European Commission

EU-MERCOSUR
Partnership Agreement

MERCOSUR

TRADE AND SUSTAINABLE DEVELOPMENT

The EU-Mercosur partnership agreement embodies a shared commitment to sustainable development and will serve to promote the green transition and ensure the protection of labour rights, with a dedicated chapter on Trade and Sustainable Development.

Implementing the Paris Agreement

In the agreement, the EU and Mercosur commit to effectively implement the Paris Climate Agreement and to cooperate on the climate aspects of trade. Furthermore, the Paris Agreement on Climate Change becomes an "essential element" of the agreement, which means that a party can suspend the agreement if it considers that there is a serious breach of the Paris Agreement or if a party leaves the Paris Agreement.

The Paris Agreement covers, for example:

- A pledge by the EU and Mercosur countries to move towards climate neutrality by 2050.
- A pledge by the EU to reduce its domestic emissions by at least 55% by 2030 compared to 1990 levels.
- A pledge by Brazil, in its nationally determined contribution, to halt illegal deforestation, including in the Brazilian Amazon.

Setting a positive agenda

The agreement puts in place institutional structures and sets out orientations for cooperation so that trade can contribute to the green transition. This includes the deployment of green technologies, trade in products that allow communities to preserve biodiversity, and the development of sustainable supply chains.

This is of particular importance for the Amazon region in order to help provide markets for products whose production does not involve deforestation. The agreement also underlines the need to implement international environmental agreements in addition to the Paris Agreement, such as the Convention on Biological Diversity, and agreements regulating trade in endangered species or banned chemicals.

Strong and legally binding environment and climate commitments

This agreement is a uniquely effective way of using partnership agreements in service of the environment and climate. Amongst others, it will:

- Promote trade in products that contribute to the conservation of biodiversity.
- Prohibit trade in illegally obtained products, including timber harvested illegally.
- Pledge the effective implementation of multilateral environmental agreements, such as the Paris Agreement and the CITES Convention on Wildlife Trade.
- Commit to maintaining labour or environmental standards, promoting trade and attracting investment.



The 'precautionary principle' included in the agreement ensures that the EU and the Mercosur countries can continue to protect health and the environment even if this affects trade, including in situations where scientific information is inconclusive.

Moreover, both sides retain the right to regulate in order to ensure a healthy environment and to protect human health. The text also includes a principle of non-regression, whereby the Parties agree not to lower environmental or labour standards in order to promote trade and investment.



Protection of forests

EU legislation such as the EU Deforestation Regulation continues to apply to products imported under the agreement, ensuring that no commodities associated with deforestation are placed on the EU market. Furthermore, the agreement includes a binding commitment to combat illegal logging and to tackle deforestation.

The agreement also provides a platform for cooperation on sustainable supply chains of timber and other commodities. The two sides also intend to use the agreement to promote trade that will benefit biodiversity conservation as well as the livelihoods of indigenous and traditional communities.

Responsible supply chains

In the agreement, the EU and Mercosur commit to promote the uptake by companies of responsible business practices and to provide a supportive policy framework to effectively implement relevant international principles and guidelines, notably:

- ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises

Protecting human rights, including labour rights

The EU and Mercosur commit to respect International Labour Organization (ILO) rules on:

- Forced and child labour,
- Non-discrimination at work,
- Freedom of association,
- The right to collective bargaining.

The two sides also committed to health and safety at work and labour inspection.

The EU and all Mercosur countries have legislation that provides for the protection of labour rights. They have all ratified all eight fundamental ILO conventions (except one for Brazil due to constitutional constraints).

The agreement establishes a framework for the two sides to address human rights issues, including those concerning indigenous peoples.

Enforcement of the Trade and Sustainable Development Chapter

The trade and sustainable development chapter of the agreement is subject to a specific dispute settlement procedure.

Should either the EU or Mercosur believe that the other side is not adhering to the rules, they can ask for formal government consultations.

If the situation is unresolved, an independent panel of experts can be asked to examine the matter and draw up a report with recommendations, to be made public so that it can be followed up by stakeholders and relevant institutions on both sides.



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