THE IMPACT OF THE EU-MERCOSUR TRADE AGREEMENT ON THE ROMANIA ECONOMY

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Abstract
The EU-Mercosur trade agreement is an important step in the development of international economic relations. For countries such as Romania, members of the EU, but highly dependent on intra-EU trade, the agreement may generate new opportunities for businesses and markets, but it will also generate risks in certain sectors where Mercosur countries have cost advantages resulting from various more favourable local conditions. The analysis of the economic impact of the EU-Mercosur agreement on the Romanian economy shows an insignificant influence on the gross domestic product, including the indirect impact of the value-added chains in which the Romanian industry is active. A risk assessment in the agri-food sector shows certain vulnerabilities for several types of goods, in particular poultry and maize, which could affect the Romanian producers of unfair competition from Latin American countries. For these products, the agreement does not provide sufficient clauses to confer protection for the local producers.

Cuvinte-cheie: *comerț internațional, acorduri de liber schimb, politica agricolă comună, competitivitate internațională,*

Key-words*: international trade, macroeconomic impacts of trade, agriculture in international trade, global value chains*

JEL Classification: *F13, F14, F43, F62, Q17*

Introduction

International trade is currently crossing a stormy period characterized by contradictory phenomena: on the one hand, we notice a trend of de-globalization, the consolidation of regional blocs and the adoption of protectionist policies, and on the other hand, we notice actions to strengthen multilateralism and expand international trade liberalization practices promoted by the WTO and the OECD. In terms of volume, world trade in goods has been continuously growing in the last three years, even amid global challenges. In the first nine months of 2025, trade in goods increased by 4.5% as compared to the same period of 2024. In terms of export volume, all regions of the world experienced increases in the period 2023-2025, with the exception of Europe, affected by the war in Ukraine (WTO, 2025).

Regional crises, disruptions in production and supply chains, culminating in geopolitical tensions and military conflicts have reduced the relevance of the WTO. The current international economic order is being questioned, with scenarios being launched regarding the reconfiguration of the system of international relations. The US has adopted an increasingly firm policy of imposing its power will and to restructure its relationships with both its main rivals, Russia and China, as well as with its NATO allies or partners in free trade agreements. There is a scenario that, in the medium term, the framework of the US and Chinese trade relations will find itself outside the current rules-based system.

However, most of the world's countries and the European Union remain anchored in the multilateralism paradigm. Recent examples of new free trade agreements signed are the Regional Comprehensive Economic Partnership (RCEP) in Asia-Pacific in 2022, the EU and Chile, the EU and Mercosur[1], and the EU and India in 2025.

The European Union is in the process of redefining its trade policies, based on realistic assessments of the international arena for the next decade. On the one hand, the political agreements concluded with Mercosur and India, respectively, represent confirmations of policies strengthening the trade relations. The EU considers itself equal to the USA and China in terms of trade power and shows itself capable of redesigning the international trade system (Bercero, 2026). The EU-Mercosur agreement comes to materialize 25 years of tortuous negotiations in which the sensitive areas were agriculture, the environment and consumer protection. On the other hand, the trade and investment agreements undertaken by the EU represent a geopolitical instrument to gather allies favourable to multilateralism and free trade, to face the new global challenges.

The changes taking place on the international arena impact Romania directly, in terms of economic and trade relations, but also as a member state of the European Union. Moreover, with a dependence of about 75% on the intra-EU trade, any modification of the framework of trade and investment agreements is of particular interest to the Romanian decision-makers.

This paper aims to analyse the impact of the EU-Mercosur trade agreement on the Romanian economy. Although, traditionally, a macroeconomic impact analysis focuses on bilateral trade assessments, for Romania, which has an economy integrated into the single market, the assessment also requires addressing the indirect impact, namely the value-added exported through other EU Member States, from the perspective of value-added chains. In addition, the paper also includes a sectoral analysis that aims to indicate sectors or products with a potential risk of unfair competition for local producers, beyond the safeguard clauses that accompany the trade agreement. Given the wide scope of the agreement, the paper will not exhaustively address the sectors of activity, but may provide a sectoral analysis methodology starting from the most relevant examples for bilateral trade in goods, namely the automotive industry and the agri-food industry.

