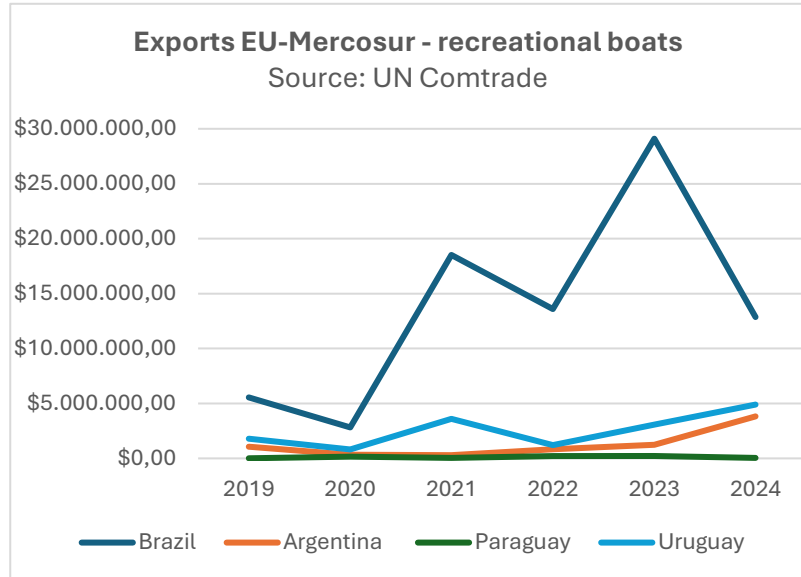


EU-Mercosur trade agreement

Implications for the recreational boating industry

1. Background

On 17 January, the EU and Mercosur signed a free trade agreement. Mercosur covers Argentina, Brazil, Paraguay and Uruguay. The agreement will create one of the biggest trade zones in the world covering a market of around 700 million consumers. On the EU side, it aims to boost EU exports to Mercosur with provisions on removing tariffs as well as non-tariff barriers, eliminating discriminatory tax treatment on imported goods, and making it easier for SMEs to trade.



The full agreement can be found [here](#). The EU Commission has confirmed that the provisional application for the EU-Mercosur interim Trade Agreement will start from 1 May

Some Mercosur countries are already relevant markets for Europe’s boating industry with the potential to expand opportunities. However, the currently high tariffs for exports of recreational boats and components have hampered exports to the region for EU boatbuilders and suppliers.

Current tariff rates for selected examples

Code	Description	Argentina	Brazil	Paraguay	Uruguay
89031000	Inflatable boats	20	20	20	20
89039100	Sailboats, with or without auxiliary motor	20	20	20	20
89039200	Motor-boats, other than outboard motor-boats	20	20	20	20
89039900	Other recreational/sports boats/craft, including canoes	35	20	20	20
63063010	Sails for boats, etc, of synthetic fibres	35	35	20	20
63063090	Sails for boats, etc, of other textile materials	35	35	20	20
63072000	Lifejackets and life-belts	35	35	20	20
84072110	Combustion engines, single cylinder outboard engines for propulsion of vessels, spark-ignition	2	14	0	0
84072190	Other combustion engines, outboard engines for propulsion of vessels, spark-ignition	2	14	0	0
73160000	Anchors, grapnels and their parts, of cast iron/iron/steel	14	14	14	14

84081010	Diesel engines/semi-diesel, for embarkation, "outboard" type	14	14	0	0
84081090	Other diesel engines/semi-diesel, for embarkation	2	14	0	0

2. Ratification status

According to the EU Treaties, the free trade agreement has to be approved by the Council of the EU, Member States and European Parliament. Due to sensitivities mainly concerning the agricultural sector, there is a lot of hesitation in some EU countries that is continuing to put the trade agreement at risk.

As a result of this, the European Parliament requested the European Court of Justice to rule on whether the free trade agreement between the EU and Mercosur can be applied, which threatens immediate full ratification. The process in the European Court of Justice will likely take several years and will only then lead to full implementation.

In line with the EU Treaties, the Agreement can only be fully concluded once the European Parliament has given its consent. However, the EU Commission confirmed that the agreement will be provisionally applied as an interim trade agreement when it enters into force. The EU Commission is aiming to move ahead with provisional application of the trade pillar (Interim Trade Agreement), which would allow tariff reductions to begin before full ratification by all EU Member States.

In practice, this means that while the full agreement may take several years to be fully ratified, the actual economic effects - especially tariff liberalisation – starts from 1 May 2026.

3. Impact for the boating industry – tariffs

The most immediate impact for the sector comes from the significant tariff reduction over the next years:

- For Mercosur-origin recreational boats and products entering the EU, tariffs are largely eliminated on entry into force of the agreement (already very low, e.g. maximum of 2,7% for recreational craft)
- Current Mercosur tariffs will be reduced over a period of up to 15 years (with reduction year-by-year) according to the following table:

Category	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
0	100 %															
4	20 %	40 %	60 %	80 %	100 %											
7	12,5 %	25 %	37,5 %	50 %	62,5 %	75 %	87,5 %	100 %								
8	11,1 %	22,2 %	33,3 %	44,4 %	55,6 %	66,7 %	77,8 %	88,9 %	100 %							
10	9,1 %	18,2 %	27,3 %	36,4 %	45,5 %	54,6 %	63,6 %	72,7 %	81,8 %	90,9 %	100 %					
15	6,3 %	12,5 %	18,8 %	25 %	31,3 %	37,5 %	43,8 %	50 %	56,3 %	62,5 %	68,8 %	75,0 %	81,3 %	87,5 %	93,8 %	100 %
15V	0 %	0 %	0 %	0 %	0 %	0 %	0 %	19 %	38,1 %	57,1 %	64,3 %	71,4 %	78,6 %	85,7 %	92,9 %	100 %

For each category, the respective time period for tariff elimination (staging category) has been agreed on as follows:

Code	Description	Staging category (years)
89031000	Inflatable boats	15
89039100	Sailboats, with or without auxiliary motor	10
89039200	Motor-boats, other than outboard motor-boats	10
89039900	Other recreational/sports boats/craft, including canoes	10
63063010	Sails for boats, etc, of synthetic fibres	4
63063090	Sails for boats, etc, of other textile materials	4
63072000	Lifejackets and life-belts	4
84072110	Combustion engines, single cylinder outboard engines for propulsion of vessels, spark-ignition	10
84072190	Other combustion engines, outboard engines for propulsion of vessels, spark-ignition	10
73160000	Anchors, grapnels and their parts, of cast iron/iron/steel	10
84081010	Diesel engines/semi-diesel, for embarkation, "outboard" type	10
84081090	Other diesel engines/semi-diesel, for embarkation	10

Example: In year 1 of the agreement the tariff of inflatable boats exported to Brazil will be 17.5% and in year 7 it will be at 10%, going down to 0% by year 15.

For other products not listed above (engines, parts, equipment, components), please consult [Annex 2-A](#) in the full agreement.

It is important to consider the applicable rules of origin.

4. Impact for the boating industry – technical barriers

The agreement also aims to reduce non-tariff barriers (“technical barriers to trade”) to improve market access conditions. The agreement commits both the EU and Mercosur to align technical regulations with international standards (ISO), increase transparency, and allow stakeholder input, which should reduce regulatory divergence and unpredictability for boatbuilders and equipment manufacturers.

While it does not (yet) include products regulated under the EU Recreational Craft Directive, some electrical and electronic equipment (navigation systems, onboard electronics) may benefit

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by Mercosur committing to accepting EU-accredited test reports in key areas such as safety and electromagnetic compatibility.