



EUROPEAN FREE TRADE ASSOCIATION

EFTA–MERCOSUR FREE TRADE AGREEMENT

CONCLUSION OF THE EFTA–MERCOSUR FREE TRADE NEGOTIATIONS

Note by the EFTA Secretariat

On 2 July 2025, Member States of the European Free Trade Association (EFTA – Iceland, Liechtenstein, Norway and Switzerland) and MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) concluded negotiations on a comprehensive Free Trade Agreement.

Summary

As a comprehensive and broad-based Free Trade Agreement (FTA), the EFTA–MERCOSUR FTA covers trade in goods and services, investment, intellectual property rights, government procurement, technical barriers to trade, sanitary and phytosanitary measures, competition, trade and sustainable development, and legal and horizontal issues, including dispute settlement.

MERCOSUR is an important trading partner for EFTA, and the FTA will allow EFTA companies to benefit from privileged access to a market of over 270 million consumers. Current EFTA bilateral trade in goods with MERCOSUR totalled EUR 8.3 billion in 2024, with EFTA exports worth EUR 5.26 billion and MERCOSUR imports EUR 3.07 billion. The new FTA will allow EFTA exporters to gain from progressive tariff elimination and ensure a level playing field with their main competitors in this important market. Furthermore, it will increase legal certainty and generally strengthen economic ties between EFTA and MERCOSUR.

Negotiations towards the comprehensive FTA were preceded by a Joint Declaration on Cooperation signed in December 2000, under which an exploratory dialogue with a view to possible future trade negotiations was initiated in March 2015 and concluded in January 2017. Negotiations were then launched, with the first round held in June 2017 in Buenos Aires, Argentina, followed by 14 rounds of negotiations and numerous expert meetings.

Contents of the FTA

The FTA covers the following main subjects:

- Preamble
- Trade in Goods
- Rules of Origin
- Trade Facilitation
- Trade Remedies
- Sanitary and Phytosanitary Measures (SPS)
- Technical Barriers to Trade (TBT)
- Dialogues (Animal Welfare and Other Topics)
- Trade in Services
- Investment/Establishment
- Protection of Intellectual Property (IPR)
- Government Procurement
- Trade and Sustainable Development
- Competition
- Institutional Provisions
- Dispute Settlement

Preamble

The Preamble of the EFTA–MERCOSUR FTA sets out the framework for the trade relations between the EFTA States and MERCOSUR States by reflecting common principles, such as their commitment to democracy, the rule of law, human rights and fundamental freedoms, environmental protection, the combating of corruption, good corporate governance and corporate social responsibility.

Trade in Goods

Industrial goods including fish and other marine products

Upon entry into force of the FTA, the EFTA States will abolish all customs duties on imports of industrial products, including fish and other marine products, originating in MERCOSUR. MERCOSUR will gradually eliminate or reduce customs duties on most industrial products, including fish and other marine products, originating in one of the EFTA States.

The FTA will, over a period of up to 15 years, remove or reduce duties on more than 95% of goods currently exported to MERCOSUR by EFTA companies. For example, MERCOSUR countries will eliminate high duties on industrial products such as:

- Pharmaceuticals (tariff of up to 14%)
- Machinery (tariff of 14 to 20%)
- Chemicals (tariff of up to 18%)
- Fish (tariff of up to 10%)
- Textiles (tariff of up to 35%)
- Car parts (tariff of 14 to 18%)

Agricultural products

The FTA provides for meaningful tariff concessions on agricultural products for products of key export interest.

Among the EFTA States' agricultural exports that will benefit from the FTA through the gradual elimination of duties, through tariff preferences or through tariff rate quotas are products such as cheese, coffee, chocolate, beef and lamb meat, spirits, sweets, energy drinks and wines.

EFTA States will grant tariff preferences, duty-free quotas or full liberalisation for a wide range of key MERCOSUR products, including:

- Coffee and maté
- Beef, poultry and pork
- Ethanol and bioethanol
- Red wine
- Prepared food products such as preserves and bakery goods

For more information, please refer to individual EFTA States' national factsheets.

