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Eucolait position on EU trade negotiations with the United Arab Emirates

Eucolait welcomes the launch of free trade agreement negotiations between the European Union and the United Arab Emirates and encourages a swift and constructive negotiation process. We recognise the strategic significance of such an agreement in terms of strengthening bilateral relations with the UAE and ultimately with the whole Gulf region.

In an increasingly volatile geopolitical landscape, where traditional alliances are being tested and the global trading system is under pressure, the EU must forge new partnerships with countries committed to maintaining a rule-based international trade environment.

Eucolait strongly supports the advancement of this trade agreement and urges negotiators to seek an ambitious and comprehensive outcome that facilitates dairy trade and ensures fair competition for EU exporters. The agreement should result in full duty-free access for EU dairy products and help address non-tariff barriers.

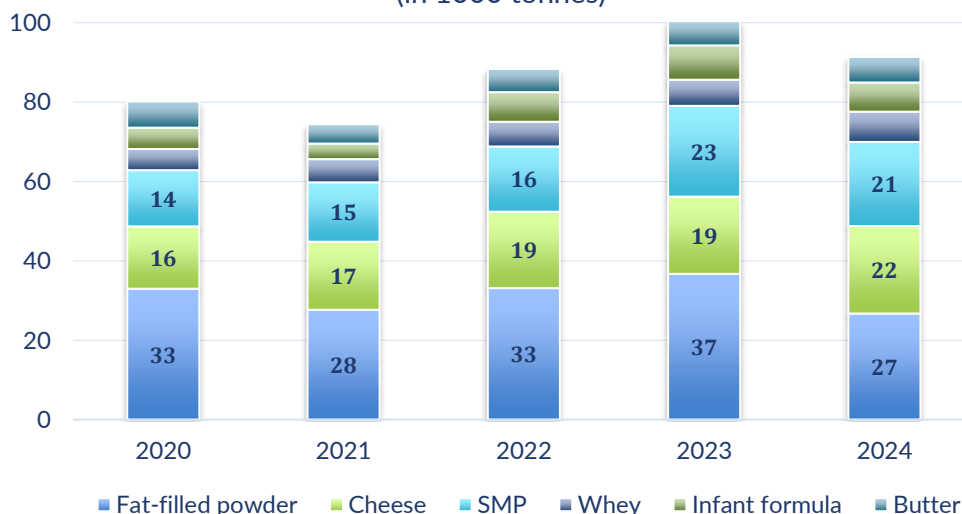
Dairy in the United Arab Emirates

The UAE, the second-largest economy in the region after Saudi Arabia, is home to a growing population exceeding 11 million people. A large proportion of these are expatriates attracted by employment opportunities. Dairy has an important place in Emirate diets and the demand for dairy products has been reinforced and diversified by the international population. Additionally, the UAE's substantial investment in its tourism sector further supports a strong and growing consumption base.

Despite recent efforts to increase domestic milk production, the UAE remains constrained by environmental factors. As a result, the country relies heavily on imports to meet its dairy consumption needs. At the same time, the UAE has developed a competitive food processing industry that sources raw materials regionally. It also plays a central role as a re-export hub for the Middle East and North Africa, thanks to its advanced infrastructure and free trade zones.

The EU is well positioned to meet the UAE's growing demand for high-value dairy products, benefiting from both product quality and geographic proximity. Currently, the UAE is the EU's 16th largest export market for dairy, while the EU is the country's second-largest supplier after New Zealand. EU dairy exports to the UAE include condensed milk, fat-filled powder, cheese, skimmed milk powder (SMP), whey, infant formula, and butter. New Zealand, by contrast, holds a competitive advantage particularly in whole milk powder (WMP).

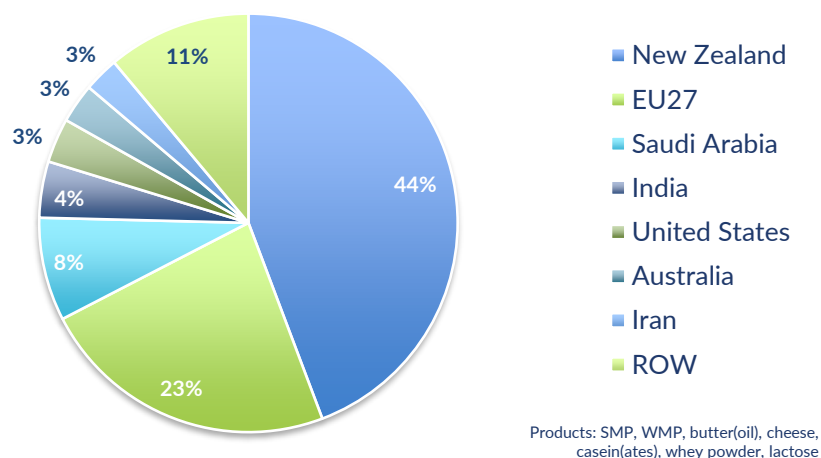
EU exports of selected dairy products to United Arab Emirates (in 1000 tonnes)



Tariffs

Tariffs on imports into the UAE are relatively modest, the general MFN rate on dairy products being 5%. The EU is however at a commercial disadvantage compared to competitors such as New Zealand and Australia, which benefit from preferential access under recently signed trade agreements with the UAE. An EU-UAE FTA would help ensure a level playing field, enhancing EU competitiveness and securing long-term access to this high-potential market.

UAE imports - main suppliers



Non-Tariff barriers

The UAE are a relatively accessible market for EU dairy exports, with well-established trade channels and a growing demand for high-quality imported products. Nevertheless, there are some technical and sanitary barriers that should be considered in the context of the negotiations such as access to regulatory standards, registration of exporting establishments, halal certification and labelling requirements.

Availability of GSO standards

Food exported to the UAE must comply with all UAE food regulations, notably consisting of standards developed by the GCC Standardisation Organisation (GSO). Regrettably, these standards are not publicly available but must be purchased on the GSO website. This generates significant costs for exporters given the number of relevant standards that need to be consulted (e.g. on product identity, additives, contaminants, ingredients, testing, shelf life, halal) and makes legislative monitoring quite challenging.

Harmonised health certificate

Eucolait supports the ongoing negotiations to agree on a harmonised health certificate for EU dairy exports to UAE. This should however be combined with a recognition of EU legislation as equivalent to GCC requirements. Reference to GSO standards, such as those on microbiological criteria or on food additives, creates certification challenges due to lack of transparency and differences with Codex Alimentarius and/or European rules.

Establishment approval

The UAE recently issued the first edition of its national guide to the registration of regulatory authorities and food establishments outside the UAE. These requirements should be implemented in a manner that is coherent with international standards and does not generate any undue barriers to trade.

Halal certification

Halal certification is a mandatory condition for customs clearance and market access for dairy products in the UAE. Exporters must obtain certification from organizations accredited by the GSO.