

EU-MERCOSUR

AGREEMENT

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EU–MERCOSUR: FROM NEGOTIATION TO RATIFICATION, A NEW POLITICAL PHASE

This analysis provides an overview of the current state of the EU–Mercosur Agreement and explains the transition from negotiation to ratification, marking the beginning of a new and politically sensitive phase.

Against this background, attention is first devoted to the institutional dimension, where the recent formal authorisation by the EU Council to proceed with the signature of the agreement signals a renewed momentum at EU level, while at the same time leaving unresolved a series of significant political and legal challenges that are likely to shape the forthcoming ratification process.

The analysis then turns to the legal architecture of the agreement, providing a concise analysis of the two legal instruments that together constitute the agreement: the “Interim Trade Agreement” and the “EU–Mercosur Partnership Agreement”. This section delineates briefly the respective scope and objectives of each instrument and underscores their fundamental distinction, the fact that they are subject to two different ratification procedures.

The following section turns to the issue currently at the centre of the political and institutional debate, namely the potential recourse to provisional application. It focuses on the legal basis enabling the early implementation of trade-related provisions, while also examining the reasons why this option continues to give rise to significant controversy. In this context, particular emphasis is placed on concerns expressed by the European Parliament regarding democratic oversight and institutional balance, as well as on the asymmetric nature of the enforcement mechanisms governing trade obligations as compared with those applicable to sustainability- and climate-related commitments.

The discussion continues considering the positions of Member States and economic stakeholders. It outlines the strong support expressed by export-oriented industries, which anticipate rapid and tangible economic gains, alongside persistent resistance from agricultural producers and a few Member States concerned about potential market disruption, regulatory divergence, and adverse environmental effects.

The final section provides a forward-looking evaluation of where political and institutional attention is expected to concentrate in the coming days and months. It points to the role of the European Parliament, including possible legal initiatives and forthcoming approval decisions, as well as to the choices that may be exercised by the Council regarding provisional application.

Going forward, close attention will be required as developments unfold, given that the forthcoming steps are likely to shape the timing, trajectory and long-term political sustainability of the EU–Mercosur Agreement.

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The Latest Institutional Development

After years of intermittent progress, in early 2026 the EU–Mercosur agreement decisively returned at the top of the European agenda.

The last few days have clarified two things at once: institutional momentum is real, as the European Union has formally paved the way for signature, but the most difficult political challenges now lie in the ratification phase, which could still slow or, for some experts, reshape the path to entry into force.

On 9 January 2026, the EU Council [approved](#) the signature of the EU–Mercosur comprehensive partnership and trade agreement package which includes:

- the [Interim Trade Agreement](#) (“ITA”).
- and the [EU-Mercosur Partnership Agreement](#) (“EMPA”),

Although both are integral components of the same agreement, these two components will follow different institutional procedures. The trade provisions will advance under EU exclusive competence, while the broader Partnership Agreement has been qualified as a mixed agreement.

In practical terms, under Article 218(6) TFEU, both acts must first be approved by the European Parliament but only the EMPA will also be subject to ratification by all Member States.

This “split approach”, as designed by the Commission and endorsed by the Council, was intended to advance the trade agreement, limiting legal and political friction, but it has also fuelled controversy over provisional application, i.e. the possibility of applying trade provisions before full parliamentary approval.

As a result, the process is still far from concluded.

The Interim Trade Agreement

The Interim Trade Agreement is focused on trade and investment liberalisation. It will operate as a separate agreement until the full EMPA comes into force.

Its main goal is to deliver economic benefits as quickly as possible. Indeed, the agreement provides tariff reductions and new market access for a wide range of goods and services. It also includes measures to facilitate investment and to reduce barriers to cross-border trade in services. Furthermore, it includes rules on government procurement which will allow EU companies to take part in public tenders in Mercosur countries.

Under EU law, the Interim Trade Agreement is considered to fall under the European Union’s exclusive competence. Pursuant to Article 218(8) TFEU, this allowed the Council to decide by qualified majority and removed the need for national ratification at this stage. On this legal basis, the Council decision of 9 January formally authorises the signing of the agreement on behalf of the European Union.

Commission President Ursula von der Leyen and European Council President António Costa are already preparing to travel to Paraguay, which currently holds Mercosur’s rotating presidency, to sign the agreement probably within the end of the week.

Then, while the European Parliament cannot amend the text, it must decide whether to approve or reject it. The vote is expected to be finely balanced, with Members of the European Parliament likely to vote more along national lines than according to political affiliation.

However, ahead of the vote, MEPs are expected to decide whether to request a legal opinion from the Court of Justice of the EU on the legality of the split approach and the classification of the Interim Trade Agreement as falling under EU exclusive competence. The [proposal](#), first tabled in November 2025 by 145 MEPs, was temporarily blocked pending clarification of the Council's position. Now, the vote could take place during the next plenary session, starting on 19 January. If approved, the request would likely delay ratification, but it would not necessarily prevent the provisional application of the trade provisions, should the Council decide to proceed.

