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European Green Party

Draft

Title: **The EGP opposes the EU-Mercosur Agreement**

Tabled by: Ecolo

OVERVIEW AMENDMENTS

- **AS ADOPTED - The EGP opposes the EU-Mercosur Agreement**

- Consolidated text - Mercosur (8 December 10:30)

- For CAS 9 - Consolidated text Mercosur (7 December 21:00)

- Final PDF updated spreadsheet amendments Mercosur (7 December 23.59)

- For CAS 4 - PDF updated spreadsheet amendments Mercosur (5 December PM)

- Post CAS 2 - PDF updated spreadsheet amendments Mercosur (4 December)

- for CAS 2 - PDF updated spreadsheet amendments Mercosur (3 December)

- PDF spreadsheets amendments Mercosur (27 November)

Draft text

As Greens, we believe in a global trading system that is based on global justice and solidarity, shapes globalization for the better, and puts human wellbeing at its centre while taking into account the biophysical limits of the planet. We believe in reshaping the EU's trade policy towards sustainable development and stronger human rights protection.

Therefore, we are deeply worried by the negotiations between the EU and the Mercosur countries to conclude an Association Agreement affecting 700 million people and that would be the world's most ambitious bi-regional agreement. These negotiations to complete the agreement in principle tentatively announced in 2019 hinge notably a Joint Instrument tabled by the European Commission and the counterproposal put forward by the Mercosur.

The expected outcome

Even though the texts discussed since the Joint Instrument and the Mercosur counterproposal (both were leaked) are not public, the final agreement will likely fall short of the EU demands in the Joint Instrument and even fail to meet the level of ambition shown in the EU-New Zealand Agreement, which was hailed as the "gold standard". Mercosur countries are steadfast in their rejection of sanctions or additional sustainability requirements. **The EU-Mercosur agreement will therefore be incompatible with the European Green Deal and the Sustainable Development Goals. We share the view of Latin American trade unions, CSOs and academia who consider that this Agreement will deepen economic asymmetries, locking Mercosur countries into a development path based on agri-food and mineral exports and hindering economic diversification.**

On the EU side, the attempts to pursue the trade agreement have already led to a **legislative chilling effect**. The long overdue animal welfare review was

presumably put on the backburner because it would have impaired imports from Mercosur. In the same vein, the President of the European Commission announced a one-year delay to the Deforestation Regulation, two weeks after bilateral meetings with presidents of Mercosur countries who repeated their concerns about this supposed “trade irritant”.

The Agreement was opposed by **farmers** during their protests over the winter of 2023-2024 for fear of unfair competition from unmanageable flows of imports. Despite words of comfort from the political parties in power ahead of the European election and the recommendations of the recent Strategic Dialogue on 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 place in EU trade agreements, the EU-Mercosur Agreement has not been adapted accordingly. EU farmers will be exposed to competition from agri-food products that do not comply with higher EU sanitary and phytosanitary standards and use toxic chemicals (fungicides, herbicides, insecticides) banned in the EU. Like 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 the EU-Mercosur agreement is an acknowledgement that the Agreement will indeed harm farmers. Rather than tackling root causes, the Commission only suggests that EU taxpayers foot the bill for the benefit of export sectors.

Since the pandemic and Russia's illegal war of aggression against Ukraine, the risks of disruption to EU supply chains have become evident, including the EU’s growing demand for **strategic and critical raw materials**. Most of the world’s energy transition mineral projects are located either on or near Indigenous peoples’ or peasant lands posing serious risks for human rights-compatible permitting, consultation, and consent. Mercosur countries have huge reserves of lithium, copper and other minerals. But the Agreement does not refer to the UN principle of free, prior and informed consent, or to the UN Declaration on the Rights of Peasants, or to the United Nations Declaration on the Rights of Indigenous Peoples. Growing trade in raw materials seriously risks increasing human rights violations, environmental degradation, including water scarcity and pollution, and public health issues. Deforestation, which could rise by as much as 25 per cent due to the Agreement, brings the same concerns.

We also have concerns regarding **gender equality and women’s empowerment**. The sustainability impact assessment already outlined the “risks to women’s economic independence” and academic research has projected overall negative impacts for women in the labour market.

Towards the finalization of the deal

Over the last months, European Commission negotiators have continued technical discussions with their South American counterparts, aiming to announce a final agreement by the end of 2024. To our knowledge, the conditions for fair competition, including for the farming sector, have not been included among the concrete proposals, or even discussions. The process thus ignores the Strategic Report's recommendations onagriculture commissioned by the President of the European Commission.

The Greens are alarmed by the possibility that the Commission **splits the Association Agreement** to facilitate the adoption of the Trade part, which requires a qualified majority voting (contrary to the Political and Cooperation part subject to the unanimity rule). Such a decision would circumvent the opposition of some Member States and bypass Parliamentary oversight, running counter to the 2018 Council Conclusions declaring the Mercosur Agreement as a mixed agreement.

We are also worried about the **rebalancing mechanism** requested by the Mercosur countries. This demand to be compensated for possible negative externalities of EU autonomous measures would violate the EU's strategic autonomy and right to regulate. It would set a dangerous precedent for future EU trade agreements. It would also create uncertainty about the future implementation of the Carbon Border Adjustment Mechanism, which has been fiercely criticized by Mercosur countries.

We **support a closer relationshipwith Mercosur partners** but based on another narrative and hinging on other modalities. The Greens in the European Parliament commissioned a study on alternative partnerships that put people and planet first and that can definitively turn the page on the "cows for cars" approach to trade.

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

- **states its opposition to the EU-Mercosur Agreement**
- **calls on member states to withdraw their support to the negotiation mandate given to the Commission**

- **calls on the European Parliament, the European Council and the Member States to reject this Agreement and refuse its splitting**

- **calls on its national members to stand with civil society organisations 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 resolution, the European Parliament affirmedthat "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.

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.

Supporters

Irish Green Party / Comhaontas Glas, Groen, Les Écologistes - Europe Ecologie Les Verts, GroenLinks, Die Grünen - Die Grüne Alternative, Verdes Equo