Global legal&tax Advisor

EU-Mercosur agreement

03.02.2026

EU-MERCOSUR AGREEMENT

The future of transatlantic business

Contents

Executive Summary

This document provides an update on the status of the EU–Mercosur Association Agreement following the seminar organized by **GA-Alliance – Global Legal and Tax Advisors** together with its partners in South America, held during the webinar on **22 January 2026** entitled ***"The EU–Mercosur Agreement and the Future of Transatlantic Business."***

The webinar event brought together GA Alliance professionals from Europe and Latin America, confirming the Alliance's role as an international platform capable of connecting the two continents and offering an integrated analysis of the main developments in international trade, regulation, and tax strategy. The panel — made up of experts from Italy, Argentina, Brazil, Paraguay, Uruguay, Venezuela, and Colombia — discussed the practical significance of the agreement for European and Latin American businesses, examining commercial, regulatory, and operational implications.

The webinar also highlighted that the agreement, politically concluded after more than 25 years of negotiations, represents far more than a tariff deal: **it introduces new sustainability standards, rules on intellectual property, procurement opportunities**, and a regulatory framework that will reshape the economic axis between the EU and Mercosur. **The gradual elimination of over 90% of customs duties could generate significant benefits for European and Italian exports, estimated at more than €14 billion.**

GA Alliance, leveraging its global presence in over 80 countries and a multidisciplinary team of more than 2,600 professionals, continues to monitor developments in the agreement, offering an integrated perspective on the impacts for economic operators and investors, and translating a complex debate into concrete guidance for international stakeholders.

***

State of the Agreement and Institutional Process

The EU-Mercosur negotiation process began in 2000, following earlier exploratory dialogues and cooperation frameworks dating back to the 1990s. After years of intermittent negotiations, the parties reached a political agreement on 6 December 2024 on a comprehensive Partnership Agreement (EU-Mercosur Partnership Agreement, or “**EMPA**”), covering trade, political dialogue, cooperation and sustainable development.

Subsequently, on 3 September 2025, the European Commission adopted proposals for the Council to authorise the signature and conclusion of two parallel legal instruments: the EMPA and an Interim Trade Agreement (“**iTA**”), designed to allow trade commitments to be applied ahead of the full EMPA’s entry into force.

On 9 January 2026, the Council of the European Union formally adopted the decisions authorising the signature of both the EMPA and the iTA.

The agreements were signed on 17 January 2026 by representatives of the EU and the Mercosur countries (Argentina, Brazil, Paraguay, and Uruguay) in Asunción, Paraguay.

At this stage, the EMPA and the iTA are concluded instruments. However, their entry into force depends on further procedures: the EMPA must be ratified by all EU Member States and Mercosur legislatures, while the iTA will enter into force once the European Parliament gives its consent and the Council concludes it.

Currently, EU ratification of the agreement is suspended pending review by the European Court of Justice following a referral by the European Parliament in January 2026 over questions related to legal competence, the precautionary principle, and the structure of the agreement, a process that may take up to approximately 18-24 months.

Strategic relevance of the agreement for the EU

From the perspective emerging during the seminar, the EU-Mercosur Agreement was presented as a legal, political and institutional instrument with clear geopolitical relevance, capable of reshaping long-term economic leadership through rule-based cooperation.

Beyond trade liberalisation, the agreement was framed as a tool to reinforce the EU’s strategic presence in South America at a time of mounting global fragmentation and intensified competition from China. In an increasingly unstable geopolitical environment, the EU must diversify not only its export markets but also its sources of imports, while establishing solid contractual ties with reliable partners.

The Mercosur region comprises approximately 300 million inhabitants and represents a major trading area. The EU is Mercosur’s second-largest trading partner, while Mercosur is the EU’s tenth-largest trading partner. Historically, the EU remains the largest investor in the region, with European companies operating in Brazil and Argentina for over a century. In 2024, the EU accounted for 16.8% of Mercosur’s total trade. EU exports to Mercosur amounted to €53.3 billion, while Mercosur exports to the EU totalled €57 billion.

Mercosur’s main exports to the EU consisted primarily of agricultural products (42.7%), mineral products (30.5%), and pulp and paper (6.8%), whereas EU exports were dominated by machinery (28.1%), chemicals and pharmaceuticals (25%), and transport equipment (12.1%). In the services sector, in 2023 the EU exported €28.5 billion to Mercosur, while Mercosur exported €13.1 billion to the EU.

