



International Market Access

# Mercosur agreement: A strategic step for ***Swiss competitiveness and resilience***

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## At a glance

- The Federal Council has submitted the dispatch on the EFTA-Mercosur free trade agreement to Parliament. *economiesuisse* is advocating for its swift approval and ratification.
- The agreement strengthens the competitiveness of the Swiss economy, prevents customs disadvantages vis-à-vis the EU and other trading partners and saves around CHF 155 million annually.
- The concessions take account of the needs of agriculture. At the same time, the agreement combines better market opportunities with binding sustainability standards.

The political decision-making phase begins with the referral of the dispatch on the free trade agreement between the EFTA states, including Switzerland, and Mercosur (Brazil, Argentina, Paraguay, Uruguay) to Parliament. In a world full of trade conflicts, geopolitical tensions and fragile supply chains, the following applies more than ever: economic openness is not a risk, it is the best insurance for Switzerland.

The agreement opens doors to a market of around 270 million people and strengthens relations with Brazil, the economic heavyweight of Latin America. For Swiss companies, this means more sales opportunities, broader-based risks and more stable supply chains.

## Level playing field instead of customs penalties

Until now, the Mercosur markets have largely closed themselves off: Swiss exporters currently pay an average customs duty of around 7 percent - in sensitive areas even up to 35 percent. This makes precision technology, machinery and pharmaceutical products unnecessarily expensive. Mercosur has long since ceased to be a sideshow for Switzerland: the countries import Swiss goods worth over CHF 4 billion. Swiss companies employ over 100,000 people locally. Thanks to the agreement, 97.6 percent of Swiss exports receive tariff preferences. This saves around CHF 155 million a year.

Even more important, however, is the competitive aspect: without an agreement, Switzerland risks being put at a disadvantage compared to partners such as India or Israel - and especially compared to the EU. In short: if you want a level playing field, you have to secure it. At the same time, it even gives Switzerland a temporary advantage over the UK and the US.

## More than just tariff reductions: fewer barriers, more opportunities

The agreement reduces technical barriers to trade, facilitates services and investments, strengthens the protection of intellectual property and increases legal certainty. Access to public tenders will also be improved. For SMEs in particular, this means less bureaucracy, more planning security and better market access.

At the same time, the concessions are manageable for Swiss agriculture. The import quotas agreed with Mercosur are small or correspond to current volumes - an import boom is therefore not to be expected. In the event of detrimental increases in imports, protective mechanisms will take effect and Swiss regulations on hygiene and residues will continue to apply without restriction.

Hormones are banned in all Mercosur countries and declaration requirements ensure transparency. Swiss agriculture therefore continues to compete on the basis of quality, animal welfare and traceability and not on the basis of the cheapest price.

## Protecting knowledge, ensuring sustainability

Over 110 Swiss designations of origin - such as "Gruyère" - will receive special protection. At the same time, the agreement commits to implementing the Paris Climate Agreement, protecting forests and biodiversity and complying with basic labor rights. Implementation is monitored and disputes can be resolved in a binding manner. This will protect Swissness and at the same time take far-reaching measures to strengthen sustainability.

## Conclusion: Openness is the key to success

With the Federal Council's dispatch, the ball is now in Parliament's court. Swift approval is in the interests of the economy, jobs and prosperity. The agreement strengthens competitiveness, prevents discrimination and creates new opportunities for growth - with binding sustainability standards.



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