



## Presentation TTIP Stakeholder event February 24<sup>th</sup>

### **1. ONCE AGAIN, REITERATING THE EUCOLAIT POSITION (BECAUSE IT REMAINS UNCHANGED):**

- a. Strong support for TTIP conclusion, aiming for as through an agreement as possible. TPP conclusion shows that there is momentum but *this should not be seen as an end goal in terms of a conclusion, rather a bare minimum.*
- b. Fully liberalised dairy market with rapid elimination of tariffs
- c. Strong SPS and TBT chapters with workable provisions for equivalence which will lead to increased movement of goods in both directions.

### **2. EXPORTS AND THE ACHIEVEMENTS OF TRADERS**

**The US is now the most important third country market for EU dairy exports (formerly Russia before the embargo was imposed in August 2014). The US is by far the largest market for EU cheese and high value added products in particular are appreciated on this market. We see further growth opportunities on the US market for this high value category of dairy products. Casein, caseinates and butter are the other major export products.**

Global demand for dairy products in general is increasing by approximately 2% per year due to population increases, increased demand from a growing middle class and the development of modern retailing practices.

The EU has proven that it is competitive globally without the need for trade distorting supports and there is no



need for a defensive position. Moreover, the EU produces way beyond the point of being self-sufficient and therefore exports are vital.

**3. The gains are not only from an EU perspective. Especially in terms of commodities, the benefits will flow in both ways!**

- i. Having a bigger supply pool is interesting, as it allows for increased efficiency in the market (two major dairy suppliers who are in a position to compete with one another)
- ii. Benefits for both sides, in the form of reciprocal balancing of trade – transatlantic filling of deficits and addressing surpluses, in particular for commodity products. Addressing price volatility issues. In other words, generally, EU and US dairy commodity prices are quite well aligned and therefore the general trend is for there to be something close to '*global dairy prices*'. Huge gaps between US and EU commodity prices on occasion – therefore leading to on/off trade expected between the EU and US.

**4. Non-tariff barriers need to be eliminated**

- i. Regulatory equivalency is key to ensure that existing and future market barriers are lifted and while there are steps being taken with a view to granting equivalency in terms of Grade A we would hope for a swifter outcome.

The Grade A Pasteurised Milk Ordinance are very prescriptive rules which currently present significant



barriers to the export of fresh dairy products and ingredients to the US.

- ii. The Food Safety Modernisation Act is another example of existing US legislation impacting on the movement of dairy
- iii. As regards FSMA: Eucolait has certain concerns about the impact of the implementation of the Foreign Supplier Verification Programme, namely the potential burden to operators in the EU shipping to multiple US importers, all with their own particular requirements to verify the safety of the food. We are also not sure at this point in time what the impact of the rules on preventive controls will be for EU producers.
- iv. **If mutual recognition were to be granted to the EU as a single entity (i.e. whereby the US would recognise the EU as being a single unit and not 28 different food safety systems) then we understand that this would relieve EU exporters of the burden of many of the FSMA requirements.**

## 5. CONCLUSIONS

As stated, every effort must be made to support trade. Benefits of a fully liberalised EU-US dairy market will be gradual but if the deal is concluded correctly and the necessary SPS barriers are overcome the gains will be significant and we will truly be on the road to a liberalised transatlantic dairy market.