

Pedro Miguel da Costa e Silva*

Mercosur–EU Agreement: A Singular Case or a Constructed Controversy?

The 2026 Mercosur–EU Agreement marks a significant advance in economic and political cooperation between the two regions, creating one of the world's largest free trade areas. Despite broad support within Mercosur, the agreement remains highly contested in Europe due to concerns over agriculture, environmental protection and regulatory standards. This article examines the origins of this opposition and argues that much of the debate has been shaped by protectionist interests, ideological resistance to trade agreements, and misinformation. It highlights the agreement's expected economic benefits, its sustainability and climate commitments, and evidence of environmental and agricultural progress in Mercosur countries, particularly Brazil. The analysis challenges prevailing narratives about unfair competition and weak standards, advocating for a more balanced and fact-based assessment of the agreement and its potential to strengthen EU–Mercosur relations.

On 17 January 2026, the Partnership Agreement (EMPA) and the Interim Trade Agreement (ITA) between Mercosur and the European Union were signed in Asunción, bringing to a close a negotiating process that lasted far too long. This historic achievement gives both regions new tools to strengthen cooperative ties and to articulate a common response to an international context marked by protectionism and unilateralism in trade. It also reflects a convergence of views regarding free trade agreements as essential policy instruments for promoting sustainable development and strengthening multilateral rules.

However, while there is significant consensus within Mercosur countries and societies regarding the agreement with the EU and its member states, in Europe the picture is completely different. Trade relations with Mercosur, and with its four member states (Argentina, Brazil, Paraguay and Uruguay), especially the trade agreement, are highly controversial issues that divide member states, political

parties, the private sector, NGOs, academia, the media and public opinion as a whole. This phenomenon is unique to Mercosur. No other agreement is the object of so much resistance and scrutiny. No other trading partners of the EU are the object of so much mistrust and so many demands.

How and why did the agreement between Mercosur and the EU become such a contentious issue? How and why was it transformed into a threat to European agriculture? How and why did it become a risk to the protection of the environment? How and why did the four countries of Mercosur become untrustworthy partners that do not comply with EU standards and regulations, and that put the health of European consumers at risk?

The simple answer to these questions is political convenience. It was convenient to have a scapegoat to divert attention from the real causes of problems that have nothing to do with Mercosur. It was convenient to have a lightning rod on which to focus complaints.

A second layer of explanation was an alliance between protectionism and ideology. A significant part of the European agricultural sector simply does not want to compete and treats Mercosur as its adversary and as a bargaining chip to make additional demands for protection or support. Additionally, many of those who say they speak for environmental protection do not like trade agreements in general and cannot accept the idea that an agreement with four agricultural powerhouses that have significant natural biomes can be positive for their agenda. Thus, an unlikely coalition of convenience came together against Mercosur.

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* Ambassador of Brazil to the European Union. This article reflects the author's analysis and opinions and does not necessarily represent the views of the Brazilian government.

Pedro Miguel da Costa e Silva, Brazilian Mission to the European Union, Brussels, Belgium.

A complementary explanation was the poor quality of the debate over the years. The conversation about the agreement with Mercosur was built on empty slogans and disinformation. Few were the voices that had the courage to state the facts or to check the content of the negotiated texts. The public space was occupied by those who were against the agreement and had no interest whatsoever in the truth. Those who were in favour of the agreement preferred to be discreet – especially in order not to offend the agricultural lobby. The result was deepening opposition to the agreement and the consolidation of a narrative that was detached from reality.

The provisional application of the iTA as of 1 May 2026 gives us an opportunity to try to set the record straight, balance out the discussion and start a new phase in the analysis of the agreement. This is important not only because of the future of the agreement, but maybe even more so because of the negative impact of the current situation on the future of EU relations with Mercosur countries. It is important to note that all the unfounded allegations against Argentina, Brazil, Paraguay and Uruguay have consequences for the image and interests of our countries, and resentment against this campaign carried out by some European actors is increasing, with possible negative impacts on EU interests in our bloc.

A change in dynamics becomes even more relevant in light of the decision of the European Parliament to submit the agreement to the Court of Justice. The coming months will be crucial to change the nature and substance of the debate and to prepare for the definitive vote by the MEPs.

The goal of this article is to provide a few elements to generate a new kind of discussion, from a Brazilian perspective. It will address the benefits of the agreement and the narratives that need to be dismantled.

The benefits of the Mercosur–EU Agreement

As is widely known, the agreement encompasses a free trade area of 718 million people and a combined GDP of US \$22.4 trillion. Less well known are some basic facts about Brazil, which help put the potential of the agreement into perspective.

