



SACU-Mercosur: Long Process, Little Progress

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Introduction:

- Chronology of events
- Reasons behind inter regional relations between SACU and Mercosur
- Carving out economic benefits from a political initiative
- Aligning priorities
- Call for pragmatism: Cooperative agreements through a sector-by-sector approach with real commercial incentives
- The road ahead?



Chronology of Events:

26 March 1991	Argentina, Brazil, Paraguay and Uruguay signed the Treaty of Asuncion – MERCOSUR.
1996-1997	Interest shown from the South African government in the ‘rising star’ of regional integration in the developing world.
September 2000	Southern African Free Trade Agreement (SAFTA) is launched.
December 2000	South Africa’s minister of trade and industry, Alec Erwin, signed a ‘Framework Agreement for the creation of an FTA between South Africa and Mercosur’.
October 2001	First Round of FTA negotiations between South Africa and Mercosur began.
24-28 June 2002	First combined trade delegation from Mercosur visited South Africa.
9-10 December 2002	Second round of FTA negotiations took place in Pretoria.
1 January 2003	President Mbeki attended the presidential inauguration of “Lula” da Silva in Brazil.
April 2003	Next round of trade negotiations are scheduled for April.



Reasons Behind SACU- Mercosur Relations:

- Trade: Inter regional/bilateral trade and access to new and broader markets
- Trade facilitation: Geographical proximity and transportation 'hubs'
- International Political Incentives: South-South relations
- SACU and Mercosur: Pioneers in North-South relations
- Role in multilateral fora
- 'Extra Regional' incentives



Threats and Opportunities: The Politics of Economics

- In 5 or 6 Years little has been achieved
- Reasons for slow progress:
 - Most notably, SACU-Mercosur relations are a political initiative between economic rivals
 - Poor timing: SACU-Mercosur relations have coincided with the downward spiral within Mercosur and instability in Southern Africa



Threats and Opportunities (*Continued*)

- Communication, culture, operating styles and the lagging process
- Priorities in the global political economy (other bilateral agreements)
- Lack of business and civil society involvement
- Address these problems with urgency
- Cooperation and collaboration: the pragmatic approach
- Commercial incentives



SACU-Mercosur: the Road Ahead?

- What should we expect from the year ahead?
- Short term obstacles and deliverables
- Prioritise the process by allocating the required resources with the commitment it deserves
- The need for pragmatism and PPP's in the process should become the core principle behind SACU-Mercosur relations



Gracias – Obrigado – Thank you