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THE DYNAMICS BEHIND THE FORMATION OF THE EUROPEAN UNION-MERCOSUR AGREEMENT WITHOUT THE UNITED STATES

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Abstract: The United States protectionist policies have created uncertainty in an increasingly complex international trade landscape, prompting economic actors around the world to seek alternative ways to collaborate. The objective of this study is to examine how U.S. trade policies impact the implementation of the free trade agreement between the European Union and Mercosur, as well as how this agreement could lead to new global trade standards that reduce the dominance of U.S. legislation. Within a normative legal framework, this study employs a qualitative methodology with a descriptive-analytical approach. The sources for this study include international treaty documents, academic journals, books, and relevant reports from international organizations. Research findings indicate that U.S. unilateral policies during the "America First" era, such as tariff hikes, withdrawal from the Paris Agreement in 2025, and discriminatory subsidies through the Inflation Reduction Act, indirectly spurred the conclusion of the EU–Mercosur negotiations, which spanned more than two decades, beginning in 1999 and concluding on January 17, 2026. This agreement has significant normative dimensions in addition to its economic value, as it covers a market of over 780 million people, representing approximately a quarter of global GDP. The agreement establishes new standards in three key areas: environmental sustainability, phytosanitary provisions, and trade transparency. This agreement was concluded without U.S. intervention and could serve as an unofficial international benchmark. It also marks a tangible shift toward a multipolar trade order in which regional blocs will have the capacity to establish normative frameworks independently. Nevertheless, overlapping bilateral agreements may lead to complex regulatory issues, particularly for developing countries. Overall, this study concludes that the EU–Mercosur agreement demonstrates that autonomous and strategic regional blocs can establish global leadership in trade and climate policy.

Keywords: EU–Mercosur Agreement, US Protectionism, Global Trade Order.

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INTRODUCTION

Regional economic integration has become an important mechanism for strengthening international trade cooperation amid growing uncertainty in the global economy. Through regional trade agreements, states seek to reduce tariff and non-tariff barriers, expand market access, facilitate investment, and strengthen economic relations beyond their traditional trading partners. These agreements increasingly extend beyond trade liberalization to regulate environmental protection, technical standards, investment, and sustainable development. Kawabata and Takarada explain that regional trade agreements incorporating regulatory harmonization can influence the development of international trade standards, although their effects on multilateral trade liberalization vary according to the institutional arrangements adopted. [1] Regional economic integration therefore provides not only opportunities for economic cooperation but also a framework through which participating states can establish common regulatory standards.

The development of regional trade cooperation has acquired greater geopolitical significance amid changes in United States trade policy. Protectionist measures, unilateral tariff policies, and industrial subsidies have raised concerns regarding the predictability of international trade relations. These developments became particularly evident during Donald Trump's administrations, which emphasized the protection of domestic industries and the use of tariffs as instruments of trade policy. The United States' tariff measures in 2025 also generated tensions in transatlantic trade relations, leading to negotiations with the European Union and a joint framework on reciprocal trade announced in August 2025. [2] Such developments have encouraged renewed attention to trade diversification and strategic autonomy among major economic actors. However, the influence of United States protectionism on particular regional agreements must be assessed in relation to their respective negotiation histories and the economic interests of the parties involved.

The trade relationship between the European Union (EU) and the Southern Common Market (*Mercado Común del Sur*, Mercosur) provides an important case for examining these developments. Negotiations between the two blocs began in 1999 and continued for more than two decades, reflecting differences in market access priorities, agricultural trade, regulatory standards, and environmental commitments. The negotiations reached a political agreement on

[1] Yasushi Kawabata and Yasuhiro Takarada, "Deep Trade Agreements and Harmonization of Standards," *Southern Economic Journal* 88, no. 1 (2021): 118–143, https://doi.org/10.1002/soej.12500.

[2] European Commission, "Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair and Balanced Trade," August 21, 2025, https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en.

December 6, 2024, involving the EU and four founding Mercosur countries: Argentina, Brazil, Paraguay, and Uruguay. The parties subsequently signed two legally distinct instruments on January 17, 2026: the EU–Mercosur Partnership Agreement (EMPA) and the Interim Trade Agreement (iTA). While the EMPA encompasses political dialogue, cooperation, and trade relations, the iTA contains trade and investment commitments designed to apply before the EMPA enters into force. The iTA has been provisionally applied since May 1, 2026. [3] These developments demonstrate the need to distinguish the political conclusion of negotiations, the signature of international agreements, and their subsequent legal implementation.

