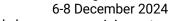


## The EGP opposes the <u>current direction of</u> EU-Mercosur Agreement <u>talks</u>

- 1 As Greens, we believe in a global trading system that is based on global justice
- 2 and solidarity, shapes globalization for the better, and puts human wellbeing at
- 3 its centre while taking into account the biophysical limits of the planet. We can only support
- 4 believe in reshaping the EU's trade policy as long as it s in accordance with the Paris agreement,
- 5 <u>furthers\_towards\_</u>sustainable development and
- 6 stronger human rights protection. We also believe in the need for Europe to tighten its trade
- 7 relations with Latin America.
- 8 Therefore, we are deeply worried by the negotiations between the EU and the
- 9 Mercosur countries to conclude an Association Agreement affecting 700 million
- people and that would be the world's most ambitious bi-regional agreement. These
- 11 negotiations to complete the agreement in principle tentatively announced in
- 12 2019 hinge notably a Joint Instrument tabled by the European Commission and the
- 13 counterproposal put forward by the Mercosur.

## The expected outcome

- 14 Even though the texts discussed since the Joint Instrument and the Mercosur
- 15 counterproposal (both were leaked) are not public, the final agreement will
- 16 likely fall short of the EU demands in the Joint Instrument and even fail to
- 17 meet are not public, both were leaked. Both leaks indicate that the final agreement will likely fall
- 18 short of the EU Green Deal requirements and by far not reach the level of ambition shown in the
- 19 EU-New Zealand Agreement, which was
- 20 hailed as the "gold standard". Mercosur countries are steadfast in their
- 21 rejection of sanctions or additional requirements related to sustainability requirements and social
- 22 <u>standards.</u>. The EU-
- 23 Mercosur agreement will therefore be incompatible with the European Green Deal
- 24 and the Sustainable Development Goals. We share the view of Latin American trade
- 25 unions, CSOs and academia who consider that this Agreement will deepen economic
- 26 asymmetries, locking Mercosur countries into a development path based on agri-
- 27 food and mineral exports and hindering economic diversification.
- 28 On the EU side, the attempts to pursue the trade agreement have already led to a
- 29 **legislative chilling effect**. The long overdue animal welfare review was
- 30 presumably put on the backburner because it would have impaired imports from
- 31 Mercosur. In the same vein, the President of the European Commission announced a
- 32 one-year delay to the Deforestation Regulation, two weeks after bilateral
- 33 meetings with presidents of Mercosur countries who In a backdoor deal, the European
- 34 <u>Commission promised Mercosur countries to postpone the EU Deforestation Regulation for</u>
- 35 <u>another year, after they</u> repeated their concerns about
- this supposed "trade irritant".





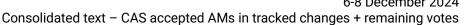
# Consolidated text - CAS accepted AMs in tracked changes + remaining votes

- The Agreement was opposed by farmers during their protests over the winter of 37
- 2023-2024 for fear of unfair competition from unmanageable flows of imports. 38
- Despite words of comfort from the political parties in power ahead of the 39
- 40 European election and the recommendations of the recent Strategic Dialogue on
- 41 the Future of EU Agriculture calling for a "stronger alignment of imports with
- EU food and farming standards" and a fundamental rethinking of agriculture's 42
- place in EU trade agreements, the EU-Mercosur Agreement has not been adapted 43
- 44 accordingly. EU farmers will be exposed to competition from agri-food products
- that do not comply with higher EU sanitary and phytosanitary, as well as minimum social, 45
- 46 standards and use
- toxic chemicals (fungicides, herbicides, insecticides) banned in the EU. Adequate controls must be 47
- 48 in place to protect the health of the consumers. Like
- 49 farmers' organisations, we consider that the proposal floated by the Commission
- to create a new fund to compensate European farmers for any negative impact of 50
- 51 the EU-Mercosur agreement is an acknowledgement that the Agreement will indeed
- 52 harm farmers. Rather than tackling root causes, the Commission only suggests
- 53 that EU taxpayers foot the bill for the benefit of export sectors. Such an approach is fueling
- farmer's protest and subsequently the far-right in many Member States. 54
- Since the pandemic and Russia's illegal war of aggression against Ukraine, the 55
- risks of disruption to EU supply chains have become evident, including the EU's 56
- 57 growing demand for strategic and critical raw materials. Most of the world's
- energy transition mineral projects are located either on or near <u>Indigenous</u> 58
- peoples' or peasant lands posing serious risks for human rights-compatible 59
- permitting, consultation, and consent. Mercosur countries have huge reserves of 60
- lithium, copper and other minerals. But the Agreement does not refer to the UN 61
- principle of free, prior and informed consent, or to the UN Declaration on the 62
- Rights of Peasants, or to the United Nations Declaration on the Rights of 63
- 64 Indigenous Peoples. Growing trade in raw materials seriously risks increasing
- human rights violations, environmental degradation, including water scarcity and 65
- pollution, and public health issues. Deforestation, which could rise by as much 66
- as 25 per cent due to the Agreement, brings the same concerns. The Mercosur agreement must 67
- include the protection and preservation of the rainforest and protection of the indigenous people. 68
- We also have concerns regarding gender equality and women's empowerment. The 70
- sustainability impact assessment already outlined the "risks to women's economic 71
- 72 independence" and academic research has projected overall negative impacts for
- 73 women in the labour market.

