ANALYSIS

EFTA–Mercosur Free Trade Agreement: The climate implications for Switzerland

Alliance Sud and Public Eye
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Executive Summary

This report quantifies the greenhouse-gas implications of the EFTA–Mercosur agreement for Switzerland. Based on the agricultural trade quotas established under the agreement, current trade structures, and commodity-specific emission factors, it identifies the products and trade flows most likely to generate additional emissions.

The results show that the climate impacts associated with the agreement are substantial and highly concentrated. Switzerland emerges as the single most affected EFTA country in the modelled scenario. Total emissions linked to Swiss import and export quotas reach 343.6 thousand tonnes CO2e, a 112% increase over current trade levels. Of this, 190.9 thousand tonnes CO2e are associated with Mercosur exports to Switzerland, while 152.7 thousand tonnes CO2e are associated with Swiss exports to Mercosur.

For Swiss imports, the hotspots are oil cake (84.8 thousand tCO2e), beef (48.9 thousand tCO2e), soybean oil (12.5 thousand tCO2e) and groundnut oil (6.6 thousand tCO2e). On the export side, the main hotspots are chocolate bars (65.5 thousand tCO2e), other chocolate products (63.3 thousand tCO2e), white chocolate (13.1 thousand tCO2e), cheese (6.5 thousand tCO2e) and filled chocolate bars (3.5 thousand tCO2e).

A further key result is that the emissions profile is driven overwhelmingly by production, not by transport alone. At the aggregate level of the quota scenario, production accounts for 334.3 thousand tCO2e, or 97.3% of total quota-related emissions, while transport accounts for 9.3 thousand tCO2e, or 2.7%.

For Switzerland, the policy implication is clear: the agreement should not be treated simply as a commercial arrangement with external environmental side effects. It carries a substantial embodied carbon burden directly linked to Swiss trade, and that burden is concentrated in a small number of clearly identifiable commodity chains.

1 Overall climate implications

1.1 The climate implications of the EFTA-Mercosur Free Trade Agreement

In public debate, the environmental effects of trade agreements are often presented as indirect, diffuse or too uncertain to assess meaningfully. The evidence assembled here suggests otherwise. In the case of EFTA–Mercosur, the climate implications for Switzerland are neither abstract nor evenly distributed. They are associated with a relatively small number of products and trade routes that can be identified clearly from the quota structure and current trade patterns. This is significant in the Swiss context for at least three reasons.

First, Switzerland presents itself internationally as committed to climate action and policy coherence. An agreement that expands trade in emissions-intensive agricultural and processed-food commodities therefore raises direct questions about the consistency of Swiss trade policy with Swiss climate objectives.

Second, Switzerland is implicated on both sides of the trade relationship. It is not only a destination market for additional Mercosur agricultural exports. It is also a key country of origin for high-emissions processed-food exports to Mercosur, especially in chocolate and dairy-based products.

Third, the climate effects are concentrated enough to be analytically manageable. This is not a case where every concession matters equally. The main hotspots are visible, and that makes focused public and parliamentary scrutiny possible.

1.2 Switzerland's trade profile under the agreement

For the commodities covered by the assessment, current Switzerland-related trade embodies about 307 thousand tonnes CO2e. The new EFTA–Mercosur quotas would add a further 344 thousand tonnes CO2e, which corresponds to an increase of roughly 112% over current levels. The increase is about 69% on the import side, but more than 500% on the export side, reflecting the very large expansion of Swiss processed-food exports, especially chocolate.