The formation of the EU–Mercosur agreements reflects economic and geopolitical considerations that developed independently of the most recent United States trade measures. Nevertheless, the resurgence of protectionism has increased the strategic relevance of interregional cooperation as an instrument for diversifying markets and strengthening external economic relations. A study published by the European Parliament in 2025 identifies the EU–Mercosur agreement as part of a changing geopolitical environment characterized by shifts in United States foreign policy, China's growing international influence, and the strategic interests of European and Latin American countries. [4] These circumstances raise questions about the extent to which United States trade policies have influenced the political significance, finalization, and implementation of the agreements. Distinguishing their long-term negotiating foundations from subsequent geopolitical developments is necessary to avoid attributing the agreements' formation exclusively to United States protectionism.

Beyond their economic significance, the EU–Mercosur agreements also provide an opportunity to examine the development of international trade regulation without direct United States participation. Anu Bradford's concept of the *Brussels Effect* explains how the European Union can extend its regulatory influence beyond its territory through the economic attractiveness of its internal market. [5] Within this framework, the EU's ability to establish regulatory standards does not necessarily depend on formal participation by other major economic powers. The EU–Mercosur agreements address areas such as sustainable development, sanitary and phytosanitary measures, technical barriers to trade, and regulatory cooperation. However, the incorporation of these provisions into an interregional agreement does

[3] Council of the European Union, "EU-Mercosur Agreements Explained," https://www.consilium.europa.eu/en/policies/eu-mercosur-agreements-explained/; European Commission, "EU-Mercosur Agreement," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en.

[4] European Parliament, *Geopolitical Aspects of the EU-Mercosur Agreement* (2025), https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU(2025)754478.

[5] Anu Bradford, *The Brussels Effect: How the European Union Rules the World* (Oxford: Oxford University Press, 2020), https://doi.org/10.1093/oso/9780190088583.001.0001.

not automatically establish universally applicable international standards. Their broader regulatory influence depends on the content of the commitments, their implementation, and the extent to which other economic actors adopt similar rules.

Previous studies have examined the EU–Mercosur relationship from different perspectives. Harrison and Paulini analyze the relationship between trade, environmental protection, and development within the EU–Mercosur framework, identifying limitations in the integration of environmental and developmental objectives into trade agreements.[6] Cesar de Oliveira and colleagues examine the potential consequences of the agreement for environmentally sustainable land-use governance, particularly the challenges associated with agricultural trade and land conversion in Brazil.[7] Oberthür and Dupont investigate the European Union's international climate leadership and the strategic challenges involved in strengthening its influence over global environmental governance.[8] Meanwhile, Bradford explains the mechanisms through which EU regulations can influence global markets, while Kawabata and Takarada demonstrate that regulatory harmonization within regional trade agreements may either facilitate or complicate multilateral standard-setting.[9] These studies provide important perspectives on the economic, environmental, and regulatory dimensions of international trade cooperation.

Although these studies establish a foundation for understanding regional integration and regulatory influence, further examination is needed of the relationship between United States protectionism and the legal development of the EU–Mercosur agreements. In particular, the agreements' political conclusion in December 2024 preceded the United States tariff measures introduced in 2025, making it necessary to distinguish the original motivations for negotiation from later developments affecting their strategic significance. A related issue concerns whether regulatory commitments established through the agreements can influence international trade standards beyond the participating parties. The distinction between binding treaty obligations, regulatory convergence, and the wider international diffusion of standards is particularly important when assessing claims that interregional agreements may reduce United States regulatory influence. This study addresses these issues by examining the legal and

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[6] James Harrison and Sophia Paulini, "Reinventing Trade, Environment and Development Interlinkages: Lessons from the EU–Mercosur Association Agreement," *Journal of International Economic Law* 27, no. 4 (2024): 723–740, https://doi.org/10.1093/jiel/jgae044.

[7] Cesar de Oliveira et al., "The European Union-Mercosur Free Trade Agreement as a Tool for Environmentally Sustainable Land Use Governance," *Environmental Science & Policy* 161 (2024): Article 103875, https://doi.org/10.1016/j.envsci.2024.103875.

[8] Sebastian Oberthür and Claire Dupont, "The European Union's International Climate Leadership: Towards a Grand Climate Strategy?," *Journal of European Public Policy* 28, no. 7 (2021): 1095–1114, https://doi.org/10.1080/13501763.2021.1918218.

