

EU-MERCOSUR Partnership Agreement



ENHANCING TRADE AND INVESTMENT IN CRITICAL RAW MATERIALS

A secure and sustainable supply of critical raw materials is at the core of the green and digital transitions. It is vital for increased EU security and defence capabilities.

While the European Critical Raw Materials Act aims at ensuring a diverse, secure, and sustainable supply of critical raw materials for the EU's industry, still the EU is not self-sufficient in the supply of these materials and will continue to rely on imports.

The EU-Mercosur agreement will be instrumental in securing critical raw material supplies, since Mercosur countries are major producers of many of these materials, and it does so in a safe and sustainable manner.

Country	CRM	World share	EU sourcing share	Use
Brazil	Aluminium/Bauxite	10.4% of extraction	12%	<ul style="list-style-type: none"> Aluminium production
	Natural Graphite	7.5% of extraction	13%	<ul style="list-style-type: none"> Batteries Refractories for steelmaking
	Niobium	88.8% of processing	82%	<ul style="list-style-type: none"> High-strength steel and super alloys for transportation and infrastructure High-tech applications (capacitors, superconducting magnets, etc.)
	Manganese	6.1% of extraction	8%	<ul style="list-style-type: none"> Steel-making Batteries
	Silicon Metal	7.2% of processing	9%	<ul style="list-style-type: none"> Semiconductors Photovoltaics Electronic components Silicones
	Vanadium	4.8% of processing	7%	<ul style="list-style-type: none"> High-strength low alloys
	Tantalum	15.9% of extraction	16%	<ul style="list-style-type: none"> Capacitors for electronic devices Super alloys
Argentina	Lithium	11% of processing	6%	<ul style="list-style-type: none"> Batteries Glass and ceramics Steel and aluminium metallurgy

Source: [Study on the Critical Raw Materials for the EU 2023 - Final Report \(europa.eu\)](#)



A deal with mutual benefits on critical raw materials

Lower EU tariffs on critical raw materials means:

- More exports from Mercosur countries to the EU.
- Cheaper imports = reduced costs = more competitiveness for the EU.

Lower EU tariffs on products made from critical raw materials means:

- Incentive for Mercosur to develop local production of value-added products, in particular as 'tariff escalation' (i.e. higher import tariffs for more processed goods compared to upstream materials) disappears.

More security and predictability of supply chains:

- Diversification of sourcing, enhancing the resilience of supply chains.
- No minimum pricing or other pricing requirements, with higher prices on exports.
- No export taxes as a general principle. Limited exceptions allowed for a limited number of products from one country (Brazil), provided that preferences (lower export taxes) are granted to buyers from the EU compared to non-EU players.
- No export monopolies, which could limit export volumes or set up higher prices.
- No non-automatic import licensing requirements.

More opportunities for investment:

- EU firms will have a right of establishment, and face no discrimination to invest in Mercosur's industries.
- The agreement will facilitate EU investment in the development of local industries to process critical raw materials.



Sustainability at the heart of critical raw materials trade

The EU-Mercosur agreement will ensure one of the highest sustainability standards in critical raw materials trade and investment, through:

- Establishing a dedicated trade and sustainable development chapter.
- Promoting corporate social responsibility standards.
- Helping the dissemination of international instruments for the responsible management of supply chains.
- Maintaining companies' obligations to comply with relevant environmental and labour legislation in the country concerned.

