

## In Defence of the EU's Trade Initiatives

Article by Jorge Tamames

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More than two decades in the making, the European Union's trade deal with the Mercosur bloc has taken on renewed urgency in light of tensions with the US. Some within the EU see the agreement as environmentally destructive and a threat to the primary sector, but Europe needs to form more partnerships to strengthen its autonomy and resist commercial coercion.

"Apparently military, with political content and ultimately economic" was how Francisco Franco privately summed up the Madrid Pacts. The formula is counterintuitive but accurate: in 1953, after establishing military bases in Spain, the United States normalised relations with the dictatorship and began investing in an economy that had been ruinous until then. That economy would later take off thanks to this impulse and the National Stabilisation Plan. The visible part of the agreement was military; its political and economic dimensions were what enabled the regime's survival.

A useful way to understand the European Union's trade initiatives is by reversing this order of priorities. The web of treaties promoted by Brussels – with Mercosur (ratified), India (recently announced), Canada (2017), Japan (2019), and Australia (under negotiation) – is apparently economic, but has increasingly taken on political content. And although it lacks a military dimension, it seeks to strengthen European security.

None of this is secret. Supporters of these agreements highlight their value for the European Union's strategic autonomy. They argue that the deals will help reduce risks not only in trade relations with China, but also with the United States. Less dependence – commercial and energy-related – means greater firmness vis-à-vis autocrats such as Donald Trump or Vladimir Putin. Yet this fact is often overlooked in Europe's public debate.

### A stance that needs updating

This tendency is particularly pronounced among progressives. The Greens and the Left (GUE/NGL), largely voting alongside the far right in the European Parliament, have forced a judicial review of the EU-Mercosur<sup>1</sup> agreement, obstructing its entry into force. They argue that its impact on the environment and on Europe's primary sector will be negative. With few exceptions,<sup>2</sup> these groups have barely engaged with other aspects of the agreement.

This position fits within a hostility toward free trade that dates back at least to the 1990s. The neoliberal "end of history" brought considerable destruction: rising inequality, the implosion of entire regions and economic sectors, crises, and the hypertrophy of the financial sector. This hyperglobalisation was never an emancipatory agenda, and the Left's opposition to it was clearly justified.

Today, however, that stance needs updating. The main threat facing our societies is no longer deregulated globalisation (may it rest in peace), but coercion by powers such as the United States and Russia, combined with the worsening climate crisis. These two problems reinforce each other, because both Trumpism and its European offshoots oppose any kind of energy transition that would phase out

our addiction to foreign gas and oil.

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In such a world, the agreements pursued by the European Union represent an attempt to build a different economic and diplomatic architecture, with clear legal foundations. The Mercosur agreement serves as an example. First, the contrast with previous trade treaties – including those from the Obama era, with their notorious ISDS clauses – deserves recognition. Although the agreement can be improved, it includes more demanding labour and environmental standards than those found in conventional free trade agreements.

It also represents a net contribution to economic and climate security. Mercosur members are among the world's leading suppliers of critical minerals, which are indispensable for carrying out a rapid and just energy transition. Strengthening ties with the region is especially important at a time when the North American counteroffer consists of a mix of blackmail, violence, and extractivism.

A deeper trade relationship between Mercosur and the European Union also helps offset dependencies vis-à-vis China. At first glance, both Latin Americans and Europeans would benefit from a rapprochement with Beijing, necessary to counterbalance Washington's hostility. In practice, however, Sino-American rivalry is not set in stone – at least in the short term. With a figure as erratic and prone to abrupt reversals as Trump, it is not unimaginable that the China-United States summit in April could produce a reconciliation between the two powers, marginalising Europe and Latin America. Given that the US National Security Strategy, released in December 2025, devotes more space to criticising the European Union than China, and frames hemispheric dominance (that is, over both Americas) as a priority objective, this possibility deserves to be taken seriously.

This is why the political content of European trade initiatives matters. Their common thread is the consolidation of a network of middle powers with autonomy on the international stage. This is not about forming an alliance against China, Russia, or the United States, but about acquiring the means and partners to mitigate commercial coercion and pressure from great powers. The objective should be to ensure that a scene like last summer's never happens again, when European representatives went to Trump's golf course in Scotland to flatter him and accept a humiliating tariff agreement.

## **Adapting in the face of crisis**

That said, trade issues themselves do matter. The EU-Mercosur agreement will inevitably have distributive consequences. As for its allegedly harmful impact on the primary sector, it is important to note that this impact does not appear to be as severe as is sometimes claimed, nor has the regenerative, extensive, and local agriculture system championed by progressives been particularly favoured by the model that has actually existed in Europe so far. Protecting and developing such a sector would require public policies specifically designed for that purpose, as well as a profound reform of the Common Agricultural Policy.

These are important considerations, but largely external to the agreement itself. Moreover, the EU-

Mercosur deal should not be read exclusively through the lens of the primary sector. Far from being a threat, it can benefit economies such as Spain's, whose main exports – too often forgotten – are not agricultural products, but services and industrial manufactures.

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In any case, initiatives of this kind should not be anathema if Latin American societies are truly considered, as leftists repeatedly insist, “sister peoples” of those on the Iberian Peninsula. Or if, beyond the usual slogans, there is a genuine desire to counterbalance the increasingly arbitrary and brutal role of the United States in the world. This does not mean that every trade agreement deserves uncritical celebration. But it does mean that it must be assessed using broader criteria than those applied so far.

Today, former central bankers such as Mark Carney (now Canada's prime minister) or Mario Draghi speak of industrial and climate policy, or of developing economic security vis-à-vis the United States – concepts alien to the economic orthodoxy in which they were trained. If they are capable of adapting in this way, what prevents the Left from being flexible?

The ability to adapt in the face of crises, or to show tactical flexibility in pursuit of concrete strategies, is not synonymous with opportunism or capitulation. On the contrary, it is an essential requirement for any ambitious political force with a genuine desire to transform reality.

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