[9] Bradford, *The Brussels Effect*; Kawabata and Takarada, "Deep Trade Agreements and Harmonization of Standards," 118–143.

geopolitical relationship between United States trade policy, EU–Mercosur cooperation, and the potential development of international trade standards outside direct United States participation.

Accordingly, this study examines the EU–Mercosur agreements as instruments of interregional economic cooperation within a changing international trade order. The analysis focuses on the development of United States protectionist trade policies, the negotiation and legal status of the EU–Mercosur agreements, and their potential influence on international trade regulation. Particular attention is given to environmental sustainability, sanitary and phytosanitary measures, and trade-related regulatory transparency. This study addresses two research questions: First, how have United States protectionist trade policies influenced the finalization and implementation of the EU–Mercosur agreements? Second, to what extent can the EU–Mercosur agreements contribute to the development of international trade standards independently of direct United States participation and regulatory influence?

METHODS

This study employs normative legal research using treaty-based, conceptual, and policy approaches to examine the relationship between United States protectionist trade policies and the development of the EU–Mercosur agreements. The treaty-based approach analyzes the provisions of the EU–Mercosur Partnership Agreement (EMPA), the Interim Trade Agreement (iTA), and relevant World Trade Organization agreements. The conceptual approach examines protectionism, regional economic integration, strategic autonomy, and the *Brussels Effect*, while the policy approach assesses developments in United States trade policies and their implications for EU–Mercosur cooperation. Primary legal materials include international agreements and official trade policy instruments, supported by scholarly literature and publications from relevant international institutions. These materials are collected through a literature review and examination of official documents and analyzed qualitatively using legal interpretation and comparative analysis. The analysis distinguishes the influence of United States trade policies on the agreements' development from direct causal claims and assesses the extent to which their regulatory provisions may contribute to international trade standards beyond the participating parties.

RESULT DAN DISCUSSION

The Impact of U.S. Policy on the Finalization of the EU–Mercosur Trade Agreement

The European Union–Mercosur trade agreement represents a significant development in interregional economic cooperation amid growing uncertainty in the international trading system. The agreement seeks to expand market access, reduce trade barriers, facilitate investment, and strengthen economic relations between two major regional markets. According to the Council of the European Union, trade in goods between the EU and Mercosur exceeded €111 billion in 2024, comprising approximately €55.2 billion in EU exports and €56 billion in imports. The EU also accounted for nearly 17 percent of Mercosur's total trade in goods that year, making it one of the bloc's principal trading partners.[10] These economic relations provide an important foundation for understanding the agreement's strategic significance. However, its formation cannot be attributed exclusively to recent changes in United States trade policy, given that negotiations had already developed through several stages involving different economic and political circumstances.

Negotiations between the European Union and Mercosur began in 1999, reflecting longstanding efforts to strengthen economic relations between Europe and South America. The negotiating process encountered substantial difficulties, particularly concerning agricultural market access, industrial tariffs, and differences in regulatory priorities. Negotiations stalled in 2004, partly because the parties could not reconcile their expectations regarding agricultural trade liberalization. Subsequent negotiations produced an agreement in principle on the trade component in June 2019, but concerns regarding environmental protection, deforestation, and the implementation of sustainability commitments prevented its immediate finalization. Further negotiations between 2023 and 2024 addressed these issues and culminated in a revised political agreement on December 6, 2024.[11] This chronology indicates that the agreement emerged from a prolonged process of negotiation and compromise rather than from a single external political development.

The prolonged negotiations also reflected competing domestic interests within the participating regions. European agricultural producers expressed concerns regarding increased competition from

[10] Council of the European Union, "EU-Mercosur: Council Greenlights Signature of the Comprehensive Partnership and Trade Agreement," January 9, 2026, https://www.consilium.europa.eu/en/press/press-releases/2026/01/09/eu-mercosur-council-greenlights-signature-of-the-comprehensive-partnership-and-trade-agreement/.

[11] European Commission, "EU-Mercosur Agreement," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement_en; European Parliament, "A Comprehensive Analysis of the Updated Trade Part of the EU-Mercosur Partnership Agreement," 2025, https://www.europarl.europa.eu/thinktank/en/document/EXPO_STU(2025)754477.

