

The EU-Mercosur Trade Deal Must Be Stopped

Article by Julia Toyndee Lagoutte

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In June 2019, nearly two decades of negotiations between the EU and the Latin American Mercosur bloc concluded in the signing of a trade deal. Still to be ratified, the EU-Mercosur agreement has attracted strong criticism from diverse actors, from European farmers to environmentalists and human rights groups. With a focus on Brazil, the Mercosur bloc's biggest member led by far-right president Jair Bolsonaro, Julia Lagoutte assesses the threats the deal poses to people and planet, and its prospects going forward.

The past two decades have seen a proliferation of free trade deals between the EU and the rest of the world. Twelve trade agreements were agreed between 2000 and 2010, while only 11 were in place before that. The following nine years saw that number double. The latest, signed by both parties in June 2019 but not yet ratified, is with Mercosur, a trade bloc made up of Argentina, Brazil, Paraguay, and Uruguay.

If ratified, the EU-Mercosur trade deal will eliminate tariffs on roughly 90 per cent of Mercosur's exports to the EU over 10 years – chiefly agricultural products such as beef, poultry, and fruit. In turn, EU companies would pay less tax to export products – mostly machinery, car parts, and dairy products like cheese – to Mercosur. European manufacturers today can pay duties as high as 35 per cent on such products. Both blocs would gain cheaper access to tens of millions of new consumers, and government procurement contracts would be opened up to both sides.

But it is not yet a done deal. Before coming into force, the agreement must be ratified by both the European Parliament and Mercosur, and by each of their member states, in an atmosphere of growing resistance. Campaigners and some politicians have been raising concerns for years about the potential impacts of such a deal on European farmers, as well as on the climate, the environment, and human rights in Latin America. However, the release of the final agreement revealed a deal which would also entrench centuries-old inequality between the two regions.

EU international trade policy has long been criticised for its neoliberal and environmentally destructive bent. While the EU now has more mechanisms at its disposal to protect workers and the environment, this latest agreement is deeply concerning and contradictory to the EU's stated commitments, as well as being far from socially just or ecologically sustainable. Greens at all levels of government, and civil society more widely, should continue to oppose the deal – and other political groups should join them.

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EU trade deals are negotiated by the European Commission, with little input from the European Parliament, which only has a say when it comes to ratification. Trade agreements of this size and scope have huge implications, affecting government and regional policies and economies for decades to come. This agreement follows the general trend of EU free trade deals – centred around economic growth and putting corporate interests before human and environmental wellbeing. Negotiations began in 1999: the content of the agreement, focused on narrow economic objectives with little mention of climate chaos, is of a different era. Its values jar with the recent reawakening of environmental activism worldwide. Only two groups in the European Parliament, the Greens/EFA and the smaller European United Left/Nordic Green Left (GUE/NGL), have challenged this trade model.

Environmental concerns

Since Jair Bolsonaro became president of Brazil in January 2019, the country has veered away from greater environmental protection towards open exploitation of the Amazon rainforest and protected areas such as the tropical Cerrado savanna ecoregion. In June 2019, deforestation was up 88 per cent on the previous year. The Amazon rainforest is now being destroyed at the record-breaking pace of two football pitches an hour.

Rampant forest clearance is already at crisis point in Latin America, yet the trade deal would increase the annual export quotas for land-intensive products such as beef (by 99 000 tonnes), ethanol (by 650 000 tonnes), and poultry (by 180 000 tonnes).

“The more a product is desired by the world market, the greater the misery it brings to the Latin American peoples whose sacrifice creates it.” Uruguayan writer Edouardo Galeano may have been referring to minerals, coffee, and sugar when he wrote this in his 1971 work *Open Veins of Latin America*, but today it is agricultural products like beef and ethanol that fit the picture.

Beef and ethanol are the biggest drivers of deforestation in the region, with beef production bearing the greatest responsibility: 63 per cent of deforested land in the Brazilian Amazon is used for cattle grazing. The equivalent of up to 500 football pitches of land was cleared in 2018 to feed British meat eaters alone.

The impact on biodiversity is of huge concern, particularly given the contempt Bolsonaro has shown for indigenous land rights, which are key to conservation. Evidence shows that land managed by indigenous communities has the greatest levels of biodiversity in the world (more than “virgin” land with no human presence).

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Huge emissions increases are also anticipated. Deforestation produces 25 to 30 per cent of greenhouse gases released into the atmosphere. Forest fires like those which ravaged the Amazon in 2019 are also expected to escalate, turning biodiverse and air-purifying forest into dead and polluting wasteland. The non-profit GRAIN estimates that the deal would increase the emissions linked to EU-Mercosur trade by 34 per cent. While these would mostly arise from farms and deforestation in Mercosur, the emissions linked to cheese exports from Europe to Mercosur would see a colossal 497 per cent increase.

Shipping these products across the Atlantic on fuel-guzzling ships would also increase maritime carbon emissions and pollution. The EU already needlessly imports and exports the same products. For example, it exports around 700 000 tonnes of bovine meat and imports about 300 000 tonnes annually. Importing products that the EU already produces, such as lemons, oranges, beef, and wine, is astounding for a bloc aiming to be carbon neutral by 2050.