The EU-Mercosur Partnership Agreement

The EMPA establishes a single framework for political dialogue, cooperation, and sectoral engagement between the parties, including a trade and investment pillar that will apply once the agreement enters into force. It aims to strengthen cooperation in key areas such as sustainable development, climate action, digital transformation, human rights. Lastly, the agreement promotes closer coordination on global challenges and supports the exchange of best practices, while reinforcing coordination in multilateral fora.

As said, the Partnership Agreement qualifies as a mixed agreement under Article 217 TFEU. It means that, after the EU Parliament vote, the broader partnership elements would require also national ratifications in EU member states.

The Provisional Application and the position of the EU Parliament

The most debated topic in recent days surrounding the EU-Mercosur Agreement concerns the possibility of its provisional application.

After the signature in Paraguay, under Art. 218(5) TFEU, the Council may decide to provisionally apply the Interim Trade Agreement even before the European Parliament has expressed its vote on it.

Provisional application would be a turning point because it allows key market-access commitments, such as tariff reductions, to apply before the whole Agreement is formally concluded and fully ratified.

The EU Parliament still retains the right to approve or reject the deal later but many MEPs fear that putting the agreement into practice first and asking for political approval afterward, would weaken democratic scrutiny.

Moreover, it has been argued that provisional application creates an inherent asymmetry. Economic benefits can take effect quickly, for example through the immediate reduction or elimination of tariffs, and these commitments are supported by strong enforcement mechanisms, including binding dispute settlement and the possibility of trade retaliation. By contrast, sustainability and climate-related commitments, such as labour and environmental standards, are subject to weaker enforcement, as they rely on dialogue and expert-based procedures rather than trade sanctions.

For these reasons, in response to the European Commission's proposal, the European Parliament adopted, on 16 December, a position focused on strengthening the rules governing the

implementation of the trade agreement:

- It adopted a position on bilateral safeguard measures aimed at preventing imports from Mercosur countries from causing serious injury to the EU agricultural sector. The approved text allows the EU to temporarily suspend tariff preferences for sensitive agricultural products, notably poultry and beef, originating from Argentina, Brazil, Paraguay and Uruguay.
- The Parliament also tightened safeguard activation conditions by lowering import increase thresholds and significantly shortening investigation timelines, enabling faster intervention in cases of market disruption.
- In addition, it introduced a reciprocity mechanism requiring the Commission to act where credible evidence shows that imports benefiting from tariff preferences do not comply with equivalent EU standards in areas such as environmental protection, animal welfare, food safety or labour conditions. This broadens the legal basis for safeguards beyond purely quantitative market effects.

Finally, on 18 December, Parliament and Council negotiators reached an informal agreement on the main parameters of the safeguard legislation. The provisional compromise clarifies the definition of serious injury, strengthens import- and price-based monitoring thresholds, improves data exchange between Member States and the Commission, and reinforces continuous market surveillance. Although still subject to formal adoption, this agreement aims to significantly increase legal certainty regarding the operation of safeguards once tariff concessions take effect.

However, at the beginning of 2026, the latest Council's decision, which kept the option of provisional application open, once again fuelled scepticism, as it could be used if Parliament delays ratification by requesting a legal opinion from the Court of Justice of the European Union.

In this context, also Commission officials intervened and tried to reassure the lawmakers that there is no intention to circumvent Parliament and that provisional application would not automatically follow the signature in Paraguay, especially given that the Mercosur countries would also require time to ratify the agreement.

In this particularly tense political and interinstitutional climate, attention is currently focused on the European Parliament, to see whether it will decide to refer the matter to the Court, and, if so, on the Council, to assess whether it will actually make use of the option of provisional application.

The position of the Member States and Industries

Positions among EU member states and economic actors remain sharply divided, largely along sectoral and national lines.

Export-oriented industries across manufacturing, chemicals, automotive components, and agri-food processing broadly support the agreement. For these sectors, the EU–Mercosur deal delivers tangible commercial gains by eliminating high tariffs on EU exports (duties that currently reach up to 35% on products such as car parts and alcoholic beverages) and by reducing non-tariff barriers in a fast-growing South American market. From this perspective, the agreement strengthens EU competitiveness and reinforces supply-chain diversification at a time of global economic fragmentation.

On the other hand, opposition remains strong among agricultural producers and several member states with politically influential farming sectors. France has emerged as the most vocal critic, joined by Italy, Ireland, Poland, Austria and Hungary, all of which have raised concerns about the impact of duty-free quotas granted to Argentina and Brazil for beef, poultry and other sensitive products, like rice and sugar. While Mercosur governments argue that these quotas are limited and commercially modest, many European farmers fear being undercut by imports produced with different rules on animal-welfare and environmental standards. These concerns are heightened by the perception that EU farmers face rising compliance costs linked to pesticide restrictions, animal welfare rules and climate policies.