Table 1. Switzerland-related emissions associated with import and export quotas

Trade flow	Emissions (1,000 tCO2e)
Mercosur exports to Switzerland	190.9
Swiss exports to Mercosur	152.7
Total	343.6

Mercosur exports to Switzerland			
current emissions	additional quota emissions	total after quotas:	increase relative to current trade:
thousand tCO2e	thousand tCO2e	thousand tCO2e	.
278.0	190.9	468.9	68.7%

Swiss exports to Mercosur			
current emissions	additional quota emissions	total after quotas:	increase relative to current trade:
thousand tCO2e	thousand tCO2e	thousand tCO2e	.
29.2	152.7	181.9	523.4%

This means that Switzerland's role cannot be understood simply as that of an importing country exposed to environmentally problematic agricultural goods from abroad. Switzerland also contributes directly to the emissions profile of the agreement through its own export basket, especially chocolate, dairy and infant-formula-type products.

That two-sided structure matters politically. It means the climate implications of the agreement are not an external issue located only in Mercosur production zones. They are embedded in Swiss trade relations themselves.

1.3 Main Swiss findings and commodity hotspots

The Swiss results are structured around two distinct channels: import-side emissions linked to agricultural commodities from Mercosur, and export-side emissions linked to processed-food exports from Switzerland.

The climate implications of the agreement are highly concentrated in a limited number of commodity lines. Table 2 summarises the main Swiss hotspots:

Table 2. Largest quota-related GHG increases directly linked to Switzerland

Commodity	Quota (1,000 t)	GHG emissions (1,000 tCO2e)	Trade direction
Oil cake	20.00	84.85	Mercosur to Switzerland
Chocolate bars	10.34	65.51	Switzerland to Mercosur
Other chocolate	4.07	63.28	Switzerland to Mercosur
Beef	3.00	48.90	Mercosur to Switzerland
White chocolate	1.12	13.10	Switzerland to Mercosur
Infant formula	1.12	13.05	Switzerland to Mercosur
Soybean oil	1.50	12.45	Mercosur to Switzerland
Groundnut oil	1.50	6.58	Mercosur to Switzerland
Cheese	0.99	6.48	Switzerland to Mercosur
Lamb	0.20	5.3	Mercosur to Switzerland
Honey	2.00	5.2	Mercosur to Switzerland
Olive oil	1.00	5.2	Mercosur to Switzerland
Milk powder	0.30	3.8	Mercosur to Switzerland
Filled chocolate bars	0.47	3.5	Switzerland to Mercosur
Wine	50.00 (1,000 hl)	3.4	Mercosur to Switzerland

This pattern is important because it complicates any simple interpretation according to which Switzerland merely imports "high-carbon" raw materials while exporting relatively benign value-added foods. The evidence indicates something more politically significant: Switzerland imports carbon-intensive primary commodities, but it also exports carbon-intensive processed foods. The emissions structure differs across the two directions of trade, but it is substantial in both. These results reveal two central points. First, the agreement's climate burden is not spread evenly across the Swiss trade basket. A small number of products account for a disproportionate share of total emissions. Second, the major hotspots are located on both sides of the trade relationship: soy- and livestock-related imports from Mercosur, and processed-food exports from Switzerland.

2 Key emissions-intensive goods

2.1 Soy-related products are emissions-intensive

Soy-related products deserve particular attention because they are sometimes treated in trade debates as relatively neutral agricultural commodities. The assessment shows that this is misleading.

The first reason these products generate high emissions is volume. In the Swiss case, oil cake alone accounts for 84.8 thousand tCO2e, making it the single largest contributor in the assessment. Soybean oil adds another 12.5 thousand tCO2e. Even when per-unit emissions are lower than those of beef, large trade volumes generate major aggregate totals.

The second reason is that soy-related products are tied to industrial export agriculture, especially in Brazil, which dominates the Swiss soy-related results. Their carbon intensity reflects more than cultivation alone. It is embedded in large-scale, mechanised, chemically intensive production systems geared toward export markets and agro-industrial processing.

The third reason is that soy cannot be understood independently from broader land-use pressures, even if these are not separately quantified here. In South America, soybean expansion has long been associated with frontier dynamics, native vegetation conversion and territorial restructuring for export agriculture. For that reason, the production-side emissions associated with soy-related products should be understood in light of these wider ecological conditions.

