

“2018 Brussels Annual Conference on
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**Trade agreements between the
European Union (EU) and Latin
America and the Caribbean (LAC)**

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EU's international trade relations

- The **European Union** (EU) is the second (?) largest economy in the world (if treated as a single country).
- The EU is the world's largest trading block, and first in international investments (inbound and outbound).
- The EU has exclusive powers on the EU's trade policy, so also international trade negotiations. This includes:
 - the WTO and other trade organizations (e.g. WCO)
 - the EU's customs unions and all international trade agreements (bi-regional, sub-regional, bilateral).
 - the EU's Generalised Scheme of Preferences (GSP), including the "Everything but Arms" (EBA) with least developed countries (LDC's)

THE STATE OF EU TRADE

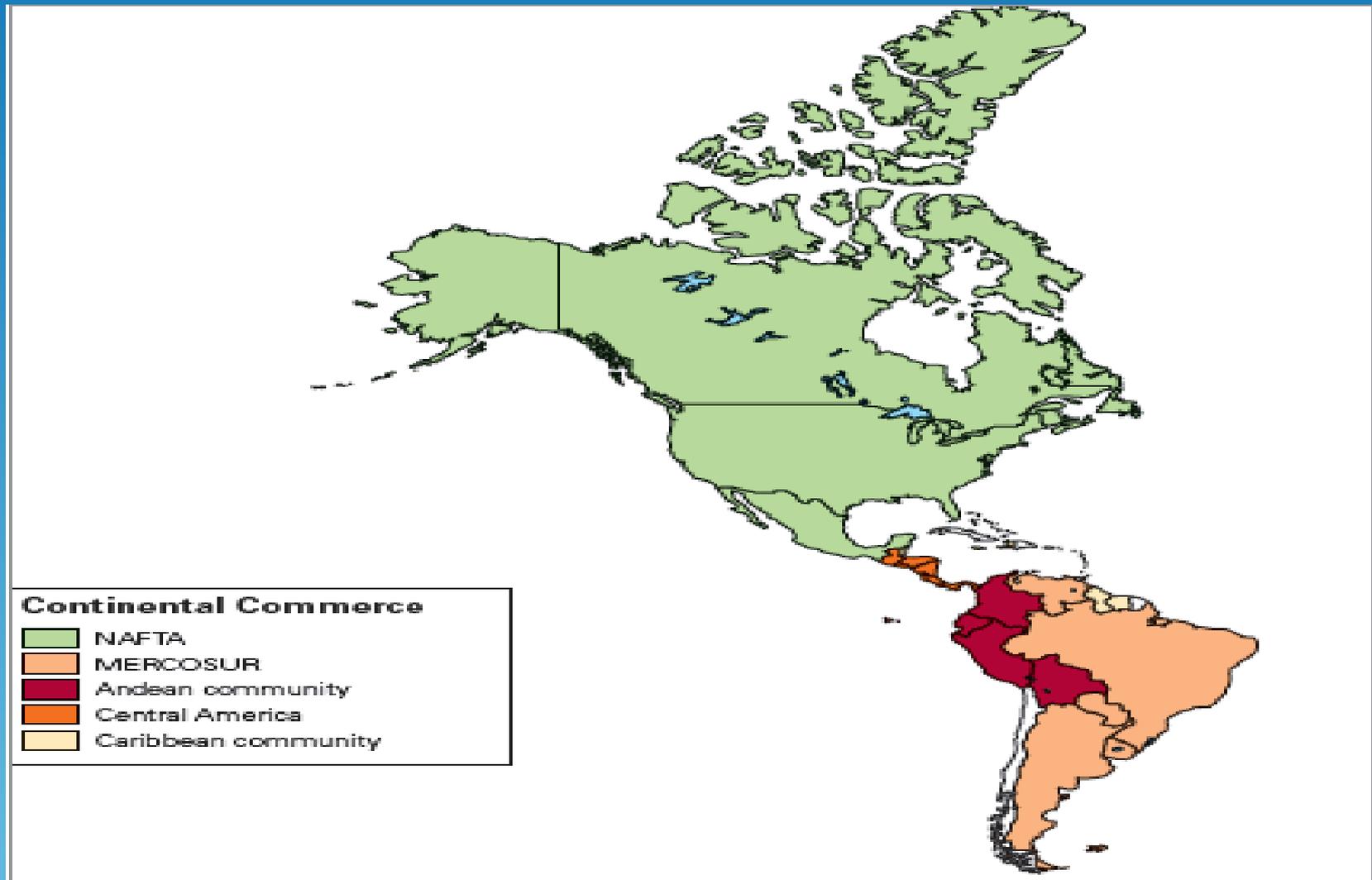
2017



-  EU & Customs union (Andorra, Monaco, San Marino, Turkey)
-  European Economic Area (Norway, Iceland, Liechtenstein)
-  Applied preferential trade agreement (FTA, EPA, DCFTA)
-  Preferential agreement awaiting application
-  Pending negotiations for a preferential trade agreement
-  Potential preferential trade partners
-  Pending negotiations for a stand-alone investment agreement
-  Preferential agreement in the process of modernisation

