

From Mercosur to US Tariffs: Access to Medicines and the EU's Trade Challenge

From the Mercosur Agreement to the India FTA and US tariffs, how the European Union (EU) navigates the ever-changing global trade landscape has implications for access to health technologies. Senior Policy Consultant, Jaume Vidal, explores the possibilities and pitfalls.

The long-awaited ratification of the [Mercosur-EU trade agreement](#) in February 2026 was heralded as a milestone for EU diplomacy and a timely breakthrough for Europe's global trade agenda. The agreement [partially entered into force](#) on 1 May 2026^[1], with its implementation expected to have a huge impact on a range of sectors, from agriculture to the automotive industry and, importantly, pharmaceutical products. It has been a long, protracted negotiation involving successive governments and a wide array of stakeholders, often with differing agendas and contradicting views on key issues.

For over 15 years, [Health Action International](#) (HAI) along with many other civil society organisations (CSOs), in both the Americas and Europe, played a major role in shaping the Mercosur-EU negotiations and the discussions that surrounded it. The presence of public interest groups in successive rounds of negotiations made a difference, with the result looking like an improvement on other [agreements](#) reached by the EU, especially regarding intellectual property (IP) enforcement. For example, in an FTA with [Thailand](#), the EU reportedly pushed hard for TRIPS+ clauses, such as additional data exclusivity and secondary patent protection, both of which effectively extend the duration of the monopoly granted to the patent holder, enabling higher prices of medicines for longer periods of time. The framing of IP enforcement in the Mercosur text, however, is a departure from previous attempts at harmonisation with the EU legal framework (and the more stringent standards that go with it).^[2] Moreover, policy space for the use of [TRIPS flexibilities](#) was explicitly endorsed, which was another win for the CSOs involved.^[3]

Despite the positives, legitimate concerns of environment advocates, farmers organisations and labour rights groups about the lowering of environmental and [labour](#) standards embedded in the agreement, remain^[4]. There are also signals that the [lack of transparency](#) throughout the negotiations has weakened the EU's formal support for accountability and set a precedent for negotiations in other forums, such as the World Trade Organisation (WTO). Added to this, and for the sake of an expeditious implementation, there have been attempts by the European

Commission to sideline [oversight](#) ensured by the European Parliament and other pillars of EU governance.

Propelling the Mercosur negotiations

In the end, new political realities, such as China's growing trade and economic investment in the Americas region, propelled the negotiations with Mercosur. Added to this, the United States administration's domestic and foreign policy initiatives, e.g. the [America First Global Health Strategy](#), injected an even greater sense of urgency to the process. Some of these policies, like the [Most Favoured Nation](#) (MFN) clause, are likely to have a direct negative impact on medicines [prices](#) and [availability](#) in Europe.^[5] They'll also weaken the [role](#) of the WTO as multilateral space to discuss and solve international trade disputes. Such developments will have a lasting negative effect on global trade, including pharmaceuticals, for example, through additional tariffs and taxes.

In an effort to counteract the economic consequences of this new reality, the EU has attempted to shift from its position of dependency on both the US and China by advancing and concluding other trade negotiations that were largely dormant. For instance with [India](#), with whom negotiations concluded in January 2026. Other examples are EU negotiations^[6] with Indonesia for a [Comprehensive Economic Partnership Agreement](#) (CEPA) (September 2025) and the [EU-Australia trade agreement](#) (March 2026). Meanwhile, the EU is conducting an ambitious strategy of securing access to markets, resources and potential political support in Africa and the Americas through the [Global Gateway](#) initiative^[7].

Trade in pharmaceutical products and medical devices is a critical component of most of these agreements and initiatives. The EU-India deal for instance includes a reduction in tariffs for European-produced medicines exported to India and substantive cuts on levies for Indian generics entering EU markets.^[8] The same reduction in tariffs will be seen in the CEPA with Indonesia, in addition to a closer harmonisation in regulatory processes intended to avoid a widening gap in quality, safety and efficacy standards.

Despite these efforts, a succession of bilateral agreements and regional coalitions cannot be a substitute for a multilateral approach to health, trade and international cooperation built on a shared set of rules and values. There is a persistent need for greater accountability and transparency in negotiations and deliberations, encompassing trade deals, but also other negotiations on behalf of the EU. It is a matter of concern that the institutional architecture that would enable the participation of interested communities and other stakeholders in said negotiations is, in most cases, either non-operational or ineffective, but that is an argument for another blog.

