



MERCOSUR/EUROPEAN UNION BUSINESS FORUM
BRASILIA DECLARATION

Brasilia, October 2003

Acronyms used in this document

@LIS	Alliance for the information Society
B2B	Business to Business
BFAP	Business Facilitation Action Plan
BNC	Bi-regional Negotiating Committee
CEN	European Committee for Standardization
CER	Certified Emission Reductions
CDM	Clean Development Mechanism
CENELEC	European Committee for Electrotechnical Standardization
ECIP	European Community Investment Partners
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Area
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
IADB	Inter American Development Bank
ICCA	Intercompany Co-operation Agreement
ICT	Information and Communication Technologies
IEC	International Electrotechnical Commission
IIRSA	South American Initiative for Regional Infrastructure Integration
ISO	International Organization for Standardization
AMN	Mercosur Association for Standardization
MEBF	Mercosur/European Union Business Forum
Mercosur	Mercado Común del Sur (Southern Common Market)
MFN	Most Favoured Nation
RIAs	Regional Integration Agreements
SME	Small and Medium Size Enterprises
TBT	Technical Barriers to Trade
TIPAS	Trade and Investment Promotion Agencies
TRIMS	Trade Related Investment Measures
WB	World Bank
WTO	World Trade Organisation

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BRASILIA DECLARATION

DOCUMENT APPROVAL

During the IV Plenary Conference held in Brasilia on October 28th, 29th and 30th, 2003, the Mercosur/European Union Business Forum has discussed and approved the political statement and the recommendations hereafter, aimed at increasing the commercial and investment flows as well as services between the two regions.

The result of the debate between the European Union and Mercosur business communities represented in the Conference was the endorsement of the recommendations and proposals included in this document, approved by the MEBF in

Brasilia, October 30th, 2003

Ingo Plöger
MEBF-Mercosur co-Chairman

Guy Dollé
MEBF-EU co-Chairman

1. POLITICAL STATEMENT

1.1 – Introduction

The Mercosur / European Union Business Forum (MEBF) was created with a view to fostering economic and business relations between the two blocs, through the interaction of the business community and high officials from both regions. With the support of companies and business federations, MEBF has been offering joint recommendations to the authorities of the EU and Mercosur.

Since its first Conference, in Rio de Janeiro, on February 1999, MEBF has been enthusiastically supporting the progress of the negotiations aiming at building up a free trade area between the two regions. MEBF believes that the removal of trade barriers, the implementation of transparent and non-discriminatory rules in trade-related areas and the development of co-operation initiatives are the most efficient mechanisms to promote business relations.

Building on the work carried out in its previous conferences in Rio de Janeiro, Mainz, Buenos Aires and Madrid, MEBF held a new Conference in Brasilia. In the last two days, the MEBF members analysed the international economic and political scenario and the overall economic situation in both blocs and assessed the results of the Cancun WTO Ministerial Meeting as well as its impacts on the progress in the interregional negotiations. As a result of the Conference, MEBF presents a new Declaration, summarizing the entrepreneurial views on the importance of moving on with the trade negotiations, both in the multilateral and the interregional levels, and offering new joint recommendations.

1.2 – The uncertainty in the international economic and political scenario

Since the tragic events of September 11, the international scenario has been dominated by a high degree of uncertainty. Besides the conflicts in Afghanistan and the war in Iraq, that had direct impact on the economic performance around the world, the inability of the multilateral organisations to build consensus and to forge co-operative solutions has been casting shadows over the global environment. The deadlock in the Doha Development Round, after the Cancun Ministerial Meeting, is another very negative event that contributes to increase the concerns of the business community on the perspectives for the world economy.

Although recognising that there are signs of recovery in some regions of the world, MEBF considers that the outlook for the international economy continues to be bleak. The EU is facing a period of poor economic performance and important challenges concerning structural reforms. In Mercosur there is a renewed confidence on the economic turnaround of its largest members. But, the recovery of economic growth in the short or medium terms will unlikely be sufficient to cope with the urgent need to create new jobs or to contribute to reduce poverty.

The business communities of the Mercosur and the EU urges governments from member countries to join in their efforts to pursue collaborative solutions to the

international conflicts and to strengthen multilateralism in the political and economic arenas.

It also requests that Governments do their utmost to avoid the surge of protectionism and unilateralism in the international trade system. In an environment where there is not much room left for relevant fiscal and monetary stimulus, trade must be the driving force to foster economic growth. The EU and Mercosur Governments should face the challenge of creating conditions to bolster investors' confidence and to enhance trade flows.

MEBF believes that the reduction of poverty ought to be one of the main priorities of the trade policies. To this end, special attention should be given to the removal of trade barriers that hamper exports of developing countries. Trade can raise the level of income and, combined with sound social and economic policies, can contribute to reducing poverty.

1.3 – The need to move on with the multilateral agenda

MEBF renews its commitment to the multilateral trade system and to the Doha Development agenda. We fully support the objectives declared in Doha; being designed as a “development” round, industrialised countries should make significant efforts to further liberalise their markets, especially in those sectors in which developing countries enjoy comparative advantages. This would stimulate a larger number of developing countries to further integrate into the world economy by removing barriers to trade.

Business needs a stable and predictable environment to operate. In the absence of a strong multilateral framework, the revamping of protectionism and unilateralism tends to dominate. In an environment with no clear and stable rules, the threat of new trade barriers and discriminatory rules will discourage trade and investment operations.

The stakes are high and both the EU and Mercosur will lose if the Doha Round falls apart. After the Cancun collapse, many countries engaged in a debate on who is to blame. MEBF urges the authorities of both regions to avoid this unfruitful debate and to engage proactively in regaining momentum in the Geneva talks.

Despite the deadlock that marked the closing of the WTO Ministerial Meeting, some important progress was achieved from the efforts to overcome differences in Cancun. This progress should not be dismissed. MEBF requests the EU authorities and the Mercosur Governments to continue to work building on the relative progress achieved in Cancun and to join forces to move on with the Doha agenda.

After Cancun, agriculture remains one of the most important issues on the agenda. Mercosur and EU need to show flexibility and commitment in order to overcome their differences. Both should also co-operate in the negotiations of the Singapore issues in the multilateral round.

MEBF recognises that there might be a need to rethink the process of consensus building at the WTO. But the Doha Round cannot wait until this complex debate is

resolved. WTO members must move on with the Round while discussing the best way to improve the decision-making process. The EU and Mercosur must be leaders of these efforts.

1.4 – The need to overcome the impasses in the bi-regional negotiations

The impacts of the evolution of the Doha Round on the negotiations of the Interregional Association Agreement are quite evident. The EU/Mercosur Trade Agreement should build upon the WTO achievements. If the Doha round remains stuck, the difficulties in advancing the bi-regional talks will persist.

