

MERCOSUR–EU STRATEGIC PARTNERSHIP AGREEMENT

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Uruguay's Foreign Minister's visit to the EU augurs well for the future of the bi-regional partnership



INTRODUCTION

The meetings held in Europe by Uruguay's Foreign Minister, Francisco Bustillo, encouraged the signing of the Mercosur-EU agreement. Meanwhile, the European Parliament has continued to debate the convenience of the partnership and the content of the additional document, which has been added with the aim of unlocking the current situation. Furthermore, the Argentine government has been put in charge of the pro tempore presidency of Mercosur and business entities from both regional blocs have pronounced themselves in favour of the agreement.

THE RATIFICATION PROCESS

In order to carry out the Mercosur-EU Agreement, a series of steps must first be followed. Since July 2019, Mercosur and the EU have focused on the legal scrubbing process, in order to unify the terminologies in the text and harmonize its content. Once this task is completed, the next step will be to translate the text into the different EU languages and, afterwards, both blocs will effectuate their own decision-making processes.

On the one hand, the European Commission will have to present the agreement to the European Council. The partnership between Mercosur and the EU consists of three pillars: political dialogue, cooperation and trade. If the European Commission puts to vote the entire agreement, shared competencies between the EU and the member countries will be involved; therefore, the approval of every state will be needed, existing the possibility of objecting by veto. Nevertheless, there is a feasibility of splitting the agreement; in this case, a qualified majority would be sufficient in order to approve the trade pillar (55% of the Member States, covering at least 65% of the EU's population), because that section includes issues in which the EU has exclusive competence.

If this stage is successful, the partnership will be signed and taken to the European Parliament, where a simple majority of votes will be required for its approval (the three pillars can be voted at the same time or separately). Afterwards, the process will continue in the national parliaments, although, the EU Council can decide to provisionally start applying matters that are under EU's authority.

Things are simpler on the other bloc. Once the European Union's Council gives his approval, the institution that will stamp the signature on the agreement on behalf of Mercosur is the *Consejo del Mercado Común* (CMC). Subsequently, the ratification of each national legislature will be sought. When a Mercosur member ratifies the Agreement in its own Parliament or National Congress, it will enter into force bilaterally between such country and the European Union, without having to wait for the accession of the remaining members.

NEW ADVANCES TO ACHIEVE THE PARTNERSHIP

The official visit to the European Union (EU) held by the Foreign Minister of Uruguay, Francisco Bustillo, produced satisfactory results. Although the French Minister of Foreign Trade, Franck Riester, told him that France could not support the agreement as it stands, the European Commissioner for Trade, Valdis Dombrovskis, personally confirmed him his willingness to solve the issues left in order to enforce the partnership.



Francisco Bustillo, Uruguayan Foreign Minister, together with Valdis Dombrovskis, European Commissioner for Trade (Uruguayan Ministry of Foreign Affairs).

The issues that remain to be resolved are, on the one hand, the finalization of the legal scrubbing process (in particular, regarding geographical indications) and, on the other hand, the agreement on an additional document that would ease environmental concerns. In this respect, the Uruguayan Chancellor was clear during his trip to Europe: the complementary text must be bi-directional, with reciprocal commitments.



Francisco Bustillo, Uruguayan Foreign Minister, together with Franck Riester, French Minister of Foreign Trade (Uruguayan Ministry of Foreign Affairs).

The same position was supported by MEP Jordi Cañas during a recent meeting of the International Trade Committee, in which the agreement with Mercosur was discussed. Cañas, who was born in Spain and is a member of Renew Europe, expressed *“this is a partnership agreement, and partners do not impose rules on each other, they share them. These meaningful pre-commitments have to be shared, binding and obligatory for both parties. Since we are in the year 2020, no one should be disciplined here”*. It should be noted that most of the criticism regarding the agreement revolved around the dispute resolutions mechanism contemplated in the Trade and Sustainable Development chapter. For instance, Kathleen Van Brempt, from the Flemish region of Belgium and member of the Progressive Alliance of Socialists and Democrats (S&D), claimed *“the Trade and Sustainable Development chapter is not very concrete and is very aspirational in its language, we need to change that and make it enforceable and sanction-based”*. Moreover, Anna Cavazzini, who is German and part of the Greens/European Free Alliance (GRE/EFA), said that something non-binding would not be enough for her parliamentary group.



Jordi Cañas, member of the European Parliament.

However, the greatest demonstration of political support that Chancellor Bustillo received in Europe occurred during the press statement following the Informal Ministerial Meeting between the EU, Latin America and the Caribbean. Indeed, the Foreign Ministers of Brazil, Argentina, Uruguay and Paraguay, together with Dombrovskis and Josep Borrell, High Representative of the EU for Foreign Affairs and Security Policy, *“expressed their conviction that their cooperation to establish the right conditions for the entry into force of the Agreement will enhance its potential to contribute to the shared overarching objective of sustainable development, observing the principles and guidance of the 2030 Agenda for Sustainable Development”*.



Josep Borrell, High Representative of the EU for Foreign Affairs and Security Policy, listening to Felipe Solá, Argentine Foreign Minister (Argentine Ministry of Foreign Affairs).

When Bustillo returned to Uruguay, the Pro Tempore Presidency of Mercosur was handed over to Argentina. The main objective of Alberto Fernández's government - that will last until July - appears to be focused on incorporating Bolivia as a full member of the regional bloc, which requires Brazil's National Congress approval. Nevertheless, during his speech, President Fernández stressed the importance of the environmental factor, *“[regional] integration will be ecological or it won't be”*. Furthermore, among the formal guidelines for the next six months, the conclusion of the pending technical issues with the EU was included.



Alberto Fernández, Argentine President, together with Luis Arce, President of Bolivia (Télam).

Since the Fernández administration took office in December 2019, there has been a gradual process of support towards the agreement with the EU. This has gone from outright rejection of the partnership to discreetly following the technical procedures, considering that the final decision would eventually be taken by the National Congress. The novelty this month was a sign of explicit support for the agreement, embodied by the Foreign Minister, Felipe Solá, who stated, in front of the Argentine Industrial Union (UIA) that *"the Mercosur-EU agreement is almost complete. It has very serious obstacles in Europe, we do not know whether it will be approved or not. But we are ready to send it to the Congress, so that together we can accept the challenge and force a modernization of Argentina's economy and trade structure, in order to make them more competitive. We are not in a position to cutting ourselves off and saying no to this kind of agreements"*.

Nonetheless, it was surprising that the industrialists proclaimed a pro-agreement stance, since they tend to have a more protectionist point of view. They did so in conjunction with the National Confederation of Industry of Brazil (CNI), the Paraguayan Industrial Union (UIP), the Chamber of Industries of Uruguay (CIU) and BusinessEurope, expressing *"their full support to the EU-Mercosur Agreement and their commitment to work together with public authorities in the EU and Mercosur countries to ensure its rapid ratification and implementation. The deal offers very good opportunities for both Parties' economies and societies and it is crucially important, not only for strategic and economic reasons, but also from a sustainability perspective"*.



Alberto Fernández, President of Argentina, assuming the Pro Tempore Presidency of Mercosur.

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