1. Brief history of the EU-Mercosur trade relations

Negotiations for a trade agreement between the European Union and Mercosur were initiated in 2000, when the EU was the main trading partner of this group of countries. In the meantime, China has become Mercosur's main trading partner, while the EU remains its main investment partner and second largest trading partner. The EU accounts for 17% of Mercosur's trade in goods, while Mercosur is the EU's 10th largest trade partner in goods (European Commission, 2025). The EU exports of goods to Mercosur are estimated to be worth €55 billion in 2024, with the main products being machinery, appliances, pharmaceuticals, motor vehicles, electrical equipment, medical and optical instruments and food products (e.g., olives and olive oil, alcoholic beverages and food preparations). The EU services exports to Mercosur were worth €29 billion in 2023, mainly transport, business services, tourism, IT and communications, and payments related to intellectual property.

The signed trade agreement establishes the liberalization of trade for over 90% of the products that currently have customs duties. Thus, over 15 years, Mercosur will liberalize 91% of the products in its tariff list, and the EU 95% of the tariff list. Most products will be liberalized over 10 years. Products for which exceptions are granted in various forms and timings for Mercosur are motor vehicles, chocolate and sparkling wine. Products that will not be fully liberalized by the EU will fall under the tariff quota [2] or reduced tariff regime, with the exception of sheep meat and

[1] Mercosur is a trade bloc that brings together Brazil, Argentina, Uruguay and Paraguay. The bloc was established in 1991 by the Treaty of Asuncion and the Protocol of Ouro Preto (1994). Venezuela is also a full member, but has been suspended since 2016, and Bolivia has since become a member, being in the process of legislative alignment.

[2] Within the tariff quota, a quantity of product can enter with zero customs duties.

wheat for which quotas will not be offered. For products incompletely liberalized by Mercosur, the EU will instead offer access for agricultural products under the tariff quota regime or reductions of 30-50% of the duties applied under the preferential regime before the agreement (European Commission, 2025).

In order to protect sensitive agricultural sectors that could be impacted by the agreement, the European Union has adopted a new regulation on safeguard clauses in the EU-Mercosur trade agreement. Under this regulation, the Commission will investigate whether safeguard measures are necessary when imports of sensitive agricultural products (poultry meat, beef, eggs, citrus fruits and sugar) increase by 5% on average over three years and if, at the same time, import prices are 5% lower than the domestic price (Parlamentul European, 2026).

In terms of economic impact of the agreement, according to the European Commission's general equilibrium modelling, the agreement would lead to an annual increase by 0.05% of EU GDP in 2040 and a 39% increase in the EU exports to Mercosur as compared to the current level, namely €48.7 billion. On the other hand, the impact would be 0.25% on GDP growth and an increase in exports of €8.9 billion (16.9%) (European Commission, 2025).

2. Methodology

In this paper, data from official national and international sources were used, as well as statistical methods for comparative analysis of international trade data. The data were extracted both at the level of goods code CN-6 digits and CN-2 digits, but also through the CSCI Rev 4 classification, for the Mercosur member states and Romania. The main sources of data are:

- National Institute for Statistics (TEMPO Database, annual, monthly statistics),
- UNCOMTRADE,
- The Observatory of Economic Complexity (MIT's joint study group)
- Eurostat.

The purpose of the analytical approach is to assess the macroeconomic impact of the EU-Mercosur Treaty. Given the low values of Romania's foreign trade with the Mercosur countries, the other effects, direct and indirect, on the value-added activity structure, on prices and on employment are not the subject of this assessment. At EU level, the main effects were quantified based on the "*Computable General Equilibrium (CGE)*" model, that was based on exogenously determined variables, which increased the degree of subjectivity of the results.

Considering the analysis in the paper, focused on illustrating the risks to the Romanian economy from the perspective of unfair competition, we believe that the assessment of the direct influence of external demand from Mercosur countries is sufficient for an image of the macroeconomic implications.

As a result, for evaluation, the expenditure method of determining GDP was used, namely:

$$GDP=FC+GFCF+VS+(E-I)$$

where: Final consumption (FC), gross fixed capital formation (GFCF) and change in stocks (VS). Domestic demand is considered to be constant for a change in external demand as a result of the treaty.

The following are used as hypotheses:

▪ the positive effects of the treaty on direct exports to those countries, but also on indirect exports to the main European partner countries of the Mercosur countries.

