



UPSC & STATE PCS CURRENT AFFAIRS · UJIYARI.COM

MAGAZINE NOTES

EU-Mercosur Trade Pact & Emissions Trading System (ETS)

15 February 2026

IR

ENVIRONMENT

ECONOMY

GS2

GS3

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[in linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)

ALSO FROM THE CREATOR

BharatNotesFree UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →

ADVERTISE

Advertise with Ujiyari

Reach thousands of UPSC aspirants daily.

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

EU-Mercosur Trade Pact & Emissions Trading System (ETS)

🌱 Down to Earth Chapter 7 · 1 min read ·

EU-Mercosur Trade Pact

- Massive trade agreement integrating a market of ~**450 million people** (~700 million consumers total)
- EU eliminates tariffs on South American agricultural goods (beef, poultry, ethanol)
- Mercosur drops tariffs on EU cars, machinery, and pharmaceuticals
- Goes far beyond traditional tariffs — binds developing nations to strict EU standards on sanitary rules, intellectual property, and environmental compliance
- **India impact:** Threatens export competitiveness; Indian goods face stiffer tariff-free competition from these two massive blocs

Emissions Trading System (ETS)

- Market-based climate policy: regulators set cap on total emissions, distribute tradable “allowances” (1 tonne CO₂ per allowance), lower cap over time
- **Political pushback:** Slovakia’s PM demanded its suspension — skyrocketing carbon prices placing unbearable financial burden on domestic manufacturing

UPSC Angle

- **GS2:** International relations, trade agreements
- **GS3:** Economy, environment, climate policy

 FACTS CORNER — KNOWLEDGE PEDIA **EU-MERCOSUR PACT:**

Market size: ~450 million people

EU concession: tariff elimination on beef, poultry, ethanol

Mercosur concession: tariff elimination on cars, machinery, pharma

Threat to India: tariff-free competition from two mega-blocs

 ETS:

Mechanism: cap-and-trade (1 allowance = 1 tonne CO₂)

Challenge: Slovakia demanded suspension due to cost burden



CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

[in linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/magazines/2026/down-to-earth-february-2026/eu-mercosur-trade-pact-ets/>

ALSO FROM THE CREATOR

BharatNotes

Free UPSC study platform — subject-wise notes across all 4 GS papers, Prelims MCQs, Mains answer frameworks, PYQ analysis & progress tracking. **100% Free • No Login Required.**

[Start Preparing → bharatnotes.com](#)

📌 OPPORTUNITY

Advertise with Ujiyari

Reach **thousands of serious UPSC & State PCS aspirants** daily through our PDFs, website, and social channels.

Ideal for: Coaching institutes • EdTech platforms • Book publishers • Exam prep apps

[✉ epicbharat@gmail.com](mailto:epicbharat@gmail.com)

Write to us for rates & media kit

Free UPSC & State PCS Current Affairs · ujiyari.com · bharatnotes.com