

INFOCARD ELANBiz

The EU-Mercosur Agreement¹

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Overview

On 28 June 2019, the European Union and the Mercosur states –Argentina, Brazil Paraguay and Uruguay– reached a political agreement for an ambitious, balanced and comprehensive trade agreement.

The EU is Mercosur's number one trading and investment partner. EU exports to Mercosur amounted to EUR 45 billion in goods (2018) and EUR 23 billion in services (2017).

The EU is the biggest foreign investor in Mercosur, with a stock of EUR 381 billion, while Mercosur's investment stock in the EU amounts to EUR 52 billion (2017). While the relationship between the two regions is very substantial, both exporters and potential investors face barriers in Mercosur markets.

The goal of the new EU-Mercosur trade deal is to:

- ✓ Remove these barriers and help companies – especially smaller ones – increase their exports.
- ✓ Strengthen workers' rights and ensure environmental protection, encourage companies to act responsibly, and uphold high food safety standards.
- ✓ Protect quality food and drink products labelled as Geographical Indications from limitations.

The agreement represents a win-win for both the EU and Mercosur, creating opportunities for growth and jobs for both sides.

Background of the Negotiations

The discussions toward a free trade agreement (FTA) began in 1999, but they were suspended in 2004. The negotiation process was re-launched in May 2010 at the EU-LAC (EU-Latin America & Caribbean) Summit in Madrid. Finally, after 39 meetings, the negotiations were concluded on 28 June 2019 and an agreement in principle signed in Brussels between the EU and Mercosur.

It should be noted that the agreement in principle is not a binding text. After the needed legal review and translations, the final text must yet be formally signed and approved by all the parties involved, a process that is estimated to take approximately 2 years.

¹ The information provided in this document is of a general nature only. For more detailed information, events and commercial trade offers, as well as commercial business contacts, please contact the Commercial Offices of the member states Embassies, the European trade organizations and the bilateral chambers of commerce.

Subjects covered and text of the agreement

The at the time of drafting this document already published texts of the agreement contain the following subjects:

- ✓ The agreement in principle
- ✓ Regional integration clause
- ✓ Trade in goods
- ✓ Annex on export duties
- ✓ Annex on import/export monopolies
- ✓ Annex on trade in wine and spirits
- ✓ Protocol on rules of origin
- ✓ Product specific rules of origin
- ✓ Specific measures concerning the management of preferential treatment
- ✓ Customs and trade facilitation
- ✓ Protocol on mutual administrative assistance in customs matters
- ✓ Technical barriers to trade
- ✓ Annex on motor vehicles, equipment and parts thereof
- ✓ Sanitary and phytosanitary measures
- ✓ Dialogues
- ✓ Trade defence and global safeguards
- ✓ Bilateral safeguards
- ✓ Trade in services and establishment
- ✓ Government procurement
- ✓ Intellectual property
- ✓ Annexes to Intellectual property
- ✓ Current payments and capital movements
- ✓ Competition
- ✓ Subsidies
- ✓ State-owned enterprises, enterprises granted exclusive or special privileges
- ✓ Trade and sustainable development
- ✓ Transparency
- ✓ Small and medium-sized enterprises
- ✓ Dispute Settlement
- ✓ Annexes to the Dispute Settlement



Those published texts are for information purposes only and may undergo further modifications, in particular as a result of the process of legal revision. These texts are therefore without prejudice to the final outcome of the agreement between the EU and Mercosur. The agreement will become binding on the Parties under international law only after each Party completes the internal legal procedures necessary for the entry into force of the Agreement (or its provisional application).

Key elements of the agreement

Some of its most relevant achievements include:

- Removal by Mercosur of import duties on 91% of imports from the EU over a period of 10 to 15 years.
- Gradual removal by the EU of import duties on 92% of imports from Mercosur over a period of up to 10 years.
- The protection of approximately 350 GIs from the EU and 220 GIs from Mercosur.
- The reciprocal opening of public procurement markets.
- An ambitious sanitary and phytosanitary (SPS) chapter complying with the highest standards.
- A chapter dedicated to sustainable development covering issues such as sustainable management and conservation of forests, and respect for labour rights.

Additional information concerning the agreement

For more detailed and updated information regarding the topics covered, the published texts, the benefits the agreement would bring and the development of the process of approval, we recommend to visit the following web page of the [European Commission](#).

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