



# EU-MERCOSUR Partnership Agreement



On 29 June 2019, the **European Union and Mercosur**<sup>1</sup> concluded negotiations for a trade agreement.<sup>2</sup>

On 6 December 2024, the two sides took their agreement to the next level by agreeing on new commitments towards sustainability, such as the inclusion of the Paris Agreement as an essential element and effective language on halting deforestation.

The new EU-Mercosur agreement is critical for both sides. It will:

- Bring a radical shift with unprecedented commitments to the fight against climate change, including deforestation;
- Enhance **competitiveness** by diversifying and securing supply chains and diversifying sources of energy and raw materials;
- Boost **trade and investment** on both sides, contributing to economic growth and job creation;
- Foster the **sustainable development** of both regions, strengthening workers' rights and environmental protection;
- **Strengthen our political, economic and cultural ties** between the two regions, and securing the EU's presence in the Mercosur region.



**Boosting trade**



**Securing supply chains**



**Fighting climate change**



<sup>1</sup> Argentina, Brazil, Paraguay and Uruguay

<sup>2</sup> The political part of the agreement was concluded in 2020

## KEY FACTS ABOUT MERCOSUR



Total population of **273 million** people



The 6<sup>th</sup> largest economy outside the EU with an annual GDP of **€2.2 trillion**



**€84 billion** of EU exports with great growth potential

(2022 services, 2023 goods)



More than **30 000** small EU companies export to Mercosur



**€340 billion** in EU investment stocks in 2021



EU exports to Brazil support **733 000** EU jobs



## KEY BENEFITS FOR EU COMPANIES

- Removing high Mercosur tariffs will enable EU exporters to save over 4 billion euros in customs duties per year;
- Easier and simpler customs procedures facilitate exporting;
- EU firms will be able to bid for public contracts on equal terms with Mercosur companies;
- Exclusive preferential access to some critical raw materials and green goods.



35%



20%



18%



14%

Current tariffs on car parts, machinery, chemicals and pharmaceuticals



## UPHOLDING THE EU'S RIGOROUS FOOD SAFETY STANDARDS

- Any product entering the EU market must comply with the EU's stringent food safety standards, the agreement does not change that.
- The agreement reaffirms the 'precautionary principle': both sides are free to adopt measures to protect human, animal and plant health, including in situations where scientific information is inconclusive.
- The agreement will help address antimicrobial resistance, promote animal welfare standards, and reinforce the flow of information to keep unsafe products out of the market.

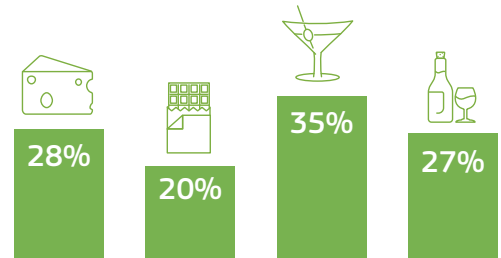


## DEFENDING THE INTERESTS OF EU FARMERS

The partnership agreement defends the interests of European farmers and food producers, while making it easier for them to make the most of new opportunities in Mercosur.

This will be achieved by:

- Boosting EU exports by removing high tariffs for main EU export products;
- Preventing imitation of more than 350 EU traditional food products, recognised as Geographical Indications. This is the greatest number of GIs ever protected in an EU agreement;
- Making food safety procedures clearer, more predictable and less cumbersome for EU exporters;
- Granting very limited access to the EU market for sensitive agri-food products like beef, poultry or sugar.



Current tariffs on dairy products, chocolate and confectionery, spirits, and wines.



## AMBITIOUS SUSTAINABILITY COMMITMENTS

- A commitment to effectively implement the Paris Climate Agreement as an essential element;
- Concrete and measurable commitments to preserve the biodiversity of ecosystems and tackle deforestation;
- Avoid a race to the bottom (lowering environmental or labour standards) to attract investment;
- Civil society organisations directly involved in the implementation of sustainability commitments;
- Provide details for the implementation of the trade and sustainable development (TSD) commitments through the Additional Instrument.



## ENHANCE SUSTAINABLE TRADE AND INVESTMENT IN CRITICAL RAW MATERIALS

- A secure and sustainable supply of critical raw materials is at the core of the EU's green and digital transitions.
- The agreement will lower tariffs on critical raw materials and derived products, incentivising Mercosur exports to the EU and cheaper imports for the EU.
- It will provide more security and predictability of supply chains.
- It will ensure one of the highest sustainability standards in critical raw materials trade and investment.





# BOOSTING THE EU'S COMPETITIVENESS

'The future of European competitiveness' report, published by Italian statesman Mario Draghi in September 2024, highlights the importance of trade policy in increasing the EU's competitiveness and economic security. The EU-Mercosur partnership agreement will increase the competitiveness of EU companies by eliminating tariffs on a wide range of products, reducing non-tariff barriers and simplifying customs procedures, and making it easier and cheaper for EU companies to export to Mercosur countries.

This will enable EU companies to compete more effectively with other global players, increase their market share in Mercosur countries, and benefit from new business opportunities.

The Draghi report emphasises on the role of trade agreements in managing dependencies. The EU-Mercosur Agreement is an excellent example, as it will make the EU a privileged partner in the region. It will help to secure markets and access to raw materials, thereby strengthening the EU's sovereignty and reducing dependencies on other regions.

The agreement will also promote trade in services, including financial services, telecommunications, and transport, which will enable EU companies to expand their presence in Mercosur countries and compete more effectively in the global market.