Global trade

Environmental criticism mounts over EU-South America trade deal

Mercosur 'cows for cars' accord will worsen deforestation, detractors claim

Environmentalists say that the EU's slashed agricultural tariffs will trigger a surge in Brazilian cattle ranching, which many experts believe is responsible for growing levels of deforestation in the Amazon rainforest © Getty

Bryan Harris in São Paulo, Anna Gross in London and David Keohane in Paris JULY 9 2019

Over the course of 20 years of negotiations, the newly agreed EU-Mercosur trade deal faced obstacles from a vast cast of characters — from French farmers to Argentine industrialists.

Now, as the landmark "cows-for-cars" accord between the European and South American blocs moves towards ratification, a new and vocal opposition front is emerging: environmentalists.

"This trade deal is a double whammy for the planet: it will exacerbate deforestation and encourage the production of big, dirty cars," said Perrine Fournier, a campaigner at advocacy group Fern, who alongside several prominent European politicians has accused Brussels of imperilling the planet in its push to bolster global trade.

They say that, by slashing agricultural tariffs, the deal will trigger a surge in Brazilian cattle ranching, which many experts believe is responsible for growing levels of deforestation in the Amazon rainforest.

Scientists have long argued that combating deforestation is as urgent and important as eliminating fossil fuels in the attempt to tackle the global climate crisis.

Concerns have become particularly pressing following the election of Brazilian president Jair Bolsonaro, who advocates opening up sections of the protected Amazon region to commercial activity. As the world's largest rainforest, the 6.7m square km region plays a crucial role in absorbing carbon dioxide emissions and stabilising global temperatures.

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Peter van der Werf, Robeco

Deforestation in the Brazilian portion of the jungle has been increasing. Data from the country's space agency pointed to an almost 90 per cent jump in lands deforested last month compared with June last year. An area the size of a football pitch is razed every minute, activists say.

This has fuelled concerns that Mr Bolsonaro is turning a blind eye not only to illegal logging but the subsequent use of land for commercial activity such as cattle farming.

Fern estimates that cattle ranching is behind as much as 80 per cent of deforestation in the Amazon. Soya farming on deforested lands is also a longstanding problem.

"This [EU-Mercosur] deal validates Bolsonaro's strategy," said Yannick Jadot, the leader of the French Greens, who has slammed President Emmanuel Macron as "cynical" for supporting the pact.

"This deal was for the German automotive industry and for the beef industry in Brazil . . . which participates hugely in the deforestation of the Amazon," he said.

Researchers say they will not be able to model the links between reduced agricultural tariffs and increased deforestation until the full text of the trade deal is released.

But between 2015 and 2017, EU beef imports from Brazil were linked to as much as 3,900 hectares of deforested lands each year, said Erasmus zu Ermgassen, a researcher with Trase, an online tool developed by the Stockholm Environment Institute and Global Canopy to track supply chains.

Last year almost 80 per cent of the EU's beef imports came from the Mercosur bloc of Brazil, Argentina, Paraguay and Uruguay.

Peter van der Werf of Robeco, an asset manager with investments in the Brazilian beef industry, said that beef and poultry companies were starting to recognise "that they need to move to a deforestation-free supply chain".

"They can blacklist producers who have been proven to deforest but there is a danger that cattle are being moved from areas which have deforested to areas where there hasn't been any deforestation," he said.

European leaders, including Mr Macron, have defended the trade deal, saying its implementation was contingent upon Brazil adhering to the Paris climate accord — a pact that

Mr Bolsonaro previously mused about leaving.

Some have also argued that the trade agreement could generate a positive environmental impact because it would force Brazil to adhere to stricter regulations.

“It is precisely because there are concerns that the Europeans will probably be vigilant,” said Juan Carlos Castilla-Rubio, chairman of SpaceTime Ventures, an advanced technologies group working on biomass, energy and water risks.

For many, a crucial next step would be for European companies to pledge to not buy beef from deforested lands. A similar agreement by purchasers of soyabeans is already in place.

“The soya moratorium has been positive,” said Raoni Rajao, a professor at the Federal University of Minas Gerais.

“If we managed to secure that kind of agreement for the European market for other commodities, such as beef, the trade deal could be harnessed to apply pressure on producers in South America to behave more responsibly. This could create a multiplier effect of legalising the supply chain.”

Prof Rajao points out, however, that deforestation is not being driven solely by market demand, but rather the capture and control of land.

“Brazil has enough land to meet demand for all of Europe using already degraded land . . . the problem is not food production, but the takeover of land.”

About one-sixth of Brazil’s territory is considered no man’s land, he said, meaning “there is a huge incentive to go to the frontiers, take it over and . . . then sell it at a huge profit”.

The situation has sparked tensions, and in some cases violence, between Brazil’s indigenous populations and land-grabbers, who believe they have the tacit support of the Bolsonaro administration.

The trade pact, meanwhile, faces its own challenges as opponents begin to mobilise ahead of a ratification process that could take years. A French government spokesperson has said the nation is “not yet ready to ratify”.

Mr Bolsonaro, on the other hand, is more eager. He said he wanted Brazil to be the first nation to pass the deal.

Additional reporting by Carolina Unzelte

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