

## EU-Mercosur SIA - Agriculture

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### Comments and Responses on Final Report (Civil Society)

Comment	Response
<b>Public Meeting 19th July 2007</b>	
References to animal welfare disappeared in the translation of the Mid term Executive Summary to Portuguese and Spanish.	This applies also to the English version of the final MTR. Included in the final report.
There seems to be an inconsistency in the fact that SIA projects no impact on animal welfare but does project a significant impact on the intensification of land use for animal production	Amended in final report
More emphasis should be given to the processed food sector rather than to raw materials eg distinguish between instant coffee and raw coffee.	Noted
It would be instructive to take into account the possible impact of the trade agreement not only on Mercosur and EU but also on third parties that might be affected	Noted
The study should consider what proportion of agricultural exports from Mercosur may not meet EU food safety standards.	The assessment suggests that most Mercosur exports significant to the study do comply with EU food standards.
Figures presented in Tables 3.10-3.15 from COMTEX database are only until 2004 whereas the most recent data are to March 2007. Furthermore , HS codes in Table 3.9 are incorrect. Tables giving tariff information should distinguish clearly between bound and applied tariffs.	The tables are illustrative only and do not materially affect the analysis of impacts
The report's proposal for an EU-Mercosur commission on sustainable development and trade was supported. This should follow the experience with NAFTA, and monitor not only implementation of the agreement, but also the reality of its impacts.	The EC noted that a similar idea had been proposed in the negotiations in 2004. Consideration will be given to reviving it.
There are missing values of chicken meat production for 2004 in Table 3.7. The tariff data should distinguish between poultry meats and processed products.	The table is illustrative only
Implications of increased poultry production in Mercosur on land use should be considered.	Referred to in the final report.
The feasibility of the flanking measure proposals needs to be evaluated in detail	Noted for consideration in Phase 2
The predicted increase in egg and poultry imports has implications for animal welfare, given that EU producers face more stringent legislation in their production process..	Taken into account in final report
<b>Association of Poultry Processors and Poultry Trade in the EU countries.</b>	
Information supporting the choice of the poultry meat sector for Phase 2 of the SIA	Received with thanks
Detailed comments and suggestions on the report	Received with thanks
<b>RSPCA, WSPA, CIWF, Eurogroup for Animals</b>	
Information on biotechnology and farm animals	Received with thanks

