

ORAL QUESTION O-0061/02

pursuant to Rule 42 of the Rules of Procedure

by José Salafranca Sánchez-Neyra, Arie Oostlander and Philippe Morillon, on behalf of the PPE-DE Group  
to the Council

Subject: The crisis in the Mercosur countries

The member states of Mercosur (the Southern Cone regional common market) are currently suffering from particularly difficult circumstances. In Argentina, economic crisis has led to political crisis, with a knock-on effect on its previously stable neighbour Uruguay; and now Paraguay is racked by growing political instability, while the presidential election in Brazil, to be held in early October 2002, is awaited internationally with expectation and anxiety. This situation is also affecting Mercosur's geographical neighbours and its close trading partners; the crisis is thus effectively impinging on the whole of the Southern Cone region.

In view of these circumstances and the EU's position as Mercosur's first trading partner and the biggest investor in the region, and given also that the objective of the negotiations for an association agreement is to create a free-trade zone comprising both regions, thus liberalising trade in goods and services in line with WTO rules, while the aim is to conclude the agreement as soon as possible, as decided at the Madrid summit in May:

1. What is the Council's evaluation of the progress reached in the negotiations for the agreement? How far are they being affected by the severe problems in the Southern Cone region? What does the Council believe are the main obstacles to progress? What are the prospects for maintaining the existing calendar for conclusion of the association agreement with Mercosur?
2. What measures, apart from those already in place, does the Council intend to adopt under the Community's powers to ensure that, in conjunction with international or European financial institutions such as the EIB, the EU can contribute to alleviating and overcoming the effects of the crisis, given especially that, as the Council has said in the past, only a stronger Mercosur can ensure the success of the free trade area?
3. Does the Council not believe that there is a strong case for introducing, for circumstances such as those now prevailing in certain Mercosur countries, mechanisms such as the biregional solidarity fund which was proposed by the European Parliament in its report on a global partnership and a common strategy for relations between the European Union and Latin America?
4. What is the Council's assessment of the possible granting of most-favoured status to Mercosur under the Community's Generalised System of Preferences, given that the objective of the negotiations for the association agreement is the creation of a free trade area?

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