

EU-MERCOSUR FREE TRADE AGREEMENT

An explainer

The European Union has negotiated a free trade agreement with four Mercosur member countries Argentina, Brazil, Paraguay and Uruguay. But the problem is, like TTIP and CETA, the agreement prioritises profits for transnational companies and investors, while lowering social and environmental standards for workers, farmers and citizens. There is still time to stop it though...

Climate change & destruction of the Amazon

To meet the huge new demand for beef and soybeans that would be created by the agreement, it is expected that large areas of the Amazon rainforest in Brazil - the world's largest carbon sink - will be destroyed to create more space for intensive farming. Far-right Brazilian President Jair Bolsonaro has already indicated that this will happen and even threatened to withdraw Brazil from the Paris Agreement on climate change. If this goes ahead, carbon emissions will rise by 1.3 gigatons per year - equivalent to 3 per cent of global CO2 emissions.

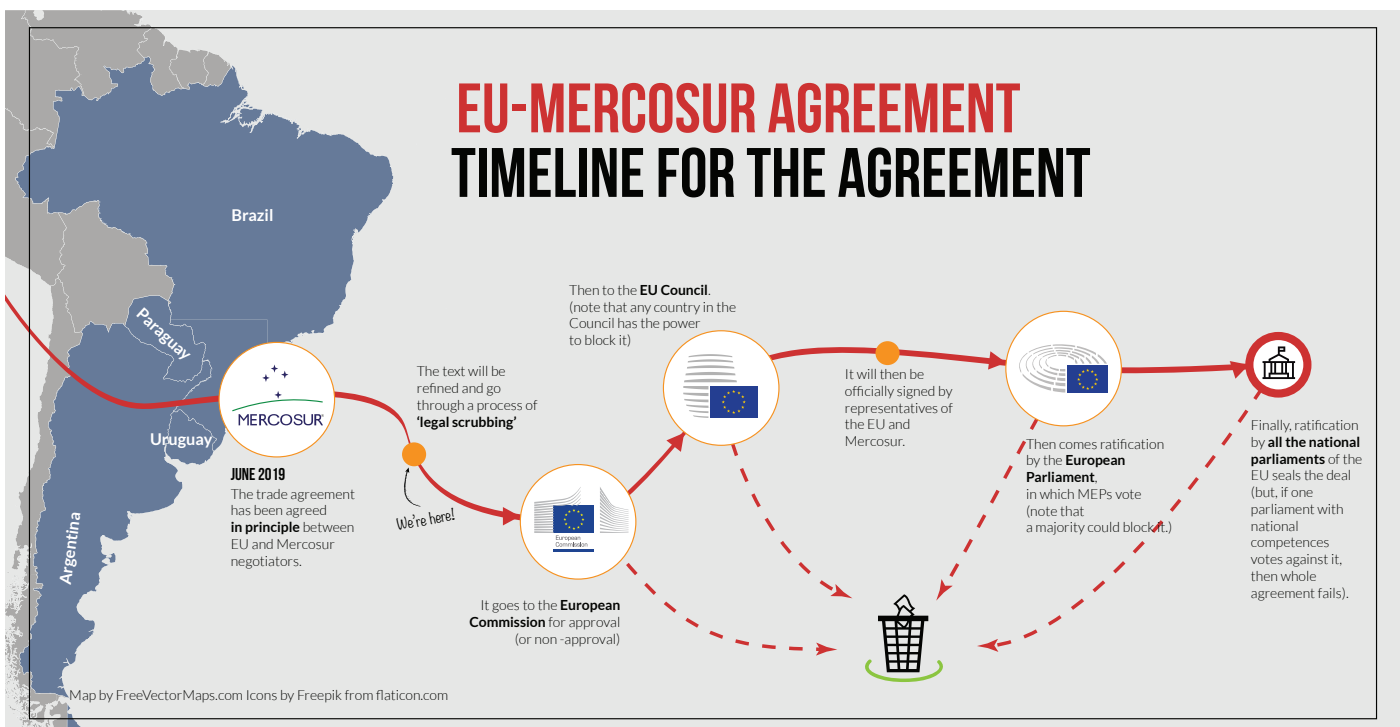
Market demand from Europe is also expected to lead to an increase in fracking gas, oil and ethanol in Mercosur countries, which will further increase carbon emissions and threaten water supplies with contamination.

