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The future of an elusive partnership: ¿What role could the business sector play in the development of the Mercosur-EU relations?

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*Introduction: an elusive idea in search of sufficient economic incentives and real political will.*

The strategic association among Mercosur and the European Union (EU) seems to be an elusive idea in search of sufficient economic incentives and real political will.

What is clear is that after missing the October 2004 target - the date in which it was supposed to conclude -, the Mercosur-European Union negotiations of an agreement for a strategic bi-regional association are, in practical terms, almost paralyzed.

At the official level, however, both parts consider yet that the negotiations could be concluded in a relatively short term. Beginning the second semester of 2007, both José Manuel Durão Barroso -President of the European Commission- and Tabaré Vázquez -President of Uruguay and acting Pro-Tempore President of Mercosur- had expressed their political will to conclude the negotiations. Most probably this will continue to be the official position of both sides, at least on the immediate future.

Still, many observers and analysts maintain some doubts - even strong doubts - about the possibility of concluding an agreement within 2007 or even 2008. At least, if it intends to be an agreement that includes an ambitious free trade component.

Those doubts reflect the actual prevailing mood with respect to the fate of the Doha Round at the World Trade Organization (WTO).

It is known that both, the bi-regional and multilateral global trade negotiations, are de-facto related by a common element: the possibility of articulating a reasonable trade-off between what Mercosur countries expect to obtain in agriculture (market access, export subsidies and domestic support) and the European Union in market access for industrial goods and services. This trade-off involves the scope of exceptions that each part needs to include, as a result of what they consider to be their main sensitive sectors and products.

For that reason, it is difficult -but not impossible- to imagine that an

ambitious bi-regional agreement could be sign before the conclusion of the Doha Round. And the possibility of success does not depend only of an eventual agreement between the two regions. Other protagonists are crucial and the United States above all of them.

This paper will be concentrate in three related questions that require some analysis. They are:

- Concerning the present situation: Why a negotiating process that was launched with such enthusiasm on both sides of the Atlantic, raising great expectations - and not only in the bi-regional business community - has become almost paralyzed in the three recent years?
- Concerning the future: Which are the most possible outcomes of the Mercosur-EU trade negotiations and the evolution of the bi-regional relations within a foreseeable future? and
- Concerning the role of the business sector: Could the Mercosur European Business Forum (MEBF), play an active role in promoting the idea of a more intense cooperation among the two regions?

A further question will be also raised. It refers to the connection between Mercosur-EU relations and negotiations, with those developed by the European Union with other countries of the region within the larger framework of the European Union-Latin America and Caribbean countries (EU-LAC) relations. Those relations will be at the center of the May 2008 EU-LAC Summit at Lima.

*Which is the actual situation of the bi-regional negotiations?*

The idea of a bi-regional strategic association between the Latin American and Caribbean countries and the European Union was launched at the first LAC-EU Summit, at Rio de Janeiro on 1999.

It was at that opportunity that emerges what could be called a "European model", of dealing with this kind of bi-regional processes aiming to have concrete integration and cooperation effects.

In its essence, this "European model" implies developing a strong bi-regional strategic association gradually build upon a network of agreements, concluded by the European Union with individual Latin American and Caribbean countries or with the sub-regional integration processes.

The idea of a LAC-EU bi-regional strategic association has been highly ambitious, mainly because today it already involves a large number of countries with significant asymmetries (of relative power and economic dimension; of degree of development and of mutual political and economic relevance) among both regions and also within each one, but especially the LAC region.

Results are yet mixed because only two of those association agreements were concluded: with México and with Chile. Both had been implemented even if they are open to further evolutions. Since the negotiations with Mercosur were launched, formal negotiations had been engaged also more

recently with the Central American countries and with the Andean Community of Nations.

A further element of this network of agreements, concerns mainly the Caribbean Common Market nations (CARICOM) with whom the European Union has special links related with their participation in the Cotonu Agreement. In this specific case the instrument is an economic partnership agreement.

