
PRESS RELEASE

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The Federation of International Employers (FedEE) writes at 6:45 am BST

Now for the greatest show on earth

The fact that a trade deal has just been achieved, in principle, between the European Union (EU) and the leading South American trading bloc Mercosur (Brazil, Argentina, Paraguay and Uruguay) is a great achievement in the face of growing world protectionism. But will it be ratified and, if so, what will its outcomes be for the countries concerned, their populations and for international business?

It now seems remarkable that after such a successful end to negotiations anyone would attempt to derail the deal, but unfortunately that is the case. Its principal enemies are the Irish and French governments that appear to care more about the niceties of their own highly cushioned agricultural sectors than the greater good of the EU as a whole. Environmental groups too are already trying to claim that it will accelerate Amazonian deforestation, when the influence of the EU will, in fact, be a strong counter force to protect the rain forest.

This deal, when added to the deals already done by the EU with Canada, Japan and Mexico, will create a trading bloc covering 1bn people, with the EU sitting strategically in the middle. The combined effect would, after 5 years, add more than 15% to average real living standards in the countries concerned. It would finally remove the great protective tariff wall that Brazil has placed around itself and, in the EU, bring both Spain and Portugal into the economic limelight. The cultural and linguistic ties of each country respectively with Argentina and Brazil would boost both national economies and help remove the huge youth unemployment problems they currently suffer.

The biggest loser from all these trade deals will be Britain. Brexit, especially a no-deal Brexit, will mean that the British economy will not only suffer from the imposition of tariffs with their most important trading partners across the EU, but also miss out on the best opportunity in a lifetime to secure market share in rapidly developing countries like Mexico and Brazil and both mature and sophisticated markets like Canada and Japan. Any future trade deal that may eventually be made between the US and Britain will be a one-sided affair with an economically weak and desperate state and a monster economy shouldering a huge trade deficit, keen to offload product that can no longer be sold to China.

"The Mercosur deal is", according to Robin Chater - Secretary-General of the Federation of International Employers (FedEE) - "not without its dangers. There is a need to secure in detail some stepping stones so that the EU agricultural sector is able to adapt. There is also a huge trade deal still to be made that would resolve this issue and make the biggest common market in



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history - and that is between the EU and China. The US trade war with China is a great opportunity for the EU to step in and show how China's current "Belt and Road" initiative could realize a two-way flow that would substantially benefit both parties. Thus, the stage is set for an even greater deal - but will its actors step into the arena for that, the greatest show on earth?"

What is FedEE?

The Federation of International Employers ([FedEE](https://www.fedee.com)) is a leading organisation for multinational companies. It was founded in 1988 with financial assistance from the European Commission. Today it is an independent body with members all around the globe.