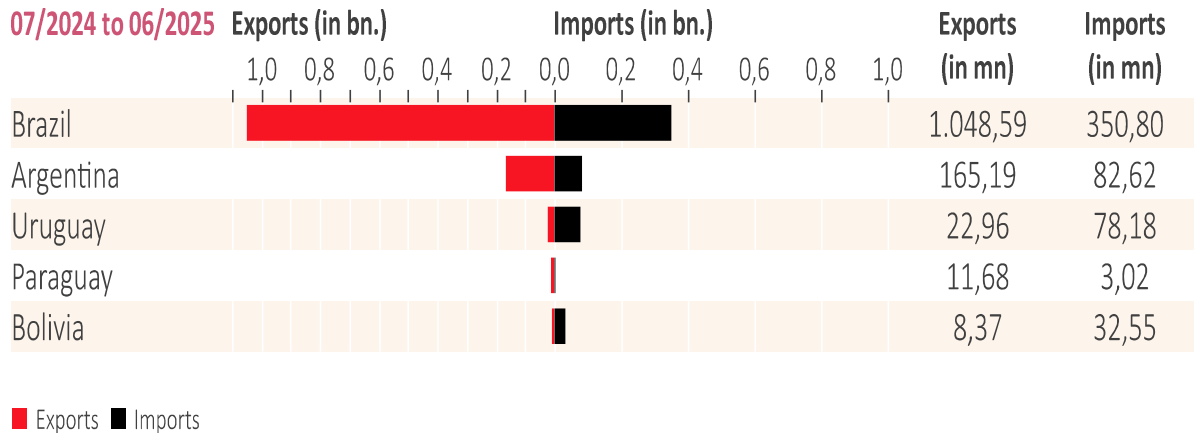




# **Impact of the EU-Mercosur Agreement on Austria's economy**

**September 2025**

## Austrian trade of goods with MERCOSUR



UniCredit, Statistic Austria

## Overview

### A TRADE AGREEMENT OF GLOBAL SIGNIFICANCE

- On 3 September 2025, the European Commission initiated the ratification process of the free trade agreement with the Mercosur states, which has been negotiated for decades. This agreement covers around 770 million people, making it one of the largest trade agreements in the world. The aim is to achieve far-reaching liberalisation of trade in goods and services by reducing tariff and non-tariff barriers to trade. Mercosur consists of the founding members Brazil, Argentina, Uruguay and Paraguay. Bolivia has also recently become a full member.
- In 2024, the European Union's trade volume with the Mercosur states totalled 111 billion euros (exports: 55.2 billion, imports: 56 billion). Austria recorded a significant trade surplus with exports worth 1.3 billion euros and imports of 580 million euros. While machinery and pharmaceutical products are mainly exported at the European level, raw materials and foodstuffs dominate imports from South America.
- For Austria's export-dependent industry, the agreement holds considerable potential. According to estimates by the EU Commission, exports of goods and services to Mercosur could increase by 40 percent. This would mean additional added value of around 300 million euros and 2,000 new jobs for Austrian industry. The two industrial regions of Upper Austria and Styria would benefit most from the signing of the agreement.

## AUSTRIA: OPPORTUNITIES FOR AN EXPORT-ORIENTED ECONOMY

Due to the customs disputes with the USA, free trade agreements with other countries are becoming increasingly important for the European Union. Thus, the dissenting voices against the Mercosur agreement in Austria are becoming quieter and quieter and the number of supporters is increasing.

The planned free trade agreement between the EU and the Mercosur states aims to reduce trade barriers and facilitate market access for goods and services. It affects around 770 million people and represents one of the largest trade agreements in the world. For Austria as an export-oriented economy, the agreement brings both opportunities and challenges, although the positive effects should outweigh the negative effects. A positive effect of the agreement will be that access to new markets for Austrian companies will be facilitated, which should increase export opportunities for Austrian industry such as mechanical engineering, pharmaceuticals and vehicles. Furthermore, the largely abolition of customs duties on industrial products will lower the prices of Austrian goods and thus increase the competitiveness of Austrian companies.

Agriculture could face challenges, which could be put under pressure due to cheap meat imports from South America. There are also fears that different production and environmental protection standards could put Austrian companies at a competitive disadvantage compared to South American producers.

