



Delegation for relations with Mercosur

18.1.2024

MISSION REPORT

on the visit to Argentina from 18 to 21 December 2023

Delegation for relations with Mercosur

Members of the mission:

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Introduction

The European Parliament sent an eight-member mission to Argentina from 19 to 23 December 2023. The mission took place at a crucial time for the country's future, following the election on 19 November of the ultralibertarian Javier Milei as the new president and his inauguration on 10 December, and given that President Milei's government programme represents a dramatic transformation of the country's economic policy, with undeniable effects in the political and social sphere, and of its relations with states in the region and the rest of the world.

Argentina is a strategic country for the EU, given its size (the eighth largest country in the world) and its membership of the G20 and other regional integration organisations such as Mercosur and CELAC. It is also the third largest economy in Latin America, and stands out because of its vast agricultural, mineral and energy resources. Nevertheless, despite its huge potential for economic growth and development, Argentina has faced severe economic crises, political instability and increased poverty in recent decades.

In view of the above, the mission to Argentina provided a unique opportunity to obtain first-hand information on the ground about the profound changes that President Milei has promised to make in the country. This was undoubtedly one of the first international delegations to have had contacts with key actors in Argentina, such as members of the government and other public authorities, economic organisations, social partners, think tanks, academics and representatives of civil society organisations, in this new political and economic chapter for Argentina.

Over the years, Argentina and the European Union have built up a close relationship based on a shared history and values. However, there is a consensus that the relationship has continued to fall short of its full potential, and that it would grow significantly closer upon conclusion of the EU-Mercosur Association Agreement. As a result, this issue formed an important topic for discussion during the meetings that took place.

Other important topics during the mission were the social and human rights situation in the country, with particular reference to women and other vulnerable groups, and environmental problems in Argentina. The details of the meetings held and the main issues discussed are set out below.

Summary account of meetings and topics dealt discussed

Political, economic and social situation under the new government of Javier Milei

Despite its great potential and a favourable international environment for Argentina due to rising prices of agricultural products and other raw materials of which Argentina is a net exporter, Argentina has experienced a long period of economic decline, accompanied by increasing political polarisation. Former President Alberto Fernández managed to restructure the country's debt to its international creditors and put in place measures to address the loss of economic momentum and rising inflation and poverty, though these proved insufficient. Social frustration due to the lack of prospects contributed to the emergence of a political alternative embodied by the movement 'Freedom Advances', led by Javier Milei, who won the presidential elections of 19 November with a clear margin ahead of the Peronist candidate.

The new President of Argentina presented a very bleak picture of the situation in the country and – during the European Parliament mission to Argentina – put forward a comprehensive

package of over 300 measures to implement austerity, deregularisation, liberalisation and privatisation of large economic sectors. In their meetings with various interlocutors, the members of the mission noted that some measures announced, such as the dollarisation of the economy or the abolition of the central bank, would not be implemented, at least in the short term. They were also informed that the announced shock measures were expected to lead, initially, to a further tightening of the economy, with higher inflation and lower output, before they start producing the desired positive effects.

Through their meetings with representatives of the government and the legislature, the members of the mission gained an insight into the difficulties that the government of Javier Milei would face in implementing its reform agenda. Politically, the government had neither a parliamentary majority to support its proposals, nor was it guaranteed the support of the governors of the provinces. This had prompted the government to resort to so-called emergency and necessity decrees and to call for extraordinary powers, the use of which was being politically and legally challenged. From a social point of view, while a palpable sense of discontent with the previous situation and a genuine desire for profound change were observed, the willingness of citizens to put up with measures, such as a loss of subsidies and price liberalisation, which will strongly affect them remains to be seen. An eye should therefore be kept on the level of social support for the government, which lacked strong political support. In any case, the members of the mission noted the support given to the new government by the markets and a large part of society, giving the new government some time to implement its proposals.

In their meetings with government representatives, and in particular with the Minister for External Relations, the members of the mission were able to observe the new approach to foreign policy of the government of Javier Milei, based on a position closer to the principles of liberal democracies and a more pragmatic vision of international relations. Thus, the members were informed of Argentina's interest in promoting trade relations with all Latin American States, while the respect for human rights would be considered an important element when assessing bilateral relationships with the countries of the region. This new policy was also reflected in the acknowledgment of the value of regional cooperation bodies such as CELAC, but also in a move away from organisations considered to be more ideologised. At a global level, the members of the mission noted the new government's willingness to maintain links with bodies such as the G20 or the IMF, and to move closer to others such as the OECD, while declining the invitation to join the BRICS alliance and distancing itself from Russia.