Mercosur agricultural products, while Mercosur countries sought improved access to European markets and greater opportunities for industrial and agricultural exports. Environmental organizations also questioned the potential consequences of trade liberalization for deforestation and sustainable land use. Pose-Ferraro's analysis of the negotiation process identifies the interaction between geopolitical incentives, domestic political economy constraints, and environmental contestation as central to understanding the eventual political agreement. The study indicates that stronger geopolitical incentives within the EU from late 2022 contributed to renewed negotiations in 2023–2024, alongside changes in the political opposition surrounding the agreement. [12] These findings demonstrate that geopolitical considerations interacted with existing economic interests and domestic political constraints during the final phase of negotiations.

United States trade policy nevertheless constitutes an important element of the broader geopolitical environment in which the agreement developed. The protectionist orientation of United States trade policy became particularly visible during Donald Trump's first administration, which increasingly employed tariffs and trade restrictions as instruments for protecting domestic industries. The return of this policy orientation in 2025 introduced further uncertainty into international trade relations. On April 2, 2025, President Trump issued Executive Order 14257, establishing additional tariffs on imports under a reciprocal tariff policy intended to address persistent United States trade deficits. The measure initially imposed an additional tariff of 10 percent on imports generally, subject to specified exceptions, while providing for higher country-specific rates on certain trading partners.[13] This development illustrates the increasing reliance on unilateral tariff instruments in United States trade policy and the resulting challenges for the predictability of international commercial relations.

The implications of these measures extended to the United States' economic relations with the European Union. The imposition and negotiation of tariffs created additional uncertainty for European exporters and intensified discussions concerning the future of

[12] Nicolás Pose-Ferraro, "Between Geopolitics and Political Economy: The European Union–Mercosur Negotiation to Form a Trade Agreement," *Journal of Common Market Studies* 64, no. 1 (2026): 248–267, https://doi.org/10.1111/jcms.13743.

[13] Donald J. Trump, Executive Order 14257, "Regulating Imports With a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits," April 2, 2025, https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/.

transatlantic trade cooperation. On August 21, 2025, the United States and the European Union issued a joint statement establishing a framework for reciprocal, fair, and balanced trade. The framework addressed tariff arrangements, market access, and other regulatory issues affecting bilateral economic relations. [14] The necessity of negotiating such arrangements demonstrates the changing conditions under which the EU conducts its external trade policy. However, the continuation of transatlantic negotiations also indicates that diversification of trade partnerships does not necessarily entail the abandonment of economic relations with the United States.

These developments must be considered alongside the chronology of the EU–Mercosur negotiations. Since the revised political agreement was reached on December 6, 2024, the United States tariff measures introduced in April 2025 cannot be regarded as the direct cause of that political agreement. Nevertheless, subsequent protectionist measures may have reinforced the strategic importance of advancing its legal finalization and implementation. In this respect, a distinction must be maintained between the factors that enabled the parties to reach a political compromise and those that subsequently increased the value of implementing their negotiated commitments. The former involved longstanding economic interests, environmental negotiations, and domestic political adjustments, whereas the latter developed within an increasingly uncertain international trade environment.

The relationship between geopolitical uncertainty and trade negotiations has also been examined by Albertoni and Schlegelmilch, who analyze the EU–Mercosur process from their experience in trade diplomacy. They argue that the agreement advanced not because longstanding disagreements had disappeared, but because changing international circumstances increased the political importance of reaching an agreement. Agricultural sensitivities, sustainability concerns, and regulatory differences remained relevant even after the political compromise had been achieved. [15] This perspective is important because it distinguishes the resolution of substantive disagreements from

[14] European Commission, "Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair and Balanced Trade," August 21, 2025, https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en.

[15] Nicolas Albertoni and Rupert Schlegelmilch, "EU–Mercosur: Negotiating and Concluding a Trade Agreement in an Age of Trade Uncertainty," *World Trade Review*, published online June 17, 2026, https://www.cambridge.org/core/journals/world-trade-review/article/eumercosur-negotiating-and-concluding-a-trade-agreement-in-an-age-of-trade-uncertainty/91422D54C8F20526E83D12A0D32425DF.

the political incentives necessary to conclude negotiations. Applied to the influence of United States protectionism, it suggests that external uncertainty may increase the strategic value of existing trade agreements without necessarily determining their substantive content or original negotiating objectives.