A bad deal for the climate...

If Brazilian President Jair Bolsonaro's threats to destroy more of the Amazon rainforest and use the land to farm more products for export go ahead, then global carbon emissions will rise by 3%!

Reduced food safety

Unfortunately, in the Mercosur countries regulations on the use of pesticides, antibiotics and GMOs are much weaker than in Europe, meat from hormone-fed animals is permitted and the trustworthiness of the inspection services is highly questionable. For example, in Brazil, the government has approved the use of 200 new pesticides that are forbidden



What our MEP says



Helmut Scholz

(Die Linke, Germany)

"This agreement is a lose-lose deal. In Europe, our farmers will suffer from low-price imports from Mercosur. Our consumers don't want food that contains GMOs and pesticides. On the other hand, the Mercosur countries will be forced to abolish tariffs on cars, machinery and chemicals from Europe."

"As Brazil is the largest trading partner among the states that are members of Mercosur, to continue negotiating the EU-Mercosur free trade agreement with Bolsonaro's government would send a message that the EU doesn't really care about climate change, environmental sustainability, human rights or democracy."

elsewhere (and 30 of these are considered very dangerous by the World Health Organisation). Similarly in Argentina, among the 150 pesticides used in soybean farming, 35 are banned in the EU.

Replacing local farms with agribusiness

European farmers will be forced to compete with imports from large agribusiness companies in Mercosur countries that cut costs by using pesticides, antibiotics and hormones. Smaller farms and indigenous peoples in the Mercosur countries will lose access to land due to competition from the large companies that want more land to meet export demands. This will not only mean losses to the smaller farmers' livelihoods, it will also reduce food security because smaller farmers produce for local consumers.

Loss of tax revenue

One of the European Commission's main arguments for this agreement is that exporters will save billions through reduced export taxes. But, these taxes that countries collect on imported and exported products help to fund public services that people need like hospitals, schools and public transport. By reducing these taxes, budgets for public services will be reduced. This usually leads to privatisation of public services and increased costs to people. For example, Argentinian President Macri has already drastically cut export tariffs on soybeans, which has more than doubled the public debt, destroying the Argentinian economy while benefiting large landowners and agribusiness. The liberalisation of financial services under the agreement is also expected to increase tax evasion and money laundering.

Job losses & attacks on workers' rights

In Brazil and Argentina, large-scale job losses are expected in the car, auto parts, metalwork, chemical and textiles industries as a result of the EU-Mercosur free trade agreement. For the less industrialised Mercosur countries of Uruguay and Paraguay, tough market competition from European imports is likely to make industrialisation impossible in future.

Lack of respect for human rights & democracy

Once again, the European Commission has avoided making the text of the agreement under negotiation available to MEPs or the public until the last minute and ignored the concerns of hundreds of scientists and civil society organisations about the environmental and social impacts of the agreement. Meanwhile, the Commission is negotiating with Brazil without raising any criticism of the serious human rights issues there, including the undemocratic processes that led President Bolsonaro to power, extrajudicial killings by police forces, removing indigenous people from their land, attacks on workers' rights and trade unions and abolishing all the structures for citizens' participation in government, which are enshrined in the constitution.

Privileges for investors to be pursued later

While the controversial investor-state dispute settlement (ISDS) mechanism that was so unpopular that it derailed or delayed other trade agreements (like TTIP and CETA) is not included in the EU-Mercosur free trade agreement, it is expected that the European Commission will pursue its addition later.

The view of the Left

Alternatively, trade agreements could be used as leverage to improve respect for human rights, environmental protection and food safety standards among the EU's trade partners, but until there is a radical change in policy this one is only likely to make serious environmental and social problems worse.

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