In the original concept that still prevails, those agreements should have three related pillars: a larger political dialogue, cooperation in key sectors, including among others, science and technology, and economic relations mainly through free trade commitments consistent with WTO rules.

In the case of Mercosur, formal negotiations were launched at the 1999 Rio de Janeiro EU-LAC Summit. Before that, an EU-Mercosur Interregional Framework Agreement was signed on 15 December 1995 in Madrid, between the European Community and its Member States and the Mercosur and its Party States. The framework agreement fully entered into force on 1 July 1999. This Framework Agreement eventually could be yet a useful instrument for a more intense bi-regional Mercosur-EU partnership, that does not include trade preferences.

According to the official Web page of the European Commission "on the basis of the political compromise reached by the European Union Ministers in Luxembourg on 21 June 1999, the negotiating directives were formally approved by the Council on 13 September 1999. This compromise instructed the Commission to start negotiations on non-tariff elements immediately, to begin negotiations on tariffs and services on 1 July 2001, and in the meantime to hold a "dialogue" with Mercosur about tariffs, services, agriculture, etc. in the light of the WTO round. Negotiations could only be concluded after the end of the WTO round. Though this compromise created significant restraints on its negotiating position, the Commission has nevertheless been able to set up the negotiations on the basis of this mandate" ([see this site](#)).

After almost eight years of negotiations, of the three pillars that should be included in this bi-regional strategic association agreement - political dialogue, economic cooperation and trade -, what is missing to finalize the negotiations is the third one.

Even if it seems that first drafts texts concerning the political and cooperation pillars were approved in the Seventh Meeting of the Bi-regional Negotiations Committee at Buenos Aires in April 2002, they are not included in any official Web page. The final conclusions of the meeting only mention the two annexes: 6.1. Draft Joint text for the Institutional Framework and Political Dialogue and 6.2. Draft Joint text and proposals on Co-operation. No text appears [1]. At the following meetings, texts were discussed at least according to the final conclusions included on the web page of the European Commission. No text has been however published.

Several negotiating meetings have taken place since the negotiations were launched in 1999 [2]. But even if a high level official meeting took place in September 2005 at Brussels [3] - including the approval of a road map

toward the conclusion of the negotiations - in practical terms, the negotiations are in a stalemate [4].

Low transparency make then very difficult to evaluate the real progress obtained in any of the areas of negotiations, including those apparently concluded - political dialogue and economic cooperation -. Draft texts and substantial information are not included in the official Web page of any of the two parts. In some way, the negotiations have had a flavor of old fashion secret diplomacy. In that sense, it is possible to observe a relative deficit of concern for the public opinion.

As mentioned before, difficulties for the conclusion of Doha Round appears as the most common explanation for the actual situation of the bi-regional negotiations.

However, other factors have had also some or, eventually, greater influence in the lack of positive results of the negotiations or in the difficulties to explore alternatives. Those other factors could explain what appears to be an insufficiency of incentives, on both sides, to afford some of the main costs of concluding the negotiations (sensitivities at the agriculture sector in the case of the European Union, and at the industrial sector in the case of Mercosur countries).

Among them, three other factors could be mentioned as being apparently more relevant:

- Deep changes in the international landscape since the original idea of a bi-regional strategic cooperation was launched. Not only those changes have been dramatic at the global level (to recall only some of them: the emergence of China and India -among other countries- as relevant protagonists on the economic competition and, increasingly, on international trade negotiations; the new strategic relevance of energy and bio-energy; the environment agenda due, mainly, to the increasing evidence of climate changes).

But also important developments could be observed at each of the two regions. Some of them are the result of the impact of global changes in their external priorities (clearly this is the case, for example, of the dual effect of the emergence of China as a key competitor at the global markets, with its strong impact on the demand side -i.e. food and natural resources- but also with its capacity to supply a large variety of competitive industrial goods, representing a complex challenge for firms and their workers both at European Union and Mercosur countries).

And other changes are the result of the fact that, nor the European Union not even Mercosur, are the same they were in the nineties. The European Union is larger, but also Mercosur has entered in a process of enlargement, beginning with the inclusion of Venezuela as a full member, not yet completely formalized.