For the European Union, strengthening cooperation with Mercosur also forms part of a broader effort to diversify external economic relations and consolidate its position in international trade. Greater access to South American markets offers opportunities for European industrial exports, investment, and commercial cooperation. Conversely, Mercosur countries may benefit from improved access to the European market and more predictable arrangements governing trade and investment. These reciprocal interests provide economic incentives that exist independently of United States trade policy. The EU–Mercosur relationship is therefore better understood as a combination of longstanding commercial interests and evolving geopolitical considerations rather than solely as a response to American protectionism.

The legal development of the agreement further illustrates this distinction. On September 3, 2025, the European Commission submitted proposals for the signature and conclusion of two separate instruments: the EU–Mercosur Partnership Agreement (EMPA) and the Interim Trade Agreement (iTA). On January 9, 2026, the Council of the European Union authorized their signature, which subsequently took place on January 17, 2026. Although these instruments originated from the same negotiating process, they have distinct legal functions. The EMPA establishes a broader framework encompassing political dialogue, cooperation, and trade relations, while the iTA focuses on trade and investment commitments intended to operate before the EMPA enters into force. [16] Their separation enables the parties to pursue the implementation of negotiated trade commitments without requiring the completion of all procedures necessary for the broader partnership agreement.

The distinction between these instruments is particularly important when assessing the effectiveness of the agreement. The iTA falls within the EU's exclusive competence and therefore does not require ratification by each individual EU member state. By contrast, the EMPA requires completion of the applicable ratification procedures before entering fully into force. The iTA has been provisionally applied since May

[16] Council of the European Union, "EU-Mercosur: Council Greenlights Signature of the Comprehensive Partnership and Trade Agreement," January 9, 2026.

1, 2026, allowing certain agreed trade provisions to operate pending the completion of the relevant procedures.[17] From a legal perspective, provisional application must be distinguished from the full entry into force of an international agreement. It allows agreed provisions to be applied under the relevant legal arrangements without necessarily indicating that all requirements for the agreement's definitive entry into force have been completed.

The implementation of the iTA also reflects the continuing importance of managing competing economic interests. In particular, agricultural trade remains a sensitive issue because increased market access may affect domestic producers in participating countries. The European Union has consequently introduced specific safeguard arrangements concerning agricultural imports from Mercosur. These measures provide mechanisms for responding to market disturbances associated with increased imports of sensitive products.[18] The inclusion of safeguard arrangements demonstrates that trade liberalization under the agreement is accompanied by legal mechanisms intended to address potential adverse consequences. Such provisions also indicate that the implementation process involves more than removing tariffs, as it requires institutional procedures to balance market access commitments with the protection of sensitive economic sectors.

In this context, United States protectionism can be understood as one of several external factors influencing the strategic environment surrounding the EU–Mercosur agreements. The uncertainty generated by unilateral tariff measures may strengthen incentives for economic diversification and more predictable interregional trade arrangements. However, the available chronology and literature do not establish that United States trade policy was the sole or decisive cause of the December 2024 political agreement or the subsequent legal procedures. The evidence more directly supports the interpretation that the EU and Mercosur pursued the agreements through a combination of longstanding economic objectives, changing geopolitical incentives, and domestic political compromises. The finalization and provisional implementation of their trade commitments consequently illustrate how regional economic cooperation can acquire additional strategic significance under conditions of international trade uncertainty.

[17] Council of the European Union, "EU-Mercosur Agreements Explained," https://www.consilium.europa.eu/en/policies/eu-mercosur-agreements-explained/.

[18] Council of the European Union, "EU-Mercosur Agreements Explained," section "Safeguards for Agricultural Products."

The EU–Mercosur Agreement Establishes New Global Trade Standards That Sideline U.S. Regulatory Influence

The EU–Mercosur agreements represent an important development in international trade governance because they establish regulatory commitments between two major regional economic blocs without direct United States participation. Beyond reducing tariffs and expanding market access, these agreements address environmental sustainability, sanitary and phytosanitary measures, technical regulations, and transparency in trade administration. Their significance therefore extends beyond the immediate economic benefits enjoyed by the participating parties. The agreements provide an institutional framework through which the European Union and Mercosur can coordinate regulatory practices and promote common approaches to international trade. However, the establishment of regulatory commitments through an interregional agreement must be distinguished from the creation of international standards that bind states beyond the participating parties. The potential influence of EU–Mercosur regulations depends on their substantive provisions, implementation mechanisms, and subsequent adoption by other economic actors.