Regarding demography, Brazil's population, estimated at 213 million in 2025, is close to 30% of the population of the entire EU–Mercosur free trade area. Brazil's land mass, at roughly 8.5 million square kilometres is more than double that of the EU. Brazil is one of the ten biggest economies in the world, whether its economy is measured by current exchange rates or the purchasing power parity criterion, and Brazil's GDP falls between the third and the fourth

economies of the EU. Brazil's modern, complex economy has a competitive agricultural sector, extensive mineral resources and a broad industrial base. These assets explain the high inflows of foreign investment (US \$77.7 billion in 2025).

The agreement will generate an increase of GDP, boost exports on and create job on both sides. The social and economic benefits will materialise through tariff reductions, quotas, market access commitments in services and government procurement, and the protection of intellectual property rights. Opportunities will also result from the deepening of integration itself.

The economic and trade sections of the agreement were built upon the blueprint of the WTO and other international agreements to which both the EU and Mercosur are part. There are measures to increase predictability, reduce bureaucracy, facilitate trade and make life easier for economic operators, especially for small and medium enterprises. A common thread that unites most of the text is a commitment to increase dialogue and cooperation. And a fundamental point that needs to be stressed is that, in terms of rules, nothing in the Mercosur–EU Agreement is inferior to other agreements negotiated by the EU, nor outdated. It is difficult to find an agreement as complete and encompassing.

Contrary to the arguments of the opponents of the deal, the Mercosur–EU Agreement will not be born in a vacuum. It will build on historic and extensive trade and economic links between both regions and between individual Mercosur and EU member states. A few numbers will suffice to make this clear. In 2025, the EU was Brazil's second-largest trading partner, with total trade flows reaching US \$100 billion (Ministry of Development, Industry, Trade and Services, n.d.), with a slight surplus of US \$520 million in favour of the EU. The stock of European investment in Mercosur is approximately €388 billion (European Commission, n.d.), and the EU is the largest investor in Brazil (Council of the European Union, n.d.). Currently, around 756,000 jobs in the EU already depend on exports to Mercosur, and more than 30,000 small and medium-sized European enterprises export to the region. Brazil has been the largest supplier of agri-food products to the EU since 2021. Many other numbers and examples could be used, but the important point is that the agreement will only increase, diversify and improve relations that already exist and that have proven to be mutually beneficial. That is why, beyond the anti-Mercosur stance of its current authorities, French firms are quietly investing in Brazil, including in the agriculture and food sector.

Finally, it is fundamental to bear in mind that this is not just a trade agreement. Should parts of the EMPA also

enter into force provisionally, new disciplines and fora will be established to increase our political and cooperation agendas in strategic areas such as human rights, energy, migration, the fight against crime, science, technology and education, among others. Again, the basis for the EMPA are the multilateral agreements and multilateral commitments that both the EU and Mercosur wish to consolidate. Furthermore, both the iTA and the EMPA create a series of institutional mechanisms for dialogue, including with civil society, to support their implementation.

Narratives: Facts versus fiction

On 21 January 2026, the European Parliament approved a motion requesting a resolution to submit the Mercosur–EU Partnership Agreement to an opinion of the Court of Justice of the European Union (CJEU) regarding its compatibility with EU law. The adoption of the resolution has the effect of suspending the legislative examination and vote on both the iTA and the broader EMPA until the Court issues its opinion. The legal arguments underpinning the resolution are a good starting point to question the many incorrect narratives surrounding the agreement.

The first request included in the said resolution concerns the “splitting” of the agreement into the iTA and the EMPA. Such splitting has been used previously by the European Commission in agreements with partners such as Chile and Singapore, both approved by the European Parliament. The matter has also been addressed by the Court itself, in an opinion related to the EU–Singapore Agreement (Court of Justice of the European Union, 2017).

The second request concerns the rebalancing mechanism, which allows for the adoption of compensatory measures or the proportional withdrawal of concessions if one party considers that the balance achieved in the negotiations has been undermined by measures adopted outside the agreement. This mechanism is based on the WTO non-violation mechanism and is also included in the EU–UK Trade and Cooperation Agreement (European Parliamentary Research Service, 2026). It is not only legally compliant, but it makes sense: it recognises that unilateral changes may have economic consequences and provides proportionate instruments for adjustment. It may be used both by the EU and by Mercosur. The notion that it affects the EU’s sovereignty is invalidated by the fact that the agreement applies to both sides.

The third request is the most curious one, since it relates to the precautionary principle that is explicitly provided for in the agreement (Article 21.48) in detail. Notably, the Mercosur–EU Agreement is the only instance in which an

EU partner has agreed, without reservations, to include the precautionary principle within the Trade and Sustainable Development chapter. It is difficult to understand, therefore, why anyone would suggest that the agreement affects the EU’s right to exercise the precautionary principle.

