**Joint ETUC/CCSCS briefing EU-MERCOSUR Agreement**

**Introduction**:

As a trade union movement united in the CCSCS and the ETUC, we express that the trade agreement between EU and MERCOSUR must contribute to growth, sustainable development, decent work, democratic values, and peace.

* Trade must contribute to better working conditions and not only benefit corporate interests. Instead of consolidating inequalities, it must contribute to inclusive sustainable development with social justice in both blocs, as WTO founding articles say that trade is not an end in itself but a means to eliminate poverty. For us, market opening should not come at any cost and not on the back of our people and especially workers.
* Following the policies introduced by the current US administration, a lot is said about the geopolitical imperative of concluding as many trade agreements as possible to diversify supplies, reduce dependencies and provide much needed stability and predictability in today’s world. In a context where trade war is pushing countries toward protectionism with trade-restrictive tariff measures, it is paradoxical to sign an agreement that does not contemplate the special and differential treatment warranted by existing asymmetries. The ETUC and CCSCS are concerned that urgency to ratify the agreement is becoming cover to accept any conditions and dilute standards along the way, in particular human rights including labour rights.

The ETUC and the CCSCS, representing the workers of the European Union and the Mercosur Member States, have been consistent and assertive throughout the quarter-century of these negotiations and have urged governments to ensure that the agreement contains the following principles, so that it is harmonious and mutually beneficial:

1. **Democratic process and legitimacy**

Trade agreements should be negotiated through transparent, democratic and inclusive processes, with a role for trade unions, from negotiation to monitoring and evaluation of the agreement. This would help counter the excessive influence of big business and the corporate capture of the public interest as it is too frequently the case nowadays.

It is necessary to effectively consult unions in the implementation, execution, and renegotiations to ensure benefits for workers, decent jobs, and a reduction in inequalities in both the Global North and South, based on the principle of special and differential treatment.

This agreement, and especially the way the last run of negotiations have been conducted, lacks transparency and democratic legitimacy, without social partner consultation, and where the original negotiating mandate was out of date (1999).

We reiterate our opposition to split the agreement, which aims to accelerate the free trade part and ignores the political and cooperation part, which would allow for a comprehensive partnership aimed at environmentally friendly reindustrialization and the preservation of natural resources, in line with the commitment to common but differentiated responsibilities.

The political pillar should also guarantee the direct participation of unions in monitoring the agreement and its impact on job creation and compliance with the ILO Conventions and Protocols, the European Social Charter, and the MERCOSUR Socio-Labor Declaration.

The agreement's review clauses constitute a dead end, as they would only be activated once the agreement has been ratified. This conditionality demonstrates a further evasion of democratic oversight, early review, and a lack of transparency in the negotiation processes.

Splitting to us looks like an attempt to circumvent democratic oversight in the ratification process, it undermines sustainable and inclusive development and violates the principle of the original comprehensive agreement.

1. **Labour and social rights at the centre**

We have called for the incorporation of binding commitments on labour and environmental standards, including sanctions for violation of these commitments. Once included, the implementation of these chapters, effective investigation of labour rights violations, guarantee of redress and access to justice for workers must be ensured.

While this agreement includes provisions to promote sustainability and fair practices, it offers no mechanism for accountability. Thus, nothing in the text currently on the table meets our demand for enforceable labour clauses to guarantee a genuine level playing field, including sanctions that could be deployed in cases of violation of fundamental labour rights.

1. **Effective enforcement and binding nature of labour clauses**

This agreements lacks even the most basic sanction when it comes to deploying the sustainability clauses against violations of workers’ rights. The TSD chapter is not subject to the dispute settlement mechanism that applies to the rest of the agreement: complaints on labour rights lead at best to a non-binding opinion of a panel of experts, unilaterally elected by the Parties and without guaranteed tripartite participation.

We want labour clauses with real teeth so that workers and their unions can hold powerful corporations and governments to account.

We have called for trade unions to be given a stronger role in monitoring commitments to labour and human rights. We, the trade unions, have called for a strengthening of the role of Domestic Advisory Groups and the Mercosur Economic and Social Consultative Forum.