The potential international influence of these agreements can be examined through Anu Bradford's concept of the *Brussels Effect*. Bradford explains that the European Union can exercise regulatory influence beyond its jurisdiction because businesses seeking access to its large consumer market may adopt European regulatory requirements across their international operations. This process may produce a *de facto Brussels Effect*, whereby private economic actors voluntarily extend compliance with EU standards to markets outside the European Union. A *de jure Brussels Effect* may emerge when foreign governments incorporate similar regulatory requirements into their domestic legal systems. [19] Nevertheless, regulatory influence is not an automatic consequence of market size. Bradford identifies several conditions affecting the externalization of regulations, including the attractiveness of the market, regulatory capacity, stringent standards, and the difficulty of separating production or compliance practices across different jurisdictions. These conditions provide a framework for assessing whether

[19] Anu Bradford, *The Brussels Effect: How the European Union Rules the World* (Oxford: Oxford University Press, 2020), https://doi.org/10.1093/oso/9780190088583.001.0001; Anu Bradford, "Exporting Standards: The Externalization of the EU's Regulatory Power via Markets," *International Review of Law and Economics* 42 (2015): 158–173, https://doi.org/10.1016/j.irle.2014.09.004.

the EU–Mercosur agreements can influence international trade regulation beyond their immediate geographical scope.

The relationship between regional trade agreements and international regulatory harmonization has also been examined by Kawabata and Takarada. Their analysis demonstrates that deep trade agreements may facilitate regulatory convergence, although the implications for wider multilateral harmonization depend on the institutional structure and incentives associated with particular agreements.[20] This distinction is relevant because regional standards do not necessarily develop into universal standards through their repeated application. Regulatory convergence may emerge when states recognize economic benefits from adopting common rules, while regulatory fragmentation may persist when regional arrangements establish competing requirements. In the EU–Mercosur context, the potential international influence of agreed regulatory provisions must therefore be examined in relation to both the legal commitments of the parties and the economic incentives for external actors to follow similar practices.

Environmental sustainability constitutes one of the principal areas in which the EU–Mercosur agreements seek to strengthen regulatory cooperation. Chapter 18 of the Interim Trade Agreement (iTA), concerning Trade and Sustainable Development, establishes commitments relating to climate change, biodiversity, sustainable forest management, and responsible supply chains. Article 18.6(2)(a) requires each party to effectively implement the United Nations Framework Convention on Climate Change and the Paris Agreement. Article 18.6(2)(b) further addresses the contribution of trade to low greenhouse gas emissions and climate-resilient development. Meanwhile, Article 18.8 establishes commitments concerning sustainable forest management, including measures to address deforestation and illegal logging. [21] These provisions demonstrate the incorporation of international environmental commitments into a regional trade framework, thereby connecting the implementation of environmental agreements with the parties' trade relations.

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[20] Yasushi Kawabata and Yasuhiro Takarada, "Deep Trade Agreements and Harmonization of Standards," *Southern Economic Journal* 88, no. 1 (2021): 118–143, https://doi.org/10.1002/soej.12500.

[21] *Interim Agreement on Trade between the European Union and Mercosur* (2026), arts. 18.6 and 18.8. Official text accessible through the European Commission, "EU-Mercosur: Text of the Agreement," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement/text-agreement_en.

The incorporation of environmental commitments into the EU–Mercosur framework does not, however, mean that all market access benefits are automatically conditional upon compliance with every provision of the Paris Agreement. The legal consequences of environmental non-compliance depend on the wording of the relevant provisions and the dispute settlement mechanisms applicable to them. Article 18.15(5) of the iTA excludes disputes arising under the Trade and Sustainable Development chapter from the general dispute settlement mechanism established in Chapter 21. Instead, Articles 18.16 and 18.17 provide a specific procedure involving consultations and an independent panel of experts. This mechanism emphasizes examination, recommendations, and institutional follow-up rather than the ordinary trade remedies associated with the general dispute settlement framework.[22] Consequently, the legal significance of the environmental provisions lies not only in their substantive commitments but also in the procedures available to monitor and address their implementation.

