



Regulatory News Alerts & Updates

Regulatory Alert: The European Union (EU) and Mercosur Sign Trade Agreement

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Future changes to trade between the European Union (EU) and Mercosur countries

On January 17, 2026, the EU (on behalf of its 27 Member States) and the Mercosur bloc* (Argentina, Brazil, Paraguay, Uruguay) formally signed a Partnership and Trade Agreement, which has been 25 years in the making.

The agreement contains two main parts:

- a set of political commitments to cooperate on issues such as the environment, digitalization and human rights;
- and a trade and investment pillar.

Under the trade part, both sides have agreed to reduce tariffs on a range of goods, increase market access, and streamline customs procedures. Key sectors that stand to benefit include agriculture, automotive, pharmaceuticals, and chemicals. In addition, both sides have agreed to remove barriers to cross-border trade in services, notably for digital and financial services.

If and once it is ratified, the agreement will create one of the world's largest trade zones, encompassing a total of 700 million people.

* Note: Bolivia joined Mercosur in 2024 and may accede to the agreement in the future.

What will happen next?

The Partnership and Trade Agreement will require ratification as per the domestic legal requirements of each bloc and member countries before it can fully enter into force. The EU and Mercosur are expected to commence their respective ratification procedures in the coming months.

In the EU, the agreement requires the approval of the European Parliament (EP) by majority vote before it can be formally concluded by the Member States. Following approval by the EP, the trade pillar of the agreement can be applied on an interim basis until such time that the full agreement has been ratified by each EU country.

In Mercosur, there is no regional or supranational ratification mechanism. Consequently, the agreement must be submitted to each Member State's national congress for review and ratification, in accordance with domestic constitutional and legislative procedures.

At this stage, the ratification process applies only to Mercosur's four founding members - Argentina, Brazil, Paraguay, and Uruguay.

Timeline for implementation:

The timeline for provisional application of the trade agreement and ratification of the full agreement is uncertain at this stage.

Full ratification of the agreement is expected to take several years, if not longer.

Interim application of the trade part could take place in the coming months, subject to approval procedures on both sides.

It is possible that the European Parliament's approval of the agreement will run into trouble, leading to delays, as European farmers and some EU Member States, such as France, remain opposed to it.

Resources:

EU and Mercosur Sign Historic and Ambitious Partnership (press release)

https://ec.europa.eu/commission/presscorner/detail/en/ip_26_113

EU-Mercosur Agreement (factsheet)

https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercousr/eu-mercousr-agreement_en

Questions and Answers on the EU-Mercosur Partnership Agreement (FAQ)

https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_6245