21.6.2023

MISSION REPORT

following the Ad hoc delegation to Brasília and São Paulo, Brazil and to Montevideo, Uruguay, 14-20 May 2023

Committee on International Trade

Members of the mission:
Bernd Lange (S&D) (Leader of the mission)
Jordi Cañas (Renew)
Jörgen Warborn (EPP)
Juan Ignacio Zoido Álvarez (EPP)
Inma Rodríguez-Piñero (S&D)
Kathleen Van Brempt (S&D)
Yannick Jadot (Greens/EFA)
**Introduction**

A seven Member delegation of the Committee on International Trade (“INTA”) visited Brazil (Brasília and São Paulo) and Uruguay (Montevideo) from 14 to 19 May 2023 in order to engage with Mercosur partners regarding the EU-Mercosur Association agreement (“AA”), for which a political agreement was reached in 2019, in particular regarding the trade and sustainability aspects of the agreement, with a view to the committee’s future work on the consent procedure for the trade part of the agreement. INTA originally planned to visit Mercosur countries in May 2020 but this visit was cancelled due to Covid-19 pandemic.

The delegation held meetings with high-level representatives of the governments in both countries.

In Brazil INTA met with Vice-President, Minister of Development, Industry and Foreign Trade, Geraldo Alckmin, Minister of Labour and Employment, Luiz Marinho, Minister of the Environment and Climate Change, Marina Silva, as well as Brazilian Chief Negotiator for EU-Mercosur trade agreement, Ambassador Mauricio Carvalho Lyrio, from the Ministry of Foreign Affairs and Secretary of Commerce and International Relations, Roberto Perosa, from the Ministry of Agriculture and Livestock.

In Uruguay INTA held meetings with Vice-President of the Republic and President of the Chamber of Senators, Beatriz Argimón, Minister of Foreign Affairs, Francisco Bustillo, Minister for Economy and Finance, Azucena Arbeleche, and Minister of Industry, Energy and Mining, Omar Paganini.

The delegation engaged also with high-level representatives of the Parliaments in both countries. INTA Members met with Brazilian, Uruguayan and European business representatives, as well as trade unions, non-governmental organisations and other civil society representatives.

EP Delegation for relations with the Federative Republic of Brazil (D-BR) visited Brazil during the same dates as INTA and part of the official programme was held together for both EP bodies.

**Summary account of meetings**

**EU-Mercosur trade relations, EU-Mercosur Association Agreement**

The main purpose of the visit was to hear the views of all interlocutors as regards the AA, in particular, the trade part of the agreement (“FTA”) and the additional instrument covering sustainability issues, the first draft of which was proposed to Mercosur countries by the European Commission in March 2023.

There was a general mutual understanding in both countries that the upcoming months is an excellent window of opportunity to finalise the deal and bring the AA forward to ratification, during the second half of 2023. In this regard the upcoming third EU-CELAC Summit of Heads of State and Government on 17-18 July 2023 is understood by both sides as an event that could give a crucial impetus to the process.
INTA could use the opportunity of the visit to underline the importance not only in terms of trade but the wider EU-Mercosur economic cooperation that the committee attaches to the AA as a whole. It could also explain the importance that the additional instrument carries for the ratification of the agreement by the EU side. The openness of the EU side to receive the official reaction from the Mercosur countries on the additional instrument was emphasised.

INTA was reassured of the Brazil government’s strong commitment to the AA. The Brazil government has requested additional time to formulate a complete response to the EU’s proposal on the additional instrument. In this regard, the visit was an excellent opportunity to present, from INTA’s point of view, the reasons behind proposing the instrument and the added value it carries for the EU side. The Brazilian side signalled that other areas are being considered that are of particular importance to Brazil in the FTA, which could be addressed in the instrument, such as in relation to the public procurement regime on medical devices and pharmaceuticals in the light of the experiences gained by Brazil during the Covid-19 pandemic.