Nonetheless, some experts pointed out that while European farmers failed to block the EU–Mercosur trade agreement, they ultimately emerged politically stronger. The deal moved forward only after Brussels introduced extensive safeguards and tighter import controls. For example, the EU can suspend tariff-free imports if market disruption occurs. The Commission has also pledged enhanced border controls and new rules to prevent the import of products treated with pesticides banned in the EU. It is also important to consider the large budgetary concessions made to the agriculture industry. In the EU's upcoming long-term budget, the Commission announced a €45 billion budget manoeuvre that would enable Member States to allocate greater funds to farmers. Yet, these assurances have not fully softened opposition from farming unions or from green and left-wing political groups, which continue to warn that the agreement risks accelerating deforestation, both in EU and South America, undermining indigenous rights, and weakening environmental protections.

What to expect

In the immediate term, attention will focus on three closely connected institutional milestones.

- First, the signature of the agreement in Paraguay.
- Second, the spotlight will shift to the European Parliament, whose consent is required to move forward the final approval. It also remains to be seen whether the European Parliament will seek a legal opinion from the Court of Justice, a move that could delay the agreement's ratification by several months.
- Third, debate will intensify around the sequencing of implementation, particularly the possibility of provisional application of the trade provisions while waiting for full ratification of the broader Partnership Agreement.

Taken together, these steps suggest that while EU–Mercosur has decisively moved beyond diplomatic stagnation, its future now lays less on negotiation and more on domestic politics and legal strategies.

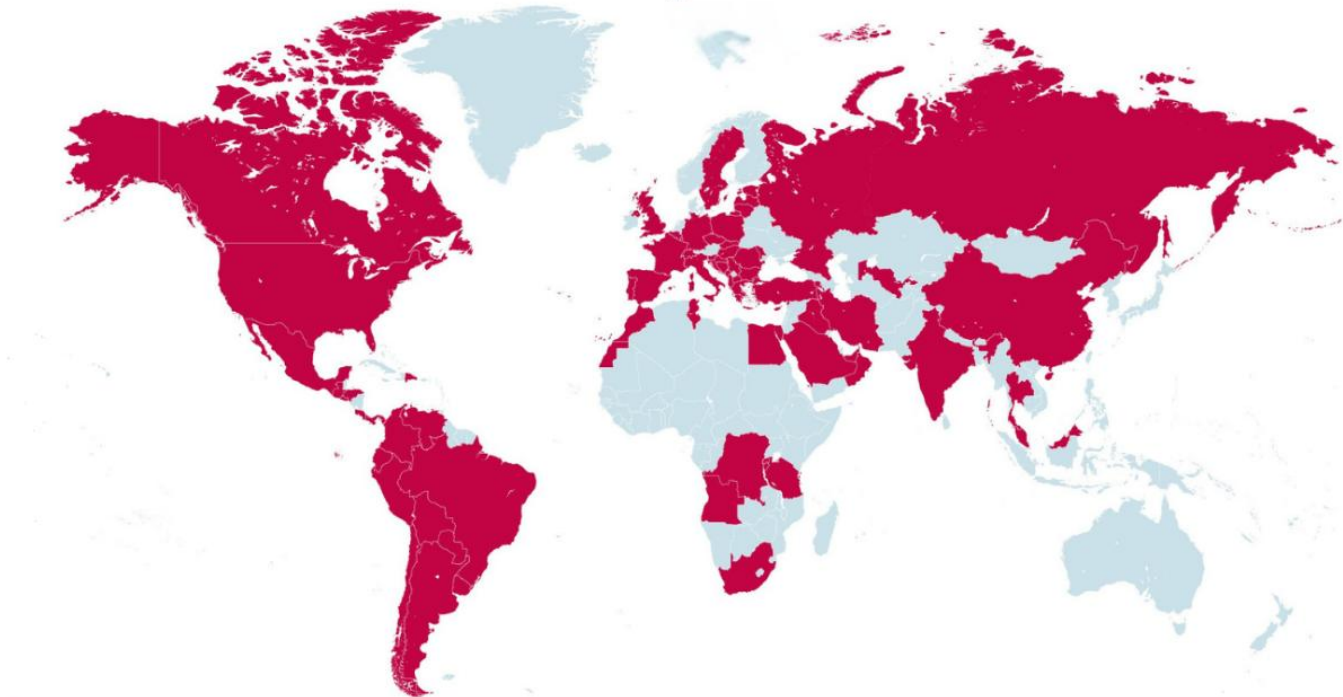
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