

The EU-Mercosur Trade Agreement

Opening up a wealth of opportunities for Ireland



The EU-Mercosur trade agreement will



Scrap **customs tariffs** for Irish businesses



Create new opportunities and also present certain challenges for Irish **farmers**



Protect **distinctive Irish** food and drink products



Open up the Mercosur **services** market to Irish firms



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



Help Ireland's **small businesses** export more to Mercosur

Ireland's economy is open to trade

648 000 jobs in Ireland are supported by exports to countries outside the EU

Another 53 000 Irish jobs are linked to exports from other EU countries to countries outside the EU

Over **2300 Irish jobs** rely on exports to Mercosur

Ireland and Mercosur already have a close trading and investment relationship

1bn

Ireland's trade surplus with Mercosur

€1.7bn

What Ireland **exports** to Mercosur

€0.7bn

What Ireland **imports** from Mercosur

269

The **number of Irish companies** exporting to Mercosur



Trade in **goods**

Scrapping customs tariffs on Irish exports

Total Irish goods exports to Mercosur:
€483m(2018)

The Mercosur trade agreement provides for significant **savings on customs duties** by eliminating duties on 91% of all tariff lines. Ireland will therefore benefit from this tariff liberalisation on virtually all of its exports, in particular:



Machinery & electrical equipment

Irish exports to Mercosur: **€111m** (2018)

This sector accounts for over **17,000 jobs** in Ireland.

Exports include exports of computing and office equipment as well as turbojets. This also includes **€62m** (2018) exports of in computer and communication equipment.

This sector faces tariffs of between 14 and 20 % which under the Mercosur trade agreement will be phased out.

These sectors will also benefit from Mercosur's provisions on public procurement.



Chemicals and pharmaceuticals

Irish exports to Mercosur: **€314m** (2018)

This sector accounts for over **26,000 jobs** in Ireland.

The bulk of these exports are pharmaceuticals products representing **€241m** whereas for chemicals exported **€73m** (2018).

The industry faces very high tariffs of around 14 % but these will fall to 0 %.



Optical, measuring and medical instruments

Irish exports totalled **34m** (2018) consisting mainly of medical and orthopaedic appliances.

The manufacturing of computer, electronic and optical products accounts for **over 20,000 jobs** in Ireland.

Mercosur tariffs are 18% which will fall to 0%.



Creating new opportunities for Irish farmers and agri-food producers

The EU has become the world's leading exporter of agricultural products.

Irish food and drink exports totalled €14m in 2018. This sector accounts for over 49,000 jobs in Ireland.

Exports to Mercosur are low in comparison to those to neighbouring and comparable markets, due to prohibitive tariffs on some key products.

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

Products subject to high tariffs include: dairy products (28%), chocolates and confectionary (20%), spirits (up to 35%), champagne (20% in Brazil, 35% in Argentina), other wines (20%).

The agreement will significantly reduce or simply scrap many of the existing high tariffs and restrictions, offering real gains to the Irish agri-food sector.

In a market with over 260 million consumers, the potential for growth in exports is very significant.

Mercosur is a significant **market** for food products such as dairy and whiskey. Exporters of these mostly high-value added exports could benefit significantly from the removal of tariffs.

Among the main products under this category which **Ireland currently exports to Mercosur** we have **milk** infant formula **€7m (2018)** and Irish whiskey and Irish cream **€5m** (in 2018)

Under the new agreement new market openings will be offered for dairy and notably cheese, skimmed milk powder and infant formula thus opening up potential for Irish exports.



Supporting Irish farmers in case of challenges

The agreement provides for a limited amount of beef to be imported from the Mercosur countries at lower tariff rates: up to 99,000 tonnes, which is just over 1 per cent of total EU beef consumption and half of currently existing imports from Mercosur. This quota will not fully apply until 2027. Moreover, the quota will be phased in gradually over six annual instalments.

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

1. A support package of up to €1 billion to assist farmers, including Irish beef farmers, in the event of significant market disturbance.

