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## Mid-term Break

It's mid-term break time in Brussels and across much of Europe, so from a meetings/summit perspective it's relatively quiet. This presents the ideal opportunity to reflect on what has gone down in the last eight weeks or so.

With Brexit, it seems we're no closer to finding a solution for the Irish border - the only certainties to come out of the last two months are that there is no appetite for ministers to meet again in November (given the glacial pace of progress) and that it's going to be a sprint, not a marathon, to find any workable solution before 29 March next. The next chance at cracking some sort of arrangement will be in the weeks coming to Christmas. A festive miracle perhaps?

On the wider world stage, Trump's trade policies continue to rage and bring ever increasing levels of uncertainty. It's nearly better to keep the head down, try not to draw too much attention to dairy and hope the storm blows over - this was the surprisingly hedgehog-like approach (and honestly, probably the most sensible approach) that some people are reportedly taking with respect to the US. Another big transatlantic development - the birth of the USMCA, is giving the US a fraction of a percentage more access to the Canadian dairy market and, more crucially, should lead to the discontinuation of the class 7 programme subsidising Canadian SMP exports. It will also maintain the existing free access to the Mexican market but won't address the retaliatory tariffs on cheese which are a different matter altogether. Midterm elections in the US may prove crucial for the next steps needed before the USMCA can be applied - a change in the house majority could see a slower pace of ratification, with more questions being asked and more aspects of the agreement up for scrutiny.

Negotiations between the EU and Australia and New Zealand respectively are still very much in their infancy, with the parties discussing fundamental modalities (for instance, how often negotiation rounds should take place). The Commission has indicated that some movement on solutions for names considered to be geographical indications (GIs) will have to happen before market access talks can begin. Discussions on tariffs and concessions will definitely not begin before the end of 2018.

EU-Mercosur trade negotiations haven't been concluded yet, and now we wonder if they ever will be. What the election of the new Brazilian president will mean for this process (Jair Bolsonaro, a politician with views as right wing as you'll find, with a nickname to match - 'Trump of the tropics') remains to be seen. It's not looking promising - Bolsonaro vows to pull out of the Paris climate accord, which represents a red line for the EU in terms of finishing the negotiations. On a more practical level, dairy continues to be one of the sticking points, along with GIs and automobiles (amongst other areas).

It's the end of an era in Germany, with Mrs Merkel announcing that she will step down as leader of the CDU (Christian Democrats). This in effect means we are in the golden years of the Merkel age, which means for better or worse Germany will have someone new in the driving seat come the next general elections.



## European Association of Dairy Trade

So where does this leave us? It would be too easy to look back nostalgically at quieter and more certain policy landscapes of the past (the optimism around the TTIP seems almost quaint now). Nevertheless, no good can come of this. It is definitely not all doom and gloom - the movement on the EU trade front is testimony to this (for instance, hopes are high that the EU-Japan deal can enter into provisional application during the first half of 2019). Public intervention stock is selling at a healthy pace (fingers crossed for another good result next week). All of this is arguably giving a bit of air and relief to the market.

Still feeling down? It's Hallowe'en. Indulge in some sweets (or fruit and nuts if that's more your thing). Moreover, it's only eight weeks to Christmas and for those who are more hesitant about breaking out the tinsel and the plastic Santas, it's only nine weeks until we bid adieu to 2018. Chin up, keep the milk moving and we'll be here to keep you covered from a policy perspective.

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