



**SOUTH AMERICA**

**Hilal Sahin**



**Who Speaks for Mercosur?**

Elite mediation and the politics of the EU-Mercosur deal in Brazil and Argentina

**About the Author:**

hilal sahin

Hilal Şahin is an international relations and politics undergraduate at Ankara Medipol University, with prior EU-focused training at Yeditepe University. Her research centers on security and geopolitics, with an emphasis on the Indo-Pacific/Asia-Pacific and Russia. She will join AVİM (Center for Eurasian Studies) as an intern in March and is set to undertake a NATO internship in Portugal in summer 2026, aiming to pursue a career in security and intelligence studies.

**About the publication:**



### 3 Main Points:

Main question: Who gets to speak for Mercosur in the EU–Mercosur deal?  
Argument: In Brazil and Argentina, the deal is filtered through elite mediation, not neutral state interest. Agribusiness, export coalitions and investor-confidence politics shape how integration is framed. Conclusion: The agreement is as much about representation and power as it is about trade.

#### Highlight Sentence:

*“The EU–Mercosur agreement is being mediated through domestic elite structures in Brazil and Argentina, while many of its social costs are likely to be dispersed across everyday life.”*

#### Definition:

Elite mediation: the process through which organised domestic actors filter external agreements and shape how their benefits, costs and political meaning are presented.

Who Speaks for Mercosur?

*Elite mediation and the politics of the EU–Mercosur deal in Brazil and Argentina*

As the EU–Mercosur agreement advances towards ratification following the December 2024 political agreement ([European Commission, 2024a](#)), it warrants analysis as more than a conventional trade arrangement. It foregrounds questions of representation at the heart of Mercosur, particularly who has the authority to speak for the bloc and whose interests prevail. In public debate, the agreement is frequently presented as a region-to-region bargain over growth, market access and strategic relevance ([European Commission, 2024b](#)). Yet this framing glosses over deeper complexities. This is particularly salient in Brazil and Argentina, where external economic agreements unfold not within neutral domestic arenas but within highly unequal political spaces structured by organised interests and asymmetric access to power ([Economic Commission for Latin America and the Caribbean, 2025](#); [Velasco & Funk, 2020](#)). Mercosur, therefore, does not speak with a single social voice, nor is the meaning of the agreement determined exclusively through



diplomatic negotiation. Rather, it is produced within member states themselves, through domestic coalitions that are far better positioned than ordinary citizens to shape what is defined as the national interest.

A clearer understanding of the implications of the EU–Mercosur agreement first requires situating it within the institutional and political context of Mercosur. Mercosur is a regional integration bloc in South America comprising Argentina, Brazil, Paraguay, Uruguay and Bolivia ([MERCOSUR, n.d.](#)); however, the EU–Mercosur agreement under discussion is framed by the European Commission around the four original negotiating members: Argentina, Brazil, Paraguay and Uruguay ([European Commission, 2024b](#)). Particular attention must be paid to Brazil and Argentina as Mercosur’s two largest and most politically influential members, since the bloc’s external trade agenda is, in practice, largely shaped by their domestic political economies ([MERCOSUR, n.d.](#); [European Commission, 2024b](#)). On the European side, the agreement is presented as part of a wider region-to-region partnership that links markets of over 700 million people, with the stated aim of expanding market access, reducing trade barriers and deepening strategic cooperation ([European Commission, 2024b](#)). It is precisely for this reason that the agreement is analytically significant: beyond its commercial dimensions, it constitutes a political site in which questions of representation, influence and the articulation of Mercosur’s collective “voice” become particularly visible.

This brief adopts a critical political economy perspective centred on elite mediation. From this standpoint, trade agreements are not neutral instruments that distribute benefits evenly across social groups. Rather, they can strengthen the political influence of domestic actors that benefit most from external opening, allowing them to shape national interests and policy priorities ([Kat, 2023](#)). This matters since the EU–Mercosur agreement does not enter an empty political space. In Brazil and Argentina, it is introduced into highly unequal social contexts in which export sectors, investors and politically connected business groups are well positioned to translate external opportunities into domestic policy priorities ([Velasco & Funk, 2020](#); [ECLAC, 2025](#)). The central argument is not that the agreement is inherently beneficial or harmful, nor that it reflects a unified Mercosur preference. Instead, it argues that the



deal is being mediated through domestic elite structures in Brazil and Argentina, while many of its social costs are likely to be dispersed more broadly across everyday social and economic life.

