#02
SEP26

Bites by SELA

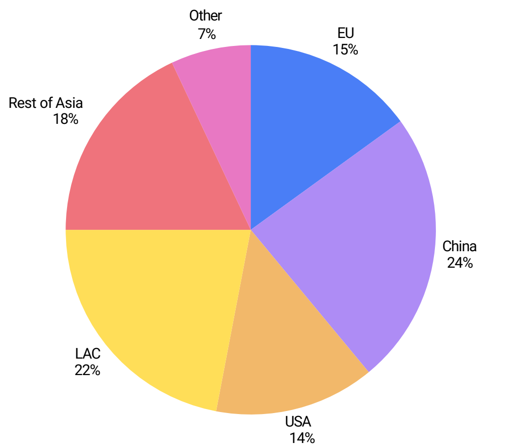
A taste of regional economics

Mercosur-EU Agreement Are SMEs prepared?

The Interim Agreement on Trade between Mercosur and the European Union (EU) entered into provisional application on 1 May 2026. Its entry into force opens up new opportunities for trade between the two regions. By 2025, the EU was the fifth-largest destination for South American exports.

But there is one question worth asking: if new market opportunities are opening up, are our SMEs ready to take advantage of them?

Destinations for South American exports



Source: SELA

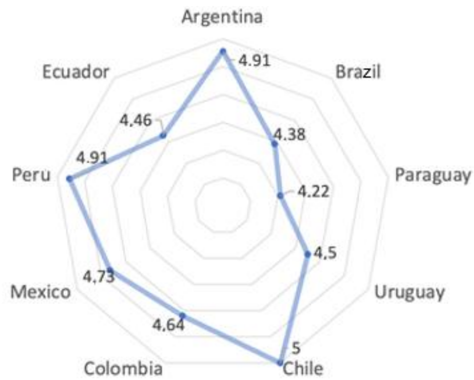
SMEs account for around 99% of businesses, but only 5% are involved in exports, reflecting their low participation in international trade.

What does an SME need to be able to export?

Firstly, it must have something to offer. It is not a question of producing more, but of having attractive, competitive products with real potential in other markets. This means moving towards a more diversified range of products, with greater value added and capable of meeting consumers' needs.

Secondly, exporting involves understanding markets, identifying buyers, meeting requirements, complying with international standards, sorting out logistical issues and securing finance to increase production.

IPPALC: market access and internationalisation



Source: OECD, CAF & SELA (2024). Via the PPALC Network.

And this is where a third key element comes into play: public policy. The Public Policy Index for SMEs (IPPALC) enables us to assess precisely how well-equipped the policies of countries in the region are to support this process. Countries such as Chile, Argentina and Peru are leading examples in terms of supporting businesses in their export activities.

A company that has never exported does not necessarily have the knowledge, the resources or the capacity to do so on its own. It needs information, training, finance, and support to meet standards and connections that will enable it to find opportunities and new markets.

That is why a trade agreement does not automatically benefit all businesses. Reducing tariffs may open the door, but it does not guarantee that businesses will be in a position to walk through it. The challenge ahead is to create conditions that will enable more SMEs to do so.

This also means recognising that not all businesses need the same kind of support. Some need to prepare to export for the first time; others need to improve their products and processes; and those that already export may need support to reach new markets and grow.

Along this path, it is also important to know where the opportunities lie. SELA's methodology for identifying potential productive niches makes it possible to analyse which activities and products are most likely to succeed in international markets.

Making the most of the MERCOSUR–EU agreement does not simply mean exporting more. It means having a more diverse and attractive range of products, better-prepared businesses, and public policies capable of supporting them throughout the process.

Econ. Javier Rodríguez

An agreement can open up new trade opportunities, but having an attractive and diversified range of products, together with supporting public policies, will be key to turning that access into real export opportunities for SMEs