However, for this particular agreement, we have jointly suggested that the Labour Forum constituted in 2021 was the best tool to fulfil that monitoring task, because a DAG in the context of MERCOSUR countries would not guarantee a balanced representation of interests, and would dilute the role of social dialogue actors as defined by the ILO – that is trade unions and employers organisations.

The Panel of Experts for the settlement of disputes should be composed of specialists mandated by States, employers, trade unions, and the ILO as an observer, and its opinions should be binding.

1. **Diversification and sustainable supply chains**

We should work to make supply chains less vulnerable and more resilient, moving away from ‘lowest price, highest profit’ logic, and to foster public policies in the general interest. Trade agreements should improve cooperation, due diligence throughout the supply chain, sustainable development, just transition, rather than cut-throat competition.

MERCOSUR possesses raw materials considered critical for supply chains, and the agreement should be aimed at increasing the added value of these raw materials, diversifying production, and improving distribution, logistics, and marketing chains. The EU-MERCOSUR Agreement does not guarantee sustainable development and reaffirms the subsidiary nature of global and regional supply chains while strengthening the extractive nature of corporate powers.

While monitoring the Carbon Border Adjustment Mechanism gradual implementation and its impact on relevant sectors in the parties, including on sectoral trade balance, the EU and partners should work to better articulate the trade, social and climate agendas to limit the risk of carbon and investment leakage, mitigate possible trade tensions due to subsidies, perpetuation of quotas, as well as allowing the pursuit of climate action and other policies in the public interest, respecting the principle of just transition established in the Paris Agreement.

Taking into account the asymmetries regarding the development of MERCOSUR countries, the EU should also respect these countries’ legitimate interest to develop their industrial policy and prevent exploitation of their natural resources without any value creation.

We are doubtful this agreement achieves any of these objectives and there are no guarantees in the agreement that the EU and its multinationals won’t behave like an extractive power, that reinforces unequal competition.

1. **Economic impact and employment**

The [European Commission's own impact assessment (2021)](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fcircabc.europa.eu%2Fui%2Fgroup%2F09242a36-a438-40fd-a7af-fe32e36cbd0e%2Flibrary%2Fabfa1190-59d1-4f59-93a5-9b9810d2b744%2Fdetails&data=05%7C02%7Cecrasta%40etuc.org%7C8d48cf1768c84a6160e008dd15f73339%7C7a57d45075f34a4da90dac04a367b91a%7C0%7C0%7C638690873667897737%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=%2F8nEg6VLzaFqn%2FwdI0xdkQ%2BxQOrRTDmX9u8x%2FX%2FpHIA%3D&reserved=0) indicates the agreement would result in a net growth of EU GDP of 0.1%, with larger positive effects on GDP in MERCOSUR countries. For its part, MERCOSUR has not conducted impact studies since 2011, with a mandate and negotiating framework completely different from the current one.

Trade unions in the EU are demanding evidence-based studies to analyse the types of jobs that would be created, their quality, and the consequences of offshoring and substitutions with worse working conditions, particularly in the agri-food sector.

From the Mercosur trade union perspective, the tariff reduction in the first phase of implementation demonstrates that the industrial sector will be seriously affected. For example, the agreement would be highly damaging for the automotive sector (hybrid vehicles, passenger vehicles, and diesel) and would put both parent companies and their supply chains at risk. Similarly, the chapter on government procurement has not been consulted at the subnational level, affecting both public works and all types of contracting with state suppliers.

Conclusion

It is not acceptable that any group of working people in Europe and the MERCOSUR be left out of a trade agreement of such magnitude. Enforceable labour clauses with sanctions are the protection workers' need to ensure the gains and losses form this deal are evenly distributed.

The EU-MERCOSUR agreement does not guarantee effective labour rights, environmental sustainability, or sustainable development for both blocs. Even in the current climate of global uncertainties, we must strive to build a balanced, democratic, and socially just multilateralism, with trade partners that want to engage in fair and socially responsible trade based on universal rules and respect of workers’ rights, with the involvement of trade unions. For these reasons, the CCSCS and the ETUC urge the parliaments of both blocs to reject this agreement and request new negotiations that are consistent with workers' rights, the preservation of natural resources and the environment, and transparency and participation of the people on both sides of the Atlantic.