Mercosur, like the conclusion of the Doha Round, must not be subordinated exclusively to concluding negotiations on agricultural issues, and that negotiation and progress are needed in every field, in parallel and with a high level of ambition, including trade in goods and services, investment, public procurement and other trade barriers;

16. Considers that the EU and Mercosur, as privileged trading partners, should cooperate more closely in multilateral trade negotiations, particularly in the WTO, where they often have common interests in the further liberalisation of world trade;

Special and differential treatment

17. Considers that the negotiations will only be able to make headway on the basis of a reasonably shared criterion on the value of the respective concessions and points out, therefore, that there is a need for effective recognition of the principles of ‘less than full reciprocity’ and ‘special and differential treatment’, depending on the levels of development and sectoral competitiveness of the two regions and not in global or absolute terms that would be remote from the specific reality of each market;

Agriculture

18. Recalls that the Commission has said that the offer to Mercosur regarding agriculture is the most ambitious ever made in a bilateral negotiation, and that the EU is the biggest importer of agricultural products from Mercosur, accounting for 48 % of total imports in 2005; considers that in this context, the EU is entitled to expect an equally ambitious offer from its partners in Mercosur;

19. Recalls that, under the 2003 reform of the common agricultural policy, the EU has substantially reduced its trade-distorting national subsidies and has asked for concrete undertakings along the same lines from other trading partners in the framework of the Doha Round;

20. Draws attention, as a point of major interest for Mercosur, to the important offer made by the EU in the Doha Round of abolishing its export refund scheme by 2013, and insists that there is a need for other members of the WTO to take similar action in the areas of export credits, State trading enterprises and food aid; points out, nevertheless, that comparable progress still needs to be made in the areas of internal aid and market access;
21. Believes that the degree of flexibility of the EU’s response to Mercosur’s requests regarding market access for its agricultural products needs to be dependent on the progress made in other areas, such as access to the market in non-agricultural products (NAMA) and in services, as well as other agricultural issues such as the agreement on wines and liquors, the proper protection of geographical designations, the elimination of unjustified trade protection measures, and the application of health, phytosanitary and animal welfare standards;

22. Calls on the Commission to exercise vigilance with respect to demands for preferential access to the Community market in bioethanol by the member countries of Mercosur during the EU’s bi-regional negotiations with that area;

23. Supports the Commission’s intention of applying a balanced approach in the trade negotiations with ethanol-producing countries and of maintaining the conditions for importing biofuels into the EU, to combine the interests of European industry and the EU’s trading partners, as also the aims of Community policies, particularly of reducing its foreign energy dependence;

NAMA (non-agricultural market access)

24. Calls for a far-reaching and balanced outcome to the NAMA negotiations, so as to ensure new and real opportunities for market access in the entire sphere of trade, subject to the appropriate degree of flexibility regarding the timetable for eliminating tariffs; this will include securing the maintenance and expansion of sustainable fishery-related activities with a view to preserving stocks and particularly endangered species;

25. Draws attention, in this context, to the importance that the EU attaches to the fishing industry and its processed products, such as canned tuna;

Services

26. Stresses that both for Mercosur and the EU, where the services sector generates the greater part of GDP, major benefits would accrue from an ambitious and comprehensive agreement covering both sectoral liberalisation undertakings, including Mode 4, and the areas of legal certainty and reliability as regards service provision;

27. Considers that the potential for growth in mutual trade relations is greatest in the services sector, in which the Mercosur members are slowly but surely recovering from a deep economic crisis which can be avoided in future by sustainable economic cooperation between the two trading blocs;

28. Draws attention to the importance of achieving real improvements regarding the liberalisation undertakings thus far agreed and applied and the need for a clear and stable regulatory framework for the free movement of capital and in particular of financial services, as in activities related to telecommunications and maritime and air transport;

29. Draws attention to the steadily increasing potential of the tourist industry for the economy of the Mercosur countries and underlines the importance of promoting tourism between the two regions;

Investment

30. Points out that European investment has focused on services that are fundamental for the economic growth of Mercosur and on production sectors with long-term prospects, as a source generating employment and prosperity;

31. Stresses the importance of negotiating an investment chapter which will ensure a clear and stable regulatory framework for the promotion and protection of foreign investment, without discrimination on grounds of nationality and providing the necessary legal certainty for the implementation of investment agreements;

32. Underlines the need for investment to be accompanied by infrastructure, the driving force behind economic growth;
33. Points out that consolidating and strengthening Mercosur, mainly by finalising the Customs Union and developing the common market, including the establishment of a common foreign trade policy and the effective free movement of imported goods, is essential to reduce the barriers for economic operators and encourage trade and investment exchanges between the two regions;

34. Points to the need for decisive action on the further harmonisation of accounting and auditing standards to increase the flow of trade;