The industrial food system is responsible for up to 37 per cent of global greenhouse gas emissions according to the International Panel on Climate Change. Supporting different agricultural models is key to reducing global warming by harnessing the soil's capacity to capture carbon from the atmosphere. But it will not be the smallholders, cooperatives, or sustainable organic farms who pay their employees fairly and look after the land that will benefit from exports to the EU. This deal will instead boost the expansion of industrial food production in Mercosur countries based on monocultures of genetically modified crops fed with vast amounts of pesticides and fertilisers, tended by exploited workers, and run by huge corporations. This model of agricultural production will increase pressures on peasant and indigenous communities already "being driven from their lands".

Brazil is one of the top two users of pesticides globally. In 2019, 474 new pesticides were approved and the country is the largest annual buyer of the highly hazardous category of pesticides that cause "disproportionate harm to the environment and human health". The French sugar industry claims that 74 per cent of pesticides used in Brazil are banned in Europe – and the country also permits the use of glyphosate, just as Greens and campaign groups around Europe are trying to ban the carcinogen. In theory, all products imported into the EU fulfil the same environmental and health standards as those produced within EU borders. But part of the deal includes a reduction in quality assurance checks, which are already "grossly insufficient". It will be hard to ensure that agricultural production has not involved the use of pesticides or GMOs that are illegal in the EU.

More human rights abuses

It's not just the environment that is at risk from pesticides – these substances lead to severe health problems in the towns and villages surrounding plantations. Campaigners fighting for alternatives to land grabs, deforestation, and agroindustry face the heavy hand of corporate and state repression. In 2018 alone, 20 environmental defenders, many indigenous, were murdered in Brazil.

Under Bolsonaro, the human rights situation will only get worse. Indigenous peoples will be especially hard hit. In 2016, he vowed to "give a rifle...to every farmer" – a promise to support businesses wanting to expand into indigenous territories. He is openly racist and hostile towards indigenous communities, lamenting in 1998 the incompetence of Brazil's first colonisers for failing to wipe out indigenous peoples. According to the tribal rights organisation Survival International, Bolsonaro has "declared war" tantamount to genocide on indigenous people. He has been referred to the International Criminal Court by lawyers for inciting the "genocide of indigenous peoples" of Brazil and committing "crimes against humanity."

Bolsonaro's anti-indigenous agenda is part old-fashioned racism and part economic strategy. Fourteen per cent of Brazil's land is indigenous territory. His plans to roll back environmental protection therefore rely on stripping back and delegitimising indigenous land rights.

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The effects have already been felt. Armed groups are invading indigenous territory and attacking communities. One of the largest indigenous reserves, Yanomami Park, near the Venezuelan border and home to the Yanomami

people, is now occupied by an estimated 20 000 illegal gold miners after the biggest incursion in decades. Survival International has reported an increase in invasions by land-grabbers, loggers, and farmers. In July 2019, the body of indigenous chief Emyra Waiapi was found with several stab wounds, and sources report invaders roaming Waiapi villages at night, assaulting women and children. Brazil's indigenous peoples have responded with unprecedented mobilisations against the president.

The Mercosur deal also raises concerns about working conditions in the region. Although EU free trade agreements contain chapters about both parties having to comply with International Labour Organization standards, they are non-enforceable. Brazil has not yet ratified the Freedom of Association and Protection of the Right to Organise Convention (No. 87) and has not complied with the Right to Organise and Collective Bargaining Convention (No. 98). The International Trade Union Confederation (ITUC) named it one of the ten worst countries in the world for workers due to the violent repression of strikes and trade unionists. Slave labour is also a problem. In total, 52 700 workers were released from contemporary slavery in Brazil between 1995 and 2017, with about 32% of these being rescued from the cattle industry.

European producers have to prove they are meeting a minimum level of working conditions and pay, but this is already hard to enforce, as illustrated by recent revelations of sexual abuse and exploitation of Moroccan workers in Spain. In the United Kingdom, an estimated 10 000 to 13 000 people were exploited in the food and farming industry in 2018. With the EU struggling to enforce minimum standards within its own borders, how can it do so for products coming from a country across the Atlantic with a poor track record on workers' rights and modern slavery?

Regional inequality

If the counter-argument is that Latin Americans will benefit from this deal, the agreement suggests that this will only be true of the region's economic elite. Part of the reason this agreement has had the longest negotiation period in world history (starting officially in 1999) is that, for years, neither bloc was prepared to make concessions. It was Mercosur that eventually abandoned some of its key demands. For though it is an important deal for both regions, Mercosur makes up only 1.3 per cent of the EU's exports, whereas almost 21 per cent of its exports go to the EU.

The EU's place in the global value chain is – like much of the Global North – that of providing high value-added industrial products. Like much of the Global South, Mercosur has been forced to specialise in raw materials, often at great environmental and human cost. This deal would entrench these specialisations, with Mercosur providing mainly raw materials such as beef, honey, ethanol, poultry, fruit, and some protected regional products like wine, while Europe would specialise in industrial and manufacturing goods such as cars and car parts, chemicals, and machinery.

