

THE EUROPEAN UNION-MERCOSUR TRADE AGREEMENT A CORNERSTONE TO FOSTER SUSTAINABLE DEVELOPMENT AND ECONOMIC GROWTH

BUSINESS STATEMENT

30th April 2021

BusinessEurope, the Confederation of Portuguese Business (CIP) and the Brazilian National Confederation of Industry (CNI), with the support of the Portuguese Presidency of the Council of the European Union, organised a virtual event today to show the strong commitment from European and Brazilian business to sustainability and to the EU-Mercosur agreement.

During the event companies from Brazil and the European Union active in different sectors of the economy presented concrete examples and actions regarding sustainability and how these could be further promoted with the EU-Mercosur agreement. These company examples are a clear sign that business is strongly committed to sustainability as a key factor of economic growth and real change on the ground. In this context, the EU-Mercosur agreement is a unique opportunity to support more and better cooperation between Brazil and European Union companies and governments in more sustainable development.

The event was an opportunity to reaffirm the importance of the EU-Mercosur agreement to promote sustainable development goals in the two regions and globally, to create more opportunities for economic growth in light of the COVID-19 crisis and to reignite strong historic and economic ties.

Deepening of rules on sustainable development. The EU-Mercosur agreement has very ambitious and advanced rules on sustainable development, including binding commitments to the adoption and implementation of the main international treaties, such as the Paris Agreement. The agreement will foster exchanges of goods, services, technologies and know-how that are critical to address the global challenge of climate change. The agreement will also promote further cooperation between the EU and Mercosur and companies in the two regions in the area of sustainability.

Creating opportunities for growth and economic recovery. The benefits of the agreement are balanced and ambitious in market access, creating additional opportunities for growth and economic recovery in the two regions. The positive outcomes are supported by the EU-Mercosur Sustainability Impact Assessment, done by London School of Economics and Political Science's (LSE), that shows the treaty will be win-win for the EU and Mercosur. In general, the conclusions are that the Agreement will have positive effects on parties and even in a conservative scenario the GDP would expand by € 10,9 billions in EU and by € 7.4 billions in Mercosur with a positive impact on wages and inequality.

Reigniting strong historic and economic ties. Mercosur and the EU have strong historic and economic ties. However, in recent years other important players have become more prominent increasing the market share in the two regions. As an example, the EU's share of Brazilian imports dropped from 21% in 2016 to 17% in 2020. The exports of Brazil to the EU have also decreased by 70% in the last decade. The agreement can also contribute to reignite the relationship and bring it up to speed with the new geo-political and economic realities.

The Agreement's opportunities go beyond greater access to markets for our companies, supporting sustainable growth with the implementation and monitoring of environmental and

social policies both in the EU and Mercosur countries. The agreement will contribute to more ambition in this area through cooperation and greater transparency.

The implementation of the agreement would be a strong message in favor of more sustainable and rules-based trade, especially in today's scenario with a need for strong economic recovery following the COVID-19 pandemic.
