

# Mercosur and Israel to clinch trade pact

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GENEVA --

Mercosur, South America's four-nation trading bloc, is poised to clinch a historic free-trade pact with Israel, officials said Wednesday.

The deal is expected yet this week and would be the first free-trade agreement for Mercosur, a market of nearly 250 million people covering most of South America.

"The idea is to finish all the details and wrap up the whole thing tomorrow (Thursday)," said Itzhak Levanon, Israel's ambassador to international organizations in Geneva. "It is something very important because it will be the first trade agreement for Israel in South America."

Israel already has a number of trade agreements, including with the United States, European Union, Canada and Mexico.

But Mercosur - comprised of Argentina, Brazil, Paraguay and Uruguay - has struggled in attempts to reach a deal with the 27-nation European Union because of disagreements over how much to open up Europe's protected farm markets.

Trade flows between Israel and South America are relatively small. The package is expected to facilitate freer movement of some goods traded back and forth, but is not expected to usher in dramatic commercial expansion.

The talks in Geneva this week - the eighth round between Israel and Mercosur - built on previous discussions in Brazil, Israel and Uruguay, said Levanon, who represents the Jewish state at the World Trade Organization.

Countries are increasingly seeking bilateral or regional trade deals, which are seen as the best option for export-driven growth in the absence of a new global pact among the 151 members of the WTO.

The United States has been the most active on the bilateral front, racking up over a dozen agreements since the WTO's current round of trade talks began in 2001, mostly with smaller countries. The agreements have caused concern among other governments - including those in Mercosur - and at the WTO that the U.S. was distracted from the multilateral talks, where the potential benefits of a deal are much greater, especially for poorer nations.