The EU's dominant economic position – which owes a significant debt to centuries of European colonisation in Latin America – has permitted it to negotiate an agreement more beneficial to itself than to Mercosur.

A huge concession by the Mercosur region in the agreement is the total elimination of export tariffs on their agricultural products. Tariff eliminations benefit companies but not the public purse. This would have a huge effect on national budgets. Export tariffs accounted for 2.4 per cent of Argentina's GDP in 2017.

The EU's dominant economic position – which owes a significant debt to centuries of European colonisation in

Latin America – has permitted it to negotiate an agreement more beneficial to itself than to Mercosur. Eduardo Galeano’s words, written almost 50 years ago, feel as relevant as ever: “Our region still works as a menial. It continues to exist at the service of others’ needs, as a source and reserve of oil and iron, of copper and meat, of fruit and coffee, the raw materials and foods destined for the rich countries which profit more from consuming them than Latin America does from producing them.”

An ocean away in Europe, farmers and agricultural unions are deeply concerned about the effect of cheap products pouring into the EU. Market experts in Poland, which sells 90 per cent of its exported beef to the EU and whose workforce is 13 per cent agricultural workers, assess the deal as unfavourable for the country’s beef and poultry sectors. Europe’s citrus, garlic, pear, and apple sectors will be damaged by imports from Argentina, while the EU’s main orange juice producer, Spain, will feel the impact of competing with Brazilian oranges and Uruguayan round grain rice, the same as that produced in the Spanish Levante. Farmer protests prompted the Europe Commission to promise protection for the sector, though exactly how small farmers will compete with cheaper products remains unclear.

Not a done deal

On December 12 2019, the European Council declared that “all relevant EU legislation and policies need to be consistent with, and contribute to” climate neutrality. This deal is anything but. Furthermore, its unfair trade principles, its implications for human, worker, and indigenous rights, and its legitimisation of an authoritarian leader is a far from the sort of trade – and the sort of Europe – that Greens and progressives should be fighting for.

Across Europe, resistance has been strong and growing, from the European Parliament to NGOs and civil society. In June 2019, over 340 civil society and environmental organisations called on the EU to stop the deal, with Greenpeace labelling it a “disaster for the environment on both sides of the Atlantic”. European countries such as France and Ireland look unlikely to ratify it in their national parliaments. Within the European Parliament, the picture is mixed. MEPs from the largest centre-right group, the European People’s Party, have welcomed the deal, while the smaller right-wing groups have had little to say on this issue. The second and third largest groups, the Socialists and Democrats and liberal Renew Europe, have warned that they need more guarantees on environmental and human rights concerns, but have held back from more fundamental criticisms. Only the Greens/EFA Group, fourth largest and made up of Green and regionalist parties, and GUE/NGL, the smallest group of radical-left parties, oppose the deal.

The Greens/EFA group has released an in-depth study outlining the flaws in the agreement, concluding that while this kind of trade deal has “never [been] acceptable”, in the context of the climate crisis it has become “truly scandalous”. The GUE/NGL group has also warned the deal may encourage illicit money flows. Both groups have long criticised the EU’s trade model, which goes against their visions for sustainable trade [see here for more on a green vision for trade], and previously campaigned against the TTIP and CETA deals (with the United States and Canada respectively).

Among the losers will be the environment, Europe’s small farmers, and all those who suffer the effects of extreme weather. The worst consequences, however, will be felt by the Latin Americans.

On the other side of the Atlantic, recent disagreements between Brazil and Argentina (together making up 95 per

cent of Mercosur's GDP and population) are threatening the deal. While Brazil welcomes it, Argentina's new president Alberto Fernández, who took office in December 2019, campaigned on revising the agreement. During the campaign, Bolsonaro, who reserves particular ire for female politicians, vowed to take Brazil out of Mercosur if former Argentinian president and now vice-president Cristina Fernández de Kirchner – running alongside Fernández – won. With a left-leaning government – who appointed the president of Argentina's Green Party Silvia Vázquez as director of environmental affairs within the Ministry of Foreign Affairs – now in power, tensions have grown. The Brazilian president has again threatened to pull out of the bloc if Fernández "causes trouble" with the trade deal.

From European car manufacturers such as BMW to Argentinian cattle ranchers, the agreement holds promise for the economic elites of both regions, but precious few others. Among the losers will be the environment, Europe's small farmers, and all those who suffer the effects of extreme weather. The worst consequences, however, will be felt by the Latin Americans faced with yet more abuses of power by profit-hungry corporations, human rights abuses, labour exploitation, environmental degradation, and economic disadvantage.

The lobbying and political power of the supporters of the EU-Mercosur deal cannot be underestimated. Politicians, civil society organisations, and campaigners on the ground all must keep exposing the agreement's many flaws and campaigning against it. With a growing coalition of resistance both within and outside of the European institutions, the Mercosur trade agreement is not yet a done deal.

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