Nevertheless, the difficulties are not larger than the benefits that would result from the implementation of an Interregional Agreement between the EU and Mercosur. Regional agreements are not substitutes for multilateral liberalisation, but they are useful means to stimulate trade and investments flows.

There are signs of economic recovery in Mercosur countries. This new scenario will create an enormous range of opportunities for European companies in the bloc. This means the increase of exports of goods and services, but mainly investment opportunities focused not only on the domestic market but also on exports and infrastructure. Likewise, the European market is the most important destination for Mercosur products. The possibilities of increasing trade flows to other countries cannot replace the benefits arising from the removal of trade barriers in the EU markets. Mercosur will also benefit from foreign investment to develop infrastructure and enlarge its productive capacity.

While recognising the difficulties, MEBF understands that there is room to reframe bi-regional talks in order to achieve substantive results. This initiative should follow the principle of single undertaking. MEBF is convinced that this is the proper way to ensure that the final agreement will represent a balance of interests.

One of the critical issues of the bilateral negotiations is market access for agricultural products. Limited market access to the EU as well as subsidies for the EU agricultural sector do restrict export possibilities for the Mercosur agrobusiness sector.

With regard to agricultural trade, there is also a strong *de facto* linkage between the bi-regional negotiations and the WTO Doha round of negotiations. The lack of progress on this area in the multilateral round has clear negative repercussions to the bi-regional negotiations. As the opportunity to make progress was passed up in Cancun again, MEBF strongly appeals to both negotiators to increase co-operation to sufficiently address this issue on the bi-regional negotiations.

MEBF also recognizes that the negotiations should provide mechanisms for especial and differential treatment, including the use of asymmetric trade liberalisation. This principle had been introduced in the trade agreements that the EU signed with South Africa and Mexico and could help to mitigate existing imbalances in bi-regional economic relations.

MEBF believes that Mercosur member countries must show undoubted commitment to the consolidation and deepening of their integration process. Deep integration with clear and transparent rules and a predictable environment encourages direct investment and increases efficiency and productivity. MEBF welcomes the recent initiatives aiming at defining a working programme for the completion of the Free Trade Area and the Customs Unions of Mercosur. MEBF urges Mercosur to translate this strong political commitment into a reality and the European Union to support this process through specific measures.

MEBF recognises the importance of the comprehensive enlargement process that the EU is facing with the incorporation of ten new members, which will be concluded before the closing of the Mercosur-EU free trade agreement. Therefore, the FTA negotiations should take due account of the effect of this enlargement process on the bi-regional agreement.

Meanwhile, there is much room for implementing short term initiatives that can foster trade and investment between the two regions. MEBF recognises the very important step undertaken by both blocs with the launching of the Business Facilitation Action Plan in 2002. MEBF urges both sides to speed up the implementation of the agreed measures, while presenting new suggestions in the present Declaration.

1.5 – The need to listen to the voice of the business sector

The business sector is the key driver of the world trade system. Through trade and investment initiatives, businesses create jobs and wealth that contribute to raising the living standards around the world. Although governments negotiate trade agreements and define trade rules, it is the entrepreneurs that must give life to the agreements.

MEBF has been engaged in the negotiations for the Interregional Association Agreement since its onset. In the Madrid Conference, MEBF issued a comprehensive Declaration with specific recommendations for negotiations in the areas of market access, services and investment. They represent an enormous effort of consensus building among businesspersons coming from different sectors and regions.

All these recommendations remain valid, but most of them have not yet been incorporated into the ongoing negotiations. MEBF urges negotiators from both blocs to take these recommendations into consideration and expects to receive a formal response to the Madrid Declaration, during the next Bi-regional Negotiating Committee.

Adding to the previous work made by MEBF, the Brasilia Declaration presents an assessment of the progress that has been achieved in the bi-regional negotiations, and some new recommendations on the areas of market access, services and business development and investment, privatisations and financial services. New suggestions for business facilitation measures and co-operation between SMES are also offered. MEBF urges the authorities from both blocs to consider the work thus made as a relevant contribution from the business community.

MEBF considers that the next Ministerial Meeting, that will take place on November 12, is an excellent opportunity to push forward the negotiations. The setting up of a detailed calendar to conclude the Interregional Association Agreement could be an important step in this direction.

2. MARKET ACCESS

2.1 Introduction

2.1.1 *MEBF Commitment*

Barriers to mutual market access do in many ways impede the intensification of the bi-regional business relations. Therefore, the MEBF highly appreciates that the EU and Mercosur prominently address this issue by negotiating the creation of a Free Trade Agreement as part of the Interregional Association Agreement. MEBF expresses its strong and sustaining commitment to these negotiations.

From the very beginning, MEBF has taken an active stance towards the negotiations with the intention to facilitate them in the best possible way and to make sure that they are conducted as transparently as possible. Therefore, MEBF contributes to the negotiations by identifying important trade barriers, presenting recommendations for their speedy and efficient removal and by offering active co-operation to pursue the bi-regional liberalisation objectives. It is MEBF's intention to keep on following the bi-regional negotiation process in such an active and co-operative way.

The majority of the issues that remain under discussion within the market access negotiations were addressed by the MEBF recommendations issued in the Madrid Conference. These recommendations remain valid. This chapter has the intention to monitor the current status of the bi-regional negotiations in this field. Furthermore, new suggestions were agreed during the Brasilia Conference with the objective of contributing to overcome important differences that still deter the progress of the negotiations.

2.1.2. *The Doha Development Round*

Since a new round of WTO negotiations was established at the Doha WTO Ministerial Meeting in late 2001, the EU/Mercosur negotiations go hand in hand with the multilateral negotiations. As the last two years of negotiations have shown, repercussions are manifold and especially visible in the area of market access for agricultural goods.

MEBF renews its strong commitment to the Doha Development Agenda. As the past has shown, the growing flows of trade and direct investment have been true drivers of increased prosperity around the world. Therefore, a timely and comprehensive delivery of the Doha round is necessary to foster new momentum.

But after two years of negotiations, the current status of the round is extremely disappointing. Negotiations in nearly all fields have been proceeding slowly. Important deadlines have been missed. The opportunity to gain new momentum has been missed during the 5th WTO Ministerial Meeting in Cancun.

Considering the difficulties faced by the Trade Ministers, during the Cancun Ministerial Meeting, to find common grounds on the key issues of the Doha Development Agenda,

MEBF strongly appeals to both sides to reinforce efforts and to overcome their differences in a constructive spirit and continue to work together in Geneva to achieve significant progress in the next month in order to gain new momentum to the multilateral trade negotiations.

2.1.3. Agriculture

MEBF recognises the crucial importance of substantial progress in agricultural negotiations for the success of the Interregional Association Agreement. A lack of substantive progress in this area risks derailing the other items of the negotiating agenda.

