



Council of the
European Union

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NOTE

From: General Secretariat of the Council
To: Delegations

Subject: Negotiation of the Association Agreement between the European Union
and Mercosur

Delegations will find in Annex a note from the Austrian, Cyprus, Estonian, French, Greek, Hungarian, Irish, Latvian, Lithuanian, Luxembourg, Polish, Romanian and Slovenian delegations on the above subject to be presented under "Any other business" at the Council ("Agriculture and Fisheries") on 11 April 2016.

Negotiation of the Association Agreement between the European Union and Mercosur

The Commission announced its intention to proceed with a new exchange of offers with Mercosur in the coming months. In this perspective, preparatory work with the Member States has been launched. Agriculture is a particularly sensitive sector in this negotiation and should be treated with the highest attention. Mercosur countries are indeed world leaders in agricultural markets and their agricultural and food sectors are highly competitive.

The treatment of agriculturally sensitive products should thus be adjusted with the greatest of care. For this purpose, the analysis of the cumulative impact of the quotas granted by the EU in bilateral trade negotiations will be particularly important and must be taken into account. Commissioner Hogan announced this work was ongoing in his services.

Moreover, in this negotiation, the last exchange of offers dating from 2004 cannot be considered as a reference because it was highly unbalanced, had led to the suspension of negotiations, and the respective economic situations have profoundly evolved since then. Consequently, for the negotiation to be consistent with the EU's ambitions and conclusive, it is necessary to proceed stage by stage and carefully plan the sequencing of the negotiation in order to ensure at each phase commitments of all parties and sufficient balance between each offer.

Besides this, the European agricultural sector is facing a particularly difficult crisis that led the Council to consider the issue on numerous occasions and the Commission to take action in the fall of 2015 and again this March. These measures have so far failed to resolve the situation, which remains very difficult for many European agricultural sectors. In this context, an offer to Mercosur containing quotas on sensitive products would likely be seen as a provocation by the European agricultural sector and could have a ripple effect on all ongoing trade negotiations, and in particular the ongoing negotiation with the United States.

In line with the measures taken within its agricultural policy, the EU must demonstrate that it is taking fully into account the offensive and defensive interests of European agricultural and food sectors in its trade policy.

For these various reasons, Austria, Cyprus, Estonia, France, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Poland, Romania, Slovenia oppose the presence of proposals of quotas on sensitive products in the European offer that will be passed on to Mercosur in the coming months and wish to see the Ministers of agriculture examine this important subject before any decision is taken concerning a future exchange of tariff offer.