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EU Trade Deal Opens Mercosur Market to European Exports

Brussels begins provisional tariff cuts on wine, spirits and other goods in a bloc of more than 700 million people

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The European Union’s interim trade agreement with Mercosur took effect provisionally on May 1, opening the door to lower tariffs on wine, spirits and other key European exports in a market of more than 700 million people, according to the European Commission.

Brussels said the deal will gradually eliminate import duties on more than 91% of goods exported from the European Union to Mercosur, the South American bloc made up of Argentina, Brazil, Paraguay and Uruguay. For the wine and spirits sectors, the

agreement is expected to reduce or remove tariffs that have long made sales in the region more expensive and less predictable for European producers.

The Commission said the first tariff-rate quotas and reductions began on May 1, giving exporters an immediate if partial opening into a region that has been difficult to access because of customs barriers and technical rules. Officials in Brussels said they expect European agri-food exports to Mercosur to rise by 50% over time as a result of the agreement.

The deal also gives legal protection in Mercosur to 344 European geographical indications, including names tied to wines, cheeses, cured meats and other regional foods and drinks. That protection is meant to prevent imitation products from using those names in local markets. For wine producers in particular, the measure could help safeguard labels linked to specific places and production methods.

At the same time, the Commission said sensitive agricultural sectors in the European Union will be shielded through carefully calibrated tariff quotas, a safeguard mechanism described by Brussels as unprecedented, and tighter controls. That balance was central to negotiations, as farm groups in Europe had warned that broader market access could expose them to competition from lower-cost imports.

The provisional application also begins the removal of non-tariff barriers, including technical rules on conformity assessment, labeling and compliance with international standards. The Commission said those changes should make it easier for European companies to operate in Mercosur markets and move goods more quickly across borders.

Public procurement is another part of the agreement now starting to open. European companies will be able to bid for federal and state contracts in Mercosur on equal terms with local competitors, a change that Brussels says could matter for exporters beyond agriculture, including beverage companies looking for distribution, logistics and infrastructure contracts.

The provisional rollout follows a January decision by the Council authorizing the Commission to apply parts of the agreement after the first ratification by a Mercosur country. On Feb. 27, Ursula von der Leyen, the president of the European Commission, said the bloc would move ahead with provisional application.

Von der Leyen called it a historic agreement and said it should deliver immediate benefits for citizens and businesses through lower tariffs and new market opportunities. Maroš Šefčovič, the commissioner for trade and economic security, said the Commission was already reaching out to companies across the bloc, including small and medium-size firms, so they could begin exploring export opportunities under the new rules.

For Europe’s wine industry, which has faced pressure from slowing demand at home and rising competition abroad, the timing matters. Producers from France, Italy, Spain and other exporting countries have been looking for new outlets as they contend with changing consumption patterns and higher costs. Mercosur’s large consumer base offers one such outlet, but success will depend on how quickly companies can navigate local regulations, distribution networks and pricing pressures in each country.