Environmental regulatory influence must also be distinguished from the application of existing European Union legislation. The EU Deforestation Regulation, for example, forms part of the European Union's autonomous regulatory framework rather than a regulatory instrument created by the EU–Mercosur agreements. The agreement does not remove the application of relevant EU environmental requirements to products entering the European market.[23] This distinction is important when assessing the *Brussels Effect*. Mercosur exporters may adjust production and supply-chain practices to comply with European market requirements, but such adjustments do not necessarily result from the agreement itself. The broader diffusion of environmental standards may arise through the interaction between EU domestic regulations, international market incentives, and treaty-based cooperation. Establishing the agreement's independent regulatory influence therefore requires distinguishing obligations created by the agreement from requirements already imposed under EU law.

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[22] *Interim Agreement on Trade between the European Union and Mercosur* (2026), arts. 18.15–18.17; European Commission, "EU-Mercosur Partnership Agreement: Trade and Sustainable Development," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement/factsheet-eu-mercosur-partnership-agreement-trade-and-sustainable-development_en.

[23] European Commission, "EU-Mercosur Partnership Agreement: Trade and Sustainable Development," https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement/factsheet-eu-mercosur-partnership-agreement-trade-and-sustainable-development_en.

Sanitary and phytosanitary measures constitute a second area of regulatory cooperation. Chapter 6 of the iTA addresses the protection of human, animal, and plant life or health while facilitating trade between the parties. Article 6.4 expressly reaffirms the parties' rights and obligations under the World Trade Organization Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). Article 6.6(1) requires exported products to comply with the applicable sanitary and phytosanitary requirements of the importing party.[24] These provisions establish a framework for regulatory cooperation without automatically replacing existing domestic food safety standards. The agreement therefore seeks to facilitate trade through procedures governing sanitary and phytosanitary measures while preserving the parties' authority to maintain applicable protection requirements.

The relationship between the EU–Mercosur sanitary and phytosanitary provisions and the WTO framework is particularly important. The WTO SPS Agreement establishes multilateral disciplines governing measures intended to protect human, animal, and plant life or health, while recognizing the relevance of international standards, scientific evidence, and risk assessment. The EU–Mercosur framework builds upon these disciplines through additional arrangements concerning administrative cooperation, information exchange, and the implementation of applicable requirements. However, these provisions should not be characterized as establishing universally stricter food safety standards than those required by the WTO. Their legal significance lies in the development of bilateral procedures and cooperation mechanisms that operate alongside existing multilateral commitments. Accordingly, any broader regulatory influence must be assessed through the practical implementation of these procedures and their potential adoption in other trade relationships.

Technical barriers to trade provide an additional mechanism for regulatory convergence. Chapter 5 of the iTA regulates technical regulations, standards, and conformity assessment procedures, including cooperation intended to reduce unnecessary obstacles to trade. The agreement establishes procedures for exchanging information and discussing regulatory concerns, while encouraging the use of relevant international standards and conformity assessment arrangements. Article 5.12 provides for technical discussions where a party considers that a proposed or existing technical regulation or

[24] *Interim Agreement on Trade between the European Union and Mercosur* (2026), arts. 6.1, 6.4, and 6.6; World Trade Organization, *Agreement on the Application of Sanitary and Phytosanitary Measures* (1994).

conformity assessment procedure may significantly affect trade.[25] These mechanisms can facilitate regulatory compatibility without requiring complete uniformity between the parties' legal systems. Their broader relevance lies in the possibility that producers and regulatory authorities may increasingly rely on similar technical procedures when engaging in international trade.

Trade transparency constitutes a third important regulatory dimension. Chapter 19 of the iTA establishes provisions concerning the publication, administration, and review of measures affecting trade and investment. Article 19.3 requires the parties to publish measures of general application and provide information concerning their objectives and rationale. Article 19.5 addresses the objective, impartial, and reasonable administration of such measures, while Article 19.6 provides for procedures allowing the review or appeal of relevant administrative decisions. Article 19.7 further encourages good regulatory practices, including regulatory impact assessments and the evaluation of existing measures. [26] These provisions establish procedural expectations regarding the administration of trade-related regulations and may contribute to more predictable commercial relations between the participating parties.

The regulatory significance of transparency provisions differs from that of substantive product or environmental standards. Whereas sanitary and phytosanitary provisions address requirements affecting traded products, transparency obligations concern the procedures through which states formulate, publish, administer, and review regulatory measures. The implementation of these provisions may improve legal certainty for economic actors and facilitate cooperation between regulatory authorities. Their potential influence beyond the EU–Mercosur relationship may arise when similar procedural arrangements are incorporated into subsequent trade agreements. Nevertheless, the inclusion of transparency requirements in an interregional agreement does not automatically transform those requirements into customary international law or universally binding obligations. Their application remains governed by the relevant treaty commitments and the legal relationships established between participating parties.