### Austria: Trade of goods with Mercosur

12 month rolling, May 2025

| EXPORTS              | YoY% | 06/24-05/25<br>(€mn) | EUR, million | 06/24-05/25<br>(€mn) | YoY% | IMPORTS         |
|----------------------|------|----------------------|--------------|----------------------|------|-----------------|
| Machinery            | -21% | 245                  |              | 83                   | 12%  | Pulp of wood    |
| Pharmaceutical       | -12% | 216                  |              | 52                   | 13%  | Meat            |
| Beverages            | 29%  | 167                  |              | 41                   | 7%   | Vegetables      |
| Electrical Machinery | -19% | 75                   |              | 35                   | 4%   | Fruits and nuts |
| Optical              | -6%  | 71                   |              | 34                   | 94%  | Ores            |

■ Exports: 06/24-05/25 ■ Exports: 06/23-05/24 ■ Imports: 06/24-05/25 ■ Imports: 06/23-05/24

Source: UniCredit, Statistic Austria

Austrian exports to the Mercosur states are mainly concentrated on machinery, pharmaceutical products and beverages. However, between June 2024 and May 2025, there was a noticeable decline in exports in the mechanical engineering and pharmaceutical sectors compared to the same period last year. On the import side, on the other hand, there was a significant increase in some cases. Raw materials and foodstuffs in particular are the main import goods from South America.

## INDUSTRIAL REGIONS AS WINNERS

Export flows to Mercosur are unevenly distributed regionally. Almost half of all Austrian goods exports to the Mercosur countries in 2024 will be accounted for by the industrial regions of Upper Austria and Styria, where mechanical engineering, steel and pharmaceuticals dominate. However, in both regions, with a volume of 366 million euros and 214 million euros respectively, they accounted for only 0.76 percent of the state's

total exports. Salzburg occupies a special position due to its beverage industry. Vienna benefits above all from pharmaceutical exports. For Vorarlberg, Carinthia and Burgenland, trade with Mercosur has so far been of little economic relevance.

Of the total Austrian imports of goods from the Mercosur countries in 2024, two-thirds went to Upper Austria, Styria and Lower Austria. The majority of imports come from the raw materials and food sector.

### 2024: Regional exports to the Mercosur countries

|               | Volumen 0 | Share * in % of GDP |
|---------------|-----------|---------------------|
| Upper Austria | 366 mn    | 0,76 % 0,44 %       |
| Styria        | 214 mn    | 0,76 % 0,34 %       |
| Salzburg      | 176 mn    | 1,34 % 0,48 %       |
| Vienna        | 171 mn    | 0,55 % 0,14 %       |
| Lower Austria | 163 mn    | 0,57 % 0,22 %       |
| Tyrol         | 104 mn    | 0,62 % 0,24 %       |
| Vorarlberg    | 53 mn     | 0,40 % 0,23 %       |
| Carinthia     | 37 mn     | 0,40 % 0,14 %       |
| Burgenland    | 6 mn      | 0,22 % 0,05 %       |

\* Share of total exports of the Federal State

Source: UniCredit, Statistic Austria

### 2024: Regional imports from the Mercosur countries

|               | Volume 0 | Share * in % of GDP |
|---------------|----------|---------------------|
| Upper Austria | 166 mn   | 0,46 % 0,20 %       |
| Styria        | 118 mn   | 0,56 % 0,19 %       |
| Lower Austria | 103 mn   | 0,31 % 0,14 %       |
| Vienna        | 61 mn    | 0,13 % 0,05 %       |
| Carinthia     | 55 mn    | 0,69 % 0,21 %       |
| Tyrol         | 26 mn    | 0,18 % 0,06 %       |
| Salzburg      | 25 mn    | 0,15 % 0,07 %       |
| Vorarlberg    | 21 mn    | 0,22 % 0,09 %       |
| Burgenland    | 2 mn     | 0,06 % 0,02 %       |

\* Share of total imports of Federal State

Source: UniCredit, Statistic Austria

## TARIFF DISMANTLING AS A POSSIBLE CATALYST

The markets of the Mercosur countries have so far been considered comparatively sealed off and are characterised by high tariff and non-tariff trade barriers. With the entry into force of the planned agreement, more than 90 percent of the existing tariffs on EU exports would be eliminated. Mercosur currently levies import duties, some of which are substantial, such as up to 35 percent on vehicles and vehicle parts, 14-20 percent on machinery and up to 14 percent on pharmaceutical products.

For Austria, the average tariff rate on exports to Mercosur in 2024 was around 10 percent, which corresponded to a burden of about 130 million euros. The relief provided by the dismantling of customs duties would be particularly pronounced in the automotive, beverage and mechanical engineering sectors, as these are currently subject to the highest average customs burdens.

