

An alternative EU-Mercosur cooperation agreement is possible

Roundtable discussion of the EU-MERCOSUR Trade Agreement.
Position Paper Both ENDS, human rights and environmental organisation.

09th March 2023

Honourable members of the Standing Committee on Foreign Trade and Development Cooperation, your committee has for years recognised the need for trade policy which is in line with just sustainable development and the climate goals. We therefore welcome the invitation to provide input and engage with you on the possible impacts of the EU-Mercosur Trade Agreement should it be ratified on its current form. Furthermore, we applaud your commitment to the democratic process of consultation.

The current proposal for the EU-Mercosur Trade Agreement in our view is still based on an outdated model, that focuses on economic deregulation and liberalisation with the main aim to increase competition between companies, farmers and workers in the EU and the Mercosur countries. Instead, a new approach would be needed that puts social and environmental well-being and sustainable development at its centre. This will mean that the EU Mercosur agreement also will have to allow national policies that give preferences to local production and consumption and allow government support and preferential treatment for weaker and disadvantaged economic actors. Minister Schreinemacher speaks in her policy paper of equitable trade, which is in the case of EU-Mercosur still a long way off.

This position paper is based on the perspectives of civil society organisations from the Mercosur countries. It presents key concerns on the current agreement and provides recommendations for the Parliamentarian Committee.

Key concerns of the EU-Mercosur trade agreement:

1. The EU-Mercosur agreement will lock-in the current model based in agriculture and raw materials exports, which will prevent the needed industrial transformation in the Mercosur countries to bring them in line with sustainable development and the climate goals. The Mercosur countries, in particular Brazil, have been de-industrialising for some decades now due to globalisation and trade liberalisation. The agreement misses the opportunity to support the Mercosur countries to modernise their industry. Such modernisation of the industry is key for a sustainable future as well as for the creation of highly paid jobs, especially for women.
2. The agreement limits policy space to continue supporting nature-inclusive and small-scale farmers via restrictive clauses on government procurement. While the agreement will favour export driven industrial food producers, small-scale farmers which are the feeders of the local population, might lose support.
3. The Trade and Sustainability Chapter lacks the enforceable and accountability mechanisms needed to protect human rights and the environment.

These three concerns are insufficiently addressed in the recent versions of the text. We therefore support the recent motion which rejects the EU-Mercosur agreement in its current form and we would like to provide the following key recommendations for an agreement with the Mercosur countries:

A. Shape the agreement at the benefit of people in both EU and Mercosur countries, in line with international human and environmental rights standards.

This requires shaping the Trade and Sustainable Development Chapter with enforceable and accountability mechanisms for people to protect their human rights and to safeguard the environment. The mechanisms need to be accessible for inhabitants of all countries involved. In line with the Feminist Foreign Policy, a stronger voice for women and those affected (local communities and indigenous peoples) is needed. Both, in terms of access to accountability mechanism, and in terms of access to the negotiations of a EU-Mercosur agreement. When these people are not involved in the decision-making, their position and rights is not well captured. While they are the ones who can provide the input for a fair and just agreement.

B. Shape the agreement to support industrial transformation in Mercosur countries, in line with sustainable development.

A new treaty should strengthen regional integration within Mercosur and the sustainable development of own industry, high-quality jobs with emphasis on equal rights for women. Such new agreement should also give policy space for governments to impose performance requirements on investors in the raw material sector as well as the ability for taxation of exports of unprocessed raw materials if needed.

C. Shape the agreement to support sustainable food and agriculture transition.

As the Netherlands is currently transforming the agricultural model in their country, this cannot be seen separately from what happens beyond our border. The current trade tariffs allow the Netherlands to import soy cheap from Mercosur countries to feed Dutch livestock, while it leads to deforestation and drives small-scale farmers away from their land. The EU-Mercosur agreement can potentially stimulate the sustainable food and agriculture transition, when it gives priority to sustainable and nature-inclusive agriculture, small-scale farmers, resilient food systems and provides governments with opportunities to develop their own agricultural markets. This would also require sufficient space for Mercosur countries to use policy tools like government procurement policies in support of their local and national producers.

These considerations are recommendations are key and minimum for equitable trade and cooperation with our partners in the Mercosur area. The Dutch parliament already showed profound criticism and rejected the current agreement several times. True cooperation is possible. We look forward to the roundtable where we can expand on this and further discuss our position.

Kind regards,
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