The brief develops this argument in three stages. First, it demonstrates that the agreement should be understood both as an external negotiation between the EU and Mercosur and as an internal contest over political representation. Second, it examines how this process of mediation operates in Brazil and Argentina: through agribusiness power and export-oriented influence in Brazil and through investor-confidence politics and export coalitions in Argentina. Third, it explores the broader implications of these dynamics beyond elite bargaining, particularly in a regional context characterised by persistent inequality, weak systems of social protection and low levels of social cohesion.

### **Brazil's case**

These dynamics are first illustrated in the Brazilian case. A liberal reading of the EU–Mercosur agreement would focus on mutual gains, efficiency and the promise of deeper interregional integration ([European Commission, 2024b](#)). While this captures part of the agreement's economic rationale, it is insufficient. A critical political economy reading instead asks who is best positioned to translate the agreement into advantage ([Velasco & Funk, 2020](#); [ECLAC, 2025](#)). In Brazil, the answer lies most clearly with agribusiness. Brazilian government data indicate that agribusiness exports reached US\$169.2 billion in 2025, accounting for 48.5% of the country's total exports ([Ministry of Agriculture and Livestock of Brazil, 2026](#)). This is not a marginal sectoral detail; it helps explain why Brazilian trade politics are filtered through export-oriented agribusiness interests and why the EU–Mercosur agreement can be framed as a national opportunity even when its benefits are likely to be unevenly distributed.

This elite mediation also shapes how Brazil's external alignment is interpreted. Brazil demonstrates why external economic strategy cannot be reduced to a simple west-facing logic ([Observatory of Economic Complexity \[OEC\], 2026](#); [Agência de](#)



[Notícias Brasil-Árabe, 2026](#)). Trade data from UN Comtrade show that Brazilian exports to China reached approximately US\$100.02 billion in 2025, while more recent reporting indicates that China remained Brazil's leading export destination in early 2026 ([OEC, 2026](#); [Agência de Notícias Brasil-Árabe, 2026](#)). Even where political rhetoric highlights closer alignment with Europe or the “West,” Brazil's economic reality is already embedded in a diversified and pragmatic external geography ([OEC, 2026](#); [Agência de Notícias Brasil-Árabe, 2026](#)). The EU–Mercosur agreement, therefore, does not enter a politically neutral field. It enters a space in which powerful export-oriented sectors seek diversification, market access and enhanced bargaining room across multiple poles of the global economy ([OEC, 2026](#); [Ministry of Agriculture and Livestock of Brazil, 2026](#)). What is presented as a national trade strategy thus reflects the priorities of dominant domestic actors managing dependence, opportunity and leverage across competing external relationships.

These dynamics matter beyond elite negotiations since they shape how an agreement is experienced in everyday life. What appears in official discourse as competitiveness, export growth or strategic diversification does not automatically translate into broadly shared gains ([ECLAC, 2025](#); [Velasco & Funk, 2020](#)). Instead, elite-mediated trade strategies can reinforce existing policy priorities, keeping attention focused on sectors that are already well represented in decision-making arenas ([ECLAC, 2025](#); [Velasco & Funk, 2020](#)). In this context, concerns such as labour protections, environmental enforcement, public investment and persistent regional inequality are more easily marginalised or deferred ([ECLAC, 2025](#); [Velasco & Funk, 2020](#)). The issue, then, is not that agribusiness or export growth should be discounted, but that the political weight of these sectors makes it easier for a narrow set of interests to speak in the name of national development.

### **Argentina's case**

Argentina reflects the same underlying dynamics, but through a distinct mode of elite mediation. Recent OECD reporting highlights fiscal surpluses, the removal of most currency and capital controls in April 2025, and the introduction of large-scale



investment incentives as central elements of Argentina's strategy to restore investor confidence and improve the business environment ([OECD, 2026](#)). This language is analytically revealing, indicating that external economic engagement is debated less in terms of production, employment or social protection than in terms of credibility, market signalling and investor reassurance, with fiscal pressure and social strain often treated as secondary ([OECD, 2026](#); [IMF, 2025](#)). In this context, the EU–Mercosur agreement functions as a symbolic signal of reform, seriousness and international trustworthiness ([OECD, 2026](#); [IMF, 2025](#)). While, as in Brazil, the agreement is mediated through elite priorities ([OECD, 2026](#)), its organising logic in this context is oriented towards investor confidence rather than export power. Concrete policy choices reinforce this investor-centred mode of mediation. The same OECD material notes reductions and temporary eliminations of export taxes on soybeans, corn, sunflowers, wheat, beef, pork and dairy alongside the removal of some export restrictions ([OECD, 2025b](#)). In practical terms, these measures improve the policy environment for sectors that are already oriented toward external markets, helping to clarify which actors are likely to carry greater weight in the domestic politics surrounding the EU–Mercosur agreement ([OECD, 2025b](#)). Rather than referring abstractly to “the economy,” it becomes possible to identify the export-oriented groups whose preferences gain influence when external opening is framed in terms of competitiveness and investor confidence is treated as a political value in itself ([OECD, 2025b](#)). Argentina, therefore, approaches the agreement from a non-neutral starting point ([OECD, 2025b](#); [OECD, 2026](#)): a policy context that has already prioritised export-oriented sectors and investor reassurance, increasing the chances for the agreement to be articulated through the interests of those best positioned to benefit from external opening.

