



INTRODUCTION TO POLITICAL ECONOMY

The EU-Mercosur Trade Agreement

Cordier Loëlia



Contents:



1. Historical and geographical context of the agreement
2. Economic issues: agriculture and industry
3. Criticisms: environmental issues and protectionism
4. The winners and losers of the agreement
5. Conclusion



1) The historical and geographical context of the agreement :

- Mercosur : “Mercado Común del Sur”
-> a South American economic bloc consisting of Argentina, Brazil, Uruguay, and Paraguay
- signed after two decades of negotiations
- represents the largest international deal signed by Mercosur to date

=> The agreement signed in 2019 aims to lower trade barriers between the two blocs, but its ratification is still uncertain.



2) *Economic issues – agriculture and industry :*

agriculture :

-> The countries of Mercosur benefit from cheap labor, fewer regulations, and massive production capacity.

-> the EU -> Common Agricultural Policy (CAP), applies heavy regulations and subsidies

=> The agreement will allow Mercosur to export more agricultural products, such as beef, sugar, and rice, to Europe

Industry :

- New Market to expend : the automotive, chemical, and pharmaceutical sectors

-> This agreement seeks to reduce these barriers and open up South American markets to European products.

=> affect local industries in Mercosur

3) *Criticisms – environmental issues and protectionism :*

Environmental problems :

- the management of the Amazon under President Jair Bolsonaro.

-> ex : the use of dangerous pesticides, genetically modified crops, and hormones

Protectionism and the impact on European agriculture :

- Fear of it threatening their livelihoods.

-> particularly in France, Belgium, and Ireland

-> significantly impact European beef producers

4) *The winners and losers of the agreement*

The winners :

- > Spain and Portugal
- > Germany, particularly its automotive industry
- > Mercosur farmers

The losers :

- > European farmers, especially in France, Ireland, and Belgium
- > Mercosur manufacturers, particularly in industrial sectors

Conclusion



-> raises important economic, environmental, and social questions

-> the ratification of the agreement

-> This agreement highlights the current tensions surrounding global free trade, in a context of rising protectionism and growing concerns about sustainability.

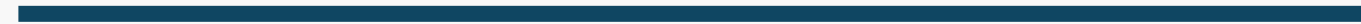




Thank you



Bibliography :



European Commission, visited on March 18, 2025

Available at: <https://ec.europa.eu/trade/policy/countries-and-regions/regions/mercosur/>

BBC News. EU-Mercosur trade deal: What you need to know, March 15, 2025

Available at: <https://www.bbc.com/news/world-europe-48807161>

Smith, John. The EU-Mercosur Agreement: Economic Impacts, The Economist, March 12, 2025

Available at: <https://www.economist.com/europe/2025/03/12/the-eu-mercosur-agreement>