It is clear, therefore, that there are no legal flaws in the agreement. The request by the Parliament will only result in a delay in the legislative examination and vote on both the iTA and the broader EMPA.

The Parliament’s decision to refer the Mercosur–EU Agreement to the Court reflects polarised positions and the challenge of maintaining a balanced dialogue in the broader context of a campaign to call into question the legitimacy and substance of what was negotiated, the effects of the iTA and the EMPA and, most of all, the credibility and the credentials of Mercosur and its four member states.

The political process surrounding the approval of the Mercosur–EU Agreement has been significantly influenced by the spread of narratives that question its legitimacy and benefits. These narratives are primarily focused on alleged risks to the environment and European agriculture, as well as concerns about lack of product quality.

Opposition to the agreement overlooks the ambitious commitments negotiated in the field of trade and sustainable development, including the reaffirmation of all relevant multilateral commitments such as the 2030 Agenda. The inclusion of the Paris Agreement as an essential element of the agreement establishes a legal mechanism that reinforces and incentivises compliance with climate commitments, including the reduction of deforestation, as it provides for the suspension of the agreement in case of non-compliance (European Commission, 2024).

In the new Annex to the Trade and Sustainable Development chapter, Mercosur and the EU agreed on a range of commitments to protect the environment and promote decent work, in line with international conventions such as the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and International Labour Organization conventions.

References to the robust public policies pursued in Brazil over decades in favour of environmental protection and sustainability are practically non-existent in European debates. Brazil placed climate change at the centre of its G20 presidency agenda in 2024 and hosted COP30 in November 2025, where it led by example: the Belém

Package brought together 29 consensus decisions, including advances in just transition, adaptation finance, trade, gender and technology. The Baku–Belém Roadmap established a target of US \$1.3 trillion for climate finance. Brazil was also among the first countries to submit its updated Nationally Determined Contribution in December 2024, committing to reducing emissions by 59%-67% by 2035 and achieving carbon neutrality by 2050.

In 2025, compared to 2022, deforestation decreased by 50% in the Amazon and 32.3% in the Cerrado, avoiding the emission of 733.9 million tonnes of CO₂ equivalent. In the most recent monitoring cycle, from August 2025 to February 2026, deforestation declined further by 33% in the Amazon and 7% in the Cerrado (Ministry of the Environment and Climate Change, 2026). As emphasised by the Brazilian Minister of the Environment and one of the leading activists in protection of the Amazon, Marina Silva: “Deforestation has declined and agribusiness has continued to grow — 525 new markets have been opened to Brazilian agriculture since 2023, with exports reaching US \$169.2 billion in 2025” (Ministry of the Environment and Climate Change, 2026).

Today, natural ecosystems (forests, savannahs, wetlands, grasslands) represent 65% of the Brazilian territory. They occupy an area 30% larger than the entire EU. These ecosystems continue to exist today because of strict environmental laws and robust public institutions. Protected areas now cover 30% of the country’s territory (equivalent to over 250 million hectares or 2.55 million km²). Private landowners are required by law to set aside at least 20% of their land (rising to 80% in the Amazon biome) for forests and other ecosystems. As a result, Brazilian farmers are responsible for stewarding over 200 million hectares of forests and other natural ecosystems. Their efforts often meet or exceed global environmental standards, challenging the notion that their practices are less stringent than those that exist in Europe. According to data from the Brazilian NGO Mapbiomas, 99.04% of rural properties in Brazil showed no signs of deforestation in 2023 (MapBiomas, 2024).

In Brazil, roughly 90% of the electricity output and nearly 50% of the overall energy mix come from a wide variety of clean and renewable sources (Ministério de Minas e Energia, 2025). Comparatively, in the EU only 41% of the electricity generation and 23% of the energy mix come from renewable energy sources. Brazil’s energy supply contributes significantly to the reduction of emissions across production chains, conferring to Brazilian exports a clear advantage when compared with those of European countries whose energy systems are more carbon intensive.

The debate on the sustainability of the Brazilian economy is particularly relevant when examining agribusiness, in view of its presence in the European market. In recent decades, Brazilian agriculture has significantly boosted production, primarily through increases in productivity. Since 1980, overall production has grown by 384%, while the land area used for active agricultural production has expanded by 71%. For many crops, such as coffee and cotton, and also for cattle raising, productivity has increased even as the land dedicated to these activities has decreased. Looking ahead, Brazil’s agricultural output will continue to grow through investments in research and innovation, multi-cropping (harvesting two or three times a year) and the expansion of agroforestry and integrated crop-livestock-for-forestry systems. Additionally, there is potential for 40 million hectares of degraded pastures to be revitalised for crop cultivation. Therefore, the idea that Brazil has no “environmental credentials” and is lagging behind Europe in terms of sustainable development is clearly incorrect.