Another aspect that Mercosur partners may propose to highlight in the additional instrument is the strengthening of the cooperation mechanisms on the implementation of the FTA, notably the sustainability aspects and also related EU autonomous measures (such as the EU deforestation regulation\(^1\) or the carbon border adjustment mechanism\(^2\)).

The delegation visit was an excellent opportunity to take stock of EU-Mercosur trade relations, as well as bilateral EU-Brazil and EU-Uruguay trade relations. For Mercosur as a whole and for both countries separately the EU remains the biggest provider of the foreign direct investment. With the FTA this is expected to still improve not least because the agreement will lead to innovation and technology transfer, which could facilitate, inter alia, the shift toward greener technologies. The FTA will liberalise trade in environmental goods and services, which should help lowering the carbon footprint of production in Mercosur. Meetings with business communities in both countries allowed further considering of the potential trade and economic cooperation benefits of the AA.

In Brazil the perspectives of how the FTA could contribute to the reindustrialisation of the country were discussed, notably by increasing the export share of products with higher added value along the supply chain, as well as avenues for supporting the green transition. An important aspect in that regard are the asymmetrical longer transition periods for Mercosur countries in the FTA.

In Uruguay, it was confirmed that there is a broad support for the AA across the political spectrum and, in general, the outlook is very positive. The country does not have any considerations as to the full and effective implementation of the FTA, including all the sustainability elements.

The discussions with the stakeholders in Brazil and Uruguay showed that they were looking for more transparency from their governments as regards FTA negotiations and the outcomes.

---

\(^1\) Regulation of the European Parliament and of the Council on making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010 (to be published in the EU OJ).

In both countries civil society organisations, as well as trade union representatives highlighted that, in their view, there was not sufficient information available on the FTA, its sustainability aspects and implementation mechanisms, including the role that they can play in the process. This was an opportunity for the delegation to highlight that the monitoring of the implementation of the FTA presents an opportunity for more engagement of the civil society and labour representatives through the Domestic Advisory Groups.

As to the gender issues, in the meeting with the civil society in Brazil it was highlighted that from the gender perspective the FTAs have a general positive effect as they empower women to work, have more wage equality and improve capacity building for women. But the FTAs need to be based on reciprocity and have complete sustainability framework embedded.

**Country specific issues - Brazil**

The current Brazil government has established an ambitious agenda on labour issues. Consideration is being given, inter alia, to the regulation for digital platform workers, as well as to the reestablishment of skills development which was curtailed under the previous government. Child labour is being tackled, inspection efforts have been stepped up as regards forced labour, slavery-like practices and human trafficking. Consideration needs to be given to the trend of recent years of increase of impoverishment in a part of population (not least because of the Covid-19 pandemic).

During the meetings with interlocutors on labour issues (Minister of Labour and Employment, Luiz Marinho, and Unified Workers' Central (CUT)) the Members were given a more detailed insight on the constitutional setup for trade unions in Brazil and the constraints stemming thereof. Interlocutors are supporting the ratification of the ILO Convention no. 87 on Freedom of Association and on the Protection of the Right to Organise but there are practical and financial implementation issues. It was highlighted that negotiations have been started by trade unions with the current government concerning the adequate funding for the trade unions, which was modified by the previous government, as well as the trade union structure and resumption of negotiations on collective agreements.

In meetings with agricultural interlocutors in Brazil (Ministry of Agriculture and Livestock and National Confederation of Agriculture) INTA could learn in more detail about trade-related aspects of Brazil’s agricultural model, its growth perspectives and the underpinning sustainability policies. Brazil is the world’s first net food exporter and the production is set to increase in the coming years (for example, with estimated 600 million ton annual grain production by 2035 which would be a double of 300 million tons in 2023). Under the new government, the initiative to reuse low yield pasturelands to convert them to agricultural land has been stepped up. The scientific basis and achievements for Brazil’s agriculture was underlined, notably thanks to the role of Embrapa (Brazilian Agricultural Research Corporation).

