

Open Letter regarding the economic impacts of the EU-Mercosur agreement

We, the undersigning economists, want to contribute to a critical assessment of the EU-Mercosur agreement that is being prepared for ratification by EU Member States, EU institutions and Mercosur countries. According to the European Commission, the proposed agreement will be economically beneficial for both European and Mercosur countries in terms of rising GDP levels. This has been underlined in the [draft final draft final report](#) of the Sustainable Impact Assessment (SIA) for the trade part of the EU-Mercosur Association Agreement, carried out by researchers of the London School of Economics (LSE) and published in July 2020.

We consider it important to inform the public that the economic models used to calculate those ostensible gains are inadequate for assessing the social and environmental impacts of this agreement. Other studies using different models include the environmental costs of transport across the globe, the effects of deforestation and on small-scale farmers in the EU and Mercosur countries. These alternative impact studies show very different outcomes, demonstrating how this agreement would obstruct fulfillment of the Paris climate goals and would have severe economic and social effects on workers and farmers – particularly family farmers – both in Latin America and Europe.

Why is the SIA misleading and what are its flaws?

1. The model used for the calculation of the potential impacts of the EU-Mercosur agreement is based on unrealistic assumptions and does not use the actual data of the EU-Mercosur agreement regarding tariffs reduction, import quotas etc. The model used is based on the computation of the general equilibrium model (CGE), which relies on the assumption that all markets are in equilibrium and perfectly competitive. Furthermore, the long term projection of the model presupposes dynamic gains from trade liberalization. This means that the model delivers predictions of welfare-improving outcomes by [default](#). What empirical evidence does show, however, is that the actual net impact of trade liberalization on income, employment, labour productivity, innovation and competitiveness might well be negative, at least for some sectors. More importantly, trade agreements can and do generate imbalances. The gains and losses of trade agreements predicted by this SIA thus tell little about the real impact. A meaningful SIA would be based on a model that operates on more realistic assumptions, and would, moreover, also take into account the actual tariff reductions and import quota agreed in the treaty in order to assess the effects on trade flows, prices, etc.

2. The GDP increase for Europe is negligible. For Mercosur countries, it predicts a GDP decrease as well as massive loss of industrial jobs. The SIA predicts over 10 years a negligible 0,1% GDP increase for the EU, and for Mercosur countries -0,1%. More realistic assumptions would expose that the underlying distributional sectoral changes resulting from the model tend to be much larger. For the Mercosur countries, the SIA [predicts](#) rising unemployment in the motor vehicles sector in Uruguay, in the machinery sector in Brazil and Paraguay, and in the chemical and pharmaceutical sector in Uruguay, Paraguay and Argentina. There are also negative effects on Mercosur family farm production (grapes, milk, etc.), as well as in Europe, generating social problems for a very sensitive sector in both regions. Overall, the outcome of this SIA not only underestimates the negative effects of trade liberalization, but even itself foresees negative impacts in many respects for the Mercosur

countries. Furthermore, GDP increase as a measure of wealth is outdated, certainly in times of climate crisis and the need for a deep socio-ecological transformation of our economies.

3. The SIA downplays the impact of the agreement on deforestation in Mercosur countries. While it refers to the increase of deforestation in 2019, it compares the increase to trends during the 1988-2008 period. Rather than referring to the FAO (Food and Agriculture Organization) Global Forest Resources Assessment of 2020, it refers to the 2016 report. As a result of using outdated data, the impacts of the agreement on deforestation are minimized. The recent [report](#) (English summary [here](#)) of the experts commissioned by the French Government on the draft EU-Mercosur agreement reaches very different conclusions. It provides additional estimates of the ecological impact, taking into account the risk of deforestation linked to the increase in beef exports (without, however, taking into account the areas needed to feed these cattle). According to the report, deforestation could increase from 5% to 25% per year for 6 years, solely due to the increase in beef exports generated by the agreement.

