

The EU-Mercosur trade agreement

Opening up a wealth of opportunities for people in Germany



The EU-Mercosur agreement will:



Scrap **customs tariffs** for German exporters and importers



Create new opportunities for German **farmers** and **agri-food** producers



Protect **distinctive German** food and drink products



Improve access to the Mercosur **services** market to German firms



Enable German firms to bid for more **public contracts** in Mercosur



Help German **small businesses** export more to Mercosur

THE GERMAN ECONOMY RELIES ON TRADE

6.8 million jobs

in Germany rely on export to countries outside the EU.

Over **240.000 jobs** in **Germany**
rely on exports to Mercosur

GERMANY AND MERCOSUR ALREADY HAVE A CLOSE TRADE AND INVESTMENT RELATIONSHIP

10th

Mercosur is Germany's 10th biggest export market
outside the EU

€9.1 billion

Germany's surplus
in trade in goods with Mercosur

€15.4 billion (2018)

German **exports** to Mercosur

€6.3 billion (2018)

German **imports** from Mercosur

12,561

The number of German companies exporting to Mercosur

72%

of these companies are small and medium-sized enterprises



Trade in **goods**

Scrapping customs tariffs on German exports

German goods' exports to Mercosur are worth **€12.8 billion** (2018).

This is just 2.36% of total German exports outside the EU. But there is still vast untapped potential.

The trade agreement with Mercosur will provide significant **savings on customs duties** by progressively eliminating tariffs on 91% of products. This will make German exports more competitive. Virtually all German exports will benefit:



Machinery and electrical equipment

German exports of machinery to Mercosur are worth **€3.8 billion** (2018).

Germany is the EU's largest exporter of machinery and electrical appliances to Mercosur. This category accounts for **33% of all German exports** to Mercosur.

This supports many jobs in a sector that **employs** overall **1.1 million people** in Germany.

To give an example, Germany is the EU's second largest exporter of **dishwashers**. But German exports include also among others:

- pipes and pumps
- boiler turbojets
- electrical transformers
- centrifuges
- engines and parts for engines.

Mercosur's tariffs for such products range between 14% and 20%. With the agreement, they will gradually fall to 0% on most products.



Transport equipment

German exports of cars and transport equipment to Mercosur is worth €2.4 billion (2018).

Germany is the **EU's biggest exporter of cars** and car parts to Mercosur with sales of over €2.1 billion (2018).

The manufacturing of motor vehicles, trailers, semi-trailers and of other transport equipment **employs some 1 million people** in Germany.

Germany also has significant exports of aviation equipment amounting to **€360 million** (annual average 2015-2018).

Tariffs reach today 35% for car exports and 14%-18% for car parts. With the agreement in place, they will be gradually removed for most products.



Chemicals and pharmaceuticals

Mercosur is a major market for German chemical and pharmaceutical exports.

This sectors **employ more than 479.000 people** in Germany.

Mercosur accounts already for over 4% of all German exports outside the EU in this category. Germany is:

- the largest exporter of **chemicals** to Mercosur, with sales of **€2.2 billion** (2018).
- one of the two largest EU exporters of **pharmaceuticals** to Mercosur, with sales of almost **€1 billion** (2018).

Current Mercosur tariffs of around 14% will gradually fall to 0% for most products.



Iron, steel and metal products

Germany is the **EU's biggest exporter of iron, steel and metal products** to Mercosur. Those exports reached €729 million in 2018.

Mercosur tariffs ranging from 12% to 18% will be progressively eliminated.



Plastic and rubber

Germany is the EU's largest exporter to Mercosur of plastics and rubber, with exports of **€783 million** (2018). The manufacturing of rubber and plastic products **employs 434.000 people** in Germany.

Mercosur tariffs for such products range from 14% to 18% and will be progressively eliminated.



Optical, measuring and medical instruments

German exports of such products are worth **€893 million** a year (2018).

Germany is the **largest EU exporter of optical, precision and photographic equipment** to Mercosur.

Companies still pay duties of 14%-18%. This will not be the case anymore once the agreement enters into force.



Food and drink

Creating new opportunities for German farmers and food producers

Currently, food and drink products represent only 5% of the EU's total exports to Mercosur, consisting mostly of high value-added products.

Exports in this sector are low due to tariffs of 27%, 35% or even 55%, as well as other restrictions.

The Mercosur trade agreement will gradually remove tariffs for most products and make EU agri-food exports more competitive.



Prepared foodstuffs

German agri-food exports to Mercosur are worth **€117 million** (2018). Most of them (€101 million) are prepared foodstuffs. Germany is the EU's 4th largest exporter of such products. The EU-Mercosur agreement will open new opportunities for exporters.



Supporting German farmers in case of challenges

A number of important measures will be in place to protect the interests of German farmers and consumers:

1. A support package of up to €1 billion to assist farmers in the event of significant market disturbance.
2. The deal also includes a safeguard clause, which can be used if the EU farming sector is, or is at threat of being, seriously effected by increased imports. This is the first time that such a measure was included in any trade agreement.