Claims that agricultural exports from Mercosur countries do not comply with EU quality requirements and will compete unfairly with European agriculture are likewise completely unfounded. Mercosur products are already widely consumed in Europe, and have been in European markets for decades and even centuries. They therefore already comply with all EU laws and regulations.

The agricultural producers of Mercosur also export their products to over 150 countries. They are agricultural powers in the same league as EU member states. It is difficult to believe that of all of the trading partners of the EU, only Argentina, Brazil, Paraguay and Uruguay do not comply with EU standards and need to be the object of tailor-made “mirror clauses”. However, this is exactly one of the mantras being repeated by the European agricultural lobby and its supporters.

Nothing in the agreement affects the right to protect human, animal or plant health, nor impedes the parties’ rights to regulate on these matters. On the contrary, the text provides for permanent coordination structures between the two sides that will ensure greater transparency and predictability. Again, this is a point that is being completely disregarded.

The agreement addresses the sensitivities of European producers by establishing limited quotas for beef, poultry, rice, ethanol and honey, among others. It also provides for quotas to address the sensitivities of Mercosur, in products such as dairy and wines. In the case of the European market, the quotas are very limited and represent a very small share of the EU’s market, sometimes in the realm of 1%-2% of local production. If that were not enough, the

agreement provides for safeguards. It is very difficult to argue that European farmers are going to be drowned in products from Mercosur.

Another fundamental detail that is conveniently forgotten by the critics is that most of what Mercosur exports to Europe in terms of agricultural products is complementary to European production. Approximately 50% of Brazilian agricultural exports to the EU are concentrated in coffee and soybeans. These are commodities that are then processed in Europe, generating value added and profits for European firms.

What is really troubling about all the elements of the narrative against the agreement and against a country like Brazil, but which also applies to the other member states of Mercosur, is the intensity of the disinformation campaign and the double standards being applied. The standards that some want to apply to Mercosur are not applied to any other trading partners. This includes both existing agreements and agreements in negotiation. This is true in terms of the environment, the protection of indigenous populations, workers' rights and the production methods in the agricultural sector. For example, some trade deals underway are not linked to the acceptance of the Paris Agreement, nor to the acceptance of the so-called mirror clauses in agriculture, but no one in Brussels says a word about this.

Finally, opponents of the agreement seem to contend that the EU's rights go beyond those of Mercosur. As this article has clearly shown, that presumption is definitely false, especially in the case of the environment and of agriculture. There is a difference between wishful thinking and numbers and facts. A case in point is CO₂ emissions. The comparison is not flattering to the EU. The same applies to the use of bio inputs in agriculture or fallow land in farms. Other examples abound, but the point that needs to be made is that the EU–Mercosur relationship is not one in which one side teaches and the other one learns. There are learning and cooperation opportunities for both parties.

Final remarks

It is both legitimate and desirable to scrutinise foreign policy decisions, particularly those with far-reaching implications such as trade and partnership agreements. The Mercosur–EU Agreement has been subject to scrutiny in the EU, but the process so far has not been balanced, nor reasonable. The challenge lies in moving beyond entrenched perceptions that do not reflect reality and fostering an open and informed debate. The provisional application of the agreement offers an opportunity to undertake such an exercise.

Many analysts and political actors believe that the provisional application will be sufficient in itself to do away with resistance to the agreement and will guarantee its approval in the European Parliament. The logic behind this optimistic view is that the functioning of the agreement will dispel myths and exaggerations. While the application of the agreement is expected to contribute to dismantling several pieces of misinformation, a more cautious assessment is necessary, as there are no clear indications that this will be the case. Considerable work still appears necessary to ensure a positive outcome in the European Parliament.

It is perfectly clear that many of those who are against the agreement will not change their minds. They have economic, political and ideological agendas that they need to address. But a more reasonable conversation is necessary and more European voices need to speak for the agreement and help do away with all the misconceptions and misperceptions.

At a time when we are reminded every day of the importance of rules and predictability, the Mercosur–EU Agreement makes perfect sense. Trade and investment between the two regions is already substantial and dynamic. The agreement strengthens legal frameworks, enhances coordination mechanisms, and provides a solid institutional basis for managing disputes and deepening cooperation. It is, undoubtedly, preferable to have the agreement than not to have it. We also need trustworthy partners who share values and goals. That is why deepening the historic and human ties that already bind the EU and the four countries of Mercosur also makes perfect sense. In order to move forward, we need a relationship based on mutual trust and respect. It is time for another type of debate concerning the agreement and the Mercosur–EU relations. There is no space for baseless accusations, reductive stereotypes and hubris.

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