

EU-27 trade with MERCOSUR countries 2006

In 2006, the European Union's (EU-27) trade with the Southern Common Market (Mercosur) registered imports with a total value of EUR 35.4 billion and exports worth EUR 23.2 billion. Brazil is responsible for three quarters of this trade.

The EU-27 trade balance with Mercosur countries was consistently negative throughout the 2000-2006 period: the deficit amounted to EUR 12.2 billion in 2006, a 12% increase compared to 2005.

Brazil remains by far the main EU-27 partner among the four Mercosur countries, with over 75% of the total value of both EU exports and EU imports.

Germany, France and Italy together accounted for over 50% of the total value of EU exports to, and 40% of EU-imports from, Mercosur countries.

'Machinery (electrical, industrial) and transport equipment' were by far the most important export products, whereas for imports, 'food products' ranked first.

Upswing in trade since 2003 but EU trade deficit remains

Between 2001 and 2003, EU-27 trade with Mercosur countries registered a noticeable drop in exports, before rising again from 2004 onwards to regain the 2000 level in 2006. At the same time, EU-27 progressively imported more from Mercosur countries. As a consequence, the trade balance registered a drop between 2000 and 2003 followed by a relatively stable deficit above EUR 10 billion.

Brazil was clearly the main Mercosur partner for both EU exports and imports, reaching a total value of EUR 17.4 billion for EU exports and EUR 27.1 billion for EU imports in 2006 (Table 1). Based on these values, Brazil represented 75.1% of total EU exports to Mercosur countries, while Argentina, Uruguay and Paraguay followed with 20.7%, 3.5% and 0.8% respectively. The same ranking prevails for imports: Brazil accounted for 76.6% of EU imports from Mercosur countries, far ahead of Argentina (20.6%), Uruguay (2.0%) and Paraguay (0.9%).

Figure 1: Evolution of EU-27 trade with MERCOSUR countries between 2000 and 2006, (EUR billion)



	2000	2001	2002	2003	2004	2005	2006
Exports	23.8	24.3	18.3	15.4	18.2	20.4	23.2
Imports	24.8	26.1	25.4	26.2	28.8	31.3	35.4
Trade balance	-1.0	-1.8	-7.1	-10.8	-10.7	-10.9	-12.2

Source: Eurostat (COMEXT)

The Southern Common Market (MERCOSUR) was created by Argentina, Brazil, Paraguay and Uruguay in March 1991.

Since 1991, EU-MERCOSUR relationships consists of three elements: political dialogue, co-operation and trade issues.

Since 1999, the EU and MERCOSUR are negotiating an Interregional Association Agreement.

Table 1: EU-27 trade with MERCOSUR trading partners (EUR million)

	EXPORTS						IMPORTS							
	2000	2004	2005	2006	Average annual increase 2000-2006	Share in total EU exports to Mercosur countries - 2006		2000	2004	2005	2006	Average annual increase 2000-2006	Share in total EU exports to Mercosur countries - 2006	
						%	% cum.						%	% cum.
Mercosur	23 768	18 152	20 436	23 194	-0.4%	100	100	24 798	28 813	31 322	35 361	6.1%	100	100
Brazil	16 510	13 961	15 832	17 410	0.9%	75.1	75.1	18 613	21 672	24 042	27 085	6.5%	76.6	76.6
Argentina	6 123	3 627	3 988	4 805	-4.0%	20.7	95.8	5 576	6 190	6 403	7 275	4.5%	20.6	97.2
Uruguay	862	410	449	805	-1.1%	3.5	99.2	439	635	607	700	8.1%	2.0	99.1
Paraguay	272	154	166	175	-7.1%	0.8	100.0	171	316	270	301	9.9%	0.9	100.0

Source: Eurostat (COMEXT)

Germany alone responsible for 30% of all EU exports to MERCOSUR

Considering the individual EU Member States' trade with Mercosur countries in 2006, Germany was by far the most important partner for exports, with goods valued at EUR 6.9 billion. This corresponds to 29.8% of total EU exports (Table 2), and was followed by France and Italy with 14.9% and 13.4% respectively. Although fairly limited in absolute terms, Estonia's and Lithuania's exports to Mercosur developed particularly fast between 2000 and 2006 (average annual increase of 74.3% and 62.3% respectively).