<b>Eucofel</b>	
Information on citrus fruits and plant health, Brazil agricultural trade, ethanol trade	Received with thanks
<b>Union Européenne du Commerce du Bétail et de la Viande</b>	
Following the meeting hold on 19th July 2007, I would say that there will be likely to be a real impact on EU production and associated employment, in the beef sector, in case of a free trade agreement. As regard the impact assessment, I would like to focus your attention on the cost of production in EU, due to non trade concerns, more especially due to the food safety and the precautionary measures. There is a need to improve competitiveness and adding value in EU. The principles of better regulation should be addressed with great urgency. An excellent example of reducing cost would be more speedy efforts to address TSE roadmap issues. In relation to adding value, more effort to enhance the use of animal origin by products (tallow, meat and bone meal) would enable the animal by products to be used to better commercial effect. More competitive climate will minimize the impact of the EU/ Mercosur agreement in the beef sector.	Agreed. Some of these points have been addressed in the final report, the others will be considered in Phase 2.
<b>QUAKERS AND KINDRED ANIMALS</b>	See response for overall SIA
<b>European Union of Ethanol Producers (UEPA)</b>	
Detailed comments and suggestions	Received with thanks
<b>RSPCA, WSPA, CIWF, Eurogroup for Animals</b>	See response for overall SIA
<b>FDCL - Forschungs- und Dokumentationszentrum Chile-Lateinamerika</b>	
4. With regard to the Agriculture Sector the SIA EU-MERCOSUR predicts, on the one hand, that “[i]nformal farmers are likely to be displaced by the expansion of commercial farming. Depending on the labour productivity of new commercial activities, the number of employment opportunities may not be sufficient for the number of people displaced, and the standard of living provided by formal employment may be lower than in informal farming” (SIA EU-MERCOSUR, page 82), but on the other hand, states that „ the increased employment in the sector comes from the pool of unemployed“ and that „it will have a beneficial impact on rural poverty“ (SIA EU-MERCOSUR, page 82). We do not share this double sided view of “beneficial impact on rural poverty” and “adverse impacts” because of the well-known structures of export-oriented agriculture production that is based on highly-productive and intensive monocultures offering only little employment with reverse-beneficial effects especially for small farmers: As you state in the SIA EU-MERCOSUR „adverse effect associated with the need for additional land“ (SIA EU-MERCOSUR, page 82) for the expansion of commercial farming (SIA EU-MERCOSUR, page 82) will occur, which in fact means implicitly the displacement of these traditional small farmers from their land. We do not share the vision that small farmers should accept further and tightened land conflicts and the loss of their land, thus ending up in a situation where they can only hope to get some of the newly created jobs in the cash crop farms, where, as the report itself states, “the number of employment opportunities may not be sufficient for the number of people displaced, and the standard of living provided by formal employment may be lower than in informal farming” (SIA EU-MERCOSUR, page 82).	These points are well taken, but we stand by the overall analysis presented in the report. We agree entirely that small farmers should not accept land loss etc, and argue for strengthened regulation to counter this. With such regulation, we conclude that liberalisation offers benefits to small farmers as well as large.
7. With regard to the predicted growing Trade in Bioethanol we do not share the conclusion, that “[f]or expanding production of sugar cane for ethanol, some of these potentially adverse impacts may be countered by the introduction of a certification scheme for ethanol imports into the EU.” (SIA EU-MERCOSUR, page 82, and TRADE SIA OF THE ASSOCIATION AGREEMENT UNDER NEGOTIATION BETWEEN THE EUROPEAN COMMUNITY AND MERCOSUR. AGRICULTURE SECTOR STUDY. FINAL	We accept these points, and have extended the analysis of certification in the final report

<p>REPORT. CONSULTATION DRAFT, 15th June 2007, page 55s). The German Advisory Council on the Environment (Sachverständigenrat für Umweltfragen (SRU)) of the Federal Government of Germany launched in July this year a special report on climate protection through biomass ("Klimaschutz durch Biomasse". Sondergutachten, Hausdruck Juli 2007), in which it states, that certification schemes cannot cover all the economical, ecological and social impacts, which would follow an increasing international boom in bioenergy ("Zertifikate können sich grundsätzlich nicht auf die gesamten ökonomischen, ökologischen und sozialen Systemzusammenhänge erstrecken, die ein internationaler Bioenergieboom auslösen kann" ("Klimaschutz durch Biomasse". Sondergutachten German Advisory Council on the Environment (Sachverständigenrat für Umweltfragen (SRU)), Hausdruck Juli 2007, page 90), and that for reasons of prevention of further damages and the protection of environment it is absolutely necessary to slow down the boom in bioenergy (ibd., page 90), and, with regard to imports of biofuels, concludes, that the european compulsory biofuel quotas should be reviewed and slowed down if not cut (page 132s and page 139). This, as the report finds, especially because of the still unpredictable ecological costs of the foreseen increases in biofuels-imports from Third Countries (for a substantial critique of the implications of world trade in bioenergy see Thomas Fritz (FDCL): Das Grüne Gold. Welthandel mit Bioenergie: Märkte, Macht und Monopole. Berlin, Juli 2007, <a href="http://www.fdcl-berlin.de/index.php?id=1235">http://www.fdcl-berlin.de/index.php?id=1235</a>).</p>	
<p><b>WSPA Brazil</b></p>	
<p>First of all, we are concerned that the Portuguese version of the Mid-Term report contained not a single reference to animal welfare, in spite of the predicted growth of farming activities and animal production in MERCOSUR countries, particularly in Brazil. However, some references to animal welfare were made in the English version.</p> <p>In our opinion, an analysis of the consequences and the impact for animal welfare of the Association Agreement should be developed for the final report, both in the original English version and in all translations. Although we are aware of the intense activities of animal welfare organizations in Europe, this issue is still in its initial stages in this region, but it is rapidly becoming increasingly important in the MERCOSUR countries and it has gained growing support from the civil society.</p> <p>We would like to disagree in relation to the irrelevant impact of the Association Agreement on animal welfare, reported on page 92 (Table 5.6). We do not believe this would be the case. In consideration of the productive trends of the MERCOSUR countries and of the foreseen increasing exchanges between MERCOSUR and the EU, it seems reasonable to assume that intensification of productive systems is a real risk, if not dealt with in time. If this happens, and farmers are led to produce at even more competitive prices to seek a place in global markets, it is likely that even systems banned or phased-out in the EU on the basis of animal welfare considerations, will be used even more extensively in our region.</p> <p>We believe the analysis conducted for the SIA did not consider or excluded that possibility. However, it is a real possibility and the negative impact on animal welfare will be relevant and counter-measures should be adopted to prevent it from happening. One strong argument to prevent that would be the adoption of a differential tariff treatment, with preference for higher-welfare systems. This would greatly benefit the animals and offer an effective incentive to producers to use systems which take into consideration the needs of farmed animals.</p>	<p>We accept these points. We have amended the final report to identify effects on animal welfare in Mercosur countries as well as the concerns in Europe.</p>
<p><b>ANFACO, Spain</b></p>	