Moreover, the distributive implications of this mode of mediation are most visible in everyday life. When external agreements are filtered through investor-confidence politics, social questions are not resolved so much as displaced ([OECD, 2025b](#); [IMF, 2025](#)). The recurring promise is that fiscal discipline and credibility in the present will generate stability and growth in the future ([OECD, 2025b](#); [IMF, 2025](#)). For citizens, by contrast, the consequences are immediate and concrete: wage pressure, subsidy



cuts, weaker labour social protections and greater insecurity in public services ([ECLAC, 2025](#); [OECD, 2025a](#)). Together, these effects shape prices, transport, employment security and the everyday feeling of whether the economy serves the majority or primarily those closest to power ([Velasco & Funk, 2020](#)). The politics of representation within trade policy become most consequential in the gap between elite framing and lived experience, especially in a regional context marked by persistent inequality, low social mobility and weak social protection ([ECLAC, 2025](#); [Velasco & Funk, 2020](#)). ECLAC has repeatedly described Latin America and the Caribbean as a region marked by persistent inequality, low social mobility, weak social cohesion and structural weaknesses in social policy and social protection ([ECLAC, 2025](#)). OECD analyses of Brazil and Argentina similarly emphasise the need to expand and strengthen social protection systems ([OECD, 2025a](#)). The EU–Mercosur agreement is therefore being debated in societies where the social floor is already fragile ([ECLAC, 2025](#); [OECD, 2025a](#)). Under such conditions, mediation assumes heightened importance, as weak redistributive protections limit the broad distribution of trade gains while shifting the costs of adjustment onto households and workers ([ECLAC, 2025](#); [OECD, 2025a](#); [Velasco & Funk, 2020](#)). Therefore, the question of “Who speaks for Mercosur?” is not rhetorical; it goes to the heart of who is heard, who gets protected and who ultimately bears the costs of adjustment.

## **Conclusion**

The analysis suggests that the EU–Mercosur agreement is best understood as a geopolitical and commercial development embedded within a broader struggle over mediation. In Brazil and Argentina, it is not simply absorbed into domestic politics; rather, domestic elites actively shape how its meaning, benefits and costs are constructed and understood. While agribusiness interests, export coalitions and investor-oriented reform agendas do not fully determine outcomes, they significantly structure what becomes politically visible and what is marginalised. In Brazil, the influence of agribusiness and export diversification frames the agreement primarily as an economic opportunity, whereas in Argentina it is articulated through the



language of investor confidence, credibility and reform. Across both cases, the distribution of benefits and costs is unevenly narrated, with the broader public more often positioned as adapting to the consequences of integration than as shaping its priorities. The central question, therefore, is not only whether the agreement will generate growth, but who defines what counts as growth and who is expected to bear its trade-offs in everyday life.

The core challenge, then, lies less in whether the EU–Mercosur agreement can be justified in economic terms than in whether Mercosur’s “voice” is sufficiently plural to encompass those who will ultimately live with its consequences. The findings of this brief suggest that such plurality remains constrained. In Brazil, the agreement enters a political economy where agribusiness already holds a structurally influential position, with exports constituting a significant share of national trade and external strategy shaped by efforts to diversify across multiple markets. As a result, the agreement is readily interpreted as an export opportunity by actors already deeply embedded in global value chains. In Argentina, by contrast, it is filtered through a policy environment centred on investor confidence, fiscal credibility, market signalling, and reform agendas oriented towards externally facing sectors. Policies such as easing export restrictions and reducing export taxes further clarify which actors are positioned to benefit from external opening, and whose interests are more readily aligned with national priorities.

Across both cases, the agreement is not simply negotiated externally and then neutrally absorbed domestically; rather, it is mediated through domestic power structures that systematically privilege certain actors in defining its meaning and distributional implications. This dynamic is particularly consequential in a regional context characterised by persistent inequality, weak social protection and fragile social cohesion, where the gains from integration are unlikely to be broadly shared and the costs of adjustment are more likely to be absorbed in everyday life through pressures on wages, public services, protections and economic security. The politics of the EU–Mercosur agreement therefore extends beyond trade, raising deeper questions of representation, power, and whose futures are ultimately inscribed in the logic of integration





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