▪ to simplify the micromodel, in relation to the structure of direct exports, the analysis of elasticities is limited to indirect exports for the automotive industry products;

▪ the impact on foreign trade will be taken as a value in establishing the percentage impact on gross domestic product, without the second-round effects on domestic production.

To establish the exogenous variables, the following elasticity coefficients were studied:

▪ the elasticity between direct exports to Mercosur countries and total exports calculated by correlating the dynamics; in this way, the possible additional value on this destination can be assessed, in relation to the forecasted evolution of foreign trade, as estimated in the official forecast; as an alternative, structural elasticity can be used, namely the evolution of the share of exports to this destination in total exports;

▪ the elasticity of exports to the main vehicle producing countries (Germany, Italy, France), in relation to the evolution of total foreign trade;

Elasticities allow for the assessment of the possible dynamics of exports and imports with this destination and of value in euros, without making approximations and exogenous scenarios. In this case, it is a probable scenario, resulting from previous and future developments in foreign trade and implicitly including expectations related to the agreement.

The values in euros will be determined based on forecasts for 2027. For the values in lei, to be added to GDP through net exports, the exchange rate from the official forecast, namely that of the National Strategy and Forecasting Commission, is used.

For the indirect impact of exports in the automotive industry, we start from the European Commission's estimates regarding the additional demand for European vehicles resulting from the trade agreement and the transmission along the value-added chain to the Romanian suppliers of parts.

Thus, the increase in exports is transmitted as follows:

Δ EU production = Δ export/total export

We believe that the elasticity of demand for parts is roughly proportional to the automotive production.

Thus:

Δ RO export $\approx$ Δ EU automotive production.

To estimate the impact in the automotive industry, we refer to product group CN-87 – land vehicles, other than railway and tramway rolling stock; parts and accessories thereof.

For the comparative analysis in the agri-food sector, we selected trade data that refer to similar products, reported according to the international customs nomenclature, starting from the exports of the Mercosur countries to global markets, and Romania's exports to partner countries, including the European Union, respectively.

Thus, we compared the average annual FOB export prices in the last reporting year, namely 2024, to see to what extent the international competitiveness of Romanian agricultural products would be affected by similar products from the Mercosur countries that would be exported to the EU in particular ((UNCOMTRADE, 2024), see tables in the Annex). The FOB export prices were chosen as a comparison indicator because the agricultural products still have a significant share in Romanian exports, and domestic prices are usually below export prices. In addition, the established quotas and safeguard clauses accompanying the treaty aim to protect the internal market, but do not establish protection on the export competitiveness of the products.

On the other hand, comparative price analysis provides signals on certain types of products that could face more intense competition from similar products from the Mercosur countries following the agreement. However, knowing that free trade agreements open up new markets and stimulate demand, agricultural producers can diversify their production so as to face competition on newly accessible markets. Therefore, we cannot say with a high degree of certainty that the analysis of past data indicates how the market will evolve in the future. Rather, the exercise is useful to reproduce international specialization on different types of products, specialization that contributes to acquiring and/or maintaining competitive advantages.

3. Analysis of Romania's foreign trade with the Mercosur countries

Romania's bilateral trade with the Mercosur countries is marginal, not having a significant relevance for the Romanian economy. The value of trade with the member countries of this agreement amounted to 721 million USD in 2024, which represents 0.3% of the value of Romania's foreign trade. Of this, the value of FOB exports was 272.5 million USD, and of CIF imports was

449 million USD. Of the total trade, 75-85% is carried out with Brazil, the main trading partner of Romania and the European Union in the South American region (INS, 2026). The trade balance is negative, with Romania recording a trade deficit of 176.5 million USD[3].

Foreign trade activity in Mercosur is carried out by high-potential firms that hold a significant share of Romania's exports and imports of goods. The degree of concentration is very high, with the top 13 firms accounting for 75% of Romania's exports to the four Mercosur countries (INS, 2026).

Trade on these relations peaked in 2008-2013, when the annual value approached 1 billion USD, followed by a decline that culminated in 2020, the year of the Covid-19 pandemic, when trade decreased to 550 million USD. The decrease was objective, similar to that in the EU, caused by supply bottlenecks and transport restrictions in the pandemic. In the last 5 years, trade has returned to pre-pandemic values, but has not yet reached the intensity of the middle of the previous decade.

