



MERCOSUR Myths

Agriculture facts

1

Myth: „Poultry meat from the Mercosur countries is a major burden on the EU market.“

Poultry meat consumption in the EU has been steadily increasing by about 2 percent annually from 2011-2021¹, according to Commission figures, with consumption increasing by an average of more than 230,000 tons per year. Currently, the EU imports 800,000 tons of poultry annually, more than half of which comes from Mercosur. However, the EU exports 1.6 million tons, giving it a stable trade surplus of 800,000 tons. Under the EU-Mercosur agreement, the EU will grant duty-free imports for a quota of 180,000 tons, which will be implemented over the course of five years after the agreement enters into force. This volume is well below the average long-term consumption growth observed within a year and corresponds to only about 1.2 percent of current consumption. These European trends are also reflected in Austrian statistics². In addition, poultry imports and domestic production complement each other very well: EU consumers prefer breast meat, meanwhile, in other markets, chicken legs are often preferred for cultural and economic reasons³. Over the years, the EU poultry industry has also demonstrated that it can adapt to new market conditions and changing competition through efficiency improvements and innovation.

The fact is, poultry meat consumption has increased significantly in recent years, and therefore, the additional quotas do not pose a threat. Moreover, it must be pointed out that consumers will be free to decide which poultry they will purchase.

2

Myth: „Brazil produces an extremely high amount of sugar. Any trade agreement will further strengthen this competition.“

In 2018, the EU was an important net exporter of sugar, with 2.1 million tons. Brazil currently applies a tariff quota for its sugar exports to the EU, which was agreed upon with the EU under the WTO. Under the agreement, 180,000 tons of sugar can be imported into the EU duty-free within this existing quota. However, no new sugar quota will be created for Brazil. A new duty-free quota of 10,000 tons was agreed upon for Paraguay. Special sugars are also excluded from the agreement. The agreed-upon quantities represent approximately 1% of sugar consumption in the EU, which corresponds to a stable volume of around 19 million tons⁴.

The fact is that no additional sugar quota has been allocated to Brazil. Paraguay has been allocated a duty-free quota of 10,000 tons. However, keeping in mind that the sugar consumption in the EU is around 19 million tons a year, the agreed-upon quantities are marginal.

1 EU agricultural outlook 2021-31: consumer behaviour to influence meat and dairy markets (europa.eu) (p. 34)

2 Gem. Konsumverhalten | AMA - AgrarMarkt Austria 12,8 kg per head per year

3 Factsheet of the Commission EU-Mercosur Trade Agreement: Möglichkeiten schaffen die Interessen der europäischen Landwirte wahren, Circabc (europa.eu) (p. 4)

4 Factsheet of the Commission EU-Mercosur Trade Agreement: Möglichkeiten schaffen die Interessen der europäischen Landwirte wahren, Circabc (europa.eu) (p. 4)

3

Myth: „Trade agreements lead to a race to the bottom and the dismantling of domestic quality and environmental standards.“

Only those goods from third countries that comply with the stringent EU regulations and product safety standards or are mutually recognized as equivalent are allowed to enter the EU. This means that compliance with European standards is already ensured by the relevant EU import regulations. Based on experience with previous EU trade agreements it can be concluded that EU trade agreements promote the dissemination of our European quality standards and export them to the world. An intensification of mutual trade promotes the acceptance and use of European standards. Considering competition from the US and Asia, the Mercosur Agreement also brings significant added value in this regard. An important objective of EU trade agreements is to establish and modernize fair trade rules (e.g. protection of intellectual property rights, state subsidies, sustainability, etc.). Thus, EU trade agreements also make an important contribution to avoiding unfair competition and creating a „level playing field“ for Austrian companies.

The fact is: European farmers will not lower their high standards through a Mercosur agreement and most importantly agricultural producers from the Mercosur region must adhere to the EU rules if they want to export their products.

4

Myth: „The agricultural sector will not benefit from this agreement at all.“

High tariffs apply to many European agricultural and food products in Mercosur countries. This leads to the situation that EU products are either less competitive in third-country markets or that they are not at all exported to Mercosur countries. With the agreement, the high import duties on many products will be eliminated. The national agriculture sectors from all the member states would have privileged market access and a noticeable competitive advantage in the region through the conclusion of this agreement.

The EU would be the first trading partner of the Mercosur countries, where 260 million consumers live, to enjoy an open market. This presents major new growth and export opportunities for dairy products, processed meats as well as the wine and spirits sector. The agreement also ensures that some 350 typical European food and beverage specialties, which have been recognized as „geographical indications“ and have great export potential, are protected⁵. This means that no local or foreign products may be sold on the Mercosur market under the same name as the protected product. For example, bacon may only be marketed as „Tyrolean bacon“ if it really originates from Tyrol.

To sum up:

► The agriculture sector is one of the biggest beneficiaries of EU trade agreements, especially through the reduction of trade barriers⁶ ◀◀

⁵ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement/agreement-explained_en

⁶ Brochure on the 2022 implementation and enforcement report Circabc (europa.eu) p. 37f