



18 November 2015

Eucolait's views on the EU-Japan negotiations in light of the conclusion of the Transpacific Partnership

The beginning of October witnessed the announcement that talks towards a Transpacific Partnership (TPP) had been concluded. The EU is currently involved in negotiations with a number of TPP members, including Japan which is a key market for the European dairy sector. This is why dairy stakeholders in the EU eagerly awaited the outcome of the TPP talks with respect to concessions offered by Japan to the United States, New Zealand and Australia as these obviously influence the minimum outcome required for EU dairy exporters.

While accepting that the level of ambition displayed by Japan in offering access to its dairy market in TPP can be considered as a benchmark, Eucolait now calls on the Commission to push the boat out further and to achieve better results for the EU dairy sector. The EU has much to offer Japan as a trading partner in terms of potential consumers (more than 500 million people) and the results of the agreement for EU dairy need to reflect the benefits which Japan will ultimately enjoy with the EU as an FTA partner. In addition, the complicated logistics of negotiating with eleven other countries in TPP cannot be compared with a bilateral negotiation between the EU and Japan. Therefore the Commission must aim and secure the best deal imaginable.

Dairy exports from the EU to Japan were valued in the region of €380 million in 2014 making it one of the largest markets for EU exports (4th largest market for EU cheese specifically). In 2015 Japan has become the second importer of EU cheeses after the United States. Currently, high tariffs and limited TRQs mean that there is scope and potential for these exports to increase further if the Japanese market were opened. While cheese is the major product of the EU being exported and therefore a solution should be found which guarantees the broadest possible scope for exporting all varieties of cheese, every effort should be made to ensure that the highest quality level of access is also secured for other dairy lines. In this context, it is worth noting that Japan is only about 77% self-sufficient in dairy and that domestic production is declining.

Product specific information: outcome of TPP and the Eucolait wish list

The following information has emerged as regards market access offered by Japan to its TPP partners (not exhaustive). Eucolait has noted the limited ambition and complex myriad of tariffs and TRQs offered by Japan and considers that more is needed to ensure a quality deal for the EU.

EUCOLAIT aisbl

rue Belliard 199 - B-1040 Brussels - Belgium
Tel. : +32 (0)2 230 44 48 - Fax : 32 (0)2 230 40 44
info@eucolait.eu - www.eucolait.eu

BNP Paribas Fortis Bank : 210-0751020-01 - Place Jamblinne de Meux 18 - B-1030 Brussels IBAN : BE43 2100 7510 2001 SWIFT : GEBA BE BB

Product	What has been achieved in TPP	Eucolait's vision for the EU-Japan deal
Cheeses (including cheddar, pizza cheese and some powder/grated cheese)	Liberalisation to take place over the course of 16 years (in equal annual stages) after entry into force of the agreement	Liberalisation, but for <u>all</u> cheese and within a much shorter time frame
Processed cheese	Country specific TRQs rising from 100 to 150 t in year 11 (with eventually zero duty) for NZ, Australia and USA. No tariff reductions for out of quota imports.	See above
Fresh cheese (for use as raw material for shredded cheese)	Zero duty TRQ – quantity stipulated by law each year – min. 3.5 x quantity of prospective domestic production; tariff reductions apply to some out of quota imports.	See above
Whey	Country specific TRQs (NZ, Australia and US) for whey and whey derivatives with an in-quota zero duty either immediately or after 5 years. Gradual elimination of out of quota duties for most tariff lines.	Complete liberalisation, and within a shorter time frame
Lactose and lactose syrup	Immediate liberalisation on entry into force of the agreement	Immediate liberalisation
Butter	TRQ starting at 39 341 tonnes rising to 45 898 tonnes (in milk equivalent) in year 6. Duty reduced to 35% from year 11. No reduction of the out of quota tariffs.	A more generous TRQ for EU butter, preferably at zero duty. Alternatively, significant tariff reduction without quota.
SMP	TRQ starting at 20 659 tonnes rising to 24 102 tonnes (in milk equivalent) in year 6. Duty reduced to 25% from year 11 (35% for SMP containing added sugar). No reduction of the out of quota tariffs.	A more generous TRQ for EU SMP, preferably at zero duty. Alternatively, significant tariff reduction without quota.
WMP and butter milk powder	TRQ starting at 1 500 tonnes rising to 2 250 tonnes (in milk equivalent) in year 6. From year 11, duty reduced to 30% for WMP, to 25% for buttermilk powder and to 35% for buttermilk powder with added sugar. No reduction of the out of quota tariffs.	A more generous TRQ(s) for these products, preferably at zero duty.
WMP (special TRQ for the purposes of producing chocolate in Japan)	A duty free quota starting at 20 000 tonnes (in milk equivalent) and rising to 60 000 tonnes (in milk equivalent) after 10 years. The quantity per importer is limited by an obligation to also use a certain quantity of domestic WMP for chocolate production. No reduction of the out of quota tariffs.	As stated above, a more generous, duty free TRQ for EU WMP.
Evaporated milk	TPP wide duty free TRQ of 1 500 tonnes, increasing in size to 4 750 tonnes after 6 years. No reduction of the out of quota tariffs.	A more generous duty free TRQ for EU evaporated milk
Condensed milk	TPP wide duty free TRQ of 750 tonnes. No reduction of the out of quota tariffs.	A more generous duty free TRQ for EU condensed milk