

EU and South America's Mercosur bloc announce free trade deal



Montevideo, December 6 (RHC)-- The European Union and South America's Mercosur trade bloc have struck an agreement on a long-anticipated free trade deal, European Commission President Ursula von der Leyen has announced.

After negotiations spanning more than 20 years and five years on from an initial deal, von der Leyen and her Mercosur counterparts said a deal had been reached on Friday in Uruguay's capital, Montevideo.

"This is a win-win agreement," von der Leyen said during a news conference alongside the presidents of the main Mercosur nations, including Argentina and Brazil. "This agreement is not just an economic opportunity. It is a political necessity," she added. "I know that strong winds are coming in the opposite direction, towards isolation and fragmentation, but this agreement is our near response."

The agreement aims to create one of the largest free trade zones in the world, covering more than 700 million people and nearly 25 percent of global gross domestic product.

Much like the US-Mexico-Canada free trade agreement, its goal is to reduce tariffs and trade barriers, making it easier for businesses on both sides to export goods.

Mercosur comprises Brazil – which makes up the lion's share of the bloc's territory, economic output and population – along with Argentina, Paraguay, Uruguay and Bolivia, the newest member.

While South American leaders hailed the pact, the deal is not done for some of the European countries. France has led a group of EU member states that still have objections to the pact with the country's minister for trade, Sophie Primas, saying von der Leyen's announcement on Friday "regards only her".

"Today is not the end of the story," Primas told the AFP news agency in a statement. "This only commits the commission, not the [EU] member states." The trade agreement requires approval from 15 of the 27 EU members representing 65 percent of the EU population along with a simple majority in the European Parliament.

The European farmers lobby Copa-Coge reiterated its opposition to the deal and called for protests in Brussels on Monday. The farmers have argued that Mercosur products do not meet EU standards and would create unfair competition.

In remarks aimed at her "fellow Europeans" – and perhaps those more sceptical, such as the farmers – von der Leyen said the pact would have a positive impact on about 60,000 companies that export to the Mercosur region.

She said they will "benefit from reduced tariffs, simpler customs procedures and preferential access to some critical raw materials" as the agreement "will create huge business opportunities".

"To our farmers," she said, "we have heard you, listened to your concerns, and we are acting on them. This agreement includes robust safeguards to protect your livelihoods."

Italy said on Thursday that there were no conditions for signing off on a deal while Poland said last week it opposed the free trade deal in its current form.

European environmental groups also broadly oppose the accord. Friends of the Earth called it a "climate-wrecking" deal.

Meanwhile, German Chancellor Olaf Scholz hailed the conclusion of the deal. "After more than 20 years of negotiations, the Mercosur countries and the EU have reached a political agreement," he said in a social media post.

"An important hurdle for the agreement has been overcome. This will create a free market for more than 700 million people along with more growth and competitiveness."

Germany's trade and industry associations also welcomed the move. "Such important agreements must not take 25 years," BGA trade lobby President Dirk Jandura said in a statement, adding that it was now up

to the German government to ensure there is a majority for the “milestone” agreement.

The head of Germany’s BDI industry lobby group, Siegfried Russwurm, said the announcement was very good news for German and European companies as well as for their economies.

“In times of increasing fragmentation of global trade, the trade agreement sends a clear and strategic signal for free and rules-based trade,” Russwurm said in a statement.

Spain also maintains that the deal is vital for the bloc as it looks to diversify its trade after the near-closure of the Russian market during the war in Ukraine and discomfort about a reliance on China.

Spain and Germany view Mercosur as a market for EU cars, machinery and chemicals and a potentially reliable source of critical minerals, such as lithium, which is used in batteries and is required for Europe’s green transition.

They also pointed to agricultural benefits, given the deal offers greater access and lower tariffs for EU cheeses, ham and wine.

[SOURCE: teleSUR]

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