The agreement is structured around four main pillars (trade, investment, sustainability and cooperation) and is expected to generate estimated tariff savings of around USD 4 billion per year. The schedule of commitments reflects an asymmetric and gradual approach, with Mercosur granted up to 15 years to dismantle tariffs on around 90% of imports, while the EU would liberalise approximately 93% of imports from Mercosur within 10 years.

Over the long term, the agreement is expected to support industrial production, facilitate access to capital goods, enable accumulation of origin between the two blocs and foster intra-bloc trade, with positive GDP effects projected towards 2040.

Legal, trade and sustainability aspects

Food safety and sanitary and phytosanitary (“**SPS**”) controls are integrated into the agreement’s operational framework.

The EU already imports beef and other products from Mercosur countries, and the agreement maintains existing EU sanitary legislation while intensifying border checks. Only authorised slaughterhouses may export to the EU, subject to 100% documentary controls, supported by a rapid alert system among Member States and bilateral safeguard clauses to prevent sudden import surges or price collapses. The EU has also doubled available crisis funds for the agricultural sector.

Legal certainty is reinforced through references to the precautionary principle and WTO-aligned SPS measures, while the rebalancing mechanism (modeled on GATT framework) provides a structured dispute resolution pathway, allowing a party to request compensation if measures nullify expected benefits. These mechanisms underpin both predictability and enforceability, contributing to the robustness of the agreement.

Sustainability commitments are central, including legally binding obligations to halt deforestation and align with the Paris Agreement, Sustainable Development Goals, and Glasgow Leaders’ Declaration on Forests. The agreement also provides a platform for dialogue on the EU Deforestation Regulation and wider environmental initiatives.

Country perspective and sectorial implications

While the EU-Mercosur agreement sets a common framework, its economic and regulatory impact varies significantly across the member countries, reflecting differences in population size, industrial structure, and trade policies. Understanding these national perspectives is essential to grasp the practical implications of the agreement and the opportunities it creates for trade, investment, and sustainability initiatives.

Paraguay benefits from extensive differentiated treatment designed to bolster its domestic processing and service sectors. The agreement grants an exclusive 10,000-tonne quota for organic sugar at a zero-percent tariff, alongside preferential 5% duties for critical auto part designations. To ensure stability, the framework provides extended timelines for trade defense and sanitary measures, including a two-year extension of the Generalised Scheme of Preferences ("**SGP**") conditions for key exports like corn and yerba mate. By preserving national policy space for public procurement and amplifying service exclusions, the agreement facilitates integrated value chains in biofuels, honey, and oilseeds while fostering a robust market for sustainability certification services.

Argentina is positioned as a relevant dual energy partner for Europe, offering immediate and long-term solutions to the continent's energy needs. In the short term, the country is set to supply natural gas and LNG from the Vaca Muerta formation under stable, long-term contractual arrangements. Looking ahead, the focus shifts to the renewable energy sector and green hydrogen, underpinned by the extraction of critical minerals such as lithium and copper. These initiatives are closely aligned with Europe's decarbonisation agenda and are supported by the "*Global Gateway*" initiative. This framework facilitates technology transfer and attracts European investment into projects that strictly adhere to Environmental, Social, and Governance ("**ESG**") standards.

Brazil, with over 210 million inhabitants, represents most of the Mercosur's population and a leading global agricultural exporter. The agreement is broadly compatible with existing practices among large companies already aligned with EU standards, though smaller firms may need to adjust. Key improvements include the simplification and digitalisation of customs procedures, the mutual recognition of certifications, and a potential reduction of the "custo Brasil." by mitigating the structural and bureaucratic burdens that historically inflate the cost of operations in the country. Additionally, the agreement fosters enhanced competitiveness through interactions with the current VAT reform. The analysis also covered consumer prices and investment decisions across sectors such as machinery, vehicles, fertilisers, and food and beverages.

Conclusions

GA-Alliance's seminar showcased the value of practitioner-led, cross-regional analysis in breaking down the legal and economic complexities of the EU-Mercosur agreement. By providing a bridge between policy and practice, the discussion translated high-level trade objectives into concrete opportunities for the private and public sectors.

- The EU-Mercosur agreement constitutes a strategically significant instrument to reinforce the EU's global competitiveness, diversify trade and supply chains, and secure access to critical resources and energy supplies.

- The agreement establishes robust legal, trade and sustainability mechanisms, including precautionary and SPS measures, rebalancing provisions, and enforceable climate and deforestation commitments.

