**The upgraded EU-Mercosur agreement – what is new compared to the 2019 agreement**

This document summarises the additional elements of the EU-Mercosur Agreement resulting from negotiations between March 2023 and December 2024. The negotiated outcome improves the deal concluded in 2019, in particular in the area of sustainable development including combating climate change.

The newly negotiated texts, subject to legal scrubbing, are available on the website of DG TRADE.

1. *The Paris Agreement on Climate Change as an essential element*

The inclusion of the Paris Agreement as an essential element of the EU-Mercosur agreement is a key element of the new deal. It will allow the suspension of the agreement if a Party leaves the Paris Agreement and also if it stops being a party "in good faith", i.e. undermines the Paris Agreement from within. This result is, in substance, comparable to the EU-New Zealand or EU-UK agreements and would make the EU-Mercosur agreement only the third EU agreement with such a clause.

2. *New Commitments on Trade and Sustainable Development*

The Trade and Sustainable Development (TSD) Chapter of the 2019 agreement was already on a par with other agreements such as the ones with Japan, Canada and Chile.

A new Annex to the TSD Chapter has been negotiated, which will have the same legally binding nature as the TSD Chapter itself.

A key feature of the Annex are new commitments on deforestation. The Parties commit to take measures to stop further deforestation from 2030. This is the first time that Parties to an agreement subject to dispute settlement take an individual legal commitment to stop deforestation. These commitments are therefore of a more binding nature than political and collective declarations such as the SDG 15 or the Glasgow Declaration.

The Annex also includes additional commitments on:

- Trade and women's empowerment
- Development of sustainable supply chains, including in the energy and green transition fields
- Provisions to promote trade in sustainable products and products that help conserve biodiversity / livelihoods of indigenous peoples
- Reassertion of ILO commitments, with priority to address child labour during implementation
- Cooperation and commitments to support Mercosur countries in facilitation the implementation of the EU Deforestation Regulation

3. *Tariff liberalisation schedule*

*Cars*

For cars with internal combustion engines, nothing changes, as full liberalisation takes place over 15 years including a temporary quota for existing imports with lower tariffs. For electric vehicles, the initial transition period for full, linear liberalisation (15 years) is longer (but only 3 years more), compensated by a new deeper cut at entry into force – from 35 to 25% on day one, which will immediately improve the competitiveness of EU exports.

*Pork*

An additional quota of 1500 tonnes was granted to Paraguay on account of its land-locked developing country status.

*Biodiesel*

An additional quota of 50 000 tonnes was granted to Paraguay on account of its land-locked developing country status.

4. *Cars - safeguards*

For cars, safeguard measures will be subject to a slightly more flexible trigger compared to other goods (determination of injury, instead of 'serious injury'). However, the key element that safeguard measures can be activated if the alleged injury has a direct causal link with a surge on imports remains unchanged. The safeguard measures can be imposed for a maximum of 5 years, instead of 4 years; as to the remedy, the deal ensures that the exports of the average 3 years before introduction of a safeguard measure continue to benefit from preferential rates as per the rates established in the agreement.

5. *Export duties*

Like in 2019, for Argentina, Uruguay and Paraguay, the agreement fully dismantles, or binds at zero, export taxes on all raw materials and on industrial goods. It also reduces export taxes on agricultural goods (Argentina), or eliminate them (Uruguay, Paraguay and Brazil). For industrial goods, Brazil has bound at zero important raw materials needed for the EU diversification (nickel, copper, aluminium, steel raw materials, steel, titanium). For raw materials on which Brazil has maintained policy space to impose export duties, the EU has obtained preferences of at least 50% on any export tax introduced by Brazil in the future and a ceiling of maximum 25%.

6. *Government procurement (GP)*

EU companies are already present on the Mercosur market and the GP Chapter will further facilitate their access. The GP chapter will be a first agreement on government procurement any of the four Mercosur Member States has entered with into a major global player, as none of them is currently a party to the WTO Government Procurement Agreement. The Parties recognize the contribution of transparent, competitive and open tendering to economic development. A series of provisions embody three basic principles: non-discrimination, transparency and fairness. Concerning the market access schedules, compared to 2019, the EU granted to Brazil some flexibilities, but in exchange for additional substantive coverage of sub-federal level public procurement; like Brazil, the EU also excluded the health sector.

Concerning Argentina, the EU agreed to flexibilities of minor extent, and reciprocated on several exclusions in the health sector.

*7. Intellectual property rights, including Geographical Indications*

The negotiation on Geographical Indications (GIs) were concluded in 2023. The ambitious outcome on GIs will significantly improve the situation in Mercosur for EU producers of distinctive food and drink GI products. More than 350 EU GI names of food, wine and spirit products will be protected at a level comparable to that of the EU in Mercosur. Due to the historical and cultural links between our people, products protected by EU GIs are appreciated by consumers in Mercosur and are sold at premium price between 2 and 3 times higher than that of regular products.

Minor amendments were made in the text on copyright. These amendments include the deletion of two footnotes that contained definitions that could be understood as in conflict with similar concepts used in multilateral copyright treaties (e.g., “temporary” and “fixation”). The EU and Mercosur also agreed to make some of the rights granted to broadcasting organisations optional and subject to reciprocity.

*8. Rebalancing mechanism*

Under the newly introduced rebalancing mechanism, if a party considers that a measure of the other party nullifies or substantially impairs its benefits under the agreement, it can ask a panel to rule on this question. Only in case the panel confirms a nullification or substantial impairment could the complaining party take rebalancing measures.

The new rebalancing mechanism is closely modelled on the WTO non-violation complaint system. The rebalancing mechanism does not undermine the parties’ right to regulate; no party could ever be required under this mechanism to withdraw or amend its measures. The rebalancing mechanism only concerns trade effects of measures that the complainant could not have expected when the deal was closed.

*9. Review clause*

The newly introduced review clause will provide a possibility for the parties to negotiate amendments on the elements of their interest. The first review will take place 3 years after the entry into force of the agreement.

*10. Cooperation protocol*

The cooperation protocol reiterates the Parties’ commitment to engage in cooperation partnerships with the chief purpose of facilitating the implementation of the EU-Mercosur Agreement. It will help the Parties to fully take advantage of the possibilities brought about by the agreement and address potential adverse impacts on vulnerable economic sectors and industries.