



CIVIL SOCIETY DIALOGUE

SIA IN SUPPORT OF ASSOCIATION AGREEMENT (AA) NEGOTIATIONS BETWEEN THE EUROPEAN UNION AND MERCOSUR

Date: 13 October 2017

Time: 15:00-17:00

Location: Charlemagne building, room Roy Jenkins, 190 rue de la Loi, Brussels

Lead Participants: Ms Lorella de La Cruz, Deputy Head of Unit, TRADE/C3 Latin America, Directorate-General for Trade; Mr Zachary Abraham, Trade Negotiator, TRADE/C3 Latin America, Directorate-General for Trade; Ms Annette Grunberg, Deputy Head of Unit, TRADE/A5 Transparency and Evaluation, Directorate-General for Trade; Mr Maximiliano Mendez-Parra, Team Leader, LSE; Ms Elitsa Garnizova, Project Manager, LSE

Moderator: Ms Eeva Tella, TRADE/A3 Information, Communication and Civil Society, Directorate-General for Trade

Agenda

1. Presentation by the Consultant on the content of draft inception report

2. Q&A

Presentation by the Consultant on the content of draft inception report

Presentation published on the website of the Contractor
(<http://www.eumercosursia.com/consultations.html>)

Q&A

Eurogroup for Animals expressed support for the fact the SIA inception report makes reference to consumers and animal welfare and noted that this section of the analysis should take into consideration the standards in Mercosur both in terms of transport and slaughtering, which it considers to be low. The representative also noted the issues of PMSG in Uruguay and the treatment of horsemeat as a by-product.

EPPA on behalf of the Committee of European Sugar Users (CIUS) noted that the sectoral report on sugar in the SIA should consider the position of the buyers and users of sugar in the food and drink industry. The representative pointed out that earlier JSC report on the agricultural sector in the EU did not

assess the impact on the food and drink industry. EPPA also enquired whether the assumptions behind the adjustments in the modelling of sugar and beef could be shared with stakeholders.

An environmentally focused organisation enquired about the scope of the environmental case studies and about the issues, which would be covered in-depth. The organisation also commented on the extensive coverage of human rights issues in the inception report but prompted the Contractor to consider a broader definition of human rights with more focus on the impact on the environment.

The Contractor welcomed the suggestions to contact animal welfare organisations. The representative also pointed out that concerning sugar, the use of sugar as a cheap input is very important and it would be considered in the analysis of the sector; at the same time on the adjustments, this reflects the change of policy on the EU side since the previous study. The Contractor also explained that the environmental analysis will focus on a number of key issues such as biodiversity in Uruguay and Argentina, on fisheries in Argentina, on water resources in Paraguay, and on forestry in all four countries. If further issues are revealed during the screening, the team will address them as well.

Ms Lorella de La Cruz (DG TRADE) clarified that the first CSD meeting on the SIA focuses on the methodology. The team also noted the participants' concerns vis-à-vis animal welfare and highlighted that the issue is tackled via a number of channels – both bilaterally and during the negotiations. DG TRADE highlighted that the goal of the SIA is to assess whether the AA can have an impact on this in the first place.

International Confederation of European Beet Growers emphasised that the confederation also finds important that the SIA looks into sustainable standards and the production techniques. The representative welcomed that there is a specific chapter on sugar and also noted that the impact on LDCs will be especially important as well as the working and environmental conditions in the production of sugar in Mercosur.

Irish Farmers Association asked about the contribution of the current SIA to the negotiations, given the fast-pace of the negotiations. IFA also underlined that agriculture is a key sector for sustainability and biodiversity in Europe and the importance of European farmers in managing the environment.

CEEV – Comité Européen des Entreprises Vins noted that they have an offensive interest in the agreement and enquired about the type of beverages, which will be included in the agreement.

The German Mechanical Engineering Industry Association expressed support for the agreement and highlighted that the industry has an offensive interest in the negotiations. The representative clarified that despite recognising the importance of the agricultural industry, the impact on the beef sector will be less pronounced in per capita terms. The Association also noted that car parts and machinery should be treated jointly.

The Contractor explained that the team is taking a balanced approach between the economic analysis and other dimensions and also looking to include all the different groups of stakeholders. The Contractor recognised that beef is a sensitive issue and that also Mercosur is a historical supplier, and that is why beef will be reviewed in depth. In terms of beverages, the team is looking into orange juice and wine production on both sides. The Contractor explained that after initial analysis of

the sectors, it was proposed to put cars and car parts together since the team is taking a value chain approach to the process.

Ms Lorella de La Cruz (DG TRADE) recognised existing concerns in terms of the timeline of negotiations and sensitive issues. The representative highlighted that the end of the year is the timeline for the conclusion of the negotiations but there will still be the time and resources for the SIA and stakeholder consultations to feed into the negotiations and especially mitigating measures. The SIA is also an ongoing process.

Interbev expressed similar concerns in terms of the timeline and noted that even with an interim report in December, stakeholders would not have any of the information before conclusion of the agreement. The representative also enquired about the estimates used for TRQs.

Orgalime enquired about the scope of the sectoral study on machinery and electrical appliances.

European Sugar Refineries Association (ESRA) commented on the structure of the report, expressing concern whether sugar and ethanol should be combined in the analysis and also noting that at this stage ethanol is mentioned only on one occasion. The representative also enquired about the analysis of fruit and sugar from the outermost regions, noting that outermost regions export refined sugar.

The Contractor explained that the team is trying to provide as much input as possible to the negotiations but this is a question for the negotiators. In terms of machinery, the representative explained that the team is not looking into consumer goods but electrical machinery and that it combines sugar and ethanol because Brazilian ethanol is primarily sugarcane based. The Contractor also noted the comment on outermost regions and this will be taken into consideration.

Ms Lorella de La Cruz (DG TRADE) underlined that negotiators are going to take into consideration what is feasible in the negotiations.

European renewable ethanol association (ePURE) asked whether the team is looking into volumes, besides tariff cuts.

Ms Lorella de La Cruz (DG TRADE) clarified that methodologically it is very challenging to model TRQs so the Commission captures the possible impact with the tariff cuts.

Friedrich-Ebert-Stiftung expressed interest in the analysis of social impacts and enquired about the timeline and number of roundtables as well as the balance between events in Brussels and partner countries.

CLEPA - European Association of Automotive Suppliers welcomed the agreement and the SIA, which is being conducted and expressed support for the value chain approach.

EPPA on behalf of the Committee of European Sugar Users (CIUS) made a methodological point on the calculation of tariffs versus TRQs for sugar. The representative noted that the tariff is completely prohibitive at the moment so no realistic trade flows as a starting point. EPPA also noted the importance of the security of supply and the impact on LDCs.

The Contractor clarified the timeline of events. There will be a workshop in Sao Paulo and a workshop in Buenos Aires in February/March 2018). These events

would be designed to capture substantive input within the partner countries. The Contractor also explained that the proposed roundtables in Brussels are in addition to the partner country events.

Alonso Asociados asked whether the chemical sectoral study also includes pesticides. The Contractor noted that the team focuses on pharmaceuticals.