

EU-Mercosur: a bad deal for Europe's ethanol sector, for farmers, for food security, for strategic autonomy

BRUSSELS, 6 December 2024 – Even after more than five years of re-negotiation and tinkering, the EU-Mercosur agreement remains a bad deal for the EU renewable ethanol sector, for European farmers and for Europe's drive for strategic industrial and agricultural autonomy.

The European Commission ignored repeated warnings from European bioethanol producers and decided to offer Mercosur countries a huge share of the EU's ethanol market. In doing so, the EU is putting at risk European biorefineries producing food, feed, fuel, fertilizers and much more.

European ethanol producers are not opposed to trade, provided it is fair and integrated in a consistent long-term strategy – something Brazilian ethanol producers have enjoyed for decades. In the EU, unfortunately, we have no such strategy.

After having encouraged billions of euros of investments in EU biorefineries under the 2009 Renewable Energy Directive, the EU took two contradictory routes that have led to so much frustration:

- One was to restrain ethanol consumption and production after having rightfully recognized in 2003 this renewable energy would contribute de-fossilising transport and reducing the EU's dangerous energy dependency
- The other was to offer, at the beginning of negotiations with Mercosur, a huge share of the nascent EU ethanol market basing the calculation on a projected ambitious growth which never saw the light because of the first route taken by the EU

Consequently, the share of the ethanol market ceded to Mercosur, which was projected to represent about 6% of a balanced and dynamic ethanol market, now represents 12% of the total EU production capacity, in a market that is not growing anymore and already fully open to imports from many other countries, including major producers such as Canada and Pakistan.

Beyond threatening our investments and thousands of jobs mostly in rural areas, this agreement with Mercosur is undermining EU energy dependency and food security, as well as our ability to decarbonize sectors such as aviation, maritime and the chemical industry. Before the agreement materialises, the EU has some years ahead to revert the trend, put together a coherent visionary plan to give EU producers the means to compete with Mercosur on equal footing.

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