The meeting with the Minister of Environment familiarised INTA Members with the very ambitious reform agenda of the current Brazil’s government that all international partners are encouraged to acknowledge. Radical steps are being taken on halting illegal deforestation, especially by stepping up inspections. The delegation was informed that in April 2023 the illegal deforestation had diminished by 68% compared to April 2022, thanks to these efforts. It was emphasised in several meetings that Brazil’s Forest Code is one of the strictest in the
world and its legal interaction with the EU’s deforestation regulation was raised. The role of the Amazon Fund was highlighted.

Country specific issues - Uruguay

Uruguay has put in place progressive economic and financial policies whereby the country’s finance costs are linked to its environmental performance. Uruguay’s Sovereign Sustainability-Linked Bonds (SSLB) link country’s sovereign bond financing strategy to its climate and environmental targets as defined under the Paris Agreement. Two key performance indicators are linked to the total reduction of greenhouse gas emissions and to maintenance of native forests. Specific climate related measures are also in place, such as CO2 tax on gasoline, less tax for electric vehicles, promotion of organic pesticide and fertilizers use, additional incentives to preserve native forests.

An impressive 97% of electricity in Uruguay is produced from renewable sources (primarily wind and hydropower), with the EU being the main provider of the FDI in general and also in the energy field (40%). There is a lot of potential for the cooperation in the field of green energy and green hydrogen and cooperation mechanisms under the AA could foster that.

Uruguay is currently undergoing a very severe draught, many agricultural crops have failed this year and there is an issue with the drinking water. Uruguay does not have a desalinisation infrastructure in place yet, thus the tap water currently has higher than recommended sodium contents (under normal circumstances the tap water is perfectly safe to drink across the country). During the meeting with the civil society issues with access to bottled water for more vulnerable part of the population, as well as issues with the plastic waste management were signalled in this regard.

Conclusions and follow-up

This ad hoc delegation was an indispensable tool for strengthening the EP parliamentary diplomacy in trade field with Mercosur partners. The visit was long due with the previous INTA ad hoc delegation visiting Brazil in 2010 and this being the first ever INTA committee’s visit to Uruguay. The visit provided a wealth of first hand contacts and substantial input through exchanges of views for the committee’s work on the FTA, the upcoming consent procedure and the subsequent work.

The visit created a positive momentum in the bilateral relations with Brazil and Uruguay and allowed both sides to converge in the mutual understanding of the importance of decisive developments in the coming months in relation to the AA.

The visit also allowed for a better engagement with civil society and trade union stakeholders by highlighting the general philosophy behind the EU’s trade policy and by underlining in particular the sustainable trade aspects that the EU is striving to promote in its FTAs. Members had the opportunity to explain how INTA scrutinizes the implementation of FTAs and the processes in place for the interaction with civil society in the monitoring of implementation.

The INTA delegation received press coverage in both countries. In Brazil it was covered by
the main economic newspaper and in Uruguay - by TV channels and press sources.

As regards the follow up:

- to continue following in INTA Mercosur Monitoring Group the further development of the additional instrument;
- to follow up on the developments in the INTA committee, in particular as regards the outcomes of the EU-CELAC summit;
- maintain and further strengthen bilateral contacts, including ensuring synergies with the work of both respective EP delegations (D-BR and DMER).