- The erosion of the initial reciprocal enthusiasm for a strategic partnership. On the European side, in part that original enthusiasm

had something to do with the earliest day idea that Mercosur was following the European model of regional integration. It was thought that together they could strengthen a multipolar and effective multilateral global system.

Gradually this image of Mercosur and its potential has been replaced by an increasing perplexity about its real goals and its capacity to deliver what it was promised, particularly in terms of an effective customs union.

The recent incorporation of Venezuela, as a result of the Protocol of Caracas, in some way has contributed to the European perception of what is even considered to be the failure of Mercosur, a kind of a new chapter in the long history of frustrations on Latin American integration.

What is really Mercosur in terms of real economic integration? This is one of the most frequent questions raised by Europeans businessmen and also by economic integration specialists. Mercosur seems to have in Europe a strong identity and credibility problem. Fragmentation of its markets appears to be higher, contrasted to what was originally promised.

And on the Mercosur side, that original enthusiasm had also a lot to do with the fact that the European Union was expected to promote a new model of relations involving a highly developed region and a group of developing countries. This enthusiasm diminished in view of what was considered to be a highly mercantilist approach on the European negotiating proposals, that not necessarily were perceived as taking in consideration the huge asymmetries of economic dimension and of degree of development among both sides. This approach didn't appear to be compensated with a more substantial effort on the field of economic and financial cooperation. Eventually this fact is perceived to reflect the real relevance for the European Union of the bi-regional relations with Mercosur, at least having in mind other priorities in its own regional space, including their neighborhood and, also at the global level.

- The fact that the idea of a Free Trade Area of the America's (FTAA) has failed. In some way, the initial interest of Europe and its firms in the negotiation of a strategic association with Mercosur, had something to do with the possibility that a preferential treatment for American firms - both in terms of market access and of other preferences for goods, services and investments, including government procurement -, would eventually affect their relative competitive positions specially within the markets of Brazil and Argentina.

Some times, on the Mercosur side perception, the European Union appears following the United States in their strategic trade movements with respect to the Latin American markets. There are some recent examples at this respect, specially its interest in concluding negotiations with Central American countries, after CAFTA-RD was

signed, and also with some of the Andean Community nations that have also concluded Free Trade Agreements with the United States. In any case, what is clear is that the virtual paralysis of the bi-regional negotiations since 2004, coincide with the collapse of the hemispheric negotiations.

Eventually it is possible to say that a powerful incentive for the interest of the European Union to negotiate with Mercosur had disappeared. But also it could be said that simultaneously Mercosur countries lost the incentives of balancing their relations with the United States through the special and preferential relation with the European Union.

*Which are possible scenarios for the future development of the bi-regional Mercosur-EU negotiations?*

At the 2007 second semester, at least three scenarios are foreseeable for the future development of the bi-regional Mercosur-EU negotiations. They are:

- A successful or relatively successful scenario: It would imply a successful conclusion of the bi-regional negotiations, before the next May LAC-EU Lima Summit or during 2008 as a result of a substantial political impulse eventually received at Lima. It would require previously untying the main agriculture knots that have paralyzed till now, both the Doha Round and the bi-regional negotiations.

Or eventually it could require the acceptance of the idea of a two step negotiation at the bi-regional level - on the lines that were proposed in a 2004 proposal of the Chaire Mercosur Working Group on EU-Mercosur Negotiations -, with step one including the strategic association agreement - perhaps with some of the same components that have been more recently proposed for the EU-Brazil strategic partnership - and a first stock of WTO consistent trade preferences, and then a "Doha-plus" second step, that could result on the conclusion of the actual WTO multilateral trade negotiations.

- A stalemate or "quasi-failure" scenario: It would imply a "sine die" postponement of the actual bi-regional trade negotiations. The formal argument would be, in this case, that the negotiations should wait for the final conclusion of the Doha Round. Assuming that the Doha Round could eventually be concluded in 2009 or 2010, this would imply a similar delay for the bi-regional negotiations. Meanwhile the European Union will concentrate its action toward Mercosur, in some economic cooperation programs, in their bilateral relations with each member State and, particularly, in the development of the strategic partnership with Brazil.