It is time for both parts to engage realistically in the agriculture negotiations in the multilateral arena as well as in the bi-regional talks. Due to the uncertainties on the future of the Doha Round, after the results of the Cancun Ministerial Meeting, the EU and the Mercosur negotiators should do their best efforts to achieve meaningful commitments in all aspects of the agriculture negotiations.

In this regard, new momentum was gained by the fact that the EU has put on track a new reform of its Common Agricultural Policy. As the logic behind this reform is to draw back trade-distorting internal subsidies, reduce over-production and thus subsequently phase out export subsidies, MEBF welcomes this as a step into the right direction, as by this reform new room for manoeuvre is gained.

MEBF therefore strongly repeats its appeal to the negotiating parties, which was set in the Madrid Declaration to make every effort to achieve rapid progress on this matter and to find a solution. Constructive co-operation of EU and Mercosur on this issue is key not only for the bi-regional negotiations but also for the WTO round.

2.2 Current Status of Market Access in the FTA negotiations

2.2.1. General Status

So far, ten rounds of bi-regional negotiations have been held. Especially during the four rounds following the last MEBF meeting in Madrid (5/2002), the negotiations on market access have gained substance and width. Important steps have been the agreement on the Business Facilitation Action Plan during the EU-Mercosur Madrid Summit in May 2002 which has been followed by further initiatives as well as the presentation of substantial tariff offers by both sides during the 7th (EU offer) and the 9th (Mercosur offer) round of negotiations.

MEBF appreciates that both parties are discussing market access in a broad and comprehensive way. But it also realises that in many fields the discussions are moving slowly and substantial differences in the positions of both sides are visible, including the methods and modalities for the negotiations. MEBF strongly appeals to both parties to speed up the negotiations with a view to reach a comprehensive and substantive free trade agreement in a short period of time. The negotiators should especially rule out any half-hearted solutions, which would end up in a “light” FTA. This would conflict with

the original intention of the negotiations, which is to foster bi-regional economic co-operation and trade for the best advantage of both regional economies.

In the Madrid Declaration the MEBF has given a set of recommendations on market access which reflected the priorities of the bi-regional business community based on the everyday experience of manifold barriers to market access in both regions. Need for action has been identified concerning a broad and comprehensive reduction of tariffs as well as with regard to a range of non-tariff issues including import and export regimes (licences, quotas etc.), sanitary and phytosanitary measures, trade defence instruments or other issues like special and differential treatment and rules of origins. These recommendations remain valid and form the basis on which MEBF keeps on following and contributing to the bi-regional negotiations.

All issues can be found on the agenda of the bi-regional negotiations. But in many fields progress to date is disappointing. MEBF appreciates that both partners have submitted substantial tariff offers in the meantime. But they do only in part match the MEBF recommendations for a timely, ambitious and comprehensive reduction of tariffs. MEBF encourages Mercosur and the EU to go beyond their current offers.

MEBF reiterates its recommendation to the negotiators to set a time frame for the conclusion of the negotiations, without jeopardizing the achievement of a comprehensive agreement.

With regard to other issues like rules of origin, special and differential treatment, trade defence instruments, temporary admission, or infant industry provisions the negotiations are partly in a very early stage and substantial distances between the positions of both parties are visible. MEBF urges both negotiators to speed up and intensify their efforts to find solutions to these questions as outlined in the Madrid Declaration

The ongoing negotiations to improve the liberalisation offers are stuck by the debates on the scope and pace of the dismantling of tariff protection. MEBF stresses that the negotiations should provide mechanisms for special and differential treatment, including the use of asymmetrical trade liberalization.

The MEBF recalls the crucial importance of rules of origin as a safeguard to the industrial investment made by European/Mercosur companies. Up to now, both parts maintain substantial differences in this area. MEBF offers its willingness to co-operate and to contribute to the process by actively participating in the definitions of the rules of origin, in particular by calling the attention to the specific characteristics of some sectors.

2.2.2. Mercosur consolidation and the EU enlargement

The progressive consolidation of Mercosur, especially the realisation of a customs union, would foster intra and extra regional trade flows, reduce barriers for Mercosur and European companies alike and make Mercosur more attractive for new foreign suppliers and direct investment.

MEBF strongly welcomes the recent initiatives in Mercosur aiming at the definition of a working programme for the completion of the Free Trade Area and the Customs Union among member countries. MEBF also welcomes the creation of the Secretariat of Mercosur and recommends that the necessary support be provided for the development of its activities.

On the other hand, in May 2004, even prior to finalisation of the negotiations between the EU and Mercosur, that bloc will be larger, aggregating new members with economic profiles reasonably different from its current members. Therefore, the FTA negotiations should take due account of the effect of this enlargement process on the bi-regional agreement.

2.2.3. *Business Facilitation*

With a view to the areas that are of especial interest to the business community and where short-term progress can be made, MEBF has given a set of recommendations for trade facilitation that has been compiled in the Buenos Aires Declaration on Business Facilitation. In the field of market access, trade facilitation could be substantially fostered by removing non-tariff barriers mainly in the fields of customs regimes and procedures as well as standards, technical regulation, conformity assessment and certification.

MEBF appreciates that the large majority of the recommendations given in those two areas have been taken over by the negotiating parties. During the 7th round of negotiations, both sides have agreed on the Business Facilitation Action Plan (BFAP). Both sides have also agreed to discuss the BFAP at each negotiations round and expressed their willingness to make rapid progress where possible.

But implementation to date is limited. Recognising that many of the measures proposed in the BFAP can be implemented without regard to the current status and progress of the interregional negotiations, MEBF strongly encourages the parties to progressively and pragmatically implement the BFAP and renews its offer to cooperate in order to facilitate this process.

2.2.3.1 Standards, Technical Regulations and Conformity Assessment

The shape of standards, technical regulations and conformity assessment procedures plays a decisive role for the facilitation of cross-border business activities. Therefore it is necessary to harmonise the relevant documents and procedures with the objective of eliminating unnecessary technical barriers to trade between EU and Mercosur.

In the Buenos Aires Declaration MEBF has identified the need for action in several fields: increase transparency on the standardisation, technical regulation and conformity assessment regimes and identify non-tariff barriers, encourage participation in international standards organisations, contribute, develop and use international standards and conformity assessment procedures, establish mutual recognition agreements if appropriate, promote the implementation of the WTO TBT agreement and promote the harmonisation of standards and technical regulation. MEBF has pursued a

stepwise approach and formulated altogether 19 recommendations for short, medium and long-term actions.

MEBF highly appreciates that both parties explicitly approved the importance of co-operation and action in this field, with the aim of eliminating technical barriers to trade, and promoting regional, intra-regional and international level co-operation. This commitment was translated into altogether 14 recommendations within the BFAP, which largely reflect the MEBF recommendations.

