

Brussels, 23 September 2019
MCB/cz S(2019)5322890

Dear Honourable Members,

Thank you for your letter of 20 June 2019 concerning the EU-Mercosur negotiations, addressed to President Juncker and myself. The President has asked me to reply on his behalf.

On 28 June 2019 the European Union and Mercosur reached a political agreement for an ambitious, balanced and comprehensive trade deal.

While I understand some of your concerns, we must look at this agreement against the background of current international trade tensions. I think we all agree on the major importance of strengthening relationships with trade partners across the world in order to support a rules-based system. Mercosur includes large emerging economies that have jointly pledged with us respect for rules, including values and other elements pertaining to a more sustainable approach to trade. I personally find this a major political and strategic achievement.

In fact, the new trade framework, which is part of a wider Association Agreement between the two regions, will consolidate a strategic political and economic partnership with Mercosur. It will create significant opportunities for sustainable growth on both sides while respecting the environment and preserving the interests of EU consumers and sensitive economic sectors alike.

In your letter, you recall the importance for the European Parliament to receive regular updates during the negotiations. Throughout these negotiations, the Commission kept the European Parliament abreast of the progress made. Negotiating texts and offers were made available to the Members of the European Parliament as they evolved, in parallel with transmissions to the Member States. The Chief Negotiator was in constant contact with the rapporteur and the INTA Chair and has systematically debriefed the Monitoring Group. Civil society was also regularly informed about the developments through several dialogues with the EU Chief Negotiator. In line with this strong commitment to transparency, the texts of the agreement were transmitted to the European Parliament and then published in record time, within only two weeks of the conclusion of the political agreement. I also had the occasion to attend the INTA meeting on 23 July to discuss the EU-Mercosur deal and other ongoing work.

I would like to also address your concerns on a specific Member of Mercosur: Brazil. This country is a democracy with executive, legislative and judicial branches that provide an elaborate constitutional framework within which the Brazilian government operates. I share some concerns regarding certain statements made as part of the internal political debate in Brazil on the future of the Amazon Rainforest, workers' rights, the rights of indigenous peoples.

At the same time, we must recognise the lively internal and pluralistic debate taking place in this country on many topics. The proposed Association Agreement will seek to engage all parts of the Brazilian society, with a dedicated focus on the legislative branch, since it will provide a formal mechanism for members of the parliaments from both sides of the Agreement to meet and discuss any matter relevant to implementation, including climate change, if they so wish.

In your letter, you refer to the need to support the implementation of the Paris Agreement. I am glad to confirm that we have achieved very satisfactory results in this area. The EU and Mercosur have committed to *effectively implement* the Paris Climate Agreement. A dedicated sustainable development chapter will cover issues such as sustainable management and conservation of forests, respect for labour rights and promotion of responsible business conduct. The chapter also offers civil society organisations an active role to oversee the implementation of the agreement, including any human rights, social or environmental issues.

A separate point relates to the possible use (in Brazil) of pesticides forbidden in the EU. While we cannot prevent Brazil - or indeed any other country - from using substances of its choice, the EU's Sanitary and Phyto-sanitary (SPS) standards are non-negotiable and will not be relaxed under this or any other trade agreement. In other words, these substances will not be allowed in the EU. EU food safety and consumer protection standards will remain unchanged and all imports will have to comply with the EU's rigorous standards, as is the case today. These standards will continue to apply to the agricultural products imported into the European Union, independently of whether they come from Mercosur countries or elsewhere. The EU's SPS standards are and will continue to be based on the assessment of the risks (performed by the European Food Safety Authority) identified in the agricultural products consumed in the EU, including on the risks associated with the approval of pesticides and their respective maximum residue limits. The SPS chapter we have negotiated (which is publicly available), is one of the most ambitious the EU has ever concluded in a trade agreement. The provisions on food safety, as well as on animal and plant health will reinforce cooperation between the authorities of the partner countries and speed up the flow of information about any potential risks through a more direct and efficient information and notification system. This way, the agreement will increase our efficiency in ensuring the safety of the products traded between the EU and Mercosur countries.

In your letter, you also refer to the need to protect labour rights. The Trade and Sustainable Development chapter includes a commitment not to promote trade at the expense of social or labour rights. Both parties to the Agreement commit to respect International Labour Organization (ILO) rules on forced and child labour, non-discrimination at work, freedom of association and the right to collective bargaining. In addition, the two parties have made commitments on health and safety at work and labour inspection. All Mercosur countries have legislation that provides for the protection of labour rights. They have ratified international labour standards, including the eight fundamental ILO conventions (with the exception of the Freedom of Association and Protection of the Right to Organise Convention for Brazil, due to constitutional constraints).

The Association Agreement will provide a solid framework to address human rights issues, including with regard to indigenous peoples. The trade part of the agreement includes provisions promoting the role of indigenous communities in sustainable supply chains of forest products and cooperation on social projects involving these communities.

I hope that this letter will reassure you of the balanced nature of the agreement, which is the result of a carefully managed negotiation process and which respected the highest standards of transparency towards the European Parliament. I trust we will be able to count on your support in the next stages of the process.

Yours sincerely,



Cecilia Malmström

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