An eventual bilateral preferential negotiation between the European Union and Brazil has been excluded till now by both parts. But obviously it is an hypothesis that should not be completely excluded in the future, depending of the evolution that Mercosur could have in the next years, particularly on the development of its

customs union and on the degree of flexibility that finally prevails concerning trade negotiations with third countries or group of countries.

- A pragmatic scenario: It would imply a pragmatic development of the main elements that characterizes a strategic association, temporarily excluding trade preferences and the signing of a new agreement.

In this case, pending the conclusion of the actual negotiations, strong action could be concentrated in the development of various elements that were included in the 1995 Madrid Framework Agreement.

In most cases the full potential of the Agreement was not developed due to the high concentration of efforts - both at the official and at the business sector level - since 1999 in the bi-regional trade negotiation.

In this scenario, a particular priority could be given to the development of those engagements related with cooperation in business (article 11); investment (article 12); energy (article 13); transport (article 14); science and technology (article 15); telecommunications and information technology (article 16); environmental protection (article 17); encouraging integration (article 18), and trade facilitation measures (articles 6 y 7).

Through a utilization of all the potential of the Madrid Framework Agreement - provided there is real political will to do so - a large part of the non-preferential elements of the Mercosur-EU relation could be covered. Even it would be possible to introduce further developments taking advantage of the evolution clause included in its article 23.

Another interesting innovation could be to take advantage of article 26 concerning the "Cooperation Council", that implicitly allows the organization of specialized meetings including, for example, the Ministers of Finance and Economy, as in the case of ASEM.

A political decision to take advantage of all the potential of the Madrid Framework Agreement, could eventually be complemented by an invitation extended by Brazil to its Mercosur partners, to participate in its bilateral strategic partnership with the European Union. Having in mind the strategic nature of Mercosur, it would be difficult to imagine any of the elements of a bilateral Brazil-EU strategic partnership that could not be extended to Brazilian partners within the region.

In any of those scenarios -specially the first and the third one- and due to the asymmetries in the economic dimensions and the levels of development of both sides of the bi-regional relation, economic and financial cooperation should be considered the central pillar of a strategic association. It would have the effect of strengthening the functional interaction among the three pillars of the relation.

The cooperation pillar would also facilitate the transition toward a more integrated economic space between the two regions. Within this idea of strengthening the cooperation pillar as a central element of the association strategy, the instrument of trade and business facilitation should be included and privileged.

*Could be the business sector a driving force toward the strengthening of Mercosur-EU relations including, eventually, the conclusion of the actual negotiations?*

The business sector, through the institutional framework of the Mercosur European Business Forum (MEBF), could play a leading role in the development of more intense political and economic relations between the two regions, even if the trade negotiations do not conclude within the 2007-2008 period.

The role of the business sector as a driving force of other special relations of the European Union - for example, through the Transatlantic Business Dialogue with the United States or the ASEM Business Forum - should be taken in consideration.

Its contributions should be identified in a way that they could be implemented in any of the above mentioned scenarios. They should cover very few high priority fields of action with a great potential of synergies among them.

The main objective should be to introduce a new dynamic in the bi-regional process and, at the same time, to draw some lessons from recent experiences, including those of the European Union with other regions and, particularly, with Asia (ASEM).

In any case, it seems convenient for the MEBF not to be limited to discuss the trade negotiating agenda. Instead, it should be perceived by key businessmen of relevant countries of both regions and by the business associations, as the forum where to meet and to really talk about common concerns with high level officials of the Commission and of governments - including the Ministers of Economy as in the case of ASEM -.

Obviously, issues related with the trade negotiations and the implementation of eventual agreements should be included. But particularly, it should be the forum to discuss substantive issues related with the long term agenda's of economic competition and cooperation of the two regions, i.e. within the scope of the Madrid Framework Agreement, including those originated in their relations with China, India and other emergent economies.

