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EU-Mercosur Trade Deal Would Create $129 Billion Market for 700 Million People

European wine producers stand to gain as EU seeks new markets amid U.S. tariff hikes and ongoing farmer concerns

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Christophe Hansen, the European Union’s Commissioner for Agriculture, called on Thursday for a faster process to finalize the trade agreement between the EU and Mercosur. Speaking in São Paulo during a working visit to Brazil, Hansen emphasized

the need to accelerate negotiations so the agreement can be signed soon. The deal, which still requires approval from both the European Parliament and the European Council, would create the world’s largest free trade area, covering more than 700 million people. Last year, trade between the two blocs reached 111 billion euros, or about 129 billion dollars.

Hansen said that signing the agreement by December is possible, but it depends on the internal procedures and speed of the European institutions involved. He stressed the urgency of opening new trade opportunities, especially after the United States increased tariffs on European exports. According to Hansen, many European producers who export to the U.S. are now under pressure, and the EU cannot afford to lose time in securing new markets.

The European wine sector is expected to be one of the main beneficiaries of the agreement. The deal would give European wine producers better access to Mercosur countries, which include Brazil, Argentina, Paraguay, Uruguay, and soon Bolivia. This could help offset losses from reduced access to the U.S. market.

Hansen also addressed concerns from European farmers about increased competition from Mercosur imports. He defended a safeguard mechanism recently proposed by the European Commission. This mechanism would allow the EU to restrict imports from Mercosur if there is a sudden drop in prices for European products. While the Brazilian government has expressed disagreement with this measure, Hansen said it is a necessary condition for the agreement. He explained that these protections are needed to support European farmers and that the safeguard clause should not derail the deal.

Another issue discussed was the EU regulation banning imports of products from deforested areas after 2021. Hansen expressed confidence that Brazil can comply with the new rules before they take effect in December. He said it should be straightforward for Brazil, as a major agricultural exporter, to send products that meet EU standards to Europe and direct other products to less demanding markets.

The EU-Mercosur agreement has been under negotiation for more than two decades. Supporters argue it will boost trade and economic growth on both sides. Critics, especially in Europe, have raised concerns about environmental protection and the

impact on local farmers. The final decision now rests with the European Parliament and Council, which must vote on the agreement before it can enter into force.