



France must maintain its opposition to the draft EU / Mercosur trade agreement

The draft EU/Mercosur trade agreement finalized in June 2019 cannot be ratified as it stands. The foundations of this text often presented as a "cars for cows" deal are incompatible with the European Green Deal's objectives.

Its implementation will lead to increased trade flows of goods inconsistent with the goals of combating climate change and protecting biodiversity. Its environmental impact is likely to be significant due to the substantial increase in agricultural production that it will induce in the Mercosur countries¹. Without preventive measures, this will dramatically affect deforestation², greenhouse gas emissions, phytosanitary products use³ and ecosystem destruction.

In their joint report, the FNH and the Veblen Institute warned in 2019 on the terrible impacts of the Agreement on several levels⁴. These fears (also shared by Interbev) are in line with the conclusions of the Commission of Independent Experts mandated by the French Government delivered in September 2020⁵. These conclusions emphasize that the economic gains expected by the Agreement will in no way make it possible to offset its costs.

¹ A sharp increase in agricultural exports from Mercosur to the EU is to be expected, in the order of 54% to 78% depending on the country for beef, or 13.1% for wood and paper products from Brazil, in the "ambitious" scenario, see 2019 SIA.

² Just because of the increase in beef production foreseen in the agreement, deforestation in Mercosur could increase by 5 to 25% per year over the first six years of implementation. However, the figure of 5% put forward by the Ambec Commission only considers the area of deforestation necessary for the share of meat consumed in Europe (i.e. essentially the piece of sirloin and not the whole animal). In addition, this estimate does not take into account the additional areas of crops needed to feed beef or, moreover, poultry and, possibly (in a specifically indirect way for the latter) sugar cane.

³ Despite the ban in the EU of 27% of the 190 active ingredients authorized in Brazil, the agreement will further facilitate the entry into the European market of agricultural products treated with these banned pesticides.

⁴ FNH et Institut Veblen, Un accord perdant perdant. Analyse préliminaire de l'accord de commerce entre l'Union européenne et le Mercosur, Oct 2019, <https://www.veblen-institute.org/Un-accord-perdant-perdant-Analyse-preliminaire-de-l-accord-de-commerce-entre-l.html>

⁵ <https://www.gouvernement.fr/communique/11745-remise-du-rapport-de-la-commission-d-evaluation-du-projet-d-accord-ue-mercocur>

Following the publication of the Commission’s report, France set three conditions for the acceptability of the Agreement:

- An association agreement with Mercosur cannot in any way lead to an increase in imported deforestation within the European Union.
- The public policies of the Mercosur countries should be entirely in line with their commitments under the Paris Agreement, which are an integral part of the association agreement.
- Imported agri-food products benefiting from preferential access to the European Union market should comply, de jure and de facto, with the health and environmental standards of the European Union.

A working document from the Ministry for Foreign Trade⁶ started to specify how these conditions can be met.

However, these prior requirements have yet to be met to date.

Conditions set by France	Where are we?
<p>An association agreement with Mercosur cannot in any way lead to an increase in imported deforestation within the European Union</p>	<p>France has encouraged the adoption of a European regulation on imported deforestation to meet this requirement.</p> <p>Trilogue discussions on this regulation ended on December 6, 2022. As a result, the robustness of the instrument remains to be tested. Council negotiators have significantly reduced the scope of the version of the text adopted by the European Parliament, particularly regarding the lists of regulated products and protected ecosystems.</p> <p>The additional provisions referred to review clauses (notably on the list of products and ecosystems covered) could be added now in the EU Mercosur trade deal in the form of mirror clauses as part of the tariff conditionality of the agreement.</p> <p>And it will also be essential to ask the Mercosur countries to refrain from initiating proceedings before the WTO against this European regulation.</p> <p>In any event, this regulation is insufficient to prevent all of the anticipated ecological, health and social impacts of the agreement.</p>

⁶ Working document disclosed by the press on January 29, 2021.