4. The SIA does not factor in the new economic situation, due to the COVID19 crisis, prevailing in the EU and Mercosur countries. Globally, unemployment levels have increased since the start of the crisis. Currently, 7.2% of EU workers (15.2 million persons) are jobless, and this level is expected to increase due to the COVID19 recession. In Mercosur countries, too, unemployment levels are high, while the informal sector is extensive. The application of the CGE model, which is based on the assumption of full employment, is therefore not appropriate for our current economies. Given these flaws and what is at stake for farmers (especially family farmers) and workers in both regions, for indigenous people in the Amazon and other forest regions in Mercosur countries, and for the climate and the livelihoods of all citizens in this world, we consider it urgent and appropriate that the European Commission commissions a Sustainable Impact Assessment of this agreement that is based on the most recent empirically available data and additional modern modeling tools, to evaluate the potential economic, social and environmental impacts as well as the real costs of labour market adjustments that may be generated by the proposed EU-Mercosur trade agreement. Such an assessment should also be executed in a trans-disciplinary manner, including an assessment of the environmental and climate impact of this agreement.

	Name	Country	Institution	Position
1	Francisco Cantamutto	Argentina	Instituto de Investigaciones Económicas y Sociales del Sur - IIESS UNS- CONICET	Researcher
2	Gustavo García Zanotti	Argentina	Consejo Nacional de Investigaciones Científicas y Técnicas de Argentina (National Scientific and Technical Research Council) - CONICET	scholarship
3	Mariano Treacy	Argentina	Universidad Nacional de General Sarmiento	Economist
4	Natán Spollansky	Argentina	Sociedad de Economía Crítica	Integrante
5	Pablo Gabriel Bortz	Argentina	National University of San Martín	Professor
6	Ramiro Luis Bertoni	Argentina	Universidad de Tres de Febrero y San Martín	Professor
7	Rodrigo F. Pascual	Argentina	Universidad Nacional de Tierra del Fuego	Docente Adjunto.
8	Ignacio Juncos	Argentina	National University of Córdoba	Ph. D. Student
9	Andreas Novy	Austria	Vienna University of Economics and Business	Associate Professor
10	Wilhelm Reichmann	Austria	Independent Business Consultant	Director

11	Julia Eder	Austria	Johannes Kepler University Linz	Lecturer in Sociology
12	Jürgen Essletzichler	Austria	Vienna University of Economics and Business	Professor
13	Kurt Bayer	Austria	Vienna Institute for International Economic Studies WIIW	Consultant
14	Luise Wimmeler, MSc	Austria	University of Graz	University Assistant
15	Matthias Aistleitner	Austria	Johannes Kepler University Linz	research associate
16	Stephan Lutter	Austria	Vienna University of Economics and Business	Senior Researcher
17	Stephan Pühringer	Austria	Johannes Kepler University of Linz	Researcher
18	Stephan Schulmeister	Austria		Economist
19	Ulrike Moser	Austria		Retired Economist
20	Yuri Kazepov	Austria	University of Vienna	Professor of Sociology
21	Alois Guger	Austria	Austrian Institute of Economic Research	Consultant Emeritus
22	Simon Theurl	Austria	Beirat für gesellschafts-, wirtschafts- und umweltpolitische Alternativen - BEIGWUM	CEO
23	Leonhard Plank	Austria	TU Wien	Senior Scientist
24	Ferdi De Ville	Belgium	Ghent University	Professor EU Studies
25	Jan Orbie	Belgium	Ghent University	associate professor
26	Eduardo Strachman	Brazil	São Paulo State University - Unesp	Associate Professor of Economics
27	Francisco Carneiro de Filippo	Brazil	Universidade de Brasília	Mestrado (masters)
28	Daniessa Sannara Kasanoski	Brazil	Universidade de Brasília	PhD candidate
29	Roy Rotheim	Brazil	Skidmore College	Professor of Economics
30	Adhemar Mineiro	Brazil	REBRIP	Advisor
31	Adroaldo Quintela	Brazil	Associação Brasileira de Economistas pela Democracia - ABED	Economist
32	Antonio Melki Jr.	Brazil	Federal Council of Economists - Brazil	Counselor
33	Antonio Rosevaldo Ferreira da Silva	Brazil	Univ. Estadual de Feira de Santana - BA	Professor
34	Clician Oliveira	Brazil	Regional Council of Economists - Rio de Janeiro	Counselor
35	Inês Patrício	Brazil	Universidade Federal Fluminense	Retired Professor
36	Marcelo Manzano	Brazil	Centro de Estudos Sindicais e Economia do Trabalho-Cesit-UNICAMP	Professor
37	Marcio Pochmann	Brazil	Instituto de Economia (Institute of Economics) - Universidade Estadual de Campinas	Professor
38	Nelson Victor Le Cocq	Brazil	Caixa Econômica Federal - CEF	Retired Economist
39	Orlando Ramos Moreira	Brazil	Petrobras	Retired Economist
40	Paul Hudson	England		Retired university teacher of