2. The deal also includes a safeguard clause, which can be used if the EU agri-industry 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 free trade agreement.
3. The EU is a global standards setter and all beef and other food products imported into Ireland will have to comply fully with the EU's stringent food safety standards.
4. A number of environment/climate commitments in the deal will ensure that the Mercosur countries fulfil their obligations under the Paris Climate Agreement.



Protecting distinctive Irish food and drink products

The Mercosur trade agreement also provides a high level of protection for traditional EU food and drink products that hold a **geographical indication (GI)** to show they have a specific geographical origin and possess qualities or enjoy a reputation because of it.

The Irish products that will be protected under the agreement include:

- Irish Cream (Liqueur)
- Irish Whiskey / Uisce Beatha Eireannach / Irish Whisky (Whisky / Whiskey)

In practice this means that the name of these Irish drinks will enjoy a comparable level of protection in Mercosur countries to that in the EU.

Producers in Mercosur won't be able to sell local or foreign products as European GIs if they are not the genuine product. So, for example, they won't be able to market Irish Whiskey unless the spirit was actually made in Ireland in accordance with the GI specific production requirements.

For more information on the agriculture aspects of the deal, visit:
<http://trade.ec.europa.eu/doclib/html/158059.htm>



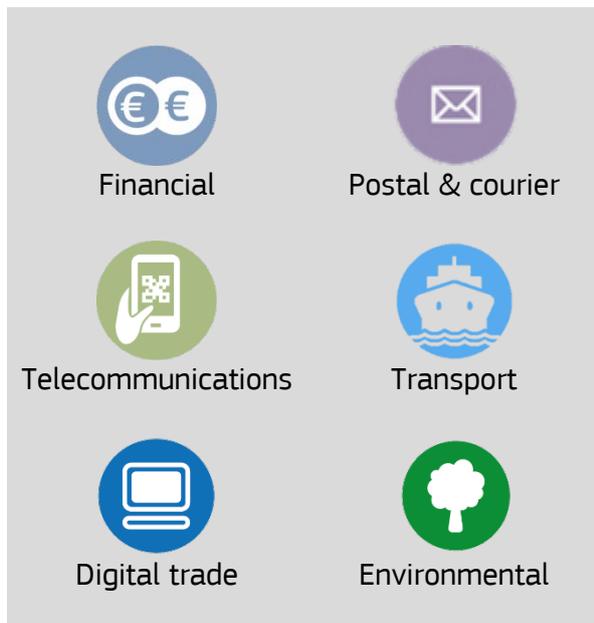
Opening up the Mercosur services market to Irish firms

Irish services exports to Mercosur:
€1.4bn (estimated figures 2017)

Ireland is the **EU's fourth largest exporter of services to Mercosur** of which business services is the bulk. Much services trade takes place on the basis of Irish companies established in Mercosur, or vice-versa (not reflected in the above figures).

The Mercosur deal will further open the Mercosur services market in some areas, notably:

It also brings legal certainty for EU services exporters: Mercosur has locked in its current level of openness towards EU companies.





Public **procurement**

Opening up public contracts in Mercosur to Irish firms

Irish companies will get access to Mercosur's large public procurement market.

This agreement will secure Irish companies' access to Mercosur's large public procurement market. Irish companies will also have the opportunity to bid to supply goods, services and works for tenders issued at central and federal level by Governments in Mercosur countries, on the same terms as local companies.

In addition, each Mercosur country commits to making its tendering process more transparent, for example by publishing the public tenders

covered by the Agreement on a single procurement website and by making information on procurement legislation publicly available.

This will make it easier for Irish 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 challenges procedures available to bidding companies that consider that they have been treated unfairly.



Small **companies**

Helping Ireland's small businesses export more to Mercosur

Small businesses in Ireland are very export oriented and make up **79%** of the total number of Irish exporting companies.

They will be able to take full advantage of the EU–Mercosur trade agreement.

Lower trade barriers, tariff elimination, simplified customs procedures and more compatible technical requirements will all make it easier and cheaper to export. This will allow smaller firms to:

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

Specific provisions reinforce the agreement's benefits for small companies, such as simplifying procedures at Mercosur customs and improved access to information on public procurement tenders.