With regard to imports, Germany, the Netherlands and Italy were the most important trading partners for

Mercosur in 2006, taking 18.0%, 15.7% and 13.1% respectively of total EU-27 imports. As EU entry points, the ports of Rotterdam in the Netherlands (mainly iron ore arrivals) and Antwerp in Belgium (mainly fruit arrivals) account for their countries' high proportion of EU imports (15.7% and 7.5% respectively).

A large majority of the EU-27 Member States displayed trade deficits, the highest being registered for the Netherlands (-4.4 billion EUR) and Spain (-2.2 billion EUR). Nine EU countries showed a trade surplus, with Germany in the lead (EUR 560 million).

Table 2: EU-27 trade with MERCOSUR countries, by EU Member State (EUR million)

	EXPORTS						IMPORTS						TRADE BALANCE			
	2000	2004	2005	2006	Average annual increase 2000-2006	Share in EU-27 trade 2006	2000	2004	2005	2006	Average annual increase 2000-2006	Share in EU-27 trade 2006	2000	2004	2005	2006
EU-27	23 768	18 152	20 436	23 194	-0.4%	100%	24 798	28 813	31 322	35 361	6.1%	100%	-1 030	-10 661	-10 886	-12 167
Belgium	1 203	1 186	1 330	1 594	4.8%	6.9%	2 009	1 904	1 972	2 642	4.7%	7.5%	-806	-717	-643	-1 048
Bulgaria	8	33	35	29	24.4%	0.1%	79	207	318	451	33.7%	1.3%	-71	-174	-283	-422
Czech Republic	65	97	176	184	18.8%	0.8%	129	140	98	72	-9.2%	0.2%	-64	-43	78	112
Denmark	273	225	235	299	1.5%	1.3%	416	457	455	515	3.6%	1.5%	-143	-232	-220	-216
Germany	6 375	5 585	6 472	6 915	1.4%	29.8%	3 890	4 362	5 297	6 355	8.5%	18.0%	2 486	1 223	1 175	560
Estonia	1	8	12	22	74.3%	0.1%	3	16	21	14	26.2%	0.0%	-3	-8	-9	8
Ireland	276	179	189	188	-6.2%	0.8%	137	236	245	222	8.5%	0.6%	139	-56	-56	-34
Greece	46	32	35	53	2.6%	0.2%	209	419	341	264	4.0%	0.7%	-163	-387	-306	-211
Spain	2 382	1 586	1 555	1 741	-5.1%	7.5%	2 587	3 382	3 647	3 913	7.1%	11.1%	-205	-1 796	-2 092	-2 172
France	4 184	2 494	3 013	3 456	-3.1%	14.9%	3 339	2 644	2 924	3 133	-1.1%	8.9%	845	-150	89	323
Italy	3 781	2 456	2 759	3 108	-3.2%	13.4%	3 660	3 858	3 993	4 647	4.1%	13.1%	121	-1 402	-1 234	-1 540
Cyprus	0	0	0	0	-10.8%	0.0%	31	71	111	160	31.1%	0.5%	-31	-71	-111	-160
Latvia	1	0	1	1	17.3%	0.0%	3	9	9	14	29.7%	0.0%	-2	-8	-8	-13
Lithuania	0	0	1	8	62.3%	0.0%	21	21	27	39	10.5%	0.1%	-21	-20	-26	-31
Luxembourg	35	30	42	36	0.5%	0.2%	49	23	47	20	-14.1%	0.1%	-14	7	-5	17
Hungary	85	88	84	84	0.0%	0.4%	243	200	182	123	-10.8%	0.3%	-159	-112	-98	-38
Malta	2	5	14	6	17.5%	0.0%	13	22	13	14	0.8%	0.0%	-11	-17	1	-8
Netherlands	881	873	1 001	1 145	4.5%	4.9%	3 622	5 067	5 404	5 551	7.4%	15.7%	-2 741	-4 194	-4 403	-4 406
Austria	380	296	394	498	4.6%	2.1%	140	156	123	109	-4.1%	0.3%	240	140	270	389
Poland	116	123	175	196	9.1%	0.8%	405	554	481	592	6.5%	1.7%	-289	-431	-306	-396
Portugal	250	177	215	306	3.5%	1.3%	661	1 050	1 133	1 346	12.6%	3.8%	-411	-873	-918	-1 039
Romania	11	20	29	27	16.5%	0.1%	208	342	430	481	15.0%	1.4%	-197	-321	-401	-454
Slovenia	29	14	15	23	-3.6%	0.1%	56	85	132	194	22.9%	0.5%	-27	-71	-117	-171
Slovakia	14	19	25	39	18.2%	0.2%	24	48	34	35	6.5%	0.1%	-10	-29	-8	4
Finland	492	359	326	627	4.1%	2.7%	231	286	383	510	14.1%	1.4%	262	73	-58	117
Sweden	1 021	729	766	870	-2.6%	3.8%	378	423	440	485	4.2%	1.4%	643	306	325	386
United Kingdom	1 857	1 536	1 538	1 739	-1.1%	7.5%	2 255	2 832	3 061	3 462	7.4%	9.8%	-398	-1 296	-1 523	-1 723