Some relevant questions to be raised in the bi-regional business sector agenda could be:

- How could be strengthen the capacity to work together in the energy field?
- Is an instrument similar to the Energy Chart Treaty useful to attract European investments to South America?



- Which is the real potential for bi-regional cooperation in the field of food production and of bio-energy?
- Should be competitiveness and innovation a main focus on the common agenda of firms and governments of the two regions?
- How firms of both regions could cooperate to take advantage of what China and India means as a source of opportunities in the new global economic competition landscape?
- It is possible to have in the new regional political situation a real friendly environment for investments?

Those are only examples of the kind of issues that businessmen could discuss together with high level members of the European Commission and of governments within the framework of MEBF.

In this broader agenda, MEBF could also take advantage of the technical analyses of relevant issues by several academic bi-regional networks, including the Chaire Mercosur network. The role of MEBF in that case would be also to raise to the academic community some action oriented questions related with substantive long term issues, as i.e. those mentioned before.

If MEBF has been less active in the recent years, it could be explained as a consequence of the fact that the EU-Mercosur negotiations lost its dynamics after the October 2004 failure. In this most recent period MEBF has approved short pronouncements in favour of the conclusion of ambitious bi-regional negotiations. Meetings of MEBF steering committee with members of the European Commission have had this same objective.

But some lessons could be drawn concerning the role that this kind of business sector mechanisms could play in the development of a long term bi-regional Mercosur-EU association process. To draw this kind of lessons should be one action priority in the immediate future.

The first lesson is that its capacity to influence strongly depends of the degree of participation of key businessmen in its directive level and in the plenary meetings. The experience of one of the precedents of the MEBF that was the Europe-Argentine Club, demonstrates that its capacity to have some degree of influence is directly related to the perception by the policy level, that there they could have a possibility of concrete dialogue with the real relevant business sector.

The participation of industrial and other business organizations could be useful. But what really determine the capacity to influence is the fact that key businessmen - in this case from both side of the Atlantic - are expressing their opinion trough this kind of institutions and that they represent the mood of the business community at large, at least of firms with greater capacity to play the game of bi-regional trade and investment. This has been the case, for example, of the Transatlantic Business Dialogue.

The second one is that the capacity to attract some key businessmen to this kind of mechanism, strongly depends of whom is on the other side of the

line. In the case of the Europe-Argentina Club, it was the President of Argentina itself who personally participated with some of his Ministers in the meetings with the key businessmen involved in the investment process between Europe countries and Argentina. The rule was that only the CEOs could attend those meetings. In the case of MEBF, it was originated in 1998 through a strong involvement of who was then in charge of Industry in the European Commission. Perhaps that explains its initial strength. In the following years key members of the Commission also participated in the annual meetings, as was the case for example of Pascal Lamy.

To take all the advantage of the fact that MEBF exists and to strengthen its capacity to attract key businessmen of the two regions, it would be recommendable a more active role of the European Commission in promoting dialogues with the private sector, through the personnel participation at MEBF main meetings of two or three key members of the Commission. This should be the case also at the Mercosur countries government side. The dialogue should have in each case a very concrete and relevant agenda, including broader issues than those of the bi-regional trade negotiations.

And that is precisely the third lesson. MEBF should not be limited to discuss the main issues of the trade negotiating agenda. It should be perceived by key businessmen of relevant countries of both regions, as the forum where to meet and to really talk with key high level officials of the European Commission and of the governments - particularly of the Mercosur governments, for example, Ministers of Economy -, about relevant issues - main knots - related with the negotiations and with the evolution of what has been agreed or what should be agreed, but also to discuss substantive issues related with the long term agenda of economic competition and cooperation of the two regions. Should be the kind of issues related particularly with investments that could be attractive for key businessmen/women to discuss together with high level members of the European Commission and of some of the more relevant governments - also at a very high political level - within the framework of MEBF.

In this broader agenda, MEBF could take advantage, for the previous analyses of relevant issues, of the intellectual and technical capacity of the academic bi-regional networks. The role of MEBF in that case would be also to pose some action oriented questions related with substantive long term issues, for example those mentioned before.