@Trade_EU
#EUtrade

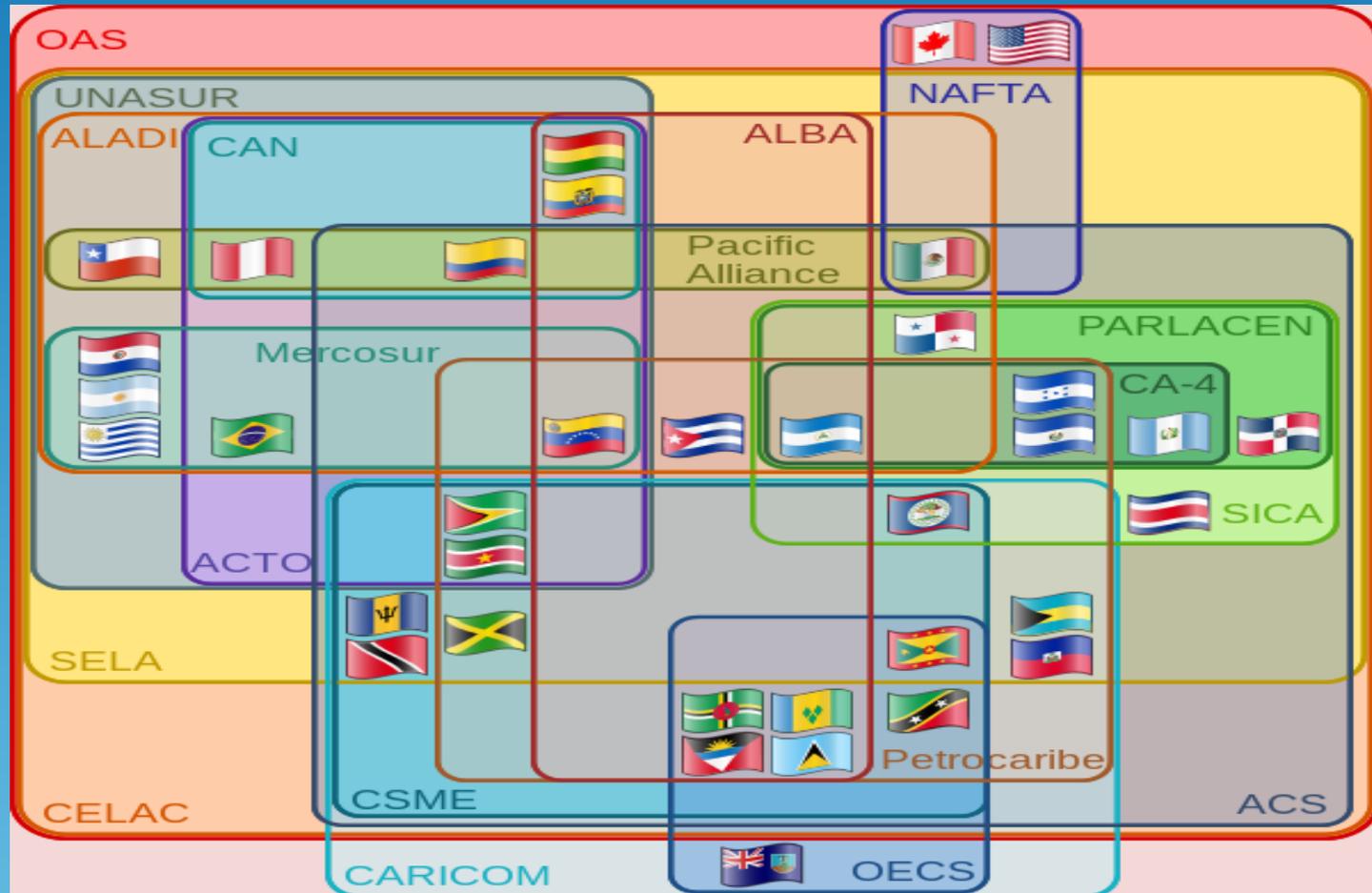
Trade blocs in the Americas



Economic blocs in Latin America

- Central American Integration System (SICA) created in 1993 by Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. Belize joined in 2000 . It's a economic and political organization; It includes a Common Market (MCCA).
- Andean Community (CAN, formerly Andean Pact) is a customs union comprising four South American countries: Colombia, Ecuador, Peru, and Bolivia (which is also joining Mercosur).
- Southern Common Market (Mercosur or Mercosul) is a sub-regional trading bloc and customs union established in 1991. Its full members are Argentina, Brazil, Paraguay and Uruguay, joined by Venezuela (suspended) and Bolivia (in process).
- Caribbean Community (CARICOM) created in 1973 among 15 Caribbean nations and dependencies, to promote economic integration. It includes the Caricom Single Market.
- NEW: The Pacific Alliance (Alianza del Pacífico) is a sub-regional trade bloc established in 2011 by Chile, Colombia, Mexico and Peru (All four have bilateral FTAs with each other).