Since the 9th round a regulatory dialogue meeting is part of the negotiations. Up to now the experts have initiated to exchange ideas on a concrete work programme and have agreed to exchange information on specific priority sectors. The commitment of both sides has also led to the establishment of a technical co-operation program covering standards, technical regulations, and the relating quality infrastructure including accreditation, conformity assessment and metrology is being set up and is scheduled to start in 2004. MEBF appeals to both parties to drive forward this co-operation as fast and widely as possible. Priority should be given to measures that help to foster co-operation the standardization bodies.

MEBF especially welcomes that in the meantime the following actions have been taken with regard to the...

... participation in international bodies

- With Paraguay joining in April 2003, now the standardisation bodies of all EU and Mercosur member states have notified the acceptance of the WTO TBT Code of Good Practice for the Adoption and Application of Standards [see recommendation S40 of Buenos Aires Declaration].
- The ISO General Assembly took place in Buenos Aires in September 2003, and additional efforts are made by ISO/IEC to facilitate effective participation of all national delegations from WTO members [see S42].

... co-operation within and among regional standardisation bodies

- A co-operation between the standardisation bodies of both regions, CEN and CENELEC (Europe) and AMN (Mercosur) has been initiated and both sides are encouraged to improve and enlarge their relationship [see S33].
- AMN is currently elaborating regional standards for Mercosur, in line with international standards. MEBF encourages AMN to adopt procedures to ensure a uniform application of AMN standards throughout the region [see S34].

MEBF has committed itself to the business facilitation activities and offered to substantiate perceived non-tariff trade barriers and identify problematic standards and regulations in this regard. MEBF members have identified several areas where action is needed. For example, low and medium voltage standards and technical regulations vary widely and need harmonisation in Mercosur and with Europe. They should be based on IEC international standards in order to support Mercosur countries to participate in the global market. An AMN/CENELEC co-operation project has been set up to proceed in this direction [see S33 and S46].

To support harmonization of technical regulation, a sector specific seminar on technical regulation for "best practice sharing and experiences with low and medium voltage technical regulation" would be welcomed by MEBF.

In line with this, MEBF strongly recommends that industry sectors identify their interest in specific standards and regulations related to the interregional business. The identified standards and regulations should be analysed and debated in interregional sectorial seminars or workshops.

MEBF encourages both parties to drive forward co-operation as efficiently and speedy as possible to implement the Business Facilitation Action Plan and offers to keep on contributing to this process in the most helpful and efficient way possible.

Furthermore, MEBF recommends that a specific negotiating forum for the matters of technical barriers in the scope of the negotiation structure for the conformation of a Free Trade Area between the two blocs should be created. This forum should foresee the participation of private sector representatives, including the private standardisation organisations. MEBF offers to co-ordinate such private sector participation.

2.2.3.2 Customs and Customs Procedures

MEBF companies experience difficult customs procedures at intra-Mercosur and EU/Mercosur borders as an important impediment for conducting cross-border business activities.

In the Buenos Aires Declaration MEBF has identified the need for action in several fields: facilitate intra-Mercosur trade by simplifying and harmonising intra-Mercosur customs procedures and improving customs infrastructure, streamline documentation procedures as well as customs inspections and control, increase transparency and predictability of customs rules and processes and make them more user-friendly. MEBF has pursued a stepwise approach and formulated altogether 30 recommendations for short-, medium- and long-term actions.

MEBF welcomes that both parties have committed themselves to simplified and improved customs procedures and have taken over most of the MEBF business facilitation recommendations into the BFAP translating them into 16 recommendations. But after several rounds of negotiations the action plan is still in an early status and a point where tangible results could be reported on the recommendations of the MEBF and the BAFP action items has not yet been reached.

Therefore, MEBF appeals to the negotiating parties to speed up the BFAP implementation and to give priority to measures that aim at increased transparency, simplified, fast and efficient procedures, better administrative co-operation and intensified consultation with the business side. The MEBF stresses that those recommendations of the Buenos Aires Declaration, which have not explicitly been covered, remain valid and should be considered appropriately.

One field, where more activity is urgently needed, is the reform and harmonization of intra-Mercosur customs regimes. MEBF appeals to Mercosur member states to intensify their efforts along the action line recommended in the Buenos Aires Declaration. Especial attention should be drawn to the rapid establishment of a Single Mercosur Customs Code.

In this regard MEBF welcomes that both sides have additionally set up a Customs Co-operation project that is planned to start in 2004 and is primarily set to contribute to the integration of customs legislation within Mercosur. Other features include customs clearance facilitation, training of personnel, improvement of computerised customs formalities, administrative co-operation and the fight against fraud.

MEBF also welcomes the progress achieved in the negotiations of the “Protocol on Mutual Administrative Assistance in Customs Matters”, which aims at facilitating co-operation on an operational basis, and encourages both parties to implement the Protocol.

MEBF encourages both parties to drive forward the meanwhile established co-operation on customs matters as efficiently and speedy as possible in order to effectively implement the customs related measures of the Business Facilitation Action Plan and the additional recommendations of the Buenos Aires Declaration. MEBF especially appeals to Mercosur to reform intra-Mercosur customs procedures as outlined in the Buenos Aires Declaration.

In addition, MEBF has identified new action items and recommends including them into the Business Facilitation Action Plan:

- Implement international standards for quality management systems in customs assessment in order to speed up the clearance procedures.
- Implement a project of anticipated “On Board Bill of Lading” in order to speed up customs clearance during the entry in the port.
- Implement agreed mechanisms of “scoring” to qualify and certify operators based on their past performance in customs operations. Encourage the use of risk analysis systems as verification criteria, while respecting the confidentiality of information.
- Develop and implement procedures to expedite low value shipments and express shipments, while maintaining the appropriate control and customs selection.

2.3. Newly established non-tariff trade barriers

EU Chemicals Policy and Legislation

The EU is currently proposing a new regulation for substances as such, in preparations (mixtures) and in articles that is likely to impose significant regulatory burdens to the European industry and its trading partners.

Although the current version of the new regulation deleted some important obstacles of the first draft, the new regulation will still lead to higher costs for most chemical products and reduced availability of many chemicals due to administrative requirements, complex test and authorization procedures, chemical safety assessments and reporting requirements for special uses of chemicals. Higher costs for chemicals will increase manufacturing costs for downstream customers, and they in turn will have to increase the costs of the products that they make, leading to higher prices for consumers. Reduced availability of chemicals means less innovation and time-consuming replacement strategies.

