LATIN AMERICA 04.07.2019 | Susanne Stollreiter

A bad deal?

Civil society looks at the EU-Mercosur free trade agreement as a defeat, not a victory — and now France threatens to block it

Read this article in German.

Sometimes G20 meetings are full of surprises. Last week, there were unexpected news from Osaka: after over 20 years of negotiations, the heads of state and government of the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) have now agreed on a free trade agreement with the EU.

Observers could hardly believe it and so, in this context, it's not surprising that France, one of the strongest critics of the agreement, already backpedalled. Paris is not ready to ratify the agreement, said government spokeswoman Sibeth Ndiaye on French radio. Not having been consulted, civil society in Europe and Latin America also criticise the historic agreement.

For the EU, the deal opens up a huge new market for automobiles, machinery and chemical products, while the South American countries could primarily export duty-free meat, ethanol, and sugar. According to EU Commission President Juncker, 772 million people would benefit from this 'historic moment' creating the world's largest market to date.

The farmers' insurrection

France now demands additional guarantees, for example for the protection of the Amazon rainforest and for French cattle breeders. This is not surprising: the remaining bargaining obstacles were mainly on the EU side, led by France and Italy who refused to back off from their positions.

Farmers, not only from France and Italy but Germany as well, feared the cheap Latin American competition, insisting on upper limits for beef exports: 100,000 tonnes should be the maximum that could be exported

from the Mercosur countries to Europe. The former Brazilian government once considered this amount so ridiculously low that they did not want to bother sending any ship to Europe. Now, they agreed on 99,000 tonnes and still the German and French farmers' associations are up in arms.

Civil society in Europe and Latin America rates the decision of the heads of state and government in Osaka as a defeat rather than a victory.

It's a fact that EU leaders urgently need successes to improve their images once again and to justify their membership in the community at the national level. In times of large-scale trade disputes, like the one between China and the US, a major trade deal comes just right, as a signal both domestically and externally. That's why they considered the concerns of civil society, which criticises free trade's disregard for human rights and protection the environment, as secondary. They didn't however really think about the farmers, hoping that limiting the quantity of imports would prove enough to convince them.

Political calculations in Latin America

In Brazil, political calculations has also played a role. Newly elected president Jair Bolsonaro desperately looks for new markets: he needs to score some economic victory. And he's not bothered that this comes at the expense of the environment and indigenous populations, that the Amazon rainforest will be cut down and cleared for cattle farms or large-scale agricultural operations. This reckless attitude fits right in with his relentless right-wing conservative and neoliberal policies.

There's also the problem of how large agricultural areas in Brazil are managed. While the use of pesticides in Europe is quite restricted and we even discuss a ban on glyphosate, Brazil has significantly higher upper limits for fertilisers and weed killers. And glyphosate is used without hesitation in high quantities. Civil society organisations in both Latin America and Europe have long warned of this harmful development, but have achieved only partial success in America and little attention in Europe.

In Argentina, President Macri has also given up blocking the Mercosur agreement, mainly out of pure self-interest rather than overall considerations for society. Elections in Argentina take place in October, and the Macri government's economic record is dismal. The financial crisis has only intensified since his inauguration in December 2015.

Inflation has increased dramatically and is currently up around 60 per cent. Moreover, one-third of the approximately 45 million Argentines now live below the poverty line. In order to turn things around, he needs an economically promising agreement like the one between the EU and the Mercosur countries.

Civil society in Europe and Latin America rates the decision of the heads of state and government in Osaka as a defeat rather than a victory. But in the national ratification processes, civil society actors will have a strong voice again. Even if all EU and Mercosur countries ratify the agreement, the European Parliament has the final word. And after the most recent election, MEPs who are critical of free trade have a majority.



Susanne Stollreiter
Berlin

Susanne Stollreiter is a policy officer for the Andes and the Caribbean at the Friedrich-Ebert-Stiftung. She coordinates a Latin American project on EU trade agreements and sits in the Domestic Advisory Group, a civil society advisory body on the Free Trade Agreement between Colombia, Peru, Ecuador and the EU.

-