

Cancun, November 06, 2017.

MERCOFER STATEMENT ABOUT MERCOSUR-EU NEGOTIATION

Cancun, 06 de November de 2017. Previously to the beginning of Alacero-58 Conference, the Mercofer group, integrated by the steel producers of Mercosur, met in regarding to the Mercosur-European Union negotiation and launched the following statement:

The Mercosur steel industry understands that the inclusion of steel products (included in chapters 72 and 73) in an eventual free trade agreement with the European Union **must necessarily be linked to the adoption of the same specific requirements than those of Mercosur origin (steel crude in the region)**, that has been proposed by Mercosur since the beginning of the negotiation.

Attention points:

- There is a strong imbalance of production's capacity installed between the two regions. For example, in 2016, EU (28)'s capacity was 229.1 Mt versus Mercosur with 59.4 Mt. Considering the production, in 2016 EU (28) produced 162.3 Mt versus Mercosur 34.4 Mt, being the relation of 5 to 1.
- The steel production process is capital intensive, requiring strong investments in capital and cutting-edge technology and is a relevant generator of quality employment in the region.
- In a steel plant, the relation of investment between the hot metal units (production of semi-finished steel product) and hot rolling (first phase of finished steel) is 4 to 1, while the relation of the generation of employment is 9 to 1.
- It is contradictory that, an agreement that aims to develop of economic and commercial integration and complementation, may be adopting a rule of origin that may favor third countries, damaging the involved countries/blocks, as it is being proposed by the European Union in the case of the steel products.

For all these reason, we request that the authorities involved in the negotiation of Mercosur-European Union Agreement, consider the adoption of the specific requirement of Mercosur origin (crude steel in the region) in the negotiation, taking into account the full development of the steel industry, the maintenance of quality jobs, both direct and indirect in the region, which could be affected by this measure.

Sergio Leite
President of Mercofer

Martín Berardi
Vice-President of Mercofer