Source: Eurostat (COMEXT)

Food products most significant EU import, energy products rising fast

EU exports to Mercosur countries continued to be strongly dominated by manufactured goods (total value of EUR 21.6 billion in 2006, representing 93% of all exports - see Table 3). 'Machinery and transport equipment' was the most important category as it represented about two thirds of all EU-exports. At the import level, 'food products' dominated with 35% (EUR

12.5 billion) of the 2006 total. The value of imported energy products showed an average annual increase of 40% between 2000 and 2006.

The EU trade balance by main product group revealed an EU-27 deficit of EUR 22.2 billion for primary products, and a surplus of EUR 10.1 billion for manufactured goods.

Table 3: EU-27 trade with MERCOSUR countries, by main product group (EUR million)

	EXPORTS						IMPORTS						TRADE BALANCE			
	2000	2004	2005	2006	Average annual increase 2000-2006	Share in total trade 2006	2000	2004	2005	2006	Average annual increase 2000-2006	Share in total trade 2006	2000	2004	2005	2006
TOTAL	23 768	18 154	20 437	23 194	-0.4%	100%	24 798	28 813	31 322	35 361	6.1%	100%	-1 030	-10 659	-10 885	-12 167
Primary products	1 318	916	1 085	1 372	0.7%	6%	15 710	19 730	21 066	23 603	7.0%	67%	-14 392	-18 814	-19 981	-22 231
Food products	791	422	473	563	-5.5%	2%	9 545	11 526	11 607	12 501	4.6%	35%	-8 754	-11 104	-11 134	-11 938
Crude materials	224	186	226	285	4.1%	1%	5 927	7 502	8 175	9 321	7.8%	26%	-5 703	-7 316	-7 949	-9 036
Energy	303	308	386	524	9.6%	2%	238	702	1 284	1 781	39.9%	5%	65	-394	-898	-1 257
Manufactured goods	22 095	16 903	19 008	21 590	-0.4%	93%	8 986	9 001	10 054	11 492	4.2%	32%	13 109	7 902	8 954	10 098
Chemicals	4 322	4 195	4 249	4 844	1.9%	21%	843	1 020	1 276	1 586	11.1%	4%	3 479	3 175	2 973	3 258
Machinery and transport equipment	15 614	11 363	13 268	15 035	-0.6%	65%	7 299	6 917	7 615	8 689	2.9%	25%	8 315	4 446	5 653	6 346
Other manufactured articles	2 159	1 345	1 491	1 711	-3.8%	7%	844	1 064	1 163	1 217	6.3%	3%	1 315	281	328	494
Others	355	335	344	232	-6.8%	1%	102	82	202	266	17.3%	1%	253	253	142	-34

Source: Eurostat (COMEXT)

Looking at the statistics according to individual products, 'Metalliferous ores and metal scrap' and 'Feeding stuff for animals' together represented just under a quarter of total EU-27 imports from Mercosur countries (Table 4a). 'Meat and meat preparations' and 'Oil seeds and oleaginous fruits', followed with 7.4% and 6.5% respectively.

It is notable that imports of 'Feeding stuff for animals' from Mercosur represented 70% of total extra-EU trade of this category in 2006.

