

ASSESSMENT OF THE
SOCIAL AND
ENVIRONMENTAL
RISKS POSED BY
THE EU-MERCOSUR
TRADE AGREEMENT





In the aftermath of the Amazonian fires in 2019, Uplift approached TASC to examine the EU-Mercosur Free Trade Agreement from the perspective of its impact on:

- Agriculture
- Environment & Climate Change
- Human Rights
- Workers Rights
- Health



What is the EU-Mercosur Free Trade Agreement?



Trade deal agreed between the European Union and four South American countries - Brazil, Argentina, Paraguay, and Uruguay

EU will see elimination of tariffs on cars and parts; machinery; chemicals; agricultural products like dairy, spirits and wine; and pharmaceuticals

Mercosur will see elimination of tariffs on agriculture products such as foodstuffs, beverages and tobacco, vegetable products including soya and coffee, and meat and other animal products

In 2018, the EU exported €45bn worth of goods to the four South American countries. €42.6bn worth of goods from the Mercosur countries was imported into the European Union.

The Timeline

Talks Begin

1999



2019



Agreement in principle
announced at the
G20 Osaka summit

Text Finalised

July 2020



Oct 2020
(Approx.)



EU Council vote

A unanimous vote in the EU Council
needed, then agreement will be voted
on in the European Parliament.





About the Research

- Desk based
- Snapshot of a dynamic process
- Engaged with stakeholders in both the EU and Mercosur
- Limited ability to ground truth
- Limited comprehensive studies of the impacts of existing FTAs



1. Agriculture,
Environment
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1. Agriculture, Environment and Climate Change



The increase in Mercosur countries exporting meat to the EU market could drive the prices of EU meat down and negatively impact the financial situation of farmers within the EU.

Planned further opening of the EU market for Mercosur beef producers will incentivise an expansion of the sector in Mercosur countries which carries the risk of further deforestation and destruction of the Amazon.



This is inconsistent with the EU Green Deal & Farm to Fork

Expansion of monoculture and potential for “dangerous externalisation of unsustainable practices” – example in Brazil over 500 pesticides are permitted, 150 of which are prohibited in the EU.

Increased demand for fossil fuels and mining.

Increasing landlessness and land conflict.



2. Workers Rights



2. Workers' Rights

While Mercosur countries are signatories of the main international environmental agreements, the same is not true for labour agreements. Uruguay is the only country that has ratified all governance and fundamental conventions under the International Labour Organisation.

Fragility of labour market institutions in Mercosur countries and serious legislative deficiencies in the four Mercosur jurisdictions.

Large informal labour markets and limited collective bargaining coverage – under increasing attack.

Example – half of Brazilian workers were living on less than the minimum wage (\$2.20) in 2018

Lowering of commodity prices risks increased incidence of migrant worker exploitation in the EU.



3. Human Rights



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There is growing concern about the consequences of increased agricultural production and extractive activity on the rights of indigenous people in the region. Particularly in terms of indentured servitude and slavery.

It is estimated that four Mercosur countries account for 439,000 victims of slavery and forced labour.

Coffee and tobacco industries in Brazil and elsewhere have seen significant issues with forced labour and child labour. (2.5 million children and adolescents aged five to 17 work in Brazil)

111 cases of invasions, illegal exploitation of natural resources and various types of damage to indigenous territories were registered. These attacks have a variety of motivations, including real estate speculation, logging, expansion of farming and illegal mining.



4. Public Health



4. Public Health

The agreement is projected to have a significant increase on the trade of a variety of consumable goods including the trade of goods historically linked to chronic disease, such as tobacco and alcohol.

Significant questions as to whether agricultural imports into the EU will meet appropriate health standards in both production and import.

Antimicrobial products are used routinely in intensive farming systems, such as those found in the Mercosur countries. Brazil does not fully ban the use of antibiotics as growth promoters. In 2010, it was the third largest consumer of antibiotics in livestock after China and the USA. It is expected that Brazil will double its use of antibiotics in livestock by 2030”

Concerns regarding intellectual property provisions in the text and how they will impact access to vital medicine.





5. Checks and Balances

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Voluntary compliance: parties commit to supporting international standards through provisions within the agreement but are not compelled to comply beyond commitments to what they have already ratified.

Liberal 'opt-out' clauses in instances of ill-defined environmental, health, or security concerns mean parties are only held to their own domestic regulatory standards

The dependence on domestic regulatory capacity is concerning due to the poor track record of fragile institutions and corruption among Mercosur members.

Reviewing the performance of checks and balances in other EU FTAs paints an uncomfortable picture of toothless redress mechanisms and insufficient resourcing and oversight to appropriately address concerns and abuses as they arise.



Thank You!

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