



# EU-MERCOSUR\* TRADE AGREEMENT

## BUILDING BRIDGES FOR TRADE AND SUSTAINABLE DEVELOPMENT

\*Argentina, Brazil, Paraguay and Uruguay

### KEY FACTS



A region of over **260 million** consumers



The 5<sup>th</sup> largest economy outside the EU with an **annual GDP of €2.2 trillion**



**Closed markets** with high tariff and non-tariff barriers



A destination for EU goods worth **€45 billion** (in 2018) and EU services worth **€23 billion** (2017)

A market for **60,500 EU companies**



A major destination for EU investments, with **€381 billion in investment stocks in 2017**

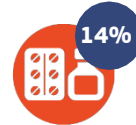
Trade is essential to growth and job creation. EU exports to Brazil alone support already **855,000 jobs in the EU and another 436,000 in Brazil**. More exports means more jobs.

### KEY BENEFITS FOR EU COMPANIES

#### 1. Cutting tariffs

→ The agreement will eliminate high customs duties in **key EU export sectors**:

- ▶ Cars and parts
- ▶ Machinery
- ▶ Chemicals
- ▶ Pharmaceuticals



and for products kept so far out of the Mercosur market, such as clothing and footwear.

For some of these tariffs the phasing out will take place over a period of several years.

- **First mover advantage:** The EU will be the first major trading partner to conclude a trade agreement with the Mercosur bloc. Mercosur will now give EU companies much better access to its market than it gives to businesses from other countries.
- **Improved competitiveness:** With the elimination of tariffs, the many European companies already established in the Mercosur countries will be able to import parts and intermediate goods more easily.

## 2. Easier customs and compliance procedures

The two sides will simplify their customs procedures and work together more closely on technical regulations and standards, so that any differences that may exist do not stop EU companies from exporting to Mercosur.



## 3. Selling services and setting up a business presence

Mercosur countries have thus far given limited access to services providers from other World Trade Organization (WTO) countries but EU companies are already involved in providing Mercosur with telecommunications, financial, business and transport services, among other sectors. The agreement will address many significant barriers they face. It will also help other companies seeking to provide services or set up a service or manufacturing business in a country of Mercosur. They will enjoy greater legal certainty and a level playing field.



## 4. Getting access to public contracts

The EU-Mercosur trade agreement will allow EU firms to bid for public contracts on equal terms with Mercosur companies. So far, this market was mostly closed to EU companies. Mercosur countries are not part to the plurilateral Government Procurement Agreement and have so far not given access to its public tenders to any third countries.



## 5. Supporting small and medium-sized companies

Small and medium-sized companies often cannot afford entering new export markets due to red tape at customs, costly testing and certification requirements. In many cases, this adds to a lack of knowledge of regulatory requirements and processes to place their products on the export market. Thanks to the agreement, they will now benefit from a new online platform providing **easy access to information on market requirements** and customs rebates.



## SUPPORTING AND RESPECTING INTERESTS OF EU FARMERS

The trade agreement will make it easier for European farmers and food producers to make the most of new opportunities in the countries of Mercosur, which represent a large market of over 260 million people. This will be achieved by:

- ▶ removing high tariffs for EU main export products
- ▶ preventing imitation of EU traditional foodstuffs
- ▶ making food safety procedures clearer, more predictable and less cumbersome for EU exporters



Mercosur is already a major market for EU exports of olive oil frozen potatoes, malt, chocolates, vegetable and fruit (e.g. pears, plums, kiwis, apples), soft drinks, as well as wines vodka and whiskey. The agreement will open up new opportunities for those and other EU products by removing high customs duties in a market with an increasingly high purchasing power.





**357** European traditional products recognised as **Geographical Indications** will now also be protected from imitation in the four Mercosur countries. This is the largest coverage ever achieved in any trade agreement and it will help securing and increasing their market share.



EU agri-food exporters will now benefit from **faster, simpler and more predictable procedures**, as well as clear and transparent audit rules and will be able to continue exporting from non-affected zones despite a presence of a pest or disease in some other areas within the EU ('the regionalisation principle').

Find out more on EU-Mercosur agreement and agriculture [here](#)

## UPHOLDING THE EU'S RIGOROUS FOOD SAFETY STANDARDS

Any product arriving to Europe must comply with the EU's stringent food safety standards. The EU-Mercosur trade agreement does not change anything in that respect. The agreement also reaffirms the 'precautionary principle', the right of both sides to adopt measures to protect human, animal and plant health, including in situations where scientific information is not conclusive. So in short:

- ▶ There is no change for EU stringent food safety rules
- ▶ The EU remains free to regulate with all necessary precaution
- ▶ All imported food must comply with EU's own standards

At the same time, the provisions of the agreement will help us better tackle common challenges such as antimicrobial resistance, promote animal welfare standards and reinforce the flow of information to help keeping unsafe products out of the market.

Find out more on EU-Mercosur agreement and food safety [here](#)

## CONTRIBUTING TO SUSTAINABLE PRODUCTION



The EU-Mercosur agreement is based on the premise that trade should not happen at the expense of the environment or labour conditions; on the contrary, it should promote sustainable development.

- ▶ The EU and Mercosur commit to effectively implement the **Paris Climate Agreement** and agree to cooperate on the climate aspects of trade between the two sides. This includes tackling deforestation.

**Paris Agreement includes** among others:

- ✓ a pledge by Brazil to reduce by 2025 its net greenhouse gas emissions by 37% compared to 2005 levels
- ✓ a pledge to **stop illegal deforestation** in the Brazilian Amazon and to **reforest** 12 million hectares by 2030
- ✓ a pledge by the EU to reduce its domestic emissions by at least 40% by 2030

- ▶ The EU and Mercosur agree that they **will not lower labour or environmental standards** in order to promote trade and attract investment. To the contrary, the dedicated chapter includes specific commitments related to environment protection, workers' rights and promotion of responsible business conduct.

- ▶ The '**precautionary principle**' is upheld in the agreement and ensures that the EU and the Mercosur countries can continue to regulate, including on environment or labour matters, even if this affects trade, also in situations where scientific information is not conclusive.

**Civil society** organisations will be given an explicit role in overseeing the implementation of the agreement and flag any environmental or labour concerns.

Find out more on EU-Mercosur agreement and sustainable development [here](#)