For Mercosur manufacturers wanting to export to the EU the regulation would add regulatory costs and delays, and are likely to turn out to be a significant market access barrier due to the complex registration and authorisation procedures and unworkable requirements concerning substances in articles, nullifying the advantages of tariff elimination. MEBF therefore appeals to the EU to reconsider its proposal in order to avoid new market access barriers and additional cost burdens. MEBF offers to cooperate with the EU to facilitate this process.

THE SESSION CO-CHAIRMEN

Uriel Sharef
Member of the Corporate Executive
Committee, Siemens AG
Germany

Carlos Mariani Bittencourt
Chairman, Petroquímica da Bahia
Brazil

3. INVESTMENT, PRIVATISATIONS AND FINANCIAL SERVICES

3.1. Introduction

MEBF has always supported foreign investment and the right of establishment by foreign investors as a key tool to promote bilateral business links and a major way to foster economic and social development. FDI promotes technology and know-how transfer, thus improving the competitiveness of the recipient country and its companies. MEBF has made many recommendations to facilitate the flow of foreign investments, which have been published in the Rio (1999), Mainz (2000) and Madrid (2002) Declarations. The principles stated there remain valid. MEBF wishes to acknowledge again its commitment and support to, among other:

- Free movement of capital connected with foreign investment and free transfer of profits.
- Full and progressive liberalisation of investment conditions for all economic sectors.
- Avoidance of restrictions to foreign investment.
- Full respect to the right of establishment for foreign legal persons with a view to conduct business in each other countries, without any restrictions other than those steaming out of public order & security, protection of national heritage, health and environmental issues.
- Compliance with international regulations and agreements, such as those contemplated in the WTO (e.g. GATS, TRIMs).
- National treatment for all investors and investments.
- Non-discriminatory access to government funds, civilian research and development programs.
- The rule of law, including predictability and respect for foreigner and domestic investor's rights.
- Free movement of key personnel related to FDI, particularly intra-corporate transferees.

3.2. The Negotiations between the EU and Mercosur for a Regional Association Agreement

MEBF fully supports the view that the Investment & Establishment Chapter of the Interregional Association Agreement should be in compliance with WTO regulations.

MEBF believes that both parties should firmly commit to fully liberalise foreign investment and provide the right of establishment as well as better market access for legal persons in all sectors. MEBF acknowledges that most economic sectors are liberalized, especially in manufacturing. However, there are still certain national restrictions to foreign investment in some sectors in Mercosur and EU countries. The business community of both blocks would like them to be gradually removed. These restrictions affect the following sectors:

- Agriculture, forestry and cattle raising.
- Mining, exploration and quarrying.
- Electricity, gas & water supply.
- Telecommunication.
- Financial services: banking, insurance and other financial services.
- Services to companies and institutions (accounting, legal, consulting).

Both parties should firmly commit to the increased liberalisation of services.

3.3 Multilateral Trade Negotiations – The Doha Round

MEBF is very concerned with the failure of the Cancun round of negotiations. We fully support the objectives declared in Doha; this new round should be the “development” round, thus industrialised countries should make an effort to further liberalise their markets in those sectors in which developing countries are competitive. At the same time, developing countries should accept the beginning of the negotiations of the “Singapur” issues, especially on Investment.

MEBF strongly urges Mercosur, EU and all other countries to sit again in a multilateral table to conclude the WTO “development” round of negotiations.

3.4. Investment facilitation

MEBF strongly recommends that both parties discuss and agree on a “investment facilitation” agenda similar to the “trade facilitation” agenda under discussion. Foreign direct investment flows between the EU and Mercosur have been substantial during the 90s, making a significant contribution to the development of both regions and the strengthening of bilateral ties. In the present decade said flows have dramatically decreased because of uncertainties at the international and domestic environments. It is essential that inward investment flows regain the levels of the recent past. MEBF will study and propose a series of measures to facilitate investments that are independent from the negotiations and could be implemented in the short term. As an initial proposal, we recommend:

- Simplification of administrative regulations for transactions related to business activities, such as international payments of dividends, royalties, etc.

- Increase the number of double taxation avoidance agreements, so that they cover all Mercosur and EU countries.
- Ease the procedures to the granting of residence and work permits to key foreign personnel working in joint ventures and fully owned foreign companies.
- Promote a public-private partnership framework for the development of infrastructure and the provision of public goods and services.

MEBF also recommends that both sides periodically meet and consult each other to respond to each other questions about specific legal, regulatory issues dealing with foreign investment in general and with the specific situation of individual companies affected by public administration (central, regional and local) decisions.

3.5. Co-operation between SME

MEBF has attached great importance to SME co-operation as a fundamental tool to improve the economic links between both sides and to foster economic and social development. In all Conferences held by MEBF a declaration related to this issue has been published. However, it seems that SME co-operation has not been high in the priorities of both sides. MEBF is very concerned because:

- (i) Negotiators have dedicated little attention to the promotion of business co-operation among European and Mercosur SME and
- (ii) EU instruments that have successfully promoted co-operation between EU and Mercosur SME in the recent past (e.g. Ecip) no longer exist. New instruments designed to promote long term co-operation between EU and foreign SMEs (e.g. Pro invest) are not applicable to Mercosur.

Therefore, MEBF requests that specific actions are taken by both sides in the fields of:

- Promotion of exports of Mercosur SME to EU countries.
- Promotion of Intercompany Co-operation Agreements (ICCA) between SME of both sides, such as joint ventures, technology transfer, subcontracting and joint commercialisation.
- Creation and development of SME in Mercosur.

Specifically MEBF would most welcome that the European Commission and Mercosur countries jointly design and implement technical assistance and financial support programs to:

- Develop and improve the capabilities of Mercosur national and regional TIPAs (Trade and Investment Promotion Agencies).

- Increase and improve the means of Regional Development Agencies in Mercosur regions to promote the creation and development and SME.
- Assist Business Intermediary organisations to provide better services to local SME.
- Provide assistance (e.g. training, technical assistance, matching grants) to Mercosur and EU SME that want to establish long-term co-operation agreements, such as subcontracting agreements, technology transfer, etc.

3.6. Government Procurement

MEBF is concerned that negotiations on this important subject have not yet begun, even though 10 bilateral rounds have taken place. MEBF strongly urges the Mercosur side to present an offer, likewise the EU side has done.

At the same time the MEBF recommends that, even though there is only one offer on top of the table, methods and modalities should be discussed and agreed by both parties. This would speed up negotiations, once both sides submit their own offers.

3.7. Infrastructure

MEBF has stressed the importance of improving infrastructure in Mercosur so as to facilitate its development and regional integration. To this end many recommendations have been presented in the previous MEBF declarations.

Regional initiatives, such as IIRSA (Iniciativa para la Integración de la Infraestructura Regional Sudamericana), which was approved in Brasilia in September 2000 are most welcome.