The possibility of regulatory diffusion also raises questions concerning the relationship between regional trade agreements and

[25] *Interim Agreement on Trade between the European Union and Mercosur* (2026), chap. 5, particularly art. 5.12.

[26] *Interim Agreement on Trade between the European Union and Mercosur* (2026), arts. 19.3, 19.5, 19.6, and 19.7.

the multilateral trading system. Regional agreements can facilitate regulatory cooperation among participating states, but their proliferation may also produce overlapping obligations and divergent administrative requirements. Bhagwati's concept of the *spaghetti bowl* illustrates the difficulties that may arise when preferential trade agreements create complex and overlapping regulatory arrangements.[27] These difficulties can be particularly significant for developing countries that must comply with different rules of origin, technical standards, and administrative procedures across multiple markets. The expansion of EU–Mercosur regulatory practices may therefore promote convergence in certain sectors while contributing to fragmentation in others. The outcome depends on whether the agreed standards are compatible with existing international frameworks and whether other states possess sufficient institutional capacity to adopt them.

The broader geopolitical significance of the EU–Mercosur agreements can be considered within Acharya's conception of a *multiplex world order*, in which international governance involves multiple actors and regional arrangements rather than being organized exclusively around a single dominant power.[28] From this perspective, the capacity of the European Union and Mercosur to negotiate regulatory commitments without United States participation demonstrates a degree of institutional autonomy in international trade cooperation. However, independence from direct United States participation does not necessarily mean that the resulting standards displace American regulatory influence. International trade regulation remains shaped by interactions among major markets, multilateral institutions, domestic legal systems, and private economic actors. The EU–Mercosur agreements consequently illustrate the possibility of alternative channels of regulatory cooperation without establishing that United States influence has been eliminated.

The EU–Mercosur agreements may contribute to the development of international trade standards through three distinguishable mechanisms. First, they establish binding obligations between participating parties within the scope of the applicable treaty provisions. Second, their implementation may encourage economic actors to

[27] Jagdish Bhagwati, *Termites in the Trading System: How Preferential Agreements Undermine Free Trade* (Oxford: Oxford University Press, 2008).
[28] Amitav Acharya, *The End of American World Order*, 2nd ed. (Cambridge: Polity Press, 2018); Amitav Acharya, "A Multiplex World: The Coming World Order," New Lines Institute, 2022, https://anthologies.newlinesinstitute.org/emerging-world-order-after-the-russia-ukraine-war-category/a-multiplex-world-the-coming-world-order/.

adopt compatible regulatory practices in response to market incentives. Third, their provisions may provide models for subsequent bilateral, regional, or multilateral negotiations. These mechanisms involve different legal consequences and should not be treated as interchangeable. In particular, the international diffusion of regulatory practices does not automatically establish their status as universally binding legal norms. The agreement's ability to influence international trade governance therefore depends on the implementation of its substantive commitments, the effectiveness of its institutional mechanisms, and the extent to which its regulatory approaches are adopted beyond the EU–Mercosur relationship.

CONCLUSION

United States protectionist trade policies have increased geopolitical uncertainty and reinforced the strategic significance of economic cooperation between the European Union and Mercosur. However, the EU–Mercosur agreements cannot be attributed exclusively to these policies, as the December 2024 political agreement resulted from prolonged negotiations involving economic interests, domestic political considerations, and environmental commitments. Subsequent United States tariff measures in 2025 strengthened the importance of trade diversification but did not directly cause the earlier political agreement. The signing of the EU–Mercosur Partnership Agreement (EMPA) and the Interim Trade Agreement (iTA) in January 2026, followed by the provisional application of the iTA in May 2026, reflects the continuation of interregional cooperation amid international trade uncertainty. Beyond economic liberalization, these agreements establish regulatory commitments concerning environmental sustainability, sanitary and phytosanitary measures, technical regulations, and trade transparency without direct United States participation. Through regulatory harmonization and mechanisms associated with the *Brussels Effect*, these commitments may influence trade practices beyond the participating parties. Nevertheless, their potential diffusion does not automatically establish universally binding international standards or eliminate United States regulatory influence. The agreements therefore demonstrate the capacity of regional economic blocs to strengthen regulatory cooperation and contribute to international trade governance within an increasingly diversified global economic order.

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