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## **Eucolait position on trade negotiations with the Philippines**

Eucolait, the European association of dairy trade, representing exporters, importers and wholesalers of milk and dairy products, warmly welcomes the recent launch of negotiations with the Philippines towards a free trade agreement. Following the stalling of region to region EU-ASEAN talks in 2009, we consider this, as well as the successful conclusion of negotiations with Vietnam and Singapore, to be a positive signal for EU engagement in South East Asia.

As regards trade in dairy products, Philippines is in a special position because it is almost completely dependent on imports (Philippines is only 1% self-sufficient in dairy production). Therefore dairy will not form part of the defensive interests of Philippines in these negotiations and there should be no barrier to complete liberalisation of access for EU dairy products. Per capita consumption of dairy is still relatively low in Philippines (22 kg per annum), nevertheless Philippines represents a large (population 103 million approximately) and an expanding market for dairy products. Dairy products represent the third largest agricultural import after wheat and soybean meal. Currently Philippines is the 25<sup>th</sup> export market of the EU in terms of value with an estimated €160 million of dairy products shipped from the EU to Philippines in 2015. 30% of dairy imports into Philippines are currently covered by New Zealand, followed by the US (24%) and Australia (7%).

While current tariffs facing EU exporters are already very low (ranging between 1 and 7% depending on the product), our competitors Australia and New Zealand already enjoy duty free access for their products on the Philippines market as a result of the ANZASEAN agreement. Therefore a free trade agreement between the EU and Philippines would help to create a level playing field in this respect. Promotion of EU agricultural products on the Philippines market could represent further opportunities for EU exporters. Currently Philippines is not one of the destinations earmarked for EU trade missions organised by the Commission in 2016. Eucolait would strongly support the inclusion of Philippines on the Commission promotion agenda.

Eucolait remains at the disposal of the Commission as regards questions on dairy trade with Philippines and look forward to an ambitious deal and the elimination of tariffs on EU dairy products. In the same vein we are also looking forward to the EU successfully completing talks with Thailand and Malaysia and the launch of negotiations with Indonesia.

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