			Economics and Econometrics
41	Mario Rísquez	España	UCM, Facultad de CCEE y Empresariales
42	Alain Karsenty	France	Centre de coopération internationale en recherche agronomique - CIRAD
43	Anaïs Henneguelle	France	Université de Rennes 2
44	Behrang Shirizadeh	France	Centre International de Recherche sur l'Environnement et le Développement - CIRED
45	Benjamin Coriat	France	Université Paris 13 Nord - Centre d'Economie de l'Université Paris-Nord (CEPN)
46	Nicolas Bouleau	France	Ecole des Ponts Paristech
47	Michel Cabannes	France	Université de Bordeaux
48	Cédric Durand	France	Université de Genève
49	Céline Dutilly	France	Centre de coopération internationale en recherche agronomique - CIRAD
50	Céline Guivarch	France	Ecole des Ponts, Centre International de Recherche sur l'Environnement et le Développement - CIRED
51	Léo Charles	France	Université de Rennes 2
52	Coralie Pérez	France	Université de Paris 1-Panthéon-Sorbonne
53	David Flacher	France	Université de technologie de Compiègne
54	Driss Ezzine de Blas	France	Centre de coopération internationale en recherche agronomique - CIRAD
55	Dumas Patrice	France	Centre de coopération internationale en recherche agronomique - CIRAD
56	Emilie Coudel	France	Centre de coopération internationale en recherche agronomique - CIRAD
57	Florence Jany-Catrice	France	Université de Lille
58	Florian Botte	France	Université du Littoral Côte d'Opale
59	Gadrey Jean	France	Université de Lille
60	Jacques Généreux	France	Sciences Po-Paris
61	Jacques Marzin	France	Centre International de Recherche Agronomique pour le Développement - CIRAD
62	Jean Bourgain	France	Université de Lille
63	Jean-Marie Harribey	France	Université de Bordeaux
64	Jerome Faure	France	Université de Bordeaux
65	Krifa-Schneider Hadjila	France	Université de Lille
66	Laurent Cordonnier	France	Université de Lille