Figure 1. Evolution of Romania's foreign trade with the Mercosur countries, 2006-2024, million USD

Source: (INS, 2026)

On the other hand, as one may see in , the trade balance began to balance after 2010, when Romania started exporting larger volumes to this region. The most plausible explanation is the consolidation of the position of Romanian companies in the value-added chains, especially in the European automotive industry. As Romania integrated into the single market, the volume of exports increased.

Also, as one may see in **Error! Reference source not found.**, the evolution of trade with Mercosur countries is similar to the evolution of Romania's total trade. The amplitude of dynamics differs, but the gap is useful for establishing the elasticity coefficients.

[3] It should be noticed, however, that double-checking the sources of import/export records reflects significant differences caused by the ways in which bilateral trade flows are carried out, through re-import or re-export to transit countries in the European Union. Thus, records of exports from Brazil to Romania show a value of 159.8 million USD, as compared to 263.7 million USD recorded for imports into Romania with Brazil as the country of origin. Similarly, the volume of imports into Brazil recorded as having Romania as the country of origin was worth 420.5 million USD, as compared to the statistical data of the national authorities which show 234.6 million USD, thus a difference of 185.9 million USD. What does this discrepancy in trade data reveal? It reveals the fact that a significant part of Romania's bilateral trade with the Mercosur countries is intermediated through other EU/non-EU countries, which reduces the competitiveness of trade, but also that the real trade volume could be higher. For example, in the case of the relationship with Brazil, as compared to a recorded volume of 498.2 million USD, we estimated a real bilateral trade volume of 684.2 million USD. If we cumulate the differences across the four Mercosur countries, the resulting trade would be over 1.15 billion USD, which means that about 40% of Romania's real trade with Mercosur countries is mediated by other countries.

Table 1. Annual evolution of Romania's foreign trade in goods, %

	2020/2019	2021/2020	2022/2021	2023/2022	2024/2023	2024 /2019
Exports, total	90.1	120.2	123.1	100.8	100.2	134.7
Imports, total	93.4	122.1	128.1	99.9	103.9	145.4
Exports to Mercosur countries	71.7	117.2	125.9	98.0	111.7	115.8
Imports from Mercosur countries	85.2	136.7	115.5	77.6	101.7	106.2

Source: (INS, 2026)

In the period 2020-2024, the exports to the Mercosur countries outperformed the imports from these countries, by almost ten percentage points, which is a decisive premise for a positive overall impact on the gross domestic product.

A first explanation for the above-mentioned correlation is given by the structure of foreign trade with the Mercosur countries. Although the values are low, the high share (including in indirect exports) is held by exports and imports from the agri-food sector and the automotive industry, activities with a high share also in total foreign trade.

A second argument is given by the interconnection of regional markets (within the global economy) correlated with the share of about 75% of Romanian foreign trade on the European single market. As previously emphasized, this argument was very visible during the health crisis. Transport restrictions have greatly reduced trade with the Mercosur countries.

If the evolution of foreign trade, deeply affected by the pandemic's transport restrictions (especially with remote areas), is excluded from the analysis, the following annual elasticities result:

Table 2. Export/import ratio with Mercosur countries and global export/import ratio, %

	2021	2022	2023	2024
Export	97.5	1.02	97.2	1.11
Import	1.12	96.2	77.7	97.9

Romania's main export products are: machinery and appliances, electrical equipment, vehicle parts and components, rubber goods, chemical and metal raw materials, and miscellaneous manufactured goods (see **Error! Reference source not found.**).

