

Comments on consultation draft of EU-Mercosur SIA Inception Report

Public meeting 18 July 2006	
<u>Overall project and overview SIA</u>	
It was noted that the Executive Summary was more of a summary of the report's content than a full executive summary. It was agreed that fuller summaries would be presented with future reports, particularly the final report.	
It was agreed that executive summaries of future reports would be translated into Spanish and Portuguese.	
Impacts on exchange rates would be considered in the study, along with various effects on competitiveness.	These will be discussed in the midterm report.
Impacts of liberalisation on EU consumers should be examined, including product quality, choice and price.	Consumer gains will be assessed only through price effects, on the basis that alternative choices and higher quality were already available prior to liberalisation, at a higher price.
The landless movement in Brazil should be targeted in the consultation, along with other representatives of affected communities.	<i>Report amended to give special mention of landless poor.</i>
The overview study's assessment of the petroleum sector should be co-ordinated with the agriculture study for sugar and ethanol.	<i>Added to report.</i>
<u>Agriculture</u>	
The report was not explicit about whether the agri-food industry would be included in the study. It was confirmed that it would be.	No change needed.
The report suggested that there would be increased poverty in rural areas of Mercosur countries as a result of the trade agreement's effect on modernisation of agriculture. This and similar statements in the Inception Report should be re-considered, since potential positive and negative impacts have not yet been assessed.	<i>Report amended</i>
Consideration should be given to raising barriers to EU imports of soya and other high protein products from Mercosur rather than reducing them, in order to help protect the environment from unsustainable impacts.	This option will not be assessed explicitly, but the likely impacts would be broadly the opposite of those assessed for reducing barriers.
The report is unclear about whether the environmental impacts in the EU from land abandonment would be positive, negative or both.	<i>Report amended.</i>
For beef, full liberalisation is not a realistic scenario, and the effects of improved quota access to the EU should be assessed.	The assessment will allow the effects of less than full liberalisation to be evaluated
One participant argued that apples are not a sensitive product and not worthy of a full case study. Another argued that apples should not be swept aside, as there may be significant impacts. The ability	<i>Report amended – apples will be studied, but not as a full case</i>

to store apples creates problems for seasonal tariffs, and there may be complex environmental effects from land abandonment.	study.
It was noted that the baseline used in the study should take account of global trends in agricultural employment and differences in individual countries such as Brazil. Similarly, the baseline should allow for differences in trends in social indicators, such as those related to food security.	The assessment will allow for these trends.
The suggestion that opening the EU market frightens EU farmers is a major over-simplification. The EU has higher environmental standards than its competitors, which are more fully enforced. Farmers oppose competition from countries with lower standards.	<i>Report amended</i>
The report does not mention pig meat, which is currently protected by SPS measures. Erosion of those measures could have significant impacts. Similarly, veterinary health standards should be considered in parallel with food security issues.	<i>Report amended</i>
It would be interesting to know what the impacts would be of any further lowering of EU import barriers for sugar. This should be assessed in parallel with liberalisation for ethanol and other biofuels.	<i>Report amended.</i> Sugar will be considered in parallel with ethanol
The EU has stronger export interests than those shown in the tables of Section 5, which should be expanded.	Noted. Attention will be given to this point in the midterm report
Spirits should be shown at the same level of aggregation as the other products, i.e. as spirits rather than whiskey.	Noted. Attention will be given to this point in the MTR