

Sustainability Impact Assessment of EU-Mercosur Trade Negotiations

Comments and Responses on draft Phase 2 Final Reports 24.11.08 (Civil Society)

Comment	Response
Public meeting, 24 November 2008	
European Union of Ethanol Producers:	
reference to the previous case study on ethanol and to the EU Biofuels Strategy should be highlighted, particularly in the Executive Summary;	Reference included in both the summary and the text
reference should be made to Brazilian ethanol subsidies (she said that a "level playing field" needed to be established);	References added for both Brazilian and EU subsidies
comparisons between Brazilian and EU ethanol for GHG performance should take account of all relevant factors. She said that it was too simplistic to conclude that the Brazilian Fuel ethanol is better for the environment.	We agree. The text has been amended to make this clearer
She also asked for the "fair trade impact" to be taken into account and the need for a complete and balanced approach	See Box 4 for fair trade issues.
European Automobile Manufacturers' Association (EAMA) noted that:	
if an EU-Mercosur forum were established it should be for the automotive sector, not just automobiles, to include the components industry; previous proposals for such a forum have not come to fruition, partly because of differences between Argentina and Brazil;	the text has been amended
the EC should demand Mercosur commitment to international standards.	Text amended to include reference to international standards (UN-ECE)
The EAMA representative asked whether the findings of the SIA allowed for a conclusion to the WTO Doha negotiations. The consultants replied that the assessment assumed a base scenario of no Doha agreement. However, the consultants' view was that the impacts of EU-Mercosur liberalisation would be broadly similar with or without a prior Doha agreement.	to be done
DG Trade added that it is not yet possible to forecast what a Doha agreement on the auto sector might include. Argentina wishes to shield auto parts from tariff reductions and changes for specific industries occur every day in the negotiations.	-
The representative of the Association of Poultry Processors and Poultry Trade in the EU countries accepted the study's conclusion that an EU-Mercosur agreement would benefit both sides overall, but pointed out that this masked adverse impacts in some sectors. This should be made clearer in the Executive Summary, particularly for the poultry trade. He also mentioned the different standards existing in non-EU countries (for example on GM feed) and pointed out the risk that EU producers would not be able to compete.	Reference added to ES to differential subsectoral impacts within agriculture.
Coalition of the Flemish North-South Movement:	
welcomed the proposals for social clauses in a EU-Mercosur agreement;	-
asked that particular mention be made of ILO Convention 169 (which Brazil has not ratified);	Added to text
pointed out that the report should not confuse ethnic minorities with indigenous peoples, and that it should be consistent in referring to indigenous peoples rather than people;	Correction made to text

<p>suggested that the impacts on indigenous peoples may have been underestimated.</p>	<p>noted</p>
<p>European Union of Ethanol Producers, 01 December 2008</p>	
<p>The issue of ethanol is a very specific one which has been subject to a study case. We believe that the final report should refer to it and even recall the main points outlined in the study case.</p>	<p>A summary of the case study findings has been included.</p>
<p>Developing biofuels and fuel ethanol in particular is part of a broader action plan to address the EU's challenges of energy dependency and climate change. Promoting an indigenous sustainable production is therefore important to reap the many social, environmental, economic and strategic benefits that will derive from such policy. I believe that these objectives should be reminded when addressing the question of biofuels.</p>	<p>We have now included a summary of the case study findings, which address this issue</p>
<p>Brazilian fuel ethanol production has been heavily subsidized for many years and continues to enjoy constant political and economic support from the government. For instance, the government does not hesitate to increase or reduce the blending percentage of ethanol into gasoline (it is mandatory in Brazil that all gasoline sold should contain between 20 and 25% ethanol in it) to ensure ethanol prices always remain below the price of gasoline (which is also set by the government). Although we recognize that such initiatives explain the successful result of the Brazilian fuel ethanol programme, we believe that this situation is unfair and distorts the market. Brazilian ethanol already account for about 60-70% of ethanol exported to the EU most of which is exported duty paid. However, an increasing share is exported in the form of mixtures with chemicals in order to avoid the import duty. Consequently, we believe that the report should highlight the fact that fuel ethanol in the world is heavily supported (this is also the case in the USA) and therefore particular attention must be paid when it comes down to liberalizing trade in this sector especially given the strategic reasons behind the promotion of such a sector.</p>	<p>Reference to Brazilian and EU subsidies has been included. The case study looked at US subsidies, and concluded that, while relevant, it is not a key issue for EU-Mercosur liberalisation.</p>
<p>We also believe that one of the possible ways forward is to promote a balanced approach in trade ie a situation where imports would not jeopardize the EU's objective of promoting a local industry. I include a paper that UEPA has put forward to the Commission on this point.</p>	<p>Reference to the paper has been appended to the case study findings.</p>