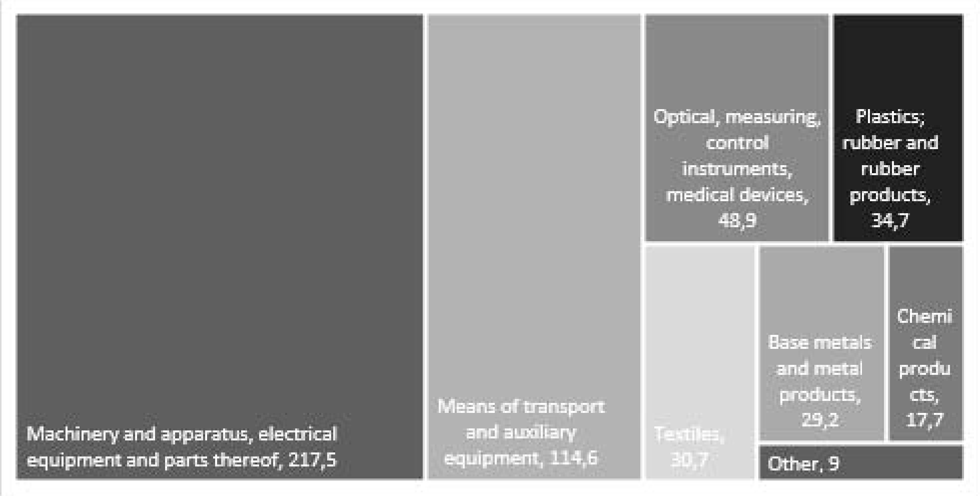

Figure 2. Structure of Romania's exports to Mercosur by main product groups according to the HS2 Combined Nomenclature, million USD, 2023

Source: (UNCOMTRADE, 2023)

The main import products are (see **Figure *3***): basic foodstuffs (soybean cakes, raw sugar, coffee beans), raw tobacco, wood pulp, metal ores, crude oil, various parts and subassemblies for appliances and equipment.

Figure 3. Structure of Romania's imports from Mercosur by main product groups according to the HS2 Combined Nomenclature, million USD, 2023

Source: (UNCOMTRADE, 2023)

The analysis of foreign trade structure therefore shows that Romania has a competitive advantage in relation to the Mercosur countries, from which it imports the vast majority of raw materials, both food and metal or parts for appliances and equipment located in the upstream area of the production chains. These raw materials are introduced into domestic industrial production, generating a higher value-added. At the same time, Romania exports products with an average technological content, namely machinery and equipment and their parts, electrical equipment, means of transport, especially parts for motor vehicles.

From this point of view, the EU-Mercosur agreement would lead to an increase in Romania's exports, with a driving effect in the economy for industrial production in sectors with a high degree of integration into the European value chains.

On the other hand, the Mercosur countries have comparative advantages in terms of resource availability, both for agriculture and livestock, and mineral resources for the processing of critical raw materials. If critical raw materials have become a priority for the EU, given the need for technological neutrality and diversification of supply for new clean industries, from the perspective of agriculture, differences in quality standards and lower prices of agricultural products in Latin American countries could significantly impact the European agricultural producers. Under pressure from farmers' associations and some Member States, the EU agreed to include quantitative ceilings and specific safeguard clauses for agricultural products in the agreement, so that imports do not significantly influence the competitiveness of European products (European Commission, 2025).

Regarding agricultural products that could impact Romanian producers from the perspective of price competition, in one of the following sections we analyse the international prices of the Mercosur countries, and of Romania, respectively, by product type. The comparative analysis also reflects the level of international specialization of the countries; as a result, products that are in direct competition will be analysed and not products that can be obtained in the Mercosur countries, but not in Romania or vice versa.

Romania's foreign trade is focused on the intra-EU market, and the highest degree of integration in downstream value chains (the value-added created in national economic sectors incorporated into exports) is recorded in the automotive industry, the electronics and household appliances industry, the electrical equipment industry and the miscellaneous machinery and equipment industry (MEDAT, 2024). These industrial sectors, as we may also see from the structure of bilateral trade, are influenced both directly and indirectly by the trade agreement with Mercosur.

4. Macro-economic impact analysis

The results of the micromodel presented in the methodology section show an increase in dynamics as compared to total foreign trade in the case of relationship with the Mercosur countries of about 5% as regards exports. As for imports, a relatively constant trend of relative reduction of imports from Mercosur countries is noticed as compared to the evolution of total imports. The average gap is about 18 percentage points, which will decrease if the risks reported, especially in the agri-food sector, are countered.