<p>With regards to the EU-Mercosur negotiations, and the impact that a trade agreement might have on the sector of sea production processing, please take into account the following considerations:</p> <ul style="list-style-type: none"> <li>• In the products included in the item processed see production (1604/1605), it has to be distinguished clearly between the sensitive products, such as tinned tuna and the anchovy fillets in oil, where it is a priority to keep tariff, and the rest of products.</li> <li>• The tariff benefits granted have to be reciprocal.</li> </ul> <p>As you know, the processing industry, which creates an important web of firms employing more than 15,500 people and has undertaken important investments, has a large share of its production in tuna and anchovy. It is fundamental that those products were not subject to tariff reductions, since this could generate serious economic and social losses on the communal coast areas, highly depending on fishing.</p> <p>In conformity with what has been exposed, we request that you include in your "Trade SIA of the Association Agreement under negotiation between the European Community and MERCOSUR" an analysis which shows the risk of the liberalisation for the sector of sea production processing (socio-economic, business etc.), and reject the inclusion in the Communitarian's offer to Mercosur of any concession regarding the reduction of tariff for the tinned tuna and the anchovy fillets in oil, included in the item 1604.</p>	<p>These points are well taken. The sea products processing sector will be considered for examination in Phase 2.</p>
<p><b>Comité Européen des Fabricants de Sucre (CEFS)</b></p>	
<p>CEFS, as the European sugar industry association, has carefully read the Final Report of 15h June 2007 of Trade SIA of the Association Agreement under negotiation between the European Community and Mercosur with particular attention to the Agricultural report.</p> <p>We thank you for having taken into consideration some of our remarks made in April 2007. We have taken into account that the case study is now focused on ethanol.</p> <p>Although, as previously stated, we consider necessary to avoid any misunderstandings in the text concerning negotiations on bioethanol and sugar. The Commission has made a limited offer for bioethanol on the access to the EU market and none was made on sugar. Sugar at the moment still can be considered in the list of sensitive products.</p> <p>Without going into details, we would like to reiterate that ethanol production in the EU is mainly made by wheat and in a minor part by beet grown for ethanol production; no details are given in the SIA report on the wheat and cereal production for bioethanol, whereas different comments are given on the EU sugar beet production. In particular, for example, in paragraph "European Union" (5.6.2) on the overview on the bioethanol production, different data are presented concerning the EU sugar beet production; this could lead to misinterpretations.</p> <p>Moreover as already affirmed it is important to avoid any misunderstandings between the social impact of the restructuring of the sugar sector in the context of the sugar reform, and the impact of the ethanol liberalisation for the European production of bioethanol. In this sense, for example, the paragraph "Impacts of trade liberalisation on ethanol sector – Social" (5.7.2) again could lead to misinterpretations because takes into account the sugar beet production when analysing the impacts of trade liberalisation on the ethanol sector.</p>	<p>The final report has been amended to clarify these points.</p>