

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Economy, Trade, and Rural Affairs Committee
Senedd Cymru,
Cardiff Bay,
Cardiff
CF99 1SN

SeneddEconomy@senedd.wales

11 December 2025

Dear Andrew,

Thank you for your letter on the EU-MERCOSUR Free Trade Agreement.

As you will know, the EU and the MERCOSUR countries reached a political agreement in December of last year and speculation is that the agreement will be signed in December 2025.

Whilst this represents a step forward in the trading arrangements between the respective parties, after around 20 years on negotiations, the agreement has not yet entered into force and will require ratification from at least 15 EU member states. There also remain potential challenges to the agreement fully entering into force, and many aspects of the agreement in relation to market access are to be phased in over 15 years.

From a Welsh perspective, the EU continues to be the largest export market for Wales, with 56.8% of Wales' goods exports heading there in the year ending June 2025. This is higher than the 48.4% at the UK level, suggesting Wales is more dependent on the EU export market than the UK as a whole. Latest data for the year ending June 2025 show the value of Wales' goods trade to the EU was £17.6bn, of which imports and exports were valued at £7.9bn and £9.7bn, respectively.

In the year ending June 2025, Welsh goods trade with MERCOSUR was valued at £351.6m, of which imports and exports were valued at £172.6m and £179.1m respectively. This latest data shows around 1.0% of Welsh goods exports and 0.8% of Welsh goods imports are with Mercosur partner countries.

At this stage any analysis that could be undertaken on potential future market shifts resulting from an EU-MERCOSUR agreement that is yet to enter into force would be highly speculative and dependent on a significant number of variables.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The UK's exit from the EU also excludes us from seeking any measures, such as tariff rate quotas, to be included to offer some protection or safeguarding of our industries in a trade agreement which the UK is not a party to.

I have spoken to members of the Trade Policy Advisory group (TPAG) to gather views on a UK-MERCOSUR, including its potential impacts on Wales. Concerns were raised by some members that the EU-MERCOSUR deal could be a competitive disadvantage to Welsh exporters once the deal is ratified, including the increased competition within the EU market from Mercosur imports

As with any agreement that the EU concludes, there are potential impacts on UK and Welsh business. Any disproportionate or unfair trading practices or shifts in the market that unfairly increase competition for our farmers or food producers can be escalated through the UK's Trade Remedies Authority. The UK-EU Trade and Cooperation Agreement also includes mechanisms to discuss any unfair practices.

We will work with all parties to ensure that we can review any changes and take appropriate action as needed.

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

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