Private participation in infrastructure projects is very important to increase the number of total projects carried out and to increase their efficiency. Thus, MEBF would like to suggest to governments of Mercosur and the EU that they promote PPP (public private partnerships) as an instrument to increase the number and extension of infrastructure projects, especially cross-border ones, that could be carried out.

MEBF recommends to both sides that an increasingly important business to such as public-private partnerships for infrastructure projects should be a driver for investments in the future Inter-Regional Association Agreement between the EU and Mercosur.

Also MEBF fully supports the recent proposal of the 5th Latin American Summit of Ministers of Economy of Latin America that took place in Madrid on September 18, 2003. They have called for increased investments in domestic and regional infrastructure in Latin America to facilitate regional integration. National governments should dedicate funds to this end, but financial means should also come from

Multilateral Institutions and from private investors as well. The creation of a specific fiduciary facility to this end would be welcomed.

MEBF considers that multilateral banks (e.g. IADB, WB) should increasingly co-finance private infrastructure projects. The IADB can use only 5% of its resources to make loans to the private sector. This 5% has been lent and the bank needs the authorization of the directors representing the member countries to increase this percentage to 10%. Multilateral banks should allocate alternative sources of finance such as the creation of special funds geared at infrastructure projects. The MEBF believes that Mercosur governments should facilitate, through the approval of adequate legislation, participation of private companies in the creation and management of all sorts of infrastructures. The EU should assist in the identification, financing and implementations of infrastructure projects in Mercosur countries (especially in cross-border projects).

3.8. - Action Plan

MEBF proposes a Conference on Investment Protection and Facilitation Measures to take place in a near future.

THE SESSION CO-CHAIRMEN

Luís Mira Amaral
Member of the Board, Banco Português de
Investimento
Portugal

Antonio Estrany y Gendre
President, Interamerican Trade and
Production Council (CICYP)
Argentina

4. – SERVICES AND BUSINESS DEVELOPEMENT

4.1 – Services

As it is stated in the Madrid Declaration, MEBF believes that liberalisation of trade in services will produce significant economic and social benefits for UE and Mercosur countries. This liberalisation will generate a win-win situation and attract foreign investment promoting meanwhile an overall economic efficiency and industry development. These positive liberalisation effects are especially relevant due to the high share of services in the GDP of the MERCOSUR and EU member countries.

4.1.1. – *Obstacles to trade in services*

- a) One of the principal problems with the empirical treatment of trade in services is lack of information on prices and quantities. Trade in services is not restricted by tariffs, but by non-tariff barriers, which makes the task of liberalising services difficult.
- b) Contrary to trade in products, protection in the case of services seldom uses traditional defence instruments, but regulatory requirements, which widely vary among sectors. This makes the identification of obstacles that restrict trade a complex procedure, which involves most of all specific issues. Main instruments to restrict trade in services are defined in the MEBF Madrid Declaration of May 2002.
- c) The especial characteristic of services is that their international restrictions are based on commitments like those of the GATS, which are not uniform across countries, economic blocs and on the asymmetrical domestic regulations.

The EU regulatory framework is relatively homogeneous across countries since the creation of the single market. Mercosur countries signed in 1997 a Protocol to liberalise trade in services trough progressive rounds of negotiations. This protocol includes a transition period of 10 years.

Trade in services is a relatively new area of the international globalisation process in which substantial progress is proving difficult to achieve. However, WTO is paving the way for countries to open their economies through horizontal and sector specific commitments. The complexity of identification and quantification of trade in services required introduction of rules. National treatment and the most favoured nation clauses have helped identifying restrictions and reciprocity relations.

4.1.2. – *The present situation in Mercosur and in bilateral relations with EU*

During the Tenth Meeting of the Mercosur-European Union Bi-Regional Negotiations Committee, the parties have exchanged their respective offers, exchanged views on the scope of commitments and expressed their expectation of deeper liberalisation. The

parties discussed the general provisions of the Services Chapter article by article and were able to reach agreement on common drafting of most of the articles. Provisions regarding coverage, the definition of subsidiary, economic need tests, exceptions, domestic regulation, and to improve the common wording on mutual recognition still remain to be further discussed. In relation to the question of economic need test, Mercosur presented a new proposal in the Bi-regional Negotiating Committee held in Paraguay on June 23-27.

The chart in Annex presents a comparison of the services proposals from Mercosur and the European Union, which shows a considerable degree of convergence in several areas that could be a reference for further negotiations.

4.1.3. – MEBF's recommendations

MEBF strongly suggests to Mercosur and EU countries to undertake sector liberalisation commitments under the GATS and at the interregional level. It is also important to stress the various economic and political advantages associated:

- Overcoming resistance to change: the gain in each strong sector in each country is higher than the lose in the weaker ones. This as a result, bolsters sustainable growth and development. It has been widely proved that more open economies outperform those with more restrictive policies.
- Improving conditions for sector growth: this kind of international agreements give attractiveness for traders and investors as they see themselves protected from arbitrary restrictive policies.
- Promoting overall economic efficiency: many services sectors, cater not only for direct consumer demand, but also provide efficiency-enhancing inputs across a range of users industries.
- Reinforcing the international competitiveness of goods.

Besides the agreed recommendations defined in the Madrid Declaration, the MEBF also would like to make some suggestions about negotiations issues that require a deep and coordinated analyses of the domestic regulation of the Mercosur and EU countries, due to the present asymmetries at national, regional levels and RIA's (Regional Integration Agreements) level. These analyses would be related to:

- Coverage of commitments regarding their present asymmetry.
- Intensity of commitments for different mode of supply.
- Characteristics of the services involved regarding their specific or generalized use.
- Interaction between the negotiation of goods and services.
- Size of firms engaged in the provision of services and market dimension.

In order to progress in the elaboration of a text for a bi-regional agreement, MEBF suggests to the EU and Mercosur negotiators to take specific actions on the following issues:

- Coverage: the parties should reach an agreement on the treatment of audiovisual services, maritime cabotage, fluvial transport and national and international air means of transport.
- Definitions: specific progress in this field should be achieved in order to make uniform the vocabulary for the negotiations.
- National regulations: the parties should submit proposals that allow to step over the present disagreements.

4.2. – Business Development

4.2.1. – *Co-operation in Sustainability Projects to implement the Kyoto Protocol*

4.2.1.1. – Projects in Clean Development Mechanism

The Member States of the European Union and Mercosur ratified the Kyoto Protocol. Co-operation projects can be developed between both blocs, in the area of carbon trade (Clean Development Mechanism - CDM), considering that the countries of the European Union are inserted in the Annex 1 of the Kyoto Protocol and could compensate their emission of CO₂ by acquiring carbon credits, emitted by the countries not inserted in the Annex 1, in this case, the countries of Mercosur. Nowadays, there are projects of carbon credit being developed in Mercosur in the fields of renewable energies and reforestation, among others, which seeks the emission of CER (Certified Emission Reductions). Member States of the European Union, on the other hand, have created funds that are stimulating those projects, with the objective of trading those credits.