69

### Towards the finalization of the deal

- Over the last months, European Commission negotiators have continued technical 74
- 75 discussions with their South American counterparts, aiming to announce a final
- agreement by the end of 2024. To our knowledge, the conditions for fair 76





- 77 competition, including for the farming sector, have not been included among the
- 78 concrete proposals, or even discussions. The process thus ignores the Strategic Dialogue
- 79 Report's recommendations on agriculture commissioned by the President of the
- 80 European Commission.
- The Greens are alarmed by the possibility that the Commission splits the
- 82 Association Agreement to facilitate the adoption of the Trade part, which
- 83 requires a qualified majority voting (contrary to the Political and Cooperation
- part subject to the unanimity rule). Such a decision would circumvent the
- 85 opposition of some Member States and bypass Parliamentary oversight, running
- 86 counter to the 2018 Council Conclusions declaring the Mercosur Agreement as a
- 87 mixed agreement.
- 88 We are also worried about the **rebalancing mechanism** requested by the Mercosur
- 89 countries. This demand to be compensated for possible negative externalities of
- 90 EU autonomous measures would violate the EU's strategic autonomy and right to
- 91 regulate. It would set a dangerous precedent for future EU trade agreements. It
- 92 would also create uncertainty about the future implementation of the Carbon
- 93 Border Adjustment Mechanism, which has been fiercely criticized by Mercosur
- 94 countries.
- 95 We support a closer relationship with Mercosur partners but based on another
- 96 narrative and hinging on other modalities. The Greens in the European Parliament
- ommissioned a study on alternative partnerships that put people and planet
- 98 first and that can definitively turn the page on the "cows for cars" approach to
- 99 trade.

#### 100 For all the above-mentioned reasons, the European Green Party:

101	states its o	pposition to th	ne EU-Mercosur	Agreement
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- calls on member states to withdraw their support to the negotiation
- mandate given to the Commission the conclusion of the deal without further consideration of the
- 104 <u>national and European discontent compromises the unity of the EU</u>
- 105 calls on the European Parliament, the European Council and the Member
- 106 States to reject this Agreement and refuse its splitting
- 107 calls on its national members to stand with civil society organisations
- 108 against the Agreement

## Background

On 28 June 2019, the European Commission and Mercosur, the free-trade zone of Brazil, Uruguay, Paraguay, Argentina and Bolivia, reached a **political agreement "in principle"**, 25 years after the start of the talks. The announcement raised many concerns and controversies in Europe.

In an October 2020 <u>resolution</u>, the European Parliament affirmed that "the EU-Mercosur agreement **cannot be ratified as it stands**" because it did not ensure fair competition and lacked a binding and enforceable chapter on sustainable development.



Consolidated text - CAS accepted AMs in tracked changes + remaining votes

In February 2023, mindful of the concerns about the Agreement, the stance of the EP resolution, and the Commission's own strategy to strengthen labour, environmental and civil society provisions in free trade agreements, the Commission tried to salvage the deal by proposing a **Joint** Instrument. This instrument aimed to clarify and make more concrete the commitments contained in the Trade and Sustainable Development Chapter, including the fight against deforestation, labour and human rights protection, and the effective implementation of the Kunming-Montreal Global Biodiversity Framework.

Mercosur produced its **counterproposal** in September 2023, rejecting the possibility of sanctions in case of violation or failure to respect sustainable development commitments. They also demanded that the Agreement "be equipped with a mechanism to rebalance trade concessions negotiated under the Agreement if these concessions are suspended or nullified due to domestic EU legislation". Since then, EU and Mercosur negotiators have met regularly and hope to conclude talks by the end of 2024.