A final point is that soy is not only significant as a crop in itself. It is also a strategic input into livestock systems, especially through feed. Its climate importance therefore extends into other commodity chains, reinforcing the emissions profile of meat and dairy production more broadly. The emissions factor applied here captures the full production chain for each unit of product, from cradle to the export port, therefore including land-use change emissions.

2.2 Chocolate products generate high emissions

One of the most striking findings in the assessment is the scale of emissions associated with Swiss chocolate exports. Chocolate bars generate 65.5 thousand tCO2e, while other chocolate products generate 63.3 thousand tCO2e. Together, these quotas alone account for nearly 129 thousand tCO2e. White chocolate adds a further 13.1 thousand tCO2e. There are three main reasons for this.

First, the agreement entails a very large expansion in chocolate quotas relative to current trade. In the broader product-group results, chocolate products show the sharpest relative increase, with quota volumes increasing by around 550% compared with current trade. Correspondingly, quota-related emissions for chocolate products reach 145.8 thousand tCO2e, compared with 29.2 thousand tCO2e embodied in current trade.

Second, chocolate is a highly processed product. Its emissions do not come from one raw material alone. Chocolate products combine cocoa, sugar, dairy inputs, fats, industrial processing, packaging and transport. Their embodied emissions therefore reflect a chain of material and energy inputs rather than a single commodity.

Third, chocolate illustrates a broader issue in Swiss trade policy: processed-food exports are often seen as economically sophisticated and therefore implicitly less problematic, while their

environmental footprint remains underexamined. The results here show that this assumption does not hold. Some of Switzerland's highest-value processed-food exports carry very substantial embodied emissions.

This is one of the most important conclusions for Swiss parliamentary debate. The climate implications of EFTA–Mercosur are not confined to Mercosur agriculture. They also include Switzerland's own export profile.

2.3 Livestock products remain major climate hotspots

Beef remains one of the clearest structural hotspots in the assessment. For Switzerland alone, beef accounts for 48.9 thousand tCO2e, despite a quota of only 3,000 tonnes. This illustrates a crucial point: relatively modest volumes can still generate very large emissions where the product itself is highly emissions-intensive.

The Swiss beef import quotas also show that origin matters. The modelled total is distributed across several Mercosur suppliers, with Paraguay and Uruguay contributing more than Brazil and Argentina. To estimate the country of origin of the additional imports generated by the new quotas, the analysis allocates the new volumes according to the current import mix observed for the same product. This means the climate impact depends not only on the size of the quota, but also on which production systems are most likely to supply it.

More broadly, livestock emission factors cannot be separated from the wider land dynamics of cattle production in Mercosur. Although this report does not quantify land-use change separately, it is important to note that the production-side carbon burden of livestock in the region is closely tied to the ecological pressures associated with pasture expansion and broader territorial transformation.

2.4 Production matters far more than transport

A frequent argument in trade debates is that the environmental problem lies mainly in long-distance transport. The assessment does not support that view.

At the aggregate level of the quota scenario, total quota-related emissions amount to 343.6 thousand tCO2e. Of this, 334.3 thousand tCO2e come from production and 9.3 thousand tCO2e from transport. In percentage terms, this means 97.3% of emissions are production-related and only 2.7% are transport-related.

Table 3. Breakdown of quota-related emissions

Component	Emissions (1,000 tCO2e)	Share of quota-related total
Production	334.3	97.3%
Transport	9.3	2.7%
Total	343.6	100.0%

This is a crucial point for Swiss policymakers. The climate problem raised by the agreement cannot be reduced to shipping distance. It is rooted in the kind of goods being traded and in the systems that produce them. For the commodities that matter most here — oil cake, beef, soy derivatives, chocolate and dairy-based processed foods — the dominant source of emissions lies upstream, in production and processing.

3 Conclusions

3.1 Implications for Swiss policy

For Switzerland, the implications are significant.