35. Points out that the question of debt and lending is still one of the main obstacles to rationalising public administration and economic progress in Mercosur, and that it should be an essential chapter in cooperation between the two regions;

36. Notes that monetary weakness, resulting from the diversity and weakness of the various South American currencies and in particular their heavy dependency on the dollar, is often an obstacle to European investments; urges that the euro be more widely accepted, and used to a greater extent in payments for imports and exports;

Public procurement

37. Emphasises that, since none of the Mercosur member states is party to the WTO's Multilateral Agreement on Government Procurement, an agreement on public procurement is vital for the creation of an environment that is considerably more secure, reliable, transparent and non-discriminatory for economic operators;

Intellectual property

38. Insists that the EU-Mercosur trade agreement must go beyond the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS+); states however that any TRIPs+ agreements must not preclude the public health safeguards available to WTO members under TRIPS, as that would restrict access to affordable medicines in developing countries;

Sanitary and phytosanitary measures

39. Considers that inclusion in the agreement of a chapter on sanitary and phytosanitary measures would help to prevent these from being used as covert instruments for protection and would thus improve access to the respective markets;

Other barriers to trade

40. Points out that approximation of the two regions' systems for standards and certification will result in better reciprocal access to the markets, especially in the trade in industrial products;

41. Recommends greater and closer cooperation between the respective bodies for standardisation, accreditation, certification and metrology, and special technical assistance by the EU to improve Mercosur's capabilities in this area and as far as possible encourage the harmonisation of these technical aspects between the different Mercosur countries;

Dispute settlement

42. Stresses that the agreement must include an institutionalised dispute settlement instrument, with the power to issue binding rulings on conflicts arising in any of the areas covered by the FTA;
Cooperation between the EU and Mercosur

43. Points out that the EU is, by far, the largest donor of development aid for Mercosur and the only one that has established a cooperation strategy geared to strengthening regional integration;

44. Points out that in addition to regional cooperation, the Mercosur member States benefit from bilateral cooperation with the EU and are the main beneficiaries of European Investment Bank loans and the horizontal cooperation programmes for Latin America: @LIS, ALBAN, AL-INVEST, URB-AL, ALURE and ALFA;

45. Points out that the strategy of cooperation between the EU and Mercosur is based on shared values of defending democracy, respect for the rule of law, safeguarding fundamental rights and freedoms and solidarity between the two regions; insists that the geostrategic importance of the economic association between the two regions will help to disseminate those common values throughout the world, encouraging multilateralism as the only way of facing the challenges of security, political stability and economic growth with which the international community is confronted;

46. Considers that, in the current cooperation agreement, political dialogue is strengthened with more detailed mechanisms, and the need to respect human rights and good governance is stressed, but insists that it is still necessary to ensure that the cooperation chapter is efficient in eradicating poverty and is coherent with other EU development policy instruments in Latin America; emphasises the need to maintain a balance between trade and development in the final agreement, without the trade chapters contradicting the development ones;

47. Emphasises that good governance, human rights and democracy are essential parts of the Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: ‘The European Consensus’ (1) and that further efforts are required to tackle poor governance in commercial and public services;

48. Stresses the need to ensure that the standard human rights clause will be part of the agreement;

49. Calls on the Commission to ensure increased funding for the new strategy for regional cooperation with Mercosur for 2007-2013, so as to give it a secure basis for tackling the institutionalisation and deepening of Mercosur, the rapid and complete implementation of the future EU-Mercosur Association Agreement, especially as regards completion of the customs union and common market, and the enhanced participation of civil society with a view to improved mutual understanding and more visibility for cooperation;

50. Points out, as is stated in the above-mentioned ‘European Consensus’, that the EU, drawing on its own experience and its exclusive competence in the field of trade, brings a comparative advantage to providing aid to its partner countries for integrating trade in their national development strategies and for supporting regional cooperation;

51. Calls on the Commission to establish operational support measures for enterprises, their employees and their representatives in both regions, particularly small and medium-sized enterprises (SMEs), for economic and social relations between the EU and Mercosur;

52. Believes it is essential that Mercosur should benefit from cooperation and development aid, prioritising the fight against poverty and inequality while also taking account of the crucial role of economic cooperation for achieving development goals and a fairer distribution of wealth, and helping the Mercosur countries develop competitive economies and secure effective integration into the multilateral trade system;

53. Points out that both the cooperation chapter of the Association Agreement between the EU and Mercosur and the new Instrument for Financing Development Cooperation must, in this context, encourage and facilitate cooperation with the Mercosur countries through ambitious measures designed to facilitate and promote trade and investment, support for the private sector and SMEs, improving scientific and technological potential and the institutional and economic framework, protecting the environment and measures to establish contacts between businesses and non-governmental organisations;