To conclude, the import and export of pharmaceuticals and health goods^[9] is an important rationale for an expansive EU trade strategy, encompassing many of the

deals recently agreed, including with Mercosur. However, it must not be forgotten that the impact on access, through pricing and availability, should be an integral part of the conversation in the EU and beyond. There is a need for a deeper understanding of the impact of EU policies and actions on partners across the world; projecting an EU economic agenda and priorities abroad may not equally benefit all parties involved. If done properly, the implementation of the EU-Mercosur deal is an opportunity for EU institutions and Member States to deliver on their promise of fairer economic relationships and shared purpose and could serve as a blueprint for future deals.

[1] The [*interim trade agreement*](#) (iTA), encompassing trade and investment commitments, will enter into force while the European Court of Justice (ECJ) examines the legal basis of the EU-Mercosur partnership agreement (EMPA), which combines political dialogue, cooperation and trade. See EUROPEAN COUNCIL *EU-Mercosur agreements explained*. Available at <https://www.consilium.europa.eu/en/policies/eu-mercotur-agreements-explained/#ita> Consulted 29 April 2026.

[2] The importance for Mercosur members preserving the legal and policy space to shape IP enforcement and protection strategies based in international standards and not EU's have deep implications for a wide set of public interventions. See "Instead of imposing rigid harmonization or the compulsory adoption of the European model of protection, the agreement favors the consolidation of minimum standards already established at the multilateral level, especially those derived from the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) within the World Trade Organization." RODRIGUES, R. [*Impacts of the Mercosur-European Union trade agreement on IP*](#). Kluwer Patent Blog. 22 January 2026 Available at <https://legalblogs.wolterskluwer.com/patent-blog/impacts-of-the-mercotur-european-union-trade-agreement-on-ip/> Consulted 29 April 2026

[3] It is important to note that some of the TRIPS flexibilities, such as strict patentability criteria, which were not affected by the EU-Mercosur agreement, were limited by some Mercosur members, including Argentina of their own accord. See RULL, M. & SOEIRO, R. [*Argentina Has Revoked Key Patentability Guidelines, Threatening Citizens' Access to Affordable Medicine*](#). Health Policy Watch 2 April 2026 Available at <https://healthpolicy-watch.news/argentina-has-revoked-key-patentability-guidelines/> Consulted 29 April 2026

[4] Regarding weak references to the Paris Agreement on climate change, see

Eckes, C. & Krajewski, P. [How Sustainable is the EU-Mercosur Agreement?](#) .University of Amsterdam, Centre for European Law and Governance (commissioned by Climate Action Network (CAN) Europe), 17 April 2025 pp.10-11. Available at https://caneurope.org/content/uploads/2025/04/Legal_analysis_sustainability_EU-Mercosur_Agreement.pdf Consulted 29 April 2026. In connection to the exclusion of labour rights disputes from the dispute settlement mechanism of the treaty, see European Trade Union Confederation (ETUC) [Joint ETUC/CCSCS briefing EU-MERCOSUR Agreement](#). 23 June 2025. Available at <https://www.etuc.org/en/document/joint-etuccscs-briefing-eu-mercosur-agreement>

[5] GURUNG, S. [The Most Favored Nation Policy: early insights into Europe's response](#). Pharmaceutical Technology 25 March 2026. Available at <https://www.pharmaceutical-technology.com/analyst-comment/most-favored-nation-policy-early-insights-into-europe-response/?cf-view> Consulted 29 April 2026

[6] Regarding earlier EU demands to include TRIPS+ provisions in the CEPA, see CSO [Open Letter to EU Commission "Drop TRIPS Plus Provision on Indonesia-EU CEPA"](#) of November 2021. Led by Indonesia for Global Justice, Indonesia AIDS Coalition, Third World Network and endorsed by over 30 groups from Indonesia, EU and elsewhere. Available at <https://www.somo.nl/download/39365/?tmstv=1778427166> Consulted on 29 April 2026

[7] On the need for Civil Society to engage critically with the Global Gateway initiative, see CONCORD [Understanding the EU's Global Gateway: Why Civil Society Must Pay Attention](#) 16 September 2025. Available at <https://concordeurope.org/2025/09/16/understanding-the-eus-global-gateway-why-civil-society-must-pay-attention/> Consulted on 10 April 2026.

[8] Importantly, it endorsed India's ability to make use of Compulsory Licensing and other TRIPS flexibilities (as contained in Article 44.2 of the agreement), without having to amend its IP protection legislation, a longstanding demand from health advocates

[9] Along with mechanical appliances and electrical equipment as well as cars and aircrafts.