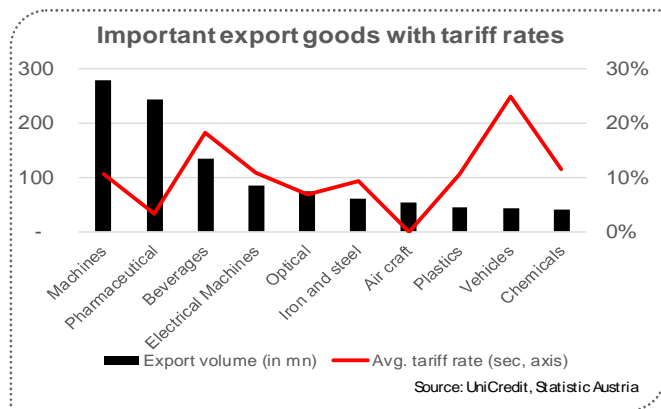
## CONCLUSION: USE POTENTIAL, CONSIDER RISKS

The agreement between the EU and the Mercosur states opens up new export opportunities for Austria, especially for industry, and strengthens its international competitiveness. Nevertheless, agricultural policy adjustments are necessary to cushion potentially negative effects. The agreement offers new opportunities for Austria's export-strong regions – but without the claim to be able to replace existing trade relations with the USA.

It is to be expected that the industrial regions of Upper Austria and Styria as well as Salzburg in particular will benefit from the planned free trade agreement above average. The almost complete elimination of customs duties would significantly expand their export opportunities. According to estimates by the European Commission, the agreement could increase EU exports of goods and services to South America by around 40 percent. Transferred to Austria, this would correspond to an additional volume of goods exports of around 500 million euros and an employment effect of around 2,000 additional jobs in domestic industry.

At the same time, however, the pressure on domestic agriculture is growing, which has to compete with cheaper meat imports from South America

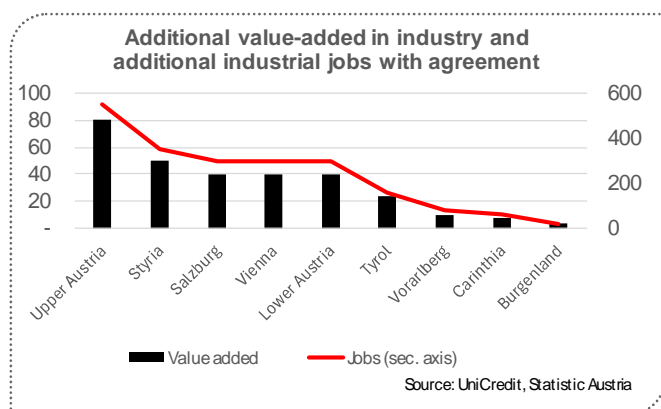
In view of the current high level of uncertainty in trade with the USA, which can be attributed to President Trump's erratic tariff policy, the importance of alternative export markets is repeatedly emphasised. This is undoubtedly true, but it must be taken into account that the economic power of the Mercosur states is only about ten percent of that of the USA. In the previous year, Austrian exports of goods to the Mercosur countries also amounted to only around eight percent of the export volume to the United States. The agreement with Mercosur is therefore undoubtedly an important step for Austrian industry – but it cannot be a substitute for trade with the USA.



## VALUE ADDED AND EMPLOYMENT EFFECTS

In 2024, the Mercosur states' demand for goods – directly or via supply chains – generated value added in Austria of around 700 million euros<sup>1</sup>, and around 5,000 jobs in industry depend on it. According to estimates by the European Commission, the agreement could increase EU exports of goods and services to South America by around 40 percent.

Transferred to Austria, this would correspond to an additional value-added effect in industry of around 300 million euros and an employment effect of around 2,000 additional industrial jobs. The regions of Upper Austria and Styria would benefit most from the trade agreement with Mercosur. Upper Austrian industry can expect an additional 80 million euros in added value and 550 jobs, and Styria with an additional 50 million euros in added value and 350 employees. A positive conclusion of the contract would increase industrial value creation in Salzburg, Vienna and Lower Austria by almost 40 million euros and create around 300 new industrial jobs. In Tyrol, the effect would be somewhat smaller with additional added value of 25 million euros and 150 jobs. In Vorarlberg, Carinthia and Burgenland, the value-added effect would be less than 10 million euros and fewer than 100 jobs.



<sup>1</sup> Estimate based on the OECD TiVA database



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