Rules of Origin

The FTA provides for rules of origin, based on the European model. These provisions allow for extended accumulation with input materials originating in the EU under certain conditions, as well as for the possibility of self-declaration of origin. The FTA preserves the traditional list of insufficient operations that do not confer origin. Accounting segregation may apply to fungible materials, and non-alteration provisions stipulate activities that may be undertaken for originating products in third countries.

The product-specific rules foresee a value-added criterion as an optional rule provided for in most chapters, and the main chemical processes are explicitly regulated.

Trade Facilitation

The FTA contains detailed provisions on trade facilitation that go beyond WTO obligations. They include the simplification of customs procedures, and safeguarding predictability and legal rights for the business environment. The provisions *inter alia* open for advance rulings, and limit the possibility of introducing new fees and charges.

Trade Remedies

In the chapter on WTO trade defence and global safeguards, the Parties reaffirm their rights and obligations under the relevant WTO Agreements in the area of anti-dumping, subsidies and countervailing duties, as well as global safeguard measures. The chapter also establishes transparency requirements, notifications and consultations. In addition, a chapter on bilateral safeguard measures provides for a mechanism to remedy economic injury caused by increases in preferential imports of agricultural or industrial goods as a consequence of liberalising trade under the FTA. The annex to the chapter contains detailed rules on the investigation procedures.

Sanitary and Phytosanitary Measures (SPS)

The SPS chapter reaffirms the Contracting Parties' WTO obligations. It contains provisions with regard to import checks, certificates and the approval of products and establishments, and ensures low-threshold consultation mechanisms.

Furthermore, the chapter reinforces transparency requirements and information exchange to ensure the import and export of safe products only, and provides for faster, detailed and predictable procedures.

The chapter also foresees the possibility to review the chapter in the future with a view to extending treatment granted to the EU to the other Parties.

Technical Barriers to Trade (TBT)

The WTO Agreement on Technical Barriers to Trade is incorporated into the FTA. The chapter includes principles for the elaboration of technical regulations, standards and conformity assessment procedures, and marking and labelling, and provides for a consultation mechanism between the Parties to avoid unnecessary obstacles to trade. It also strengthens technical cooperation and transparency commitments between the Parties.

The chapter foresees additional sector-specific trade facilitation initiatives in the future, including a provision stating that, should the Parties agree to such trade facilitation initiatives regarding technical regulations, standards and conformity assessments with the EU, these arrangements may be extended to each other.

Dialogues on Animal Welfare and Other Topics

The dialogues chapter strengthens bilateral and international cooperation on matters related to animal welfare, maximum residue limits, biotechnology and the fight against antimicrobial resistance.

Trade in Services

The MERCOSUR and EFTA States have negotiated a comprehensive chapter on trade in services. Building on WTO General Agreement on Trade in Services (GATS) practices, the chapter includes disciplines aiming to ensure the sustained competitiveness of EFTA's service suppliers in the MERCOSUR States, and to extend the FTA's benefits to permanent residents. It gives service suppliers from EFTA and MERCOSUR access to each other's markets on terms equal to, or more favourable than, those offered to other trading partners. A wide range of services sectors will benefit from this improved market access, including business services, telecommunications, financial services and transport services. Furthermore, the chapter facilitates the supply of services through the temporary presence of natural persons (mode 4).

Beyond the specific commitments listed by each State, the Parties have included annexes detailing exemptions from most-favoured-nation (MFN) treatment. Common exemptions cover audiovisual services, where the Parties aim to protect cultural identity and promote domestic content, allowing them to uphold policies supporting their local media industries without extending such treatment to all WTO members. These commitments will be reviewed periodically with the aim of further liberalising trade in services between both sides. Further sectoral disciplines are enshrined in dedicated annexes on financial services, telecommunication services and the movement of natural persons, thereby creating predictable rules, enhanced transparency, legal certainty and effective procedures for the supply of services.

