

## **Trade agreement between European Union and the Mercosur: some critical points on agrifood matters**

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The following comments are based on official disclosure documents and press releases of the proposed trade agreement between the European Union (EU) and Mercosur. We do not have access to the full official document to be submitted to the Parliaments of Member States of both blocs. Contrary to those who celebrated the finalization of the proposal, we will point out some critical points related to agrifood matters suggesting a scenario of great concern for Brazil and, possibly, for the other Mercosur countries.

1. The trade agreement has a wide scope involving 22 areas, such as: tariff reduction on goods' markets; access to service sector; sanitary and phytosanitary measures; government procurement; state-owned enterprises; wine and distillate annex; customs cooperation; subsidies; trade and sustainable development.
2. The EU has practically twice the Mercosur population and a GDP seven times higher (US\$ 20 trillion vs \$ 2.7 trillion, respectively). What could represent a great comparative advantage to the Mercosur by the potential of the European market, can lead to the expansion of socioeconomic inequalities between the two blocs. There is a similarity to what happened with Mexico's integration into NAFTA, especially with regard to the deindustrialization of the country, rising unemployment and worsening of population's living conditions.
3. Although it is an agreement between Member States, the power of corporate interests over States is high, so that the economic asymmetry between the two blocs represents a huge imbalance of power and makes it possible to subordinate Mercosur to the interests of the EU or their corporations. On the Mercosur side, negotiations reflected more the interest of some sectors, especially agribusiness, which in the Brazilian case implies ratifying the secular trend of an agricultural model based on large-scale production (monoculture) and large rural properties, with use of agricultural inputs (industrial fertilizers, agrochemicals and transgenic seeds).
4. Brazilian agribusiness expectations are having preferential access to European markets for agricultural commodities, especially soybeans, beef, sugar, orange juice and cotton. Since most of the production of these goods is

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linked to medium and large farms, the expansion of these markets represents an increase in agrarian conflicts, especially the pressure on the lands of Indigenous Peoples and Traditional Peoples and Communities (e.g., black people rural communities and extractivists in the Amazon region), alongside the dispute over water due to the demand for irrigation of crops and cattle breeding.

5. An increasing European demand will stimulate the expansion of areas under cultivation and, consequently, increase the use of industrial fertilizers and agrochemicals in a country like Brazil that already is one of the world's largest consumers of pesticides. This includes pesticides banned in the EU due to their being considered to harm human health, among other consequences. In apparent paradox, pesticides whose use is forbidden in Europe are produced in Germany or by European companies elsewhere in the world for using outside the EU. Besides, agrifood products accepted in both the EU and Brazil have residue parameters in Brazil generally higher than the European ones. For example, soybean cultivation has extensive use of glyphosate with levels of residues accepted in Brazil two hundred times greater than allowed in the EU. That is to say, Europe accepts that its industries produce and sell agrochemicals to other countries but prohibits its use not to pollute its own territory, while importing products cultivated in these conditions knowing that residues are in soils and waters. Glyphosate residue in waters in Brazil can reach up to 5,000 times more than in the EU. In 2017 alone, the Brazilian Ministry of Health registered about 14,000 registered cases of pesticide intoxication, a figure certainly underestimated in relation to the actual occurrence.

6. The EU is the second largest destination of Brazilian exports and possibly also of Mercosur, and its contribution to the advance of Brazilian exports of soybeans and beef may accentuate the progress of deforestation in the biomes Cerrado (savannah) and Amazon. One must add to this the aggravating of current political context with the dismantling of the environmental area by the Bolsonaro government, including: extinction of the Secretariat on Climate Change and the program to combat deforestation in the Amazon; reduction of the area of integral-protection conservation units; authorize soybean plantation and mineral exploration in indigenous lands, together with no demarcation of new lands; flexibilize land purchase regulations by foreigners; grant land titles to agrarian reform rural settlers in order to stimulate the return of these areas to the land market (around 80 million hectares).

7. Brazilian government and agribusiness organizations - which argue that there is much preserved area in the country and a greater protection of natural resources than any other in the world - have launched the Low Carbon Agriculture Program (ABC), in particular the Farm-Livestock-Forest Integration, as an example of sustainable agriculture. At the very least, this initiative is controversial in that it is based on measures that represent "more of the same" and lead to an increase in the use of agricultural inputs (industrial fertilizers and

agrochemicals), since its goal is to recover degraded pastures and, from this increase production without causing deforestation.

8. The current political framework and the aforementioned asymmetries make it very difficult to implement governance mechanisms in this proposed EU-Mercosur trade agreement to ensure the preservation of modes of production and consumption from family farmers, peasants and indigenous people in Mercosur countries. Access to natural resources while protecting traditional communities and biodiversity from private ownership through patent registration (intellectual property), as well as the preservation of knowledge and practices and biodiversity in the form of public domain, could be achieved if implemented international agreements established by United Nations agencies, such as the International Treaty on Plant Genetic Resources for Food and Agriculture (TIRFFA) and the implementation of Community Protocols under the Convention on Biological Diversity (CBD). Brazil.

9. Brazil has become one of the main international references in Agroecology, with hundreds of social organizations working for more than 30 years in knowledge production and agroecological practices, with recent contributions from academia through the creation of numerous centres linked to public institutions of education and research. Agroecology depends on the existence of specific policies, such as the National Policy on Agroecology and Organic Production (Pnapo), created in 2013, but dismantled by the current government. Mention should also be made to difficulties in producing due to conflicts with agrochemicals and the cultivation of genetically modified organisms (GMOs). Without GMOs and agrochemicals free areas, agroecology is bound to be a trapped system impeded to making use of the technical-scientific domain and accumulated traditional knowledge for expanding its production scale from the territorial sphere to the national level.

10. According to the announced text of the agreement, food safety will be subject of an ambitious chapter on sanitary and phytosanitary matters, including animal and plant health, with a view to endorsing higher standards. Social movements and the National Council on Food and Nutrition Security (CONSEA) have been denouncing that the standards of quality and safety expressed in the international sanitary norms are constructed by and for large-scale industrial production and long commercialization chains, for which sterilization (absence of microorganisms) is fundamental. They can also act as disguised barriers by placing hard-to-reach demands on smaller, even industrial, productions. Moreover, an indirect, rather negative impact of international trade agreements is the obligation to internalize international standards under the label of "harmonization", leading to changes in sanitary standards established by national laws with negative impact on short marketing chains, as they impose standards unattainable to small-scale production. A large diversity of food cultivated in Brazilian biomes circulates through these short chains, expressing regional food cultures and being produced under artisan ways integrated with

nature (including extractive products), in agroecological systems with few or no use of chemical inputs.

11. Last but not least, the current political context in Brazil implied the dismantling of differentiated public policies in several areas, accompanied by the restriction of social participation in public policies as a result of the Bolsonaro government's authoritarian trait. The first and most notorious case was the extinction of CONSEA, followed by the closure by decree of almost all public policy councils at the federal level. Thus, the strangeness with the rapid conclusion of a negotiation with the European Union that has been dragging on for some 20 years is aggravated by the limits to social participation spaces in the discussion of the proposed measures, in addition to the National Congress where the power of agribusiness and food industry representatives are well established. Thus, limits to public debate endorse the risks pointed out in this preliminary assessment, and others not mentioned, on the interests that will eventually prevail in the proposed agreement between the European Union and Mercosur.

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