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Commissioner Cecilia Malmström
Commissioner Phil Hogan

The President of the European
Commission Jean-Claude Juncker

Brussels, 19th June 2019

**Re: Mercosur negotiation ‘endgame’ shouldn’t spell ‘game over’ for the EU
agricultural production model**

I am writing to you on behalf of 22 million farmers and their families as well as 22,000 agri-cooperatives from across the EU. You are aiming after 20 years of hard-fought negotiations to conclude a deal with the Mercosur countries at a time when we are going through a period of extreme uncertainty (due to Brexit, the EU budget, the CAP reform, and the trade wars, to list a few). It may be hard to resist the temptation to make rush and unbalanced concessions, which run counter to the best interests of agriculture, in order to seal the deal. The upcoming decisions of our negotiators will be crucial to ensuring the continued sustainability of European agriculture. We are very well aware of this. The European farming and rural communities are still struggling with the after-effects of previous, hasty political decisions. In a period marked by uncertainty, we are in turn certain that applying double standards to European farming will dramatically widen the already-enormous gap that exists between what is being asked of European farmers and what is being asked of Mercosur farmers. Echoing the words of President Juncker in his State of the Union address, we urge you to show that Europe is ‘*an open continent (...) but not a naïve one*’. Let me underline some crucial points for agriculture as part of these negotiations, which are substantiated by clear evidence.

- In our last Praesidia meetings that took place last week, the EU farming community reiterated its commitment vis-à-vis the Paris Agreement and its goal of keeping the increase in global average temperature to below 1.5 °C above pre-industrial levels, since this would considerably reduce the risks and effects of climate change. We, farmers, are very much familiar with the effects of climate change. Farmers across Europe are already undergoing the impact of climate change through the increased occurrence of severe droughts as well as other extreme weather events. While some countries are relaxing their rules on deforestation or even scrapping them altogether, the European production model is investing in sustainable forests and the bio-economy. The Commission’s communication on climate change acknowledges that EU Farmers and forest owners are part of the solution to mitigating climate change. We believe that agriculture and forestry are indispensable partners when it comes to achieving this Paris Agreement goal. These are undeniably the only economic sectors that can remove emissions from the atmosphere. Which other sector can make the same claim? Therefore, the role of EU farmers and forest owners must be acknowledged more frequently and clearly in EU policies across the board, including trade policy. The latter has to support the quest of EU Farmers, forest owners and their cooperatives to become the champions of carbon capture and sequestration. Only sustainable growth, which includes trade, can build bridges between different parts of the world while promoting European climate-efficient products

and standards. How can a deal with Mercosur contribute towards reaching sustainable growth and ensuring decent income for the EU farming community?

- The EU farming community is proud of and committed to the EU production model, which boasts the highest standards in terms of food safety, the environment, and animal health and welfare. As acknowledged by President Juncker, *'The European Union now has trade agreements with 70 countries around the world, covering 40% of the world's GDP. These agreements (...) help us export Europe's high standards for food safety, workers' rights, the environment and consumer rights far beyond our borders'*. These standards are key to explaining why so many customers around the world buy our high-quality agri-food products. While we have been supportive of the Commission's trade policy, under no circumstance can we accept that these standards be lowered or that any farmer be penalised in the market for complying with them. It would be inconceivable for any EU producer to condone competition from products that do not comply with the same rules, as is the case of Brazil.

How can the European Commission justify to EU farmers and citizens that it plans to import further agricultural goods from Brazil a few months after Mr Bolsonaro's government authorised over 150 new pesticides, while the same Commission proposes the exact opposite strategy for its producers (e.g. in the sugar sector)?

How can the European Commission justify asking EU farmers and citizens to invest in traceability, and animal health and welfare, and to reduce the use of antibiotics and refrain from using certain innovative production methods and technologies (e.g. growth promoters), and yet substantial market access is afforded to others that are in fact allowed to use them? Do not just take our word for it.

It is all in the [Commission report](#) on the audit carried out in Brazil last June.

- While the Commission is proposing cuts to the CAP budget, the Brazilian National Development Bank (BNDES) has implemented the so-called 'National Champions' policy. Its aim is to develop national exporting companies and turn them into large transnational corporations that bring home significant revenues. The beneficiaries, which include some of Brazil's largest meat packing corporations currently exporting to the EU, are receiving significant funding. The criterion employed to choose these companies was purely political. The bank allocated R\$ 40 billion to these companies, between subsidised credit loans and the purchase of shareholdings. We have estimated that last year alone Brazil exported almost 80,000 tonnes of poultry meat out of the quota (from a total of 300,000 tonnes) to the EU, and almost 80% of beef exports arrived here as well outside previous preferential arrangements. Brazilian exports are clearly going beyond the concessions provided for in previous preferential arrangements.

This increases the overall value of concessions directly contradicting the definition of 'sensitive sector' in the first place. We are certain that additional concessions will increase full-duty imports helping to shift bargaining power from EU SMEs to third-country multinationals. As a result, exporters find themselves in a privileged position to control prices in our single market. That is why limiting market access, maintaining tariffs, and ensuring TRQ management remains in the hands of the European Commission through the issuing of licenses are some of the key management tools that can be implemented with a view to protecting sensitive sectors. It is paramount that they continue to be in place. In the latest round of FTA negotiations, the Commission was highly successful in taking back control of TRQ management of sensitive agricultural products (e.g. the FTA

with Mexico, Canada, etc.). It is therefore crucial to retain control of TRQ management in order to protect the EU meat market and SMEs. How will the Commission ensure that the EU-Mercosur deal will not jeopardise the regulation on UTPs that has received the backing of the European Parliament?

- Finally, let me once again refer to the latest study from the EU's Joint Research Centre that states that the European agricultural sector would face significant losses if a Free Trade Agreement were to be signed with the Mercosur countries. These losses would be in excess of €7 billion. This would be in addition to our current deficit. The cumulative impact assessment clearly shows that even a classical approach to sensitive products, known as TRQ, would not be sufficient to mitigate the trade impact on sensitive sectors such as beef, sugar, ethanol, poultry, rice, or orange juice. Limiting market access is of the utmost importance. Just a few weeks after the European elections, where the rural communities' vote was a matter of concern to EU institutions, how can we possibly envisage the prospect of weakening once again our EU farming communities, which are the cornerstone of our rural Europe, once again?

To conclude, let me quote President Juncker in his State of the Union address when he spoke of the legacy to future generations, ***"We are all responsible for the Europe of today. And we must all take responsibility for the Europe of tomorrow. Such is history: parliaments and commissions come and go; Europe is here to stay. But for Europe to become what it must, there are several lessons to be learnt. (...) This summer's droughts are a stark reminder –not only for farmers– of just how important that work is to safeguard the future for generations of Europeans. We cannot turn a blind eye to the challenge in front of our noses. We –Commission and Parliament– must look to the future."***

Decisions made now on trade will affect the very foundations of European life for generations to come, especially at a time when the farming sector is looking to secure its generation renewal. We cannot afford double standards! **What is at stake here is not just economics. It is the triple bottom line of European sustainability: society, economics, and the environment. It is also about your legacy!**

Yours sincerely,



Pekka Pesonen
Secretary General