Annex: Final programme

EP press release
European Parliament
2019-2024

Committee on International Trade Committee (INTA)

Ad hoc delegation to Brazil (Brasília and São Paulo) and Uruguay (Montevideo)

14-20 May

Programme

Sunday 14 May

Brasília

18:00 - 19:00 Meeting with the EU Ambassador to the Federative Republic of Brazil on the EU-BR relations and political situation in Brazil
Together with D-BR

Monday 15 May

Brasília

Official start of the programme

08:00 – 09:30 Meeting with the EU Member States Heads of Missions accredited in the Federative Republic of Brazil
Together with D-BR

10:00 – 11:15 Meeting with Minister of Labour and Employment H.E Mr Luiz Marinho

11:45 – 12:45 Meeting with Central Única dos Trabalhadores (Unified Workers' Central)

15:00 – 16:15 Meeting with Secretary of Commerce and International Relations of the Ministry of Agriculture and Livestock, Mr Roberto Perosa

17:00 - 18:30 Meeting with civil society organisations on the implementation of FTA
Participants: Instituto de Pesquisa Ambiental da Amazônia (IPAM), Brazilian Climate Observatory (Observatório do Clima, OC) Instituto Socioambiental (ISA), Instituto de Estudos Socioeconômicos (INESC), WWF, Articulation of Indigenous Peoples of Brazil (APIB), Greenpeace, Women inside Trade, Instituto Arapyáu, Brazilian Coalition of Climate and Agriculture, Instituto Democracia e Sustentabilidade, Movimento dos Atingidos por Barragem

19:30 - 21:30 Reception hosted by the EU Delegation with the MEPs and the EU Member States Heads of Missions
Together with D-BR
Tuesday 16 May  
**Brasília**

9:00 - 10:00  Meeting with the Brazilian Chief Negotiator for EU-Mercosur trade agreement, Ambassador Mr. Mauricio Carvalho Lyrio  
Together with D-BR

11:00 - 12:00  Meeting with Vice-President, Minister of Development, Industry and Foreign Trade, H.E. Mr Geraldo Alckmin  
Together with D-BR

12:30 - 13:45  Lunch/meeting with CNA (National Confederation of Agriculture)

14:00 - 14:45  Meeting with Minister of the Environment and Climate Change, H.E. Ms Marina Silva  
Together with D-BR

**Programme in the National Congress**

15:30 - 17:30  Meeting with the Brazilian Delegation in the Mercosur Parliament (Parlasur) – President H.E. Senator Nelson Trad

**Wednesday 17 May**  
**São Paulo**

09:00 - 10:30  Meeting at the Fundação Getúlio Vargas – with the Brazilian think tanks  
Together with D-BR

12:30 - 14:30  Working lunch with business community (FIESP) in São Paulo -  
Together with D-BR

15:00 - 17:00  Meeting with with Eurocâmaras Brazil – Paulo

End of the official programme in Brazil

**Thursday 18 May**  
**Montevideo**

flight São Paulo - Montevideo

13.30–14.30  Briefing by Mr. Paolo Berizzi, Head of the EU Delegation in Uruguay and meeting with the Ambassadors of EU Member States resident in Montevideo

15:00-16:00  Meeting with the Vice-President of the Republic and President of the Chamber of Senators, H.E Mrs. Beatriz Argimón and representatives of all political parties

16:45-17:45  Meeting with Minister for Economy and Finance, H.E Mrs. Azucena Arbeleche
18:00-19:15 Meeting with the Minister of Industry, Energy and Mining, H.E Mr. Omar Paganini

Friday 19 May

09:15 – 10:30 Meeting with union umbrella organisation PIT-CNT + Confederación Sindical de Trabajadores de las Américas

11:00 - 12:00 Meeting with Minister of Foreign Affairs, H.E. Mr Francisco Bustillo

12:30 - 13:30 Meeting with Uruguayan think tanks and NGOs - Ignacio Munyo, Director of CERES (Centro de Estudios de la Realidad Económica y Social); Ignacio Bartesaghi, Expert of International Relations and Dean of Catholic University, President of ANONG (National Association of NGOs) and NGO Fridays for Future

13:30 -15:00 Lunch offered by the European Parliament with Uruguayan stakeholders (Eurocámara, Binational Chambers of Commerce, NGOs)

End of the official programme in Uruguay
Trade Committee delegation to visit Brazil and Uruguay

From 14 to 20 May, MEPs will travel to Brazil and Uruguay to discuss trade and investment relations as well as regional integration.