67	Antoine Leblois	France	Institut national de la recherche agronomique - INRAE	Researcher
68	Jonathan Marie	France	Université Sorbonne Paris Nord	Associate Professor
69	Maxime Combes	France	Association Internationale de Techniciens, Experts et Chercheurs - Aitec	independent researcher
70	Jean Mercenier	France	Université Panthéon-Assas (U. Paris 2)	Professor
71	Michel Husson	France	Institut national de la statistique et des études économiques	Economist
72	Philippe Chotteau	France		agro-économiste
73	Philippe Quirion	France	Centre national de la recherche scientifique - CNRS	Directeur de recherche (Senior researcher)
74	Dominique Plihon	France	Université Sorbonne Paris Nord	Professor emeritus
75	Dominique Redor	France	Université Paris-Est	Professor in Economics
76	Rotillon Gilles	France	Université Paris-Nanterre	Professor
77	Sabina Issehnane	France	Université de Paris	Maître de conférence
78	Sandrine Dury	France	Centre International de Recherche Agronomique pour le Développement - CIRAD	Economist
79	Sandrine Rousseau	France	Université de Lille	Economiste
80	Henri Sterdyniak	France	Les économistes atterrés	economist
81	Tarik Tazdaït	France	Centre national de la recherche scientifique - CNRS	Senior Researcher
82	Ludovic Temple	France	Centre International de Recherche Agronomique pour le Développement - CIRAD	Research
83	Thomas Coutrot	France	Direction de l'Animation de la recherche, des Études et des Statistiques (DARES)	Chef du département « conditions de travail et santé »
84	Thomas Dallery	France	Université du Littoral Côte d'Opale - Clersé	Assistant Professor of Economics
85	Jean-Marc Touzard	France	Institut national de la recherche agronomique - INRAE	Director of Research, economist
86	Fabrice Tricou	France	Université Paris Nanterre	Associate Professor of Economics
87	Nicolas Vaneecloo	France	Université de Lille	Professeur émérite
88	Wladimir Andreff	France	Université Paris 1 Panthéon-Sorbonne	Emeritus Professor
89	Mireille Bruyère	France	Université de Toulouse	Economiste
90	Anne Isla	France	Université Toulouse	Associate Professor
91	Lucas Chancel	France	Sciences-Po	Lecturer
92	Christoph Scherrer	Germany	University of Kassel	Professor
93	Hermann Bömer	Germany	formerly TU Dortmund	Lecturer
94	Friederike Habermann	Germany	Commons Institute	independent scholar
95	Jakob Kapeller	Germany	University of Duisburg-Essen	Professor

96	Miriam Rehm	Germany	University of Duisburg-Essen	Assistant Professor
97	Salome Topuria	Germany	University of Kassel	PhD Candidate
98	Trevor Evans	Germany	Berlin School of Economics and Law	Professor
99	Suñanda Sen	India	Jawaharlal Nehru University New Delhi	Retired Professor
100	Jayati Ghosh	India/USA	University of Massachusetts at Amherst	Professor
101	Bianca Foehrer	Ireland	University College Dublin	Research Project Manager
102	Giovanni Dosi	Italy	Scuola Superiore Sant'Anna Pisa	Professor, Institute of Economics
103	Guglielmo Chiodi	Italy	Sapienza Università di Roma	Professor
104	Riccardo Mastini	Italy	Autonomous University of Barcelona	Phd, Institute of Environmental Science and Technology (ICTA)
105	Salvatore Monni	Italy	Facoltà di Economia, Università Roma Tre	Ordinario di Economia dello sviluppo
106	Alessandro Vercelli	Italy	University of Siena	Full Professor of Political Economy and Environmental Economics-retired
107	Annamaria Simonazzi	Italy	Fondazione Roma Sapienza	professor (retired)
108	Marcella Corsi	Italy	Sapienza Università di Roma Dipartimento di Scienze Statistiche	Presidente Consiglio Corso di Laurea magistrale in Scienze attuariali e finanziarie / Euro-memo
109	Emanuele Citera	Italy	New School for Social Research	PhD Candidate
110	Flavia Fabiano	Italy	CIRAD	PhD student
111	Elena Emrick-Schmitz	Luxembourg	University of Luxembourg	Doctoral Researcher
112	Sabine Dörny	Luxembourg	Luxembourg Institute of Socio-Economic Research	Senior Research Fellow
113	Ulrike Schmitz	Luxembourg	Ing.-Büro Hubert Schmitz Sàrl, Echternach	Assistant
114	Jean-François Bélières	Madagascar	Centre de coopération internationale en recherche agronomique - CIRAD	Agroéconomiste
115	Jomo Kwame Sundaram	Malaysia	United Nations	Retired
116	Victor Manuel Isidro Luna	Mexico	Universidad Nacional Autónoma de México	Professor and researcher
117	Alicia Puyana	México	Facultad Latinoamericana de Ciencias Sociales-México	Professor
118	Alfred Kleinknecht	Netherlands	TU Delft	Professor of Economics (Emeritus)
119	Bastiaan van Apeldoorn	Netherlands	Vrije Universiteit Amsterdam	Professor of Global Political Economy and Geopolitics