Under these circumstances, after one year of enforcement of the treaty, the following estimated results are revealed:

- exports to the Mercosur countries, based on the explained elasticities, without the positive impact of the treaty, increase by 25% as compared to 2024, by 64 million euros, respectively;
- Romanian imports from the Mercosur countries, based on the explained elasticities, without the negative impact of the treaty (insignificant impact if the protection policies established by the EU are appropriately enforced) increase by 46 million euros, namely by 11% as compared to 2024;
- a negative net export continues to result, estimated at 145 million euros, as compared to 163 million euros in 2024;
- the contribution of net exports to the creation of gross domestic product remains negative, at 0.034 percentage points;
- the impact of the treaty is positive, estimated at a maximum of 10 million euros (with an addition of 3 p.p. to the dynamics resulting from the model) and an unchanged import, an improvement in the negative contribution of foreign trade to GDP of 0.002 is estimated, namely from 0.034 p.p. to 0.032 p.p.
- the indirect impact of Romanian exports included in the value-added of the EU countries exporting finished products to the Mercosur countries in the automotive industry, in the scenario of a 50% increase in the EU automotive exports to this destination, is worth 75-90 million euros, which means a 0.5-0.7% increase in the Romanian automotive exports to the EU. The impact is limited because Mercosur represents very little of the EU export market (1.8% of total automotive

exports), and Germany, Romania's main trading partner (37% of automotive exports) has an even smaller presence on this market (0.8% of total automotive exports).

5. Sectoral analysis of the impact of trade agreement on the main agri-food products

Following the presented methodology for the analysis of the agri-food sector, we found the following:

• In the cereal group, the main product affected by Mercosur competition would be maize, a product of which Romania is a significant exporter. The targeted countries can export maize globally at a much more advantageous price than Romania. Even if we add transport and insurance costs, the prices of maize originating mainly from Argentina and Uruguay would still be lower than those of exported Romanian maize.

• The same cannot be said about other types of cereals and seeds: rapeseed or barley have relatively equal prices, Romania being advantaged by proximity, while for sunflower Romania has a net relative advantage. Wheat is exempted from the agreement, as previously mentioned.

• In the vegetable group, strong competition may come in the area of frozen products, especially root vegetables and beans. In fresh vegetables, competition is not significant, given the duration of transport and the perishability of the products. Thus, although Argentina is a large producer and exporter of onions, potatoes and other vegetables, regional trade predominates, Europe not being a favourite destination for this group of products.

• In the case of fruits, with the exception of products that are not specific to the Romanian area, the competitiveness of wild berries, especially frozen ones, may be affected. Argentina is known for its wine-growing areas and wines, but it generally imports grapes from other regions to supplement domestic demand, including from Europe, so it does not represent a risk for local producers. For apples, pears and other more perishable fruits, such as plums, apricots and peaches, there is no major risk of competition, even if trade in these products takes place in South America at lower prices than in Europe. A risk to be taken into account is for wild berries, as Argentina is, in addition to Peru and Chile, a producer and exporter of blueberries and other wild berries, like Romania. Thus, if Romania annually exports over 6,000 tons of wild berries, at an average price of 5.8 USD/kg, Argentina can export for only 3.6 USD/kg, a price by 40% lower, which gives it a great advantage for substituting Romanian products on the European market.

• In sugar, Romania, like the entire European Union, has a clear disadvantage as compared to Brazil, the largest producer of sugar cane in the world, given the exploitations in the Amazon basin. Thus, the export price of raw sugar obtained from sugar cane cannot be competed with in Europe. This comparative advantage of Brazil is also reflected in the production of alcohol, a product that can be obtained at a relatively lower price than in Romania. Regarding tobacco, given the tobacco production they have, tobacco and cigarettes have a much lower export price than that of Romanian producers. For both alcohol and spirits, as well as tobacco, the level of excise duties must be taken into account, which is added upon entry into the domestic market, so that the selling price on the national or European market is highly influenced by specific regulations, which reduces the risks of unfair competition.

• In the case of vegetable oils, intensively used in the food industry and in the eatery sector, Romania has good competitive advantages, having massive rapeseed and sunflower crops. Moreover, in the group of vegetable oils, our country is a net exporter, especially to the single market. However, situations may arise such as the case in neighbouring Bulgaria, which will produce sunflower oil from seeds imported from Argentina at a very advantageous price. Contracts of this kind on very large quantities of raw material could impact domestic producers through intra-EU competition (Libertatea, 2026).