MEBF recommends to the European Union and Mercosur to begin a discussion on the premises of acceptability of CDM and other mechanisms in this field between both regions.

4.2.1.2. – Co-operation in Projects of Bio Energies

In the last decades, Mercosur countries have developed a strong programme of bio-energy fuels. The automobile industry is developing advanced technologies that adapt the vehicles to any mixture of the fossil and bio-energy fuels. Countries of Northern Hemisphere, including some of the European Union, manifested interest in including, in their fossil fuels, a percentage of bio energy fuel that would reduce the emissions of CO₂.

MEBF recommends a strong co-operation in the area of bio energy fuels to comply with the provisions of the Kyoto Protocol.

ANNEX

COMPARATIVE CHART ABOUT EUROPEAN UNION AND MERCOSUR
SERVICES PROPOSALS

TOPICS	EUROPEAN UNION	MERCOSUR
OBJECTIVE	Services trade reciprocal liberalization, in keeping with V article of GATS	Similar to EU
COVER	<p>1.The definition of the 4 types of rendered services follows the GATS model.</p> <p>2.Excluded in the agreement are audiovisual services, maritime cabotage and national and international air means of transport.</p> <p>3.Maritime means of transport, financial and telecommunications are in specific chapters.</p>	<p>1. Similar to EU (text included in the Article Scope and Definition).</p> <p>2. Interest in: Not to exclude audiovisual services negotiations. To address air means of transport sector in a specific chapter. To exclude the agreement in cabotage and fluvial transport.</p> <p>3. These chapters are under consultation (EU text between brackets)</p>
DEFINITIONS	<p>Defines de following concepts:</p> <ul style="list-style-type: none"> -“Subcentral, central and federal government” -“Services providers” -“Trade presence” -“Subsidiary legal person” -“Community legal person” <p>and</p> <ul style="list-style-type: none"> “Mercosur legal person” -“National person”. 	<p>1.Suggests to use the same definitions as the XXVIII Article of the GATS. (keeps the EU text between brackets)</p>
MARKET ACCESS	<p>1.Identifes the measures that do not have to be adopted or maintained by the third parties in the services sectors included in the commitment list of liberalization.</p>	<p>1.It agrees with the EU proposed text, apart from the economical needs checking requirements. Talking about these requirements, it refers to the Article “National Regulation”.</p> <p>2.It keeps the right to propose a draft that sets that the resolutions of the national bodies with authority to apply legislation pro-competence do not be considered like violations of the commitments list.</p>

		3. New limits have to be identified and modified later on.
NATIONAL TREATMENT	1. It foresees that each Party has to give to the services and providers in the other Party, the same treatment as the nationals. The application of the National Treatment requirement can be assured through the concession of a formally identical treatment, or formally different treatment only if it does not modify the competence conditions to favour national services and providers.	practically maintains the text proposed by the EU. 2. It shows preoccupation for the overlapping of commitments in the area of market access and national treatment (issue under discussion in the WTO)
TRADE LIBERALISATION AND PROGRESSIVE LIBERALISATION	From the moment the Agreement comes into force, each Party should give to services and providers of the other Party a treatment not less favourable than what is provided in Annex I (Commitment Lists).	proposes the expression “Progressive Liberalisation”, which focus on liberalisation commitments based in “phase-in-arrangements” (implementation commitments) which will be included in the Commitment Lists. text about the mode of liberalisation of the chapter is being elaborated.
PRINCIPLE OF MOST FAVOURED NATION (MFN)	Not mentioned.	It reserves the right to analyse later on the possibility of including provisions about the MFN clause.
NATIONAL REGULATION	Each Party regulates the services offer in its territory in a way that these regulations will not discriminate services and providers from the other Party, in comparison with the nationals.	It proposes a text with the following characteristics: 1. The general implementation measures will be managed in a reasonable, objective and impartial way. 2. Possibility of establishing courts or judicial procedures, arbitrary and administrative that allow the revision of the administrative decisions that affect the trade of services. 3. Services subject to licenses, registration, or other kind of certifications will be evaluated

		<p>according to each Party's laws.</p> <p>4. General criteria to ensure the measures related to technical rules are defined. Requirements and procedures in the field of aptitudes are not an obstacle to services trade.</p> <p>5. Adequate procedures to verify the competence of the other Party's professionals are established.</p> <p>6. No verification of economic needs should be implemented to providers from the other Party.</p>
MUTUAL RECOGNITION	<p>In principle, in a period not longer than three years from the moment the Agreement comes into force, the Association Council should establish the necessary stages for the negotiation of mutual recognition agreements about the requisites, qualifications, licenses and other regulations.</p>	<p>Similar to EU</p>
TRANSPARENCY	<p>It foresees the rapid publishing or public diffusion of all the relevant measures that may affect the Agreement; and also a quick answer to the information requests about these measures that the other Party may demand.</p>	<p>Similar to EU</p>
SUBSIDIES	<p>Not mentioned</p>	<p>Concerning the subsidies that distort the trade of services, the Parties will apply the disciplines that will be developed according to the Article XV of the GATS.</p>
EXCEPTIONS	<p>1. It includes measures:</p> <ul style="list-style-type: none"> - to protect public security and ethics; - to protect human, animal or vegetal life, and also the conservation of non-renewable resources; - to protect national treasures with artistic, historic 	<p>1. It sets forth the topic whether the EU-Mercosur Agreement should or should not consider general exceptions in separate text (not only for the Services chapter), where these provisions should be stated.</p>

	<p>or archaeological value;</p> <ul style="list-style-type: none"> – to assure the adjustment of the laws and regulations that are not consistent with the clauses of the Chapter; – or those which are inconsistent with the objective of the article about National Treatment. <p>2. This Chapter will not be applied to the social security systems or other activities related with the official authority.</p> <p>3. This Chapter should not impede the application of laws, rules and requirements related to entrance, permanence, work, work conditions, and stay of people, as long as it does not annul the interest of this Agreement on Services.</p>	<p>2. It maintains the text proposed by the EU, excluding the measures the conservation of non-renewable resources and the protection national treasures with artistic, historic or archaeological value.</p>
CO-OPERATION	Not mentioned	<p>The Parties will promote the regional co-operation to improve the competitiveness in the services sector through the access to new technology, improvement of the distribution channels and information channels.</p>

4.3. – Sectoral Group On Information Society, E-Commerce And Telecommunications

4.3.1. – *Overview*

During the previous four years of MEBF activities, recommendations in the field of Information Society, Electronic Commerce and Telecommunications have focused on the creation of the basic conditions required to promote the development of broadband multimedia services in the ICT (Information and Communications Technologies) sector. This is considered a key factor for ensuring growth in economic productivity and for achieving a mutually advantageous partnership between the EU and Mercosur.