EU-Mercosur Association Agreement

One of the main objectives of the mission was to bolster, from a parliamentary dimension, a new impetus to the bilateral relationship between the European Union and Argentina. In this regard, the approval of the EU-Mercosur Association Agreement would be a key element. A few days before the arrival of the European Parliament mission to Argentina, the 63rd Summit of Mercosur Heads of State had taken place in Rio de Janeiro, at which it had been hoped the conclusion of the negotiations on the Agreement would be announced, though this did not come to pass. The Argentinian delegation to that summit, chaired by the outgoing President, had announced that it would leave any decision on the Agreement to the new government.

In their meetings with members of the new government, including the Vice-President of the country and the Minister for Foreign Affairs, the members of the mission noted a radically different stance regarding the Agreement between Mercosur and the European Union to that of

the previous administration. Its representatives stated the position of the new government in favour of the conclusion of the Agreement, which they described as one of its main priorities, and the express wish that such a conclusion should take place within the shortest possible time frame. They also expressed their conviction regarding the benefits that the Agreement would bring to both sides, stressing that, in the case of Argentina, it would promote trade, foreign investment, economic progress and competitiveness.

This very positive view of the Association Agreement was reiterated in the meetings between the members of the mission and representatives of the Argentine Congress and the Chambers of Commerce in Buenos Aires and Rosario, as well as members of think tanks and academics. Indeed, there was no group which expressed a negative view of the Agreement to the members of the mission, although it was acknowledged that certain industrial sectors feared the competition that the Agreement would generate. It was also acknowledged that it would be appropriate to stabilise the Argentinian economy before concluding the Agreement. Furthermore, representatives of trade unions and civil society organisations expressed a desire for more information from their own authorities on the characteristics and expected effects of the Agreement, and for more public debate on the Agreement.

With regard to Mercosur, the Foreign Minister hoped that said organisation would serve to enhance intra-regional integration and stated that there was much room for progress in various areas, such as the intra-Community transit of people. The Chambers of Commerce considered that the EU-Mercosur Agreement could serve as a stimulus for the liberalisation and further opening of Mercosur itself, which was still deemed rather protectionist.

The members of the mission expressed their conviction that the EU-Mercosur Association Agreement was the best instrument for strengthening the bilateral and interregional relationship, as it was designed to articulate and develop the various areas of the multifaceted relationship between the EU, on the one hand, and Mercosur and its Member States, on the other. They reiterated that the Agreement would not only cover trade issues, but would also comprise political and development pillars, thus providing a wide range of benefits and opportunities to citizens in both regions.

In short, the members of the mission had a very positive impression of the possibilities presented in this new political scenario in Argentina for a swift conclusion of the EU-Mercosur Association Agreement.

Meetings with civil and trade union organisations

In meetings with civil, human rights and trade union organisations, the members of the mission were able to observe the deep divisions that exist within Argentinian politics and society. Thus, at the meeting with representatives of the CGT trade union, the representatives expressed regret at the current situation in the country, with high levels of poverty and insufficient basic services, which they attributed to years of inadequate political action, lack of social dialogue, dysfunctions in public authorities and administration, and insufficient and inadequate investment. At the same time, the members of the mission took note of the trade union's opposition to the necessity and urgency decree announced by the government the previous day encompassing more than 300 measures in the economic sphere, both because it deemed it not to be in conformity with national legislation and because it had not been negotiated with political or trade union organisations. They also complained that, with these measures, the cost of the economic adjustment would be borne by the workers and the poorest sections of the

population. They therefore considered a rise in social instability to be foreseeable in the coming months.

The meeting with representatives of human rights organisations, including the 1992 Sakharov Prize laureate Madres de Plaza de Mayo, was particularly symbolic with the mission coinciding with the 40th anniversary of the country's return to democracy, and was held the day after the visit to the Memorial Park, which in which the Monument to the Victims of State Terrorism is located. Said organisations criticised some of the policies of the new government, which they accused of attempting to reinterpret history and white-wash the crimes committed during the dictatorship, and of limiting the means, particularly financial ones, to pursue their quest for remembrance, truth and justice by peaceful means.

These organisations, together with the trade union movement, raised their concern that the cuts in subsidies and social assistance and the privatisation of basic public services by the new government would have a greater impact on the most vulnerable, make poverty more wide-spread, and accentuate existing inequalities.