• The most intensely disputed product group in the trade agreement negotiations is meat. The sensitive situation is also reflected in the data on the export prices of these products. Regarding fresh meat, there are no doubts about the competitive advantages, with fresh meat offered locally being preferred. The same cannot be said about frozen meat, regardless of the form in which it is offered, export prices are much lower in Latin America, with the exception of pigs. The risks related to trade in these frozen products relate to several aspects, from food safety, sources of origin, quality standards in production and transport, environmental standards, aspects that would generate cost advantages for non-EU producers. The price of frozen products is significantly lower than that of fresh products, and given the very high demand for cheap products in restaurants, the food industry and supermarkets, for processing, but also for sale on the shelf, a flooding of the European market with products of this kind is possible.

• For the Romanian domestic market, the risks are not very high for beef, given the consumer preferences of the population that tend to lean towards pork or poultry meat. On the contrary, the consumption of beef from Argentina or Uruguay is marginal, and elimination of customs duties could lead to lower prices for this demand niche. Also, the European countries are quite stable on pork. Romania imports a significant volume of pork to supplement consumer demand (50% of what is needed), but prices are better on the single European market. Liberalization measures were not accepted for sheep meat. On the other hand, Romanian producers of chicken meat or beef who export refrigerated or frozen products to the European market could be affected by competition from Latin America, which might replace the same type of frozen products. The price advantages for frozen products of this type are clearly in favour of Latin American countries, with prices being by 30%-100% lower, depending on the type of product. Safeguard clauses are activated when established quantitative ceilings are reached (180 thousand tons for chicken meat, introduced gradually), a certain percentage increase in the volume of imports into a Member State (5% on average over three consecutive years), and import prices are 5% lower than the domestic price. On the other hand, there is a suspicion that unfair price competition may occur below these limits. European farmers also express their distrust of the effective capacity to verify multi-annual quantitative developments and the timely enforcement of safeguard clauses, as well as of quality control and compliance with European standards.

Conclusions

The analysis of the macroeconomic impact of the EU-Mercosur agreement on Romania indicates negligible effects on Romanian exports and gross domestic product. The analysis of bilateral trade showed that, following the implementation of the agreement under the conditions of compliance with the agreed clauses and the correct enforcement of the safeguard clauses, Romanian exports would increase by 5.5% above the level without the agreement. The impact is limited by the very low share of trade with Mercosur in Romania's foreign trade (around 0.3% of the total).

Given the existing trade deficit in this relationship, the agreement would gradually reduce the value of the deficit.

Applying the micro-model for estimating GDP in current prices using the expenditure method, based on the analysis of bilateral trade, the impact of implementing the agreement would contribute to GDP formation by 0.002pp. The assessment carried out did not measure the other effects, direct and indirect, on the value-added sectoral structure, on prices and on the number of jobs and employment, which could additionally contribute to GDP formation.

The analysis of the indirect impact, based on the value-added chain, resulting from the export of parts and components used in the European automotive production, shows an increase by 0.5-0.7% in the Romanian exports of automotive parts. The scenario considered was an increase in external demand for European vehicles on the Mercosur market by 50% (above the 39% level reflected by the European Commission's assessment of increase in total exports to the EU following the agreement). The impact is limited because Mercosur represents very little of the EU export market (1.8% of total automotive exports), and Germany, Romania's main trading partner (37% of automotive industry exports) has an even smaller exposure on this market (0.8% of total automotive exports). The analysis is also limited by the use of a single product group from the combined nomenclature, so it is possible that some goods in the category of automotive parts and components produced in Romania were not included in the value-added chain analysis, such as electrical equipment, tires, seats and other upholstery parts.

The analysis of impact on the agri-food sector has shown a possible occurrence of unfair competition risks that would affect domestic producers of certain types of products. The risks can be limited if the safeguard clauses accompanying the agreement are correctly enforced. European farmers, like national farmers, are reluctant, however, about the administrative capacity to control, measure and monitor import flows on all types of products, and the quality and homologation standards imposed by the regulations of the common agricultural market. Also, the measures to protect local producers adopted by the EU target imports and maintaining the internal market share of local producers and only indirectly affect the maintenance of export competitiveness on the EU internal market. Because Romania is an important exporter on the single European market, especially of cereals and sunflower oil, it is possible that market distortions may occur that impact the exporters.

The comparative analysis for 2024 of the average export prices of similar products relevant for the Mercosur countries and Romania showed certain products for which Romanian producers would be disadvantaged. Among these are maize, frozen root vegetables, frozen berries, sugar and frozen chicken meat. For these types of products and their derivatives, the differences in export prices show net advantages in favour of South American countries. Some products are covered by quantitative quotas, others by safeguard clauses accompanying the agreement, but it is good for decision-makers to consider making the farmers and producers aware in order not to face risk situations.

