



Written by [Angeline Tan](#) on June 16, 2023

Brazil Lectures EU During Trade Discussions

During the first day of her week-long stint in Latin America on June 12, EU Commission President Ursula von der Leyen met Brazilian President Luiz Inácio “Lula” da Silva. While Lula indicated his willingness to ultimately conclude the highly expected EU-Mercosur trade deal, he also articulated reservations over some environmental obligations that Brussels put forth in the deal.

During a joint [press conference](#) in Brasilia, Lula told von der Leyen that Brussels’ typical coercive measures do not always work beyond European boundaries.



AP Images

Ursula von der Leyen and Lula da Silva

“I told President von der Leyen about the concerns we have about the additional instrument that enhances Brazil’s obligations and makes Brazil the object of sanctions in case of breach of the agreement. The premise that should exist between strategic partners should be mutual confidence and not mistrust or sanctions,” Lula said.

The “additional instrument” Lula was alluding to was an added sustainability and environmental protection document suggested by the EU trade negotiators in recent months to primarily halt deforestation efforts in the Amazon. This document was unveiled after a few EU countries (notably France and Austria) started to threaten the agreement if their climate and agricultural concerns were excluded.

The Mercosur bloc — a Spanish abbreviation for Southern Common Market, comprising Argentina, Brazil, Paraguay, and Uruguay as full members — has not officially responded to the addendum. On their end, EU officials anticipate the bloc to provide a reply by the end of this month. That being said, if one were to take Lula’s remarks at face value, it would not be a stretch to conclude that South American countries are hesitant on getting lectured by the EU on what to do with their forests.

Despite South American misgivings, von der Leyen appeared optimistic that the EU-Mercosur agreement is in its final phases.

“We both believe it is now the time to conclude the EU-Mercosur agreement,” von der Leyen declared at the press conference. “We have the ambition, the two of us, to get it done as soon as possible, the latest by the end of the year.”

The landmark trade and cooperation deal with Mercosur members, which has been underway for over 20 years with various obstacles hindering its progress, will supposedly enable South American agricultural products to gain better access European markets, while EU industrial manufacturers can enjoy similar export perks.

Talks over the deal began in 2000 and ended in 2019. Nonetheless, the EU has since procrastinated in signing the agreement, mainly due to concerns over [deforestation](#) in the Amazon and EU worries that European farmers could have their livelihoods affected due to a glut of Latin American produce.



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In 2019, French President Emmanuel Macron and three other national leaders had cautioned the European Commission that a trade deal with Mercosur “could ultimately destabilize production and the agricultural sector.”

According to a POLITICO report, Macron, Irish Prime Minister Leo Varadkar, Belgian PM Charles Michel and Polish PM Mateusz Morawiecki wrote a letter in 2019 to Commission President Jean-Claude Juncker stating, “We would like to express our deep concern on a number of issues concerning the current negotiation with Mercosur including on some sensitive agricultural products.”

The four leaders pointed out that the tariff-free import quota for beef — poised to be 99,000 tons — “could threaten this fragile sector in our countries.” Thus, they urged for a halt to an increasing quotas for beef, poultry, pork, sugar, and ethanol.

Also featuring prominently in the European leaders’ demands is that the EU must be able to authorize and control the quotas on incoming farm goods.

In early 2023, left-leaning EU lawmakers welcomed Lula’s controversial 2022 election victory over Brazil’s conservative former president, Jair Bolsonaro.

“A window of opportunity has opened,” posited European lawmaker and longtime EU-Mercosur proponent Jordi Cañas. “It’s small, but we need to put our foot in the door opening and push hard to reach the objective,” he revealed in an interview with POLITICO.

During German Chancellor Olaf Scholz’s [visit](#) to Brazil, the German leader indicated that both Berlin and Brasilia want “very rapid progress” toward concluding the agreement, whereas Lula said he hoped the deal could be signed “by the end of the current semester.”

However, EU-Brazil talks were almost canceled after Lula provoked widespread fury in Brussels by indicating that NATO weapons shipments to Ukraine were the main roadblocks to peace talks. Lula also called for the West to stop all military aid to Ukraine.

Having said that, pragmatism appeared to prevail, at least for the time being. EU members tried to move forward with the deal, arguably due to geopolitical considerations that if the EU does not offer the Mercosur bloc appealing conditions to join the deal, Beijing could outbid the EU and position itself as an alternative, increasing Chinese economic and political clout in the region.

In April this year, a classified brief obtained by POLITICO revealed European efforts to win back its clout in four “priority countries,” in order to “isolate Russia, arm Ukraine and constrain China.”

The confidential document listed Brazil, Chile, Nigeria, and Kazakhstan as the primary countries to boost the EU’s diplomatic relations with, unveiling how the EU should try to advance ties with each nation, including customized strategies on topics such as migration, energy, security collaboration, and economic development.

During her visit to South America, von der Leyen was scheduled to visit Argentina, Chile, and Mexico, all of whom are considered key countries in the rising geopolitical competition between Brussels and Beijing.

After China, the EU is Mercosur’s second-largest trading partner. In 2021, European goods [exports](#) to Mercosur were valued at €45 billion, while Mercosur’s goods exports to the EU amounted to €43 billion. According to proponents of the agreement, a deal could arguably aid Mercosur’s meat and processed foods exporters and enable EU companies to enjoy [better access](#) in the automotive, pharmaceutical, chemical, and textile fields.



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