- Differentiated treatment for specific Mercosur countries, combined with sectoral and investment provisions, supports agribusiness, energy transition, industrial production, and integrated value chains across the region.

- The agreement offers measurable long-term economic benefits, including tariff reductions, market access, investment opportunities, and enhanced cooperation on environmental and sustainability objectives.

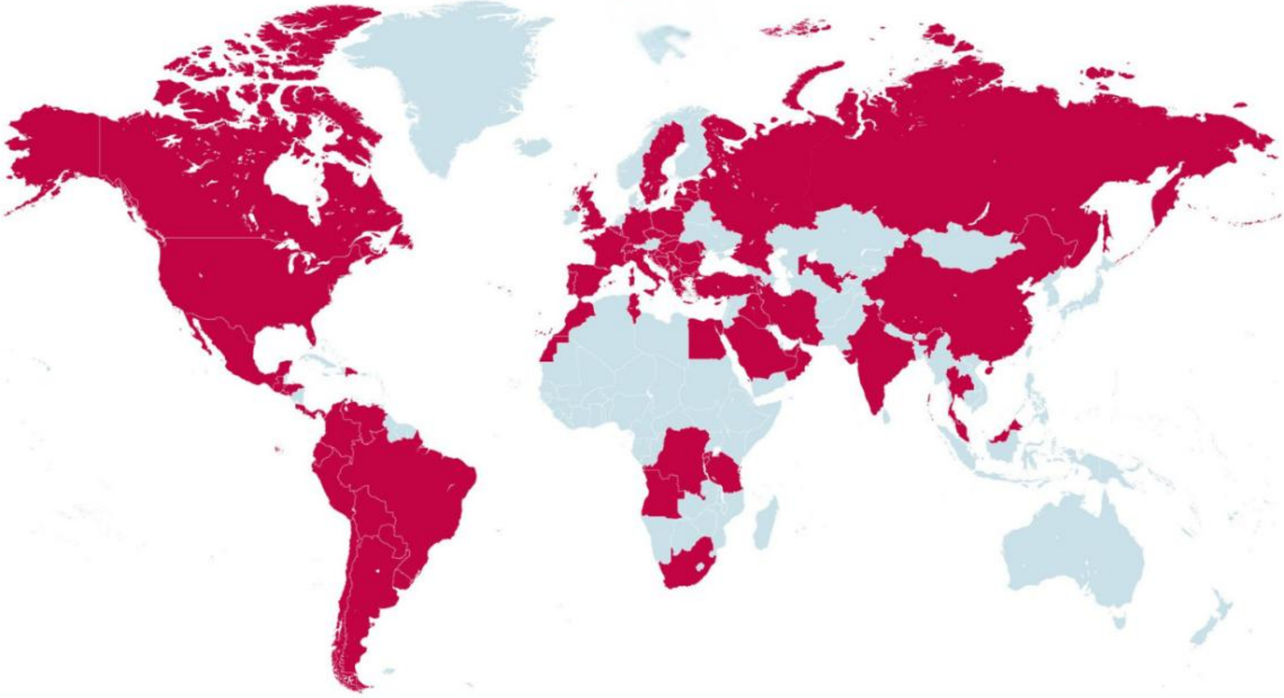
Follow us on LinkedIn

Discover Our Team

[GA-Alliance.eu]

