

EU polishes trade talks with Latin America - except Mercosur

The European Union (EU) brushed up its trade talks with Latin American regional blocs Saturday in Lima, making progress with Mexico, the Andean Community and Central America.

But progress with the Mercosur bloc that includes the region's economic giants of Brazil and Argentina, with Venezuela in the midst of seeking ratification to join, remained stalled.

European Union leaders Jose Manuel Durao Barroso, president of the European Commission, and current EU chair Janez Jansa, prime minister of Slovenia, sought to make the most of their trip to the Americas, using the second day of the EU-Latin America-Caribbean (EU-LAC) gathering for trade discussions.

Mexico and the EU said that they are set to deepen the strategic association that was launched in 2000. The deal includes periodic high-level political dialogue and a free-trade agreement.

'In this framework we are going to strengthen our political and economic cooperation,' Durao Barroso said.

Additional cooperation will 'contribute to building a better world' in which shared values prevail, Mexican President Felipe Calderon said. He added that 'Mexico and [Europe](#) are called upon to be partners and allies in the international scenario.'

For the mountainous backbone of the Latin American continent, the EU and the Andean Community (CAN) agreed to establish a 'flexible framework' that would allow deals to go into force with countries that are ready as talks move towards an association agreement that would also include a trade deal, said Peruvian President Alan Garcia.

The meeting included CAN's members Bolivia, Colombia, Ecuador and Peru and EU members Portugal, Slovenia and France.

'I can now say that we have agreed on a substantial instrument to be perfected June 12, at the final meeting of the negotiators, and hopefully at that moment we will be able to seek the approval of the European Union and of the CAN group,' Garcia said.

Last month, Bolivia stressed it could not make commitments on issues like public purchases and intellectual property and Ecuador said it was reviewing its positions.

Colombia and Peru are ready to sign the deals and asked the EU for flexibility from its well-known insistence to negotiate by bloc only.

'Colombia and Peru have liberalized many things and there are differences with the other members of the bloc. That is not bad, they are different visions on development,' said Ecuadorian President Rafael Correa.

A 2009 deadline was set in talks between the EU and the Andean Community and between the EU and Central America.

Such progress was elusive however with Mercosur, which includes Brazil, Argentina, Paraguay and Uruguay. Venezuela's entry is pending ratification.

Brazilian President Luiz Inacio Lula da Silva said Saturday at a business meeting in Lima that 'South America is going through a magical moment.'

'I do not recall having had in my whole political life such a reasonable combination of economic growth, macroeconomic stability and, at the same time, a strong policy of social inclusion,' Lula stressed.

Despite this favourable framework, however, EU and Mercosur officials led by Argentine President Cristina Fernandez de Kirchner - whose country currently holds the pro tempore presidency of Mercosur - only made timid progress in Lima.

They agreed to reactivate talks and stressed the need for an association agreement that is 'ambitious and balanced.' However, no deadlines were set and the EU and Mercosur vowed only to pursue successful negotiations 'as soon as the conditions allow.'

Talks between the EU and Mercosur were launched almost 10 years ago, at the first EU-LAC summit in Rio de Janeiro in 1999, and were supposed to have concluded by 2004.

However, simultaneous talks at the Doha Round - with obstacles like agricultural subsidies in developed nations and other countries' reluctance to open their markets for goods and services - have hampered the process. Brazil in particular plays a leading role among emerging economies at the Doha Round.

Despite the failure to make clear progress towards an Association Agreement, the EU is Mercosur's main external trade partner, and receives 24 percent of Mercosur's exports that leave its own borders. The European bloc is also the main investor in Mercosur.

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