A delegation of seven Members of the Committee on International Trade (INTA) will travel to Brazil (Brasília and São Paulo) and Uruguay (Montevideo) between 14 and 20 May 2023 to discuss economic, trade and investment relations between the EU and the two countries. The challenges and prospects of finalising the EU-Mercosur trade agreement, in particular its sustainability aspects, will feature prominently during the visit. The delegation, led by the INTA Chair, Bernd Lange (S&D, DE), will engage with representatives of the governments of Brazil and Uruguay, as well as with Members of Parliament and other relevant partners and stakeholders of the two countries.

Quotes

Bernd Lange (S&D, DE), Chair of the INTA Committee: “The EU-Mercosur agreement is the largest trade agreement the EU has ever concluded. Covering more than 720 million people, it has an enormous economic potential. But of course, in order for these benefits to reach the people, the conditions have to be set right. Our delegation takes place when the EU and the Mercosur countries are negotiating an additional instrument that clarifies what is expected from each side when it comes to labour conditions, deforestation and climate commitments. We will stress that we want strong sustainability provisions, while remaining open to the perspective of the Mercosur countries. I am sure that we will note that very concrete steps on sustainability have already been taken by the President Lula da Silva’s administration. In Uruguay we will have the opportunity to learn about their energy transition and explore opportunities for further cooperation.”

Jordi Cañas (RENEW, ES), Chair of the Delegation for relations with Mercosur and INTA standing rapporteur for Mercosur: “We want to insist that the EU-Mercosur Agreement cannot be reopened. It is urgent to conclude the ratification process as soon as possible, for the benefit of both parties. After years of impasse, we now have a clear window of opportunity. Leaders on both sides have become aware of the importance of finally concluding this agreement, which
will ensure secure political, commercial and social cooperation between both regions. Only with an agreement can we jointly face the common challenges that are ahead of us.”

The delegation is led by Bernd Lange (S&D, DE) and is composed of six other MEPs representing different political groups: Jordi Cañas (RENEW, ES), Chair of the Delegation for relations with Mercosur and standing rapporteur for Mercosur, Jörgen Warborn (EPP, SE), Juan Zoido Álvarez (EPP, ES), Inma Rodríguez-Piñero (S&D, ES), Kathleen van Brempt (S&D, BE) and Yannick Jadot (Greens/EFA, FR).

In addition, Members of the European Parliament's standing delegation for relations with Brazil, led by José Manuel Fernandes (EPP, PT), will also visit Brazil from 14 to 17 May. In Brasilia and São Paulo, MEPs will hold meetings with Brazilian government representatives and parliamentarians to discuss, among other things, the state of the negotiations on the EU-Mercosur Association Agreement, ongoing efforts to stop deforestation, the possibilities of closer economic and scientific ties between the EU and Brazil and global challenges, including the war in Ukraine and possible peace initiatives.

Besides Mr Fernandes, the following MEPs will form the delegation: Herbert Dorfmann (EPP, IT), João Albuquerque (S&D, PT), César Luena (S&D, ES), Ibán García Del Blanco (S&F, ES), Elżbieta Rafalska (ECR, PL) and Anna Cavazzini (The Greens/EFA, DE).

Further information
> Committee on International Trade
> Legislative Train: EU-Mercosur Association Agreement
> EU trade relations with Mercosur (Commission webpage)

**Armin WISDORFF**
Press Officer
📞 (+32) 2 28 40924 (BXL)
📞 (+33) 3 881 73780 (STR)
📞 (+32) 498 98 13 45
✉ armin.wisdorff@europarl.europa.eu
🔍 EP_Trade

**Viktor ALMQVIST**
Press Officer
📞 (+32) 2 28 31834 (BXL)
📞 (+33) 3 881 72420 (STR)
📞 (+32) 470 88 29 42
✉ viktor.almqvist@europarl.europa.eu
🔍 EP_ForeignAff