

Within the framework set by the requirements laid down by the Government on 18 September, the following avenues can be envisaged to address the concerns raised by the draft EU-Mercosur agreement. It is recalled that the additional requirements will have to be made in close consultation with our European partners and the Commission first of all, and then with the Mercosur countries in a second stage.

I. Deforestation and the Paris Agreement

The draft Association Agreement between the EU and Mercosur includes a commitment by the parties to the effective implementation of the Paris Agreement.

The current deforestation trends in the Mercosur countries, which may result from assumed political choices, are very worrying and do not correspond to the objectives set out in the Paris Agreement and the United Nations Framework Convention on Climate Change.

An entry into force of the Association Agreement as it stands would therefore run counter to Europe's ambition to combat climate change and protect biodiversity. It would only be acceptable if it could ensure:

(i) that the Association Agreement will not lead to an increase in deforestation imported into the EU from Mercosur and will contribute, if possible, to reducing it, and

(ii) that it will help to ensure that Mercosur countries respect their commitments under the Paris Agreement, in particular with regard to deforestation. This requires in particular a clear, credible, sustainable and verifiable signal from Mercosur on the fight against deforestation.

On an exploratory basis, the following avenues could be considered to meet these requirements.

1/ A set of preconditions could be defined:

- The entry into force of the legislative initiative on imported deforestation announced by the Commission

- The observation that the Mercosur countries are abandoning the main reforms that clearly run counter to the objectives set out in the Paris Agreement, and the following demands:

- o The re-establishment of the resources and means of environmental protection organisations and indigenous populations, the re-establishment of the moratorium on sugar crops in the Amazon and the securing of the moratorium on soya;

- o The withdrawal of certain reforms that have particularly harmful effects on the forest, on the regularisation of illegally occupied/deforested land, on the authorisation of mining activities in protected areas and on Amerindian lands, or that hinder the implementation of environmental law;

- o Additional commitments on the fight against forest fires.

- Implementation of additional commitments on deforestation strong enough to ensure sustainable structural change.

This could involve a strengthening of the NDC commitments of Mercosur countries on deforestation, which could take place at COP26 (notably for Brazil, Argentina and Paraguay).

Regular monitoring of these commitments should be put in place by the Union, in conjunction with the Mercosur countries.

2/ The EU could also specify the cooperation envisaged in the fight against deforestation:

Cooperation in the fight against deforestation provided for in the Association Agreement could be made more operational by a declaration by the parties annexed to the agreement setting up a regular political dialogue on various themes related to deforestation (biodiversity, zero deforestation certification, fire prevention and fighting, etc.).

This cooperation could provide for the development by Mercosur, with European support, of a traceability system for animal and plant products in order to identify their origin and their possible link with areas at risk or in a deforestation situation.

The establishment of an independent observatory on deforestation, with a complaint or warning capacity within the framework of the association agreement, could be envisaged.

A FLEGT Voluntary Partnership Agreement (VPA) could be concluded with Mercosur to ensure that forest products comply with the provisions of the EU Timber Regulation.

II. European health standards and protection of sensitive agricultural sectors

Mercosur's full compliance with European health standards and the impact of this agreement on sensitive agricultural sectors is also a source of concern. Under these conditions, the following additions are also desired:

- The presentation by the Commission of a programme of audits and monitoring to guarantee the rigorous application of EU SPS standards by the sectors of the Mercosur countries authorised to export to the internal market.
- The establishment of tools for monitoring and analysing ex-ante and ex-post the impact, both individual and cumulative, of EU trade agreements on agricultural sectors, including providing the information necessary, where the market situation justifies it, to trigger the agricultural safeguard clause.
- A review of all import tolerances, in order to ensure better respect of the environment by Mercosur's productions, in the light of the most recent scientific opinions.
- The development of mirror measures to apply, wherever relevant, to imported products the same production standards as in the EU, both in environmental and health terms, in compliance with WTO law.

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