Environment

54. Points out that cooperation with Mercosur must promote application of the main international agreements on the environment, particularly the Convention on Climate Change, the Kyoto Protocol and the Convention on Biological Diversity;

55. Strongly supports the view therefore that the cooperation and economic instruments should also be used to guarantee the preservation of the environment in Mercosur countries, with a special focus on the Amazon forest; stresses that the development of sustainable agriculture in Mercosur countries should also be of interest for European cooperation and that fair trade and organic production should be encouraged, for instance through negotiating a specific EU tariff for fair trade and/or organic products;

Energy

56. Believes that the cooperation chapter of the Association Agreement with Mercosur should encourage closer regional cooperation in the energy sector, particularly in view of the future accession of Venezuela, with a view to promoting safe and efficient energy use and increasing the use of renewables;

Information and communication technologies

57. Recommends, in agreement with the proposal by the Commission's Directorate-General for the Information Society and Communication Media, that cooperation should be stepped up with the Mercosur countries in the area of information and communication technologies, a field of great potential for improving the competitiveness and social cohesion of both regions;

Other areas of cooperation

58. Stresses the importance of core labour standards and decent jobs for the development of Mercosur; states therefore that the agreement must include a specific agenda on decent work tailor-made for Mercosur Member States and a commitment by the EU to offer all necessary assistance in achieving that agenda;

59. Highlights the importance of the EU-Mercosur Labour Forum — established by the European Trade Union Confederation (ETUC) and the main trade union organisations within Mercosur — as regards attaining social and labour-related goals in the region; stresses that it would be appropriate to foster the establishment of a dialogue between the European Economic and Social Committee and Mercosur's Economic and Social Advisory Forum so as to strengthen institutional cooperation between advisory bodies in both regions and increase the involvement of social stakeholders in the integration process;

60. Considers that in addition to the repressive aspect concerning the fight against drugs, the agreement should insist on delivering aid to farmers to help them start new alternative production;

61. Understands, in relation to illegal immigration, that not only should provision be made for re-admission agreements, but that it is important to take into account the current thinking by the international community;

62. Considers that once the agreement has come into force, promoting triangular and bi-regional cooperation — predominantly with the Caribbean — and encouraging the South-South agreement policy of the Mercosur should also be promoted;

63. Recalls that it has urged the creation of a bi-regional solidarity fund since adopting its above-mentioned resolution of 15 November 2001 and that this demand has been reiterated several times, most recently in its resolution of 27 April 2006;

64. Is of the opinion that such a fund would be a useful tool for bi-regional cooperation which could also benefit the EU-Mercosur relationship; would be a concrete translation of the EU commitment to increase and better manage its external cooperation aid, and be conceived as an instrument to fight poverty; and would focus EU cooperation on core issues such as social cohesion and regional integration.
Role of Parliament

65. Urges Mercosur to successfully complete the preparations for setting up the future Mercosur Parliament with representatives from the various national parliaments; takes the view that the creation of an inter-parliamentary delegation formed by members of the Mercosur Parliament and Members of the European Parliament could help achieve greater participation by the European Parliament in driving these negotiations; points out, furthermore, that contacts between the EU and Mercosur would thus be strengthened, and the integration process would be boosted with the necessary participation of civil society in the form, inter alia, of the social partners, economic operators and social agents of the two regions, which would lend the process greater legitimacy; in this connection, pledges its support for the establishment of a Euro-Latin American Parliamentary Assembly comprising Members of the European Parliament and of the Latin American integration parliaments;

66. Stresses the need for close cooperation by all the EU institutions in order to obtain satisfactory results in the negotiations with Mercosur; calls on the Council and Commission, therefore, to consult and inform Parliament in proper and timely fashion on the EU’s strategy in those negotiations; asks the Commission, at the end of each round or significant negotiating meeting, to forward a document to Parliament describing the results obtained, subject to the confidentiality rules in force;

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67. Instructs its President to forward this resolution to the Council, the Commission, and the pro tempore Presidency of Mercosur.

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Soft fruits and cherries

European Parliament resolution on the situation with regard to soft fruits and cherries intended for processing

The European Parliament,
— having regard to Council Regulations (EC) Nos 2200/96 (1), 2201/96 (2), 2202/96 (3) and 2699/2000 (4), which form the basis for the CMO in fruit and vegetables,
— having regard to its resolution of 5 July 2001 on the report from the Commission to the Council on the common organisation of the market in fruit and vegetables (5),
— having regard to Commission regulations (EC) No 1432/2003 (6) regarding the recognition of producer groups and (EC) No 1433/2003 (7) on operational funds and programmes in that sector,
— having regard to Commission regulations (EC) No 1535/2003 (8), 2111/2003 (9) and 103/2004 (10) simplifying the provisions of the regulations in force in the sector,