



Capturing trade opportunities for EU dairy

Stockholm, 29 September 2017

EU Trade Commissioner Cecilia Malmström

European Dairy Association

Ladies and gentlemen,

It's a pleasure to be here today. I'd like to start by setting out the opportunities trade offers for this industry. But also how we can work together to fight for open, global trade that matches our interests and values.

Dairy, 15% of our agricultural output, generates around €10 billion in exports a year, with a volume of goods rising year on year.

It is a sector where Europe delivers something distinct, something no-one else can offer. Premium quality brands to tantalise the world's taste buds. From Ardennes butter to Zamorano cheese.

And with EU processing firms representing three of the top five major global players. Including Danone, and I know Mr Ducros will be speaking with us later today.

It is a sector benefiting from changing global trends, and the EU's commitment to openness. A rising middle class is giving the global market a greater taste and a greater willingness to try. The opportunity is out there if we take it. And meanwhile, investment is delivering innovation and helping the sector becoming more competitive.

I know the sector has faced difficult times: the economic slowdown...

... the Russian import ban...

... and a painful crisis in the milk market.

But diverse and growing export markets have picked up the slack and helped you recover.

Trade policy can help you. I hope you can help trade policy.

Our work helps you in many different ways.

First: when we cut tariffs. The average dairy tariffs charged by our negotiating partners are 30%.

Our agreement with Canada is now in provisional application, for just over one week. Cheese is perhaps their most sensitive product; but the amount of cheese we can sell to that market has now doubled.

We recently reached an agreement in principle with Japan. Tariffs on many whey products would fall 70%; skim milk powder fall by 95%; tariffs on hard cheese eliminated altogether.

For other kinds of cheese, the quota covers our current exports, and will increase over time.

With Vietnam, our dairy exports will be duty-free after a five-year transition. That's a market of 95 million people, growing 6% a year.

Lower or zero tariffs means you sell more, more competitively.

But I know tariffs aren't the only burden or barrier you face.

Lengthy procedures can mean your goods spend time in warehouses when they could be on shelves. New rules and regulations can unfairly discriminate against your products.

We want to cut those barriers too. Either during trade talks.

Or when we work in partnership with business to identify and remove individual issues.

For example, last year, Korea was seeking to introduce a rule which would have created unjustified technical requirements on raw milk cheese. It would have stood in the way of EU exporters.

We persuaded them to tone down those rules, and they did. That's one of eight market access barriers resolved last year in the agricultural sector; each one counts.

Plus, of course, we also seek to ensure our high-quality food and dairy products are recognised across the world.

Thanks to our recent agreement, 27 EU dairy products will now be recognised on the Japanese market.

With Canada, there are 57. With South Africa, 33.

We also have 13 European cheeses to be protected in China.

That means you'll be enjoying the same quality product...

... whether it's Taleggio in Tokyo, gorgonzola in Guangzhou, Comté in Calgary or Cape Town.

This work on geographical indications means we ensure consumers get the best, wherever they are.

It ensures you can protect your brand and your quality.

It ensures Europe can expand an export market in geographical indication products that is already worth an estimated €11.5 billion.

These changes have a profound and positive impact.

Since 2010, just before our trade deal with South Korea came into force, EU cheese exports have gone up more than four times.

The next generation of trade agreements could see a similar boost.

Already today, Japan, the world's fourth largest economy, is the second biggest market for our cheese. Our study suggests an agreement could triple exports of processed food.

Plus, of course, talks continue with Mexico and Mercosur. Both have a new momentum and could be finished by the end of the year.

I know we'll be talking in those in more detail soon. They are large and growing markets; Mercosur is the world's fifth biggest. They're hungry for what Europeans can provide and there is a huge opportunity here.

We will soon, of course, be opening talks with New Zealand and Australia, too.

These are competitive producers. But in many cases these countries do not fully use the quotas and the preferential EU access they already have. And I know that EU producers are competitive, too: and getting more so by the day.

Nevertheless: of course we will continue to defend the interests of European agriculture.

We have always protected our sensitive sectors and that will continue.

We made this clear in our Trade for All strategy, we made it clear in our negotiating mandate, we will continue to make it clear to our partners across the negotiating table.

Trade agreements don't happen overnight.

You only reach the "land of milk and honey" after a long journey.

But, even then, negotiating and ratifying the agreement is only half the story.

They must also be implemented.

The tariffs and access they offer must be realised.

Now CETA is in provisional effect, for example, cheese exporters can apply to the Canadian authorities to use the quota as soon as they obtain the necessary export certificate.

Those exporters who have taken the right steps are already benefiting – the first shipments are crossing the Atlantic as I speak.

Others won't yet be getting the boost: because they aren't aware, they don't know how to access, or they don't have the resources to investigate.

I hope all dairy producers, processors, exporters can benefit from what we have achieved.

And I hope industry will join with us in raising awareness and promoting the steps that need to be taken.

We have unlocked a new market; but it is you, business, who must open the door.

In the world today, we are faced with several challenges.

On the one hand, the continuing need to boost investment, jobs and growth in Europe. To expand the horizons and expand the opportunities our people can enjoy. To show that trade and globalisation can work for everyone.

We see a rise in protectionism, posing a threat to the world. Putting in question the prosperity and progress and the open society in which we live.

And we also see other global partners trying to shape globalisation to fit their own plan.

They are setting the rules according to their own interests and their own values. Not everyone shares our views on – for example – geographical indications.

We need to be there at the table to ensure global trade is based on our values, European values.

So we will continue to fight for free and fair trade. To defend open, rules-based commerce, on the basis of our values and our standards. Working with our partners and strategic allies...

... bilaterally and through multilateral institutions.

In Europe, as elsewhere, there are people who are sceptical about the value of trade and investment.

Some of these are legitimate issues or questions we need to respond to. Others are misconceptions we need to address.

But many others of us know that trade is our "bread and butter".

If you'll pardon the expression.

It's the foundation on which European lifestyles and livelihoods stand.

In the Commission, we realise that. I think many of you realise it too.

And if you do, then please join us in making the case for open, rules-based trade...

... which makes our lives better today ...

.. and which can make them better in the future too.

Charles de Gaulle famously asked, "How can you govern a country which has 246 varieties of cheese?"

What is true of France is, perhaps, even truer of the EU as a whole.

But in those words I find...

... not a condemnation...

... but a celebration of what the EU does.

Of the power of our motto, "unity in diversity".

We are a continent of many different tastes and traditions. Each corner of Europe has its own expertise and excellence.

Yet when we work together we can all benefit; we can share and enjoy together, with Europe and the whole world.

The dairy industry shows this like no other.

That is how trade can work for our people.

That is how EU trade policy can help us to grow, export, and shape globalisation.

Thank you.