



# Mercosur-EU-FTA close to the finishing line

Trade  
Compliance

Cattwyk Rechtsanwaltsgeellschaft mbH & Co. KG

Hohe Bleichen 8, D-20354 Hamburg  
Rue d'Arlon 25, B-1050 Brussels

Limited Partnership, registered with the commercial register of the Hamburg District Court under HRA 131507 |  
Registered office: Hohe Bleichen 8, D-20354 Hamburg | Personally liable partner: Cattwyk Verwaltungs GmbH,  
HRB 188095 | Represented by the management: Dr. Katja Göcke, Dr. Lothar Harings, Dr. Hartmut Henninger,  
Franziska Kaiser, Marian Niestedt

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On 9 January 2026, the Mercosur-EU-Free Trade Agreement (Mercosur-EU-FTA) was approved by a majority of the member states of the European Union. This brings the agreement close to the finish line. This article provides an overview of the agreement's key aspects and the next steps.

## 1. Context of the Mercosur-EU-FTA

Mercosur (Mercado Común del Sur) is a South American single market, currently comprising Argentina, Brazil, Paraguay, and Uruguay as full members. Since 1999, the European Union and Mercosur have been negotiating a comprehensive association agreement, the economic core of which is a free trade agreement. Although, following the agreement in principle in June 2019, [the outstanding renegotiations were concluded on 6 December 2024](#), it still took over a year for the agreement to be adopted.

In response to significant protests by European farmers, on 17 December 2025, the EU institutions agreed on additional trade defense measures for European agricultural products (see below 2) and postponed the final vote in the Council until early January. On 9 January 2026, the required qualified majority of 65% of member states in the Council voted in favour of the agreement. Poland and France voted against the agreement, while Italy had already expressed its support the previous evening.

The Mercosur-EU-FTA must also be viewed in the context of the EU Deforestation Regulation (EUDR), which, under pressure from the agricultural and forestry sectors in particular, has been simplified and postponed by one year to 30 December 2026. This regulation sets high environmental standards, particularly for agricultural products such as cattle and soy, and also applies to goods produced in Mercosur countries.

## 2. Key content of the Mercosur-EU-FTA

### 2.1. Tariff preferences and quotas

The Mercosur-EU-FTA contains preferential tariff treatment (preferences) for products from the European Union and the Mercosur countries. The European goods benefiting from this treatment come from various sectors: the automotive and machinery industry, textiles, liquor, chocolate and wine, as well as the information and communication technology sector. For certain [sensitive products](#) from Mercosur countries, such as beef, poultry, rice, biodiesel, and ethanol, preferential treatment is implemented through tariff quotas. Only a certain quantity of these products can be imported into the European Union at reduced rates or duty-free. Trade in services is also to be facilitated. The

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implementation of the tariff reductions will apply gradually over different periods depending on the product or service category.

## **2.2. Stability**

The Mercosur-EU-FTA also includes a commitment by all parties to maintain existing tariffs and not to introduce any new ones. Additionally, the parties are committed to establishing common rules for electronic commerce, as well as for sectors such as telecommunications, financial services and postal services. They will retain the right to impose restrictions on services, production and shareholdings in companies.

## **2.3. Sustainability**

The Mercosur-EU-FTA also contains commitments for both sides to cooperate on labor and environmental standards. The agreement includes its own dispute settlement mechanisms in this regard to resolve any differences of opinion.

## **2.4. Bilateral safeguard clauses**

If the effects of the Mercosur-EU-FTA threaten the domestic economy, the agreement provides for bilateral safeguard clauses. In this case, either party may temporarily suspend or reduce tariff preferences. These measures are limited to two years and require a formal investigation, verifiable justification and prior consultation.

## **2.5. Additional trade safeguards for agricultural products**

On [17 December 2025 the Council and Parliament agreed on trade safeguard measures](#) in the context of the Mercosur-EU-FTA and added citrus fruits to the list of sensitive products. The Council adopted the proposed safeguards with minor changes on 9 January 2026. The measures stipulate that tariff preferences for the import of sensitive agricultural products from Mercosur countries may be temporarily suspended if these imports cause damage to European producers. In principle, for damage to be assumed and an investigation initiated, there must be price undercutting of 5%, combined with either a 5% increase in preferential imports over the three-year average or a 5% decrease in import prices. However, on 17 December 2025, the institutions had agreed on 8%. Investigations must be completed within four months, and provisional measures may be taken within 21 days in urgent cases. The Commission will monitor imports of sensitive products continuously and report to Parliament and the Council at least every six months. Monitoring may be extended to other products if the European industry submits a reasoned request. Additionally, by 1 March 2026,

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the Commission will publish technical guidelines to support market surveillance at the national and local levels. Trade defence measures will also enable the Commission to take action against attempts to circumvent protective measures.

### 3. Next steps and outlook

The Mercosur-EU-FTA is now due to be signed in Paraguay, which currently holds the rotating presidency of Mercosur. On 17 January 2026, the President of the European Commission will sign the agreement with the EU's Mercosur partners: Brazil, Paraguay, Argentina and Uruguay. In accordance with Article 218(6)(a)(5) TFEU, the trade part of the agreement must still be confirmed by the European Parliament. The European Union has exclusive competence for this part only under Article 207 TFEU. According to Article 231 TFEU, a simple majority of MEPs is sufficient for this to happen. If approved, the trade section of the Mercosur-EU-FTA will be published in the Official Journal of the European Union and will enter into force. Regarding the bilateral section of the agreement, which provides for safeguard clauses, the approval of the national parliaments is required.

**Dr. Hartmut Henninger**

Lawyer | Managing Director

[h.henninger@cattwyk.com](mailto:h.henninger@cattwyk.com)

**Dr. Julia Hörnig**

Lawyer | Counsel

[j.hoernig@cattwyk.com](mailto:j.hoernig@cattwyk.com)

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