120	Ewald Engelen	Netherlands	University of Amsterdam	Professor financial geography
121	Aleksandra Twardowska	Netherlands	University of Amsterdam	Chair at Rethinking Economics NL
122	Andrew M Fischer	Netherlands	Erasmus University Rotterdam	Associate Professor
123	Dirk Bezemer	Netherlands	University of Groningen	Professor
124	Jeffrey Harrod	Netherlands	Erasmus University + University of Amsterdam	Professor Emeritus
125	Angela Wigger	Netherlands	Radboud University	Associate Professor Global Political Economy
126	Arjo Klamer	Netherlands	Erasmus University	Professor cultural economics em
127	Servaas Storm	Netherlands	Delft University of Technology	Senior Researcher
128	Sarah Zevaco	Paraguay	SEPPY	Vice president
129	Luis Rojas	Paraguay	Centro de Estudios Heñói	Economista - Investigador
130	Diogo Rodeiro	Portugal	University of Coimbra	Student
131	Francisco Louçã	Portugal	University of Lisboa - Lisbon's Instituto Superior de Economia e Gestão	Professor of Economics, Member of the Council of State of Portugal
132	João Vasco Gama	Portugal	Universidade Nova de Lisboa - Nova School of Business and Economics	PhD student on Macroeconomics
133	Fernando Luengo Escalonilla	Spain	Universidad Complutense de Madrid	Profesor jubilado
134	Joan Josep Bosch González	Spain	Universidad Pública de Navarra	Associated Teacher
135	Jorge Fonseca Castro	Spain	Universidad Complutense de Madrid	Catedrático de Economía Aplicada
136	José Ángel Moreno	Spain	Economistas sin Fronteras	Patronato / Board of Trustees
137	Juan Torres López	Spain	University of Seville	Professor Applied economics
138	Julián Maganto López	Spain	Colegio de Economistas de Madrid / Madrid College of Economists	Colegiado / member - Retired civil servant of the General State Administration
139	Manuel Garí Ramos	Spain	Fundación Viento Sur	Retired Economist
140	Maria Luisa Gil Payno	Spain	Economistas sin Fronteras	Economist, researcher
141	Patxi Zabalo	Spain	Universidad del País Vasco / Euskal Herriko Unibertsitatea	Profesor de economía aplicada
142	Albert Recio	Spain	Universitat Autònoma de Barcelona. Dep Economía Aplicada	Professor Honorífico

