

Sustainability Impact Assessment of EU-Mercosur Trade Negotiations – Regional Workshop

Comments and Responses – Public Consultation, Montevideo

Civil Society Comments	Consultants' Response
Public Consultation Meeting 20-21 May 2008	
The consultants would take account of any specific information on Venezuela received from stakeholders	Will be taken into account in the Midterm and Final reports
It was not clear how the effective tariff rates given in Table 3.7 of the Overall Preliminary SIA for Phase 1 had been calculated.	Will be clarified in the Phase 2 reports
It was pointed out that many of the measures listed in Table 3.10 of the Overall Preliminary SIA for Phase 1 should be described as Non-Tariff Measures, not Non-Tariff Barriers. Many similar measures are applied by the EU. The report is unbalanced in presenting this table for Mercosur without a corresponding table for the EU.	This would be rectified in the final overview SIA report.
It was suggested that the SIA recommendations could include making certain obligations conditional on development objectives being achieved.	This would make it difficult to make reciprocal commitments.
It was argued that the recommendations for monitoring should not include establishing a new monitoring body, whose effectiveness might be limited by the existence of many other regional institutions.	Will be reviewed in Phase 2
The monitoring recommendations should include both Mercosur and the EU for implementing trade facilitation measures, with a high degree of transparency (e.g. published on the internet).	Will be taken into account in Phase 2
The influence of production chains on impacts was stressed, particularly in relation to poverty.	These were examined in some depth in the Phase 1 sectoral studies, and will be considered further in the Phase 2 study
Impacts on social cohesion were discussed.	The Phase 1 studies addressed this indirectly through analysis of distributional effects and recommendations for appropriate flanking measures. A similar approach will be taken in Phase 2
It was suggested that the recommendations should include measures to enhance Mercosur investments in the EU, which lag behind outward investment in the US and other countries.	Noted for consideration in Phase 2
The extent to which Venezuela might be included in the analysis was discussed. Regional issues such as energy supply may for example be covered in the final overview SIA, for which the role of Venezuela would be significant. An analysis of energy supply issues might also include liberalisation of oil services, which would be relevant to Venezuela. It may also be practicable to update the Phase 1 assessment from documents which delegates might provide, e.g. for the automobiles sector.	Will be considered in the Phase 2 study
There was strong support for including energy issues in the study.	Will be considered in the Phase 2 study

The relationship between financial services liberalisation and instruments such as Banco del Sur was discussed.	This will be examined in the Phase 2 study.
A clear distinction should be drawn between the relatively small number of SMEs that export directly (e.g. precious stones), and the much bigger number that are part of the supply chains of large exporting companies. Impacts on non-exporting SMEs should also be examined.	Will be taken into account in the Phase 2 study
The availability of credit to small farmers was argued to be a major issue. Large agricultural enterprises do not necessarily create jobs or provide high wages and working conditions.	Will be taken into account in the Phase 2 study
It was noted that problems have arisen over rules for loan collateral, for example in Paraguay. It was requested that the study should examine the potential influence of financial services liberalisation on this issue.	Will be taken into account in the Phase 2 study
Some aspects of the Inception Report chapter on financial services present an unbalanced perspective in relation to the interests of the banking sector and those of the economy as a whole (e.g. item 2 on page 40).	This will be rectified in the later stages of the study
The Inception Report is not fully up to date in relation to implementation of Decision 54 on the Common External Tariff. The analysis should reflect the considerable amount of work that has been done on the issue, for which information is available from the Mercosur Secretariat in Montevideo.	This aspect will be updated in the Phase 2 study
It should be noted that harmonisation of standards is not complete in the EU, which presents problems for Mercosur exporters similar to those faced by EU exporters. The study should reflect an appropriate balance.	This will be rectified in the Phase 2 reports
It was requested that the study should take account of the impact of the financial crisis in the EU (and US) on the banking sector in Mercosur. Liberalisation of financial services between the EU and Mercosur is likely to necessitate the development or strengthening of joint mechanisms for ensuring joint financial stability.	This will be taken into account
The study should examine the impact of financial services liberalisation on asymmetries between the funding of EU companies investing in Mercosur and Mercosur companies investing in Europe.	Will be considered in the Phase 2 study
Civil aviation services were suggested as a candidate for further study. Mercosur airlines are all privately owned, whereas several in Europe benefit from state involvement. It was asked that gender impacts in services should receive further study. Liberalisation of trade in organic agricultural products was another candidate for study. It has high labour content and benefits small farmers. It is however a niche market. Trade in genetically modified products might also be examined. A discussion took place on the volumes, prices, trade barriers and certification costs for Mercosur exports of GMO and non-GMO soya and soya bean cake to the EU and China, for human use and as animal feedstocks.	These will be considered for inclusion in Phase 2
There is considerable evidence of adverse environmental impacts from soya production (deforestation, water pollution, biodiversity loss).	Noted.
The MERCOPOL study on agricultural impacts includes in in-	The consultants will make full use of

depth analysis of effects in rural areas.	this in Phase 2.
Further study on biofuels should take account of interactions with food prices, the influence of trade liberalisation on the food crisis and the complex relationships between sugarcane production and deforestation.	Will be examined further in Phase 2
Co-financing between the EU and Mercosur for carbon sequestration in forestry should be considered.	Will be considered in Phase 2
Joint funding was also suggested for promoting linkages between Mercosur SMEs and global supply chains (e.g. in the automotive industry).	Will be considered in Phase 2
Flexfuel technology presents another opportunity for cooperation. A large proportion of Brazilian cars are flexfuel, but in Europe it is only used widely in Sweden.	Will be considered in Phase 2
On greater integration within Mercosur the question arises of whether the trade agreement can help to accelerate integration, or Mercosur needs to integrate in order to prepare for and benefit from the trade agreement. The study might examine this.	Will be considered in Phase 2