As a conclusion, it is possible to sustain that MEBF could play significant role in deepening the bi-regional relations. But that role will largely depend of the dynamic interaction - between the European Commission, the governments, the business sector and the academic institutions or social networks - that could be stimulated by a long term vision of the bi-regional strategic association.

Perhaps that long term vision is what is missing in this moment, eventually explaining the relative anomaly of the bi-regional strategic association process.

*Mercosur-EU relations within the larger framework of the EU-LAC strategic association*

One of the questions that require further attention, with respect to the future of Mercosur-EU relations and negotiations, is about how to generate synergies with other initiatives undertaken as a result of different association agreements of the European Union with other Latin American and Caribbean countries - including those under current negotiations -.

The main question to rise would be: how to have some immediate significant progress in the development of a LAC-EU network of bi-regional strategic association agreements?

At this respect some of the recommendations could be:

- To adopt measures that could strengthen the functional interaction among the three pillars of each bi-regional association agreement, giving a strong priority to the cooperation pillar as a concrete instrument to facilitate the transition toward a more integrated economic space between the two regions.

Due to the asymmetries in the levels of development of both sides of the bi-regional relation, cooperation should be considered the central pillar of the bi-regional association agreements.

This should be the case during a large part of the period in which each bi-regional free trade area should be completed.

As mentioned before, even this approach could facilitate the conclusion of the EU-Mercosur association agreement, particularly in the scenario of a relative failure on the efforts to finalize the Doha Round negotiations in the 2007-2008 period.

In this case, a strong bi-regional cooperation programme oriented toward the industrial transformation of those identified as the more sensitive sectors on the Mercosur side, could be introduced in what could be presented as the preparatory phase of the free trade agreement pillar. This could be elaborated in a way consistent with the relatively flexible rules of article XXIX of GATT-1994.

The European Union has a large and rich experience in "assisted transition", through its special programmes with candidates to become member or associated countries (PHARE, TACIS, MEDA). This concept could open the possibility of developing also a policy of "trilateral cooperation", as it will be mentioned in relation with the following priority.

But cooperation should be also oriented toward working together in other fields in which the European Union - and its firms - has strong interests and large experience, and in which LAC countries have also strong interests and a large potential for development.

Such fields, among others, are those related to the interconnectivity of

physical infrastructure networks; energy projects and new sources of energy development; export-oriented agri-business projects - especially those regarding the markets of Asia -; environmental projects, and activities and projects related with innovation, and science and technology research and development.

Within this idea of strengthening the cooperation pillar as a central element of the strategy for the development of the concept of a broader EU-LAC bi-regional association, should be included the instrument of trade and investment facilitation.

Here the experience accumulated at the bi-regional associations already concluded (Chile and Mexico) or at the EU-Mercosur bi-regional negotiation could be useful. Also the Mercosur-European Business Forum (MEBF) approved in its 2001 Meeting in Buenos Aires a set of proposals in this field. Most of them were approved at the official level at the 2002 Madrid EU-LAC Summit.

Perhaps the experience of the Asian-Pacific Economic Cooperation (APEC) and that of the relations between the European Union and South East Asia could also be useful. With respect to this region, the EU Commission proposed a trade action plan - the Trans-Regional EU-ASEAN Trade Initiative (TREATI) - that should be evaluated in what it could be also applied to the EU-LAC bi-regional relations. According to the EU Commission (Communication from the Commission: "A new partnership with South East Asia" - COM (2003) 399/4 and its Annex III), the idea is "to expand trade and investment flows and establish an effective framework for the dialogue and regulatory co-operation on trade facilitation, market access, and investment issues between the two regions. This process of dialogue and co-operation should aim at informing partners about other's regulatory systems and eventually develop into an exercise of approximation and harmonisation. The selection of policy sectors will be made through informal consultations and be agreed upon by both sides".

TREATI was conceived as part of a policy aiming to develop mutual trust and understanding, preparing the field for deeper free trade bi-regional agreements.