ALLIANCE

Global legal&tax Advisor



Corso Europa, 12
20122 MILAN, Italy
Tel.: +39 02 30309330

Via Pinciana, 25
00198 ROME, Italy
Tel.: +39 06 45206220

Via Alessandro Maria Calefati, 6
70121 BARI, Italy
Tel.: +39 080 8642350

Strada della Repubblica, 57
43121 PARMA, Italy
Tel.: +39 0521 239489

Galleria dei Borromeo, 3
35137 PADUA, Italy
Tel.: +39 049 8775811

Palazzo Farina
Via Sigismondo, 46
47900 RIMINI, Italy

Via della Zecca, 1 40121
BOLOGNA, Italy
Tel.: +39 051 407 3200

Via Posillipo, 9
80123 NAPLES, Italy
Tel.: +39 081 19623100

Via Locatelli, 3
37122 VERONA, Italy
Tel.: +39 045 8097000

Via San Nicolò, 42
31100 TREVISO, Italy
Tel.: +39 0422 1626262

Via Lazzaretto Vecchio, 5
34123 TRIESTE, Italy
Tel.: +39 040 957 0610

Boulevard Charlemagne 23
1000 BRUXELLES, Belgium
Tel.: +32 2 551 1201

48 Gresham Street
LONDON EC2V 7AY, England
Tel.: +44 (0) 207 183 6423

63 Boulevard Malesherbes
75008 PARIS, France
Tel.: +33 (0)6 68 06 03 57

Via Carlo Frasca, 8
6900 LUGANO, Switzerland
Tel.: +41 (0) 91922 24 80

27 West 20th St. - Suite 1004
10011 NEW YORK, USA
Tel.: +1 9293098424

ALBANIA HOXHA, MEMI & HOXHA | ANGOLA FBL ADVOGADOS | ARGENTINA ALLONCA ABOGADOS | ARMENIA LEGELATA LLC BOLIVIA VIVANCO & VIVANCO | BOSNIA AND HERZEGOVINA DIMITRIJEVIĆ & PARTNERI | BRAZIL DRUMMOND ADVISORS BULGARIA DIMITROV, PETROV & CO. | BURUNDI AFRICASE | CANADA LOTZ & COMPANY | CHILE VIVANCO & VIVANCO | CHINA YINGKE LAW FIRM | COLOMBIA MONCADA ABOGADOS | COSTA RICA VIVANCO & VIVANCO | CROATIA BDV LEGAL | CYPRUS DRAKOPOULOS | CZECH REPUBLIC URBAN & HEJDUK | DEMOCRATIC REPUBLIC OF THE CONGO AFRICASE | DOMINICAN REPUBLIC VEGA IMBERT & ASOCIADOS | ECUADOR VIVANCO & VIVANCO | EGYPT ALC ALIELDEAN WESHAHI & PARTNERS | EL SALVADOR MELARA & ASOCIADOS | ESTONIA KLAUBERG BALTICS | GERMANY SLB LAW GREECE DRAKOPOULOS | GUATEMALA GRAZIOSO BONETTO & ASOCIADOS | HONDURAS GUFA LAW | HONG KONG JUSTIN CHOW & DE BEDIN SOLICITORS LLP | HUNGARY COLLEGIUM BITAI & PARTNERS | INDIA SATINDER KAPUR & ASSOCIATES IRAN SABETI & PARTNERS | IRAQ MUAYAD & ASSOCIATES | LATVIA KLAUBERG BALTICS | LITHUANIA KLAUBERG BALTICS LUXEMBOURG BONN & SCHMITT | MALAYSIA GLT LAW | MALTA CAMILLERI CASSAR ADVOCATES | MEXICO MORENO LAW MOLDOVA BEJAN LAW | MONTENEGRO BOJOVIĆ, DRAŠKOVIĆ, POPOVIĆ & PARTNERS | MOROCCO ELAJOUTI AVOCATS NORTH MACEDONIA APOSTOLSKA LEKSANDROVSKI & PARTNERS | OMAN BAITULHIKMA LAWYERS | PAKISTAN AXIS LAW CHAMBERS | PANAMA CARLES ABOGADOS LAW FIRM | PARAGUAY LEGAL CORPY ADVOGADOS & CONSULTORES PERÙ VIVANCO & VIVANCO | POLAND KOPOCZYNSKI LAW FIRM | PORTUGAL VALADAS CORIEL & ASSOCIADOS | ROMANIA HRISTESCU & PARTNERS | RUSSIA LINNIKOV & PARTNERS | RWANDA AFRICASE | SAUDI ARABIA MAK LAW FIRM, MITHAQ LAW FIRM, ALC ALIELDEAN WESHAHI & PARTNERS | SERBIA BOJOVIĆ, DRAŠKOVIĆ, POPOVIĆ & PARTNERS | SLOVAK REPUBLIC VOJČÍK PARTNERS, S.R.O. | SLOVENIA KIRM PERPAR LAW FIRM | SOUTH AFRICA ADAMS & ADAMS | SPAIN CASTELLANA 170, ABOGADOS | SWEDEN SALC | SWITZERLAND STUDIO LEGALE CUGINI - STELVA | TANZANIA AFRICASE THAILAND ILCT | TUNISIA BERJEBLAWYERS | TURKEY BALAY, ERYIĞIT ERTEN LAWYER PARTNERSHIP | UAE SALT & ASSOCIATES | URUGUAY BERGSTEIN | USA GRANATO OFFICE LAW, MELCHIONNA LAW | UZBEKISTAN ABACUS LAW VENEZUELA TRAVIESO EVANS ARRIA & RENGEL