As far as EU-27 exports to Mercosur countries are concerned, 'Road vehicles' and 'General industrial machinery and equipment, and machine parts' accounted for more than a fifth of total EU-27 exports to the Mercosur in 2006 (Table 4b). 'Machinery specialized for particular industries' and 'Electrical machinery, apparatus and appliances' followed with 8.2% and 7.0% respectively. The remaining products of the 'top-10' list are more evenly distributed and account for between 5.8% and 3.0% of the total.

Table 4a: Main EU-27 imports from MERCOSUR countries, by product

SITC division	Value (EUR million)				Share in total extra-EU imports of this division (%)				Share in total EU imp. from Mercosur	
	2000	2004	2005	2006	2000	2004	2005	2006	%	% cum.
Total	24 798	28 813	31 322	35 361	2.5	2.8	2.7	2.6	100	100
28 Metalliferous ores and metal scrap	2 033	2 656	3 380	4 358	13.9	15.6	16.5	15.6	12.3	12.3
8 Feeding stuff for animals	3 505	4 774	4 280	4 197	62.9	73.1	72.6	70.0	11.9	24.2
1 Meat and meat preparations	1 446	1 953	2 336	2 632	46.7	52.9	53.6	56.0	7.4	31.6
22 Oil-seeds and oleaginous fruits	1 785	2 811	2 495	2 311	39.5	60.5	59.9	56.9	6.5	38.2
5 Vegetables and fruit	1 569	1 621	1 787	1 904	11.4	10.1	10.0	10.2	5.4	43.6
7 Coffee, tea, cocoa, spices and manuf.	1 209	957	1 371	1 472	15.2	13.9	17.1	16.9	4.2	47.7
67 Iron and steel	890	950	1 320	1 371	7.2	4.9	5.9	4.5	3.9	51.6
25 Pulp and waste papers	908	862	1 068	1 336	14.3	20.4	24.3	28.3	3.8	55.4
68 Non-ferrous metals	565	670	569	1 172	2.4	3.0	2.3	2.8	3.3	58.7
78 Road vehicles	628	469	934	1 169	2.2	1.0	2.0	2.1	3.3	62.0

Table 4b: Main EU-27 exports to MERCOSUR countries, by product

SITC division	Value (EUR million)				Share in total extra-EU exports of this division (%)				Share in total EU exports to Mercosur	
	2000	2004	2005	2006	2000	2004	2005	2006	%	% cum.
Total	23 768	18 154	20 437	23 194	2.9	1.9	2.0	2.0	100	100
78 Road vehicles	2 608	2 021	2 325	2 688	3.5	2.1	2.3	2.4	11.6	11.6
74 General industrial machinery and equipm.	1 825	1 531	1 897	2 256	4.0	2.6	2.9	3.0	9.7	21.3
72 Machinery specialized for partic. industr.	1 937	1 374	1 607	1 913	4.4	2.6	2.9	3.0	8.2	29.6
77 Electrical machinery, appar. & appliances	1 670	1 246	1 479	1 613	2.5	1.8	2.1	2.1	7.0	36.5
54 Medicinal and pharmaceutical products	1 204	1 092	1 075	1 355	3.6	2.1	1.8	2.0	5.8	42.4
71 Power-generating machinery	904	1 048	1 191	1 247	2.5	2.8	2.8	2.7	5.4	47.7
51 Organic chemicals	1 068	976	1 061	1 066	3.4	2.9	3.0	2.8	4.6	52.3
79 Other transport equipment	1 778	707	864	1 008	3.6	1.6	1.8	2.3	4.3	56.7
67 Iron and steel	340	358	582	711	1.9	1.5	1.9	2.1	3.1	59.7
59 Chemical materials and products	508	793	642	685	3.7	4.8	3.9	3.8	3.0	62.7

Source: Eurostat (COMEXT)

METHODOLOGICAL NOTES

Statistical sources (data extracted on: 06/11/2007)

EU data: Eurostat (COMEXT)

The **EU-27** includes: Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

The **Southern Common Market (MERCOSUR)** includes: Argentina, Brazil, Paraguay and Uruguay.

Classification of products (Table 3)

Third revision of the Standard International Trade Classification (SITC). Food products = sections 0+1, Crude materials = sections 2+4, Energy = section 3, Chemicals = section 5, Machinery and transport equipment = section 7 and Other manufactured articles = sections 6+8.

Concepts and definitions

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