Gender equality organisations, for their part, denounced the male-chauvinist and violent discourse in some media outlets, which apparently enjoyed the support of some representatives of the public authorities. Representatives of LGTBI + groups expressed their fear of potential actions by the new government restricting rights and failing to protect diversity.

Environmental organisations called for the progress in environmental protection achieved in recent years in Argentina to be safeguarded and were critical of the danger posed by the government allowing productive sectors to take over natural areas. They also congratulated the European Union on the importance it attached to environmental issues.

Finally, reference was made to conditions of great precariousness in indigenous communities in the north of the country and to the lack of public resources to remedy the situation, and the fear was expressed that the new government would not try to bring about improvements.

The members of the mission recalled the value of the European Union as a benchmark for social, environmental and human rights standards, among others, which were followed in other countries. They also drew attention to the importance of the political and cooperation component of the Association Agreement, and reiterated the need for the European Union to continue cooperating with middle-income countries.

In the city of Rosario, a visit was made to the EU-funded Trama Project, which aimed to promote the inclusion of young people with intellectual disabilities in employment, from which some 400 young people from Santa Fe province had benefited since 2021, when the project began. The members of the mission asked the project management team about the project's sustainability, the support for disabled people outside the working environment to achieve their autonomy and social integration and, more generally, about the social policies in place in the province and in the country.

Visit of the City of Rosario

In Rosario, the members of the mission met with the Governor of Santa Fe Province and other provincial and local authorities, as well as representatives of the Rosario Trade Exchange and of economic sectors in the province, with a particular focus on the agricultural sector. They also

visited a major agricultural processing plant including for export.

The members of the mission were informed about the strong position of the region of Santa Fe in terms of agricultural and livestock production, accounting for a significant proportion of the country's GDP and agricultural exports, notably beef, cereals and soya. In addition to the land used for agricultural production, it boasted important agricultural processing and export companies, which took advantage of the River Paraná for transport, rendering it a veritable trade channel connecting the four current Mercosur members with each other and with the rest of the world. In particular, Rosario's river port was the second most important in the country and played a key role in trade with Paraguay. In recent years, the province had also excelled with regard to the attention paid to innovation and the incubation of new businesses, particularly in the technology sector.

The representatives of the Santa Fe government reported on the work to improve agricultural production in terms of both output and quality and to ensure that it meets the demanding international environmental and consumer standards (including those of the European Union) and stated that the objectives of economic development and environmental conservation should go hand in hand. They pointed to the damage that previous exchange rate control and export and import restrictions policies had caused in the province, and expressed their hope for a more efficient allocation and use of resources, greater budgetary stability and predictability in decision-making.

Conclusions

The Delegation for relations with Mercosur's mission to Argentina represented an unparalleled opportunity to gain first-hand knowledge about the situation in the country following the coming to power of a new president and the reconfiguration of a now more fragmented legislature that did not guarantee support for the new government's measures. The mission noted the willingness and need for change in Argentina and the rapid pace of new political and social developments in the country. There were many questions that needed to be clarified in the coming months, such as the capacity of the government to implement its economic reform programme, the degree of success of the programme, and the level of social support that the government would enjoy in view of the fact that its adjustment measures would have a serious impact on the welfare of citizens, at least in the short term.

With regard to the Association Agreement between the European Union and Mercosur, the mission received clear signals in favour of the agreement from the authorities and economic sectors in the country, which gave reason to trust that it would be concluded in the near future.

The members of the mission noted Argentina's great potential, with physical resources and human capital that only needed adequate policies and investments to achieve an economic take-off and social progress. In their interventions, the members of the mission raised the need for all parties to act prudently and intelligently, seeking consensus and avoiding polarisation. The European Union enjoyed a privileged relationship with Argentina, with shared views on many issues, both bilaterally and globally, and had expressed its wish to strengthen this relationship even further, something to which the EU-Mercosur Agreement would certainly contribute.

Proposals for follow-up

The Delegation for relations with Mercosur will closely follow developments in the political, economic and social situation in Argentina and the decisions of President Javier Milei's new government, in a very dynamic context where many changes are expected and with many uncertainties.

The delegation will also remain vigilant on the decisions that may be taken regarding the conclusion of the EU-Mercosur Association Agreement, in view of the change of perspective adopted by the new government in Argentina and the weight it carries in the group of Mercosur member states. There is no doubt that the conclusion of the Agreement would create a stronger and more stable institutional framework for the relationship between the two regions and provide them with new and more advanced instruments that would help boost their political and trade relationship.