The Americas: Sub-regional groupings



EU – LAC economic relations

- Trade agreements have been concluded between the EU and most countries in LAC, making LAC one of the most economically integrated regions with Europe.
- The EU and LAC are major partners in trade (in both goods and services) and investment:
 - Collectively, LAC countries were the 4th most important trading partner for the EU in 2016.
 - LAC exports mainly primary products to the EU (in particular food), and Europe sends mainly manufactured goods in the other direction.
 - Europe is the leading foreign investor in LAC, with 53% of the FDI inflows). And it accounts for 68% of FDI in the renewable energy sector, 70% in research and technological development (RTD) and 44% in the telecom and digital economy sector.

EU – LAC free trade agreements

- 2000: EU - **Mexico** Partnership Agreement (an updated agreement is under negotiation since 2016)
- 2003: EU - **Chile** Association Agreement (talks for its modernization started with a first round in January 2018)
- 2008: EU - **CARIFORUM** Economic Partnership Agreement (in transition from the Cotonou/ACP agreement)
- 2013: EU – **Central America** Association Agreement.
- 2013: EU - **Andean Community** Trade Agreement with Colombia and Peru, and joined by Ecuador in 2017 (Bolivia hasn't sought to join, but benefits from the GSP).
- (1999-?): EU – **MERCOSUR** Inter-regional Framework Cooperation Agreement, as a base for an FTA. But the trade negotiations have been suspended several times, and were re-launched since 2016 (Venezuela is not included).

EU – Mexico trade negotiations

- Since 2016, there has been eight rounds of negotiations.
- Many issues have been already wrapped up, including competition, SMEs, transparency, SPS, good regulatory practices, and trade and sustainable development.
- Discussions in revised market access for goods are still ongoing, including sensitive agricultural products such meat and dairy products, among others.
- A major issue is the EU proposal on geographical indications for food products, including 60 European cheeses, but Mexico produces some chesses under names such as “manchego” and “parmesan”
- Next rounds will be held in February 2018, with both sides eager to reach a final deal, though no deadline has been set (just having in mind Mexico’s elections in July).

EU-MERCOSUR trade negotiations

- This FTA would cover trade in goods, services, rules of origin, technical barriers to trade, sanitary and phytosanitary measures, government procurement, intellectual property, sustainable development, and small and medium-sized enterprises (SMEs). But it would not cover investment provisions and dispute mechanism.
- MERCOSUR wants to export more ethanol, sugar, and beef (very sensitive for France, Ireland, Belgium...!).
- The EU wants better access on autos and other industrial goods. And seeks improved market access in services (such as maritime transport) and protected geographical indications for European food and drink products.
- The parties are working under a tacit March deadline, before Brazil's presidential elections in 2018

And the EU - “Pacific Alliance”?

- The Pacific Alliance (Alianza del Pacífico) is a sub-regional trade bloc established in 2011 by Chile, Colombia, Mexico and Peru. All these countries have bilateral FTAs with each other.
- If counted as a single country, they would form the eighth-biggest economy in the world. In Latin America, this bloc represents 38% of the GDP, 50% of the total trade and attracts 45% of the Foreign Direct Investment.
- Its aim is to create an area of economic integration (with free movement of goods, services, resources and people), and to be a platform of regional integration focused on the Asia-Pacific region (All are members of the TPP, except Colombia).
- Four countries are in process to become “associate members”: Australia, Canada, New Zealand and Singapore

MERCOSUR & the Pacific Alliance

Alianza del Pacífico y MERCOSUR

Ref:

- Alianza del Pacífico
- Países asociados
- MERCOSUR
- Países asociados

Población

En millones de habitantes

Alianza del Pacífico



Mercosur



Exportaciones

En millones de US\$

Alianza del Pacífico



12.708 Comercio dentro de la Alianza

Mercosur



55.942 Comercio dentro del Mercosur

Renta per cápita

En US\$ dólares

Alianza del Pacífico

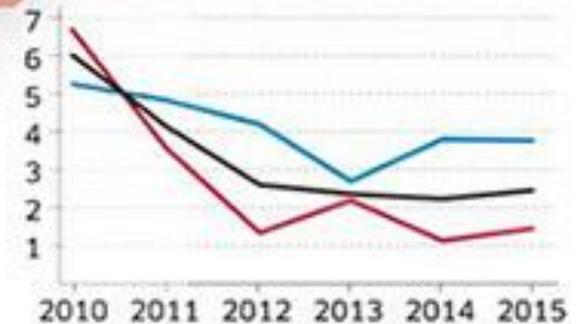


Mercosur



Crecimiento del PIB (%)

— Mercosur — Latinoamérica — Alianza del Pacífico



Fuente: El País.

LA REPÚBLICA