Cakes and sweets

German exports to Mercosur also include:

- Pastry and biscuits: €7 million
- Chocolate: €17 million
- Confectionary: €5 million

Until now these exports have faced tariffs of up to 20%. The Mercosur trade agreement will gradually remove those tariffs.



Beer

German exports of beer to Mercosur are worth **€16 million** a year (2018).

Germany is one of the two top EU beer exporters to Mercosur. Tariffs on EU exports are currently 20%. The agreement will create more opportunities for German beer exporters.

3. The EU is a global standards setter and all beef and other food products imported into Germany will have to comply fully with the EU's stringent [food safety](#) standards.

4. A number of [commitments](#) in the agreement will ensure that the Mercosur

countries fulfil their obligations under the Paris Climate Agreement.

For more information click [here](#)



Protecting distinctive German food and drink products

The Mercosur trade agreement also provides a high level of protection from imitation for **26 German food and drink products**. Those so called **geographical indications (GIs)** refer to a specific geographical origin, as well as qualities and reputation related to it.

Germany requested protection for products either already exported to Mercosur, or likely to benefit from the market potential in the future. They include some of the best known German **beers, wines, pork and bakery products**.

These 26 product names will enjoy the same level of protection in the four Mercosur countries as in the EU.

Producers won't be able to sell local or foreign products using the name of European GIs in Mercosur if they do not respect the specific production requirements. For example, they won't be able to:

- market *Nürnberger Lebkuchen* unless it comes from Nürnberg
- use the name *Schwarzwälder Kirschwasser* unless the spirit actually was made in Schwarzwald.

German products protected as Geographical Indications

Product type	GI name	
Cheese	Allgäuer Bergkäse Allgäuer Emmentaler	
Pasta	Schwäbische Maultaschen / Schwäbische Suppenmaultaschen Schwäbische Spätzle / Schwäbische Knöpfle	
Baked goods	Bayerische Breze / Bayerische Brezn / Bayerische Brez'n / Bayerische Brezel Nürnberger Lebkuchen Dresdner Christstollen / Dresdner Stollen/Dresdner Weihnachtsstollen	
Meat products	Nürnberger Bratwürste / Nürnberger Rostbratwürste Schwarzwälder Schinken Holsteiner Katenschinken/ Holsteiner Schinken/ Holsteiner Katenrauchschenken/ Holsteiner Knochenschinken	
Beers	Bayerisches Bier Bremer Bier Tettnanger Hopfen Hopfen aus der Hallertau Münchener Bier	
Wine and spirits	Baden Franken Mittelrhein Mosel Pfalz Rheingau	Rheinhessen Württemberg Schwarzwälder Kirschwasser Steinhäger Korn / Kornbrand Genièvre / Jenever / Genever



Trade in services

Improving access for German service providers

Germany is the **EU's number 1 exporter of services to Mercosur**. German services exports to Mercosur amount to **€3.5 billion** a year (2017).

These include:

- Transport: **€1.8 billion**
- Telecom: **€571 million**
- Business services: **€469 million**
- Maintenance and repair services: **€113 million**

In addition, many commercial services are supplied by German companies established in Mercosur, or vice-versa (not reflected in the above figures).

The agreement will improve access to the Mercosur market in some areas, notably:



It will also bring legal certainty for other EU service suppliers. Mercosur countries have committed to maintain in the future at least the same access they offer to EU companies today.



Public procurement

Enabling German firms to bid for public contracts in Mercosur

This agreement will secure German companies' access to Mercosur's large public procurement market. German companies will have the right to supply goods, services and works tendered out at central and federal level by governments in Mercosur countries on the same terms as local companies (principle of non-discrimination).

In addition, each Mercosur country commits to making its tendering process more transparent, for example by publishing its public tenders on a single procurement website and making

information on procurement legislation publicly available.

This will make it easier for German companies to access public procurement contracts in Mercosur countries.

Each Mercosur country has also agreed to make its tendering process fairer, for example by making sure that challenge procedures are available to bidding companies that have been treated unfairly.



Small companies

Helping Germany's small businesses export more to Mercosur

Small businesses in Germany are export-oriented. They make up **72%** of all German companies exporting outside the EU.

The agreement includes commitments that will make it easier and cheaper for them to export. These include:

- removing tariffs
- simplifying customs procedures
- making it easier to certify the conformity of products with technical requirements
- improving access to information on public procurement tenders.

These commitments will allow smaller German firms to:

- compete more easily with large companies
- participate more fully in supply chains and e-commerce.

in addition, the agreement will put in place:

- coordinators for Small and Medium-Sized Enterprises (SMEs), who will take into account the needs of small businesses as the agreement is implemented
- online databases to make it easier to find information on doing business with and in Mercosur countries.