In this respect, the need for financial support for the development of infrastructure and the creation of predictable and harmonised regulatory frameworks to attract investment, have been constantly highlighted as the necessary milestones to allow both blocs to reap the full benefits of the Information Society. Promoting consumer confidence, favouring electronic contracts and protecting intellectual property rights under a policy of co-operation between governments and industry were advocated as the main conditions for ensuring the growth of electronic commerce. Finally, strengthening co-operation on an institutional level to promote the adoption of harmonised, open, market-driven and internationally accepted telecom standards, was supported to give the end user the best combination of a large service offering, low prices and versatile terminals.

4.3.2. – *The Way Forward for ICTs*

The perceived recovery of the ICTs sector suggests that the EU and Mercosur Administrations should now focus on the development of suitable policies to avoid the risk of investment stagnation. The huge investment effort required for companies involved in the provision of broadband multimedia Information Society services requires an adequate return. Only with a viable environment and the appropriate market conditions ICT companies will be able to contribute to foster the development of a broadband Information Society, reinforcing social cohesion and achieving a better redistribution of wealth.

International co-operation programmes between the EU and Mercosur for global and balanced deployment of the Information Society are specific examples to foster its development. In this sense, under the @LIS programme (Alliance for the Information Society) of the European Commission some joint projects to promote the Information Society in the Latin American region are being developed. However, the current group of selected projects should be considered as an initial stage and a second call for proposals should be launched in order to achieve a “critical mass” and give the possibility of including some of the other many valuable projects submitted.

In this sense, the public sector should adopt, comprehensive e-government projects to extend the offer and use of on-line administration, promote education in the use of new broadband technologies and enhance the development of broadband ICT applications adapted to the social and economic environment where they are going to be implemented. Technical assistance and co-operation between EU and Mercosur governmental agencies becomes in this respect more crucial. It increases the need for

the permanent presence of officials from one bloc in the other who are dealing with Information Society Issues on a full time basis.

4.3.3. – The Importance of e-Government in a Public Policy Agenda

EU and Mercosur Governments should play a leading role in the goal of creating demand for Broadband Information Society Services by introducing ICTs into public administration. All levels of government (national, regional, local) should participate in this broadband digitalisation process, not only ensuring greater transparency of their activities for citizens and companies but also encouraging them to go on-line through the development of easy to use on-line tax paying and on-line public procurement/purchasing mechanisms. The possibilities of ICTs in expanding democracy, giving citizens the chance to participate in political dialogue and even to exercise their right to vote, should also be considered a major benefit of e-government. A system should be developed for regular exchange of e-government best practices to constantly improve the quality of on-line public services for citizens and enterprises.

In a broader scope, e-government should be just one of the milestones of a wide public policy agenda developed in close co-ordination with the private sector and civil society. In order to reap the full benefits of the Information Society in the form of social development, improved economic productivity/efficiency and poverty reduction, the EU and Mercosur Administrations should also adopt common broadband initiatives geared towards:

- a) Promoting shared broadband access models as a best practice to bridge the digital divide. Public Internet access points in post offices, libraries and schools should be considered as the way to ensure access to Information Society Services in remote and rural areas.
- b) Fostering the creation of suitable broadband applications to meet local needs especially in the fields of e-learning and e-health.
- c) Creating a special fund to finance SMEs access to software and application service providers in order to fully implement ICTs in their production process. Measures to facilitate SMEs participation in B2B e-market places should be adopted.
- d) Promoting access to ICTs among citizens in general, through fiscal benefits such as a tariff and indirect taxes rate reduction on ICTs products (hardware, software, Internet access) or a recognition of spending on ICTs as a deductible expense in the annual tax declaration.
- e) Fostering broadband penetration through competition between different interoperable platforms open to multiple multimedia service providers. A predictable regulatory framework inspired by competition principles and ensuring that a level playing field exists for all markets participants is necessary to stimulate investment in broadband infrastructures and services and foster innovation. Access to network infrastructures should be based in

commercial negotiations among market players limiting government regulation to cases where they fail to reach an agreement.

4.3.4. – Computer Literacy and e-Learning

ICTs potential benefits in the field of education can be appreciated at different stages. First of all, ICT use can at a basic level help to expand literacy, raise educational standards and improve learning mechanisms while providing the computer literacy necessary to better understand and take advantage of the benefits of the Broadband Information Society. EU and Mercosur Administrations should co-operate in the development of ICT-based literacy projects that would highly contribute to bridge the digital divide.

A further stage involving promotion of ICTs in schools requires a comprehensive plan in close co-operation with the private sector to provide the necessary equipment and interactive media, training for teachers in order to know how to adapt the use of ICTs to learning programs and educational software and content. Museums and libraries should also be connected as key e-learning institutions.

A research network between Mercosur and EU Universities and educational centres should be set up in order to foster knowledge sharing and technology transfer.

Finally, the development of specific e-learning applications to improve the skills of the workforce at the industry level should be promoted.

MEBF supports the culture diversity as a way to enhancing the better understanding among countries. The entertainment industry and culture producers should not face barriers and quotas in the EU and Mercosur markets.

4.3.5. – *E-Health Applications*

EU and Mercosur Administrations should foster the development of e-health applications to allow the provision of real-time health care services improving the health systems in their countries by making them more efficient and equitable.

At the same time, the interconnection of information systems between hospitals and clinics ensuring privacy and confidentiality of health records should be promoted thus favouring secure information flows and optimising resources.

e-Health content and services allowing citizens to obtain general medical information through the Internet should be developed.

4.3.6. – *Fostering Public Private Partnership focused on Bridging the Digital Divide*

EU and Mercosur Administrations should foster the development of an investment strategy through Public Private Partnerships focusing on ICT projects having the largest development impact in terms of bridging the digital divide. The projects should be selected so as to generate the highest usage by SME and/or the population at large. Pilot

project can be a preliminary step before launching full scale networks for non tested usage of ICT networks.

4.3.7. – Conclusions

EU and Mercosur Administrations should give special consideration to the current situation involving the growth of broadband multimedia services in the ICT sector. In close co-operation with the private sector, they should promote initiatives and public policies to favour the expansion of new broadband technologies thus creating a virtuous circle of demand and investment that would ultimately help to move matters forward with the goal of ensuring e-inclusion and bridging the digital divide.

THE SESSION CO-CHAIRMEN

Manuel Avendaño
Director EU & International Regulatory
Affairs, Telefonica
Spain

Ricardo Zerbino
President, Fanapel
Uruguay