**Eucolait's position on the modernisation of the EU-Tunisia Trade agreement**

Eucolait, the representation of the European dairy trade, warmly welcomes the announcement by the European Commission in October 2015 that the trade agreement between the EU and Tunisia is to be upgraded to a Deep and Comprehensive Free Trade Agreement (DCFTA). For dairy, this should translate into a significant tariff reduction for exports from the EU.

This news coincides with the Commission's presentation of its new trade strategy ('Trade for all') in which its commitment to finalising ongoing trade negotiations and embarking on brand new talks with other partners is restated. The impetus for modernising existing agreements (i.e. with Mexico, Morocco and now Tunisia) is also outlined in this trade strategy. The existing Association Agreement between the EU and Tunisia is now twenty years old (making it the oldest of the existing agreements with the EU's southern Mediterranean neighbours) and the time is therefore ripe to convert it into the latest generation of DCFTA.

In terms of EU dairy exports, Tunisia was the 48th market in value terms for EU dairy products in 2014, with approximately €41.5 million of product being shipped. The most important individual product line for exports to Tunisia is skimmed milk powder (CN code 0402 10), with exports last year valued at approximately €11.3 million. In volume terms, this is 3,908 tonnes. Given its geographical proximity to Tunisia, it is perhaps unsurprising that the EU is the only significant exporter of dairy commodities to Tunisia (in particular powders). Tunisia is self-sufficient in terms of milk production (currently producting 103% of its domestic needs) however if past performance can be taken as an indication of future behaviour both population and consumption is set to increase in the coming decades.

Despite the existing agreement between the EU and Tunisia, tariffs remain remarkably high for dairy products entering Tunisia. A small tariff rate quota of 9,700 tonnes annually (covering both skimmed milk powder and whole milk powder) allows the product to be imported at 17% duty. Beyond these volumes, a prohibitively high duty of 36% applies to imports from the EU.

Examining the situation beyond the powders classified under CN code 0402 paints a similar picture. A tariff rate quota of 450 tonnes annually allows for cheeses categorised as 0406 30 (processed cheese, not grated or powdered) access at 27% duty. Outside of these minimal volumes, the tariff of 36% applies to all other EU cheese imports.

Eucolait therefore considers it of critical importance that these trade inhibiting volumes are addressed in the negotiations with Tunisia towards a DCFTA, which have just commenced. In addition to supporting the economic and political reforms within Tunisia, the Commission must strive to ensure that the very best outcome possible can be secured for EU trade, especially in light of the fresh commitments outlined in the recently published trade strategy. Tariff elimination for dairy exports must be the goal at the end of this process.

Eucolait supports the Commission in its endeavours and is happy to offer feedback on these negotiations with Tunisia.