<p>The public policies of the Mercosur countries should be entirely in line with their commitments under the Paris Agreement, which are an integral part of the association agreement.</p>	<p>Brazil's climate commitments remain insufficient: the third nationally determined contribution (NDC) was published by Brazil in 2022, after the revision of 2020. It remains below the pledges made in 2016⁷, contrary to the NDC progression principle contained in the Paris Agreement. Overall, the level is deemed insufficient by Climate Action Tracker.</p> <p>In Brazil, policies implemented by Bolsonaro's administration contradict the Paris Agreement. For example, since he took office in 2019, his administration has dismantled the federal environmental protection agency and pledged to open up the Amazon to agriculture and mining.</p> <p>Since 2019, the annual rate of deforestation in the Amazon has almost doubled.</p> <p>Moreover, the Climate action tracker assesses the NDC as largely insufficient in Argentina.</p> <p>Discussions with Mercosur countries should also focus on the measures implemented at the European level. Mercosur countries should undertake not to bring disputes before the WTO about the European CBAM.</p>
<p>Imported agri-food products benefiting from preferential access to the European Union market should comply, de jure and de facto, with the health and environmental standards of the European Union.</p>	<p>This requirement could be met by developing mirror measures (and mirror clauses in the meantime) and strengthening controls. If nothing is done, products from Mercosur countries entering the EU market will not be required to meet European production standards. This situation will give a comparative advantage to Mercosur producers, as specific processes and practices are prohibited in the EU but authorized in these countries.</p> <p>1) Mirror measures allow to apply the same production standards to imported products as in the EU, both in terms of environment and health. At a minimum, mirror clauses on the most sensitive products could be introduced into the agreement to activate the planned trade preferences while waiting for broader mirror measures to be adopted.</p> <p>a/ Beef</p>

⁷ In 2022, Brazil submitted a second NDC update, which improved emissions targets compared to the 2020 submission. However, due to changes in reference emissions used to calculate the targets, the latest submission remains weaker than Brazil's original NDC, submitted in 2016. See [Climate Action Network - Brazil](#).

	<p>Regarding beef, mirror clauses that should be included - in line with the commitments made by France during the PFUE - are the following: ban on the use of antibiotics as growth promoters (in anticipation of the effective implementation of the delegated act on that topic); identification and individual monitoring of cattle from birth to the slaughter; maximum duration and loading during transport.</p> <p>On the other hand, a specific additional condition must be integrated into the tariff conditionality of the beef quota: the ban on meat from animals fattened in feedlots. This conditionality, included in the agreement recently concluded with New Zealand, is an efficient measure for beef imported from production systems that are consistent with the farming conditions advocated by Europe regarding the environment, health and animal wellbeing.</p> <p>b/ Use of prohibited pesticides</p> <p>27% of the 190 active ingredients authorized in Brazil are banned in the EU, and maximum residue limits (MRL) are often much higher⁸. And the situation has deteriorated since the 2019 draft EU/Mercosur agreement. In February 2022, Brazilian deputies approved a draft law on the use of pesticides⁹ : it relaxes the rules for the use and simplifies the authorization procedures for phytosanitary products. In addition, it proposes no longer including environmental considerations and non-lethal impacts on human health in the pesticide approval process.</p> <p>The development of EU-wide mirror measures would be a solution. But although the European Commission has recognized mirror measures' political relevance and legal feasibility¹⁰, the principle still needs to be implemented in European regulations. Consistency with the objectives of the European Green Deal and the "Farm to fork" strategy requires prohibiting access to the European market of agricultural and food products produced with pesticides not approved by the Pesticides Regulation 1107/2009 due to their harmfulness to health and the environment.</p>
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⁸ 10 times more on glyphosate - cane sugar, or 400 times for using malathion on beans (products banned in EU)

⁹ <https://news.mongabay.com/2022/02/brazil-agrochemical-bill-nears-passage-in-bolsonaros-agenda-of-death/>

¹⁰ Report from the EC to the European Parliament and the Council, Application of EU health and environmental standards to imported agricultural and agri-food products, COM (2022)226 final, June 3, 2022

	<p>Mercosur countries should commit not to open a dispute before the WTO (or bilaterally) relating to the adoption of new rules applicable to imported products (for example, the delegated act on two neonicotinoids banned in the EU).</p> <p>2) The Commission should present a program of audits and monitoring to ensure the rigorous application of EU sanitary and phytosanitary (SPS) standards by the sectors of Mercosur countries authorized to export to the European market.</p> <p>The European authorities have noted numerous shortcomings regarding health controls in several Mercosur countries¹¹. However, measures to simplify and reduce controls are also provided for in the agreement, despite the repeated health scandals which have particularly shaken Brazil.</p> <p>And the agreement excludes the possibility of physical inspection of individual establishments, which may come as a surprise in the context of recent health scandals in Brazil (“Carne Fraca” or spoiled meat in 2017), which have brought to light a failing and corrupt health control system.</p>
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¹¹ For example, concerning “hormone-free” sectors, the EC has noted control and certification failures in Brazil and Paraguay.. See Ambec Commission report, p 113.