Also in Annex III of the above mentioned European Commission strategic document, is possible to find a very interesting model to assure the follow up of trade facilitation initiatives. Is a "menu for strengthening dialogue with South East Asia", and for each area it identifies the "present situation", the "identified issues" and the "line of action". This menu facilitates the follow-up of actions in this field.

This precedent could be eventually adapted in the case of an EU-LAC trade facilitation programme, in which the business sector could play a very significant role.

- To concentrate the efforts in some areas of significant relevance in the economic interaction among the two regions, in which cooperation

could enhance the effects of existing bi-regional association agreements or the potential of concluding and implementing the pending agreements.

Some of the priority areas could be:

- Trade facilitation, as mentioned before;
- Trilateral assisted transition programmes with less developed countries of the LAC region or of each of its sub-regions, for example, beginning with Bolivia, Paraguay and Uruguay, in the case of Mercosur.

As mentioned before the European Union has a large experience in assisting countries to develop their own plan of up-grading their economies and institutions to be in condition of becoming member or associated country. But it also has experience in trilateral cooperation particularly in the South East Asia region. It implies to join forces with a developing country to help least developed developing countries to achieve their goals in the field of up-grading their capacity to participate in larger markets. And it also could be a way to help a least developed country to develop productive projects or the necessary infrastructure to take advantage of the opportunities of a sub-regional, regional or bi-regional economic space.

Trilateral assisted transition cooperation could be one of the concrete instruments to develop the idea of the European Union having a role in the promotion of a more solidarity model of integration in Latin America and in the Caribbean region.

- Modernization of LAC industrial sectors that could be more sensitive to the opening of the markets in the framework of a bi-regional free trade agreement;
- Energy related projects, including the development of regulatory frameworks. One specific action could be oriented toward the analyse of the advantages and obstacles for the incorporation of LAC countries or sub-regions - for example Mercosur - to the Energy Charter Treaty;
- Development of infrastructure projects, for example within the IRSA mechanism, and
- Sciences and technology cooperation.

A Latin American Facility created by the European Commission, could eventually play a role in the development of bi-regional cooperation in the mentioned areas. In some case it could imply to take advantage of the programmes of other international cooperation institutions, including those at the sub-regional level. In the case of Mercosur, it could imply helping to implement and to develop the recently created

## Structural Fund.

According to the experience accumulated, other areas related with integration could be then added. But it is highly recommendable to have an incremental approach and learning process in this field of the bi-regional relations.

- To establish a systematic link between the agendas of research and discussion within the bi-regional academic networks and institutions, with the main knots of the agendas of trade negotiations and implementation of the bi-regional association agreements.

Existing or new academic networks or initiatives, among others that of the Chaire Mercosur at Sciences-Po, Paris, should be stimulated.

Most of their contribution in the field of the bi-regional integration and cooperation would be in field of the analysis of the economic, social, political and even legal dimension of the negotiation and implementation of the association agreements.

But also they could play a significant role in the discussion of new approaches and mechanisms that can contribute to solve concrete problems and to overcome different kind of obstacles.

Useful synergies should be obtained of the systematic interaction between bi-regional academic networks and institutions on one side, and negotiators and policy makers, the business sector and the proposed bi-regional technical group on the other one.

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## References

[1] [See this site](#).

[2] For information concerning the evolution of the thirteenth rounds of bi-regional trade negotiations, [see this site](#).

[3] For information about the September 2nd, 2005 Ministerial Level Meeting at Brussels, [click here](#).

[4] On occasion of the first EU-Brazil Summit (Lisbon, July 4th 2007) Commissioner Benita Ferrero-Waldner said that "the Commission is committed to negotiating an ambitious and comprehensive bi-regional agreement as soon as it is technically and politically feasible" ([see this site](#)). As mentioned before, also President Tabaré Vázquez of Uruguay - in his condition of President Pro-Tempore of Mercosur - make a strong defense of the conclusion of the bi-regional negotiations in an article published in El País de Madrid on August 6, 2007.

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