First, the agreement raises a question of policy coherence. Switzerland cannot credibly pursue ambitious climate objectives while simultaneously expanding preferential trade in a basket of products strongly associated with high embodied emissions.

Second, the results suggest that scrutiny should focus on a small number of high-impact commodity chains rather than treating the agreement as environmentally neutral in aggregate. The main Swiss hotspots are identifiable, and they are concentrated enough to support targeted parliamentary and public debate.

Third, the findings challenge any interpretation according to which the environmental burden of the agreement lies primarily abroad. Switzerland is implicated not only through its demand for Mercosur agricultural commodities, but also through its own exports of emissions-intensive processed foods.

Fourth, the evidence suggests that trade policy should be assessed not only in terms of market access and export gains, but also in terms of embodied carbon, agricultural models and the wider food-system transformations that trade liberalisation supports.

3.2 Conclusion

The evidence presented here suggests that the EFTA–Mercosur agreement carries substantial climate implications for Switzerland. These implications are not diffuse. They are concentrated in a small number of commodity chains, above all oil cake, beef, soybean-related products, chocolate, cheese and infant formula.

Switzerland is central to this picture because it is implicated on both sides of the trade relation. It is not only exposed to additional imports of emissions-intensive agricultural commodities from Mercosur. It is also a major exporter of emissions-intensive processed foods to Mercosur. The agreement therefore deepens Switzerland’s integration into carbon-intensive agro-food exchange rather than merely exposing it to external environmental risks.

The main policy lesson is straightforward: if the agreement is evaluated seriously from a climate perspective, attention should focus on the specific trade lines that account for the overwhelming share of emissions. Once that is done, the environmental concerns are difficult to dismiss. The issue is not simply that trade expands. It is that it expands most strongly in precisely those commodity chains whose production systems are already among the most problematic in climate terms.

Methodological note

The divergence between our estimates and the 2020 SECO/WTI[1] assessment reflects not only different modelling techniques, but also different assumptions about the product coverage and the effective scope of the tariff-rate quotas. The SECO study is based on a top-down Computational General Equilibrium (CGE–MRIO) framework that aggregates products into broad sectors and treats the EMFTA largely as a marginal change in market access relative to the pre-existing GSP regime, leading it to conclude that agricultural trade effects — and therefore environmental impacts — are limited overall. In that framework, the tariff rate quota (TRQ) analysis is grouped into broad product categories, and the main Swiss import increases highlighted are products such as olive oil, wine and honey, while soybean oil cake does not appear as a distinct high-impact quota line. By contrast, our approach works from the bottom up, using the specific commodity basket and quota lines contained in the negotiated schedules, allocating volumes by observed trade mixes and applying country- and product-specific emission factors. This leads to a very different result, especially because our dataset explicitly includes oil cake as a major Swiss import quota, which emerges as the single largest emissions hotspot in the assessment. More broadly, our estimates are designed to capture the embodied emissions associated with the quota-expanded commodity basket itself, whereas the SECO study estimates the net economy-wide change generated by the agreement after aggregation, substitution and offsetting effects across sectors and countries. For that reason, the SECO/WTI study tends to compress high-impact commodity-specific effects, while our estimates make visible the concentration of emissions in a small number of particularly climate-intensive trade flows.

About the author

Stefano Menegat is an independent scholar in economic and political geography, ecological economics, and political ecology. He holds a PhD in Renewable Resources (Ecological Economics) from McGill University and has worked extensively on agri-food systems, trade, and greenhouse-gas emissions, including research on the climate impacts of the EFTA–Mercosur and EU–Mercosur agreements.

[1] Joseph Francois, Christian Häberli, Miriam Manchin, Rodrigo Polanco, Hugo Rojas-Romagosa, and Patrick Tomberger, *Assessment of the potential environmental impacts and risks in Switzerland and the MERCOSUR States resulting from a Free Trade Agreement (FTA) between the EFTA States and MERCOSUR* (Bern: World Trade Institute for SECO, June 2020).