Investment

The MERCOSUR and EFTA States have agreed to provide national treatment to each other's respective investors with regard to commercial presence in non-services sectors, including for the acquisition of a company or the establishment of a branch in a partner state. This commitment is implemented through a "positive list" approach, where each Party has listed the economic sectors in which such treatment is guaranteed. The

MERCOSUR and EFTA States have included sectors like agriculture, fishing, mining and quarrying, as well as manufacturing. Within these listed sectors, the Parties have included specific reservations to national treatment, for example in respect of land acquisition or taxation. The investment chapter thus expands opportunities for EFTA and MERCOSUR investors to establish a commercial presence (mode 3) in sectors outside of services. This complements the commitments made in the services chapter regarding the establishment of a commercial presence by service suppliers.

Additionally, the chapter reaffirms the right of each Party to regulate in order to achieve legitimate public policy objectives, such as protecting health, safety, the environment and consumer interests. It further provides for the establishment of focal points for investors' enquiries, and includes provisions on information sharing and cooperation between agencies responsible for investment promotion.

Intellectual Property Rights (IPR)

The chapter on IPR contains the principles of national treatment and MFN. It also includes a review clause focusing on addressing future improvements to the IPR section of the FTA. The provisions on IPR contained in an annex cover, inter alia, copyrights, trademarks, patents, industrial designs, geographical indications (GIs), indications of source, cooperation and enforcement of IPR, including border measures.

Under the FTA, substantive obligations in key international IPR instruments are referenced, notably the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The Parties further undertake to make best efforts to ratify or accede to other specified key IPR agreements.

Under copyright and related rights, the provisions address the authors of works, producers of phonograms and broadcasting organisations in relation to their works, phonograms and broadcasts.

In terms of trademarks, the Parties undertake to use best efforts to accede to or comply with certain key trademark-related agreements. The trademark section further addresses the protection of well-known marks.

Industrial designs are provided with a minimum term of protection of 25 years in the EFTA States and Brazil and 15 years in Argentina, Paraguay and Uruguay.

On patents, TRIPS principles are confirmed and a number of paragraphs addressing procedural and transparency matters are included.

The section on IPR enforcement ensures that intellectual property rights can be adequately enforced, including through the application of provisional and precautionary measures, as well as through civil and criminal remedies.

Liechtenstein and Switzerland and the MERCOSUR States have agreed on lists of individual GIs that will be protected under the FTA. The list includes over 110 Swiss GIs within various product categories such as wine, dairy products, chocolate, meat, watches and cosmetics. Notable GIs such as Gruyère and Sbrinz are included.

Government Procurement

The FTA will open markets on both sides and will provide, in the area of goods and services (including construction services with Argentina, Brazil and Uruguay), secure reciprocal legal access to government procurement markets where public procurement contracts are above specified thresholds. Government entities covered, as well as goods and services, are listed in the FTA. Entities covered by MERCOSUR at federal and central level are central government ministries and other governmental and federal agencies. Brazil has added a number of states to its commitments at sub-central level (entities at state level). The other MERCOSUR countries have also committed to work with their sub-central entities to allow EFTA stakeholders to tender for contracts at those levels.

EFTA, in turn, has granted reciprocal access at the central level and will open its procurement market at sub-central level to the same level as will be granted by MERCOSUR in the future.

The government procurement chapter deals with the procedures to be followed by an entity when procuring, including provisions on national treatment and transparency, and contains a review clause. The chapter is largely based on the revised WTO Government Procurement Agreement but has been adapted in some areas to reflect the Parties' specific interests.

Transitional measures give MERCOSUR countries some time to comply with the rules of the chapter and to adapt to EFTA thresholds. Some exceptions in the implementation of the commitments have also been agreed specifically for Brazil.

Trade and Sustainable Development

The chapter on trade and sustainable development (TSD) is based on the EFTA standard used in recently concluded agreements such as with Chile, Malaysia, Thailand and Ukraine. Additional commitments that have never before been included in an EFTA FTA are set out in a record of understanding.

