



## CIVIL SOCIETY DIALOGUE

# UPDATE ON EU-MERCOSUR TRADE NEGOTIATIONS

**Date: 6 September 2018**

**Time: 14:00 – 16:00**

**Location: Conference Centre Albert Borschette, Room 4.C, Rue Froissart 36, Brussels**

### **Lead speaker**

Ms Sandra Gallina, EU Chief Negotiator, Deputy Director-General in DG Trade

### **Moderator**

Mr Michelangelo Margherita, Head of Unit Information, Communication and Civil Society, DG Trade

### **Panel Presentation**

The Commission (S. Gallina) updated the Civil Society on the state of play of the trade negotiations between the EU and Mercosur, the international body representing Argentina, Brazil, Paraguay and Uruguay.

The 34<sup>th</sup> round took place from 9 to 17 July and it was followed by a ministerial meeting on 18 and 19 July. The meeting allowed for a thorough stocktaking and assessment of the progress achieved so far. It also confirmed the strong political commitment of both sides to reach an agreement. Even though many chapters are concluded, there are still important differences the Parties need to bridge in several areas, notably cars and car parts, geographical indications, maritime services and dairy. Solutions to very important EU interests in these areas still outstanding need to be found to allow a successful conclusion of the process.

The EU and Mercosur negotiating teams will meet again in Montevideo, Uruguay from 10 to 14 September. The EU is committed to a successful conclusion of an ambitious and balanced agreement with Mercosur, as soon as the necessary elements are present.

### **Discussion Highlights / Questions and Replies**

Different topics were raised by representatives of the Civil Society organisations in the ensuing discussion. **European Sugar Refineries Association** expressed its request for duty elimination and meaningful volumes of the TRQ for sugar as the industry needs imports of raw sugar from Brazil. **Confederation des Syndicats Chretiens** raised issues of climate, TSD and impact of

upcoming presidential elections in Brazil. **Eurogroup for Animals** enquired whether animal welfare provisions are at the same level as in the agreement with Mexico.

The **Commission** (S. Gallina) confirmed that the EU is seeking to reach the same level of ambition on animal welfare provisions as in the Mexico agreement, that both sides agree on the inclusion of provisions on climate and that the TSD chapter creates a mechanism for dialogue which is vital to engage our counterparts. As regards sugar, it is one of the sensitive products where the Commission is trying to find an acceptable balance of interests, which will also depend on Mercosur.

**Both ENDS** expressed concerns about beef and deforestation and about possible erosion of preferences for Sub-Saharan African countries under the Economic Partnership Agreements. **Irish Farmers' Association** recalled the sensitivities of the beef sector and enquired about deforestation, SPS standards, the beef TRQ and mentioned the results of the study on the cumulative impact of other FTAs. **International Confederation of Inspection and Certification Organisations** asked about TBT conformity assessment.

The **Commission** (S.Gallina) explained that governments of Mercosur countries are committed to address the issue of deforestation and that the preferences under the Economic Partnership Agreements are not endangered as they contain duty-free and quota-free concessions. On the beef TRQ, she underlined that the EU is already importing and the concession the EU would be offering is very carefully calibrated to take into account the interests of EU farmers. As regards the effect of other FTAs, the study on their cumulative effect was based on full liberalisation, which in reality is not going to happen under any circumstance. With regard to conformity assessments, the negotiators are close to finalising the TBT chapter, but this issue is still outstanding as the EU cannot accept Mercosur/foreign standards as equivalent to its own.

**International Confederation of European Beet Growers** drew attention to the treatment of sensitive agricultural products like sugar; **Association de l'Aviculture, de l'Industrie et du Commerce de Volailles dans les Pays de l' Union Europeenne** pointed to an increase in poultry imports and to a possible impact of Brexit in this sector; **Cooperativas Agro-alimentarias de Espana** enquired about the harmonisation in the SPS area in Mercosur countries and **Comite Europeen des Entreprises Vins** asked about the different aspects of treatment of wine under the agreement.

The **Commission** (S. Gallina) reassured again that it is treating both sugar and poultry as sensitive products and that any concessions will also depend on the final balance of the agreement. The Commission confirmed that Mercosur had accepted to harmonise relevant SPS certificates, including deadlines. On wine, the Commission regretted that it had not yet been possible to find an agreement with Mercosur, but hoped that a solution will be found as both sides have strong commercial interest.

**European Services Forum** expressed support to the agreement while acknowledging that it would have preferred to see a higher level of ambition in services, and together with **European Transport Workers' Federation** and **European Community Shipowners' Association** enquired about international maritime transport and next steps in the negotiation process. **Business Europe** also supported the deal and asked about situation in GIs, rules of origin, government procurement, IPR and staging. **Association nationale interprofessionnelle du betail et des viandes** raised concern as regards the cumulative effects of beef TRQs and the sustainability of the concessions.

The **Commission** (S. Gallina) informed that international maritime transport is one of the most important outstanding issues, not only because of economic but also environmental considerations. She confirmed that maritime transport between Mercosur countries should be considered international transport, as is the case between EU Member States. On GIs there had been some progress but discussions need to continue to enable both sides to find satisfactory solutions. Mercosur is reluctant to progress on IPR where they do not want to go beyond TRIPS. Work on government procurement progresses slowly, but in the right direction - the Commission is focusing on removing or limiting offsets and strengthening access at the central level as sub-federal level offers are not included even in the Mercosur Protocol. Mercosur is very difficult especially on machinery rules of origin which is a priority issue for the EU. Industry package (tariffs and rules of origin) on textiles and clothing is still not accepted by Mercosur. As regards staging, Mercosur's offer is not satisfactory as a large number of tariff lines go beyond 10 years which in many cases is not justified. The concerns over beef TRQ are exaggerated. The TRQ has been carefully calibrated to take into account EU sensitivities. On the next steps, the Commission informed that the next round will take place from 10 to 14 September in Montevideo, Uruguay.

**Association Europeenne du Commerce de Fruits et Legumes de l'UE** enquired about the impact of the agreement on the import of fresh orange juice. **CLEPA** asked about developments as regards car parts and **Spirits Europe** enquired about treatment for spirit drinks. **Federation of European Publishers** inquired about IPR and specifically copyright. **Eurochambers** expressed support, stressed that especially SMEs need workable conditions and enquired about impact of upcoming elections in Brazil and next year in Argentina. **FEDIOL** asked about the likelihood of elimination of export duties on biodiesel and soy products by Argentina. **Association of European Automotive and Industrial battery manufacturers** asked about automotive annex.

The **Commission** (S. Gallina) replied that constructive discussions continue on car parts, but the situation is quite difficult as regards the automotive annex and lately also wines and spirits. As mentioned before, Mercosur is very defensive on IPR, but provisions on copyright were nearly sorted out. It is clear that on fresh orange juice there is a strong Mercosur interest that the EU needs to respond to and we already import a lot. The Commission recognised that Argentina is currently in a difficult economic and fiscal situation and the reintroduction of export duties as a source of revenue to meet objectives agreed with the IMF must be seen in this context. President Macri himself acknowledged that this is an emergency situation and that export taxes are not a good measure. Finally, the Commission believes that the successful conclusion of the agreement is possible and that finding a solution the main outstanding issues – cars and car part, maritime, GIs and dairy – is key.