In addition to these results of the sectoral analysis, possible distortions that may occur in markets where domestic producers have stable market shares, such as sunflower oil, are also mentioned. Although Romania is a net exporter of sunflower oil on the European market, obtained from domestic sunflower production, the agreement generates the possibility of creating new chains, with unpredictable effects, between European producers and South American farmers, based on cheaper South American agricultural products of uncertain quality and homologation.

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Annexes. Comparative average prices by groups of goods intended for export, 2024

USD/kg

CN CODE	Product	Average annual export price FOB				
	Cereals and seeds groups	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
1001	wheat and meslin	0.29	0.21	0.23	0.23	0.24
1003	barley	0.24	-	0.23	-	0.20
1005	maize	0.20	0.20	0.18	0.17	0.31
1206	sunflower seeds	0.68	-	-	-	0.59

USD/kg

CN CODE	Product	Average annual export price FOB				
	Vegetable group	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
0701	fresh potatoes	0.16	0.55	1.02	-	0.4
071010	frozen potatoes	-	0.74	-	-	0.49
070310	onion	0.2	0.61	0.68	-	0.79
071021	frozen peas	-	3.84	-	-	0.39
071090	frozen vegetable mix	-	2.41	-	-	2.75

USD/kg

CN CODE	Product	Average annual export price FOB				
	Fruit group	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
080610	grapes	1.08	2.57	-	-	1.49
080810	apples	0.74	0.95	0.68	-	0.61
080930	peaches	-	3.7	-	-	1.41
080940	plums	0.65	3.46	-	-	1.3
081010	strawberries	-	1.99	-	-	2.79
081040	blueberries	3.62	5.56	3.41	-	5.81

USD/kg

CN CODE	Product	Average annual export price FOB				
	Sugar, alcohol, tobacco groups	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
1701	raw cane or beet sugar, in solid form	0.57	0.49	0.79	0.75	0.83
2204	wine from fresh grapes	3.47	1.84	3.76	-	2.11
2207	ethyl alcohol min 80%	0.86	0.7	0.6	0.67	1.77
2208	ethyl alcohol below 80%, liqueurs, spirits	2.15	1.55	-	4.83	8.93
2402	cigars, cigarillos, tobacco cigarettes	-	8.98	11.05	10.5	22.23

USD/kg

CN CODE	Product	Average annual export price FOB				
	Fats group	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
1511	palm oil	-	1.58	2.7	-	1.67
1512	sunflower oil	0.94	1.53	1.43	0.91	1.00
1514	rapeseed oil	-	1.76	1.05	0.9	0.99

USD/kg

CN CODE	Product	Average annual export price FOB				
	Meat group	**Arg**	**Bra**	**Uru**	**Par**	**Ro**
020210	beef, frozen carcass	-	3.51	-	-	3.6
020220	beef, other frozen not boneless cuts	1.53	2.47	3.43	2.33	1.02
020230	frozen boneless beef	3.78	4.49	5.39	4.55	5.42
020110	beef, carcass, fresh or chilled	-	-	-	-	4.95
020120	beef, other not boneless cuts, fresh or chilled	-	3.41	-	-	4.58
020130	boneless beef, fresh or chilled	8.62	5.36	10.52	5.7	6.66
020311	pork, fresh carcass		3.31			0.81
020321	pork, frozen carcass		1.9			-
020322	pork, pieces, frozen		1.81			5.29
020329	pork, unspecified, frozen	1.37	2.43		3.06	1.16
020711	uncut chicken meat, fresh or chilled	-	-	-	-	2.39
020712	frozen, uncut chicken meat	1.18	1.77	0.86	-	1.27
020713	sliced chicken meat, fresh or chilled	-	-	-	-	3.73
020714	frozen sliced chicken meat	0.99	1.82	0.73	1.19	1.44
020724	turkey meat, uncut, fresh or chilled	-	-	-	-	5.06
020725	turkey meat, uncut, frozen	-	2.06	-	-	3.61
020726	sliced turkey meat, fresh or chilled	-	-	-	-	5.2
020727	frozen sliced turkey meat	-	2.37	-	-	4.78