143	Amaia Perez Orozco	Spain	Colectiva XXK	Economist, Researcher specializes in feminist economics
144	Daniel Albarracín	Spain	Cámara de Cuentas de Andalucía - Chamber of Accounts	Counselor
145	Eduardo Bidaurratzaga Aurre	Spain	University of the Basque Country (UPV/EHU)	Lecturer
146	Efren Areskurrinaga Mirandona	Spain	University of the Basque Country (UPV/EHU)	profesor
147	Gemma Cairó-i- Céspedes	Spain	Universitat de Barcelona - Facultat Economia i Empresa	Profesora titular de Economía
148	Jorge Garcia-Arias	Spain	University of Leon	Associate Professor
149	José Anastasio Urra Urbietá	Spain	Universitat de València	Associate Professor of Management
150	Juan Hernández Zubizarreta,	Spain	Universidad del País Vasco (UPV/EHU)	Doctor en Derecho, profesor
151	Luis Fernando Lobejón Herrero	Spain	Universidad de Valladolid	Profesor Titular de Economía Aplicada
152	Luz de la Cal Barredo	Spain	Universidad del País Vasco (UPV/EHU) - Facultat Economía i Empresa	Profesora
153	Marta Martín Alonso	Spain	Economistas sin Fronteras	President
154	Nuria Amador	Spain	Universidad Complutense de Madrid	Economist
155	Óscar Carpintero	Spain	University of Valladolid	Associate Professor of Applied Economics - Department of Applied Economics
156	Ricardo García-Zaldivar	Spain	Universidad Carlos III de Madrid	Retired Professor
157	Yolanda Jubeto	Spain	Universidad del País Vasco (UPV/EHU) - Facultad de Economía y Empresa,	Profesora asociada de Economía Aplicada,
158	Aitor Murgia	Spain	ELA Sindikatua research cabinet	Researcher
159	Lluís Rodríguez	Spain	ELA Sindikatua collective bargaining cabinet	Economist
160	Roser Espelt	Spain	ELA Sindikatua collective bargaining cabinet	Economist
161	Xabier Zabala	Spain	ELA Sindikatua research cabinet	Researcher
162	Gonzalo Fernández Ortiz de Zárate	Spain	Hegoa – Instituto de Estudios sobre Desarrollo y Cooperación Internacional - Universidad del País Vasco / Euskal Herriko Unibertsitatea (UPV/EHU)	Investigador económico
163	José Bellver	Spain	Fundación Hogar del Empleado	Researcher
164	Carmen Castro García	Spain	Universitat de València - Cátedra de Economía Feminista	Professor
165	Josep Manel Busqueta	Spain		Economist
166	Pau Llonch i Méndez	Spain	Seminari d'Economia Crítica Taifa	Economist
167	Paulina de los Reyes	Sweden	Stockholm University	professor
168	Francesco Laruffa	Switzerland	University of Geneva	Post-Doctoral Research Fellow

169	Rahel Kunz	Switzerland	Université de Lausanne	Senior lecturer
170	Steve Keen	Thailand-UK	Institute for Strategy, Resilience and Security, University College London	Distinguished Research Fellow
171	Véronique Alary	Tunisie	Centre de coopération internationale en recherche agronomique - CIRAD	researcher
172	Andrea Brock	United Kingdom	University of Sussex	Lecturer in International Relations
173	David Scott	United Kingdom	Manchester International Law Centre, University of Manchester	Doctoral candidate
174	Mareike Beck	United Kingdom	King's College London	Postdoctoral Researcher
175	Michael Edwards	United Kingdom	University College London	Hon Professor, Economics of Planning
176	Serena Merrino	United Kingdom	University College London	Lecturer
177	Annina Kaltenbrunner	United Kingdom	Leeds University Business School	Associate Professor
178	Andrew B Tylecote	United Kingdom	University of Sheffield, Sheffield, UK.	Emeritus Professor
179	Bob Jessop	United Kingdom	Lancaster University	Distinguished Professor
180	Daniela Veronica Gabor	United Kingdom	University of the West of England - Bristol	Professor of Economics and Macrofinance
181	Gabriel Siles-Brugge	United Kingdom	University of Warwick	
182	Gareth Dale	United Kingdom	Brunel University	Senior Lecturer in Politics & IR
183	Jeremy Leaman	United Kingdom	Loughborough University	Emeritus Fellow
184	Joshua Banerjee	United Kingdom	London School of Economics and Political Science	Doctoral Researcher
185	Jules Newman	United Kingdom	LSE	Retired
186	Ann Pettifor	United Kingdom	Policy Research In Macroeconomics (PRIME)	Director
187	Erica Schoenberger	United States	The Johns Hopkins University	Professor
188	Greg Hannsgen, Ph.D.	United States	Greg Hannsgen's Economics Blog	Founder and Blogger
189	Karl Petrick	United States	Western New England University	Associate Professor of Economics
190	James K. Galbraith	United States	The University of Texas at Austin	Professor
191	Pierre Kohler	United States	UN, Department of Economic and Social Affairs	Economist
192	Alicia Araujo	Uruguay	Parlamento	Asesora