The Parties recognise that economic development, social development and environmental protection are interdependent. In the TSD chapter, they reaffirm their commitment to multilateral agreements and principles regarding environmental and labour standards, and reaffirm their obligation to effectively implement their respective international obligations in their national laws and regulations. They also commit to uphold levels of protection while recognising the right of each Party to establish its own level of environmental and labour protection.

The chapter contains commitments to promote the objectives of the Decent Work Agenda and, in this respect, to develop and enhance measures for decent working conditions, occupational safety and health, labour inspection and non-discrimination.

The chapter also contains commitments regarding the sustainable management of forests, including in the fight against illegal logging and the promotion of certification schemes and measures for forest restoration. In the record of understanding, the Parties commit to implement measures in accordance with their national laws, regulations, policies and practices to prevent further deforestation, and to enhance efforts to stabilise or increase forest cover, and they recognise the roles of Indigenous Peoples and Local Communities in this regard.

On trade and climate change, the Parties commit to effectively implement the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, and recognise the importance of trade in contributing to the fight against climate change.

The Parties recognise the importance of the conservation and sustainable use of biological diversity, and the role of trade in pursuing these objectives. The commitments in the chapter are complemented by further commitments in the record of understanding, where the Parties, *inter alia*, reiterate their commitment to implementing the Kunming–Montreal Global Biodiversity Framework (KMGBF) of 2022.

In the article on trade and sustainable agriculture and food systems, the Parties agree to promote sustainable agriculture and associated trade and to conduct a dialogue to address related issues. In the record of understanding, the Parties recognise that promoting sustainable agricultural practices includes the non-use of hormonal active growth promoters in meat production, and sustained efforts towards the phase-out of the use of antimicrobial agents as growth promoters for animals.

The chapter also contains a thematic article on trade and sustainable management of fisheries and aquaculture, and lists a number of potential areas for cooperation between

the Parties on TSD. In the record of understanding, the Parties state their intention to implement the provisions of the FTA in a manner that promotes equal opportunities and treatment for women and men in trade and investment policies, and to strengthen their cooperation in this regard.

Furthermore, the chapter includes EFTA's strengthened approach to dispute settlement for TSD provisions. The Parties may request the establishment of a panel of independent experts to help resolve any issues that cannot be resolved through consultation between the Parties. The panel is tasked with issuing a report containing recommendations on how to settle the dispute, which shall be made public.

Competition

In the competition chapter, the Parties recognise that anti-competitive business practices, i.e. agreements and concerted practices between undertakings as well as abuses of a dominant market position, insofar as they may affect trade between the Parties, have the potential to undermine the benefits of liberalisation arising from the FTA. The chapter also contains consultation and cooperation mechanisms.

Institutional Provisions and Dispute Settlement

Under the chapter on institutional provisions, a Joint Committee is established to supervise and administer the FTA and to oversee its further development. The Joint Committee, comprising representatives of each Party, will normally meet every two years. It may modify the annexes and appendices to the FTA or consider and propose amendments, as provided for in the FTA.

The chapter on dispute settlement sets out the rules and procedures applying with respect to the avoidance or settlement of any disputes that may arise between Parties concerning the interpretation or application of the FTA. The chapter is complemented by an annex on Rules of Procedure for the Arbitration Panel, which will be further detailed by the Joint Committee. If a dispute cannot be settled by amicable resolution under the consultation mechanism, the complaining party may request the establishment of an arbitration panel composed of three arbitrators. A Party to the FTA which is not a party to the dispute may participate in the consultation and/or arbitration procedure. Hearings are open to the public and the arbitral award shall be published, unless the parties to the dispute decide otherwise. At any stage of the consultation or arbitration procedure, the parties to the dispute may have recourse to conciliation, goods offices or mediation to find an amicable solution to the dispute.

Entry into force of the FTA is subject to national ratification procedures. It will enter into force on a bilateral basis between those Parties from EFTA and MERCOSUR three months after they have notified ratification.