Finally, the Delegation will take due account of the positions expressed by the social partners, think tanks and civil society organisations on the different topics addressed with them during the mission.

The Delegation for relations with Mercosur would like to take this opportunity to commend the Head of the EU Delegation to Argentina and his staff, and thank them for their excellent support for the European Parliament mission in Argentina, which undoubtedly contributed to the success of this mission. Their work represents yet another example of the excellent work carried out by EU delegations around the world.

Annex 1: Final programme
Annex 2: List of participants



European Parliament

2019-2024

Delegation for relations with Mercosur

Mission to Argentina 18-21 December 2023

Final programme

Sunday 17 December 2023

Europe - Buenos Aires

Individual departures from Europe to Buenos Aires

Monday 18 December 2023

Buenos Aires

Individual arrivals at Ezeiza airport in Buenos Aires

Transfer to the hotel

10:15	Start of mission
10:30 -11:15	Presentation on the situation in Argentina by the Head of the EU Delegation to Argentina, Ambassador Amador Sánchez Rico
11:30 -12:00	Meeting with the Minister for Foreign Affairs, International Trade and Worship, Diana Mondino
12:30 -14:30	Lunch hosted by the Spanish Embassy in Argentina
15:00 -16:00	Meeting with the Secretary for Bioeconomics Fernando Vilella
16:45 -17:45	Visit to the Memorial Park – Monument to Victims of State Terrorism

18:00 -19:00	Meeting with representatives of the Argentine Chamber of Commerce and Services
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Tuesday 19 December 2023

Buenos Aires

09:00 -10:45	Press interviews with the Head of Delegation
11:15 -12:30	Meeting with representatives of CARI (Argentine Council for International Relations)
12:45 -14:45	Lunch offered by the European Parliament to representatives of civil society in the fields of environmental protection, gender and the LGTBI+ community <ul style="list-style-type: none"> - Green Impact Project - National Bureau for Equality - Association 'La Fulana'
15:00 -16:00	Meeting with the Vice-President of Argentina and President of the Senate, Victoria Villaruel
16:00 -17:00	Meeting with the President of the Chamber of Deputies, Martín Ménem, and representatives of committees
17:30 -19:00	Meeting with representatives of human rights organisations <ul style="list-style-type: none"> - Grandmothers of Plaza de Mayo Foundation - Mothers of Plaza de Mayo - CELS (Centre for Legal and Social Studies) - CADAL (Centre for the Opening and Development of Latin America) - Permanent Assembly for Human Rights - National Commission for the Right to Identity

Wednesday 20 December 2023

Rosario

07:30 -08:30	Flight from Buenos Aires to Rosario
09:00 -11.00	Working breakfast hosted by the Governor of Santa Fe Province, Maximiliano Pullaro, with ministers of his government and the Mayor of Rosario, Pablo Javkin
11:15 -12:00	Presentation of the Trama project funded by the EU
12:15 -14:00	Meeting with the Executive Director of the Rosario Trade Exchange, Javier Cervio, and the Director of the Rosario Port Authority, Graciela Alabarce
15:00 -17:00	Visit of the Louis Dreyfus food processing plant Meeting with the Regional Director for Institutional Relations, Luis Zubizarreta

19:20 -20:20	Flight from Rosario to Buenos Aires
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Thursday 21 December 2023**Buenos Aires - Europe**

09:00 - 10:45	Meeting with representatives of the CGT trade union: Co-Secretary-General, Héctor Daher, and Secretary for International Relations, Gerardo Martínez
11:00	End of mission. Transfer to Ezeiza airport Return flights to Europe

Friday 22 December 2023

Individual arrivals in Europe

Annex 2: List of participants

**MISSION TO ARGENTINA
18-21 DECEMBER 2023**

FINAL LIST OF PARTICIPANTS

Members	Group	Country/ Nationality
Jordi CAÑAS (Head of Mission)	Renew Europe	Spain
José Manuel FERNANDES	EPP	Portugal
Leopoldo LÓPEZ GIL	EPP	Spain
Gabriel MATO	EPP	Spain
Sven SIMON	EPP	Germany
Mónica Silvana GONZÁLEZ	S&D	Spain
Kathleen VAN BREMPT	S&D	Belgium
Izaskun BILBAO BARANDICA	Renew Europe	Spain
Secretariat		
2 staff members from the EUAL Secretariat		
Political group advisers		
3 political group advisers		
Interpreters		
2 local interpreters		